BOARD OF DIRECTORS

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

Sr. VICE – PRESIDENT (FINANCE) & SECRETARY

O P Roongta

Sr. VICE – PRESIDENT (OPERATIONS)

J M Totla

BANKERS

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

AUDITORS

M/s. Chhogmal & Co.,
Chartered Accountants

REGISTERED OFFICE

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

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

CORPORATE OFFICE

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

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

WORKS

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

OFFICES

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

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NOTICE

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

ORDINARY BUSINESS :

1. To receive, consider and adopt the Directors' Report and the Audited Statement of Accounts together with Auditors' Report thereon for the financial year ended 30th June, 2008.

2. To declare final dividend on Equity Shares for the Financial year ended 30th June, 2008 and to confirm the payment of Interim Dividend on Equity Shares by the Board of Directors of the Company.

3. To appoint a Director in place of Shri B. L. Taparia, who retires by rotation and, being eligible, offers himself for reappointment.

4. To appoint a Director in place of Shri. S. R. Taparia, who retires by rotation and, being eligible, offers himself for reappointment.

5. To appoint Auditors to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS :

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

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

(1) Salary Rs. 3,00,000 per month;

(2) Perquisites

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

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

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

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

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

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

(2) Perquisites

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

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

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

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

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

(1) Salary Rs. 2,50,000/- per month in the grade of Rs. 2,50,000-60,000-5,50,000 (next increment falling due on 1st July 2009).

(2) Perquisites

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

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

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

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

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

(1) Salary

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

(2) Perquisites

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

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

(c) (i) Contribution to Provident fund, superannuation fund or annuity fund as per the Rules of the Company to the extent these either singly or put together are not taxable under the Income Tax Act, 1961 or under any statutory modification or re-enactment thereof;

(ii) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service,

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

(3) Commission

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

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

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(5) Free use of motor car with chauffeur provided by the Company for business purpose; the Company meeting all running, maintenance and other expenses of every kind whatsoever incurred in respect thereof.

(6) Free telephone facility at residence. All charges including rental, call charges, etc. thereof shall be paid by the Company in full.

(7) Reimbursement of entertainment and other business promotion expenses actually incurred by the Managing Director in the course of business of the Company.

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

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

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

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

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

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

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

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.

2. Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the Special Business at Item Nos. 6, 7, 8 and 9 of the above Notice is annexed.

3. Register of Members and the Share transfer books of the Company will remain closed from Tuesday the 7th October, 2008 to Tuesday, 14th October, 2008 (both days inclusive).

4. The Dividend, if declared, will be payable to those Equity Shareholders whose names stand on the Register of Members as at the close of business on 14th October, 2008 and in respect of shares held in the electronic form, the dividend will be payable to the beneficial owners as at the close of business on Monday the 6th October, 2008 as per details furnished by the Depositories for this purpose.

5. Pursuant to provisions of Section 205A of the Companies Act, 1956, dividends which remain unpaid or unclaimed for a period of 7 years, will be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government. Shareholders who have not encashed the dividend warrant(s) so far for the financial year ended 30th June, 2001 or any subsequent financial years, are requested to make their claims to the Company at its Registered Office. **It may be noted that once the unclaimed dividend is transferred, on the expiry of seven years, to the Investor Education and Protection Fund, as stated here-in, no claim shall lie in respect thereof.**

6. Members holding shares in electronic form may please note that their bank details as furnished by the respective Depositories to the Company will be printed on their dividend warrants as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such members for deletion of/change in such bank details. Members may, therefore, give instructions regarding bank accounts in which they wish to receive dividend, directly to their Depository Participants.

By order of the Board

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

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

Dated : 4th August, 2008

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

Item Nos. 6, 7 and 8:

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

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

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

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

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

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

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

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

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

Item No. 9

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

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

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

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

By order of the Board

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

Registered Office
612, Raheja Chambers,
Nariman Point,
Mumbai 400 021
Dated : 4th August, 2008

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Directors' Report

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

FINANCIAL RESULTS

(Rs. in lacs)

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

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

(a) Rs.218.74 Lacs consists of Profit accrued on receipt of non-refundable consideration in entirety towards the proposed sale of plot of Land held by the company in Haryana.

(b) Rs 178.53 Lacs expenses / loss incurred pursuant to relocating / re-layout of entire Plant and Machinery and other Infrastructure at its units at MIDC Jalgaon due to setting up new green field mega projects at Gadegaon, Taluka Jamner, District Jalgaon (Maharashtra)

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

DIVIDEND

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

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

PROPERTY DEVELOPMENT

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

FIXED DEPOSITS

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

DIRECTORS RESPONSIBILITY STATEMENT

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

i. in the preparation of the annual accounts, the applicable accounting standards have been followed;

ii. appropriate accounting policies have been selected and applied consistently and have made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at June 30, 2008 and of the Profit and Loss Account for the year ended June 30, 2008;

iii. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv. the annual accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE

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

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

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING / OUTGO

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

PERSONNEL

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

SUPREME PETROCHEM LIMITED (SPL)

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

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

SUBSIDIARY COMPANY

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

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CONSOLIDATED ACCOUNTS

The Consolidated Financial Statements form part of this Annual Report.

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

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

DIRECTORS

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

AUDITORS

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

ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors

B L Taparia
Chairman

Place: Mumbai
Date: 4th August, 2008

Annexure to the Directors' Report

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

(I) CONSERVATION OF ENERGY

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

(II) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

(i) Research & Development (R & D)

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

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 or dies to improve the cycle time to get higher production from the same machine.

d) To modify the process parameters to improve the quality.

e) Expenditure on R & D : Not significant.

(ii) Technology Absorption

a) The Company has expanded the scope of knowhow from M/s. Wavin Overseas B.V., Netherlands. Apart from UPVC Pipes and Fittings, Company has entered into an Agreement to manufacture PPRC Pipes & Fittings. The quality of product produced in the plant has been approved and certified by the collaborator. The Company has also obtained technology and equipments to manufacture structured wall pipes which would substantially save on raw materials.

b) The Company also has taken knowhow for manufacture of Cross Laminated Films & Products from Ole-Bendt Rasmussen, Switzerland and the technology is fully absorbed.

c) The Company has entered for technical knowhow arrangement with M/s Sanwa Kako of Japan, one of the leaders for two-stage cross link foam.

(III) FOREIGN EXCHANGE EARNINGS AND OUTGO

Total Foreign Exchange earned and used

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

For and on behalf of the Board of Directors

B.L. Taparia
Chairman

Place : Mumbai
Date : 4th August, 2008

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Management Discussions and Analysis

1. OVERVIEW

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

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

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

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

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

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

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

2. INDUSTRY STRUCTURE AND DEVLEOPMENT

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

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

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

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

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

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

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

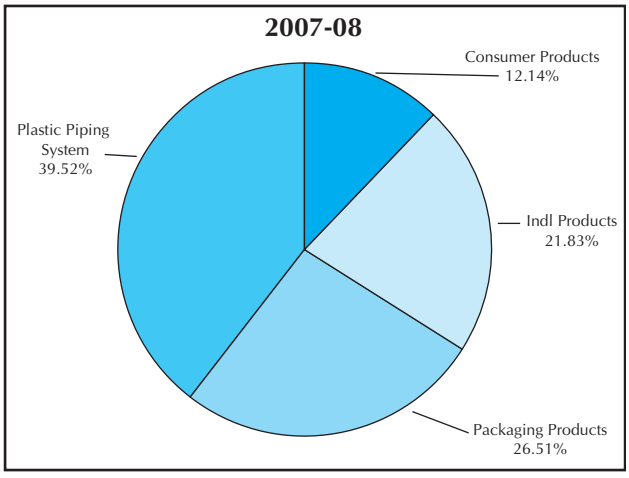
3. PRODUCT GROUPS

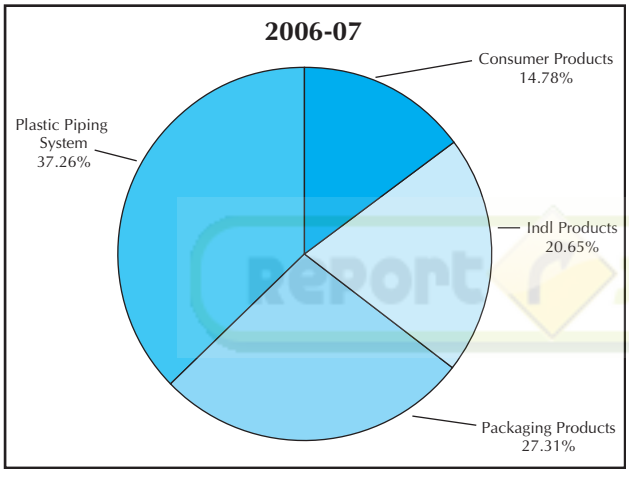
After divesting the two product segments, the product groups have now been recast as follows:

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

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





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

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

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

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

4. COMPANY'S STRENGTH AND GROWTH DRIVERS

4.1 Manufacturing sites

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

4.2 Distribution Network

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

4.3 Growth Drivers

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

5. OPERATIONAL PERFORMANCE

5.1 PLASTICS PIPING SYSTEMS

PLASTIC PIPING DIVISION

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

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

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

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

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

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