70th Annual Report
2011-12

LEADERSHIP THROUGH CAPABILITY

Supreme©

People who know plastics best

THE SUPREME INDUSTRIES LIMITED

Supreme©
People who know plastics best
THE SUPREME INDUSTRIES LIMITED

LEADERSHIP THROUGH CAPABILITY

For Supreme, the real benchmark of excellence and leadership is the complete satisfaction of every customer.

And we have sought to achieve this and continue to do so through a variety of strategic initiatives.

We focused on the development of value added products -- products that are designed to offer superior performance with greater durability and economy.

Simultaneously, we continue to enhance capabilities and capacities resulting in increased production volumes at several of our plants countrywide.

By these measures, we successfully made available a substantially larger number of better products in the marketplace. This, in turn, contributed to growth in turnover and profits -- even in the face of trying economic conditions in India as well as the world.

Innovation and Development, always a priority with us, has been stepped up with more intensive efforts. It resulted in key additions in new product categories/applications which have now become integral parts of the ever-growing Supreme portfolio.

And we have continued to provide "not just products, but complete solutions" for diverse applications.

This remains one of our major strengths, and one of the reasons of our reputation as an acknowledged leader in the industry.

Performance Highlights

(₹ in Lacs)

	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012
Polymers Processed (MT)	91913	100053	95439	118115	130547	139239	172746	191704	224673	**245700**
Sales	79241.62	90925.15	93150.04	113067.09	132963.00	149882.45	180900.03	217159.45	266553.08	**322241.39**
Less: Excise Duty	9904.92	11297.96	11740.33	14860.69	16796.94	18860.35	15707.16	16585.69	22979.68	**29536.66**
Net Sales	69336.70	79627.19	81409.71	98206.40	116166.06	131022.10	165192.87	200573.76	243573.40	**292704.73**
Other Income	380.59	242.14	1003.30	466.61	666.76	893.91	904.53	1621.55	4294.66	**4917.25**
Total Income	69717.29	79869.33	82413.01	98673.01	116832.82	131916.01	166097.40	202195.31	247868.06	**297621.98**
Operating Profit (PBIDT + MISC.EXP.W/Off)	8774.47	8908.42	9008.77	10193.24	13629.66	15272.04	24698.97	30556.28	36709.23	**48281.54**
Interest	3271.54	2560.43	2508.59	2696.04	3300.57	3897.92	5456.03	3302.71	4250.19	**5479.67**
Gross Profit	5502.93	6347.99	6500.18	7497.20	10329.09	11374.12	19242.94	27253.57	32459.04	**42801.87**
Depreciation	3647.87	4139.01	3929.84	4134.10	4024.59	3951.04	5251.74	5292.03	6284.52	**7246.28**
Profit Before Tax & Exceptional Items	1855.06	2208.98	2570.34	3363.10	6304.50	7423.08	13991.20	21961.54	26174.52	**35555.59**
Tax & Exceptional Items	353.75	110.09	205.00	-656.08	-1291.36	-2310.88	-4251.24	-7489.00	-8773.42	**-11504.00**
Profit after Tax	1501.31	2098.89	2365.34	4019.18	5013.14	5112.20	9739.96	14472.54	17401.10	**24051.59**
Prior Years Adjustments	-73.49	7.99	-0.85	-23.37	2.22	-1.37	-1.35	10.48	95.90	
Net Profit	1427.82	2106.88	2364.49	3995.81	5015.36	5110.83	9738.61	14483.02	17497.00	**24051.59**
Paid up Equity Captial	1305.78	1339.08	1339.08	1381.08	2762.17	2762.17	2540.54	2540.54	2540.54	**2540.54**
Reserves and Surplus*	17069.45	18446.36	19409.84	18352.36	19576.27	22004.49	25990.94	35136.56	46278.92	**61472.49**
Shareholders' Funds	18375.23	19785.44	20748.92	19733.44	22338.44	24766.66	28531.48	37677.10	48819.46	**64013.03**
Loans	24099.87	20446.01	24653.54	23748.68	32717.48	44482.04	41571.19	38736.42	51123.74	**34844.47**
Deferred Tax Liability (Net)				4283.20	4733.20	5228.09	6428.09	6984.39	7953.80	**8325.83**
Capital Employed**	29571.52	36235.29	40613.76	36925.70	47047.01	58948.90	64101.50	63231.75	81373.58	**90596.65**
Net Fixed Assets***	31178.11	28164.46	29759.72	32367.14	33356.68	46113.78	54024.26	56118.37	74027.37	**73804.86**
Earning Per Equity Share (₹)	2.19	3.15	3.53	5.79	3.63	3.70	7.67	11.40	13.77	**18.93**
Cash Earning Per Equity Share (₹)	7.70	9.32	9.40	11.81	6.54	6.56	11.80	15.56	18.65	**24.64**
Book Value (₹)	28.14	29.55	30.99	28.58	16.17	17.93	22.46	29.66	38.43	**50.39**
Dividend (%)	70.00	90.00	90.00	100.00	75.00	80.00	120.00	180.00	215.00	**300.00**
ROACE (%)****	9.88	10.82	10.33	12.11	19.37	19.27	27.83	38.09	39.80	**44.69**
ROANW (%) (PAT / Average Net Worth)	9.31	11.00	11.67	19.86	23.83	21.71	36.55	43.72	40.24	**42.63**
Debt : Equity (Long Term Debt / Total Net Worth)	0.59	0.83	0.95	0.65	0.89	1.17	1.02	0.49	0.50	**0.29**
Debt: Equity (Total Debt / Total Net Worth)	1.31	1.03	1.19	1.20	1.46	1.80	1.46	1.03	1.05	**0.54**

* 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=PBIT (excluding interest on working capital loans and unsecured loans)/Average Capital Employed


TPM

March 22 2012

AWARD FOR TPM EXCELLENCE
CATEGORY A - 2011

The Supreme Industries Limited
Pondicherry Plant

This is to certify that your organization has achieved a most effective production system. Your implementation of TPM activities has brought about remarkable results in productivity, product quality, cost reduction and company culture improvement. We hereby present this AWARD FOR TPM EXCELLENCE, CATEGORY A for Year 2011 in recognition of the efforts and contributions made by those who are concerned and honor your organization's outstanding achievements.

CII Confederation of Indian Industry

Chairman CHISEI ISOGAI
JIPM Japan Institute of Plant Maintenance

Puducherry Unit of the Company won the TPM Excellence Award Category A – 2011 organized by Japan Institute of Plant Maintenance (JIPM).
- First Plastic Injection Molding Organization in India to achieve this award.

The Company's Gadegaon Unit has been awarded with prestigious Green Certificate of Merit by Frost and Sullivan , a US based Company under it's Green Manufacturing Excellence Awards 2012 initiative (GMEA 2012) in recognition of company's contribution towards promotion and protection of environment, occupational health and safety, Energy Conservation, Bio Diversity and Social responsibility

Company Information

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

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

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

Contents

Notice

NOTICE is hereby given that the Seventieth 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 Monday the 17th September, 2012 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, 2012.
2. To declare final dividend on Equity Shares for the Financial year ended 30th June, 2012 and to confirm the payment of Interim Divided on Equity Shares by the Board of Directors of the Company.
3. To appoint a Director in place of Shri B. V. Bhargava, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri. S. R. Taparia, who retires by rotation and, being eligible, offers himself for reappointment.
5. To appoint a Director in place of Shri. N. N. Khandwala, who retires by rotation and, being eligible, offers himself for reappointment.
6. To appoint Auditors to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS :

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

   "RESOLVED that in accordance with the provisions of Sections 198, 269, 309, 311, Schedule XIII, and other applicable provisions, if any, of the Companies Act, 1956 (the Act), and all guidelines for managerial remuneration issued by the Central Government from time to time and subject to such approvals, if any necessary, the Company does hereby approve of the re-appointment of Shri V. K. Taparia, as Executive Director, for a further period of five years with effect from 1st July, 2013 to 30th June, 2018 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. 5,50,000/- (Rupees Five Lacs Fifty Thousand only) in the grade of Rs. 5,50,000 – Rs. 60,000 – Rs. 8,50,000 per month, during his tenure of office (first increment falling due on 1st July, 2014).

   (2) Perquisites

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

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

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

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

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

   (3) Commission

   In addition to the above, the Executive Director shall also be entitled upto 1% of the Net Profits per year as commission, as may be determined by the Board, provided that, the aggregate of salary, perquisites and commission for any financial year shall not exceed 5% of the net profits of the Company and when there are more than one whole-time Director ten per cent for all of them together for that year computed in the manner laid down in Sections 349 and 350 of the Act.

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

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

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

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

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

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

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

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

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

RESOLVED FURTHER THAT the Executive Director shall not as long as he continues to be the Executive Director of the Company be liable to retire 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 (2) of the Companies Act, 1956, in respect of the Special Business at Item No. 7 of the above Notice is annexed.
3. Register of Members and the Share transfer books of the Company will remain closed from Monday, 10th September, 2012 to Monday, 17th September, 2012 (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 17th September, 2012 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 Saturday, the 8th September, 2012 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, 2005 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.
7. As required by 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 : 20th July, 2012

Explanatory Statement under Section 173(2) of The Companies Act, 1956

ITEM NO. 7

The existing term of the office of Shri V. K. Taparia, Executive Director, expires on 30th June, 2013. Apart from being involved generally in corporate strategy, long term business plans and other incidental activities of the Company, Shri V. K. Taparia has for quite some time been looking after and is responsible for the following activities of the Company :

a) Company's business in all spheres of activities relating to Production, marketing, procurement of working capital, Business development, expansion and overall administration pertaining to :

   (i) Performance packing products which includes Multilayer Films for various applications.

   (ii) Protective Packaging products which includes Expanded Polyethyiene foam, Cross-Link Foam, Air Bubble Film, net and tubes and products made thereof.

b) He is the driving force and leading the IT Team of the Company for upgrading its computerization, ERP implementation and other related areas,

c) He has represented the Company on various organizations such as Plast India Foundation, OPPI and other institutions,

Accordingly, subject to the approval of the members and such other approvals as may be necessary, the Board of Directors have proposed the re-appointment of Shri V. K. Taparia as Executive Director, for a further period of five years commencing from 1st July, 2013 upon the terms and conditions as set out in the resolution mentioned in this item of the notice.

Considering his competence and rich and varied experience in various functional areas set out hereinabove, as also the envisaged growth in the activities of the Company and as compared to the remuneration presently being paid to persons holding similar positions in the country, the terms of his re-appointment and remuneration as set out in the resolution and which may also be deemed to be a part of this explanatory statement are considered to be just, fair and reasonable. The Resolution is accordingly commended for your approval.

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

The above alongwith the resolution in Item No. 7 of the accompanying Notice may also be treated as an abstract of the terms of the appointment of Shri V. K. Taparia, as Executive Director, pursuant to Section 302 of the Companies Act, 1956.

Shri V. K. Taparia, Shri B.L. Taparia, Shri M. P. Taparia and Shri S. J. Taparia are concerned and / or interested in the resolution.

By order of the Board

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

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

Dated : 20th July, 2012

Directors' Report

The Directors have great pleasure in presenting the 70th Annual Report together with the Audited Financial Statements for the financial year ended 30th June 2012.

1. FINANCIAL RESULTS

(₹ in lacs)

	Current Year	Previous Year
Total Income (net)	**297621.98**	247868.06
Profit before interest, depreciation and tax	**48281.54**	36709.23
Interest and financial charges	**5479.67**	4250.19
Depreciation, Amortization and Impairment	**7246.28**	6188.62
Profit Before Tax	**35555.59**	26270.42
Provision for Current Tax	**11131.98**	7804.00
Deferred Tax	**372.02**	969.42
Net Profit available for Appropriation	**24051.59**	17497.00
Appropriation:		
Interim Dividend	**1905.40**	1651.35
Proposed (final) Dividend	**5716.21**	3810.80
Tax on Dividend	**1236.41**	892.48
Transferred to General Reserve	**15193.57**	11142.37
	24051.59	17497.00

2. DIVIDEND

		₹	₹
(i)	Dividend on 12,70,26,870 Equity Shares of ₹ 2/- each @ 300% i.e. ₹ 6/- per share		76,21,61,220
	(Previous year on 12,70,26,870 Equity Shares of ₹ 2/- each @ 215% i.e. ₹ 4.30 per share) as under:		
	Interim Dividend @ 75% i.e. ₹ 1.50 per share (already paid in February 2012)	19,05,40,305	
	Final Dividend recommended @ 225% i.e. ₹ 4.50 per share	57,16,20,915	
(ii)	Corporate Dividend Tax as applicable (including ₹ 3,09,10,401/- paid on Interim Dividend)		12,36,41,604
			88,58,02,824

3. 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 ₹ 2635.18 lacs to ₹ 1745.41 lacs. Out of deposits which matured during the year, 272 deposits amounting to be ₹ 43.37 lacs remained unclaimed as on 30th June, 2012 of which ₹ 4.70 lacs have since been renewed/refunded.

4. 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, 2012 and of the Profit of the Company for that period;

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.

5. 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.

6. 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.

7. 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.

8. SUPREME PETROCHEM LIMITED (SPL)

The Board of Directors of Supreme Petrochem Ltd. (SPL) – promoted jointly by your Company and the R Raheja Group has recommended a dividend of ₹ 1.40 per equity share of ₹10 each for the year ended June 30, 2012. Net revenues and net profit of SPL for the year were ₹ 2272.67 Crores and ₹ 31.37 Crores respectively.

SPL's new plants for Expandable Polystyrene (including Cup Grade EPS) commenced commercial production from February 2012. SPL's total installed capacity for EPS thus stands at 72,100 TPA considering its plant sites in Maharashtra and Tamil Nadu and is the largest in the country.

The debottlenecking of the existing Polystyrene lines to increase the production capacity of premium value added grades by 50000 TPA within the overall capacity of 272000 TPA is progressing as per schedule and is likely to be completed by the quarter ended December 31, 2012.

The environment clearance for the 4000 KVA Captive Gas Engine Power plant has been received. Consent to operate is awaited from Maharashtra Pollution Control Board. The plant is expected to start operations by September 2012.

9. SUBSIDIARY COMPANY

The Supreme Industries Overseas (FZE), a wholly owned subsidiary of the Company incorporated in SAIF Zone, UAE continues to support company's plans to increases exports in Gulf and Middle East countries. In spite of negative sentiments and slowdown in construction activity globally, it has managed to secure growth during the year under review, though marginally, in exports of piping system. 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 loss of AED 29,579 during the year.

10. 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 are not being attached with the Balance Sheet of the Company. The summary of the key financials of the Company's subsidiary is included 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.

11. DIRECTORS

Shri B. V. Bhargava, Shri S. R. Taparia and Shri N. N. Khandwala, 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.

12. 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.

13. ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors

B. L. Taparia
Chairman

Place: Mumbai
Date: 20th July, 2012

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.

1. 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.

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.

2. TECHNOLOGY ABSORPTION, ADAPTION AND INNOVATION

A. Research & Development (R&D)

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

Evaluation of the alternative materials or additives to reduce the cost of raw material.

Improving the output / input ratio to gain maximum finished products from per kg. raw material.

Modify the mould and dies to improve the cycle time to get higher production from the same machine.

To modify the process parameters to improve the quality.

Expenditure on R & D : Not significant.

B. Technology Absorption

a. The Company has renewed its agreement with M/s. Wavin Overseas B.V., Netherlands for its Plastics Piping Division.

b. The Company has taken technical know-how for manufacture of Cross Laminated Films and Products from Mr. Ole-Bendt Rasmussen, Switzerland and the Technology is fully absorbed. The exclusive rights granted to the Company to manufacture and sell of XF Products in entire South Asia and whole of Africa have now been extended to include entire East Asia (except Mongolia).

The Company's Collaborator has developed Cross Line Bonded Film and Cross Plastics Film, which are next generation Film having superior properties. The exclusive rights granted to the Company to manufacture and sell products developed from new technologies in India and SAARC countries have now been extended to include entire South Asia and East Asia (except Japan and Mongolia).

3. FOREIGN EXCHANGE EARNINGS AND OUTGO

Total foreign exchange earned and used	₹ in Lacs
Foreign Exchange Earned	6802.84
Foreign Exchange Used	55496.23

For and on behalf of the Board of Directors

B. L. Taparia
Chairman

Place: Mumbai
Date: 20th July, 2012