

67TH ANNUAL REPORT
2008-2009



Adding Value...
Enriching Lives

Supreme[©]
People who know plastics best

THE SUPREME INDUSTRIES LIMITED

www.reportjunction.com

Adding Value through sheer scale of operations

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

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

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

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



Adding Value through diverse quality products

India's most comprehensive plastic
products portfolio :

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

Each a leader in its category.

Each distinctly world class.

Meeting demanding customer requirements
in a challenging business environment.

Adding Value by research and innovation

Strong R&D and
new product development.

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

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

Products that unveiled new utility segments.

And changed the way India looked at plastics.

Performance Highlights

(Rupees In Lacs)

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

* excluding revaluation reserves & after reducing miscellaneous expenditure

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

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





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



Supreme at Plastindia Exhibition - 2009 at New Delhi.



BOARD OF DIRECTORS

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

Sr. VICE - PRESIDENT (FINANCE) & SECRETARY

O. P. Roongta

Sr. VICE - PRESIDENT (OPERATIONS)

J. M. Totla

BANKERS

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

AUDITORS

M/s. Chhognal & Co.,
Chartered Accountants

REGISTERED OFFICE

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

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. Nandesari (Gujarat)
16. Noida (Uttar Pradesh)
17. Pondicherry (Union Territory)
18. Silvassa (Union Territory)
19. Urse (Maharashtra)

OFFICES

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

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Notice

NOTICE is hereby given that the Sixty Seventh Annual General Meeting of the Company will be held at Walchand Hirachand Hall, Indian Merchants' Chamber, Near Churchgate Station, 76, Veer Nariman Road, Mumbai - 400020, on Thursday the 10th September, 2009 at 4.00 p. m. to transact with or without modification(s), as may be permissible, the following business :-

ORDINARY BUSINESS :

1. To receive, consider and adopt the Directors' Report and the Audited Statement of Accounts together with Auditors' Report thereon for the financial year ended 30th June, 2009.
2. To declare dividend on Equity Shares for the Financial year ended 30th June, 2009.
3. To appoint a Director in place of Shri B. V. Bhargava, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri. E. B. Desai, who retires by rotation and, being eligible, offers himself for reappointment.
5. To appoint Auditors to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS :

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

"RESOLVED that in accordance with the provisions of Sections 198, 269, 309, 311, Schedule XIII, and other applicable provisions, if any, of the Companies Act, 1956 (the Act), and all guidelines for managerial remuneration issued by the Central Government from time to time and subject to such approvals, if any necessary, the Company does hereby approve of the re-appointment of Shri S.J. Taparia, as Executive Director, for a further period of five years with effect from 15th June, 2010 to 14th June, 2015 and the payment of the remuneration and perquisites to him on the following revised terms and conditions with liberty to the Board (which term shall be deemed to include any committee constituted by the Board) from time to time to revise upwards the salary and perquisites as herein mentioned in such manner as may be decided by the Board in the best interest of the Company and as may be permissible at law, viz :-

(1) Salary

Monthly salary of Rs.3,35,000/- (Rupees Three Lakhs Thirty Five Thousand only) in the grade of Rs.3,35,000 - Rs.60,000 - Rs.6,35,000 per month, during his tenure of office (first increment falling due on 1st July, 2010).

(2) Perquisites

- (a) Reimbursement of actual expenses incurred on housing, gas, electricity, water, furnishings, "life" / "medical" / "personal accident" insurance premium and club fees, as well as reimbursement of medical and hospital expenses incurred in India and or abroad for self and family as per the claims in that behalf received from the Executive Director provided that the aggregate of the said perquisites shall be restricted to an amount equal to two times his annual salary in a financial year. "Family" shall mean spouse and dependent children of the Executive Director.
- (b) Leave Travel concession for self and family once in a year incurred in accordance with the Rules of the Company applicable to Senior Management Staff / Personnel of the Company."
- (c) (i) Contribution to Provident fund, superannuation fund or annuity fund as per the Rules of the Company to the extent these either singly or put together are not taxable under the Income Tax Act, 1961 or under any statutory modification or re-enactment thereof;
- (ii) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service,

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

(3) Commission

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

- (4) Leave on full pay and allowances but not exceeding one month's leave for 11 month's service, plus additional two weeks' leave at the end of every third year, encashment of leave at the end of the tenure being permitted.
- (5) Free use of motor car with chauffeur provided by the Company for business purpose; the Company meeting all running, maintenance and other expenses of every kind whatsoever incurred in respect thereof.



- (6) Free telephone facility at residence. All charges including rental, call charges, etc. thereof shall be paid by the Company in full.
- (7) Reimbursement of entertainment and other business promotion expenses actually incurred by the Executive Director in the course of business of the Company.

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

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

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

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

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

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

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

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
2. Explanatory Statement pursuant to Section 173 of the

Companies Act, 1956, in respect of the Special Business at Item No. 6 of the above Notice is annexed.

3. Register of Members and the Share transfer books of the Company will remain closed from Thursday, 3rd September, 2009 to Thursday, 10th September, 2009 (both days inclusive).
4. The Dividend, if declared, will be payable to those Equity Shareholders whose names stand on the Register of Members as at the close of business on 10th September, 2009. However, in respect of shares held in the electronic form, the dividend will be payable to the beneficial owners of shares as at the close of business on Wednesday, the 2nd September, 2009 as per details furnished by the Depositories for this purpose.
5. Pursuant to provisions of Section 205A of the Companies Act, 1956, dividends which remain unpaid or unclaimed for a period of 7 years, will be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government. Shareholders who have not encashed the dividend warrant(s) so far for the financial year ended 30th June, 2002 or any subsequent financial years, are requested to make their claims to the Company at its Registered Office. **It may be noted that once the unclaimed dividend is transferred, on expiry of seven years, to the Investor Education and Protection Fund, as stated here-in, no claim shall lie in respect thereof.**
6. Members holding shares in electronic form may please note that their bank details as furnished by the respective depositories to the Company will be printed on their dividend warrants as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such members for deletion of/change in such bank details. Members may, therefore, give instructions regarding bank accounts in which they wish to receive dividend, directly to their Depository Participants.

By order of the Board

O.P. Roongta

Sr. Vice-President (Finance) & Secretary

Registered Office

612, Raheja Chambers,
Nariman Point,
Mumbai 400 021

Dated : 20th July, 2009



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

Item No. 6

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

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

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

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

By order of the Board

O.P. Roongta

Sr. Vice-President (Finance) & Secretary

Registered Office

612, Raheja Chambers,
Nariman Point,
Mumbai 400 021

Dated : 20th July, 2009

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Directors' Report

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

FINANCIAL RESULTS

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

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

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

DIVIDEND

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

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



PROPERTY DEVELOPMENT

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

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

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

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

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

BUY-BACK OF EQUITY SHARES

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

MANAGEMENT DISCUSSIONS AND ANALYSIS

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

FIXED DEPOSITS

The amount of Fixed Deposits has increased from Rs. 2,849.06 lakhs to Rs. 3,415.29 lakhs. Out of deposits which matured during the year, 279 deposits amounting to Rs. 59.18 lacs remained unclaimed as on 30th June, 2009 of which Rs. 17.20 lakhs have since been renewed/refunded.

DIRECTORS RESPONSIBILITY STATEMENT

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

- i. in the preparation of the annual accounts, the applicable accounting standards have been followed;
- ii. appropriate accounting policies have been selected and applied consistently and have made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at June 30, 2009 and of the Profit and Loss Account for the year ended June 30, 2009;
- iii. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. the annual accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE

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

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

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING / OUTGO

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

