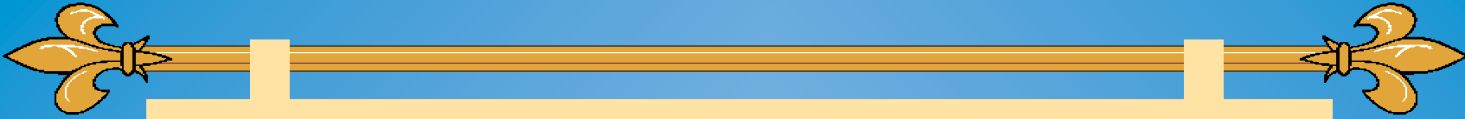


# 68th Annual Report 2009-10



**Supreme**<sup>®</sup>  
People who know plastics best  
**THE SUPREME INDUSTRIES LIMITED**



Growth is not a journey of an individual.

It is a cumulative effort of a team that  
has a common dream and  
shares the same passion to realise it  
and Supreme is no exception.

In its existence of almost 7 decades,  
Supreme has always been a family of enterprising and  
enthusiastic individuals where everyone has  
played a pivotal role in shaping a promising tomorrow.

Each and every stakeholder has been a pillar  
on which the foundation of future  
has been laid.

We have crossed many  
milestones and many other are on their way.

During this journey of accolades and  
achievements, one thing that has become the  
force behind the Supreme success story  
is the fact that

"Together We Are "  
"Together We Grow"



# Performance Highlights

**Supreme®**  
People who know plastics best

(₹ in Lacs)

ANNUAL REPORT  
2009-2010

	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010
Polymers Processed (MT)	68413	83499	91913	100053	95439	118115	130547	139239	172746	191704
Sales	53487.76	67466.02	79241.62	90925.15	93150.04	113067.09	132963.00	149882.45	180900.03	217159.45
Less: Excise Duty	6960.63	8339.50	9904.92	11297.96	11740.33	14860.69	16796.94	18860.35	15707.16	16585.69
Net Sales	46527.13	59126.52	69336.70	79627.19	81409.71	98206.40	116166.06	131022.10	165192.87	200573.76
Other Income	289.13	338.96	380.59	242.14	1003.30	466.61	666.76	893.91	904.53	1621.55
Total Income	46816.26	59465.48	69717.29	79869.33	82413.01	98673.01	116832.82	131916.01	166097.40	202195.31
Operating Profit (PBITD + MISC.EXP/W/Off)	7126.50	8795.02	8774.47	8908.42	9008.77	10193.24	13629.66	15272.04	24698.97	30556.28
Interest	4119.17	4234.08	3271.54	2560.43	2508.59	2696.04	3300.57	3897.92	5456.03	3302.71
Gross Profit	3007.33	4560.94	5502.93	6347.99	6500.18	7497.20	10329.09	11374.12	19242.94	27253.57
Depreciation	2570.60	3349.69	3647.87	4139.01	3929.84	4134.10	4024.59	3951.04	5251.74	5292.03
Profit Before Tax & Exceptional Items	436.73	1211.25	1855.06	2208.98	2570.34	3363.10	6304.50	7423.08	13991.20	21961.54
Tax & Exceptional Items	160.64	94.00	353.75	110.09	205.00	-656.08	-1291.36	-2310.88	-4251.24	-7489.00
Profit after Tax	276.09	1117.25	1501.31	2098.89	2365.34	4019.18	5013.14	5112.20	9739.96	14472.54
Prior Years Adjustments	3.73	-2.45	-73.49	7.99	-0.85	-23.37	2.22	-1.37	-1.35	10.48
Net Profit	279.82	1114.80	1427.82	2106.88	2364.49	3995.81	5015.36	5110.83	9738.61	14483.02
Paid up Equity Capital	971.49	1001.23	1001.23	1339.08	1339.08	1381.08	2762.17	2762.17	2540.54	2540.54
Reserves and Surplus*	12730.58	12870.54	17069.45	18446.36	19409.84	18352.36	19576.27	22004.49	25990.94	35136.56
Shareholders' Funds	13702.07	13871.77	18070.68	19785.44	20748.92	19733.44	22338.44	24766.66	28531.48	37677.10
Loans	27655.27	24251.20	24099.87	20446.01	24653.54	23748.68	22831.83	30032.03	24874.07	22906.09
Deferred Tax Liability (Net)						4283.20	4733.2	5228.09	6428.09	6984.39
Capital Employed**	41041.39	37843.43	42368.54	39659.68	45230.48	44516.59	41246.93	53185.49	58602.33	66259.22
Net Fixed Assets***	24793.30	29383.64	31178.11	28164.46	29759.72	32367.14	33356.68	46113.78	54024.26	56118.37
Net Current Assets	10554.68	5177.15	8312.48	8016.88	11992.43	8752.23	1385.72	1190.04	1097.00	6489.16
Earning Per Equity Share (₹)	2.88	11.13	14.26	15.73	17.66	28.93	18.16	18.50	38.33	57.01
Cash Earning Per Equity Share (₹)	29.30	44.52	38.48	46.60	47.01	59.04	32.72	32.81	59.01	77.80
Book Value (₹)	141.00	139.00	141.00	148.00	156.00	142.88	80.87	89.66	112.30	148.30
Dividend (%)	30.00	60.00	70.00	90.00	90.00	100.00	75.00	80.00	120.00	180.00
PBITD / Average Capital Employed	18.83	22.30	21.88	21.72	21.22	22.72	31.78	32.34	44.19	48.94
ROACE (%)	12.04	13.81	12.78	11.63	11.97	13.50	22.40	23.98	34.79	40.47
PBIT / Average Capital Employed										
ROANW (%)	2.01	8.10	9.40	11.09	11.67	19.86	23.83	21.71	36.55	43.72
(PAT / Average Net Worth)										
Debt : Equity (Long Term Debt / Total Net worth)	1.10	1.18	0.59	0.83	0.95	0.65	0.89	1.17	1.02	0.49
Debt: Equity (Total Debt / Total Net Worth)	2.02	1.75	1.33	1.03	1.19	1.20	1.02	1.21	0.87	0.61
Employees' Strength	1676	1790	1939	1876	2113	2202	2349	3055	3245	4074

\* excluding revaluation reserves & after reducing miscellaneous expenditure

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

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

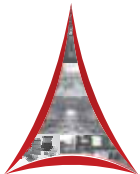




Khushkhera Plant Obtained recognition for 'Manufacturing Excellence' from Maruti Suzuki India Ltd. This award was received by Shri S. J. Taparia, Executive Director at MSIL conference held in Hong kong.



Noida Plant received recognition for Energy Conservation from Government of India Ministry of Power in the hands of Hon. Power Minister, Mr. Sushilkumar Shinde.



## 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. 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](mailto: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](mailto:supreme@supreme.co.in)

## WORKS

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

## OFFICES

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

## Contents

Company Information.....	1
Notice of AGM .....	2
Directors' Report .....	5
Management Discussion and Analysis .....	9
Corporate Governance .....	19
List of Promoters of the Company .....	26
Auditors' Report .....	27
Balance Sheet.....	30
Profit and Loss Account.....	31
Schedules to Balance Sheet.....	32
Schedules to Profit and Loss Account.....	37
Significant Accounting Policies .....	39
Notes forming part of the Accounts.....	41
Cash Flow Statement .....	51
Statement Pursuant to Section 212 of Subsidiary Company .....	52
Consolidated Statements of Accounts.....	53-71





## Notice

NOTICE is hereby given that the Sixty Eighth 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 September, 2010 at 4.00 p.m. to transact, with or without modification(s), as may be permissible, the following business :-

### ORDINARY BUSINESS :

1. To receive, consider and adopt the Directors' Report and the Audited Statement of Accounts together with the Auditors' Report thereon for the financial year ended 30th June, 2010.
2. To confirm the payment of Interim Dividend on Equity Shares by the Board of Directors of the Company and to declare a Final Dividend on Equity Shares for the Financial year ended 30th June, 2010.
3. To appoint a Director in place of Shri N. N. Khandwala, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri Y. P. Trivedi, 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 pursuant to the provisions of Sections 16, 94 and all other applicable provisions, if any, of the Companies Act, 1956 (hereinafter referred to as "the said Act"), including any modification(s) or re-enactment(s) thereof for the time being in force and the provisions of Articles of Association of the Company, and subject to such approvals, consents, permissions and sanctions, if any, necessary, the existing Equity Share of the face value of ₹ 10/- (Rupees Ten) each in the Authorised Capital of the Company be sub-divided into five Equity Shares of the face value of ₹ 2/- (Rupees Two) each and consequently the sub-divided Authorised Share Capital of the Company shall be ₹ 75,00,00,000/- (Rupees Seventy Five Crores) divided into (i) 15,00,00,000 (Fifteen Crores) Equity Shares of ₹ 2/- (Rupees Two) each, (ii) 1,12,00,000 (One Crore Twelve Lacs) Redeemable Preference Shares of ₹ 10/- (Rupees Ten) each and (iii) 3,38,00,000 (Three Crores Thirty Eight Lacs) Unclassified Shares of ₹ 10/- (Rupees Ten) each.

RESOLVED FURTHER THAT consequent to the sub-division of the Equity Shares, as aforesaid the existing Issued, Subscribed and Paid-up Equity Share Capital of ₹ 25,40,53,740/- (Rupees Twenty Five Crores Forty Lacs Fifty Three Thousand Seven Hundred Forty) comprising of 2,54,05,374 (Two Crores Fifty Four Lacs Five Thousand Three Hundred Seventy Four) Equity Shares of ₹ 10/- each fully paid-up also stands sub-divided into 12,70,26,870 (Twelve Crores Seventy Lacs Twenty Six Thousand Eight Hundred Seventy) Equity Shares of ₹ 2/- (Rupees Two) each, fully paid-up.

RESOLVED FURTHER THAT the Share Certificates in relation to such of the issued Equity Shares of the Company as are in physical form be cancelled and fresh certificates be renumbered if so required and issued in lieu thereof with regard to the sub-divided Equity Shares in accordance with the provisions of the Companies (Issue of Share Certificates) Rules, 1960 to the holders of the Equity Shares whose names stand in the Register of Members, and in case of shareholders who opt to receive the sub-divided Equity Shares in dematerialised form, the sub-divided Equity Shares shall be credited to the respective beneficiary accounts of the shareholders with their Depository Participant.

RESOLVED FURTHER THAT the Board of Directors of the Company including a committee of the Board, (hereinafter referred to as "the Board") be and is hereby authorised to fix the record date for determination of entitlement to sub-divided Equity Shares consequent upon the aforesaid sub-division of Equity Share Capital.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution and for the removal of doubts or difficulties, the Board be and is hereby authorised to do all such acts, deeds, matters and things and to give from time to time such directions as may be necessary, expedient, usual or proper to give effect to this Resolution and to settle any question or doubt that may arise in relation thereto in the manner as the Board in its absolute discretion may think fit and its decision shall be final and binding on all members and other interested persons."

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

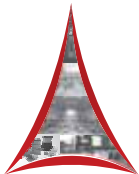
"RESOLVED THAT on the above Resolution No.6 being duly passed and becoming effective, the existing clause VI of the Memorandum of Association of the Company be deleted and substituted by the following:-

VI The Authorised Share Capital of the Company is ₹ 75,00,00,000/- (Rupees Seventy Five Crores) divided into 15,00,00,000 (Fifteen Crores) Equity Shares of ₹ 2/- (Rupee Two) each and 1,12,00,000 (One Crore Twelve Lacs) Redeemable Preference Shares of ₹ 10/- (Rupees Ten) each and 3,38,00,000/- (Three Crores Thirty Eight Lacs) Unclassified Shares of ₹ 10/- (Rupees Ten) each."

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

"RESOLVED THAT on the above Resolution No.6 being duly passed and becoming effective the existing Article 5(a) of the Articles of Association of the Company be and is hereby deleted and substituted by a new Article 5(a) as under :-

5(a) The Authorised Share Capital of the Company is ₹ 75,00,00,000/- (Rupees Seventy Five Crores) divided into 15,00,00,000 (Fifteen Crores) Equity Shares of ₹ 2/- (Rupees Two) each and 1,12,00,000 (One Crore Twelve Lacs) Redeemable Preference Shares of ₹ 10/- (Rupees Ten) each and 3,38,00,000/- (Three Crores Thirty Eight Lacs) Unclassified Shares of ₹ 10/- (Rupees Ten) each."



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

“RESOLVED THAT pursuant to the provisions of Section 314(1B) and other applicable provisions, if any, of the Companies Act, 1956 and further subject to the Central Government's permission, the Monthly Remuneration payable to Shri Vivek Taparia, Business Development Manager, be increased from the Basic Salary of ₹ 10,150/- + Car, in M3 Grade since 1st July 2003, to a Basic Salary of ₹ 1,15,500/- + Car, in SM-1 grade w.e.f. 1st July, 2010 and that the Allowances and Benefits including Bonus and other Perquisites and Privileges, as are applicable to other officers in the said SM-1 Grade, be made available to him on the following terms :-

(1) Salary

Monthly salary of ₹ 1,15,500/- (Rupees One Lakh Fifteen Thousand Five Hundred only) in the scale of ₹ 1,15,500 – ₹ 10,000 – ₹ 1,65,500 per month, during his tenure of office (first increment falling due on 1st July, 2011).

(2) Perquisites

- (a) The monthly allowances as are available in the Grade SM1, which presently aggregate to ₹ 37,500/-.
- (b) Medical allowance per annum restricted to 2 months Basic salary.
- (c) 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.
- (d) (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 will be considered continuous service with the Company and change of designation will not be considered as any break in service.

- (3) Leave on full pay and allowances but not exceeding one month's leave for 11 month's service.
- (4) 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.
- (5) Free telephone facility at residence. All charges including rental, call charges, etc. thereof shall be paid by the Company in full.
- (6) Reimbursement of entertainment and other business promotion expenses actually incurred by him in the course of business of the Company.

AND RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to accept such modifications of the above terms of remuneration as the Central Government may suggest or require or impose while granting its approval and 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 to 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 September, 2010 to Tuesday, the 14th September, 2010 (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 September, 2010. 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 Monday, the 6th September, 2010 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, 2003 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.
7. As required under Clause 49 of the Listing Agreement of 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, as if the same were set out herein.

By order of the Board

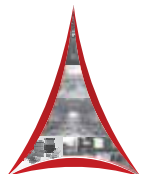
**O. P. Roongta**

Sr. Vice-President (Finance) & Secretary

**Registered Office**

612, Raheja Chambers,  
Nariman Point,  
Mumbai 400 021

Dated : 16th July, 2010



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

### **Item Nos. 6 to 8**

The present Authorised Share Capital of the Company is ₹ 75,00,00,000/- (Rupees Seventy Five Crores) divided into (i) 3,00,00,000 (Three Crores) Equity Shares of ₹ 10/- (Rupees Ten) each, (ii) 1,12,00,000 (One Crore Twelve Lacs) Redeemable Preference Shares of ₹ 10/- (Rupees Ten) each and (iii) 3,38,00,000 (Three Crores Thirty Eight Lacs) Unclassified Shares of ₹ 10/- (Rupees Ten) each respectively.

Keeping in view the requests of the Shareholders, and with a view to create easy marketability and to improve the liquidity of the Shares, and to encourage participation of the retail investors, as also the prevailing trend on the Stock Exchanges in India, it is considered desirable to sub-divide the existing Equity Shares of ₹ 10/- (Rupees Ten) each into Equity Shares of ₹ 2/- (Rupees Two) each. Article 39 of the Company's Articles of Association empowers the Shareholders in General Meeting to subdivide the Equity Shares of the Company into Equity Shares of smaller denomination and hence the Resolution at Item No. 6 of the above Notice. The sub-division of Equity Shares will necessitate consequential changes in the relevant clauses of the Memorandum and Articles of Association of the Company as set out in Resolution Nos. 7 and 8 of the above Notice. The Directors commend the Resolutions mentioned in these items of the Notice for your approval.

The Directors of the Company may be deemed to be interested or concerned in the above Resolution No. 6 to the extent of the Equity Shares, if any, held by each of them.

A copy of the Memorandum and Articles of Association of the Company is available for inspection by the Shareholders of the Company at the Registered Office of the Company between 11.00 a.m. to 1.00 p.m. on week days upto the date of the Annual General Meeting.

### **Item No. 9**

Shri Vivek Taparia, a relative of the Promoter Directors of the Company, had been appointed as a Business Manager, pursuant to the Resolution passed u/s 314 (1-B) of the Company's Act, 1956, by the Members at the Annual General Meeting held on 17th October, 2003. He was appointed w.e.f. 1st July, 2003, on a Monthly Basic Salary of ₹ 10,150/- + Car in the Managerial Grade – M3 with applicable Allowances and Benefits, including Bonus and other Perquisites. Since

his appointment, he has been actively involved in various activities and the execution of various projects on behalf of the Company.

His remuneration needs to be increased suitably, commensurate with the responsibilities assigned to Shri Vivek Taparia and being carried out by him, in line with the remuneration presently being paid to other officers. He also looks after the Execution of the Andheri Commercial Complex Project and is heading the Product Development, Advertisement and marketing of the Furniture Division of the Company. He is also a member of the Team of the Company's Corporate Management Group. He has been performing his duties ably and efficiently during all these years. Though the remuneration payable to many of the other staff members, who were in a similarly placed position in the M-3 grade since 1-7-2003, when he was first appointed, and have since been promoted to higher grades, and whose salaries have also been increased substantially to much higher levels, however no increments were given to Shri Vivek Taparia in the past 7 years, in view of the limitation imposed u/s 314 (1-B) and his remuneration had been languishing at the restricted level of less than ₹ 50,000/- per month viz. ₹ 48,000/- per month. Therefore, it will be just and fair to promote him with a suitable designation and increase his remuneration to a reasonable level commensurate with the responsibility / assignments presently being handled by him, as is the case of other officers similarly placed in the same grade in the Company. The Special Resolution is accordingly brought before this Annual General Meeting. The increase in his remuneration which is subject to the Central Government's permission is commended for your approval.

Shri B. L. Taparia, Shri M. P. Taparia, Shri S. J. Taparia, and Shri V. K. Taparia, Directors of the Company, being related to Shri Vivek Taparia, are deemed to be 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 : 16th July, 2010





# Directors' Report

The Directors have great pleasure in presenting the 68th Annual Report together with the Audited Financial Statements for the financial year ended 30th June 2010.

## FINANCIAL RESULTS

	(₹ in lakhs)	
	Current Year	Previous Year
<b>Total Income (net)</b>	<b>202195.31</b>	<b>166097.40</b>
<b>Profit before interest, depreciation and tax</b>	<b>30556.29</b>	<b>24698.97</b>
Interest and financial charges	3302.71	5456.03
Depreciation, Amortization and Impairment	5292.04	5253.09
<b>Profit before Tax and Exceptional Income</b>	<b>21961.54</b>	<b>13989.85</b>
Exceptional Income	—	622.76
<b>Profit Before Tax</b>	<b>21961.54</b>	<b>14612.61</b>
Provision for Current Tax	6932.70	3554.00
Deferred Tax	556.30	1200.00
Fringe Benefit Tax	—	120.00
Excess provision of earlier years w/back	-10.48	—
<b>Net Profit available for Appropriation</b>	<b>14483.02</b>	<b>9738.61</b>
<b>Appropriation:</b>		
Interim Dividend	1270.27	—
Proposed (final) Dividend	3302.70	3048.64
Tax on Dividend	764.42	518.12
Transferred to General Reserve	9145.63	6171.85
	<b>14483.02</b>	<b>9738.61</b>

## DIVIDEND

	₹	₹
(i) Dividend on 2,54,05,374 Equity Shares of ₹ 10 each @ 180% i.e. ₹ 18/- per share as follows (Previous year on 2,54,05,374 Equity Shares of ₹ 10/- each @ 120% i.e. ₹ 12.00 per share) a) Interim Dividend @ 50% i.e. ₹ 5/- per share (already paid in January 2010) b) Final Dividend recommended @ 130% i.e. ₹ 13/- per share	12,70,26,870 33,02,69,862	45,72,96,732
(ii) Corporate Dividend Tax as applicable (including ₹ 2,15,88,217/- paid on Interim Dividend)		7,64,41,913
		<b>53,37,38,645</b>

## SUB-DIVISION OF EQUITY SHARES

Presently the Equity Share Capital of the Company consists of 2,54,05,374 Equity Shares of ₹ 10/- (F.V.) each, fully paid-up. Your Directors have pleasure in recommending sub-division of each Equity Share into 5 Equity Shares of ₹ 2/- (F. V.) each.

## 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 ₹ 3415.29 lakhs to ₹ 3929.67 lakhs. Out of deposits which matured during the year, 302 deposits amounting to be ₹ 60.05 lakhs remained unclaimed as on 30th June, 2010 of which ₹ 5.80 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, 2010 and of the Profit and Loss Account for the year ended June 30, 2010;
- 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 Ltd. (SPL) promoted jointly by your Company and the R Raheja Group completed the project for increasing the installed capacity of the Expandable Polystyrene (EPS) plant at Chennai to 27700 TPA in June 2010. Optimum capacity utilization is expected by October 2010.

Commercial production of Extruded Polystyrene (XPS) commenced from August 2009.

Agreements for gas transmission and allocation have been signed with GAIL and gas pipeline for gas delivery have been laid at plant site in Maharashtra. This will enable SPL to set up a gas engine based captive plant of 3500 KVA to act as a buffer against power shortages and help in cost reduction.

The project for expansion of compounded plastic capacity to 33580 TPA from 25000 TPA is in progress and scheduled for completion in 2010.

The work for setting up EPS manufacturing facility as also the cup grade EPS facility with technology from NOVA Chemicals Inc USA is making good progress. Commercial production is expected in the first quarter of 2011.

## **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 zone, UAE by investing a sum of AED 150,000 (equivalent to ₹ 18.88 lacs). The company has made a Cash Profit of AED 1,35,395 during the year.

