

69th Annual Report 2010-11

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



Supreme®
People — who know plastics best

THE SUPREME INDUSTRIES LIMITED



REDEFINING GROWTH

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

IT IS NOT JUST AN INCREASE IN
TURNOVER AND PROFITS.

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

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

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

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

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

IT IS OUR WAY OF REDEFINING GROWTH
AND UNDERLINING EXCELLENCE.

IT IS OUR WAY OF LIFE.

Performance Highlights

Supreme®
People who know plastics best

ANNUAL REPORT
2010-2011

(₹ in Lacs)

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

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

* excluding revaluation reserves & after reducing miscellaneous expenditure

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

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

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





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



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

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



BOARD OF DIRECTORS

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

BANKERS

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

AUDITORS

M/s. Chhogmal & Co.,
Chartered Accountants

REGISTERED OFFICE

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

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

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Notice

NOTICE is hereby given that the Sixty Ninth Annual General Meeting of the Company will be held at Walchand Hirachand Hall, Indian Merchants' Chamber, Near Churchgate Station, 76, Veer Nariman Road, Mumbai – 400020, on Wednesday the 14th September, 2011 at 4.00 p. m. to transact, with or without modification(s), as may be permissible, the following business :-

ORDINARY BUSINESS :

1. To receive, consider and adopt the Directors' Report and the Audited Statement of Accounts together with the Auditors' Report thereon for the financial year ended 30th June, 2011.
2. To confirm the payment of interim dividend and to declare a Final Dividend on Equity Shares for the Financial Year ended 30th June, 2011.
3. To appoint a Director in place of Shri B. L. Taparia, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri. H. S. Parikh, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
2. Register of Members and the Share transfer books of the Company will remain closed from Wednesday, the 7th September, 2011 to Wednesday, the 14th September, 2011 (both days inclusive).
3. The Dividend, if declared, will be payable to those Equity Shareholders whose names stand on the Register of Members as at the close of business on 14th September, 2011. However, in respect of shares held in the electronic form, the dividend will be payable to the beneficial

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

4. Pursuant to provisions of Section 205A of the Companies Act, 1956, dividends which remain unpaid or unclaimed for a period of 7 years, will be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government. Shareholders who have not encashed the dividend warrant(s) so far for the financial year ended 30th June, 2004 or any subsequent financial years, are requested to make their claims to the Company at its Registered Office. **It may be noted that once the unclaimed dividend is transferred, on expiry of seven years, to the Investor Education and Protection Fund, as stated here-in, no claim shall lie in respect thereof.**
5. Members holding shares in electronic form may please note that their bank details as furnished by the respective depositories to the Company will be printed on their dividend warrants as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such members for deletion of/ change in such bank details. Members may, therefore, give instructions regarding bank accounts in which they wish to receive dividend, directly to their Depository Participants.
6. As required under Clause 49 of the Listing Agreement with the Stock Exchanges, the relevant details of persons seeking appointment / re-appointment as Directors are furnished in the Corporate Governance Report forming part of the Annual Report.

By order of the Board

O.P. Roongta

Sr. Vice-President (Finance) & Secretary

Registered Office

612, Raheja Chambers,
Nariman Point,
Mumbai 400 021

Dated : 25th July, 2011



Directors' Report

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

FINANCIAL RESULTS

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

DIVIDEND

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

SUB-DIVISION OF EQUITY SHARES

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

FIXED DEPOSITS

The amount of Fixed Deposits has decreased from ₹ 3929.67 lakhs to ₹ 2635.18 lakhs. Out of deposits which matured during the year, 289 deposits amounting to be ₹ 52.86 lakhs remained unclaimed as on 30th June, 2011 of which ₹ 6.30 lakhs have since been renewed/refunded.



DIRECTORS RESPONSIBILITY STATEMENT

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

- i. in the preparation of the annual accounts, the applicable accounting standards have been followed;
- ii. appropriate accounting policies have been selected and applied consistently and have made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at June 30, 2011 and of the Profit and Loss Account for the year ended June 30, 2011;
- iii. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. the annual accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE

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

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

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING / OUTGO

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

PERSONNEL

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

SUPREME PETROCHEM LIMITED (SPL)

Supreme Petrochem Limited (SPL) promoted jointly by your Company and R. Raheja Group has declared a dividend of ₹ 2.80 per equity share of ₹ 10 each (F.V.) for the year ended 30th June, 2011. Net revenues of the company for the year were ₹ 1943.49 crores while net profit was ₹ 87.69 crores.

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

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

SUBSIDIARY COMPANY

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

CONSOLIDATED ACCOUNTS

The Consolidated Financial Statements form part of this Annual Report.

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

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

DIRECTORS

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



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

AUDITORS

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

ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors

B. L. Taparia
Chairman

Place: Mumbai
Date: 25h July, 2011



Annexure to the Directors' Report

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

(I) CONSERVATION OF ENERGY

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

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

(II) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

(i) Research & Development (R&D)

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

- 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.

(ii) Technology Absorption

- The Company has renewed its agreement with M/s. Wavin Overseas B.V., Netherlands for its Plastic Piping Division.
- The Company has during the year started commercial production and sale of Cross Line Bonded Film, technology which had been taken from Ole-Bendt Rasmussen, Switzerland.

(III) FOREIGN EXCHANGE EARNINGS AND OUTGO

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

For and on behalf of the Board of Directors

B. L. Taparia
Chairman

Place: Mumbai
Date: 25th July, 2011.

