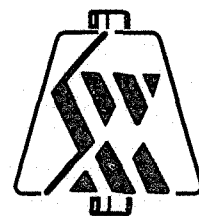
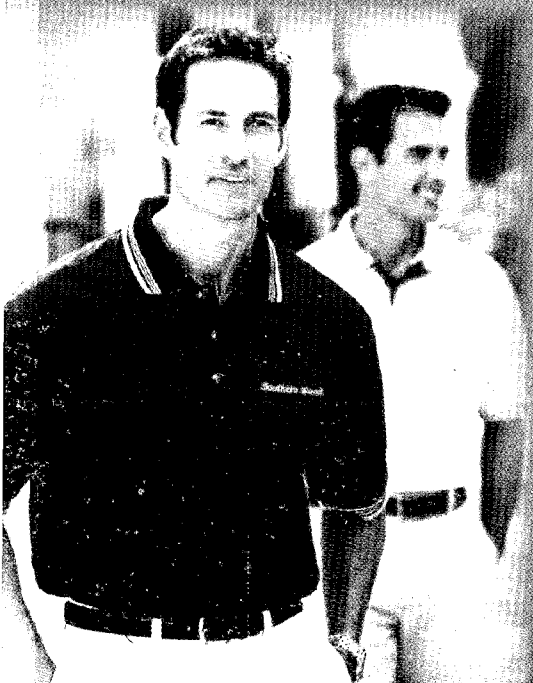


*Fibre to
Apparels*

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Supreme Yarns Limited
19th Annual Report 2006-2007

www.reportjunction.com



SUPREME YARNS LIMITED

Board of Directors

Mr. Ajay Mahajan
Mr. Sanjay Ahuja
Mr. S.S. Chugh
Mrs. Neeta Sood
Mr. R.C. Singal
Mr. S.K. Duggal
Mr. B.B. Goel
Mr. Marcel Menda
Mr. Ram Lal Gupta
Mr. Sanjay Gupta
Mr. Ajay Gupta

Chairman

Vice Chairman
Managing Director
Jt. Managing Director

Secretary Cum V.P. (Finance)

Mr. Rajeev Bhambri

Auditors

M/s S.C. Vasudeva & Co.

Bankers

State Bank of India
Punjab National Bank
UCO Bank

Registrar & Share Transfer Agent

M/s. Beetal Financial & Computer Services (P) Limited,
Beetal House, 3rd Floor,
99, Madangir, Bh-Local Shopping Complex
Near Dada Harsukhdas Mandir,
New Delhi - 110 062.

Demat At CDSL & NSDL ISIN-INE651G01027

Registered Office

424, Industrial Area-A, Ludhiana-141003
E-mail : info@supremeyarns.com
Website : www.supremeyarns.com
Phone : 0161-2600593, 2222719
Fax : 0161-2609949

Works

1. Spinning Unit-1
Village Kanganwal,
P.O. Jugiana, Ludhiana.
2. Spinning Unit-2
Village Kanganwal,
P.O. Jugiana, Ludhiana.
3. Dyeing Unit B-72, Phase VIII,
Focal Point, Ludhiana.
4. Apparels & Knits Unit
Village Paharuwal, P.O. Budhewal
Chandigarh Road, Ludhiana.

SUPREME YARNS LIMITED



NOTICE

NOTICE is hereby given that Nineteenth Annual General Meeting of the shareholders of SUPREME YARNS LIMITED will be held at the Registered Office of the Company at 424, Industrial Area A, Ludhiana on Saturday, the 15th day of September, 2007 at 11 A.M. to transact the following Business:

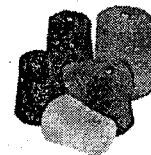
ORDINARY BUSINESS

1. To receive, consider and adopt the Directors' Report and Audited Balance Sheet as at 31st March 2007 and Profit and Loss Account for the year ended on that date, together with Auditors' Report thereon.
2. To appoint Director in place of Sh. S.K.Ahuja, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Director in place of Sh. Ajay Mahajan, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Director in place of Sh. B.B.Goel, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors for the year 2007-2008 and fix their remuneration.
6. To declare dividend.

SPECIAL BUSINESS

7. TO CONSIDER AND IF THOUGHT FIT, TO PASS, WITH OR WITHOUT MODIFICATION(S), THE FOLLOWING RESOLUTION AS SPECIAL RESOLUTION:-
"RESOLVED THAT Mr. S.K.Duggal, who was appointed as an Additional Director of the Company by the Board and who holds office of Director under section 260 of the Companies act, 1956 up to the conclusion of the meeting and in respect of whom the Company has received notice proposing his candidature for the office of the Director be and is hereby appointed as a Director of the Company."
8. TO CONSIDER AND IF THOUGHT FIT, TO PASS, WITH OR WITHOUT MODIFICATION(S), THE FOLLOWING RESOLUTION AS SPECIAL RESOLUTION:-
"RESOLVED THAT Mr.Marcel Menda, who was appointed as an Additional Director of the Company by the Board and who holds office of Director under section 260 of the Companies act, 1956 up to the conclusion of the meeting and in respect of whom the Company has received notice proposing his candidature for the office of the Director be and is hereby appointed as a Director of the Company."
9. TO CONSIDER AND IF THOUGHT FIT, TO PASS, WITH OR WITHOUT MODIFICATION(S), THE FOLLOWING RESOLUTION AS SPECIAL RESOLUTION:-
"RESOLVED THAT in pursuance of the provisions Section 21 and other related provision of the Companies Act, 1956 and subject to the approval of Central Government the name of the Company be and is hereby changed from SUPREME YARNS LIMITED to SUPREME TEX MART LIMITED.
FURTHER RESOLVED THAT clause 1 of the Memorandum of Association of Company be replaced by the following:-
1. The name of Company is SUPREME TEX MART LIMITED.

SUPREME YARNS LIMITED



FURTHER RESOLVED THAT the name as aforesaid be also changed in the cover of Memorandum & Article of the Company, in the 1st page of Memorandum & in the 1st page of Article of Association.

FURTHER RESOLVED THAT the Company Secretary be authorised to file application to Central Government for seeking change in name and to do all other related jobs.

FURTHER RESOLVED THAT the certificate of Incorporation be also got amended to effect the change in the name as aforesaid."

BY ORDER OF THE BOARD.

PLACE : LUDHIANA

DATED : 14.06.2007.

(RAJEEV BHAMBRI)

COMPANY SECRETARY

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT TO BE A MEMBER OF THE COMPANY. THE PROXY, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. THE REGISTER OF MEMBERS AND THE SHARE TRANSFER BOOKS OF THE COMPANY SHALL REMAIN CLOSED FROM 12TH SEPTEMBER 2007 TO 15TH SEPTEMBER 2006 (BOTH DAYS INCLUSIVE).
3. EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 IN RESPECT OF ITEM NO. 7, 8 & 9 IS ANNEXED HERETO AND FORMS PART OF THIS NOTICE.

Detail of Directors seeking appointment / reappointment in forthcoming Annual General Meeting

Name of Director	S.K.Ahuja	Ajay Mahajan	B.B.Goel	S.K.Duggal	Marcel Menda
Date of Birth	01.12.1960	07.05.1957	05.08.1947	06.05.1937	28.10.1947
Expertise	Accounting	Management	Administration	Textiles	Industrialist
Qualification	F.C.A.	M.Pharm, LL.B.	M.A., Ph.D.	B.Text., MBA	Graduate
Shareholding in company	NIL	NIL	NIL	2000 shares	NIL
Present / Past Occupation	DGM, PSIDC	GM, PSIDC	Professor, Punjab University PSIDC	Retd. Executive Director,	Industrialist

SUPREME YARNS LIMITED



ANNEXURE TO THE NOTICE:

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO. 7

Mr.S.K.Duggal was appointed as an Additional Director by the Board pursuant to the provisions of Section 260 of the Companies Act, 1956. Accordingly he holds office up to the conclusion of this Annual General Meeting. Notice under section 257 has already been received by the Company, proposing the candidature of Mr. S.K.Duggal for appointment as Director. The Board recommends his appointment as director of the Company. None of the Director except the proposed appointee himself is interested in the resolution.

ITEM NO. 8

Mr. Marcel Menda was appointed as an Additional Director by the Board pursuant to the provisions of Section 260 of the Companies Act, 1956. Accordingly he holds office up to the conclusion of this Annual General Meeting. Notice under section 257 has already been received by the Company, proposing the candidature of Mr. Marcel Menda for appointment as Director. The Board recommends his appointment as director of the Company. None of the Director except the proposed appointee himself is interested in the resolution.

ITEM NO. 9

Company is now diversifying into fields other than yarn viz. garmenting, etc., however its name i.e. 'Supreme Yarns Limited' now onwards will not reflect its fields. Thus it becomes necessary to change in the name of the company. Company had applied for the availability of various names and the Office of Registrar of Companies has given availability of the name - Supreme Tex Mart Limited.

None of the Directors of your Company are concerned or interested in the said resolution.

BY ORDER OF THE BOARD.

PLACE : LUDHIANA

DATED : 14.06.2007.

(RAJEEV BHAMBRI)
COMPANY SECRETARY

SUPREME YARNS LIMITED



ATTENDANCE SLIP

Please fill in attendance slip and hand it over at the entrance of the factory.

Name and address of the shareholder

Folio No.

No. of shares held

I hereby record my presence at the Annual General Meeting of the Company held on Saturday, the 15th day of September, 2007 at 11 A.M. at 424, Industrial Area-A, Ludhiana.

SIGNATURE OF THE SHAREHOLDERS OR PROXY

PROXY

I/We _____

of _____ being

a member(s) of SUPREME YARNS LIMITED hereby appoint

of _____

or failing him _____

as my/our proxy to vote for me/us and on my/our behalf at Annual General Meeting of the company held on Saturday, the 15th day of September, 2007 at 424, Industrial Area-A, Ludhiana and at any adjournment thereof.

Signed _____ day of _____ 2007

Affix a
1 Rupee
Revenue
Stamp



SUPREME YARNS LIMITED

DIRECTORS' REPORT

Dear Members,

The Directors hereby present their Nineteenth Annual Report on the business and operations of the Company together with the audited Financial Accounts for the year ended March 31, 2007.

FINANCIAL RESULTS

Particulars	(Rs. In Millions)	
	Year ending 31.03.2007	Year ending 31.03.2006
Net Turnover	1170.475	1099.888
Profit before Depreciation	135.372	109.363
Profit before Tax	86.570	63.201
Add Excess provision of depreciation Written back	0.000	99.894
Less Provision for Tax (including deferred and FBT)	28.807	22.317
Less Deferred Tax Adjustment	0.000	33.624
Profit after Taxes	57.763	107.154
Profit after Taxes without considering Extraordinary items	57.763	40.884

OPERATIONS

Production remained almost same at the level of 87.36 lacs kgs. as compared to the figure of 87.32 lacs kgs. as company had already achieved the peak capacity in the previous year. Net Turnover during the year under review, is increased from Rs. 1099.89 millions to Rs. 1170.47 millions. Net Profits after Tax but before extra-ordinary items increased from Rs. 40.88 millions to Rs. 57.76 millions, showing an increase of 41%. The increased profit is due to the change in the product mix and increased manufacturing of dyed yarn.

DIVIDEND

The directors have recommended a dividend of 10% to be appropriated from the profits of the year 2006-07 subject to the approval of shareholders at the forthcoming Annual General Meeting and the dividend will be paid to those shareholders whose names appear on the Register of Members as on 12.09.2007.

EXPANSION PLAN

Company's expansion is in progress for implementation of project of Rs.237 crore for establishment of
Spinning plant with capacity of 30000 spindles and 720 Rotors;
Garment unit with capacity of 30000 pcs. per day; and
Dyeing unit with capacity of 17.5 MT per day

This project will be implemented in phases between July 2007 and March 2008. All the requisite loans for this project have been sanctioned. Amount of Equity required for this project has also been received partially and the balance will be received very soon.

AUDITORS

The Auditors, M/s.S.C.Vasudeva & Co., Chartered Accountants, New Delhi will retire at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

AUDITORS'REPORT

Auditors' report on the Accounts is self-explanatory and requires no comments.

DIRECTORS

Mr S.K.Ahuja, Mr.Ajay Mahajan and Mr. B.B.Goel, retire by rotation at the conclusion of the forthcoming Annual General Meeting. Mr.S.K.Duggal and Mr.Marcel Menda were appointed by the Board of Directors and company has received notice under section 257 proposing their candidature for appointment in the Annual General Meeting.

SUPREME YARNS LIMITED



Since there is no employee receiving salary more than Rs.24 Lacs, P.A. or Rs.2.00 Lacs P.M., there is no information requires to be given pursuant to the provisions of Section 217(2A) of the Companies Act, 1956.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Particular with respect to conservation of energy and other areas as per Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are annexed hereto and form part of this report.

CORPORATE GOVERNANCE

Company was required to comply with the provision of Clause 49 of the Listing Agreements with Stock Exchanges and Company has complied all the required provisions as detailed in annexure of Annual Report.

LISTING

During the year the shares of the company were also listed on the National Stock Exchange of India Limited.

SHARE SPLIT

During the year each share of Rs. 10 each was split into two shares of Rs.5 each.

REGISTERED OFFICE

Registered Office of the company was shifted to 424, Industrial Area A, Ludhiana.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors, confirm that

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- ii) that have, in the selection of the Accounting Policies, consulted the Statutory Auditors and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- iii) they have taken proper and sufficient care to the best of their knowledge and ability 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) they have prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT

The Board of Directors acknowledges with deep sense of appreciation the co-operation received from the State Bank of India, Punjab National Bank, UCO Bank, Industrial Development Bank of India & Punjab State Industrial Development Corporation Limited as well as from Securities Exchange Board of India, National Stock Exchange of India Ltd. and The Stock Exchange, Mumbai.

The Board also conveys its gratitude to the shareholders. The Board acknowledges with thanks the constructive suggestions received from the Statutory Auditors. The Board wishes to place on record its appreciation for the untiring efforts and contributions made by the employees at all levels to ensure that the company continues to grow and excel.

FOR AND ON BEHALF OF THE BOARD

PLACE : LUDHIANA
DATED : 14.06.2007.

(SANJAY GUPTA)
MANAGING DIRECTOR

(AJAY GUPTA)
JT.MANAGING DIRECTOR

SUPREME YARNS LIMITED



ANNEXURE TO THE DIRECTORS' REPORT

INFORMATION AS PER SECTION 217(1)(e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2007 :-

1. CONSERVATION OF ENERGY:

With continuous efforts, the consumption of fuel has been controlled and consumption of electricity has been significantly reduced.

FORM A:

A) POWER AND FUEL CONSUMPTION:

		<u>2006-07</u>	<u>2005-06</u>
Electricity - Own Generation			
a) Unit Produced -	(KWH IN LACS)	3.54	34.64
b) Unit Produced /Ltr. of Diesel	(KWH)	3.66	3.51
c) Cost Per Unit	(RS.)	8.16	7.70

B) CONSUMPTION PER UNIT OF PRODUCTION

Electricity Consumed Per Kg of Production	(KWH/KG)	2.93	3.04
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2. TECHNOLOGY ABSORPTION:

Technology absorption, Innovation and Research & Development (R & D) is a continuing Process and a continued emphasis is given on quality improvement and product upgradation. Information as per Form-B of the Annexure to the Rules is given below:

RESEARCH & DEVELOPMENT (R & D)

(a) Specific Areas in which R & D carried by the Company:

The Company has adopted latest new technology. However, R & D has been carried in the areas of new product development, improvement in the production process and quality of products.

(b) Benefits desired as a result of above R & D:

The efforts have resulted in cost competitiveness. The product range has been employed.

(c) Future Course of action:

The management is committed to continue R&D to increase market competitiveness.

3. FOREIGN EXCHANGE EARNINGS AND OUTGO: (Rs. in Millions)

Foreign Exchange Earned	227.73
Foreign Exchange Used (CIF Value of Imports)	115.99