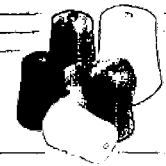


Supreme Text Mart Limited

20th Annual Report 2007-2008

SUPREME TEX MART LIMITED

(Formerly 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. Alok Goel
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@supremetexmart.com
Website : www.supremetexmart.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.
5. Hand Knitting Yarn Unit
B-72, Phase-VIII,
Focal Point, Ludhiana

SUPREME TEX MART LIMITED

(Formerly Supreme Yarns Limited)



DIRECTORS' REPORT

Dear Members,

The Directors hereby present their 20th Annual Report on the business and operations of the Company together with the audited Financial Accounts for the year ended March 31, 2008.

FINANCIAL RESULTS

Particulars	(Rs. in Lacs)	
	Year ending 31.03.2008	Year ending 31.03.2007
Net Turnover	16349.69	11704.75
Profit before Depreciation	1505.15	1353.72
Profit before Tax	856.78	865.70
Less Provision for Tax (including deferred and FBT)	305.26	288.07
Profit after Taxes	551.52	577.63

OPERATIONS

Production in the spinning unit was 94.22 lacs kgs. as compared to the figure of 87.36 lacs kgs. In new Spinning Unit production was commenced only in the end of year. In the new Garment Unit, Fabric of 63 MT and 2.58 Lacs pcs. of garments were produced. Net Turnover during the year under review, is increased from Rs.117.05 crore to Rs. 163.50 crore. Net Profits after Tax decreased from Rs.5.77 crore to Rs.5.55 crore. The decrease in the profit is due to the higher provision of deferred tax of Rs.3 crore as compared to the figure of Rs.0.5 crore in the previous year.

DIVIDEND

In view of lowered profits and on going expansions, company has decided not to declare any dividend.

EXPANSION PLAN

Major part of Company's expansion project of Rs.237 crore has been completed with establishment of Spinning plant with capacity of 12432 spindles and 720 Rotors; Garment unit with capacity of 30000 pcs. per day; and Dyeing unit with capacity of 17.5 MT per day.

In the Spinning unit remaining 16800 spindles will be installed by the end of September 2008.

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 R.C.Singal, Mr.Ram Lal Gupta and Mr.Sanjay Gupta, retire by rotation at the conclusion of the forthcoming Annual General Meeting. Mr. Alok Goel was appointed alternate Directors in place of Mr. Marcel Menda

PERSONNEL

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.

SUPREME TEX MART LIMITED

(Formerly Supreme Yarns Limited)



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

Shares of the company are listed on National Stock Exchange of India Limited and Bombay Stock Exchange Limited.

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.

APPRECIATION AND ACKNOWLEDGEMENTS

Your Directors appreciate the trust reposed by the customers and suppliers in the Company and look forward to their continued patronage. The Directors are also grateful and pleased to place on record their appreciation for the excellent support, guidance and cooperation extended by 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 Bombay Stock Exchange Limited. The Board also expresses its appreciation of the understanding and support extended by the shareholders and employees of the Company.

FOR AND ON BEHALF OF THE BOARD

PLACE : LUDHIANA
DATED : 27.06.2008.

(SANJAY GUPTA)
MANAGING DIRECTOR

(AJAY GUPTA)
JT.MANAGING DIRECTOR

SUPREME TEX MART LIMITED

(Formerly 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, 2008 :-

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:

Electricity - Own Generation		<u>2007-08</u>	<u>2006-07</u>
a) Unit Produced -	(KWH IN LACS)	6.95	3.54
b) Unit Produced /Ltr. of Diesel	(KWH)	3.64	3.66
c) Cost Per Unit	(RS.)	8.51	8.16

B) CONSUMPTION PER UNIT OF PRODUCTION

Electricity Consumed Per Kg of Production	(KWH/KG)	2.94	2.93
---	----------	------	------

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	1787.77
Foreign Exchange Used (CIF Value of Imports)	4838.05

SUPREME TEX MART LIMITED

(Formerly Supreme Yarns Limited)



CORPORATE GOVERNANCE REPORT

1. Company's Philosophy on Corporate Governance:

The Company, while conducting its business has been upholding the core values such as transparency, integrity, honesty, accountability and compliance of laws. In continuation of its efforts towards performance, the Company intends to seize opportunities of tomorrow and create a future that will make it the best Company in its area of operations. This in turn will help to improve the quality of life of the communities it serves, e.g. customers, suppliers, Government, shareholders, local community, etc.

Your company is committed to follow the best & established corporate practices. We are happy to inform you that your company's practices and policies are significantly in conformity with the requirements stipulated by the SEBI.

2. BOARD OF DIRECTORS

a) Size & Composition of Board

The Board presently comprises of the directors including the Non-Executive Independent Chairman and three executive directors and the majority of directors on the board are Independent.

The detail of the Composition of the Board, number of directorship and committee position held by each of the directors are given here under:

NAME OF DIRECTORS	DESIGNATION	CATEGORY	NO.OF DIRECTORSHIP HELD IN OTHER COMPANIES	NO. OF BOARD COMMITTEE MEMBERSHIP HELD IN OTHER COMPANIES	NO. OF BOARD COMMITTEE CHAIRMAN HELD IN OTHER COMPANIES
1. Ajay Mahajan	Chairman	C-NE-I	9	2	1
2. S.K. Ahuja	Director	NED-I	9	4	-
3. S.S.Chugh	Director	NED-I	6	1	1
4. S.K.Duggal	Director	NED-I	10	4	2
5. R.C. Singal	Director	NED-I	13	5	4
6. Neeta Sood	Director	NED-I	1	-	-
7. B.B.Goel	Director	NED-I	2	-	-
8. Ram Lal Gupta	Vice Chairman	EXE	1	-	-
9. Ajay Gupta	Jt.Mg. Director	EXE	2	-	-
10. Sanjay Gupta	Managing Director	EXE	2	-	-
11. Alok Goel	Director	NED-I	-	-	-

"C-NE-I" Chairman – Non Executive-Independent

"EXE" Executive

"NED-I" Non Executive – Independent

SUPREME TEX MART LIMITED

(Formerly Supreme Yarns Limited)



b) Board Meeting:

During the year ended 31st March, 2008 seven Board Meetings were held on the following dates: 02.05.2007, 14.06.2007, 31.07.2007, 30.10.2007, 28.12.2007, 30.01.2008 and 04.03.2008

c) Directors Attendance Record:

Attendance of Directors at Board Meeting and at Annual General Meeting (AGM).

NAME OF DIRECTORS	NO. OF BOARD MEETING HELD	NO. OF BOARD MEETING ATTENDANCE	WHETHER ATTENDANCE THE AGM HELD ON 15.09.2007
Ajay Mahajan	7	4	No
S.K. Ahuja	7	4	No
S.S.Chugh	7	3	Yes
S.K.Duggal	7	5	No
B.B.Goel	7	4	No
R.C. Singal	7	3	No
Neeta Sood	7	2	No
Ram Lal Gupta	7	3	Yes
Ajay Gupta	7	6	Yes
Sanjay Gupta	7	7	Yes
Marcel Menda	4	0	No

3. AUDIT COMMITTEE

The audit committee has been constituted as per section 292A of the Companies Act, 1956 and the guidelines set out in the listing Agreement with the stock exchange.

Composition and Attendance

The meetings of the audit committee were held on the following dates: 12.06.2007, 28.07.2007, 18.10.2007, 26.10.2007 and 30.01.2008

NAME OF THE MEMBER	NO. OF MEETING HELD	NO. OF MEETING ATTENDED
S.K. DUGGAL	3	3
S.S. CHUGH	5	2
SANJAY GUPTA	5	5
NEETA SOOD	5	1
R.C. SINGAL	2	2
B.B. GOEL	3	3

The terms of reference stipulated by the Board of Director to the audit committee are as contained in section 292A of the Companies Act, 1956 and clause 49 of the listing agreement. All the members have requisite financial and management expertise. The Company Secretary acts as the Secretary to the Committee. Minutes of meeting of audit committee are circulated to members of the committee and Board kept apprised.

4. REMUNERATION OF DIRECTORS:

Executive directors are drawing their monthly remuneration as given below:

Mr. Ram Lal Gupta	Rs.180000
Mr. Sanjay Gupta	Rs.172780
Mr. Ajay Gupta	Rs.172780

Detail regarding total amount of remuneration paid and its eligibility under Companies Act, 1956 has been provided in the notes on Annual Accounts for the year.

SUPREME TEX MART LIMITED

(Formerly Supreme Yarns Limited)



5. SHAREHOLDERS/INVESTORS GRIEVANCE AND SHARE TRANSFER COMMITTEE CUM MANAGEMENT REMUNERATION COMMITTEE.

Remuneration committee was formed by extending the scope of Share transfer Committee. This committee comprises of Sh.R.C.Singal (Chairman), Sh.S.S.Chugh, Sh.B.B.Goel and Sh.Sanjay Gupta.

The objective of the shareholders/Investor Grievance Committee is to focus on the shareholders Grievance and to strengthen the investor relations. It also decides the matters regarding Management Remuneration.

During the year ended 31st March, 2008, the company has not received any shareholders complaint from Stock Exchange/SEBI/Department of Company Affairs/Registrar of Companies. Five meetings of Shareholders/Investors Grievance and Share Transfer cum Management Remuneration Committee were held on 09.06.2007, 21.07.2007, 03.10.2007, 08.01.2008 and 18.03.2008

No requests for share transfer are pending with the company.

Name and Address of the Compliance Officer: Mr. Rajeev Bhambri - Company Secretary
424, Industrial Area A, Ludhiana.

Ph. 0161-2600593, 2222719, 9915710010

E-mail rbhambri@supremetextmart.com

6. GENERAL BODY MEETINGS

The last three Annual General Meetings were held as per detail given below:

<u>YEAR</u>	<u>DATE</u>	<u>DAY</u>	<u>TIME</u>	<u>HELD AT</u>
2007	15.09.2007	SATURDAY	11.00 A.M.	424, Industrial Area-A, Ludhiana
2006	22.07.2006	SATURDAY	11.00 A.M.	VIII. Kanganwal, Ludhiana
2005	12.08.2005	FRIDAY	11.00 A.M.	VIII. Kanganwal, Ludhiana

During the year ended 31st March, 2008, the following Extra-ordinary general Meetings were held:

<u>DATE</u>	<u>DAY</u>	<u>TIME</u>
30.05.2007	WEDNESDAY	11.00 A.M.
29.03.2008	SATURDAY	11.00 A.M.

Postal Ballot:

During the year ended 31st March, 2008, the company has not passed any resolutions through postal ballot.

7. DISCLOSURES

A. Related Party Transactions

During the year under review the company has entered into the following transaction, however these are not in conflict with the interest of the company at large:

Contract was entered with company's sister concern for sale/purchase after obtaining approval from Government of India under Section 297 of the Companies Act, 1956.

B. Compliances by the Company

During the last three years, no penalties or strictures have been imposed on the Company by the Stock Exchange or SEBI or any other statutory authorities on matters related to capital markets.