



SUPREME PETROCHEM LTD

**ANNUAL REPORT
2007-2008**

BOARD OF DIRECTORS :

M. P. Taparia, Chairman
Rajan B. Raheja
A. H. Parpia
B. L. Taparia
Satish B. Raheja
S. J. Taparia
Hasmukh Shah
M. S. Ramachandran
R. Kannan – ICICI Bank Ltd. Nominee
Nihalchand Chauhan
Viren R. Raheja – Alternate Director to Satish B. Raheja

REGISTERED OFFICE:

612, Raheja Chambers,
Nariman Point, Mumbai - 400 021

CORPORATE OFFICE:

Solitaire Corporate Park,
Building No. 11, 5th Floor,
Andheri-Ghatkopar Link Road, Chakala,
Andheri (East), Mumbai - 400 093

PLANT:

Amdoshi, Wakan Roha Road,
Post : Patansai, Taluka Roha,
Dist. Raigad, Maharashtra - 402 106

BANKERS:

State Bank of India
ABN-AMRO Bank N. V.
AXIS Bank Ltd.
Central Bank of India
ICICI Bank Ltd.
IDBI Bank Ltd.
Indusind Bank Ltd.
ING Vysya Bank Ltd.
The Karur Vysya Bank Ltd.

AUDITORS:

M/s. Parikh & Shah
Chartered Accountants

INTERNAL AUDITORS:

G.M. Kapadia & Co.
Chartered Accountants

REGISTRARS & TRANSFER AGENTS:

Karvy Computershare Private Limited
17-24, Vithalrao Nagar,
Madhapur,
HYDERABAD - 500 081

C O N T E N T S

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NOTICE

NOTICE is hereby given that the Nineteenth Annual General Meeting of **SUPREME PETROCHEM LTD** will be held at Indian Merchants' Chambers, Walchand Hirachand Conference Hall, IMC Marg, Churchgate, Mumbai 400 020 on Friday, October 17, 2008 at 4.00 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive and adopt the Directors' Report and the Audited Statement of Accounts together with Auditors' Report thereon for the financial year ended June 30, 2008.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Shri Rajan B. Raheja, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri B. L. Taparia, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri Nihalchand Chauhan, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Statutory Auditors and fix their remuneration.

SPECIAL BUSINESS:

7. To consider and, if thought fit, to pass with or without modification, as an Ordinary Resolution the following:

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to the creation by the Board of Directors of the Company of such mortgages, charges and hypothecations in addition to the existing mortgages, charges and hypothecations created by the Company as may be necessary on such of the assets of the Company both present and future, in such manner as the Board may direct, in favour of the financial institutions, banks, mutual funds, overseas banks and other bodies corporate (hereinafter referred to as the 'Lending

Agencies') to secure rupee term loans/foreign currency loans and other instrument of an equivalent aggregate amount not exceeding Rs.120.00 crores (Rupees one hundred and twenty crores only) together with the interest thereon at the agreed rates, further interest, liquidated damages, premium on pre-payment or on redemption, costs, charges, expenses and all other moneys payable by the Company to the Lending Agencies under the respective Agreement/ Loan Agreement to be entered into by the Company in respect of the said borrowings.

RESOLVED FURTHER THAT the Board be and is hereby authorised to finalise with the Lending Agencies the documents for creating the aforesaid mortgages, charges and/or hypothecations and to accept any modifications to, or to modify, alter or vary, the terms and conditions of the aforesaid documents and to do all such acts and things and to execute all such documents as may be necessary for giving effect to the above resolution".

8. To consider and, if thought fit, to pass with or without modification, as an Ordinary Resolution the following:

"RESOLVED THAT pursuant to the provisions of Section 228 and other applicable provisions, if any, of the Companies Act, 1956 ('the Act') the Board of Directors of the Company be and is hereby authorised to appoint as Branch Auditors of any Branch Office of the Company whether existing or which may be opened hereafter in India or abroad in consultation with the Company's Auditors, any person qualified to act as Branch Auditor within the provisions of the said Section 228 of the Act and to fix their remuneration".

For and on behalf of the Board

Rajan B. Raheja
Director

Registered Office:
612, Raheja Chambers
Nariman Point
Mumbai - 400 021

Date: August 21, 2008

NOTES

A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. The Proxy Form should be lodged with the Company at the Registered Office at least 48 hours before the time of the meeting.

An explanatory statement pursuant to Section 173 of the Companies Act, 1956 in respect of the Special Business at Item Nos.7 and 8 of the above notice is annexed.

Register of Members of the Company will remain closed from Wednesday, October 01, 2008 to Friday, October 17, 2008 (both days inclusive).

Members who hold shares in de-materialised form are requested to write their Client ID and DP ID Number and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the meeting.

Members are requested to avail Electronic Clearing Service (ECS) for receipt of dividend. Please contact Company's Registrar and Share Transfer Agents - Karvy Computershare Private Limited, 17-24, Vithalrao Nagar, Madhapur, Hyderabad - 500 081.

Members are requested to bring their copies of the Annual Report to the Meeting.



ANNEXURE TO THE NOTICE

Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 regarding Special Business.

ITEM NO. 7:

The Company proposes to approach financial institutions/banks and/or other Lending Agencies for term loans not exceeding Rs.120.00 crores (Rupees one hundred and twenty crores only) for capital expenditure and for general corporate purposes including to augment long term resources for working capital requirements of the Company.

The said term loans when sanctioned/availed of are to be secured by appropriate mortgage/ charge in favour of respective financial institutions/banks/ overseas banks and/or other Lending Agencies on such of the assets of the Company both present and future, as may be decided by the Board of Directors. The resolution at Item No. 7 is considered necessary having regard to Section 293(1)(a) of the Companies Act, 1956.

The Directors commend the resolution at Item No. 7 for your approval.

None of the Directors of the Company may be deemed to be in any way concerned or interested in the resolution except Shri R. Kannan, who is a Nominee of ICICI Bank Limited. He will be concerned or interested in the resolution, to the extent of term loans that may be availed from ICICI Bank Limited.

ITEM NO. 8:

The Company now has an EPS manufacturing unit in Chennai, pursuant to the Amalgamation of SPL Polymers Limited, Chennai with the Company. It is proposed to appoint Branch auditors to audit the Chennai unit.

The Shareholders are requested to authorise the Board of Directors of the Company to appoint in consultation with the Company's Auditors, Branch Auditors in respect of the Chennai unit and/or any other units/branches if any, which may be opened in future, in India or abroad and to fix their remuneration.

The resolution at Item No. 8 is considered necessary having regard to Section 228 of the Companies Act, 1956.

The Directors commend the resolution at Item No. 8 for your approval.

None of the Directors of the Company may be deemed to be in any way concerned or interested in the resolution.

For and on behalf of the Board

Rajan B. Raheja
Director

Registered Office:

612, Raheja Chambers
Nariman Point
Mumbai - 400 021.

Date : August 21, 2008

DIRECTORS' REPORT

Your Directors take pleasure in presenting the Nineteenth Annual Report together with Audited Accounts of your Company for the year ended June 30, 2008.

1. FINANCIAL RESULTS	(Rupees in lacs)	
	2007-2008	2006-2007
Income (Net of Excise)	148127.40	149484.71
Profit before Tax	2757.95	4746.73
Tax expenses	(407.24)	(1518.28)
Profit after tax	2350.71	3228.45
Prior period adjustments	(93.40)	96.42
Balance brought forward from Previous Year	2253.84	1069.82
Amount available for appropriation	4511.15	4394.69
Appropriation thereof:		
Dividend on equity shares (including corporate dividend tax)	1150.96	1140.85
Transfer to general reserve	1200.00	1000.00
Balance carried forward	2160.19	2253.84

Your Directors recommend a dividend of 10% for the year 2007-2008.

The figures for the year under review incorporate the amalgamated accounts of erstwhile SPL Polymers Limited and are hence not comparable with previous year figures.

2. REVIEW OF OPERATIONS

During the year under review, the domestic market for Polystyrene grew up by 7%. Prices of Styrene Monomer, the main raw material, continued to rule very high on account of high crude oil prices. Supplies of the other major raw material PBR were not only tight, but saw a more than 100% rise in its prices during the year. This in turn kept the Polystyrene margins under pressure. Your Company continued with the policy of restricting exports only to those markets which provided a better netback. Foreign exchange rate volatility of over 8% in last quarter of the financial year under review also had an adverse effect of Rs.1371.13 lacs on your Company's bottom line as against a gain of Rs.519.48 lacs in the previous year.

Projects for expansion of Speciality Polymer Products, Expanded Polystyrene (XPS) both at Amdoshi and Expandable Polystyrene (EPS) at Chennai are progressing as per schedule.

The process of acquiring land through MIDC for proposed SEZ for processing of plastic products continues.

3. AMALGAMATION OF SPPL WITH SPL

The amalgamation of SPL Polymers Limited with your

Company w.e.f. July 1, 2007 was completed on July 12, 2008 subsequent to the approvals received from the Bombay and Madras High Courts.

In compliance with the Scheme of Amalgamation, equity shares of Supreme Petrochem Ltd were allotted on August 18, 2008 to members of SPL Polymers Limited in the ratio of 1 fully paid equity share of Rs.10/- each of Supreme Petrochem Ltd for every 6 fully paid equity shares of Rs.10/- each held in SPL Polymers Limited on August 5, 2008 (Record Date). This has increased the paid up share capital of your Company from Rs. 975128000/- to Rs.983765200/- and has added about 6120 new members. Your Directors are pleased to welcome these new additions to the SPL family.

The EPS plant at Chennai is ready for commissioning and should contribute to your Company's earnings and profitability in the current year.

4. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report for the year under review as stipulated under clause 49 of the Listing Agreement with Stock Exchanges is presented separately forming part of the Annual Report.

5. HEALTH & SAFETY

Your Company has continued implementation of HSE management systems under the guiding principles of declared 'Health and Safety Policy' and 'Environmental Policy.' Both the Environmental Management System and Occupational Health and Safety Management System are continued to be maintained as per ISO 14001 Standard and OHSAS 18001 Specifications respectively.

HSE performance index for the period under review stood to be in excellent range.

Your Company has completed 2814 accident free days and 6688178 accident free man-hours as on June 30, 2008.

6. DIRECTORS

Shri Rajan B. Raheja, Shri B. L. Taparia and Shri Nihalchand Chauhan, Directors of the Company retire by rotation and being eligible offer themselves for re-appointment.

A brief resume of the Directors eligible for re-appointment is given in the report on Corporate Governance.

7. SUBSIDIARY COMPANIES

(i) **SPL Industrial Park Limited:** The Company has been floated to implement the SEZ project.

(ii) **SPL Industrial Support Services Limited:** This Company has been floated to render support services to units which may be set up in the proposed SEZ.

Your Company has invested Rs.4.94 lacs each in these Companies on incorporation. Though these Companies have not yet undertaken any activities, the statement pursuant to Section 212 of the Companies Act, 1956 is attached hereto. The accounts of the subsidiaries for the year ended March 31, 2008 are also attached.

**8. CONSOLIDATED ACCOUNTS**

In accordance with the requirements of Accounting Standards AS21 issued by the Institute of Chartered Accountants of India, the consolidated accounts of your Company and its two subsidiaries are annexed to this Annual Report.

9. DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors confirm that:

- (i) in the preparation of the annual accounts, applicable accounting standards have been followed, with proper disclosure of any departures;
- (ii) the accounting policies are consistently applied and reasonable, prudent judgement and estimates are made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year;
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors have prepared the accounts on a going concern basis.

10. CORPORATE GOVERNANCE

Your Company continued to implement Corporate Governance practices during the period in line with the requirements of Clause 49 of the Listing Agreement with the Stock Exchanges. A separate section titled 'Corporate Governance' has been included in this annual report. The compliance of 'Corporate Governance' conditions has also been certified by the Auditors and the same is annexed to the report on Corporate Governance.

11. TRANSFERS TO INVESTOR EDUCATION AND PROTECTION FUND

Your Company has transferred the unclaimed interest on non-convertible debentures paid on January 01, 2001 and the unclaimed amounts of the second instalment of Debenture redemption paid on April 22, 2001 to the Investor Education and Protection Fund. In the aggregate an amount of Rs.33.27 lacs has been transferred till date.

The unclaimed interest on debentures paid on January 01, 2002 will be due for transfer to the fund on February 01, 2009, whereas the unclaimed amounts of second instalment of Debentures, redeemed in April 22, 2002 will be due for transfer to the fund on May 22, 2009. Investors who have not yet claimed interest amount or the redemption amount are requested to contact the Secretarial Department of the Company.

12. FIXED DEPOSIT SCHEME

The outstanding fixed deposits as on June 30, 2008 were Rs.666.28 lacs. There were 79 due but unclaimed deposits aggregating Rs.15.74 lacs out of which 9 deposits aggregating Rs.2.05 lacs have been paid as on the date of this report. There are no claimed and unpaid deposits.

13. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

Information as per Section 217(1)(e) of the Companies Act, 1956 read together with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is Annexed hereto forming part of this report.

14. PERSONNEL

Excellent relations were maintained throughout the year. The Directors acknowledge the sincerity and dedication of the employees which has contributed to the improved operating results in the prevalent difficult market conditions

As required by the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of 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 Report and the Accounts 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.

15. AUDITORS

The retiring auditors M/s. Parikh & Shah, Chartered Accountants having furnished the necessary certificate u/s. 224(1-B) of the Companies Act, 1956 are eligible for re-appointment. The members are requested to re-appoint the auditors. There are no qualifications or adverse remarks in the auditors report.

Your Directors propose to appoint Branch Auditors for the Chennai unit in consultation with the Statutory Auditors. Authorisation for the same is being sought from the members in the ensuing Annual General Meeting.

16. DELISTING OF SECURITIES

Your Company had applied for delisting to Stock Exchange Kolkata in December 2003. However the delisting intimation is awaited inspite of rigorous follow-up.

17. ACKNOWLEDGEMENT

The Directors take this opportunity to thank Banks and Financial Institutions, for the guidance and support. The Directors are also thankful to Suppliers, Customers and other Business Associates for their continued co-operation and support extended to your Company.

For and on behalf of the Board

Rajan B. Raheja
Director

A. H. Parpia
Director

S. J. Taparia
Director

Place : Mumbai

Date : August 21, 2008

ANNEXURE I TO THE DIRECTORS' REPORT

INFORMATION AS PER SECTION 217(1)(e) READ WITH COMPANIES DISCLOSURE OF PARTICULARS IN THE REPORT OF THE (BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED JUNE 30, 2008.

A. CONSERVATION OF ENERGY

The on-going programme for Energy Conservation is on course and is showing good results.

B. TECHNOLOGY ABSORPTION

Further optimization of High Impact Polystyrene grades for Gas Assist injection moulding process achieved. High Gloss HIPS firmly established for styling parts of appliance sector both for domestic market as well as export market. Developed several colours for a discerning MNC Company & got included as AVL (Approved Vendor List) on global basis.

Developed several grades of Olefinic compounds for automobile sector as well as electrical applications. Increased the basket of masterbatch grades for plastic processing sector.

ANNEXURE - FORM A

Form for disclosure of particulars with respect to conservation of energy.

A. Power and fuel consumption

	Current Year July 01, 2007 to June 30, 2008	Previous Year July 01, 2006 to June 30, 2007
1. Electricity		
(a) Purchased		
Units (KWH)	27953000	28137000
Total amount (Rs. Lacs)	1153.95	1192.60
Rate/unit (Rs.)	4.13	4.24
(b) Own Generation		
Through diesel generator		
Units (KWH)	10114	141102
Unit per ltr. of diesel oil	0.64	2.99
Cost/Unit	43.08	12.96
2. Furnace Oil		
Quantity (MT)	1415.542	1702.892
Total amount (Rs. Lacs)	302.51	264.97
Average rate (Rs. per Kg.)	21.37	15.50
3. Other/Internal Generation – P S Purge		
Quantity (MT)	213.513	221.908
Total cost	—	—
Rate per unit	—	—
B. Consumption per unit of production		
Product (POLYSTYRENE) (MT)	*163573.15	*185590
Electricity (KWH/MT)	*170.90	*152.37
Furnace Oil (Kgs/MT)	9.14	9.18
Others - P. S. Purge (Kgs/MT)	1.38	1.20

* Including Speciality Polystyrene

For and on behalf of the Board

Rajan B. Raheja
Director

A. H. Parpia
Director

S. J. Taparia
Director

Place : Mumbai
Date : August 21, 2008

**ANNEXURE II TO THE DIRECTORS' REPORT**

Information as per Section 217(2A) read with Companies (Particulars of Employees), Rules 1975 and forming part of Directors' Report for the year ended June 30, 2008.

Sr.No.	Name	Age	Designation/ Nature of Duties	Gross Remuneration Received/ Receivable	Qualification	Experience (No. of Yrs.)	Date of Commencement of employment	Previous employment & designation
1	Shri Bedi S.J.S.	57	Chief Executive (Marketing)	26,77,050	B.Tech (Hons) Chemical PGDBA (IIM Ahmedabad)	35	07.02.2006	LG Polymers Pvt. Ltd., Executive Director (Marketing)
2	Shri N. Gopal	62	Executive Director (Styrenics) & Manager	82,70,567	B.Tech (Chem) MS,DIC (Advanced Chemical Engineering)	39	12.11.1990	Reliance Petrochemicals Ltd. -General Manager
3	Shri Mondkar S.L.	62	Dy. Chief Executive (Marketing)	25,24,665	BSc. (Chem)	39	07.07.1997	Polychem Ltd. General Manager (Marketing)
4	Shri Mujumdar K.V.	55	Chief Executive (Works)	29,28,225	BSP, BE, DBM	31	26.08.1992	Hindustan Organic Chemicals Ltd. Manager (Instrumentation)
5	Shri Nayyar Rakesh	51	Executive Director (Finance & Corporate Affairs) & Company Secretary	81,79,184	B.Com (Hons) AICWA, ACS, AIIA	32	15.04.1992	IL&FS - Consultant
6	Shri Rajee G.G.	58	Chief Executive (Works)	26,06,670	M.Tech (Chemical Engg.) IIT - Mumbai	35	11.06.1992	Hindustan Organic Chemicals Ltd. General Manager (Cooling Unit)
7	Shri Rangarajan R.	53	Chief Executive (Exports)	29,31,958	B.Tech (Chemical)	30	02.05.1992	McDowell & Co. Ltd. Polymer Division Manager (Project)
8	Shri Rastogi S.K.	54	Dy. Chief Executive (Marketing)	27,68,691	B.Tech (Plastic) HBTI - Kanpur	30	14.05.1996	McDowell & Co. Ltd. - Dy. General Manager (Marketing)

Notes:

- Gross remuneration includes salaries, Company's contribution to provident and superannuation funds, medical reimbursement, leave travel assistance and value of other perquisites as per income tax rules, wherever applicable.
- The designation represents the nature of duties of the employees.
- None of the employees listed above are related to any Director of the Company.

For and on behalf of the Board

Rajan B. Raheja
Director

A. H. Parpia
Director

S. J. Taparia
Director

Place : Mumbai

Date : August 21, 2008

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

The domestic demand for Polystyrene grew by 7% during the year under review as compared to the previous year. The demand could have grown at a higher rate but for the high prices of Styrene Monomer, the main raw material for Polystyrene, which was fuelled by spiraling increase in crude oil prices. This kept the margins under pressure and as a result the top line grew due to high prices of raw material but the bottom line shrunk because of the pressure on the margins.

With the softening of price of crude oil, prices of Styrene Monomer have also now started softening. Availability of Styrene Monomer is also expected to ease with the new capacities going on stream by the year end in Kuwait, Saudi Arabia and Iran. With additional capacities going on stream and softening of crude oil prices it is expected that 2009 may see improved availability of Styrene Monomer at reasonable prices. Availability of PBR, the other major raw material used for manufacture of HIPS is also tight and prices of same have more than doubled during the year under review. Foreign exchange rate volatility of over 8% in the last quarter of year under review also impacted the bottom line. Your Company suffered a net foreign exchange loss of Rs.1371.13 lacs during the year.

Your Company had decided to move into value added products viz. Expandable Polystyrene (EPS), Specialty Polymer products and Expanded Polystyrene (XPS). Capacity implementations for these are progressing as per schedule. Your Company has now also decided to implement projects for Cup Grade EPS beads and EPS insulation product.

SPECIALITY POLYSTYRENE PRODUCTS

During the year under review the Company took steps to install additional lines for Speciality Polystyrene products to enhance the capacity to 25,000 tpa. This capacity to produce alloys/ blends/ compounds/ masterbatches of polymers would be fully operational by September 2008. With the encouraging response received from various segments of the market including overseas markets for speciality polymer products, plans are afoot to enhance this capacity in stages to 50,000 tpa in the next 24 - 30 months. A part of this capacity may also be put up at Chennai to cater to the growing automobile industry in Tamil Nadu.

Your Company achieved TS16949 certification during the year. This certification is a pre-requisite for participation in an automobile sector. The feedback from major automobile producers and their OEM suppliers has been very positive for the various reinforced compounds developed by your Company. The full advantage of these developments are expected to occur in the current year. Sustained marketing efforts are being made for further enhancing your Company's presence in compounded products.

EXPANDED POLYSTYRENE (XPS)

Your Company's plant with a capacity of 5,000 tpa for producing XPS board at its existing plant site at Amdoshi, Maharashtra is progressing as per schedule. The plant is likely to be commissioned by this year end. This new plant will be first of its kind and technology adapted is "Green" in line with concerns of environment issues pertaining to blow agents used for foaming

of Polystyrene. Separate marketing setup for handling this new product is being set up.

XPS board is emerging as an important insulation medium for residential as well as commercial buildings all over the world due to renewed efforts for environmental protection by reducing erosion of greenhouse gasses. Considerable excitement is seen in the insulation sector with Government of India unveiling guidelines for Energy Conservation in Building Construction as well as encouraging feed back from growing building movement both which argues well for XPS/ EPS insulation products.

Your Company is developing the insulation business on a system concept basis for giving a total value added solution to customers, both retail as well as projects. Your Company has already started doing seed marketing for XPS for market development and would continue to make efforts to develop the market for XPS in India. After stabilizing this plant, your Company intends setting up a second plant for XPS at Chennai which would cater to the construction boom in South India.

EXPANDABLE POLYSTYRENE (EPS)

The first phase of EPS plant at Chennai has since been completed. The total capacity of 20,000 tpa shall be fully operational by this year end. Your Company had also started work on a EPS plant at its existing site at Amdoshi. The same has now been put on hold in view of developments relating to Cup Grade EPS beads as mentioned hereinbelow.

Your Company proposes to set up facilities for manufacture of EPS insulation products at Chennai.

CUP GRADE EPS BEADS

Your Company had started dialogue with M/s Nova Chemicals, U.S.A. for licencing technology for Cup Grade EPS beads. This is a very restricted technology and is produced only by a few in the world. Cup Grade EPS has great potential not only in the domestic market but also in the export markets of Gulf and Africa. Your Company has entered into an MOU with M/s Nova Chemicals, U.S.A. for transfer of technology and also product offtake for Cup Grade EPS. The MOU provides for product offtake by M/s Nova for a certain number of years and also permits your Company to export the product to certain markets. The planned capacity of the plant is 20,400 tpa and is likely to be commissioned by June 2010. This development is very encouraging as this brings a highly technologically restricted product in your Company's fold.

SPECIAL ECONOMIC ZONE

Land acquisition through MIDC for your Company's Sector Specific Special Economic Zone for plastic processing sector in Dist. Raigad, Maharastra is progressing well and it is likely that by March 2009, your Company should be able to get possession of land from MIDC. Your Company is also taking necessary effective steps for starting the work as soon as land is handed over to it by MIDC.

MINOR PORT

Land earmarked for companies minor port was notified by Govt. of Maharashtra for some other project and your Company has now been successful in getting the same de-notified. However, the land for approach road to be transferred to Maharashtra



Maritime Board (MMB) by Govt. of Maharashtra is still in progress. Your Company shall build the road no sooner it gets clearance from MMB. Road shall be build under scheme for Assistance to States for Infrastructure Development Export and Allied Activities under which 50% of the project cost shall be contributed by the Central Government.

FINANCE

Interest rates further hardened during the year under review. However, with the judicious management of funds, your Company has been able to reduce the interest cost despite hardening of interest rates. Your Company continues to be rated by Fitch Ratings (issue of Commercial paper with rating of F1 (Indicating strongest credit quality and capacity for timely payment of financial commitments) and also assigned for A-(Ind) rating to the outstanding long term bank loans.

AMALGAMATION OF SPL POLYMERS

The amalgamation of SPL Polymers Limited with your Company w.e.f. July 1, 2007 was completed on July 12, 2008 subsequent to the approvals received from the Bombay and Madras High Courts.

In compliance with the Scheme of Amalgamation, equity shares of Supreme Petrochem Ltd were allotted to members of SPL Polymers Limited in the ratio of 1 fully paid equity share of Rs.10/- each of Supreme Petrochem Ltd for every 6 fully paid equity shares of Rs.10/- each held in SPL Polymers Limited.

OUTLOOK

With increase in the emerging applications like insulation, fresh produce packaging, increased demand for consumer durables due to growth in GDP and also softening of Styrene Monomer prices, it is expected that demand for Polystyrene and EPS would grow @ 10% during 2008-09.

Demand in several underdeveloped and developing countries is growing with rising income levels due to increased demand for minerals and agriculture produce from these countries. Rapid increase in income levels of oil producing Middle East/ Gulf Countries is also resulting in larger than normal growth in consumption of PS in these countries. All above factors contribute to better export opportunities for your Company.

Supply in particular in Europe and U.S.A. is getting tight as a result of on-going rationalism exercise internationally by majors in PS business. This opens up more export opportunities for your Company.

OPPORTUNITY

With the increase in demand for alloys/ blends/ compounding in the automotive, building and construction, electrical and electronic appliances segments, your Company is in a position to take advantage of this growing market because of increased installed capacity. Sustained growth in GDP of Indian economy would also lead to growth of domestic consumption of Polystyrene.

The rise in costs of manufacturing in China due to tight monetary control by their banking system etc. is expected to create increased export opportunities for Indian Plastics processing units. This will help increasing consumption of Polystyrene in India.

THREAT

Low tariff barrier and FTAs with various neighbouring countries having large excess capacity of Polystyrene poses continuous threat for PS/ EPS business of your Company.

Your Company has therefore taken all steps to protect the business by arranging long term supply contract as well as marketing arrangements with major customers on mutually beneficial terms to wean them away from importing from alternate sources. Establishing down stream PS/ EPS processing units in the form of XPS/ EPS insulation business is an action to protect our PS/ EPS business.

AWARDS AND RECOGNITION

Your Company has achieved recognition and approval from prestigious organizations as under :

- Your Company has continued implementation of HSE management systems under the guiding principles of declared 'Health and Safety Policy' and 'Environmental Policy.' Both the Environmental Management System and Occupational Health and Safety Management System are continued to be maintained as per ISO 14001 Standard and OHSAS 18001 Specifications respectively.

- HSE performance index for the period under review stood to be in excellent range. Your Company has completed 2814 accident free days and 6688178 accident free man-hours as on June 30, 2008.

Your Company has achieved following recognitions and awards during the period under review-

- National Safety Awards (Winner under longest accident free period) – from Ministry of Labour & Employment, Government of India.
- National Safety Council of India – Suraksha Puraskar in recognition for developing and implementing very effective management systems and procedures and achieving very good performance in Occupational Safety and Health.
- First and Second Prizes in State Level Fire Drill Competition from Director, Maharashtra Fire and Emergency Services and Fire Advisor Mumbai.
- National Safety Council – Maharashtra Chapter : Maharashtra Safety Award 2006 – Certificate of Merit for meritorious performance in Industrial Safety during year 2006. (declared in Sept 2007)
- National Safety Council – Maharashtra Chapter : Maharashtra Safety Award 2006 – Certificate for achieving longest accident free period during year 2006. (declared in Sept 2007)
- Greentech Environment Excellence Gold Award – From Greentech Foundation, New Delhi. For outstanding achievement in Environment Management.

Your Company has also received TS16949 certification during the year under review. This certification is pre-requisite for participating in the automobile sector for supply of alloys/ compounds. Your Company continues to be certified with ISO 9001, Environmental Management System ISO 14001 and with OHSAS 18001 Specification by BVQI.

RISK/ CONCERNS

Your Company's operations and performances are vulnerable to global market forces as Polystyrene is an internationally traded commodity and also the fact that Styrene Monomer the main raw material is fully imported and subject to global demand/supply and pricing risks. Raw material procurement contracts with inbuilt flexibility, efficient inventory management, focus on sale of speciality grades and selling price linked to global polystyrene price are strategies drawn up by SPL to minimise this risk.

Foreign exchange risks are minimised by SPL's export revenues and due to selling price parity of domestic product with the landed cost of imported products.

Insurance policies to adequately cover plant and machinery on reinstatement basis, stocks of finished goods and raw materials, projects under erection and also third party liabilities have been purchased by SPL. The management periodically reviews the adequacy of the insurance cover.

HUMAN RESOURCES/ INDUSTRIAL RELATIONS

SPL's industrial relations continue to be harmonious during the year under review. To maintain high level of motivation and leadership, development the training of employees is an ongoing process. Increase in the attrition rate of employees during the year was an area of concern. To respond to this appropriately, the vacant positions in the organization were filled up through internal resources and external recruitments. As a recruitment strategy, entry level engineering and management candidates from Engineering and Management schools are being recruited through campus selection to fill the gaps wherever internal resources are not available.

INTERNAL CONTROL SYSTEM & THEIR ADEQUACY

Your Company has a proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and those transactions are authorised recorded and reported quickly.

The company's internal controls are supplemented by an extensive programme of internal audits, review by management and documented policies, guidelines and procedures. The internal control is designed to ensure that financial and other records are reliable for preparing financial information and other data and for maintaining accountability of assets.

SOCIAL RESPONSIBILITY

Social, economic and environmental responsibility is an integral part of the business. A drinking water supply scheme for supply of treated drinking water for the two villages coming under Amdoshi – Wangani Group Grampanchayat was executed with financial and technical help from SPL. The scheme is operational and is working satisfactorily.

Awards were given to meritorious students as well as students in need of help from the nearby villages. Financial help was given to promote sports and cultural activities in the nearby villages

Your Company is signatory to the Responsible Care initiative instituted by Indian Chemical Council (ICC). Further the Environmental Management System of SPL is certified to be compliant with ISO 14001:2004 Standard by Det Norske Veritas (DNV), Netherlands. Your Company has planted 158000 trees over the years towards its efforts to greening of earth.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing SPL's objectives, estimates, expectations or projections may constitute "forward looking statements", within the meaning of applicable laws and regulations. Actual results may differ materially from those either expressed or implied in the statements.

Important factors that could make a difference to Company's operations include economic conditions affecting demand/supply and price conditions in the domestic and international markets, changes in the Government regulations, tax laws and other statutes and other incidental factors.



CORPORATE GOVERNANCE

PHILOSOPHY OF THE COMPANY ON CORPORATE GOVERNANCE:

Your Company is fully committed to the principles of transparency, integrity and accountability and has been practicing the principles of good corporate governance over the years. Good governance ensures adoption of best business practices and accountability of the persons in-charge of the Company's operations. Your Directors fully endorse and support the Corporate Governance practices in accordance with the provisions of the listing agreement.

1. BOARD OF DIRECTORS:

Composition and Category:

The Board of Directors comprised of 10 members as on June 30, 2008. The Directors bring to the Board a wide range of experience and skills

Name of the Director	Category	No. of outside Directorship		No. of Committees Chairpersonship/ Membership in board /		No of Shares Held
		Public	Private	Chairperson	Member	
M. P. Taparia	Non-Executive - Promoter/Chairman	6	3	6	—	20100
Rajan B. Raheja	Non-Executive - Promoter	8	54	2	6	—
A. H. Parpia	Non-Executive - Independent	5	4	1	4	43101
B. L. Taparia	Non-Executive - Promoter	2	2	1	1	20100
Satish B. Raheja	Non-Executive - Promoter	3	—	—	2	—
S. J. Taparia	Non-Executive - Promoter	5	2	—	6	20100
Hasmukh Shah	Non-Executive - Independent	8	—	5	3	2800
R. Kannan	ICICI Nominee - Independent	6	—	—	2	—
M. S. Ramachandran	Non-Executive - Independent	2	—	—	-	—
Nihalchand Chauhan	Non-Executive - Independent	2	1	—	1	—
Viren R. Raheja *	Non-Executive - Alternate Director to Satish B. Raheja	3	74	—	2	—

* Appointed on April 23, 2008 in place of Shri Manoj Chhabra.

During the year under review the Board met on 5 occasions i.e. August 09, 2007; October 04, 2007; October 29, 2007; January 10, 2008 and April 23, 2008.

The attendance of each Director at the Board Meetings during the period under review and at the last Annual General Meeting is listed below:

Name of the Director	Category	Meetings held during the tenure of the Directors	Meetings Attended	Attendance at the Last AGM
M. P. Taparia	Non-Executive-Promoter/Chairman	5	5	Yes
Rajan B. Raheja	Non-Executive - Promoter	5	3	Yes
A. H. Parpia	Non-Executive - Independent	5	5	Yes
B. L. Taparia	Non-Executive - Promoter	5	3	Yes
Satish B. Raheja	Non-Executive - Promoter	5	1	No
S. J. Taparia	Non-Executive - Promoter	5	4	Yes
Hasmukh Shah	Non-Executive - Independent	5	Nil	No
Manoj Chhabra	Non-Executive - Alternate Director to Satish B. Raheja	3	2	No
R. Kannan	ICICI Nominee - Independent	5	3	No
M. S. Ramachandran	Non-Executive - Independent	5	4	Yes
Nihalchand Chauhan	Non-Executive - Independent	5	5	Yes
Viren R. Raheja *	Non-Executive - Alternate Director to Satish B. Raheja	1	1	—

* Appointed on April 23, 2008 in place of Shri Manoj Chhabra.

2. AUDIT COMMITTEE:

Your Company has an independent Audit Committee which was constituted on January 29, 2001. The composition, procedure, role/function of the Committee complies with the requirements of the Companies Act, 1956 as well as those of the Listing Agreement.

The terms of reference of the Audit Committee inter-alia includes overseeing the Company's financial reporting process and disclosures of financial information. The prime responsibility of the Audit Committee is to review with Management, the quarterly/ annual financial statements prior to it being submitted to the board for approval.

The committee recommends to the Board, the appointment or re-appointment of the Statutory Auditors and the audit fees payable. In addition, the committee approves payment of fees for other services rendered by the Statutory Auditors. The committee approves the appointment or re-appointment of Internal Auditors of the Company and the fees payable to them.

The Audit Committee's functions include reviewing the adequacy of internal control functions and systems, its structures, reporting process, and coverage and frequency of internal audit. The responsibility of the committee is to also to review the findings of any internal investigation by the Internal Auditors in matters relating to suspected fraud or irregularity or failure in internal control systems of material nature and report the same to the Board.

The Committee reviews the reports of the Internal and Statutory Auditors and ensures that adequate follow-up action is taken by the management on observations and recommendations made by the respective auditors.

During the year under review, the Audit Committee met on 4 occasions i.e. August 09, 2007; October 29, 2007; January 10, 2008 and April 23, 2008.

Members	Category	Meetings held	Meetings Attended
A. H. Parpia	Non-Executive — Independent Chairman	4	4
S. J. Taparia	Non-Executive — Promoter	4	3
R. Kannan	ICICI Nominee — Independent	4	3
Nihalchand Chauhan	Non-Executive — Independent	4	4

3. REMUNERATION COMMITTEE:

Your Company has constituted an independent Remuneration Committee to decide the amount of salary, perquisites and commission to be paid to the Managerial Personnel, if any, within the overall ceiling approved by the shareholders.

During the year under review the Remuneration Committee met once i.e. April 23, 2008.

Members	Category	Meetings held	Meetings Attended
Hasmukh Shah	Non-Executive — Independent/Chairman	1	Nil
A. H. Parpia	Non-Executive — Independent	1	1
S. J. Taparia	Non-Executive — Promoter	1	Nil
R. Kannan	ICICI Nominee — Independent	1	1

4. SITTING FEES PAID TO NON-EXECUTIVE DIRECTORS:

During the year under review, sitting fees paid to the Non-Executive Directors for attending Meetings of the Board & Committees thereof are as follows:

Name of the Director	Category	Sitting Fees (Rs.)
M. P. Taparia	Non-Executive — Promoter/ Chairman	40,000
Rajan B. Raheja	Non-Executive — Promoter	24,000
A. H. Parpia	Non-Executive — Independent	80,000
B. L. Taparia	Non-Executive — Promoter	24,000
Satish B. Raheja	Non-Executive — Promoter	8,000
S. J. Taparia	Non-Executive — Promoter	56,000
Hasmukh Shah	Non-Executive — Independent	Nil
Manoj Chhabra	Non-Executive — Alternate Director to Satish B. Raheja	16,000
R. Kannan	ICICI Nominee — Independent	56,000
M. S. Ramachandran *	Non-Executive — Independent	32,000
Nihalchand Chauhan	Non-Executive — Independent	72,000
Viren R. Raheja **	Non-Executive — Alternate Director to Satish B. Raheja	8,000
TOTAL		4,16,000

* Remuneration by way of commission of Rs.5,00,000/- was also paid to Shri M. S. Ramachandran as approved by Members in Annual General Meeting.

** Appointed on April 23, 2008 in place of Shri Manoj Chhabra.



5. INVESTORS' GRIEVANCE COMMITTEE:

Your Company has constituted Investors' Grievance Committee of the Board of Directors to look into the specific complaints received from the investors of the Company. **The Investors' Grievance Committee also approves share transfers.** The composition of the Investors' Grievance Committee and details of meetings held during the period under review is listed below:

Members	Category			Meetings held	Meetings Attended
M. P. Taparia	Non-Executive	—	Promoter/Chairman	23	23
Rajan B. Raheja	Non-Executive	—	Promoter	23	19
A. H. Parpia	Non-Executive	—	Independent	23	22
S. J. Taparia	Non-Executive	—	Promoter	23	21
Satish B. Raheja	Non-Executive	—	Promoter	23	1
Manoj Chhabra	Non-Executive	—	Alternate Director to Satish B. Raheja	23	1
Viren R. Raheja *	Non-Executive	—	Alternate Director to Satish B. Raheja	23	6

* Appointed on April 23, 2008 in place of Shri Manoj Chhabra.

Compliance Officer : Shri Rakesh Nayyar - Company Secretary

During the period under review, your Company received 267 complaints including complaints through the Stock Exchanges and the Securities and Exchange Board of India (SEBI) and majority of these complaints were resolved immediately. There were NIL pending complaints as on June 30, 2008.

6. INVESTMENT COMMITTEE

Your Company has constituted an Investment Committee of Directors to oversee the purchase/sale of investments made by the Company from time to time.

During the year under review the said Committee met on 4 occasions i.e. on July 05, 2007; October 04, 2007; January 03, 2008 and April 02, 2008.

Members	Category			Meetings held	Meetings Attended
M.P. Taparia	Non-Executive	—	Promoter/ Chairman	4	4
Rajan B. Raheja	Non-Executive	—	Promoter	4	4
A.H. Parpia	Non-Executive	—	Independent	4	3
S.J. Taparia	Non-Executive	—	Promoter	4	3

7. FINANCE COMMITTEE:

Your Company has constituted an independent Finance Committee of Directors on July 26, 2005. The terms of reference of the Finance Committee are primarily to:

- Opening of new Bank Accounts/closing of inoperative Bank Accounts and authorise officials of the Company for operating of Bank Accounts and
- Authorisation to invest temporary surplus funds in money market investments and delegate financial powers for approved projects capital expenditure, borrow moneys from Banks, Financial Institutions or any other source including temporary loans and authorisation for creation of security on the Company's assets to secure the borrowings.

During the year under review Finance Committee met on 4 occasions i.e. July 05, 2007; October 04, 2007; January 02, 2008 and April 02, 2008.

Members	Category			Meetings held	Meetings Attended
M. P. Taparia	Non-Executive	—	Promoter/Chairman	4	4
Rajan B. Raheja	Non-Executive	—	Promoter	4	4
A. H. Parpia	Non-Executive	—	Independent	4	3
B. L. Taparia	Non-Executive	—	Promoter	4	4
Satish B. Raheja	Non-Executive	—	Promoter	4	—
S. J. Taparia	Non-Executive	—	Promoter	4	3
Manoj Chhabra	Non-Executive	—	Alternate Director to Satish B. Raheja	4	Nil
Viren R. Raheja *	Non-Executive	—	Alternate director to Satish B. Raheja	4	—

* Appointed on April 23, 2008 in place of Shri Manoj Chhabra.

8. CODE OF CONDUCT

The Company has framed and adopted a Code of Conduct which is approved by the Board of Directors. The code is applicable to all Directors and Senior Management of the Company. This code has been posted on the Company's website www.supremepetrochem.com. For the year under review, all Directors and Senior Management have confirmed their adherence to the provisions of the said code.

9. CEO/CFO CERTIFICATION

The Manager and the CFO heading the finance function have certified to the Board that:

- (a) They have reviewed financial statements and the cash flow statement for the year and that to the best of their knowledge and belief.
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) there are, to the best of their knowledge and belief no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) They accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and they have disclosed to the Auditors and Audit Committee deficiencies in the design or operation of internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- (d) They have indicated to the Auditors and the Audit Committee:
 - (i) significant changes in internal control over financial reporting during the year;
 - (ii) significant changes in accounting policies during the year and that the same has been disclosed in the notes to the financial statements and
 - (iii) instances of significant fraud of which they have become aware and the involvement there in if any, of the Management or an Employee having a significant role in the Company's internal control system over financial reporting.

The above certificate was placed before the Board at its meeting held on August 21, 2008.

10. GENERAL BODY MEETINGS:

Location and time of the last three AGMs held:

Year		Location	Date	Time	Special Resolutions Passed
2004-05	16th	I. M. C., Walchand Hirachand Conference Hall, Mumbai -20	20.10.2005	3.00 p.m.	Yes
2005-06	17th	I. M. C., Walchand Hirachand Conference Hall, Mumbai -20	27.10.2006	4.00 p.m.	Yes
2006-07	18th	I. M. C., Walchand Hirachand Conference Hall, Mumbai- 20	04.10.2007	3.00 p.m.	Yes

No resolutions were passed through postal ballot last year.

11. SUBSIDIARY COMPANY:

Your Company does not have any material non-listed Indian Subsidiary Company.

12. DISCLOSURES:

a. Basis of related party transaction

Your Company places all the details before the Audit Committee periodically. A comprehensive list of related party transactions as required by the Accounting Standard (AS)18 issued by the Institute of Chartered Accountants of India, forms part of the Notes to the Accounts in the Annual Report. However, these transactions are not likely to have any conflict with the interest of the Company at large.

b. Disclosure of Accounting Treatment

Your Company has followed all relevant Accounting Standards while preparing the financial statements.

c. Risk Management

Your Company has a comprehensive risk management policy. The risk management policy inter-alia provides for review of the risk assessment and minimisation procedure, laying down procedure to inform the Board in the matter and for periodical review of the procedure to ensure that executive management controls the risks through properly defined framework.



d. Proceeds from public issues, right issues, preferential issues etc.

During the year under review your Company has not raised any proceeds from public issue, right issue or preferential issue.

e. Disclosure of non-compliance of the Company

There were no instances of non-compliance or penalty, strictures imposed on your Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets, during the last three years.

f. Whistle Blower Policy

Your Company does not as yet have a Whistle Blower Policy in place, however no personnel has been denied access to the Audit Committee.

13. IMPLEMENTATION OF CODE OF INTERNAL PROCEDURE FOR PREVENTION OF INSIDER TRADING:

Your Company has adopted Code of Conduct for prevention of insider trading which is based on the SEBI framework. Your Company follows strict guidelines in respect of insiders' stock trading and related disclosures. The Company Secretary is designated as the Compliance Officer to oversee its implementation. Periodic disclosures have been obtained from all the Directors and Designated Employees. Under the aforesaid code all the Directors and Designated Employees are required to conduct all their dealings in securities of the Company only in valid trading window after obtaining pre clearance from the Company as per the pre dealing procedure described in the Code.

14. MEANS OF COMMUNICATIONS:

Shareholders are intimated through the press and the Company's website: <http://www.supremepetrochem.com> of the quarterly performance and financial results of the Company. The website also displays Chairman's statement and the shareholding pattern. The financial results, shareholding pattern etc. are also posted on SEBI's EDIFAR site. The quarterly results during the year under review were published in Economic Times, Business Standard, and Maharashtra Times.

15. MANAGEMENT DISCUSSION AND ANALYSIS:

The Management discussion and analysis is a part of the Annual Report and annexed separately.

16. PARTICULARS OF DIRECTORS:

Particulars of Directors as required under Clause 49VI(A), of the Listing Agreements, seeking re-appointment are given below:

Name of the Director	Rajan B. Raheja	B. L. Taparia	Nihalchand Chauhan
Age (Years)	54	73	72
Date of Appointment	14/12/1989	22/11/1993	27/04/2006
Qualification	B. Com	B.A.	B. Com(Hons), LLB, CAIIB
Experience of specific functional area	He is the Promoter of the R. Raheja Group. He started himself on a business career over 35 years ago. His business range includes batteries, cable television, ceramic tiles, cement, construction and petrochemicals. He has assumed various positions such as Chairman of Prism Cement Limited, Vice Chairman of Exide Industries Limited and also on the Board of many other well-known Companies Like EIH Limited, EIH Associated Hotels Limited, Asianet Satellite Communications Limited, H & R Johnson (India) Limited, Juhu Beach Resorts Limited. Over years Shri Rajan B. Raheja has also been dedicating himself to various educational and charitable trusts	Chairman of The Supreme Industries Limited. Started his business career over 50 years ago, long experience in business management. Also associated with Philanthropic activities.	He is respected and well known personality in banking and financial circles, has over 49 years experience in domestic and international banking. His rich and varied experience includes long stints with State Bank of India and Arab Monetary Fund, Abudhabi. He is a consultant to Multi Commodities Exchange of India Ltd.
Chairman/Director of other Companies –	<ul style="list-style-type: none"> — Asianet Satellite Communication Ltd. — EIH Associated Hotels Ltd.; — EIH Ltd.; — Exide Industries Ltd.; — H & R Johnson (India) Ltd.; — Juhu Beach Resorts Ltd.; — Prism Cement Ltd.; — ING Vysya Life Insurance Co. Ltd. 	<ul style="list-style-type: none"> — The Supreme Industries Ltd.; — Supreme Capital Management Ltd 	<ul style="list-style-type: none"> — IBX Forex Ltd.; — Kabra Extrusion Technic Ltd.; — Enee Securities Pvt. Ltd.

17. GENERAL SHAREHOLDERS INFORMATION:

- Annual General Meeting** : October 17, 2008 at 4.00 p. m. at
I. M. C., Walchand Hirachand Conference
Hall, Churchgate, Mumbai 400 020
- Period under review** : July 01, 2007 to June 30, 2008.
- Date of Book Closure** : October 01, 2008 to October 17, 2008 (both days inclusive).
- Dividend Payment Date** : October 17, 2008, dividend warrants will be posted on or after October 17, 2008.
- Listing on Stock Exchanges** : The Stock Exchange Bombay and National Stock Exchange of India Ltd.
- Stock Code** : Mumbai - 500405
National Stock Exchange - SUPPETRO

Market Price Data:	Mumbai Stock Exchange		National Stock Exchange (Rs.)	
	High	Low	High	Low
Month/Year				
July 2007	26.40	22.00	27.95	22.20
August 2007	29.00	22.55	29.25	22.20
September 2007	32.90	25.65	32.50	25.70
October 2007	34.90	24.00	36.00	24.30
November 2007	36.45	24.00	36.75	24.00
December 2007	51.90	28.25	51.90	27.85
January 2008	50.90	26.85	52.00	26.65
February 2008	30.65	23.00	30.60	24.40
March 2008	25.25	17.90	24.90	18.00
April 2008	24.95	20.25	24.90	20.30
May 2008	28.30	21.00	28.20	21.50
June 2008	23.70	17.80	24.45	17.05

COMPARISON WITH INDICES:

	July 2007 Opening	June 2008 Closing	% Rise (Fall)
BSE Sensex	14685.16	13461.60	(8.33)
NSE Nifty	4318.40	4040.55	(6.43)
SPL Shares	22.80	17.95	(21.27)

REGISTRAR AND TRANSFER AGENT : Karvy Computershare Private Limited,
17-24, Vithalrao Nagar, Madhapur,
HYDERABAD - 500 081

SHARE TRANSFER SYSTEM : The Company has outsourced its share transfer function to Karvy Computershare Private Limited, which is registered with SEBI as Category 1 Registrar. Karvy has been appointed as the common agency for all work related to share registry in terms of both physical and electronic modes.

DISTRIBUTION OF SHAREHOLDING (AS ON JUNE 30, 2008)

No. of Equity Shares Held	No. of Shareholders	% of Shareholders	No. of shares	% of Shareholdings
1 - 5000	60470	87.59	10779958	11.05
5001 - 10000	4606	6.67	3982881	4.08
10001 - 20000	1994	2.89	3166404	3.25
20001 - 30000	683	0.99	1773539	1.82
30001 - 40000	258	0.37	952578	0.98
40001 - 50000	314	0.46	1507658	1.55
50001 - 100000	393	0.57	2983450	3.06
100001 & above	319	0.46	72366332	74.21
TOTAL	69037	100.00	97512800	100.00

**CATEGORIES OF SHAREHOLDERS (AS ON JUNE 30, 2008)**

	Category	No. of shares held	% of shareholding
1.	Promoters	57876500	59.35
2.	Mutual Funds and UTI	56000	0.06
3.	Banks, Financial Institutions, Insurance Companies (Central/ State Govt. Institutional/Non-Government Institutions)	30150	0.03
4.	FII's	333429	0.34
5.	Private Corporate Bodies	6727429	6.90
6.	Indian Public	30195671	30.97
7.	NRIs	2106054	2.16
8.	Others	187567	0.19
	GRAND TOTAL	97512800	100.00

DEMATERIALISATION OF SHARES & LIQUIDITY : Equity Shares of the Company can be held in the dematerialised form with either National Securities Depository Limited or Central Depository Services Limited. 92.98% Shares have been dematerialised upto June 30, 2008.

PLANT LOCATION : Amdoshi,
Wakan Roha Road,
Post Patansai,
Taluka Roha,
District Raigad,
MAHARASHTRA 402 106.

ADDRESS FOR CORRESPONDENCE : Registered Office:
612, Raheja Chambers,
Nariman Point,
MUMBAI 400 021.
Corporate Office:
Solitaire Corporate Park,
Building No. 11, 5th Floor,
Andheri-Ghatkopar Link Road, Chakala,
Andheri (East), Mumbai - 400 093.

Shareholder Assistance

The Secretarial Department operates from the Company's Corporate Office at Andheri in Mumbai, besides, the Company's Registrars and Transfer Agents Karvy Computershare Private Limited has investor services Offices at Ahmedabad, Bangalore, Chennai, Cochin, Jaipur, Kolkata, Lucknow, Mumbai (Fort & Andheri), New Delhi, Pune, Vadodara and Vijaywada.

For any assistance related to the Company's shares please write to:

- (1) Shri Ravi V Kuddyady/ Shri Pratap P. Jadhav/ Ms. Jean Ruke
Secretarial Department,
Supreme Petrochem Ltd.
Solitaire Corporate Park, Building No. 11, 5th Floor,
Andheri-Ghatkopar Link Road, Chakala,
Andheri (East), **Mumbai - 400 093**
Telephone No. : 022-67091900 and 66935927
Fax No. : 022-40055681
E-mail : investorhelpline@spl.co.in

OR

(2) Shri K. S. Reddy
Karvy Computershare Private Limited
Unit: Supreme Petrochem Ltd
17-24, Vithalrao Nagar, Madhapur,
Hyderabad – 500 081
Telephone No. : 040-23420816-824
Fax No. : 040-23420814
E-mail : ksreddy@karvy.com

OR

(3) Shri Praveen Amlani
Karvy Computershare Private Limited,
Unit: Supreme Petrochem Ltd,
7, Andheri Industrial Estate,
Off Veera Desai Road, Andheri (W),
Mumbai – 400 053
Telephone No. : 022-26730799/26730843
Fax No. : 022-26730305
E-mail : pbamlani@karvy.com
Website : Please visit us at <http://www.supremepetrochem.com> for financial and other information about the Company.

For and on behalf of the Board

Rajan B. Raheja
Director

Place : Mumbai
Date : August 21, 2008

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of

Supreme Petrochem Limited.

We have examined the compliance of the conditions of corporate governance by Supreme Petrochem Ltd, for the year ended on June 30, 2008 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

The compliance of conditions of corporate governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Parikh & Shah**
Chartered Accountants

(D.B. Mohini)
Partner
Membership No. 5681

Place : Mumbai
Date : August 21, 2008

**AUDITORS' REPORT**

TO

THE MEMBERS OF

SUPREME PETROCHEM LIMITED

We have audited the attached Balance Sheet of SUPREME PETROCHEM LIMITED as at June 30, 2008 and also the annexed Profit and Loss Account and Cash Flow Statement of the Company for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our Audit.

- (1) We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An Audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- (2) As required by the Companies (Auditors' Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the Order) issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- (3) Further to our comments in the Annexure referred to in paragraph (2) above, we report that :
 - (a) (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) The accounts of Chennai Division audited by other auditors have been incorporated in these accounts and their report has been considered by us in preparation of this report.
- (b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of the books of the Company;
- (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts of the Company;
- (d) In our opinion, the Balance sheet, Profit and Loss Account and Cash Flow statement dealt with by this report, subject to treatment / adjustments of reserves and losses on amalgamation as referred to in Note 1(a), comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956.
- (e) On the basis of the written representations received from the Directors, as on June 30, 2008, and taken

on record by the Board of Directors, we report that none of the directors is disqualified as on June 30, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

- (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - i) In the case of the Balance Sheet, of the state of affairs of the Company as at June 30, 2008;
 - ii) In the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **PARIKH & SHAH**
Chartered Accountants

D. B. MOHINI
Partner

Membership No.5681

Mumbai

Date: August 21, 2008

ANNEXURE TO AUDITORS' REPORT

Statement referred to in Paragraph 2 of the Auditors' Report of even date to the Members of SUPREME PETROCHEM LIMITED on the Accounts for the year ended June 30, 2008.

On the basis of the records produced to us for our verification/perusal, such checks as we considered appropriate and in terms of information and explanations given to us on our enquiries, we state that :

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) We are informed that the Company has verified part of fixed assets during the year as per its programme of physical verification of all fixed assets over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and nature of its fixed assets. No material discrepancies have been noticed on such verification.
- (c) As per the information and explanations given to us, no substantial part of fixed assets has been disposed off during the year affecting the going concern status of the Company.
2. (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.

- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. No material discrepancies were noted on verification between the physical stocks and the book records.
3. (a) The Company has not granted any loans to Companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (b) The Company has not taken any loans from Companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for purchase of inventory, fixed assets and for sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control systems.
5. According to the information and explanations given to us, there were no particulars of contracts or arrangements required to be entered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provision of clause 4 (v) of the Order are not applicable.
6. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A and 58AA and other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975, with regard to the deposits accepted by it from the public. As informed to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any Tribunal.
7. In our opinion, the Company has an adequate internal audit system commensurate with its size and nature of its business.
8. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 for the products of the Company.
9. (a) According to the records of the Company, the Company has been regular in depositing undisputed statutory dues including Provident fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues with the appropriate authorities and no such dues were in arrears, as at June 30, 2008 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, the statutory dues as at June 30, 2008 which have not been deposited on account of any dispute are as under :-

Sr. No.	Statutes	Nature of Dues	Fiscal Year	Amount (Rs. in lacs)	Forum where dispute is pending.
1	Bombay Sales Tax	Sales Tax on High Seas Sales.	1998 - 1999	0.61	Maharashtra Sales Tax Tribunal
			1999 - 2000	176.98	
2	Central Excise Act, 1944	(i) Valuation in case of Related Party (ii) Valuation – Supplies against invalidation letters (iii) Education Cess on Exports	April 2001 to June 2006	203.97	CESTAT
			July 2002 to January 2006	227.19	CESTAT
			Sept' 2002 to Dec' 2007	161.86	Commissi- onerate
3	Service Tax, 1994	Service Tax Credit Eligibility	Oct ' 2003 to June 2007	599.50	Commissi- onerate

10. The Company does not have accumulated losses at the end of the financial year and it has not incurred any cash losses in the financial year covered by our audit and in the immediately preceding financial year.
11. In our opinion and as per the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions and banks as at the date of Balance Sheet. The Company has no borrowing through debentures.
12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, the provisions of clause 4 (xiii) of the Order are not applicable to the Company.
14. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Order, are not applicable to the Company. All the shares held as investments at the close of the year are held in the name of the Company.
15. According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks or financial institutions.
16. Based on information and explanations given to us by the management, the term loans were applied for the purpose for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, no funds raised on short-term basis have been used for long-term investment.



18. The Company has not made any preferential allotment of shares to companies or parties covered in the register maintained under section 301 of the Companies Act, 1956 during the year.
19. The Company did not have outstanding debentures during the year and accordingly, the creation of securities thereof does not arise.
20. The Company has not raised any money by public issues during the year.
21. During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by management.

For **PARIKH & SHAH**
Chartered Accountants

D. B. MOHINI
Partner
Membership No.5681

Mumbai

Date: August 21, 2008

BALANCE SHEET AS AT 30TH JUNE, 2008

	Schedule	As at 30-06-2008 (Rs. in Lacs)	As at 30-06-2007 (Rs. in Lacs)
I. SOURCES OF FUNDS :			
1. Shareholders' Funds :			
(a) Capital	1	9,837.65	9,751.28
(b) Reserves and Surplus	2	9,064.10	7,380.05
		18,901.75	17,131.33
2. Loan Funds :			
(a) Secured Loans	3	11,306.35	13,772.70
(b) Unsecured Loans	3	2,666.28	498.97
		13,972.63	14,271.67
3. Deferred Tax Liability (Net)			
		4,419.65	4,754.63
	TOTAL	37,294.03	36,157.63
II. APPLICATION OF FUNDS :			
1. Fixed Assets :			
(a) Gross Block	4	39,562.30	37,958.18
(b) Less : Depreciation		16,519.94	14,157.65
(c) Net Block		23,042.36	23,800.53
(d) Capital Work-in-Progress		3,702.27	1,849.57
		26,744.63	25,650.10
2. Investments :			
	5	27.77	300.82
3. Current Assets, Loans and Advances:			
(a) Inventories	6	8,369.08	8,708.42
(b) Sundry Debtors		17,177.64	11,221.28
(c) Cash and Bank Balances		3,064.18	1,870.54
(d) Loans and Advances		5,227.17	4,120.42
		33,838.07	25,920.66
Less: Current Liabilities and Provisions:			
(a) Current Liabilities	7	21,514.66	13,604.58
(b) Provisions		1,855.35	2,205.80
		23,370.01	15,810.38
Net Current Assets			
		10,468.06	10,110.28
4. Miscellaneous Expenditure :			
(To the extent not amortised or adjusted)	8	53.57	96.43
	TOTAL	37,294.03	36,157.63
Significant Accounting Policies	13		
Notes on Accounts	14		

As per our report attached
For **PARIKH & SHAH**
Chartered Accountants

D. B. Mohini
Partner
Membership No.5681

Mumbai
Date : August 21,2008

Rakesh Nayyar
Executive Director
(Finance & Corporate Affairs)
and Company Secretary

Rajan B. Raheja

A. H. Parpia

S. J. Taparia

} Directors



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 2008

	Schedule	2007-2008 (Rs. in Lacs)	2006-2007 (Rs. in Lacs)
INCOME :			
Sales & Operating Income	9	161,622.81	161,103.74
Less : Excise Duty		13,495.41	11,619.03
Sales & Operating Income (Net)		148,127.40	149,484.71
Other Income	10	68.65	859.39
		148,196.05	150,344.10
EXPENDITURE:			
Manufacturing and other expenses	11	142,629.68	141,821.17
Interest	12	1,630.57	2,073.32
Depreciation		1,715.64	1,660.02
Amortisation of Miscellaneous Expenditure		42.86	42.86
		146,018.75	145,597.37
Operating Profit		2,177.30	4,746.73
Exceptional Item of Income (refer note 15 of schedule 14)		580.65	—
Profit before Taxes		2,757.95	4,746.73
Income Tax		695.00	1,665.00
Wealth Tax		6.00	6.00
Fringe Benefit Tax		41.22	29.00
Deferred Tax (refer note. 11 of schedule.14)		(334.98)	(181.72)
Profit after Taxes		2,350.71	3,228.45
Prior Period Adjustments (refer note .18(a) of schedule .14)		(23.74)	(16.20)
Excess/(short) Provision of Taxes for earlier years (Net) (refer note.18(b) of schedule.14)		(69.66)	112.62
Balance Brought Forward From Previous Year		2,253.84	1,069.82
Profit Available for Appropriation		4,511.15	4,394.69
Appropriations			
Proposed Dividend		983.77	975.13
Corporate Dividend Tax thereon		167.19	165.72
Transfer to General Reserve		1,200.00	1,000.00
Balance carried to Balance Sheet		2,160.19	2,253.84
		4,511.15	4,394.69
Earning per share (Rs.) (refer note 13 of schedule 14)			
Basic		2.29	3.41
Diluted		1.96	2.79
Nominal Value of share (Rs.)		10.00	10.00
Significant Accounting Policies	13		
Notes on Accounts	14		

As per our report attached
For **PARIKH & SHAH**
Chartered Accountants

D. B. Mohini
Partner
Membership No.5681

Mumbai
Date : August 21,2008

Rakesh Nayyar
Executive Director
(Finance & Corporate Affairs)
and Company Secretary

Rajan B. Raheja

A. H. Parpia

S. J. Taparia

Directors

SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 30-06-2008 (Rs. in Lacs)	As at 30-06-2007 (Rs. in Lacs)
SCHEDULE 1.		
SHARE CAPITAL :		
AUTHORISED :		
12,50,00,000 Equity Shares of Rs.10 each	12,500.00	12,500.00
2,50,00,000 Redeemable Cumulative Preference Shares of Rs. 10 each	2,500.00	2,500.00
TOTAL	15,000.00	15,000.00
ISSUED, SUBSCRIBED AND PAID UP :		
9,75,12,800 (Previous Year 9,75,12,800) Equity Shares of Rs.10 each	9,751.28	9,751.28
Equity Shares Suspense (refer no 1(b) schedule 14)	86.37	—
TOTAL	9,837.65	9,751.28
SCHEDULE 2.		
RESERVES AND SURPLUS		
Capital Redemption Reserve :		
Balance as per the last Balance Sheet	1,376.00	1,376.00
Share Premium :		
Balance as per the last Balance Sheet	750.21	750.21
Less : on Amalgamation (refer note 1 (a) (iii) schedule 14)	650.44	—
	99.77	750.21
General Reserve :		
Balance as per the last Balance Sheet	3,000.00	2,000.00
Add : on Amalgamation (refer note 1 (a) (i) & (ii) schedule 14)	1,228.14	
Add : Transferred from Profit & Loss Account	1,200.00	1,000.00
	5,428.14	3,000.00
Profit and Loss Account:	2,160.19	2,253.84
TOTAL	9,064.10	7,380.05
SCHEDULE 3.		
(A) SECURED LOANS :		
FROM BANKS :		
	NOTES	
(a) Working Capital Loans	1	—
(b) Rupee Term Loans	2	6,187.85
(c) Foreign Currency Term Loan	2	5,118.50
		11,306.35
		12,772.70
FROM FINANCIAL INSTITUTION :		
(a) Rupee Term Loans	2	—
		1,000.00
TOTAL		11,306.35
		12,772.70

**SCHEDULE 3. (Contd.)****Notes :**

- Working capital facilities(including letters of credit) from banks are secured by hypothecation of Company's stocks and book debts and by a second paripassu charge by way of an equitable mortgage on the Company's immovable properties(including plant and machinery) situated at the plant site.
- Rupee and Foreign Currency Term Loans from Financial Institution and Banks are secured by a first charge by way of an equitable mortgage on the Company's immovable properties (including Plant and Machinery) Situated at the plant site and by hypothecation of movable assets(except book debts) subject to prior charge in favour of Company's Bankers for working capital facilities (except for Rupee Term Loan of Rs.2000 lacs from ING Vysya Bank Ltd which is secured by residual charge on the Company's movable assets and ECB borrowing of US\$ 5 mio equivalent to Rs.2,150 lacs from ICICI Bank (U.K.) Ltd. which is secured by first charge on the Company's movable and immovable assets). Creation of equitable mortgage for Securing Rupee Term Loan of Rs. 2000 Lacs availed from Axis Bank Ltd. and Rupee Term Loan of Rs.2000 Lacs availed from The Karur Vysya Bank Ltd. is pending.

(B) UNSECURED LOANS :

Fixed Deposits	666.28	498.97
Rupee Term Loan From Bank	2,000.00	—
TOTAL	2,666.28	498.97

SCHEDULE 4.**FIXED ASSETS**

(Rs. in Lacs)

Particulars	GROSS BLOCK (COST)					DEPRECIATION					NET BLOCK	
	As At 30-06-2008	Additions Pursuant to Amagamation	Additions/ Adjustments During the Year	Deductions / Adjustments During the Year	As At 30-06-2008	Upto 30-06-2007 Amagamation	Additions Pursuant to During the Year	Provided During the Year	Deductions / Adjustments	Upto 30-06-2008	As At 30-06-2008	As At 30-06-2007
Land (Freehold)	1,945.56	430.80	0.32	—	2376.68	—	—	—	—	—	2376.68	1945.56
Buildings	8,659.31	250.36	—	—	8909.67	1,798.70	107.87	213.22	—	2,119.79	6789.88	6860.61
Plant & Machinery	26,614.91	836.12	0.27	—	27451.30	11,980.77	526.65	1,433.04	—	13,940.46	13510.84	14634.14
Office Equipments	162.95	—	11.49	0.18	174.26	61.85	—	7.46	0.05	69.26	105.00	101.10
Computers	188.42	15.18	20.74	7.20	217.14	114.06	9.94	23.07	5.98	141.09	76.05	74.36
Air-conditioners	45.59	7.18	1.89	—	54.66	19.12	2.78	2.57	—	24.47	30.19	26.47
Vehicles	109.39	20.33	18.26	20.12	127.86	39.28	11.41	10.23	11.47	49.45	78.41	70.11
Furniture & Fixtures	232.05	10.96	9.61	1.89	250.73	143.87	6.58	26.05	1.08	175.42	75.31	88.18
TOTAL	37958.18	1570.93	62.58	29.39	39562.30	14157.65	665.23	1715.64	18.58	16519.94	23042.36	23800.53
PREVIOUS YEAR	37414.51	—	627.40	83.73	37958.18	12547.47	1660.02	49.84	14157.65	23800.53		

Notes :

- Buildings include Rs.400.67 lacs (previous year Rs.400.67 lacs) being cost of premises in Co-operative Societies including cost of Shares of the face value of Rs 0.02 lacs (Previous year Rs 0.02 lacs).
- Additions/Deductions to Plant & Machinery includes net addition of Rs. Nil lacs (previous year net addition of Rs. 1.02 lacs) on account of Increase in rupee liability for repayment consequent upon fluctuation in exchange rates in respect of foreign currency loans .
- Deductions/adjustments include assets scrapped.
- Revaluation of free hold land (of erstwhile SPL Polymers Ltd) at Chennai was carried out as at June 30,2003 & as at June 30,2005 enhancing the value by Rs. 402.53 lacs.

Refer Note.1 Schedule 14

	Face Value	Nos	As at 30-06-2008 (Rs. in Lacs)	Nos	As at 30-06-2007 (Rs. in Lacs)
SCHEDULE 5.					
INVESTMENTS (AT COST) :					
QUOTED : LONG TERM :					
NON-TRADE:					
In Shares :					
In fully Paid up Equity Shares :					
Finolex Industries Ltd.	10	26000	17.42	48000	32.73
Suraj Diamonds (India) Ltd.	10	500	0.47	500	0.47
			<u>17.89</u>		<u>33.20</u>
TRADE:					
Investment in Subsidiary Company :					
(SPL Polymers Limited (refer note 1 schedule 14))			—	6617992	267.62
			—		267.62
			<u>17.89</u>		<u>300.82</u>
UNQUOTED : LONG TERM :					
NON-TRADE:					
In Shares :					
Investment in Subsidiary Companies :					
In fully Paid up Equity Shares :					
SPL Industrial Park Limited	10	49400	4.94	—	—
SPL Industrial Support Services Ltd	10	49400	4.94	—	—
			<u>9.88</u>		—
TOTAL			<u>27.77</u>		<u>300.82</u>
Market Value of Quoted Investments			<u>14.72</u>		<u>401.67</u>

Note : Particulars of Investments in Mutual Funds purchased and Redeemed during the year.

Sr. No.	Name of Fund	No. of Units	Cost Price (Rs. In lacs)
1	ING Liquid Fund Institutional – Daily Dividend Option	59610713	5968.28
2	DWS Insta Cash Plus Fund – Super Inst. Plan Daily Dividend	25047165	2509.73
3	SBI Premier Liquid Fund – Institutional – Daily Dividend	64384046	6459.33
4	Reliance Liquidity Fund-Daily Dividend Reinvestment Option	155867695	15591.6
5	Principal Cash Mangt. Fund Liquid Option Instl. Prem Plan	19011932	1901.33
6	Kotak Liquid (Inst. Premium) – Daily Dividend	8194751	1002.06
7	Principal Liquid Plus Fund Dividend Reinvestment Daily	13011672	1303.77
8	Reliance Liquid Plus Fund	161757	1619.41
9	LICMF Liquid Plus Fund Daily Dividend Plan	14617596	1461.76
10	LICMF Liquid Fund – Dividend Plan	391566145	42994.35
11	Templeton India	221197	2213.32
12	UTI Liquid Plus Fund Institutional Plan	2275191	22756.78
13	UTI Liquid Cash Plan Institutional	161594	1647.36
14	HDFC Liquid Fund Dividend Reinvestment	9166760	916.68
15	Pru-ICICI Institutional Liquid Plan Div. Option	22193310	2219.8
TOTAL		785491524	110565.56

SCHEDULE 6.

CURRENT ASSETS, LOANS AND ADVANCES :

CURRENT ASSETS :

(a) INVENTORIES :

(As taken , valued and certified by the Management)

Stores & Spares	895.88	860.18
Fuel	20.25	32.78
Stock - in - Trade:		
Raw Materials and Packing Materials	2,272.99	1,364.52
Traded Goods	517.75	26.83
Stock-in-Process	348.02	231.32
Finished goods	4,314.19	6,192.79
	<u>8,369.08</u>	<u>8,708.42</u>

**SCHEDULE 6. (Contd.)**

	As at 30-06-2008 (Rs. in Lacs)	As at 30-06-2007 (Rs. in Lacs)
(b) SUNDRY DEBTORS :		
(Unsecured -Considered Good)		
Over Six Months	660.63	62.94
Others	16,518.91	11,160.24
	17,179.54	11,223.18
Less : Provision for doubtful debts	1.90	1.90
	17,177.64	11,221.28
(c) CASH AND BANK BALANCES :		
Cash on hand	8.84	13.09
Bank Balances:		
With Scheduled Banks:		
In Current and Cash Credit Accounts	2,688.78	812.07
In Fixed Deposits and Margin Money	366.56	1,045.38
	3,064.18	1,870.54
(d) LOANS AND ADVANCES :		
(Unsecured - Considered Good)		
Advances recoverable in cash or in kind or for value to be received	5,226.74	3,787.70
Advances to Subsidiary Companies	0.43	332.72
	5,227.17	4,120.42
TOTAL	33,838.07	25,920.66

SCHEDULE 7.**CURRENT LIABILITIES AND PROVISIONS :****(a) CURRENT LIABILITIES :**

Acceptances	15,881.78	8,900.34
Sundry Creditors	5,571.90	4,646.18
Interest Accrued but not due on Loans	60.98	58.06
	21,514.66	13,604.58

(b) PROVISIONS :

Taxation (Net of Advance Tax & TDS)	446.83	893.10
Less : MAT Credit	93.45	173.00
	353.38	720.10
Provision for Retirement Benefits	351.01	344.85
Proposed Dividend	983.77	975.13
Dividend Distribution Tax on Proposed Dividend	167.19	165.72
	1,855.35	2,205.80
TOTAL	23,370.01	15,810.38

SCHEDULE 8.**MISCELLANEOUS EXPENDITURE :****(To the extent not amortised or adjusted)**

Loan Restructuring Fees	53.57	96.43
TOTAL	53.57	96.43

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

	2007-2008 (Rs. in Lacs)	2006-2007 (Rs. in Lacs)
SCHEDULE 9.		
SALES & OPERATING INCOME		
Sales including Excise Duty	160,157.62	159,819.80
Other Operating Income	1,465.19	1,283.94
TOTAL	161,622.81	161,103.74
SCHEDULE 10.		
OTHER INCOME :		
Dividend (gross)	271.67	172.85
Profit on sale of investments (net)	7.10	10.10
Gain on redemption of Mutual Fund securities	0.37	0.77
Foreign Exchange Difference	(253.90)	617.81
Miscellaneous Income	43.41	57.86
TOTAL	68.65	859.39
SCHEDULE 11.		
MANUFACTURING AND OTHER EXPENSES		
1. Raw Materials (Including Packing Materials) Consumed	95,415.86	108,100.54
2. Purchases of Goods For Re-Sale	36,005.26	25,934.78
3. Stores and Spares Consumed	631.24	428.91
4. Power and Fuel	1,471.20	1,475.86
5. Labour Charges	5.15	96.36
6. Employees' Remuneration and Benefits :		
Salaries , Wages,Bonus,Gratuity etc.	1,326.63	1,269.06
Contribution to Provident Fund and Other Funds	141.59	113.13
Staff Welfare Expenses	55.96	51.25
	1,524.18	1,433.44
7. Rent, Rates and Taxes	188.62	138.26
8. Repairs :		
Buildings	89.47	208.91
Machinery	134.88	98.25
Others	133.17	123.36
	357.52	430.52
9. Directors' Fees	4.47	4.72
10. Insurance	228.09	208.40
11. Commission on Sales	552.58	631.14
12. Carriage outward	3,171.22	3,051.28
13. Loss on Sale of Fixed Assets (net)	3.97	21.54
14. Other Expenses	1,256.32	1,013.48
15. Bad debts Written Off	0.62	237.09
Less:Provision for doubtful debts Written back	—	120.00
	0.62	117.09



SCHEDULE 11. (Contd.)

		2007-2008	2006-2007
		(Rs. in Lacs)	(Rs. in Lacs)
16 a.	(Increase) / Decrease in excise duty included in opening and closing stock of finished goods	(215.97)	102.09
b.	(Increase) / Decrease in work in process and finished goods		
	Stocks on 01.07.2007 :		
	Stock-in-Process	231.32	354.32
	Finished Goods	6,460.25	4,702.55
		<u>6,691.57</u>	<u>5,056.87</u>
	Stocks on 30.06.2008:		
	Stock-in-Process	348.03	231.32
	Finished Goods	4,314.19	6,192.79
		<u>4,662.22</u>	<u>6,424.11</u>
		2,029.35	(1,367.24)
	TOTAL	<u>142,629.68</u>	<u>141,821.17</u>

SCHEDULE 12.

INTEREST :

	On Fixed Loans and Deposits	1,017.80	1,250.37
	Others	899.14	1,059.06
		<u>1,916.94</u>	<u>2,309.43</u>
	Less: Interest Received		
	On Fixed Deposits With Banks	40.49	13.39
	On Overdue payments from Debtors	244.81	198.85
	Others	1.07	23.87
		<u>286.37</u>	<u>236.11</u>
	TOTAL	<u>1,630.57</u>	<u>2,073.32</u>

SCHEDULE 13.
SIGNIFICANT ACCOUNTING POLICIES
1. BASIS OF ACCOUNTING

The accounts are prepared on the basis of historical cost convention and on accrual basis.

2. FIXED ASSETS

Fixed Assets are valued at cost less depreciation. Costs comprise of the purchase price and any attributable cost of bringing the asset to working condition for its intended use.

3. DEPRECIATION

Depreciation on Fixed Assets is provided on "Straight Line Method" at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.

4. INVESTMENTS

Investments are stated at cost. Temporary diminution in the value of long term investments, meant to be held for a long period of time is not recognised.

5. INVENTORIES

Inventories are valued at lower of cost and net realisable value except stores and spares which are valued at cost. The method of determination of cost of various categories of inventories are as follows :

- | | | |
|--|---|------------------------------|
| a. Stores, spares and fuel. | : | At cost. (weighted average) |
| b. Raw Materials (including packing materials) | : | At cost. (weighted average) |
| c. Traded Goods | : | At cost. (weighted average) |
| d. Stock in process | : | At cost. (weighted average) |
| e. Finished goods | : | At cost. (weighted average). |

6. FOREIGN CURRENCY TRANSACTIONS

- Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction.
- Monetary items denominated in foreign currencies at the year end are restated at year end rates. In case of items which are covered by forward exchange contracts are recorded at the forward exchange contract rate.
- Any income or expense on account of exchange difference either on settlement or on translation is recognised in the Profit & Loss account.

7. CENVAT CREDIT

CENVAT credit on Raw Materials and Capital Goods has been accounted for by reducing the purchase cost of Raw Materials and Capital Goods respectively.

8. RECOGNITION OF INCOME AND EXPENDITURE

Items of Income and Expenditure are generally recorded on accrual basis.

9. EXPORT BENEFITS

Benefits on account of entitlement to import duty-free raw materials under the Advance Licence scheme is accounted for in the year of export calculated on the basis of rate of exchange and import duty prevailing at the date of the Balance sheet. This is included under the head "Other Operating Income."

10. RETIREMENT BENEFITS

Contributions to Provident and Superannuation Funds are accounted on actual liability basis. Provisions for Gratuity and Leave encashment benefit on retirement, are made on actuarial valuation basis.

11. MISCELLANEOUS EXPENDITURE

Loan restructuring fees is amortised over a period of seven years.

12. SEGMENT REPORTING

The Company's main business is manufacturing and marketing of Polystyrene. There are no separate segments within the Company as defined by AS 17 (Segment Reporting) issued by The Institute of Chartered Accountants of India except Geographical segment as reportable segment.

13. TAXATION :

- Current Income Tax, Fringe Benefit Tax and Wealth Tax have been accounted as per payable method.
- Deferred tax asset or liability is recognised for timing differences between the profit as per financial statements and the profit offered for income tax, based on tax rates that have been enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognised only if there is reasonable certainty that sufficient future taxable income will be available, against which they can be realized.

14. CONTINGENT LIABILITIES

All known liabilities are provided for in the accounts except liabilities of a contingent nature, which are disclosed at their estimated value in the notes on accounts.



SCHEDULE 14.

NOTES ON ACCOUNTS

1. SPL Polymers Ltd. engaged in the business of manufacture of Expandable Polystyrene (EPS) has been amalgamated with the Company. Pursuant to the scheme of amalgamation of the erstwhile SPL Polymers Ltd with the Company as approved by the shareholders and subsequently sanctioned by the Hon'ble High Court of Judicature at Bombay vide its order dated 06.06.08 and by the Hon'ble High Court of Judicature at Madras vide its Order dated 16.06.08, the assets and liabilities of the erstwhile SPL Polymers Ltd have been transferred to and vested in the Company w.e.f. the appointed date July 1, 2007. The scheme has been given effect to in these accounts accordingly.

[a] The amalgamation has been accounted for as per "pooling of interest" method prescribed by AS-14 relating to Accounting for Amalgamations issued by the Institute of Chartered Accountants of India. Accordingly all the assets, liabilities & other reserves of the erstwhile SPL Polymers Ltd as on July 1, 2007 have been taken over at their book value subject to adjustments as specified in the scheme of amalgamation as detailed hereunder :-

- (i) A balance of Rs.825.61 lacs being excess of the value of the net assets over the paid up value of the equity shares to be issued and allotted and considering the adjustments, mentioned here in below has been credited to Reserve on Amalgamation Account of the Company which is considered as free reserve/ general reserve.
- (ii) The balance of Rs.402.53 lacs in Revaluation Reserve Account has been credited to the General Reserve of the Company.
- (iii) The debit balance of Rs.650.44 lacs in the Profit & Loss Account has been adjusted against the Share Premium Account of the Company.

[b] In accordance with the scheme of amalgamation 8,63,720 equity shares of Rs.10/- each are to be allotted to the equity shareholders of the erstwhile SPL Polymers Ltd whose names appear in the register of members as on August 5, 2008 (record date) without payment being received in cash. The equity shares are to be issued and allotted in the ratio of 1 equity share of Rs.10/- each fully paid up for every 6 Equity Share of Rs.10/- each fully paid up held in SPL Polymers Ltd., fractional shares entitlement, if any, to be rounded off to the nearest complete share. Pending allotment the face value of such shares of Rs.86,37,200 has been shown as "Equity Shares Suspense" as on 30.06.2008.

[c] The investment in SPL Polymers Ltd stands cancelled and extinguished in view of the amalgamation.

[d] The figures of the current year comprise of the Company as merged entity consequent to amalgamation of erstwhile SPL Polymers Ltd with the Company and hence not comparable with the figures of the previous year.

	2007-2008	2006-2007
	(Rs. lacs)	(Rs. lacs)
2. Contingent liabilities not provided for in respect of :		
i) Estimated value of contracts remaining to be executed on capital accounts and not provided for :	567.39	528.18
ii) Letters of Credit opened by Bankers and outstanding at the year end.	15086.86	8305.61
iii) Bills discounted but not matured.	10558.03	12985.01
iv) Counter guarantees given to Banks against Banks' guarantees to Customs/ Sales Tax.	190.05	193.61
v) Excise / Service Tax matters under dispute	1192.52	716.03
vi) Sales Tax matter under dispute.	177.59	177.59
vii) Other Claims.	71.31	71.31

3. Quantitative and other information :

[A] Finished Goods : (manufactured)

Registered and Installed Capacity

	Registered Capacity (MT)	* Installed Capacity (MT)	Production (MT)
Styrene	1,00,000 (1,00,000)	— (—)	— (—)
Polystyrene	5,54,000 (5,54,000)	2,72,000 (2,72,000)	1,54,892 (1,79,777)
Speciality Polystyrene	47,000 (47,000)	17,000 (17,000)	8,681 (5,813)
Expandable Polystyrene	1,26,000 (1,20,000)	**— (—)	— (—)

* As certified by the management and not verified by the auditors.

** Part capacity under restoration at Chennai Plant.

Note : Figures in brackets are in respect of previous year.

[B] The Department of Company Affairs, Government of India vide its Order dated 01.08.2008 issued under section 211(4) of the Companies Act, 1956 has exempted the Company from disclosure of quantitative details in the Profit and Loss Account under para 3(i) (a), 3(ii) (a) and 3 (ii) (b) of Part II of Schedule VI to the Companies Act, 1956.

[C] Consumption of Raw Materials, Stores and Spares :

i) Raw Materials including Packing Materials :

	%	2007-2008 (Rs. in Lacs) Value	%	2006-2007 (Rs. in Lacs) Value
Imported	96.30	91,882.04	96.64	1,04,437.76
Indigenous	3.70	3,533.82	3.36	3,635.96
	100.00	95,415.86	100.00	1,08,073.72

ii) Stores and Spares :

Imported	19.28	121.70	22.08	94.70
Indigenous	80.72	509.54	77.92	334.21
	100.00	631.24	100.00	428.91

	2007-2008 (Rs. in Lacs)	2006-2007 (Rs. in Lacs)
[D] CIF Value of Imports :		
Raw Materials	118,,249.34	1,24,455.06
Stores & Spares	87.94	132.96
Capital Goods	91.36	—

[E] Expenditure in Foreign Currency :

1. Interest	379.29	327.68
2. Legal and Professional	10.64	36.70
3. Membership & Subscription	12.37	21.19
4. Seminar, Training, Exhibition & Product Development	16.60	6.02
5. Travelling Expenses	19.77	17.12
6. Advertisement Expenses	1.82	0.32
7. Freight	248.80	548.93
8. Commission	200.79	255.40
9. Technical knowhow fees	—	260.06
10. Bank Charges	41.97	19.91
11. Others	0.05	—

[F] Income in Foreign Currency :

FOB Value of Exports	53,067.02	66,784.86
Commission / Others	2.74	—

4. Miscellaneous expenses include :

Remuneration to Auditors		
As Auditors (Including Branch Auditors)	10.85	8.80
For Certification	1.43	1.62
For Consultancy	1.20	—
Service Tax	1.41	1.22
	14.89	11.64

5. Tax deducted at source on Income :

Interest	104.56	22.75
Others	3.60	8.50



	2007-2008 (Rs. in Lacs)	2006-2007 (Rs. in Lacs)
6. CENVAT Credit recorded on Capital goods/stores & spares.	167.55	44.43
7. Exchange differences recorded under respective heads by credit/(debit) in the Profit and Loss account (Net).	(1371.13)	519.48
8. Managerial Remuneration		
To Manager :		
Salary	69.42	59.01
Contribution to PF and other funds	12.99	12.02
Perquisites	0.30	0.43
TOTAL	82.71	71.46
9. The Company has only one business segment "Polystyrene" as primary segment. The secondary segment is geographical, which is given as under :		
	2007-2008 (Rs. in Lacs)	2006-2007 (Rs. in Lacs)
(a) Revenue		
Sales (net of Excise Duty)		
Within India	90177.70	77398.21
Outside India	57949.70	72086.50
TOTAL	148127.40	149484.71
[b] All the Assets of the Company except the debtors amounting to Rs.3886.17 lacs (30.06.2007 – Rs.3263.91 lacs) are within India.		
10. As per Accounting Standard 15 , the disclosure of Employee benefits as defined there in are given below :		
A. Gratuity :		
I. Assumptions :		
Discount Rate Previous Year		8.00%
Discount Rate Current Year		8.00%
Rate of Return on Plan Assets Previous Year		8.00%
Rate of Return on Plan Assets Current Year		8.00%
Salary Escalation Previous Year		7.00%
Salary Escalation Current Year		7.00%
		(Rs. lacs)
II. Table Showing Change in Benefits Obligation :		
Liability at the beginning of the year		152.57
Interest cost		12.21
Current Service cost		20.50
Benefits Paid		(29.72)
Actuarial (gain)/ loss on obligations		(39.40)
Effect of takeover/ Transfer in		23.07
Liability at the end of the year		139.24
III. Table of Fair value of Plan Assets :		
Fair value of Plan Assets at the beginning of the year		—
Expected Return on Plan Assets		—
Contributions		29.72
Benefits Paid		(29.72)
Actuarial gain/(loss) on Plan Assets		—
Fair value of Plan Assets at the end of the year		—

(Rs. in lacs)

IV. Actual Return on Plan Assets :		
Expected Return on Plan Assets		—
Actuarial gain/(loss) on Plan Assets		—
Actual Return on Plan Assets		—
V. Total Actuarial Gain/ (Loss) to be Recognised		
Actuarial (gain)/loss on obligations		(39.40)
Actuarial gain/(loss) on Plan Assets		—
Actuarial (gain)/loss on Takeover/ Transfer in		23.07
Total Actuarial (gain)/Loss to be recognized		(16.32)
VI. Amount Recognised in the Balance Sheet :		
Liability at the end of the year		139.24
Fair value of Plan Assets at the end of the year		—
Difference		139.24
Amount Recognised in the Balance Sheet		139.24
VII. Expenses Recognised in the Income Statement		
Current Service Cost		20.50
Interest Cost		12.21
Expected Return on Plan Assets		—
Net Actuarial (gain)/ loss to be recognized		(16.32)
Expense recognized in Profit & Loss		16.39
VIII. Amount Recognised in the Balance Sheet		
Opening net liability		152.57
Expense as above		16.39
Employers Contribution paid		(29.72)
Closing net liability		139.24

B. Leave Encashment

The valuation of Leave Encashment has been done on exit as well as availment during the service. This liability forms part of other long term benefits as per the standard and does not require disclosures as mentioned in Para 132 of the standard

11. In compliance with the Accounting Standard relating to 'Accounting for Taxes on Income' (AS 22), issued by the Institute of Chartered Accountants of India, the break up of deferred tax liabilities and deferred tax assets is as under :

	As at 30.06.2008	As at 30.06.2007
Deferred Tax Assets		
Unabsorbed depreciation/ Business Loss	—	—
Other items	150.32	137.95
TOTAL	150.32	137.95
Deferred Tax Liabilities		
Depreciation	4551.76	4859.80
Other items	18.21	32.78
TOTAL	4569.97	4892.58
Net Deferred Tax Liabilities / (Assets)	4419.65	4754.63



12. Disclosure of transactions with Related Parties, as required by Accounting Standards 18 "Related Party Disclosures" is given below :

a) Names of the related parties and description of relationship

Sr.No.	Particulars	Name of the Party
1	Promoters	The Supreme Industries Ltd. R. Raheja Investments Pvt. Ltd.
2	Key Management Personnel	Shri N. Gopal
3	Subsidiaries	a) SPL Industrial Park Ltd b) SPL Industrial Support Services Ltd. c) SPL Polymers Ltd (Upto 30.06.2007)

b) Transactions with Related Parties

(Rs. lacs)

Sr. No.	Nature of Transactions*	Year	Key Management		
			Promoters	Personnel	Subsidiaries
1	Sales of Goods (Net)	2007-08	4469.53	—	—
		2006-07	4057.11	—	2899.42
2	Purchase of Goods	2007-08	54.53	—	—
		2006-07	16.36	—	54.44
3	Purchase of other items	2007-08	—	—	—
		2006-07	1.71	—	—
4	Reimbursement of Expenses Paid/(Received)	2007-08	0.05	—	0.81
		2006-07	0.47	—	(59.55)
5	Job Work Charges Paid/ (Received)	2007-08	—	—	—
		2006-07	(21.09)	—	90.49
6	Dividend Paid on Equity Shares	2007-08	578.73	0.10	—
		2006-07	578.73	0.16	—
7	Loans Given	2007-08	—	—	—
		2006-07	—	—	303.97
8	Loans Repaid	2007-08	—	—	—
		2006-07	—	2.25	344.51
9	Free Trade Samples	2007-08	—	—	—
		2006-07	0.02	—	—
10	Remuneration Paid	2007-08	—	82.71	—
		2006-07	—	71.46	—
11	Equity Shares Subscribed	2007-08	—	—	9.88
		2006-07	—	—	—
12	Interest on Loan Given	2007-08	—	—	—
		2006-07	—	—	43.49
13	Balance Receivable				
a	Loans	30th June 2008	—	—	—
		30th June 2007	—	—	332.72
b	Sales of Goods/ Job Work Charges	30th June 2008	831.56	—	—
		30th June 2007	129.51	—	1289.96
c	Others	30th June 2008	—	—	0.43
		30th June 2007	9.24	—	45.42

* All Transactions are on commercial basis at market rates

	2007-2008 (Rs. lacs)	2006-2007 (Rs. lacs)
13. Earnings per share (EPS)		
Profit after tax	2257.31	3324.87
Number of equity shares at the beginning of the year.	*98376520	97512800
Number of equity shares at the end of the year.	*98376520	97512800
Weighted average number of shares outstanding for basic EPS during the year.	*98376520	97512800
Basic earning per share (Rupees)		
(Face value - Rs.10/- per share)	2.29	3.41
Profit after tax for computing Diluted EPS	2280.98	3359.69
Weighted average number of shares for computing Diluted EPS during the year.	116366541	120594118
Diluted earning per share (Rupees)		
(Face value - Rs.10/- per share)	1.96	2.79

* Considering 863720 Equity Shares to be allotted to the Equity Shareholders of erstwhile SPL Polymers Ltd.

14. In the opinion of the Board, the current assets, loans and advances are approximately of the value stated, if realised in the ordinary course of business. The provisions for all the known liabilities and depreciation are adequate and not in excess of the amount reasonably required.

The assets of the erstwhile SPL Polymers Limited (since amalgamated with the company) viz. portion of building, plant & machinery and stocks were damaged by a fire in its plant at Chennai in the year 2006-07. The resultant loss of Rs. 221.37 lacs being the book value of the damaged assets was accounted as claim receivable in the books of the erstwhile SPL Polymers Limited in that year. The Fixed Assets were insured on a "reinstatement basis" and Insurance claim has accordingly been now preferred and considering the capital expenditure incurred so far and based on the assessment, an amount of Rs.580.65 lacs, being part of the excess claim over the book value of the damaged Fixed Assets has now been accounted as "Exceptional Income" this year. Further adjustments, if any, will be carried out only on final settlement of claim.

	2007-2008 (Rs. lacs)	2006-2007 (Rs. lacs)
16. Leasing - Operating Lease		
a. Obligations on non cancellable leases		
i) Not later than one year.	73.07	107.92
ii) Later than one year and not later than five years.	5.33	66.92
iii) Later than five years.	—	—
b. Lease rental expenses in respect of operating lease.	118.12	113.81
c. Contingent rent recognised in Profit & Loss account.	—	—

17. In absence of any intimation received from vendors regarding the status of their registration under "The Micro, Small and Medium Enterprises Development Act, 2006" the Company is unable to comply with the disclosures required to be made under said Act. There are no amounts payable to any Small Scale Industrial undertaking

18. (a) Prior period adjustments include expenses Rs.26.99 lacs (previous year Rs.24.45 lacs) and income Rs.3.26 lacs (Previous year Rs.8.25).

- (b) Excess/(Short) provision for taxes for earlier years after adjustment of credit of Rs.93.45lacs of MAT credit entitlement for earlier year.

19. Debtors/ Creditors balances are subject to confirmation.

20. Additional information required under Part IV of Schedule VI to the Companies Act, 1956 is attached herewith.

21. Previous year's figures are regrouped, wherever necessary. Membership No.5681 (Finance & Corporate Affairs) & Company Secretary

As per our report attached

For **PARIKH & SHAH**

Chartered Accountants

D. B. Mohini

Partner

Membership No.5681

Mumbai

Date : August 21,2008

Rakesh Nayyar

Executive Director

(Finance & Corporate Affairs)
and Company Secretary

Rajan B. Raheja

A. H. Parpia

S. J. Taparia

Directors



CASH FLOW FOR THE YEAR : 2007 - 2008

	Rs.in Lacs Year ended Jun 30, 2008	Rs.in Lacs Year ended Jun 30, 2007
A. Cash Flow from Operating activities		
Net Profit before tax ation & exceptional items	2,177.30	4,746.73
Adjustment for :		
Depreciation	1,715.64	1,660.02
Miscellaneous Expenditure	42.86	42.86
Investment Income	(565.51)	(419.82)
Interest and Finance Charges	1,916.94	2,309.43
Loss on sale of Fixed Assets	3.97	21.54
Expenses/Income Related to Earlier Year	(23.74)	(16.20)
	<u>3,090.16</u>	<u>3,597.83</u>
Operating profit before working capital changes	5,267.47	8,344.56
Adjustment For :		
Trade & Other receivables	(7,574.60)	1,355.12
Inventories	912.69	678.37
Trade Paybles & Other Provision	7,764.30	(513.08)
	<u>1,102.39</u>	<u>(2,546.57)</u>
Cash flow before exceptional items	6,369.85	7,831.48
Exceptional items (Insurance claim)	580.65	—
	<u>6,950.50</u>	<u>7,831.48</u>
Cash generated from operations	6,950.50	7,831.48
Direct Tax Paid	(1,164.25)	(911.36)
	<u>5,786.25</u>	<u>6,920.12</u>
Net Cash from Operating activities (A)		
B. Cash Flow from Investing activities		
Purchase of Fixed Assets	(1,880.70)	(440.45)
Sale of Fixed Assets	6.84	16.04
Sale of Investment	17.84	50.08
Interest received	286.37	236.12
Dividend Received	271.67	172.85
Purchase of Investment	(4.94)	—
	<u>(1,302.92)</u>	<u>34.64</u>
Net cash used in investing activities (B)		
C. Cash Flow from Financing activities		
Interest Paid	(1,914.02)	(2,285.84)
Dividend & Dividend Tax Paid	(1,140.85)	(1,111.89)
Proceeds from borrowings	(299.04)	(3,659.74)
	<u>(3,353.91)</u>	<u>(7,057.47)</u>
Net cash from financing activities (C)		
Net Change in cash & cash equivalents (A)+(B)+(C)	1,129.42	(102.71)
Opening balance of Cash & Cash equivalents	1,870.54	1,973.25
Add : Adjustments on account of Amalgamation of Subsidiary	64.22	—
Closing balance of Cash & Cash equivalents	3,064.18	1,870.54

Note : Assets and Liabilities acquired as a result of Amalgamation of Subsidiary with the Company have been excluded from the current year's Cash Flow Statement as the transaction is non-cash in nature.

As per our report attached
For **PARIKH & SHAH**
Chartered Accountants

D. B. Mohini
Partner
Membership No.5681

Mumbai
Date : August 21,2008

Rakesh Nayyar
Executive Director
(Finance & Corporate Affairs)
and Company Secretary

Rajan B. Raheja

A. H. Parpia

S. J. Taparia

Directors

**STATEMENT PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

I. REGISTRATION DETAILS

a) Registration number	0054633
b) State Code	11
c) Balance Sheet Date	June 30 th 2008

II. CAPITAL RAISED DURING THE YEAR (AMOUNT IN Rs. THOUSANDS)

a) Public Issue	NIL
b) Right Issue	NIL
c) Bonus Issue	NIL
d) Private Placement	86.37

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN Rs. THOUSANDS)

a) Total Liabilities	3844499
b) Total Assets	3844499

Sources of Funds

a) Paid-up capital	983765
b) Reserves and Surplus	1021506
c) Secured Loans	1130635
d) Unsecured Loans	266628
e) Deferred Tax Liability (Net)	441965

Application of Funds

a) Net Fixed Assets	2674463
b) Investments	2777
c) Net Current Assets	1161902
d) Miscellaneous Expenditure	5357

IV. PERFORMANCE OF THE COMPANY (AMOUNT IN Rs. THOUSANDS)

a) Turnover (including other income)	14877670
b) Total Expenditure	14601875
c) Profit before tax after extra ordinary items	275795
d) Profit after Tax	225731
e) Earnings Per Share (in Rupees)	2.29
f) Dividend Rate (%)	10

V. GENERIC NAMES OF THE THREE PRINCIPAL PRODUCTS/ SERVICES OF THE COMPANY

Item Code No.	(ITC Code)	Product Description
39031909		Polystyrene

For and on behalf of the Board

Director

Place : Mumbai
Date : August 21, 2008

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES
ACT, 1956 RELATING TO SUBSIDIARY COMPANIES.**

Sr. No.	Name of the Subsidiary Company	SPL Industrial Support Services Limited	SPL Industrial Park Limited
1.	Financial year of the Subsidiary ended on	March 31, 2008	March 31, 2008
2.	Holding Company's Interest:		
	i) Equity Shares of Rs.10 each		
	(a) Number of shares Fully paid	49,400	49,400
	(b) Extent of Holding	98.80%	98.80%
3.	Net aggregate amount of loss of the Subsidiary so far as they concern members of Supreme Petrochem Ltd.		
	i) For the financial year of Subsidiary		
	(a) Dealt with in the accounts of the Holding Company.	NIL	NIL
	(b) Not dealt with in the accounts of the Holding Company	Rs. (45,468.00)	Rs. (63,511.00)
	ii) For the previous Financial years of the Subsidiary since it became the holding Company's Subsidiary.		
	(a) Dealt with in the accounts of the Holding Company.	NIL	NIL
	(b) Not dealt with in the accounts of the Holding Company	NIL	NIL
4.	Information pursuant to Section 212(5) of the Companies Act, 1956	NIL	NIL

Rajan B. Raheja

Rakesh Nayyar
Executive Director
(Finance & Corporate Affairs)
and Company Secretary

A. H. Parpia

S. J. Taparia

} Directors

Mumbai
Date : August 21,2008