



SUPREME PETROCHEM LTD

**ANNUAL REPORT
2009-2010**

BOARD OF DIRECTORS:

M. P. Taparia, Chairman
Rajan B. Raheja
Aziz Parpia
B. L. Taparia
Satish B. Raheja
S. J. Taparia
Hasmukh Shah
M. S. Ramachandran
R. Kannan
Nihalchand Chauhan
Viren 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

PLANTS:

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

Ammulavoyil Village, Andarkuppam Post,
Manali New Town, Chennai - 600 103, Tamil Nadu

BANKERS:

State Bank of India
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

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NOTICE

NOTICE is hereby given that the Twentyfirst 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 Wednesday, October 06, 2010 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, 2010.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Shri Hasmukh Shah, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Aziz Parpia, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri M. S. Ramachandran, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint a Director in place of Shri Rajan B. Raheja, who retires by rotation and being eligible, offers himself for re-appointment.
7. To appoint Statutory Auditors and fix their remuneration.

SPECIAL BUSINESS:

8. 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 (i) The Karur Vysya Bank Limited (KVBL) and (ii) The AXIS Bank Limited (AXIS) to secure:

(i) Rupee Term Loan of ₹ 75.00 crores availed from KVBL and

(ii) Rupee Term Loan of ₹ 35.00 crores availed from AXIS

together with the interest thereon at the agreed rates, further interest, liquidated damages, premium on pre-payment, costs, charges, expenses and all other moneys payable by the Company to KVBL and AXIS under the respective Agreement/Loan Agreement entered in to/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 KVBL/AXIS 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".

For and on behalf of the Board

M. P. Taparia
Chairman

Registered Office:

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

Date : July 20, 2010

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 No. 8 of the notice is annexed.

Register of Members of the Company will remain closed from Wednesday, September 22, 2010 to Wednesday, October 06, 2010 (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 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. 8 :

The Company has been sanctioned/availed of following Term Loans :

- (i) Rupee Term Loan of ₹ 75.00 crores (Rupees seventy five crores only) from The Karur Vysya Bank Limited (KVBL) and
- (ii) Rupee Term Loan of ₹ 35.00 crores from The AXIS Bank Limited (AXIS)

To meet capital expenditure and to augment long term sources of the Company.

The said term loans are to be secured by appropriate mortgage/charge in favour of respective banks 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. 8 is considered necessary having regard to Section 293(1)(a) 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

M. P. Taparia
Chairman

Registered Office:

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

Date : July 20, 2010

DIRECTORS' REPORT

Your Directors take pleasure in presenting the Twenty First Annual Report together with Audited Accounts of your Company for the year ended June 30, 2010.

1. FINANCIAL RESULTS	(Rupees in Lacs)	
	2009-2010	2008-2009
Income (Net of Excise)	161,271.10	139,496.39
Profit before Tax	9,018.40	3,500.57
Tax expenses	2,960.61	1,566.99
Profit after tax	6,057.79	1,933.58
Prior period adjustments	(10.30)	(15.14)
Balance brought forward from Previous Year	1,945.66	2,160.19
Amount available for appropriation	7,993.15	4,078.63
Appropriation thereof:		
Dividend on equity shares (including corporate dividend tax)	2,032.60	1,132.97
Transfer to general reserve	2,000.00	1,000.00
Balance carried forward	3,960.55	1,945.66

Your Directors recommend a dividend of ₹ 1.80 per equity share for the year 2009-2010.

2. REVIEW OF OPERATIONS

The domestic Polystyrene market grew by 8.5% during the year under review due to all round growth in demand in all product segments. Your Company consciously followed the strategy of exporting only to those countries which gave better netback. This resulted in lower export quantities of 43913 M.T. as compared to 50307 M.T. for the previous year. Demand estimates for the current year continue to remain on a high growth path.

The installed capacity of the Expandable Polystyrene (EPS) plant in Chennai has increased to 27700 TPA from June 1, 2010. Your Company is progressively increasing the production rate to achieve optimum capacity utilization. The outlook for the domestic market for EPS remains positive.

Commercial production of Extruded Polystyrene Board (XPS) commenced from August 2009 and commercial supplies have started. The marketing network is being progressively established. Your Company is focusing on exports to those countries which have mandated insulation in buildings for energy conservation.

Specialty Polystyrene (SPS) business witnessed healthy growth during the year under review. The domestic sale grew by 36% whereas the exports grew by 48%. Considering the anticipated growth your Company plans to upgrade SPS capacity by establishing more lines.

3. BUY BACK OF EQUITY SHARES

The offer for buy-back of equity shares which commenced on December 31, 2008 closed on December 04, 2009.

Your Company has bought back and extinguished 1537907 equity shares reducing the paid-up share capital of your Company from ₹ 9,837.65 Lacs to ₹ 9,683.86 Lacs.

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 System under the guiding principles of declared 'Health & Environmental Policy'. Both the Environmental Management System and Safety Management Systems continue to be maintained as per ISO:14001 Standard and OHSAS:18001 specifications.

HSE performance index for the period under review was in the 'excellent' range.

Your Company has completed 3244 accident free days and 9.6 million accident free man hours as on June 30, 2010.

6. DIRECTORS

Shri Hasmukh Shah, Shri Aziz Parpia, Shri M. S. Ramachandran and Shri Rajan B. Raheja, 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

The two subsidiaries of your Company viz. SPL Industrial Park Limited and SPL Industrial Support Services Limited have not yet undertaken any activities. The Ministry of Corporate Affairs, Government of India by letter dated June 23, 2010 has exempted your Company from attaching a copy of the Balance Sheet and the Profit and Loss Account of the subsidiary companies and other documents required to be attached under Section 212(1) of the Companies Act, 1956 to the Annual Report of your Company. Accordingly, the said documents are not being attached with the Balance Sheet of the Company. A gist of the financial performance of the subsidiary companies is contained in the report. The Annual Accounts of the subsidiaries are open for inspection by any member/investor and the Company will make available these documents/details upon request by any Member of the Company or to any investor of its subsidiaries who may be interested in obtaining the same. Further, the annual accounts of the subsidiary companies will also be kept for inspection by any investor at the Corporate Office of the Company and that of the subsidiary companies.

**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 an aggregate amount of ₹ 150.73 Lacs till date to the Investor Education and Protection Fund since January 2002.

12. FIXED DEPOSIT SCHEME

The outstanding fixed deposits as on June 30, 2010 were ₹ 2069.50 Lacs. There were 124 due but unclaimed deposits aggregating ₹ 27.95 Lacs out of which 18 deposits aggregating ₹ 4.58 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.

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.

16. ACKNOWLEDGEMENT

The Directors take this opportunity to thank the Company's Bankers for their 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

M. P. Taparia
Chairman

Place : Mumbai
Date : July 20, 2010



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, 2010.

A. CONSERVATION OF ENERGY

The on-going programme of energy conservation is on course and electrical energy saving to the extent of 343590 units has been achieved during the year under review at the manufacturing facilities at Amdoshi (Maharashtra). The energy conservation programme has also resulted in reduction in consumption of Furnace Oil to the extent of 42381 Kgs. during the year under review.

B. TECHNOLOGY ABSORPTION

The technology for Polystyrene sourced from ABB Lummus Crest Inc has been fully absorbed by your Company which successfully further developed the technology and expanded the installed capacity to 272000 TPA on its own.

The technology for Expandable Polystyrene (EPS) was taken from S H Chemical Company, Republic of Korea. This technology has been absorbed by your Company and successfully developed further to increase the capacity of the plant to 27700 TPA.

The technology for the Cup Grade EPS has been received from NOVA Chemical Inc and absorption of this technology is in progress.

Technology flows from Ultrabatch, Italy for manufacturing high end masterbatches have commenced and are being assimilated in your Company.

**ANNEXURE - FORM A**

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

A. Power and fuel consumption

	Current Year July 01, 2009 to June 30, 2010	Previous Year July 01, 2008 to June 30, 2009
1 Electricity		
(a) Purchased		
Units (KWH)	31796720	28842819
Total amount (₹ Lacs)	1,725.72	1,369.91
Rate/unit (₹)*	5.43	4.75
(b) Own Generation		
Through Diesel Generator		
Units (KWH)	509149	92425
Unit per ltr. of diesel oil	3.05	3.74
Cost/Unit*	13.36	15.76
2 Furnace Oil		
Quantity (MT)	1700.25	15318.34
Total amount (₹ Lacs)	414.31	326.06
Average rate (₹ per Kg.)*	24.37	21.29

B. Consumption per unit of production

Product	PS	EPS	XPS	PS	EPS	XPS
Electricity (KWH/MT)	**186.60	181.50	3443.42	**170.90	NIL	NIL
Furnace Oil (Kgs/MT)	8.90	39.90	NIL	9.14	NIL	NIL

* Average of all plants

** Including Speciality Polystyrene

For and on behalf of the BoardPlace : Mumbai
Date : July 20, 2010**M. P. Taparua**
Chairman



MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

The stabilisation of the world economy alongwith a domestic GDP growth of 7.2% during 2009 - 10 saw improved demand conditions from all segments including polymers. The Government partially rolled back the stimulus package by increasing excise duty by 2% which had marginal impact on demand growth.

The domestic Polystyrene market grew at 8.5%. Your Company during the year under review started concentrating on high end markets where higher growth is envisaged in the coming years. Exports were low due to slow down in European countries and also due to your Company's strategy of exporting only premium grades and to those countries which give better net back.

Demand revival was also seen in Specialty Polystyrene (SPS) business. The domestic sales grew by 36% whereas the export sales grew by 48%. Your Company has plans to exploit the demand potential by adding further lines for SPS including masterbatches.

During the year your Company developed several new grades of special additive masterbatches for both domestic and overseas customers. Your Company also successfully established olefinic compounds for environment friendly lead acid batteries thus replacing imported grades. New range of High Gloss HIPS and Coloured FR HIPS was developed during the year for use in appliances and water filters both for domestic and export markets.

Extruded Polystyrene (XPS) plant became operational from August 2009 and has been stabilised. Commercial supplies have commenced and market development is in progress. Grades using 50% CO₂ have been developed as these are more environment friendly.

Your Company established several grades of Extruded Polystyrene Board for insulation as well as cornices application. Your Company is focusing its marketing efforts for XPS Board not only in the domestic market but also in the countries where insulation of buildings for energy conservation is mandatory. Distribution setup and sales force are being strengthened.

The increased installed capacity of 27700 TPA of Expandable Polystyrene (EPS) at Chennai plant was commissioned on June 1, 2010 after receiving all statutory approvals. Optimum capacity utilization is expected by October 2010. Your Company's EPS product is already well established in the market.

Your Company during the year implemented SAP ERP system. Training of all users is continuing. Once the system is stabilised it will help your Company in better management of inventories, receivables and improve overall operational efficiencies.

OUTLOOK

Polystyrene (PS): The Polystyrene outlook is positive. Three Polystyrene applications are expected to grow exponentially in India in the coming years.

- Domestic Appliances
- Foamed food service ware
- Purified water filters.

Considering the growth in these applications the domestic Polystyrene market is estimated to grow @ 12% during the current year. To cater to the increasing demand of high value premium PS grades like ESCR, High Gloss grades, basic resin for Noryl etc. it is proposed to revamp one of the existing PS lines to increase the production capacity of such grades from 48,000 TPA to 72,000 TPA. This revamp is slated for completion by June, 2011.

Implementation of GST in April 2011 will help bring in efficiencies in distribution thus reducing logistics costs.

EPS: The domestic market grew by about 18% during the year under review. Similar growth is expected in the current year. The domestic market for EPS continues to be good. The thrust areas for EPS market development continue to be:

- Buildings and Construction industry for providing insulation for roofs and walls, for wall panels and sandwich panels.
- Fish boxes and other cold chain requirements as EPS provides effective insulation properties for transportation of perishable goods.
- EPS pallets which are light weight and economical alternative to conventional wooden pallets.
- Packaging of electronic goods and other white goods for which demand growth is very strong.

In view of the estimated growth in the domestic EPS market, your Company is evaluating the viability of further increasing the capacity of the Chennai plant to 33000 TPA.

SPS: Your Company is hopeful of further strengthening its position in SPS business during the year and is confident of achieving 80% growth on year-on-year basis in domestic and export markets. Considering the growth anticipated in the coming years, your Company is augmenting the capacity by installing four more lines for compounding.

XPS : Awareness about insulation in buildings for energy conservation is gaining momentum. Rising energy costs and growing concern about protecting the environment, augurs well for the product. Green building movement spearheaded by IGBC, TERI & Griha are getting well accepted by the building industry in India.

Your Company's product branded as INSUBOARD has got good response from architects and consultants and was used successfully for the Common Wealth Games Village in Delhi.

PROJECTS

Your Company would be incurring a capital expenditure of ₹ 125 crores during 2010-11 on the following capacity building projects and also revamp of PS line as mentioned above.

Cup Grade & EPS at Amdoshi (Maharashtra) : The projects for setting up of 24000 TPA EPS plant at the existing plant site in Maharashtra and 20400 TPA plant for manufacturing Cup



Grade EPS at the plant site in Maharashtra have been taken up simultaneously and is making good progress. Detailed engineering is nearing completion. Civil work commenced from mid November 2009, all major equipment are expected on site by September 2010. Commercial production is expected in the first quarter of 2011.

SPS : Four more lines for compounding are being installed thus enhancing the current capacity to 33,500 TPA by end September, 2010. Further expansion by adding two more lines to increase capacity to 43,800 TPA are scheduled for commissioning by July 2011.

Gas Power Project : Agreements for gas transmission and allocation for the gas engine based Captive Power Plant of 3500 KVA, have been signed with GAIL. Pipelines for gas delivery have been laid at the plant site. The project will be completed by April / May 2011.

Minor Port : The purchase of balance land is currently not progressing due to village opposition to land acquisition by a large industrial house in the vicinity of our site. The issue relating to construction of approach road is also pending with various authorities. Work on our Port project would commence only after the same are resolved.

SEZ : Land acquisition for the Special Economic Zone (SEZ) is progressing well. However, the draft direct tax code proposes to remove the tax incentive to units to be set up in SEZ. Your Company is therefore having a relook at the viability of the SEZ project.

OPPORTUNITIES

The rationalisation of PS capacities all over the world is creating opportunities for your Company in many countries where it is an active participant.

The growing GDP lead rise in standard of living with change in lifestyle and mushrooming of shopping malls has given rise to a spurt in demand for food packaging, white goods, food serveware etc. which consumes PS creating opportunities for your Company to increase its sale of PS.

The increased awareness to bring about energy efficiency and environment protection gives rise to increased consumption of products for hot and cold insulation thereby boosting the consumption of EPS and XPS, both of which are produced by your company.

The availability of gas at the plant site is creating an opportunity for use of gas engines for generating captive power and steam which will act as a buffer against power shortages and help in cost reduction.

THREATS

Low tariff barrier and FTA with various countries pose a threat to your Company by providing opportunities for cheaper imports particularly from ASEAN countries who still have surplus PS capacity.

The growing domestic EPS demand offers a lucrative market for cheaper imports from countries having large EPS manufacturing capacities. The Industry is conscious of these threats and the industry association is keeping a close watch

on such imports and it would take appropriate action, if situation warrants, against such imports as permitted under law.

BUYBACK OF EQUITY SHARES

The offer of buy-back of equity shares at a maximum price of ₹ 14/- per share which commenced on December 31, 2008 closed on December 04, 2009. Your Company has bought back and extinguished 1537907 equity shares reducing the paid-up share capital of your Company from ₹ 9,837.65 Lacs to ₹ 9,683.86 Lacs comprising of 9,68,38,613 equity shares of ₹ 10/- each.

AWARDS & RECOGNITION

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

- Environment Excellence Gold Award 2009 from Green Tech Foundation, New Delhi.
- Suraksha Award 2008 for safety from National Safety Council of India.
- National Safety Award 2009 from Ministry of Labour and Employment.
- Longest accident free period award during the period 2008 – 09 from National Safety Council, Maharashtra Chapter, Mumbai.
- Gold Award 2010 for safety from Green Tech Foundation, New Delhi.

RISK & CONCERNS

PS and EPS are internationally traded commodities and therefore your Company is vulnerable to global market forces. The main raw material Styrene Monomer being wholly imported is subject to global demand/supply and pricing risks. The strategies devised by your Company to minimize these risks include raw material procurement contracts with in built flexibility, focus on sale of niche products, selling prices linked to global Polystyrene prices etc.

Sale in overseas markets is of concern due to changing global economic scenario. However, the effort to develop new customers and countries, strengthening existing partnership by introducing new products etc will mitigate this risk to a large extent.

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. Also your Company hedges its open foreign exchange exposures to avoid impact of foreign exchange rate fluctuations.

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 your Company. Your Company has adequate loss of profit insurance policy to cover loss of gross profit if any, due to interruption. The management periodically reviews the adequacy of the insurance cover.

HUMAN RESOURCES/INDUSTRIAL RELATIONS

Your Company's industrial relations continued 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. As a recruitment strategy, entry level engineering and management candidates 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

Adhering to the principle of Social Responsibility being an internal part of the conduct of business, your Company continued its interaction with and participated in the activities of the neighbouring villages, viz :

- Water supply scheme for drinking water to villages with technical and financial support by your Company.
- Scholarships to meritorious and needy students.
- Financial help for cultural activities.
- Active participation in activities of District Crises Group and National Disaster Management Authority.
- Extending help to local and district authorities for handling off site emergencies such as road accident and fire.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing your Company'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 & 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, 2010. The Directors bring to the Board a wide range of experience and skills

Name of the Director	Category	No. of outside Directorship		No. of Chairpersonship/ Membership in other Board/Committees		No of Shares Held
		Public	Private	Chairperson	Member	
M. P. Taparia	Non-Executive – Promoter/Chairman	7	3	3	—	20100
Rajan B. Raheja	Non-Executive – Promoter	7	38	2	6	300
Aziz Parpia	Non-Executive – Independent	2	3	1	4	43101
B. L. Taparia	Non-Executive – Promoter	3	2	—	1	20100
Satish B. Raheja	Non-Executive – Promoter	3	—	—	2	—
S. J. Taparia	Non-Executive – Promoter	6	2	—	6	20100
Hasmukh Shah	Non-Executive – Independent	6	1	5	2	2800
R. Kannan	Non-Executive – Independent	5	—	1	5	—
M. S. Ramachandran	Non-Executive – Independent	5	1	—	—	—
Nihalchand Chauhan	Non-Executive – Independent	2	1	—	1	—
Viren Raheja	Non-Executive – Alternate Director to Satish B. Raheja	5	74	1	7	200

During the year under review the Board met on 5 occasions i.e. July 29, 2009; October 06, 2009; October 26, 2009; January 25, 2010 and April 23, 2010.

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	4	Yes
Aziz Parpia	Non-Executive – Independent	5	5	Yes
B. L. Taparia	Non-Executive – Promoter	5	5	Yes
Satish B. Raheja	Non-Executive – Promoter	5	—	No
S. J. Taparia	Non-Executive – Promoter	5	5	Yes
Hasmukh Shah	Non-Executive – Independent	5	4	No
R. Kannan	Non-Executive – Independent	5	4	Yes
M. S. Ramachandran	Non-Executive – Independent	5	5	Yes
Nihalchand Chauhan	Non-Executive – Independent	5	5	Yes
Viren Raheja	Non-Executive – Alternate Director to Satish B. Raheja	5	3	No

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 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 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.

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.

During the year under review, the Audit Committee met on 4 occasions i.e. July 29, 2009; October 26, 2009; January 25, 2010 and April 23, 2010.

Members	Category	Meetings held	Meetings Attended
Aziz Parpia	Non-Executive – Independent / Chairman	4	4
S. J. Taparia	Non-Executive – Promoter	4	4
R. Kannan	Non-Executive – Independent	4	4
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, Remuneration Committee met once i.e. on July 29, 2009.

Members	Category	Meetings held	Meetings Attended
Hasmukh Shah	Non-Executive – Independent/Chairman	1	1
Aziz Parpia	Non-Executive – Independent	1	1
S. J. Taparia	Non-Executive – Promoter	1	1
R. Kannan	Non-Executive – 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 (₹)
M. P. Taparia	Non-Executive – Promoter/ Chairman	61,000.00
Rajan B. Raheja	Non-Executive – Promoter	46,000.00
Aziz Parpia	Non-Executive – Independent	1,22,000.00
B. L. Taparia	Non-Executive – Promoter	61,000.00
Satish B. Raheja	Non-Executive – Promoter	–
S. J. Taparia	Non-Executive – Promoter	1,22,000.00
Hasmukh Shah	Non-Executive – Independent	54,000.00
R. Kannan	Non-Executive – Independent	1,14,000.00
M. S. Ramachandran	Non-Executive – Independent	61,000.00
Nihalchand Chauhan	Non-Executive – Independent	1,14,000.00
Viren Raheja	Non-Executive – Alternate Director to Satish B.Raheja	45,000.00
	TOTAL	8,00,000.00

**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	22	22
Rajan B. Raheja	Non-Executive – Promoter	22	15
Aziz Parpia	Non-Executive – Independent	22	22
S. J. Taparia	Non-Executive – Promoter	22	20
Satish B. Raheja	Non-Executive – Promoter	22	—
Viren Raheja	Non-Executive – Alternate Director to Satish B. Raheja	22	19

Compliance Officer : Shri Rakesh Nayyar – Company Secretary.

During the period under review, your Company received 212 complaints including complaints through the Stock Exchanges and the Securities and Exchange Board of India (SEBI) and majority of these complaints were resolved within 30 days. There were NIL pending complaints as on June 30, 2010.

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 03, 2009; October 06, 2009; January 05, 2010 and April 23, 2010.

Members	Category	Meetings held	Meetings Attended
M.P. Taparia	Non-Executive — Promoter/ Chairman	4	4
Rajan B. Raheja	Non-Executive — Promoter	4	4
Aziz Parpia	Non-Executive — Independent	4	4
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. August 13, 2009; October 26, 2009; February 25, 2010 and April 23, 2010.

Members	Category	Meetings held	Meetings Attended
M. P. Taparia	Non-Executive – Promoter/Chairman	4	4
Rajan B. Raheja	Non-Executive – Promoter	4	3
Aziz Parpia	Non-Executive – Independent	4	4
B. L. Taparia	Non-Executive – Promoter	4	4
Satish B. Raheja	Non-Executive – Promoter	4	—
S. J. Taparia	Non-Executive – Promoter	4	4
Viren Raheja	Non-Executive – Alternate Director to Satish B. Raheja	4	4

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 that there were no:
 - (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 July 20, 2010.

10. GENERAL BODY MEETINGS :

Location and time of the last three AGMs held :

Year		Location	Date	Time	Special Resolutions Passed
2006-07	18th	I. M. C., Walchand Hirachand Conference Hall, Mumbai -20	04.10.2007	3.00 p.m.	Yes
2007-08	19th	I. M. C., Walchand Hirachand Conference Hall, Mumbai -20	17.10.2008	4.00 p.m.	No
2008-09	20th	I. M. C., Walchand Hirachand Conference Hall, Mumbai- 20	06.10.2009	4.00 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 employee 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 Business Standard, DNA and Sakal.

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	Hasmukh Shah	Aziz Parpia	M. S. Ramachandran	Rajan B. Raheja
Age (Years)	75	81	65	56
Date of Appointment	18.10.1994	14.12.1989	26.07.2005	14.12.1989
Qualification	B. A.	LLB	B. E. (Mechanical)	B. Com
Experience of specific functional area	Long experience in industry and is the Ex-Chairman of IPCL besides being the Member of the Board of Directors of reputed Companies.	Sr. Solicitor and Advocate with long experience in legal field.	Former Chairman of IOC. Attended Advanced Management Programme from Ashridge Management College in England and IIM in Ahmedabad. Also served as the Executive Director of Oil Co-ordination Committee. One of the foremost authorities on the Oil, Gas and Petrochemical Sector. Inducted into the Hall of Fame at Chemtech Pharma Bio Award Function in April 2005.	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. Over years Shri Rajan B. Raheja has also been dedicating himself to various educational and charitable trusts
Chairman/Director of other Companies	Shaily Engineering Plastics Ltd., Gujarat Gas Co. Ltd., Micro Inks Ltd., Sun Pharmaceuticals Industries Ltd., Atul Ltd., Deepak Nitrite Ltd. and Flexican Bellows & Houses Pvt. Ltd.	SPL Industrial Park Ltd. and SPL Industrial Support Services Ltd.	Bharat Electronics Ltd., ICICI Bank Ltd., Ester Industries Ltd., Gulf Oil Corporation Ltd., Cals Refineries Ltd. and Concord Energy (I) Pte. Ltd. - Singapore	EIH Associated Hotels Ltd., EIH Limited, Exide Industries Ltd., Hathway Cables & Datacom Ltd., ING Vysya Life Insurance Co. Ltd., Juhu Beach Resorts Ltd. and Prism Cement Ltd.



17. GENERAL SHAREHOLDERS INFORMATION :

- Annual General Meeting** : Wednesday, October 06, 2010 at 4.00 p.m. at I. M. C., Walchand Hirachand Conference Hall, Churchgate, Mumbai 400 020
- Period under review** : July 01, 2009 to June 30, 2010.
- Date of Book Closure** : September 22, 2010 to October 06, 2010 (both days inclusive).
- Dividend Payment Date** : October 06, 2010, dividend warrants will be posted on or after October 06, 2010.
- Listing on Stock Exchanges** : The Stock Exchange Bombay and National Stock Exchange of India Limited.
- Stock Code** : Mumbai - 500 405
National Stock Exchange of India Limited - SUPPETRO

(₹)

Market Price Data:	Bombay Stock Exchange		National Stock Exchange	
	High	Low	High	Low
Month/Year				
July 2009	31.00	16.65	29.25	15.80
August 2009	28.90	23.60	29.00	23.80
September 2009	28.25	24.85	28.30	24.85
October 2009	31.05	25.20	31.40	25.25
November 2009	26.80	24.35	27.00	24.05
December 2009	31.85	25.60	32.00	25.10
January 2010	34.50	29.50	33.75	29.00
February 2010	40.30	31.00	40.05	30.95
March 2010	43.75	37.35	43.70	37.50
April 2010	47.10	38.50	47.20	38.20
May 2010	45.25	39.00	45.15	39.15
June 2010	47.35	37.40	47.50	37.50

COMPARISON WITH INDICES :

	July 2009 Opening	June 2010 Closing	% Rise (Fall)
BSE Sensex	14506.43	17700.90	22.02
NSE Nifty	4292.30	5312.50	23.77
SPL Shares	20.25	45.60	125.19

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, 2010)

No. of Equity Shares Held	No. of Shareholders	% of Shareholders	No. of shares	% of Shareholdings
1 - 5000	58994	89.02	9553106	9.86
5001 - 10000	3834	5.79	3309846	3.42
10001 - 20000	1608	2.43	2538557	2.62
20001 - 30000	607	0.92	1579341	1.63
30001 - 40000	216	0.32	793782	0.82
40001 - 50000	284	0.43	1367418	1.41
50001 - 100000	377	0.57	2912125	3.01
100001 & above	346	0.52	74784438	77.23
TOTAL	66266	100.00	96838613	100.00

**CATEGORIES OF SHAREHOLDERS (AS ON JUNE 30, 2010)**

Sr. No.	Category	No. of shares held	% of shareholding
1.	Promoters	57876500	59.76
2.	Mutual Funds and UTI	56783	0.06
3.	Banks, Financial Institutions, Insurance Companies (Central/ State Govt. Institutional/Non-Government Institutions)	27100	0.03
4.	Flls/Foreign Bodies Corporate	174497	0.18
5.	Private Corporate Bodies	7328339	7.57
6.	Indian Public	29136446	30.09
7.	NRIs	2126931	2.20
8.	Others (clearing members)	112017	0.12
	GRAND TOTAL	96838613	100.00

DEMATERIALIZATION 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. 93.10% Shares have been dematerialised upto June 30, 2010.

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

ii) Ammulavoyil Village,
Andrakuppam Post,
Manali New Town,
Chennai - 600 103,
TAMIL NADU.

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.

Shareholders' 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

M. P. Taparia
Chairman

Place : Mumbai
Date : July 20, 2010



AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of
Supreme Petrochem Ltd,

We have examined the compliance of the conditions of corporate governance by Supreme Petrochem Ltd, for the year ended on June 30, 2010 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
Firm Registration No.107528W

Place : Mumbai
Date : July 20, 2010

D.B. Mohini
Partner
Membership No. 5681

AUDITORS' REPORT

TO
THE MEMBERS OF
SUPREME PETROCHEM LIMITED

We have audited the attached Balance Sheet of SUPREME PETROCHEM LIMITED as at June 30, 2010 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 (Auditor's 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)
 - (a) Further to our comments in the Annexure referred to in paragraph (2) above, we report that 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;
 - (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, 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, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on June 30, 2010 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, 2010;
- 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
Firm Registration Number 107528W

D. B. MOHINI
Partner
Membership No.5681

Mumbai
Date : July 20, 2010

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, 2010.

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 contracts or arrangements the particulars of which need to be entered in the register maintained under section 301 of the Companies Act, 1956.
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 in this regard.
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 applicable to it, with the appropriate authorities and no such dues were in arrears, as at June 30, 2010 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, 2010 which have not been deposited on account of any dispute are as under :-

Sr. No.	Statutes	Nature of Dues	Fiscal Year	Amount (₹ Lacs)	Forum where dispute is pending.
1	Bombay Sales Tax	Sales Tax on Consignment stock transfer	2000 - 01	96.07	Maharashtra Sales Tax Tribunal
2	Tamilnadu Commercial Tax	Sales Tax on Free Trade Samples	2005 - 06	0.88	Dy. Commr. (Appeal)
3	Central Excise	a] Valuation in case of related party including: i. penalty of ₹ 209.97 Lacs ii. penalty of ₹ 20 Lacs. iii. penalty of ₹ 5 Lacs b] Supplies against invalidation letters. c] Loading Charges incurred by transporter. d] Refund of Cenvat Credit on inputs used in export. e] Disallowance of Cenvat Credit.	Apr'01 – Dec'07 Jan'08 – Sep'08 Oct'08 – Jun'09 Jul'02 – Jan'06 Apr'96 – Jun'00 Apr'08 – Jun'08 Mar'08 – Jun'09	455.86 53.92 19.27 227.19 11.85 1100.00 72.44	CESTAT Commissioner (Appeal) Appeal being preferred CESTAT CESTAT Commissioner (Appeal) Commissioner (Appeal)
4	Service Tax, 1994	a) Disallowance of Cenvat Credit on Service Tax Inputs. b) Disallowance of Cenvat Credit on Service Tax Inputs.	Apr'03 – Jul'07 Feb'08 – Jul'09	187.75 5.95	Commissioner (Appeal) Commissioner (Appeal)

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 issue 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 the management.

For **PARIKH & SHAH**
Chartered Accountants
Firm Registration Number 107528W

D. B. MOHINI
Partner
Membership No.5681

Mumbai
Date : July 20, 2010



BALANCE SHEET AS AT 30TH JUNE, 2010

	Schedule	As at 30-06-2010 (₹ Lacs)	As at 30-06-2009 (₹ Lacs)
I. SOURCES OF FUNDS :			
1. Shareholders' Funds :			
(a) Capital	1	9,683.86	9,683.86
(b) Reserves and Surplus	2	13,966.84	9,951.95
		<u>23,650.70</u>	<u>19,635.81</u>
2. Loan Funds :			
(a) Secured Loans	3	13,441.16	12,613.52
(b) Unsecured Loans	3	2,069.50	1,158.10
		<u>15,510.66</u>	<u>13,771.62</u>
3. Deferred Tax Liability (Net)			
		<u>4,349.29</u>	<u>4,555.14</u>
	TOTAL	<u><u>43,510.65</u></u>	<u><u>37,962.57</u></u>
II. APPLICATION OF FUNDS :			
1. Fixed Assets :			
(a) Gross Block	4	45,906.27	43,400.80
(b) Less : Depreciation		20,273.73	18,311.69
(c) Net Block		25,632.54	25,089.11
(d) Capital Work-in-Progress		2,907.40	3,320.20
		<u>28,539.94</u>	<u>28,409.31</u>
2. Investments :			
	5	19.99	27.77
3. Foreign Currency Monetary Item Translation Difference (refer note 8 of Schedule 14)			
		12.65	123.03
4. Current Assets, Loans and Advances:			
(a) Inventories	6	14,145.29	10,368.33
(b) Sundry Debtors		23,143.79	15,295.27
(c) Cash and Bank Balances		3,576.70	1,897.22
(d) Loans and Advances		9,078.40	7,186.04
		<u>49,944.18</u>	<u>34,746.86</u>
Less: Current Liabilities and Provisions:			
(a) Current Liabilities	7	32,095.64	22,983.11
(b) Provisions		2,910.47	2,372.00
		<u>35,006.11</u>	<u>25,355.11</u>
Net Current Assets			
		14,938.07	9,391.75
5. Miscellaneous Expenditure : (To the extent not amortised or adjusted)			
	8	—	10.71
	TOTAL	<u><u>43,510.65</u></u>	<u><u>37,962.57</u></u>
Significant Accounting Policies	13		
Notes on Accounts	14		

As per our report attached
For **PARIKH & SHAH**
Chartered Accountants
Firm Registration Number 107528W

D. B. MOHINI
Partner
Membership No. 5681

Mumbai
Date : July 20, 2010

RAKESH NAYYAR
Executive Director
(Finance & Corporate Affairs)
and Company Secretary

M.P. Taparia

Rajan B. Raheja
A. H. Parpia
B. L. Taparia
S. J. Taparia
Hasmukh Shah
M.S. Ramachandran
R. Kannan
Nihalchand Chauhan

Chairman

Directors


PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 2010

	Schedule	2009-2010 (₹ Lacs)	2008-2009 (₹ Lacs)
INCOME:			
Sales & Operating Income	9	172,295.67	150,096.60
Less : Excise Duty		11,024.57	10,600.21
Sales & Operating Income (Net)		161,271.10	139,496.39
Other Income	10	270.93	297.48
		161,542.03	139,793.87
EXPENDITURE:			
Manufacturing and other expenses	11	148,823.43	132,252.14
Interest	12	1,631.91	1,801.20
Depreciation		1,983.88	1,820.86
Amortisation of Miscellaneous Expenditure (refer note 8 of Schedule 14)		84.41	219.74
		152,523.63	136,093.93
Operating Profit		9,018.40	3,699.94
Exceptional Item of (Expenses)/Income		—	(199.37)
Profit before Taxes		9,018.40	3,500.57
Income Tax		3,160.47	1,391.00
Wealth Tax		6.00	7.50
Fringe Benefit Tax		—	33.00
Deferred Tax (refer note 14 of Schedule 14)		(205.86)	135.49
Profit after Taxes		6,057.79	1,933.58
Prior Period Adjustments (refer note 16 of schedule 14)		(13.23)	6.69
Excess/(short) Provision of Taxes for earlier years (Net)		2.93	(21.83)
Balance Brought Forward From Previous Year		1,945.66	2,160.19
Profit Available for Appropriation		7,993.15	4,078.63
Appropriations			
Proposed Dividend		1,743.10	968.39
Corporate Dividend Tax thereon		289.50	164.58
Transfer to General Reserve		2,000.00	1,000.00
Balance carried to Balance Sheet		3,960.55	1,945.66
		7,993.15	4,078.63
Earning per share (₹) (refer note 12 of Schedule 14)			
Basic		6.24	1.96
Diluted		5.87	1.78
Nominal Value of share (₹)		10.00	10.00
Significant Accounting Policies	13		
Notes on Accounts	14		

As per our report attached
For **PARIKH & SHAH**
Chartered Accountants
Firm Registration Number 107528W

D. B. MOHINI
Partner
Membership No. 5681

Mumbai
Date : July 20, 2010

RAKESH NAYYAR
Executive Director
(Finance & Corporate Affairs)
and Company Secretary

M.P. Taparia

Chairman

Rajan B. Raheja
A. H. Parpia
B. L. Taparia
S. J. Taparia
Hasmukh Shah
M.S. Ramachandran
R. Kannan
Nihalchand Chauhan

Directors



SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 30-06-2010 (₹ Lacs)	As at 30-06-2009 (₹ Lacs)
SCHEDULE 1		
SHARE CAPITAL :		
AUTHORISED :		
12,50,00,000 Equity Shares of ₹ 10 each	12,500.00	12,500.00
2,50,00,000 Redeemable Cumulative Preference Shares of ₹ 10 each	2,500.00	2,500.00
TOTAL	15,000.00	15,000.00
ISSUED, SUBSCRIBED AND PAID UP :		
9,68,38,613 Equity Shares of ₹ 10 each	9,683.86	9,683.86
TOTAL	9,683.86	9,683.86
SCHEDULE 2		
RESERVES AND SURPLUS		
Capital Redemption Reserve :		
Balance as per the last Balance Sheet	1,529.79	1,376.00
Add: Transfer from Share Premium for Buy Back of shares	—	99.77
Add: Transfer from General Reserve for Buy Back of shares	—	54.02
	1,529.79	1,529.79
Share Premium :		
Balance as per the last Balance Sheet	—	99.77
Less : Transfer to Capital Redemption Reserve on Buy Back of shares	—	99.77
	—	—
General Reserve :		
Balance as per the last Balance Sheet	6,476.50	5,428.14
Less : Transfer to Capital Redemption Reserve on Buy Back of shares	—	54.02
Less : Utilised for Premium paid on Buy Back of shares	—	40.19
Add : Transfer from Foreign Currency Monetary Item Translation Difference	—	142.57
Add : Transferred from Profit & Loss Account	2,000.00	1,000.00
	8,476.50	6,476.50
Profit and Loss Account:	3,960.55	1,945.66
TOTAL	13,966.84	9,951.95
SCHEDULE 3		
(A) SECURED LOANS :		
FROM BANKS :		
	NOTES	
(a) Working Capital Loans	1	—
(b) Rupee Term Loans	2	12,184.95
(c) Foreign Currency Term Loan	2	1,256.21
		13,441.16
		12,613.52



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 Amdoshi plant site.
- Rupee and Foreign Currency Term Loans from 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 Amdoshi plant site (except for Corporate Term Loan of ₹ 4,500 Lacs from State Bank of India, which is secured by an english mortgage) and by hypothecation of movable assets(except book debts) subject to prior charge in favour of Company's Bankers for working capital facilities. (except ECB borrowings of US \$ 5 mio equivalent to ₹ 2,150 Lacs (balance outstanding as on 30-06-2010 ₹ 633.48 Lacs) from ICICI Bank (U.K.) Ltd which is secured by first charge on the company's movable and immovable assets) Creation of mortgage for securing Term Loan of ₹ 7,500 Lacs (balance outstanding as on 30-06-2010 ₹ 4,250.00 Lacs) availed from the Karur Vysya Bank Ltd. and Term Loan of ₹ 3,500 Lacs (balance outstanding as on 30-6-2010 ₹ 698.00 Lacs) availed from Axis Bank Ltd. is pending.

(B) UNSECURED LOANS :

Fixed Deposits	2,069.50	1,158.10
TOTAL	2,069.50	1,158.10

SCHEDULE 4

FIXED ASSETS

(₹ Lacs)

Particulars	GROSS BLOCK (COST)				DEPRECIATION				NET BLOCK	
	As at 30-06-2009	Additions/ Adjustments During the Year	Deductions/ Adjustments During the Year	As at 30-06-2010	Upto 30-06-2009	Provided During the Year	Deductions/ Adjustments During the Year	Upto 30-06-2010	As at 30-06-2010	As at 30-06-2009
Land (Freehold)	2,573.31	—	1.16	2,572.15	—	—	—	—	2,572.15	2,573.31
Buildings	9,834.62	816.61	2.22	10,649.01	2,348.48	267.13	0.55	2,615.06	8,033.95	7,486.14
Plant & Machinery	30,129.83	1,273.22	23.20	31,379.85	15,457.40	1,631.38	—	17,088.78	14,291.07	14,672.43
Office Equipments	189.22	14.27	0.75	202.74	76.42	11.58	0.15	87.85	114.89	112.80
Computers	231.42	398.76	7.82	622.36	148.23	50.07	7.68	190.62	431.74	83.19
Air-conditioners	57.86	2.66	5.11	55.41	26.72	2.71	3.45	25.98	29.43	31.14
Vehicles	128.33	40.73	15.32	153.74	50.85	10.70	10.01	51.54	102.20	77.48
Furniture & Fixtures	256.21	14.80	—	271.01	203.59	10.31	—	213.90	57.11	52.62
TOTAL	43,400.80	2,561.05	55.58	45,906.27	18,311.69	1,983.88	21.84	20,273.73	25,632.54	25,089.11
PREVIOUS YEAR	39,562.30	3,872.34	33.84	43,400.80	16,519.94	1,820.86	29.11	18,311.69	25,089.11	

Notes :

- Buildings include ₹ 398.45 Lacs (previous year ₹ 400.67 Lacs) being cost of premises in Co-operative Societies including cost of Shares of the face value of ₹ 0.04 Lacs (Previous year ₹ 0.04 Lacs).
- Additions/Deductions to Plant & Machinery includes net deduction of ₹ 23.20 Lacs (previous year net addition of ₹ 258.25 Lacs) on account of decrease in rupee liability for repayment consequent upon fluctuation in exchange rates in respect of foreign currency loans.
- Deduction/adjustments include assets scrapped.
- Revaluation of free hold land (of erstwhile SPL Polymers Ltd.) at Chennai was carried out as at June 30, 2003 and as at June 30, 2005 enhancing the value by ₹ 402.53 Lacs.



	Face Value	Nos	As at 30-06-2010 (₹ Lacs)	Nos	As at 30-06-2009 (₹ Lacs)
SCHEDULE 5					
INVESTMENTS (AT COST) :					
QUOTED : LONG TERM :					
NON-TRADE :					
In Shares :					
In fully Paid up Equity Shares :					
Finolex Industries Ltd.	10	15000	10.11	26000	17.42
Suraj Diamonds (India) Ltd.	10	—	—	500	0.47
			<u>10.11</u>		<u>17.89</u>
UNQUOTED : LONG TERM :					
NON-TRADE :					
In Shares :					
Investment in Subsidiary Companies :					
In fully Paid up Equity Shares :					
SPL Industrial Park Ltd	10	49400	4.94	49400	4.94
SPL Industrial Support Services Ltd	10	49400	4.94	49400	4.94
			<u>9.88</u>		<u>9.88</u>
TOTAL			<u>19.99</u>		<u>27.77</u>
Market Value of Quoted Investments			<u>12.48</u>		<u>12.77</u>

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

Sr. No.	Name of the Fund	No. of Units	Cost Price (₹ Lacs)
1.	ING Liquid Fund Institutional – Daily Dividend Option	96145354	9,619.15
2.	DWS Insta Cash Plus Fund – Super Inst. Plan Daily Dividend	21978771	2,205.09
3.	DWS Ultra Short Term Fund - Daily Dividend Reinvestment	9179976	601.45
4.	SBI Premier Liquid Fund – Institutional – Daily Dividend	16128714	2,701.61
5.	Reliance Liquidity Fund-Daily Dividend Reinvestment Option	155140435	15,519.43
6.	IDFC Cash Fund Super Institutional Plan Daily Dividend Reinvestment	14090774	1,409.43
7.	LIC Liquid Fund Daily Dividend Reinvestment Plan	651830882	71,571.68
8.	UTI Liquid Fund Cash Plan Institutional Plan Dividend	3928820	40,052.17
9.	HDFC Liquid Fund Dividend Reinvestment Plan	25383947	3,112.02
10.	Birla Sun Life Cash Plus Plan Daily Dividend Reinvestment	16988239	1,702.14
11.	DSP Black Rock Bond Fund Institutional Plan Daily Dividend Reinvestment	260465	2,605.47
12.	ICICI Prudential Liquid Supre Institutional Plan Daily Dividend Reinvestment	1007792	1,008.01
	TOTAL	1012064169	1,52,107.65

	As at 30-06-2010 (₹ Lacs)	As at 30-06-2009 (₹ Lacs)
SCHEDULE 6		
CURRENT ASSETS, LOANS AND ADVANCES :		
CURRENT ASSETS :		
(a) INVENTORIES :		
(As taken, valued and certified by the Management)		
Stores & Spares	964.15	803.24
Fuel	39.27	21.06
Stock - in - Trade :		
Raw Materials and Packing Materials	6,176.64	5,427.20
Traded Goods	753.21	638.03
Stock-in-Process	38.29	368.28
Finished goods	6,173.73	3,110.52
	<u>14,145.29</u>	<u>10,368.33</u>

SCHEDULE 6. (Contd.)

	As at 30-06-2010 (₹ Lacs)	As at 30-06-2009 (₹ Lacs)
(b) SUNDRY DEBTORS :		
(Unsecured-Considered Good)		
Over Six Months	348.11	189.94
Others	22,795.68	15,107.23
	23,143.79	15,297.17
Less : Provision for doubtful debts	—	1.90
	23,143.79	15,295.27
(c) CASH AND BANK BALANCES :		
Cash on hand	36.79	9.66
Bank Balances:		
With Scheduled Banks:		
In Current & Cash Credit Accounts	3,286.93	1,661.89
In Fixed Deposits and Margin Money	252.98	225.67
	3,576.70	1,897.22
(d) LOANS AND ADVANCES :		
(Unsecured - Considered Good)		
Advances recoverable in cash or in kind or for value to be received	9,077.97	7,185.61
Advances to Subsidiary Company	0.43	0.43
	9,078.40	7,186.04
TOTAL	49,944.18	34,746.86

SCHEDULE 7

CURRENT LIABILITIES AND PROVISIONS :

(a) CURRENT LIABILITIES :

Acceptances	26,543.16	18,999.30
Sundry Creditors	5,396.78	3,954.35
Interest Accrued but not due on Loans	155.70	29.46
	32,095.64	22,983.11

(b) PROVISIONS :

Taxation (Net of Advance Tax & TDS)	472.75	864.00
Provision for Retirement Benefits	405.12	375.03
Proposed Dividend	1,743.10	968.39
Dividend Tax on Proposed Dividend	289.50	164.58
	2,910.47	2,372.00
TOTAL	35,006.11	25,355.11

SCHEDULE 8

MISCELLANEOUS EXPENDITURE :

(To the extent not amortised or adjusted)

Loan Restructuring Fees	—	10.71
TOTAL	—	10.71


SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

	2009-2010 (₹ Lacs)	2008-2009 (₹ Lacs)
SCHEDULE 9		
SALES & OPERATING INCOME :		
Sales including Excise Duty	1,71,357.86	1,48,860.38
Other Operating Income	937.81	1,236.22
TOTAL	1,72,295.67	1,50,096.60
SCHEDULE 10		
OTHER INCOME :		
Dividend (Gross)	198.38	258.50
Profit on Sale of Fixed Assets (Net)	6.48	(3.73)
Gain on redemption of Mutual Fund securities	0.35	0.41
Miscellaneous Income	65.72	42.30
TOTAL	270.93	297.48
SCHEDULE 11		
1. Raw Materials (Including Packing Materials) Consumed	93,077.59	88,191.26
2. Goods for Re-Sale	47,415.53	33,318.30
3. Stores and Spares Consumed	431.98	544.66
4. Power and Fuel	2,208.02	1,710.57
5. Labour Charges	5.53	4.21
6. Employees' Remuneration and Benefits : Salaries, Wages, Bonus, Gratuity etc.	1,650.30	1,250.47
Contribution to Provident Fund and Other Funds	127.86	119.43
Staff Welfare Expenses	80.31	69.67
	1,858.47	1,439.57
7. Rent, Rates and Taxes	332.12	232.75
8. Repairs : Buildings	66.91	35.91
Machinery	158.09	110.80
Others	155.87	130.55
	380.87	277.26
9. Directors' Fees	8.00	4.16
10. Insurance	338.46	251.25
11. Commission on Sales	736.79	835.13
12. Carriage Outward	2,648.98	2,492.45
13. Loss on Sale of Investments (net)	0.19	—
14. Other Expenses	1,900.59	1,823.57
15. Bad debts Written Off	—	47.40
16. a. Increase / (Decrease) in excise duty included in opening and closing stock of finished goods	213.53	(404.18)
b. (Increase) / Decrease in work in process and finished goods *Stocks on 01.07.2009 :		
Stock-in-Process	368.28	378.66
Finished Goods	3,110.52	4,583.92
	3,478.80	4,962.58
Stocks on 30.06.2010 :		
Stock-in-Process	38.29	368.28
Finished Goods	6,173.73	3,110.52
	6,212.02	3,478.80
	(2,733.22)	1,483.78
TOTAL	1,48,823.43	1,32,252.14

* Includes Trial Run Stocks Transfer

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

	2009-2010 (₹ Lacs)	2008-2009 (₹ Lacs)
SCHEDULE 12		
INTEREST		
On Term Loans and Fixed Deposits	1,330.61	906.25
Others	458.89	1,236.59
	1,789.50	2,142.84
Less: Interest Received		
On Fixed Deposits With Banks	9.66	91.11
On Overdue payments from Debtors	117.82	239.92
Others	30.11	10.61
	157.59	341.64
TOTAL	1,631.91	1,801.20

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 as under :

- (a) Raw materials (including packing materials) and traded goods are valued at cost (on weighted average basis) or net realizable value whichever is lower.
- (b) Stores and spares are valued at cost (on weighted average basis).
- (c) Stock in process is valued at cost (on weighted average basis) of raw materials.
- (d) Finished goods are valued at cost (on weighted average basis) or net realizable value whichever is lower. Cost for this purpose includes direct materials, direct labour and appropriate overheads.

6. FOREIGN CURRENCY TRANSACTIONS

- a) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction.
- b) In case of items which are covered by forward exchange contracts, the premium or discount arising at the inception of such contract is amortised as expense or income over the life of the contract. Any profit or loss arising on cancellation or renewal of such contract is recognized as income or expense of the period in which it arises.
- c) Any income or expense on account of exchange difference either on settlement or on translation is recognised in the Profit & Loss account except as mentioned in para (d) below.



d) Exchange differences on translation or settlement of long term foreign currency monetary items (i.e whose terms of settlement exceeds twelve months from date of its origination) at rates different from those at which they were initially recorded or reported in the previous financial statements, in so far as it relates to acquisition of depreciable assets are adjusted to the cost of the assets and to be depreciated as per 3 above. In other cases, these are accumulated in "Foreign Currency Monetary Item Translation Difference Account" and amortised by recognition as income or expense in each period over the balance term of such items till settlement occurs but not beyond March 31, 2011. (Refer Note 8 in Notes to Accounts - Schedule 14).

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

Styrenics is the primary business segment of the Company. 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 :

- (a) Current Income Tax and Wealth Tax have been accounted as per payable method.
- (b) 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

	2009-2010 (₹ Lacs)	2008-2009 (₹ Lacs)
1] Contingent liabilities not provided for in respect of :		
i) Estimated value of contracts remaining to be executed on capital accounts and not provided for :	1,957.08	359.02
ii) Letters of Credit opened by Bankers and outstanding at the year end	11,868.95	6,744.08
iii) Bills discounted but not matured	8,156.92	6,479.56
iv) Counter guarantees given to Banks against Banks' guarantees to Customs/ Sales Tax	468.93	315.82
v) Excise / Service Tax matters under dispute	3,999.28	1,737.51
vi) Sales Tax matter under dispute	99.56	97.00
vii) Other Claims	71.31	71.31

2] 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)	1,45,962 (1,51,637)
Speciality Polystyrene	47,000 (47,000)	25,000 (17,000)	13,650 (9,537)
Expandable Polystyrene	1,50,000 (1,50,000)	27,700 (6,000)	10,019 ** (4,321)
XPS	5,000 (5,000)	5,000 (—)	189 (—)

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

** Includes trial run production.

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

[B] The Department of Company Affairs, Government of India vide its Order dated 25.06.2010 issued under section 211(4) of the Companies Act, 1956 has granted exemption as allowed in the past 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 :

	%	2009-10 (₹ Lacs) Value	%	2008-2009 (₹ Lacs) Value
Imported	93.78	87,283.87	94.80	83,608.35
Indigenous	6.22	5,793.72	5.20	4,582.91
	100.00	93077.59	100.00	88191.26
ii) Stores and Spares :				
Imported	9.45	40.81	12.71	69.25
Indigenous	90.55	391.17	87.29	475.41
	100.00	431.98	100.00	544.66



	2009-10 (₹ Lacs)	2008-2009 (₹ Lacs)
[D] CIF Value of Imports :		
Raw Materials	1,27,511.88	1,10,513.27
Stores & Spares	67.87	63.29
Capital Goods	—	37.65
[E] Expenditure in Foreign Currency :		
1. Interest	201.28	450.43
2. Membership & Subscription	10.74	7.11
3. Seminar, Training, Exhibition & Product Development	5.45	11.06
4. Travelling Expenses	11.41	16.81
5. Freight	—	509.26
6. Commission	185.24	221.28
7. Technical knowhow fees	142.84	67.92
8. Bank Charges	32.51	42.22
[F] Income in Foreign Currency :		
FOB Value of Exports	34303.82	36532.31
3] Miscellaneous expenses include :		
Remuneration to Auditors		
As Auditors	11.50	10.00
For Certification	1.62	1.53
For Consultancy	2.00	1.70
Service Tax	1.40	1.64
TOTAL	16.52	14.87
4] Tax deducted at source on Income :		
Interest	5.71	15.51
Others	5.28	1.85
5] Exchange differences including on the Term Loans [except as mentioned in note no.8] recorded under other expenses by credit/(debit) in the Profit and Loss account (Net).	(271.33)	(4921.93)
6] Managerial Remuneration		
To Manager :		
Salary	59.51	50.03
Contribution to PF and other funds	12.02	9.74
Perquisites	1.03	—
TOTAL	*72.56	59.77

* For the period of ten months (i.e from 01.09.09) as Shri N. Gopal is appointed as manager therefrom.

7] Styrenics is the primary business segment of the Company. The secondary segment is geographical, which is given as under:

(a) Revenue	2009-10	2008-2009
	(₹ Lacs)	(₹ Lacs)
Sales (net of Excise Duty) & Operating Income		
Within India	1,23,948.47	1,01,133.18
Outside India	37,322.63	38,363.21
TOTAL	1,61,271.10	1,39,496.39

[b] All the Assets of the Company except the debtors amounting to ₹ 4,065.37 Lacs (30.06.2009 - ₹ 1,659.73 Lacs) are within India.

8] The Company had chosen to exercise the option pursuant to the amendment dated March 31, 2009 in the Accounting Standard (AS-11) "The Effects of Changes in Foreign Exchange Rates" in the preparation of its financial statements from the year ended 30th June, 2009. Accordingly foreign exchange differences adjusted against Assets or accumulated in a "Foreign Currency Monetary Item Translation Difference Account" (FCMITDA) and the balance amount in FCMITDA to be amortised in the future periods are as under:

a] Impact of adjustments made: (₹ Lacs)

Exchange (Gain)/ Losses	Adjustments against Assets	FCMITDA	Total
Profit and Loss Account :			
For the year ended 30.06.2010	(23.20)	(36.68)	(59.88)

b] Amount of (Gain)/ Loss to be amortised to Profit and Loss Account, in future period :

July 2010 to March 2011 : ₹ 12.65 Lacs

9] As per Accounting Standard 15, the disclosure of Employee benefits as defined therein are given below :

A. Gratuity :

I. Assumptions :

Discount Rate Previous Year	7.75%
Discount Rate Current Year	8.00%
Rate of Return on Plan Assets Previous Year	7.75%
Rate of Return on Plan Assets Current Year	8.00%
Salary Escalation Previous Year	7.00%
Salary Escalation Current Year	7.00%

II. Table Showing Change in Benefits Obligation : (₹ Lacs)

Liability at the beginning of the year	158.32
Interest cost	12.27
Current Service cost	22.30
Benefits Paid	(5.29)
Actuarial (gain)/ loss on obligations	(45.18)
Liability at the end of the year	189.57

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	5.29
Benefits Paid	(5.29)
Actuarial gain/(loss) on Plan Assets	—
Fair value of Plan Assets at the end of the year	—



(₹ 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	(45.18)
Actuarial gain/(loss) on Plan Assets	—
Total Actuarial (Gain)/Loss to be recognized	(45.18)
VI. Amount Recognised in the Balance Sheet :	
Liability at the end of the year	189.57
Fair value of Plan Assets at the end of the year	—
Difference	189.57
Amount Recognised in the Balance Sheet	189.57
VII. Expenses Recognised in the Income Statement	
Current Service Cost	22.30
Interest Cost	12.27
Expected Return on Plan Assets	—
Net Actuarial (gain)/ loss to be recognized	(45.18)
Expense recognized in Profit & Loss	36.54
VIII. Amount Recognised in the Balance Sheet	
Opening net liability	158.32
Expense as above	36.54
Employers Contribution paid	(5.29)
Closing Net Liability	189.57

B. Leave Encashment

The valuation of Leave Encashment has been done on exit as well as avilment 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

10] 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.

b) Transactions with Related Parties

(₹ Lacs)

Sr. No.	Nature of Transactions*	Year	Promoters	Key Management Personnel	Subsidiaries
1	Sales of Goods (Net)	2009-10	3,420.74	—	—
		2008-09	1,133.21	—	—
2	Purchase of Goods	2009-10	169.26	—	—
		2008-09	164.18	—	—
3	Purchase of other items	2009-10	1.72	—	—
		2008-09	0.88	—	—
4	Reimbursement of Expenses Paid/(Received)	2009-10	35.19	—	—
		2008-09	58.39	—	—
5	Dividend Paid on Equity Shares	2009-10	578.73	0.16	—
		2008-09	578.73	0.16	—
6	Remuneration Paid	2009-10	—	72.56	—
		2008-09	—	59.77	—
7	Balance Receivable	2009-10			
A	Sales of Goods	30th June 2010	602.93	—	—
		30th June 2009	663.08	—	—
B	Others	30th June 2010	—	—	0.43
		30th June 2009	—	—	0.43
8	Balance Payable	2009-10			
A	Purchase of goods	30th June 2010	4.97	—	—
		30th June 2009	5.87	—	—

* All Transactions are on commercial basis at market rates

11] Leasing - Operating Lease	2009-2010	2008-2009
	(₹ Lacs)	(₹ Lacs)
a. Obligations on non cancellable leases		
i) Not later than one year.	139.06	208.02
ii) Later than one year and not later than five years.	—	137.32
iii) Later than five years.	—	—
b. Lease rental expenses in respect of operating lease.	290.36	142.45
c. Contingent rent recognised in Profit & Loss account.	—	—
12] Earnings per share (EPS)		
Profit after tax	6,047.50	1918.44
Number of equity shares at the beginning of the year.	96838613	98376520
Number of equity shares at the end of the year.	96838613	96838613
Weighted average number of shares outstanding for basic EPS during the year.	96838613	97890665
Basic earning per share (Rupees)		
(Face value - ₹ 10/- per share)	6.24	1.96
Profit after tax for computing Diluted EPS	6,059.16	2,007.64
Weighted average number of shares for computing Diluted EPS during the year.	103173386	111602126
Diluted earning per share (Rupees)		
(Face value - ₹ 10/- per share)	5.87	1.78



13] 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.

14] 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 30.06.2010	As at 30.06.2009
Deferred Tax Assets		
Other items	<u>154.30</u>	<u>170.60</u>
TOTAL	<u>154.30</u>	<u>170.60</u>
Deferred Tax Liabilities		
Depreciation	<u>4,499.39</u>	4,680.28
Other items	<u>4.20</u>	<u>45.46</u>
TOTAL	<u>4,503.59</u>	<u>4,725.74</u>
Net Deferred Tax Liabilities / (Assets)	4,349.29	4,555.14

15] 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.

16] Prior period adjustments include expenses ₹ 13.23 Lacs (previous year ₹ 15.76 Lacs) and income ₹ NIL (Previous year ₹ 22.45 Lacs).

17] Debtors/Creditors balances are subject to confirmation.

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

19] Previous year's figures are regrouped, wherever necessary.

Signature to Schedule '1' to '14'

As per our report attached
For **PARIKH & SHAH**
Chartered Accountants
Firm Registration Number 107528W
D. B. Mohini
Partner
Membership No.5681
Mumbai
Date : July 20, 2010

RAKESH NAYYAR
Executive Director
(Finance & Corporate Affairs)
& Company Secretary

M. P. Taparia	Chairman
Rajan B. Raheja	} Directors
A. H. Parpia	
B. L. Taparia	
S. J. Taparia	
Hasmukh Shah	
M. S. Ramachandran	
R. Kannan	
Nihalchand Chauhan	

CASH FLOW FOR THE YEAR : 2009-2010

	₹ Lacs Year ended Jun 30, 2010	₹ Lacs Year ended Jun 30, 2009
A. Cash Flow from Operating activities		
Net Profit before tax	9,018.40	3,699.94
Adjustment for :		
Depreciation	1,983.88	1,820.86
Miscellaneous Expenditure	84.41	219.74
Investment Income	(356.14)	(600.56)
Interest and Finance Charges	1,789.50	2,142.84
Profit on sale of Fixed Assets	(6.48)	3.73
(Expenses)/Income Related to Earlier Year	(13.23)	5.00
Operating profit before working capital changes	12,500.34	7,291.55
Adjustment For :		
Trade & Other receivables	(9,740.88)	(76.50)
Inventories	(3,776.96)	(1,999.24)
Trade Paybles & Other Provision	9,016.38	1,523.99
Foreign Currency Monetary Item Translation Difference	36.68	(157.35)
Cash generated from operations	8,035.56	6,582.45
Exceptional items	—	(199.37)
	8,035.56	6,383.08
Direct tax paid	(3,554.79)	(942.71)
Cash generated from operations	4,480.77	5,440.37
Net Cash from Operating activities (A)		
B. Cash Flow from Investing activities		
Purchase of Fixed Assets	(2,148.22)	(3,490.26)
Sale of Fixed Assets	40.19	2.68
Gain on redemption of Mutual Fund / Sale of Investments	7.94	0.41
Interest received	157.59	341.64
Dividend Received	198.39	258.51
Purchase of Investment	—	—
Net cash used in investing activities (B)	(1,744.11)	(2,887.02)
C. Cash Flow from Financing activities		
Buy Back of Shares	—	(153.79)
Premium on Buy Back of Shares	—	(40.19)
Interest Paid	(1,663.25)	(2,174.36)
Dividend & Dividend Tax Paid	(1,132.97)	(1,150.96)
Proceeds from borrowings	1,739.04	(201.01)
Net cash from financing activities (C)	(1,057.18)	(3,720.31)
Net Change in cash & cash equivalents (A)+(B)+(C)	1,679.48	(1,166.96)
Opening balance of Cash & Cash equivalents	1,897.22	3,064.18
Add : Adjustments on account of Amalgamation of Subsidiary	—	—
Closing balance of Cash & Cash equivalents	3,576.70	1,897.22

As per our report attached

For **PARIKH & SHAH**

Chartered Accountants

Firm registration Number 1075528W

D. B. Mohini

Partner

Membership No.5681

Mumbai

Date : July 20, 2010

Rakesh Nayyar

Executive Director

(Finance & Corporate Affairs)
and Company Secretary

M. P. Taparia

Chairman

Rajan B. Raheja

A. H. Parpia

B. L. Taparia

S. J. Taparia

Hasmukh Shah

M. S. Ramachandran

R. Kannan

Nihalchand Chauhan

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 2010

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

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

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

a) Total Liabilities	43,51,065
b) Total Assets	43,51,065

Sources of Funds

a) Paid-up capital	9,68,386
b) Reserves and Surplus	13,96,684
c) Secured Loans	13,44,116
d) Unsecured Loans	2,06,950
e) Deferred Tax Liability (Net)	4,34,929

Application of Funds

a) Net Fixed Assets	28,53,994
b) Investments	1,999
c) Net Current Assets	14,93,807
d) Miscellaneous Expenditure	1,265
e) Accumulated Losses	NIL

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

a) Turnover (including other income)	1,61,54,203
b) Total Expenditure	1,52,52,363
c) Profit before tax after extra ordinary items	9,01,840
d) Profit after Tax	6,04,749
e) Earnings Per Share (in Rupees)	6.24
f) Dividend Rate (%)	18

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

Item Code No.	(ITC Code)	Product Description
39031909		Polystyrene
39031100		Expandable Polystyrene

For and on behalf of the Board

M. P. Taparia
Chairman

Place : Mumbai
Date : July 20, 2010



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

Sr. No.	Name of the Subsidiary Company	SPL Industrial Park Limited	SPL Industrial Support Services Limited
1.	Financial year of the Subsidiary ended on	March 31, 2010	March 31, 2010
2.	Holding Company's Interest:		
	i) Equity Shares of ₹ 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 Company.	NIL	NIL
	(b) Not dealt with in the accounts of the Holding Company	₹ (16,244)	₹ (13,047)
	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	₹ (80,062)	₹ (63,487)
4.	Information pursuant to Section 212(5) of the Companies Act, 1956	NIL	NIL

M. P. Taparia Chairman

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

Rajan B. Raheja
A. H. Parpia
B. L. Taparia
S. J. Taparia
Hasmukh Shah
M. S. Ramachandran
R. Kannan
Nihalchand Chauhan

Directors

Mumbai
Date : July 20, 2010

**Summarised statement of Financials of subsidiary Compaies pursuant to
Approval u/s. 212(8) of the Companies Act 1956 as on 30.06.2010**

(₹ Lacs)

Name of Subsidiary	SPL Industrial Park Ltd.	SPL Industrial Support Services Ltd.
Capital	5.00	5.00
Reserves	—	—
Total Assets	5.00	5.00
Total Liabilities	5.00	5.00
Details of Investments	—	—
Turnover	—	—
Profit/(Loss) before Taxation	(0.16)	(0.13)
Provision for Taxation	—	—
Profit/(Loss) after Taxation	(0.16)	(0.13)
Proposed Dividend	—	—



AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF SUPREME PETROCHEM LTD

We have audited the attached Consolidated Balance Sheet of SUPREME PETROCHEM LIMITED ("the Company") and its subsidiaries, SPL INDUSTRIAL PARK LIMITED and SPL INDUSTRIAL SUPPORT SERVICES LIMITED collectively referred to as "the Group", as at 30th June 2010, and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. 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 test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. We did not audit the Financial Statements of subsidiaries, SPL INDUSTRIAL PARK LIMITED and SPL INDUSTRIAL SUPPORT SERVICES LIMITED whose financial statements reflect total assets of ₹ 9.02 Lacs as at 31st March, 2010 and total revenues of ₹(0.30) Lacs for the year ended on that date. These financial statements have been audited by other auditors, whose reports have been furnished to us, and our opinion is so far as it relates to the amounts included in respect of these subsidiaries, are based solely on report of the other auditors.
3. We report that the Consolidated Financial Statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, issued by The Institute of Chartered Accountants of India.
4. Based on our audit of SUPREME PETROCHEM LIMITED, and on consideration of the report of other auditors on the Financial Statements of subsidiaries, SPL INDUSTRIAL PARK LIMITED and SPL INDUSTRIAL SUPPORT SERVICES LIMITED and to the best of our information and according to the explanations given to us, we are of the opinion that the Consolidated Financial Statements read together with Notes thereon, give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a. in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 30th June 2010;
 - b. in the case of the Consolidated Profit and Loss Account of the Profit of the Group for the year ended on the date; and
 - c. in the case of the Consolidated Cash Flow Statement, of the Cash Flows of the Group for the year ended on that date.

For **PARIKH & SHAH**
Chartered Accountants
Firm Registration Number.107528W

D. B. MOHINI
Partner
Membership No.5681

Place : Mumbai
Date : July 20, 2010

CONSOLIDATED BALANCE SHEET AS AT 30TH JUNE, 2010

	Schedule	As at 30-06-2010 (₹ Lacs)	As at 30-06-2009 (₹ Lacs)
I. SOURCES OF FUNDS :			
1. Shareholders' Funds :			
(a) Capital	1	9,683.86	9,683.86
(b) Reserves and Surplus	2	13,965.10	9,950.52
		<u>23,648.96</u>	<u>19,634.38</u>
2. Loan Funds :			
(a) Secured Loans	3	13,441.16	12,613.52
(b) Unsecured Loans	3	2,069.50	1,158.10
		<u>15,510.66</u>	<u>13,771.62</u>
3. Minority Interest		0.10	0.10
4. Deferred Tax Liability (Net)		4,349.29	4,555.14
TOTAL		<u>43,509.01</u>	<u>37,961.24</u>
II. APPLICATION OF FUNDS :			
1. Fixed Assets :	4		
(a) Gross Block		45,906.27	43,400.80
(b) Less : Depreciation		20,273.73	18,311.69
(c) Net Block		25,632.54	25,089.11
(d) Capital Work-in-Progress		2,907.40	3,320.20
		<u>28,539.94</u>	<u>28,409.31</u>
2. Investments :	5	10.11	17.89
3. Foreign Currency Monetary Item Translation Difference (refer note 8 of Schedule 13)		12.65	123.03
4. Current Assets, Loans and Advances :	6		
(a) Inventories		14,145.29	10,368.33
(b) Sundry Debtors		23,143.79	15,295.27
(c) Cash and Bank Balances		3,585.71	1,906.57
(d) Loans and Advances		9,077.97	7,185.61
		<u>49,952.76</u>	<u>34,755.78</u>
Less: Current Liabilities and Provisions :	7		
(a) Current Liabilities		32,095.97	22,983.48
(b) Provisions		2,910.48	2,372.00
		<u>35,006.45</u>	<u>25,355.48</u>
Net Current Assets		14,946.31	9,400.30
5. Miscellaneous Expenditure : (To the extent not amortised or adjusted)	8	—	10.71
TOTAL		<u>43,509.01</u>	<u>37,961.24</u>
Notes on Accounts	13		

As per our report attached
For **PARIKH & SHAH**
Chartered Accountants
Firm Registration Number 107528W

D. B. MOHINI
Partner
Membership No. 5681

Mumbai
Date : July 20, 2010

RAKESH NAYYAR
Executive Director
(Finance & Corporate Affairs)
and Company Secretary

M. P. Taparia	}	Chairman
Rajan B. Raheja		Directors
A. H. Parpia		
B. L. Taparia		
S. J. Taparia		
Hasmukh Shah		
M. S. Ramachandran		
R. Kannan		
Nihalchand Chauhan		



CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 2010

	Schedule	2009-2010 (₹ Lacs)	2008-2009 (₹ Lacs)
INCOME:			
Sales & Operating Income	9	1,72,295.67	1,50,096.60
Less : Excise Duty		11,024.57	10,600.21
Sales & Operating Income (Net)		1,61,271.10	1,39,496.39
Other Income	10	270.93	297.48
		1,61,542.03	1,39,793.87
EXPENDITURE:			
Manufacturing and other expenses	11	1,48,823.73	1,32,252.49
Interest	12	1,631.91	1,801.20
Depreciation		1,983.88	1,820.86
Amortisation of Miscellaneous Expenditure (refer note 6 of Schedule 13)		84.41	219.74
		1,52,523.93	1,36,094.28
Operating Profit		9,018.10	3,699.59
Exceptional Item of (Expenses)/Income		—	(199.37)
Profit before Taxes		9,018.10	3,500.22
Income Tax		3,160.47	1,391.00
Wealth Tax		6.00	7.50
Fringe Benefit Tax		—	33.00
Deferred Tax (refer note 11 of Schedule 13)		(205.86)	135.49
Profit after Taxes		6,057.49	1,933.23
Prior Period Adjustments (refer note 12 of schedule 13)		(13.23)	6.69
Excess/(short) Provision of Taxes for earlier years (Net)		2.93	(21.83)
Profit Before Minority Interest		6,047.19	1,918.09
Minority Interest		—	0.01
Net Profit		6,047.19	1,918.10
Balance Brought Forward From Previous Year		1,944.23	2,159.10
Profit Available for Appropriation		7,991.42	4,077.20
Appropriations			
Proposed Dividend		1,743.10	968.39
Corporate Dividend Tax thereon		289.51	164.58
Transfer to General Reserve		2,000.00	1,000.00
Balance carried to Balance Sheet		3,958.81	1,944.23
		7,991.42	4,077.20
Earning per share (₹) (refer note 9 of Schedule13)			
Basic		6.24	1.96
Diluted		5.87	1.78
Nominal Value of share (₹)		10.00	10.00
Notes on Accounts	13		

As per our report attached
For **PARIKH & SHAH**
Chartered Accountants
Firm Registration Number 107528W

D. B. MOHINI
Partner
Membership No. 5681

Mumbai
Date : July 20, 2010

RAKESH NAYYAR
Executive Director
(Finance & Corporate Affairs)
and Company Secretary

M. P. Taparia Chairman
Rajan B. Raheja
A. H. Parpia
B. L. Taparia
S. J. Taparia Directors
Hasmukh Shah
M. S. Ramachandran
R. Kannan
Nihalchand Chauhan

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

	As at 30-06-2010 (₹ Lacs)	As at 30-06-2009 (₹ Lacs)
SCHEDULE 1		
SHARE CAPITAL :		
AUTHORISED :		
12,50,00,000 Equity Shares of ₹ 10 each	12,500.00	12,500.00
2,50,00,000 Redeemable Cumulative Preference Shares of ₹ 10 each	2,500.00	2,500.00
TOTAL	15,000.00	15,000.00
ISSUED, SUBSCRIBED AND PAID UP :		
9,68,38,613 Equity Shares of ₹ 10 each	9,683.86	9,683.86
TOTAL	9,683.86	9,683.86
SCHEDULE 2		
RESERVES AND SURPLUS		
Capital Redemption Reserve :		
Balance as per the last Balance Sheet	1,529.79	1,376.00
Add: Transfer from Share Premium for Buy Back of shares	—	99.77
Add: Transfer from General Reserve for Buy Back of shares	—	54.02
	1,529.79	1,529.79
Share Premium :		
Balance as per the last Balance Sheet	—	99.77
Less : Transfer to Capital Redemption Reserve on Buy Back of shares	—	99.77
	—	—
General Reserve :		
Balance as per the last Balance Sheet	6,476.50	5,428.14
Less : Transfer to Capital Redemption Reserve on Buy Back of shares	—	54.02
Less : Utilised for Premium paid on Buy Back of shares	—	40.19
Add : Transfer from Foreign Currency Monetary Item Translation Difference	—	142.57
Add : Transferred from Profit & Loss Account	2,000.00	1,000.00
	8,476.50	6,476.50
Profit and Loss Account:	3,958.81	1,944.23
TOTAL	13,965.10	9,950.52
SCHEDULE 3		
(A) SECURED LOANS:		
FROM BANKS :		
(a) Working Capital Loans	1	—
(b) Rupee Term Loans	2	12,184.95
(c) Foreign Currency Term Loan	2	1,256.21
		13,441.16
		12,613.52
Notes :		
1. Working capital facilities (including letters of credit) from banks are secured by hypothecation of Company's stocks and book debts and by a second pari passu charge by way of an equitable mortgage on the Company's immovable properties (including plant and machinery) situated at the Amdoshi plant site.		
2. Rupee and Foreign Currency Term Loans from 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 Amdoshi plant site (except for Corporate Term Loan of ₹4,500 Lacs from State Bank of India, which is secured by an English mortgage) and by hypothecation of movable assets (except book debts) subject to prior charge in favour of Company's Bankers for working capital facilities. (except ECB borrowings of US \$ 5 mio equivalent to ₹ 2,150 Lacs (balance outstanding as on 30-06-2010 ₹ 633.48 Lacs) from ICICI Bank (U.K.) Ltd which is secured by first charge on the company's movable and immovable assets) Creation of mortgage for securing Term Loan of ₹ 7,500 Lacs (balance outstanding as on 30-06-2010 ₹ 4,250.00 Lacs) availed from the Karur Vysya Bank Ltd. and Term Loan of ₹ 3,500 Lacs (balance outstanding as on 30-6-2010 ₹ 6,98.00 Lacs) availed from Axis Bank Ltd is pending.		
(B) UNSECURED LOANS :		
Fixed Deposits	2,069.50	1,158.10
TOTAL	2,069.50	1,158.10

**SCHEDULE 4
FIXED ASSETS**

(₹ Lacs)

Particulars	GROSS BLOCK (COST)				DEPRECIATION				NET BLOCK	
	As at 30-06-2009	Additions/ Adjustments During the Year	Deductions/ Adjustments During the Year	As at 30-06-2010	Upto 30-06-2009	Provided During the Year	Deductions/ Adjustments During the Year	Upto 30-06-2010	As at 30-06-2010	As at 30-06-2009
Land (Freehold)	2,573.31	—	1.16	2,572.15	—	—	—	—	2,572.15	2,573.31
Buildings	9,834.62	816.61	2.22	10,649.01	2,348.48	267.13	0.55	2,615.06	8,033.95	7,486.14
Plant & Machinery	30,129.83	1,273.22	23.20	31,379.85	15,457.40	1,631.38	—	17,088.78	14,291.07	14,672.43
Office Equipments	189.22	14.27	0.75	202.74	76.42	11.58	0.15	87.85	114.89	112.80
Computers	231.42	398.76	7.82	622.36	148.23	50.07	7.68	190.62	431.74	83.19
Air-conditioners	57.86	2.66	5.11	55.41	26.72	2.71	3.45	25.98	29.43	31.14
Vehicles	128.33	40.73	15.32	153.74	50.85	10.70	10.01	51.54	102.20	77.48
Furniture & Fixtures	256.21	14.80	—	271.01	203.59	10.31	—	213.90	57.11	52.62
TOTAL	43,400.80	2,561.05	55.58	45,906.27	18,311.69	1,983.88	21.84	20,273.73	25,632.54	25,089.11
PREVIOUS YEAR	39,562.30	3,872.34	33.84	43,400.80	16,519.94	1,820.86	29.11	18,311.69	25,089.11	

Notes :

- Buildings include ₹ 398.45 Lacs (previous year ₹ 400.67 Lacs) being cost of premises in Co-operative Societies including cost of Shares of the face value of ₹ 0.04 Lacs (Previous year ₹ 0.04 Lacs).
- Additions/Deductions to Plant & Machinery includes net deduction of ₹ 23.20 Lacs (previous year net addition of ₹ 258.25 Lacs) on account of decrease in rupee liability for repayment consequent upon fluctuation in exchange rates in respect of foreign currency loans.
- Deduction/adjustments include assets scrapped.
- Revaluation of free hold land (of erstwhile SPL Polymers Ltd.) at Chennai was carried out as at June 30, 2003 and as at June 30, 2005 enhancing the value by ₹ 402.53 Lacs.

SCHEDULE 5	Face Value	Nos	As at 30-06-2010 (₹ Lacs)	Nos	As at 30-06-2009 (₹ Lacs)
INVESTMENTS (AT COST) : QUOTED :					
LONG TERM : NON-TRADE:					
In Shares :					
In fully Paid up Equity Shares :					
Finolex Industries Ltd.	10	15000	10.11	26000	17.42
Suraj Diamonds (India) Ltd.	10	—	—	500	0.47
			10.11		17.89
		TOTAL	10.11		17.89
Market Value of Quoted Investments			12.48		12.77

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

Name of the Fund	No. of Units	Cost Price (₹ Lacs)
1. ING Liquid Fund Institutional – Daily Dividend Option	96145354	9,619.15
2. DWS Insta Cash Plus Fund – Super Inst. Plan Daily Dividend	21978771	2,205.09
3. DWS Ultra Short Term Fund - Daily Dividend Reinvestment	9179976	601.45
4. SBI Premier Liquid Fund – Institutional – Daily Dividend	16128714	2,701.61
5. Reliance Liquidity Fund-Daily Dividend Reinvestment Option	155140435	15,519.43
6. IDFC Cash Fund Super Institutional Plan Daily Dividend	14090774	1,409.43
7. LIC Liquid Fund Daily Dividend Reinvestment Plan	651830882	71,571.68
8. UTI Liquid Fund Cash Plan Institutional Plan Dividend Reinvestment	3928820	40,052.17
9. HDFC Liquid Fund Dividend Reinvestment Plan	25383947	3,112.02
10. Birla Sun Life Cash Plus Plan Daily Dividend Reinvestment	16988239	1,702.14
11. DSP Black Rock Bond Fund Institutional Plan Daily Dividend Reinvestment	260465	2,605.47
12. ICICI Prudential Liquid Super Institutional Plan Daily Dividend Reinvestment	1007792	1,008.01
TOTAL	1012064169	1,52,107.65

	As at 30-06-2010 (₹ Lacs)	As at 30-06-2009 (₹ Lacs)
SCHEDULE 6		
CURRENT ASSETS, LOANS AND ADVANCES :		
CURRENT ASSETS :		
(a) INVENTORIES :		
(As taken, valued and certified by the Management)		
Stores & Spares	964.15	803.24
Fuel	39.27	21.06
Stock - in - Trade:		
Raw Materials and Packing Materials	6,176.64	5,427.20
Traded Goods	753.21	638.03
Stock-in-Process	38.29	368.28
Finished goods	6,173.73	3,110.52
	14,145.29	10,368.33
(b) SUNDRY DEBTORS :		
(Unsecured -Considered Good)		
Over Six Months	348.11	189.94
Others	22,795.68	15,107.23
	23,143.79	15,297.17
Less : Provision for doubtful debts	—	1.90
	23,143.79	15,295.27
(c) CASH AND BANK BALANCES :		
Cash on hand	36.79	9.68
Bank Balances:		
With Scheduled Banks:		
In Current & Cash Credit Accounts	3,295.94	1,671.22
In Fixed Deposits and Margin Money	252.98	225.67
	3,585.71	1,906.57
(d) LOANS AND ADVANCES :		
(Unsecured - Considered Good)		
Advances recoverable in cash or in kind or for value to be received	9,077.97	7,185.61
	9,077.97	7,185.61
TOTAL	49,952.76	34,755.78
SCHEDULE 7		
CURRENT LIABILITIES AND PROVISIONS :		
(a) CURRENT LIABILITIES :		
Acceptances	26,543.16	18,999.30
Sundry Creditors	5,397.11	3,954.72
Interest Accrued but not due on Loans	155.70	29.46
	32,095.97	22,983.48
(b) PROVISIONS :		
Taxation (Net of Advance Tax & TDS)	472.75	864.00
Provision for Retirement Benefits	405.12	375.03
Proposed Dividend	1,743.10	968.39
Dividend Tax on Proposed Dividend	289.51	164.58
	2,910.48	2,372.00
TOTAL	35,006.45	25,355.48
SCHEDULE 8		
MISCELLANEOUS EXPENDITURE :		
(To the extent not amortised or adjusted)		
Loan Restructuring Fees	—	10.71
TOTAL	—	10.71

**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT**

	2009-2010 (₹ Lacs)	2008-2009 (₹ Lacs)
SCHEDULE 9		
SALES & OPERATING INCOME		
Sales including Excise Duty	1,71,357.86	1,48,860.38
Other Operating Income	937.81	1,236.22
TOTAL	1,72,295.67	1,50,096.60
SCHEDULE 10		
OTHER INCOME :		
Dividend (Gross)	198.38	258.50
Profit on Sale of Fixed Assets (Net)	6.48	(3.73)
Gain on redemption of Mutual Fund securities	0.35	0.41
Miscellaneous Income	65.72	42.30
TOTAL	270.93	297.48
SCHEDULE 11		
1. Raw Materials (Including Packing Materials) Consumed	93,077.59	88,191.26
2. Goods For Re-Sale	47,415.53	33,318.30
3. Stores and Spares Consumed	431.98	544.66
4. Power and Fuel	2,208.02	1,710.57
5. Labour Charges	5.53	4.21
6. Employees' Remuneration and Benefits :		
Salaries, Wages, Bonus, Gratuity etc.	1,650.30	1,250.47
Contribution to Provident Fund and Other Funds	127.86	119.43
Staff Welfare Expenses	80.31	69.67
	1,858.47	1,439.57
7. Rent, Rates and Taxes	332.12	232.75
8. Repairs :		
Buildings	66.91	35.91
Machinery	158.09	110.80
Others	155.87	130.55
	380.87	277.26
9. Directors' Fees	8.00	4.16
10. Insurance	338.46	251.25
11. Commission on Sales	736.79	835.13
12. Carriage Outward	2,648.98	2,492.45
13. Loss on Sale of Investments (Net)	0.19	—
14. Other Expenses	1,900.89	1,823.92
15. Bad debts Written Off	—	47.40
16. a. Increase / (Decrease) in excise duty included in opening and closing stock of finished goods	213.53	(404.18)
b. (Increase) / Decrease in work in process and finished goods		
*Stocks on 01.07.2009 :		
Stock-in-Process	368.28	378.66
Finished Goods	3,110.52	4,583.92
	3,478.80	4,962.58
Stocks on 30.06.2010 :		
Stock-in-Process	38.29	368.28
Finished Goods	6,173.73	3,110.52
	6,212.02	3,478.80
	(2,733.22)	1,483.78
* Includes Trial Run Stocks Transfer		
TOTAL	1,48,823.73	1,32,252.49



	2009-2010 (₹ Lacs)	2008-2009 (₹ Lacs)
SCHEDULE 12		
INTEREST :		
On Term Loans and Fixed Deposits	1,330.61	906.25
Others	458.89	1,236.59
	<u>1,789.50</u>	<u>2,142.84</u>
Less: Interest Received		
On Fixed Deposits With Banks	9.66	91.11
On Overdue payments from Debtors	117.82	239.92
Others	30.11	10.61
	<u>157.59</u>	<u>341.64</u>
TOTAL	<u><u>1,631.91</u></u>	<u><u>1,801.20</u></u>



SCHEDULE 13

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1] PRINCIPLES OF CONSOLIDATION

The Consolidated Financial Statements (CFS) comprise the Financial Statements of SUPREME PETROCHEM LTD. ("the Company") and its Subsidiaries, SPL INDUSTRIAL PARK LIMITED and SPL INDUSTRIAL SUPPORT SERVICES LIMITED ("Subsidiaries") incorporated in India of which 98.8% (previous year 98.8%) shares are held by SUPREME PETROCHEM LTD., collectively referred to as ('Group').

The CFS of the Company and its Subsidiary Companies have been prepared using uniform accounting policies in accordance with the generally accepted accounting policies on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances, intra-group transactions and unrealized profits or losses as per Accounting Standard 21 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India, (ICAI).

The excess if any, of Company's portion of equity of the Subsidiary as at the date of its investment is treated as Capital Reserve.

Minority Interest in the net assets of Subsidiary consists of :

- i. the amount of equity attributable to the minorities at the date on which investment in a Subsidiary is made; and
- ii. the minorities' share of movements in equity since the date the parent – subsidiary relationship came into existence.

2] Accounting Policies and Notes on Accounts of the Financial Statements of the Company and its Subsidiaries are set out in their respective Financial Statements.

	2009-2010	2008-2009
	(₹ Lacs)	(₹ Lacs)
3] Contingent liabilities not provided for in respect of :		
i) Estimated value of contracts remaining to be executed on capital accounts and not provided for :	1,957.08	359.02
ii) Letters of Credit opened by Bankers and outstanding at the year end.	11,868.95	6,744.08
iii) Bills discounted but not matured.	8,156.92	6,479.56
iv) Counter guarantees given to Banks against Banks' guarantees to Customs/ Sales Tax.	468.93	315.82
v) Excise / Service Tax matters under dispute	3,999.28	1,737.51
vi) Sales Tax matter under dispute.	99.56	97.00
vii) Other Claims.	71.31	71.31
4] Exchange differences including on the Term Loans [except as mentioned in note no.6] recorded under other expenses by credit/(debit) in the Profit and Loss account (Net).	(271.33)	(4,921.93)
5] Styrenics is the primary business segment of the Company. The secondary segment is geographical, which is given as under :		
(a) Revenue		
Sales (net of Excise Duty) & Operating Income		
Within India	1,23,948.47	1,01,133.18
Outside India	37,322.63	38,363.21
Total	<u>1,61,271.10</u>	<u>1,39,496.39</u>

[b] All the Assets of the Company except the debtors amounting to ₹ 4065.37 Lacs (30.06.2009 – ₹ 1,659.73 Lacs) are within India.

6] The Company had chosen to exercise the option pursuant to the amendment dated March 31, 2009 in the Accounting Standard (AS-11) "The Effects of Changes in Foreign Exchange Rates" in the preparation of its financial statements from the year ended 30th June, 2009. Accordingly foreign exchange differences adjusted against Assets or accumulated in a "Foreign Currency Monetary Item Translation Difference Account" (FCMITDA) and the balance amount in FCMITDA to be amortised in the future periods are as under:

a) Impact of adjustments made: (₹ Lacs)

Exchange (Gain)/Losses	Adjustments against Assets	FCMITDA	Total
Profit and Loss Account : For the year ended 30.06.2010	(23.20)	(36.68)	(59.88)

b) Amount of (Gain)/ Loss to be amortised to Profit and Loss Account, in future period :
July 2010 to March 2011 : ₹ 12.65 Lacs

7] 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.

b) Transactions with Related Parties (₹ Lacs)

Sr. No.	Nature of Transactions*	Year	Promoters	Key Management Personnel	Subsidiaries
1	Sales of Goods (Net)	2009-10	3,420.74	—	—
		2008-09	1,133.21	—	—
2	Purchase of Goods	2009-10	169.26	—	—
		2008-09	164.18	—	—
3	Purchase of other items	2009-10	1.72	—	—
		2008-09	0.88	—	—
4	Reimbursement of Expenses Paid/(Received)	2009-10	35.19	—	—
		2008-09	58.39	—	—
5	Dividend Paid on Equity Shares	2009-10	578.73	0.16	—
		2008-09	578.73	0.16	—
6	Remuneration Paid	2009-10	—	72.56	—
		2008-09	—	59.77	—
7	Balance Receivable	2009-10	—	—	—
A	Sales of Goods	30th June 2010	602.93	—	—
		30th June 2009	663.08	—	—
B	Others	30th June 2010	—	—	0.43
		30th June 2009	—	—	0.43
8	Balance Payable	2009-10	—	—	—
A	Purchase of goods	30th June 2010	4.97	—	—
		30th June 2009	5.87	—	—

* All Transactions are on commercial basis at market rates

8] Leasing - Operating Lease

	2009-2010 (₹ Lacs)	2008-2009 (₹ Lacs)
a. Obligations on non cancellable leases		
i) Not later than one year.	139.06	208.02
ii) Later than one year and not later than five years.	—	137.32
iii) Later than five years.	—	—
b. Lease rental expenses in respect of operating lease.	290.36	142.45
c. Contingent rent recognised in Profit & Loss account.	—	—



	2009-2010 (₹ Lacs)	2008-2009 (₹ Lacs)
9] Earnings per share (EPS)		
Profit after tax	6,047.50	1,918.44
Number of equity shares at the beginning of the year.	96838613	98376520
Number of equity shares at the end of the year.	96838613	96838613
Weighted average number of shares outstanding for basic EPS during the year.	96838613	97890665
Basic earning per share (Rupees) (Face value - ₹ 10/- per share)	6.24	1.96
Profit after tax for computing Diluted EPS	6,059.16	2,007.64
Weighted average number of shares for computing Diluted EPS during the year.	103173386	111602126
Diluted earning per share (Rupees) (Face value - ₹ 10/- per share)	5.87	1.78

10] 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.

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 30.06.2010	As at 30.06.2009
Deferred Tax Assets		
Other items	154.30	170.60
TOTAL	154.30	170.60
Deferred Tax Liabilities		
Depreciation	4,499.39	4,680.28
Other items	4.20	45.46
TOTAL	4,503.59	4,725.74
Net Deferred Tax Liabilities / (Assets)	4,349.29	4,555.14

12] Prior period adjustments include expenses ₹13.23 Lacs (previous year ₹ 15.76 Lacs) and income ₹ Nil (Previous year ₹ 22.45 Lacs).

13] Exemption in respect of attaching the Balance Sheet and Profit and Loss Account of Subsidiaries under Section 212 (1) of the Companies Act, 1956 has been received by letter Dtd.23.06.2010 from The Ministry of Corporate Affairs, Government of India under Section 212 (8) of the Companies Act, 1956.

14] Debtors/ Creditors balances are subject to confirmation.

15] The accounting year of subsidiary companies ends on 31.03.2010 while that of Holding Company ends on 30.06.2010. There are no significant transactions or other events in Subsidiary Companies between these two dates that are required to be reported, and therefore, no adjustment in this regard is necessary.

16] Previous year's figures are regrouped, wherever necessary.

17] Figures pertaining to the subsidiary companies have been reclassified, wherever necessary, to bring them in line with the parent company's financial statement.

Signatures to Schedules '1' to '13'

As per our report attached
For **PARIKH & SHAH**
Chartered Accountants
Firm Registration Number 107528W

D. B. Mohini
Partner
Membership No.5681

Mumbai
Date : July 20, 2010

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

M. P. Taparia Chairman

Rajan B. Raheja
A. H. Parpia
B. L. Taparia
S. J. Taparia
Hasmukh Shah
M. S. Ramachandran
R. Kannan
Nihalchand Chauhan Directors

CONSOLIDATED CASH FLOW FOR THE YEAR : 2009 - 2010

	₹ Lacs Year Ended Jun 30,2010	₹ Lacs Year Ended Jun 30,2009
A. Cash Flow from Operating activities		
Net Profit before tax	9,018.10	3,699.59
Adjustment for :		
Depreciation	1,983.88	1,820.86
Miscellaneous Expenditure	84.41	219.74
Investment Income	(356.14)	(600.56)
Interest and Finance Charges	1,789.50	2,142.84
Profit on Sale of Fixed Assets	(6.48)	3.73
(Expenses)/Income Related to Earlier Year	(13.23)	5.00
	3,481.94	3,591.62
Operating profit before working capital changes	12,500.04	7,291.22
Adjustment For :		
Trade & Other receivables	(9,740.88)	(76.50)
Inventories	(3,776.96)	(1,999.25)
Trade Payables & Other Provision	9016.34	1,524.15
Foreign Currency Monetary Item Translation Difference	36.68	(157.36)
	8,035.22	6,582.26
Cash generated from operations	8,035.22	6,582.26
Exceptional items	—	(199.37)
	8,035.22	6,382.89
Direct tax paid	(3,554.79)	(942.71)
Cash generated from operations	4,480.43	5,440.19
Net Cash from Operating activities (A)		
B. Cash Flow from Investing activities		
Purchase of Fixed Assets	(2,148.22)	(3,490.26)
Sale of Fixed Assets	40.19	2.68
Gain on redemption of Mutual Fund / Sale of Investments	7.94	0.41
Interest received	157.59	341.64
Dividend Received	198.39	258.51
Purchase of Investment	—	—
Net cash used in investing activities (B)	(1,744.11)	(2,887.02)
C. Cash Flow from Financing activities		
Buy Back of Shares	—	(153.79)
Premium on Buy Back of Shares	—	(40.19)
Interest Paid	(1,663.25)	(2,174.38)
Dividend & Dividend Tax Paid	(1,132.97)	(1,150.96)
Proceeds from borrowings	1,739.04	(201.01)
Net cash from financing activities (C)	(1,057.18)	(3,720.32)
Net Change in cash & cash equivalents (A)+(B)+(C)	1,679.14	(1,167.15)
Opening balance of Cash & Cash equivalents	1,906.57	3,073.72
Add : Adjustments on account of Amalgamation of Subsidiary	—	—
Closing balance of Cash & Cash equivalents	3,585.71	1,906.57

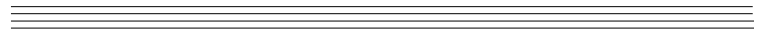
As per our report attached
For **PARIKH & SHAH**
Chartered Accountants
Firm Registration Number 107528W

D. B. Mohini
Partner
Membership No.5681

Mumbai
Date : July 20,2010

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

M. P. Taparia	Chairman
Rajan B. Raheja	}
A. H. Parpia	
B. L. Taparia	
S. J. Taparia	
Hasmukh Shah	
M. S. Ramachandran	
R. Kannan	Directors
Nihalchand Chauhan	



NOTES



SUPREME PETROCHEM LTD

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

ATTENDANCE SLIP

21st ANNUAL GENERAL MEETING

Please complete this attendance slip and hand it over at the venue of the Meeting

Name of the Member/s or Proxy (in BLOCK LETTERS)	Regd. Folio / Client ID No.	No. of Shares held

I/We hereby record my/our presence at the 21st Annual Genral Meeting of the Company held at Indian Merchants' Chambers, Walchand Hirachand Conference Hall, IMC Marg, Churchgate, Mumbai 400 020 on Wednesday, October 06, 2010 at 4.00 p.m.

SIGNATURE OF THE MEMBER OR PROXY



SUPREME PETROCHEM LTD

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

PROXY FORM

I/We _____ of _____ being member/s of SUPREME PETROCHEM LTD hereby appoint _____ of _____ or failing him/her _____ of _____ or failing him/her _____ of _____ as my/our proxy to attend and vote for me/us and on my/our behalf at the 21st Annual General Meeting of the Company to be held at Indian Merchant's Chambers, Walchand Hirachand Conference Hall, IMC Marg, Churchgate, Mumbai 400 020 on Wednesday, October 06, 2010 at 4.00 p.m.

Regd. Folio/Client ID No. _____

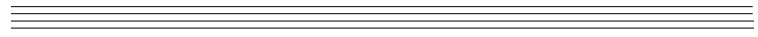
No. of shares held _____

Affix
₹ 1
Revenue
Stamp

(Signature of the Member/s)

Signed by the said _____ this _____ day of _____ 2010.

Note: The Proxy Form must be returned so as to reach the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.



NOTES



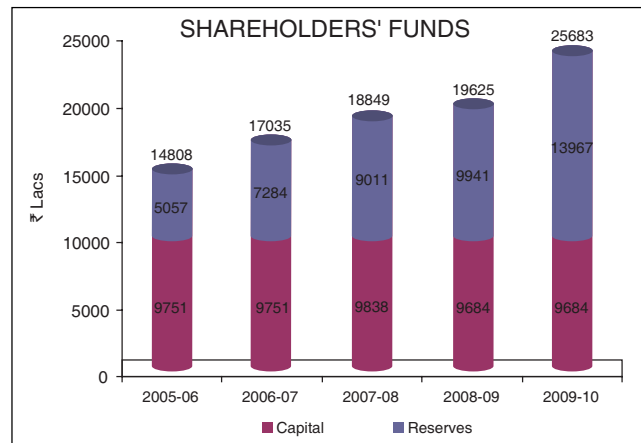
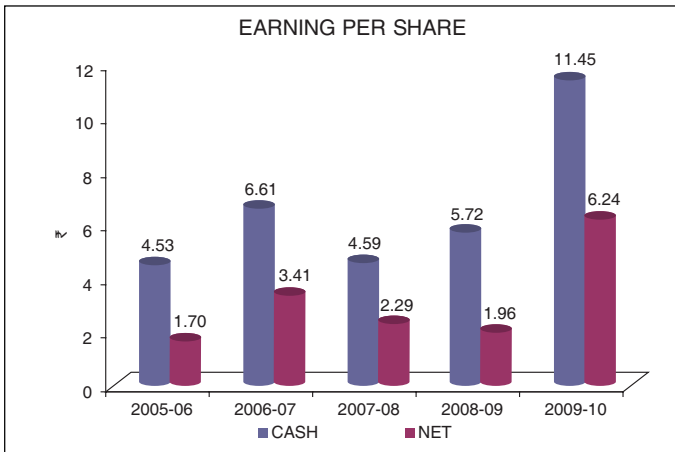
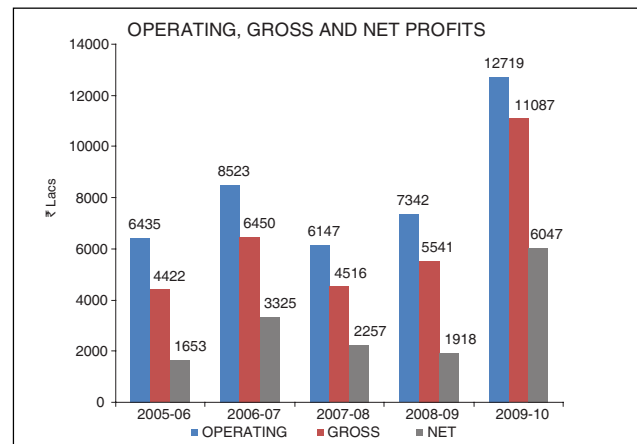
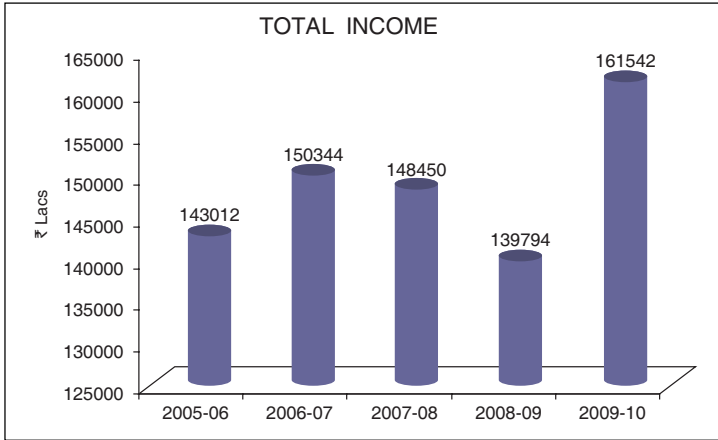
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**Performance Highlights**

₹ Lacs unless indicated otherwise

	2005-06	2006-07	2007-08	2008-09	2009-10
Net Sales	142379.96	149484.71	148127.40	139496.39	161271.10
Other Income	632.45	859.38	322.55	297.48	270.93
Total Income	143012.41	150344.09	148449.95	139793.87	161542.03
Operating Profit (PBIDT + Misc. Exp. W/Off)	6434.92	8522.92	6147.02	7342.36	12718.60
Interest	2013.11	2073.31	1630.57	1801.20	1631.91
Gross Profit	4421.81	6449.61	4516.45	5541.16	11086.69
Depreciation/Amortisation	1669.53	1702.88	1758.50	2040.60	2068.29
Profit Before Tax & Exceptional items	2752.28	4746.73	2757.95	3500.57	9018.40
Tax, Exceptional items & Prior years Adjustments	1098.97	1421.86	500.64	1582.13	2970.91
Profit after Tax, exceptional items & Net of Prior years Adjustments	1653.31	3324.87	2257.31	1918.44	6047.49
Net Profit	1653.31	3324.87	2257.31	1918.44	6047.49
Paid up Equity Capital	9751.28	9751.28	9837.65	9683.86	9683.86
Reserves and Surplus**	5056.74	7283.62	9010.53	9941.24	13966.84
Shareholders' Funds	14808.02	17034.90	18848.18	19625.10	23650.70
Loans	17931.41	14271.67	13972.63	13771.62	15510.66
Deferred Tax Liability (Net)	4936.35	4754.63	4419.65	4555.14	4349.29
Capital Employed	37815.07	36157.63	37294.03	37962.57	45543.25
Earning Per Equity Share (₹)	1.70	3.41	2.29	1.96	6.24
Cash Earning Per Equity Share (₹)	4.53	6.61	4.59	5.72	11.45
Book Value (₹)	15.19	17.47	19.16	20.27	24.42
Dividend (%)	10.00	10.00	10.00	10.00	18.00
PBIDT/Average capital Employed (%)	17.70	23.04	16.74	19.51	30.46
ROACE (%)					
(PBIT/Average capital Employed)	13.10	18.44	11.95	14.09	25.51
ROANW (%)					
(PAT/Average Net Worth)	11.39	20.88	12.58	9.97	27.95
Debt : Equity					
(Long Term Debt/Total Net Worth)	1.21	0.84	0.74	0.70	0.66
Total Outside Liabilities/Total Net Worth	2.03	1.36	1.58	1.67	1.78

** After reducing Miscellaneous expenditure



BOOK POST

If undelivered, please return to

Supreme Petrochem Ltd

(Secretarial Department)

Solitaire Corporate Park,

Building No. 11, 5th Floor,

Andheri-Ghatkopar Link Road, Chakala,

Andheri (East), Mumbai-400 093, India