

CHHOGMAL & CO.

Chartered Accountants

Independent Auditor's Report

To the Members of
The Supreme Industries Limited

Report on the Financial Statements

We have audited the accompanying financial statements of THE SUPREME INDUSTRIES LTD. (the "Company"), which comprise the Balance Sheet as at June 30, 2014, and the Statement of Profit and Loss and the Cash Flow Statement for the year ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) section 211 of the Companies Act, 1956("the Act") read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 30th June, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

The Supreme Industries Limited



Audit Report – 2013-14

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Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 as amended by The Companies (Auditors' 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 give in the annexure attached hereto our comments on the matters specified in the paragraphs 4 and 5 of the said Order.
2. As required by Section 227(3) of the Companies Act, 1956, we report that:
 - (a) (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (ii) The reports on the accounts of Branches audited under Section 228 of the Companies Act, 1956 by persons other than ourselves, have been forwarded to us, as required by Clause (c) Sub - Section(3) of the said section and that we have taken due notice of material observations, in our report of the points raised by the said Branch Auditors.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
- (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013,
- (e) On the basis of the written representations received from the directors as on 30th June, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 30th June, 2014 from being appointed as a director in terms section 164 (2) of the Companies Act, 2013.

For CHHOGMAL & CO,
FRN- 101826W
Chartered Accountants

Chintan Shah

Chintan Shah
Partner

M.No: 107490

Mumbai, 21st July, 2014

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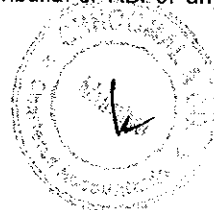
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Annexure to the Auditor's Report

Annexure referred to in Paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date.

Re: The Supreme Industries Limited ('the Company')

1. a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b. As explained to us the Company has a phased program for physical verification of the fixed assets of the company to cover all locations. In our opinion, the frequency of verification is reasonable, considering the size of the Company. No material discrepancies were noticed on such verification carried on during the year, as compared with the available records.
 - c. During the year there is no disposal of substantial part of fixed assets, affecting going concern assumption.
2. a. The stock of finished goods, raw materials, components, stores and spare parts except those lying with third parties, and in transit, has been physically verified by the management at regular intervals, which we consider to be reasonable.
 - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks 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 has maintained proper records of inventory, no material discrepancies were noticed on physical verification of stocks as compared to book records and the discrepancies noticed have been properly dealt with in the books of account.
3. According to the information and explanation given to us, the Company's has not granted or taken any loans, secured or unsecured, to/ from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act 1956. Accordingly, the provisions of clause 4(iii)(a) to 4(iii)(g) of the order are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and also for the sale of goods and services, As per the information given to us, no major weaknesses in internal control system have been identified by the management or the internal auditors of the company during the year. During the course of audit, nothing had come to our notice that may suggest a major weakness in the internal control systems of the company.
5. In our opinion and according to the information and explanations given to us, the Company has not entered into any transactions with Companies, firms or other parties listed 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 directives issued by the Reserve Bank of India and the provisions of sections 58A,58AA or other relevant provision of the Act and the rules framed there under, for acceptance of public deposits. Since the company has not defaulted in complying section 58AA, passing any order from the company law board, National Company Law Tribunal or RBI or any other court or tribunal, does not arise.



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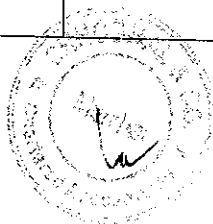
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7. On the basis of the internal audit reports reviewed by us, we are of the opinion that, the company has an internal audit system commensurate with size and nature of its business.
8. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of Sub-section (1) of section 209 of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however made a detailed examination of the records with a view to determine whether they are accurate or complete.
9. a. According to the records of the Company and information and explanations given to us, Provident Fund, Investor Education and Protection Fund, Employees State Insurance Income Tax, Wealth Tax, Sales Tax, Custom Duty, Cess, Excise Duty, Service Tax and other material statutory dues have been deposited regularly during the year with the appropriate authorities.

According to the records of the Company and information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees State Insurance Income Tax, Wealth Tax, Sales Tax, Custom Duty, Cess, Excise Duty, Service Tax and other material statutory dues were in arrears as at 30th June, 2014 for a period of more than six months from the date they became payable.

- b. According to the records of the Company and information and explanations given to us the following are the particulars of disputed amounts payable in respect of, Sales Tax, Custom Duty, Excise Duty and Entry tax and other statutory dues as at the last day of the financial year are as follows.

Name of the statute	Nature of dues	Amount Rs.in lacs	Period to which the amount relates	Forum where dispute is pending
The Central Excise Act, 1944	Excise Duty	363.02	1994 to 2010	CESTAT
		106.20	2002-2010	Commissioner (Appeals), LTU
The Central Sales Tax Act, 1956 and Sales Tax Acts of various states	Sales Tax/VAT and Entry Tax	621.46	Various years from 2003-2004 to 2013-2014	Joint/Deputy Commissioner/Commissioner (Appeals)
		206.54	Various Years from 2002-2003 to 2009-10	Sales tax Appellate Tribunal
		16.83	1995-1996	Revisionary Board
		100.84	Various Years from 1999-2000 to 2013-2014	High Court
		188.27	2003-2013	Supreme Court
Employee State Insurance Act, 1948	ESIC	13.71	1994-1997	ESIC Court, Mumbai
Local Authority – Asansol Durgapur Development Authority	Development Fee	74.51	2009-2010	Asansol Durgapur Development Authority-Durgapur
Profession Tax Act	Profession Tax	0.78	2009-2010	Deputy Commissioner Profession Tax (DGP) WB



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Maharashtra Land Revenue Code 1966	Royalty	21.72	2006-2007	Collector Pune
Bombay Stamp Act, 1958	Differential stamp duty	70.32	2006	Deputy Inspector General of Registration and Deputy Collector of Stamps Pune
The Employees' Provident Funds & Miscellaneous Provisions Act, 1952	Provident Fund	4.88	2002-2005	The Regional Provident Fund Commissioner – Gwalior
Total		1789.08		

10. The Company does not have accumulated losses as at the end of the year and the Company has not incurred cash loss during the current and immediately preceding financial year.
11. Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the Company has not defaulted in the repayment of dues to financial institutions and banks
12. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of Clause 4(xii) of the Order are not applicable to the company.
13. As the provisions of any Special Statute applicable to Chit Fund/ Nidhi/ Mutual Benefit Fund/ Societies are not applicable to the Company, the provisions of Clause 4(xiii) of the Order are not applicable to the Company.
14. In our opinion, the company is not a dealer in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Order are not applicable to the Company.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of Clause 4(xv) of the Order are not applicable to the Company.
16. In our opinion and according to the information and explanations given to us, the term loan have been applied for the purpose for which they were raised other than amounts temporarily invested pending utilization of the funds for stated use.
17. According to the Cash Flow Statement and records examined by us and according to the information and explanations given to us, on overall basis, funds raised on short term basis have, prima facie, not been used during the year for long term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Sec 301 of the Companies Act, 1956 during the year. Accordingly, the provisions of clause 4(xviii) of the Order are not applicable to the Company.
19. The Company has not issued any secured debenture during the year, Accordingly, the provisions of clause 4(xix) of the Order are not applicable to the Company
20. The Company has not raised any money by public issue during the year. Accordingly, the provisions of Clause 4(xx) of the order are not applicable to the Company.



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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 instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by management.

For CHHOGMAL & CO,
FRN- 101826W
Chartered Accountants

Chintan Shah

Chintan Shah
Partner

M.No: 107490

Mumbai, 21st July, 2014