ANNUAL REPORT

2003
2004

Supreme

Annual Report 2003-2004

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PERFORMANCE HIGHLIGHTS

(Figures in Lakhs)

	1999-2000	2000-2001	2001-2002	2002-03	2003-04
Polymers Processed (M T)	67262.00	68413.00	83499.00	91913.00	**100053.00**
Sales	56096.08	53487.76	67466.02	79241.62	**90925.15**
Less: Excise Duty	8145.00	6961.00	8339.00	9904.92	**11297.96**
Net Sales	47951.08	46526.76	59127.02	69336.70	**79627.19**
Other Income	476.32	289.13	338.96	380.59	**242.14**
Total Income	48427.40	46815.89	59465.98	69717.29	**79869.33**
Operating Profit (PBIDT + MISC.EXP. W/OFF)	8032.27	7184.44	9106.03	8647.30	**8790.18**
Interest	3805.26	4177.11	4554.28	3144.37	**2442.19**
Gross Profit	4209.43	2893.20	4551.75	5502.93	**6347.99**
Depreciation	2526.87	2570.60	3349.69	3647.87	**4139.01**
Profiit Before Tax & Exceptional Items	1672.56	322.60	1202.06	1855.06	**2208.98**
Tax & Exceptional Items	117.00	46.50	94.00	353.75	**110.09**
Profit After Tax	1555.56	276.10	1108.06	1501.31	**2098.89**
Prior Years Adjustments	24.23	3.73	2.45	-73.49	**7.99**
Net Profit	1579.79	279.83	1105.61	1427.82	**2106.88**
Paid up Equity Capital	971.49	971.49	1001.23	1305.78	**1339.08**
Reserves and Surplus*	12766.93	12730.58	12870.54	17069.45	**18446.36**
Shareholders' Funds	13738.42	13702.07	13871.77	18375.23	**19785.44**
Loans	21362.56	27655.27	27302.10	24099.87	**20446.01**
Capital Employed**	34658.18	41041.38	37843.43	42368.54	**39659.69**
Net Fixed Assets***	23524.54	25109.25	29663.17	31284.68	**28820.23**
Net Current Assets	5895.56	10554.68	5177.15	8312.48	**8016.88**
Earning Per Equity Share (Rs.)	15.08	2.84	11.07	10.93	**15.73**
Cash Earning Per Equity Share (Rs.)	41.09	29.30	44.52	38.48	**46.60**
Book Value (Rs.)	141.00	141.00	139.00	141.00	**148.00**
Dividend (%)	70.00	30.00	60.00	70.00	**90.00**
PBDIT / Average Capital Employed	22.82	18.98	23.09	21.56	**21.43**
ROACE (%) (PBIT / Average Capital Employed)	15.64	12.18	14.59	12.47	**11.34**
(ROANW (%) (PAT / Average Net Worth)	11.03	2.03	8.02	9.31	**11.00**
Debt : Equity	0.96	1.10	1.18	0.59	**0.83**
(Total Debt / Total Net Worth)	1.55	2.02	1.97	1.31	**1.03**

* excluding revaluation reserves & after reducing miscellaneous expenditure.

** excluding revalution reserves, miscellaneous expenditure & capital work-in-progress

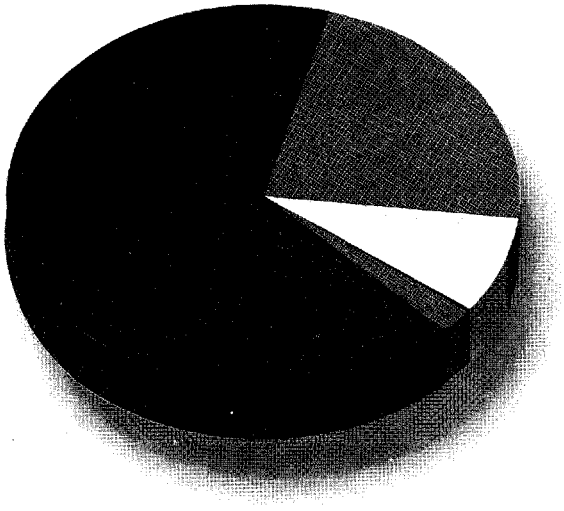
*** excluding revaluation.

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DISTRIBUTION OF REVENUE

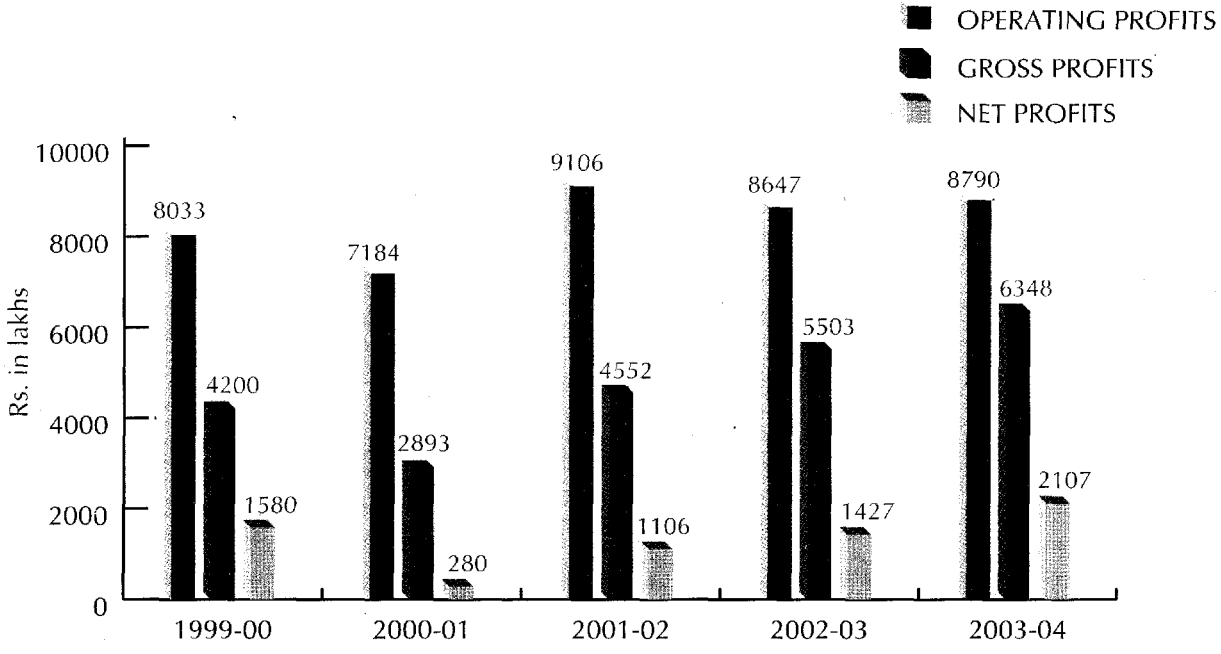
2003-04
Rs. in lakhs



Material	52954 (66.24%)
Expenses	18125 (22.68%)
Interest	2442 (3.05%)
Depreciation	4134 (5.17%)
Tax	177 (0.22%)
Net Profit	2107 (2.64%)

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OPERATING, GROSS AND NET PROFITS



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BOARD OF DIRECTORS

B L Taparia, Chairman
M P Taparia, Managing Director
S J Taparia, Executive Director
V K Taparia, Executive Director
B V Bhargava, Director
E B Desai, Director
H S Parikh, Director
N N Khandwala, Director
R M Bhandari, Director
S R Taparia, Director
Y P Trivedi, Director
Smt. N Mukerji, Director (Nominee of ICICI-upto 23.01.04)

Sr. VICE – PRESIDENT (FINANCE) & SECRETARY

O P Roongta

Sr. VICE – PRESIDENT (OPERATIONS)

J M Totla

BANKERS

Central Bank of India
State Bank of India
Bank of India
BNP PARIBAS
Bank of Baroda
Centurion Bank
ICICI Bank Ltd.
IDBI Bank Ltd.
ING Vysya Bank
Saraswat Co-op. Bank Ltd.
The Karur Vysya Bank Ltd.
UTI Bank Ltd.
Vijaya Bank

AUDITORS

M/s. Chhogmal & Co.,
Chartered Accountants

REGISTERED OFFICE

612, Raheja Chambers,
Nariman Point,
Mumbai 400 021.
Tele : 2285 1656 Fax : 2285 1657
Website: http:\\www.supreme.co.in
Email : supremenpt@supreme.co.in

CORPORATE OFFICE

17/18, Shah industrial Estate,
Veera Desai Road, Andheri (W),
Mumbai 400 053
Tele : 2673 4700 Fax : 2673 4777
Website: http:\\www.supreme.co.in
Email: supreme@supreme.co.in

WORKS

1. Andheri, Mumbai (Maharashtra)
2. Daman (Union Territory)
3. Derabassi (Punjab)
4. Durgapur (West Bengal)
5. Guwahati (Assam)
6. Halol (Gujarat)
7. Hosur (Tamil Nadu)
8. Jalgaon (Maharashtra)
9. Kanhe (Maharashtra)
10. Kanpur Dehat (Uttar Pradesh)
11. Khopoli (Maharashtra)
12. Khushkheda (Rajasthan)
13. Malanpur 1 (Madhya Pradesh)
14. Malanpur 2 (Madhya Pradesh)
15. Nandesari (Gujarat)
16. Noida (Uttar Pradesh)
17. Pondicherry (Union Territory)
18. Salt Lake Kolkata (West Bengal)
19. Silvassa (Union Territory)

OFFICES

- Ahmedabad
- Bangalore
- Chennai
- Hyderabad
- Kolkata
- Mumbai
- New Delhi

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NOTICE

NOTICE is hereby given that the 62nd Annual General Meeting of the Company will be held at Walchand Hirachand Hall, Indian Merchant's Chamber, Near Churchgate Station, 76, Veer Nariman Road, Mumbai – 400020, on Wednesday the 22nd September, 2004 at 4.00 p. m. to transact with or without modification(s), as may be permissible, the following business:-

ORDINARY BUSINESS :

1. To receive, consider and adopt the Directors' Report and the Audited Statement of Accounts together with Auditors' Report thereon for the financial year ended 30th June, 2004.
2. To declare dividend on Equity Shares for the Financial year ended 30th June, 2004.
3. To appoint a Director in place of Shri H. S. Parikh, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri. S. J. Taparia, who retires by rotation and, being eligible, offers himself for reappointment.
5. To appoint a Director in place of Shri V. K. Taparia, who retires by rotation and being eligible, offers himself for reappointment.
6. To appoint Auditors to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS :

7. To consider and if thought fit, to pass the following Resolution as an Ordinary Resolution :

"RESOLVED that in accordance with the provisions of Sections 198, 269, 309, 310, 311, Schedule XIII, and other applicable provisions, if any, of the Companies Act, 1956 (the Act), and all guidelines for managerial remuneration issued by the Central Government from time to time and subject to such approvals, if any necessary, the Company does hereby approve of the re-appointment of Shri S.J. Taparia, as Executive Director, for a further period of five years with effect from 15th June, 2005 to 14th June, 2010 and the payment of the remuneration and perquisites to him on the following revised terms and conditions viz :-.

(1) Salary

Rs. 99,000/- per month, which may be increased upto Rs. 1,25,000/- per month, at the discretion of the Board at any time and from time to time, during his tenure of office.

(2) Perquisites

(a) Reimbursement of actual expenses incurred on housing, gas, electricity, water, furnishings, leave travel concession, for self and family, personal accident insurance premium and club fees, as well as reimbursement of medical and hospital expenses incurred in India and or abroad for self and family as per the claims in that behalf received from the Executive Director. For the above purpose family shall mean self and wife, dependent children and dependent parents of the Executive Director.

(b) (i) Contribution to Provident fund, superannuation fund or annuity fund as per the Rules of the Company to the extent these either singly or put together are not taxable under the Income Tax Act, 1961 or under any statutory modifications or re-enactment thereof;

(ii) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service,

For the purposes of Gratuity, Provident Fund, Superanuation and other like benefits, the service of the Executive Director under this Agreement will be considered continuous service with the Company from the original date of his joining the service of the Company on 01/01/1969 and termination of agreement and renewal of agreement will not be considered as any break in service.

(3) Commission

In addition to the above, the Executive Director shall also be entitled upto 1% of the Net Profits per year as commission, as may be determined by the Board, provided that, the aggregate of salary, perquisites and commission for any financial year shall not exceed 5% of the net profits of the Company for that year computed in the manner laid down in Sections 349 and 350 of the Act.

(4) Leave on full pay and allowances but not exceeding one month's leave for 11 month's service, plus additional two weeks' leave at the end of every third year, encashment of leave at the end of the tenure being permitted.

(5) Free use of motor car with chauffeur provided by the Company for business purpose; the Company meeting all running, maintenance and other expenses of every kind whatsoever incurred in respect thereof. Use of car for personal purpose shall be billed by the Company to the Executive Director.

(6) Free telephone facility at residence. All charges including rental, call charges, etc. thereof shall be paid by the Company in full. Personal long distance calls shall be billed by the Company to the Executive Director.

(7) Reimbursement of entertainment and other business promotion expenses actually incurred by the Executive Director in the course of business of the Company.

In the event of loss or inadequacy of profits of the Company in any year, the Executive Director shall be entitled to payment by way of salary and perquisites as specified above subject to the restrictions specified in Schedule XIII of the Act.

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The Company shall pay to the Executive Director compensation for loss of office, or as consideration for loss of office or retirement from office or in connection with such loss or retirement, in accordance with the provisions of Section 318 of the Act.

Either party shall be entitled to terminate the appointment by giving 180 days' notice in writing to the other.

The Executive Director shall not be entitled to Sitting Fees for attending meetings of the Board of Directors of the Company or any Committee or Committees thereof.

RESOLVED FURTHER that the Board of Directors be and are hereby authorised to alter, increase or vary the terms and conditions aforesaid within the limitations specified in that behalf in Schedule XIII to the Act.

RESOLVED FURTHER THAT the Executive Director shall not as long as he continues to be Executive Director of the Company be liable to retire by rotation and shall not be reckoned as a Director for the purpose of determining the number of Directors liable to retirement by rotation.

AND RESOLVED FURTHER that the Board of Directors be and are hereby authorised to take all such steps as may be necessary, desirable or expedient to give effect to this Resolution."

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
2. Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the Special Business at Item No. 7 of the above Notice is annexed.
3. Register of Members and the Share transfer books of the company will remain closed from Wednesday, 15th September, 2004 to Wednesday, 22nd September, 2004 (both days inclusive).
4. The Dividend, if declared, will be payable to those Equity Shareholders whose names stand on the Register of Members as at the close of business on 22nd September, 2004. However, in respect of shares held in the electronic form, the dividend will be payable to the beneficial owners of shares as at the close of business on Tuesday, the 14th September, 2004 as per details furnished by the Depositories for this purpose.
5. Pursuant to provisions of Section 205A of the Companies Act, 1956, dividends which remain unpaid or unclaimed for a period of 7 years, will be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government. Shareholders who have not encashed the dividend warrant(s) so far for the financial year ended 30th June, 1997 or any subsequent financial years, are requested to make their claims to the Company at its Registered Office. **It may be noted that once the unclaimed dividend is transferred, on expiry of seven years, to the Investor Education and Protection Fund, as stated here-in, no claim shall lie in respect thereof.**
6. Members holding shares in electronic form may please note that their bank details as furnished by the respective depositories to the Company will be printed on their dividend warrants as per the applicable regulations of the Depositories and the company will not entertain any direct request from such members for deletion of/change in such bank details. Members may, therefore, give instructions regarding bank accounts in which they wish to receive dividend, directly to their Depository Participants.

By order of the Board

O.P. Roongta
Sr. Vice-President (Finance) & Secretary

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

Dated : 29th July, 2004

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EXPLANATORY STATEMENT UNDER SECTION 173 OF THE COMPANIES ACT, 1956, REGARDING SPECIAL BUSINESS.

Item No. 7

The existing term of the office of Shri S. J. Taparia, Executive Director, expires on 14th June, 2005. Shri S. J. Taparia is responsible for (1) all technical aspects of (i) operations, (ii) new product identification, development and introduction, and (iii) Plant, Machinery, Moulds and Equipments, including their selection, purchase, installation, running and maintenance, (2) marketing of industrial products and (3) to generally assist the Managing Director in day to day management and conduct of the business and affairs of the Company under the overall supervision, control and direction of the Board of Directors. Accordingly, subject to the approval of the members and such other approvals as may be necessary, the Board of Directors have proposed the re-appointment of Shri S. J. Taparia as Executive Director, for a further period of five years commencing from 15th June, 2005 upon the terms and conditions as set out in the resolution mentioned in this item of the notice.

Considering his competence, experience as also the envisaged growth in the activities of the Company and as compared to the remuneration presently being paid to persons in similar situations in the country, the terms of his re-appointment and remuneration as set out in the resolution and which may also be deemed to be a part of this explanatory statement are viewed to be just, fair and reasonable. The Resolution is commended for your approval.

A brief profile of Shri S. J. Taparia is given in the particulars of Directors under Corporate Governance and member's attention is also invited thereto.

The above may also be treated as an abstract of the terms of the appointment of Shri S.J. Taparia, as Executive Director, pursuant to Section 302 of the Companies Act, 1956.

Shri S.J. Taparia, is himself interested in the Resolution. Shri B.L. Taparia, Shri M. P. Taparia and Shri V. K. Taparia, Directors of the Company, being related to Shri S. J. Taparia, are also deemed to be interested in the Resolution. None of the other Directors are concerned and / or interested in this Resolution.

By order of the Board

O.P. Roongta

Sr. Vice-President (Finance) & Secretary

Registered Office

612, Raheja Chambers,
Nariman Point,
Mumbai 400 021

Dated : 29th July, 2004

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DIRECTORS' REPORT

To

The Members,

The Directors have great pleasure in presenting the 62nd Annual Report along with the Audited Accounts for the financial year ended 30th June 2004.

FINANCIAL RESULTS

	Current Year Rs.	Previous Year Rs.
Year's working shows a surplus of	**63,47,99,282**	55,02,83,244
Add: Excess provision for depreciation written back	**5,33,328**	50,25,419
Provision for Taxation for earlier years.	**2,65,374**	- 1,23,74,214
	63,55,97,984	54,29,34,449
Exceptional items Income (+) / Expenses (-)	**69,91,525**	- 2,26,75,144
Less: Depreciation	**41,39,01,419**	36,47,86,707
Less: Provision for taxation	**1,80,00,000**	1,27,00,000
	21,06,88,090	14,27,72,598
Add: Balance Brought forward from previous year	**-**	-
Provision for deferred tax liability written back	**-**	6,58,29,688
Total Amount available for appropriation	**21,06,88,090**	20,86,02,286
Appropriation therefrom		
Transfer to Debenture Redemption Reserve	**38,60,000**	1,10,00,000
Proposed Dividend (including Corporate Dividend Tax)	**13,62,67,668**	10,31,16,107
Transferred to General Reserve	**7,05,60,422**	9,44,86,179
Balance Carried forward	**-**	-
	21,06,88,090	20,86,02,286

Your company has incurred a capital expenditure of Rs. 28.19 crores during the year, primarily in the following :

i) To increase capacity of PVC Pipes & Fittings at Jalgaon;

ii) To install new capacity to make PP Random Copolymer pipes and fittings at Jalgaon

iii) To start a new unit at Guwahati to make furniture & crates;

iv) To expand capacity of Crates & Industrial components at Talegaon;

The same has been financed through internal accruals.

The Company has sold its BOPP unit for a consideration of Rs. 14 crores to M/s. Xpro India Limited.

During the year your Company has invested in 34,36,400 No.s of Shares @ Rs. 17.46 Per Share aggregating to Rs. 6.00 crores in the Equity Capital of Supreme Petrochem Limited.

DIVIDEND

The Directors have recommended payment of dividend for the year ended 30th June 2004, as under	Rs.
(i) Dividend on 1,33,90,837 Equity Shares of Rs. 10 each @ 90% i.e. Rs. 9/- per share	12,05,17,533
(Previous year on 1,30,57,837 Equity Sahres of Rs. 10/- each @ 70% i.e. Rs. 7/- per share)	
(ii) Corporate Dividend Tax	1,57,50,135
	13,62,67,668

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MANAGEMENT DISCUSSION AND ANALYSIS

Please see attached Annexure

PREFERENTIAL ISSUE OF EQUITY SHARES / WARRANTS TO PROMOTERS OF THE COMPANY

The Company has received Rs. 7,50,00,000/- from the Promoter Group Companies, Rs. 6,66,00,000/- against allotment of 3,33,000 Equity Shares @ Rs. 200/- per Share (Rs. 10/- towards face value and Rs. 190/- towards premium) and Rs. 84,00,000/- against allotment of 4,20,000 Warrants @ Rs. 20/- per Warrant convertible into equivalent number of Equity Shares against further payment @ Rs. 180 per Warrant, aggregating to Rs. 7,56,00,000/- on or before expiry of 18 months from the date of allotment.

FIXED DEPOSITS

The amount of Fixed Deposits has decreased from Rs. 3756.47 lakhs to Rs. 3096.35 lakhs. Out of deposits which matured during the year, 401 deposits aggregating to Rs. 53.45 lakhs remain unclaimed as on 30th June 2004 of which Rs. 20.44 lakhs have since been renewed/refunded.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies(Amendment) Act, 2000, the Directors confirm that

i. In the preparation of the annual accounts, the applicable accounting standards have been followed.

ii. Appropriate accounting policies have been selected and applied consistently and have made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at June 30, 2004 and of the Profit and Loss Account for the year ended June 30, 2004.

iii. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

iv. The annual accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE

The Company has been proactive in following the principles and practices of good governance. The company has taken adequate steps to ensure that the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreements of the Stock Exchange are complied with.

A separate statement on corporate governance is produced as a part of the Annual Report alongwith the Auditors' Certificate on its compliance.

ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

Information on conservation of energy, technology absorption, foreign exchange earnings and outgo required to be given pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors)Rules, 1988 is annexed hereto and forms part of this report.

PERSONNEL

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

SUPREME PETROCHEM LIMITED (SPL)

SPL has posted a turnover of Rs. 1183.72 crores and earned a profit before tax of Rs. 33.65 crores. The Board of Directors of the said company has recommended maiden dividend @ Rs. 0.80 per share.

DIRECTORS

Shri H. S. Parikh, Shri S. J. Taparia and Shri V. K. Taparia, Directors of the Company retire by rotation and being eligible offer themselves for re-election.

During the year Smt. Neeta Mukerjee, Nominee Director of ICICI Bank Ltd., was withdrawn from the directorship of the Company by ICICI Bank Ltd. w.e.f. 23.01.2004. The Board hereby records its appreciation of the valuable contribution by Smt. Neeta Mukherjee during her tenure as a Director of the Company

AUDITORS

M/s Chhogmal & Co., Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting. The Company has received a certificate from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1-B) of the Companies Act, 1956. The notes on Accounts referred to in the Auditors Report are self explanatory and therefore do not call for any further comments.

ACKNOWLEDGEMENT

The Directors place on record their sincere appreciation for the encouragement, co-operation and support received by the Company from the local authorities, banks, customers, suppliers and business associates and shareholders. Directors also place on record their sincere appreciation of the valuable services rendered by the employees of the Company at all levels.

For and on behalf of the Board of Directors

B L Taparia
Chairman

Place : Mumbai
Date : 29th July, 2004

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