

ANNUAL REPORT

2001

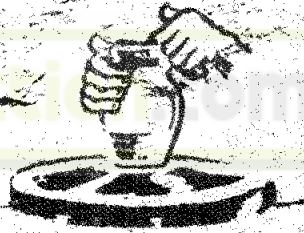
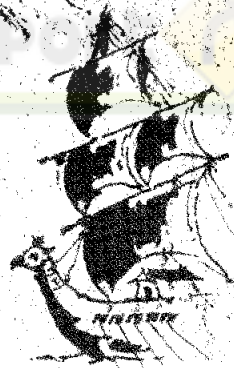
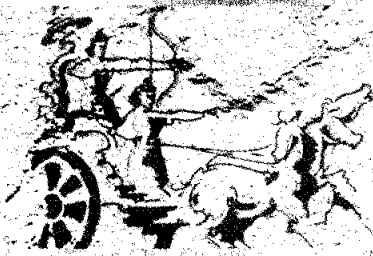
2002

Supreme

Annual Report 2001-2002

न कर्मणामनारम्भान्नेष्कर्म्यं पुरुषोऽश्नुते ।
न च सैन्यसमादेव सिद्धिं समधिगच्छति । ।

Man winneth not freedom from action by
abstaining from activity, nor by mere
renunciation doth he rise to perfection.



For business to truly have purpose and
meaning, it is important that each work taken
up is persued to its rightful and logical
conclusion.

At Supreme, we believe that only then do we
demonstrate the genuine spirit of our karma
philosophy, and our unflagging commitment
to all the stakeholders.

PERFORMANCE HIGHLIGHTS

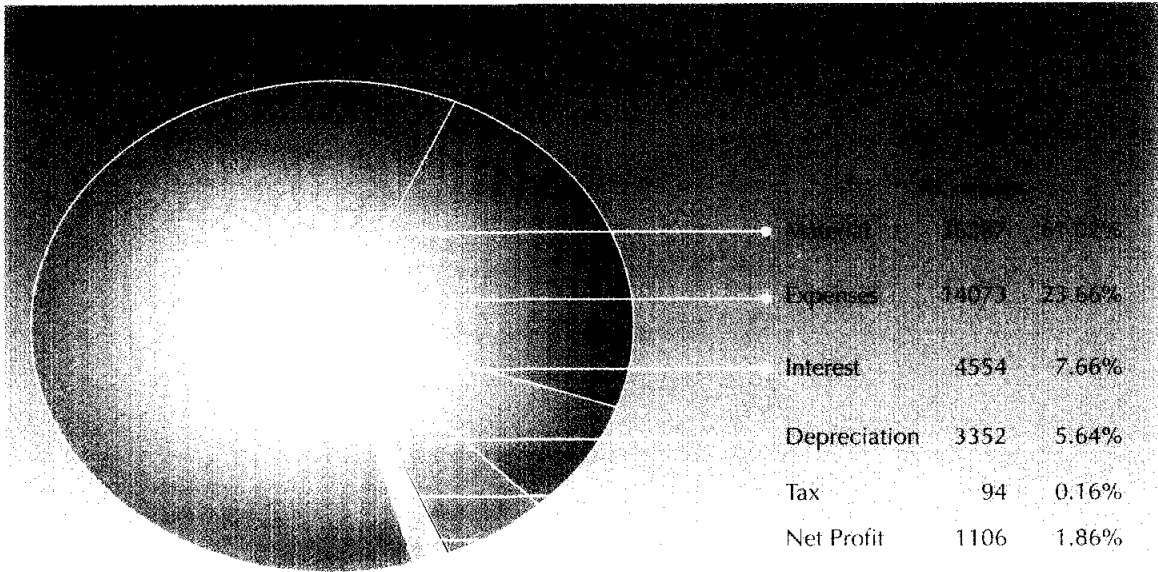
(Figures in Lakhs)

	1997-98	1998-99	1999-2000	2000-2001	2001-2002
Polymers Processed (MT)	59945.00	66858.00	67262.00	68413.00	83499.00
Sales	47908.28	55441.16	56096.08	53487.76	67466.02
Less : Excise Duty	6501.00	7469.00	8145.00	6961.00	8339.00
Net Sales	41407.28	47972.16	47951.08	46526.76	59127.02
Other Income	320.75	312.16	476.32	289.13	338.96
Total Income	41728.03	48284.32	48427.40	46815.89	59465.98
Operating Profit (PBITD+Misc. Exp. W/off)	7637.45	8625.78	8032.27	7184.44	9106.03
Interest	3914.76	4156.68	3805.26	4177.11	4554.28
Gross Profit	3665.88	4267.77	4199.43	2893.20	4551.75
Depreciation	2013.87	2442.82	2526.87	2570.60	3349.69
Profit Before Tax	1652.01	1824.95	1672.56	322.60	1202.06
Tax	92.00	72.00	117.00	46.50	94.00
Profit After Tax	1560.01	1752.95	1555.56	276.10	1108.06
Prior Years Adjustments	21.06	7.86	24.23	3.73	2.45
Net Profit	1581.87	1760.81	1579.79	279.83	1110.51
Paid Up Equity Capital	971.49	971.49	971.49	971.49	1001.23
Reserves and Surplus*	10815.87	11853.05	12766.93	12730.58	12870.54
Shareholders' Funds	11787.36	12824.54	13738.42	13702.07	13871.77
Loans	26560.25	22470.40	21362.56	27655.27	24251.20
Capital Employed**	38980.02	35737.07	34658.18	41041.38	37843.43
Net Fixed Assets***	23499.22	23806.38	23524.54	25109.25	29663.17
Net Current Assets	12566.62	6616.77	5895.56	10554.68	5177.15
Earning Per Equity Share (Rs.)	14.37	16.58	15.08	2.84	11.07
Cash Earning per Equity Share (Rs.)	35.10	41.73	41.09	29.30	44.52
Book Value (Rs.)	121.00	132.00	141.00	141.00	139.00
Dividend (%)	60.00	70.00	70.00	30.00	60.00
PBDIT / Average Capital Employed	20.36	23.09	22.82	18.98	23.09
ROACE (%)	14.99	16.55	15.64	12.18	14.59
(PBIT / Average Capital Employed					
ROANW (%)	12.11	13.09	11.03	2.03	8.02
(PAT / Average Net Worth)					
Debt : Equity	1.58	1.29	0.96	1.10	0.95
(Long Term Borrowings / Total Net Worth)					

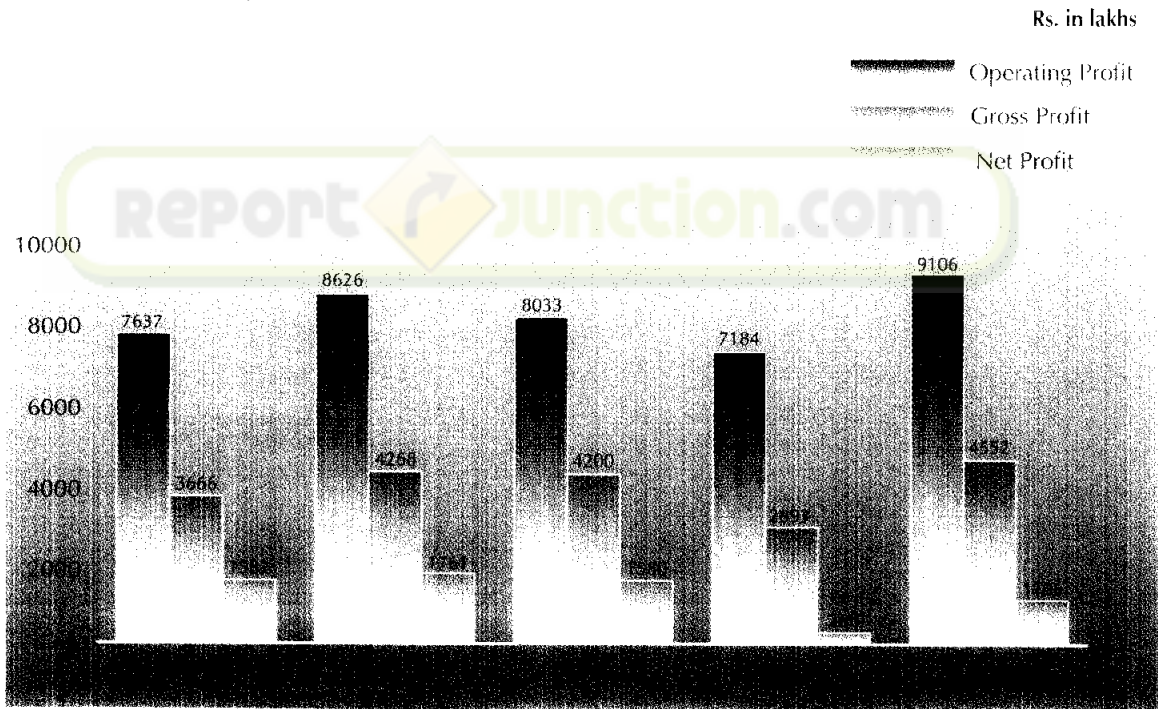
* excluding revaluation reserves & after reducing miscellaneous expenditure.

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

*** excluding revaluation



OPERATING, GROSS AND NET PFOFITS



The Supreme Industries Limited

BOARD OF DIRECTORS

B L Taparia, Chairman
M P Taparia, Managing Director
S J Taparia, Executive Director
S R Taparia, Director
H S Parikh, Director
B V Bhargava, Director
N N Khandwala, Director
V K Taparia, Director
Smt. N Mukerji, Director (Nominee of ICICI)

Sr. VICE-PRESIDENT (FINANCE) & SECRETARY

O P Roongta

Sr. VICE-PRESIDENT (OPERATIONS)

J M Totla

BANKERS

Central Bank of India
State Bank of India
Saraswat Co-op. Bank Ltd.
Bank of India
Societe Generale
BNP PARIBAS
Centurion Bank

AUDITORS

M/s. Chhogmal & Co.,
Chartered Accountants

REGISTERED OFFICE

612, Raheja Chambers,
Nariman Point,
Mumbai 400 021.
Tele : 285 1656 Fax : 285 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 : 632 2800 Fax : 636 7057
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. Hosur (Tamil Nadu)
6. Jalgaon (Maharashtra)
7. Kanhe (Maharashtra)
8. Kanpur Dehat (Uttar Pradesh)
9. Khopoli (Maharashtra)
10. Khushkhara (Rajasthan)
11. Malanpur 1 (Madhya Pradesh)
12. Malanpur 2 (Madhya Pradesh)
13. Nandesari (Gujarat)
14. Noida (Uttar Pradesh)
15. Pithampur (Madhya Pradesh)
16. Pondicherry 1 (Union Territory)
17. Pondicherry 2 (Union Territory)
18. Salt Lake, Kolkata (West Bengal)

OFFICES

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

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The Supreme Industries Limited

NOTICE

NOTICE is hereby given that the 60th Annual General Meeting of the Company will be held at Walchand Hirachand Hall, Indian Merchants' Chamber, Near Churchgate Station, 76, Veer Nariman Road, Mumbai – 400020, on Monday the 30th September, 2002 at 4.00 p.m. to transact, with or without modification, 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, 2002.
2. To declare dividend on Equity Shares for the Financial year ended 30th June, 2002.
3. To appoint a Director in place of Shri B.L. Taparia, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri S. R. Taparia, who retires by rotation and, being eligible, offers himself for reappointment.
5. 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 :

6. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution :
 "RESOLVED THAT pursuant to listing agreement/regulations of the Stock Exchanges and the SEBI Guidelines and subject to applicable approvals and procedures, the Company be and is hereby authorised to delist its Equity Shares from the Ahmedabad Stock Exchange where the Equity Shares of the Company are listed and that the Board of Directors of the Company or any person specifically authorised by the Board in this behalf be and is hereby authorised to sign, deliver and pursue or otherwise deal with all necessary applications and/or documents and to do all such acts, deeds and things as may be deemed necessary in this regard."

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. 6 of the above Notice is annexed.
3. Register of Members and the Share transfer books of the Company will remain closed from Wednesday, 18th

September, 2002 to Monday, 30th September, 2002 (both days inclusive).

4. The Dividend if declared, will be payable to those Equity Shareholders whose names stand on the Register of Members on 30th September, 2002. However, in respect of shares held in the electronic form, the dividend will be payable to the beneficial owners of shares as on the close of 17th September, 2002 as per details furnished by the Depositories for this purpose.
5. The Company has transferred the unclaimed dividends in respect of the financial year ended on 30th June, 1994 to the General Revenue Account of the Central Government. The concerned members may, therefore, submit their claims in this respect, if any, to the Registrar of Companies, Maharashtra, Mumbai by submitting an application in prescribed form to the Registrar of Companies.
6. Pursuant to provisions of Section 205A of the Companies Act, 1956, as amended, dividend for the financial years ended 30th June, 1995 and thereafter, which would 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, 1995 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 to the Investor Education and Protection Fund, as stated herein, no claim shall lie in respect thereof.**
7. 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 : 22nd July, 2002

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EXPLANATORY STATEMENT UNDER SECTION 173 OF THE COMPANIES ACT, 1956, REGARDING SPECIAL BUSINESS.**Item No. 6**

The Equity Shares of the Company are listed on Mumbai Stock Exchange, National Stock Exchange, and Ahmedabad Stock Exchange. For the last several years, the said shares are not being actively traded on the Ahmedabad Stock Exchange. The shareholders in the Gujarat region, where the said Ahmedabad Stock Exchange is located, can trade their shares through online trading with National Stock Exchange and Mumbai Stock Exchange. The Board of Directors feel that there is no benefit in continuing the listing of Company's Equity Shares on the Ahmedabad Stock Exchange where the shares are not actively traded. In order to reduce the burden on the Company in complying with the listing formalities, without any benefit to the investors/shareholders, it is deemed prudent to delist the shares from the said Ahmedabad Stock Exchange. The Company is permitted to delist the Equity Shares from any of the Stock

Exchange(s), other than Regional Stock Exchange, under voluntary Delisting Scheme by passing a special resolution and complying with certain other formalities. The Board, therefore, recommend the resolution to be passed as a special resolution.

None of the Directors is concerned or interested in the resolution.

By order of the Board

O.P. Roongta

Sr. Vice-President (Finance) & Secretary

Registered Office :

612, Raheja Chambers,
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Dated : 22nd July, 2002



FIXED DEPOSITS

The amount of Fixed Deposits has increased from Rs. 1,890.42 lakhs to Rs. 3474.89 lakhs. Out of deposits which matured during the year, 167 deposits aggregating to Rs. 20.53 lakhs remain unclaimed as on 30th June, 2002 of which Rs. 10.14 lakhs have since been renewed / refunded.

DELISTING OF EQUITY SHARES FROM AHMEDABAD STOCK EXCHANGE

The Equity Shares of the Company are not being actively traded on the Ahmedabad Stock Exchange (ASE), since the shareholders in the Gujarat Region trade their shares through online trading with Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). It is, therefore, decided to delist the equity share from the ASE. A Special Resolution to this effect is being placed before the ensuing AGM for Members' approval.

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, 2002 and of the Profit and Loss Account for the year ended June 30, 2002.
- 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

The Company has posted a turnover of Rs. 826.71 crores. The Company has extended its accounting year to 15 months upto 30.6.2002. The Company has increased its capacity to 204,000 TPA. The Company's compounded PS plant to manufacture 17,000 TPA has gone into commercial production. Company's products are well received in both the domestic and export markets.

SILTAP CHEMICALS LIMITED

The Company has achieved a turnover of Rs. 68.69 crores for the year ended 31.7.2001. Business during the current year is lower. The Company is trying to increase its exports business. Company's wide width film plant has gone into commercial production. These products are used for covering foodgrains stocked in open area.

DIRECTORS

Shri B.L. Taparia and Shri S.R. Taparia, Directors of the Company retire by rotation and being eligible offer themselves for re-election.

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 and co-operation received by the Company from the local authorities, banks, customers, suppliers and business associates and shareholders for their continued guidance and support. 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 : 22nd July, 2002

The Supreme Industries Limited

ANNEXURE TO THE DIRECTORS' REPORT

Additional information given as required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

I. CONSERVATION OF ENERGY

Adequate measures have been taken to avoid wastage of energy, the necessary investments are also planned to cut down the consumption of energy per kg. of processing of plastic. The requirement for disclosure with respect to conservation of energy is not applicable to the Company.

II. TECHNOLOGY ABSORPTION

Research & Development (R&D) :

(1) Specific areas in which R&D carried out by the Company-

- (a) Reduction in cost of conversion by-
 - (i) Evaluation of the alternative raw material mix / compounds / use of filters / additives, etc.
 - (ii) Modify the process parameters keeping the end quality in mind.
 - (iii) By getting the maximum finished goods out of the per kg. raw material input.

(b) We have also modified wherever feasible the tooling / dies to have higher production and improved quality.

(c) New product development.

(2) Benefits derived as a result of the above R&D-

- (a) Improved productivity
- (b) Cost Reduction
- (c) Improvement in quality
- (d) Process innovation / conservation of raw material.
- (e) Addition to the existing range of products.

(3) Future plan of action-

- (a) To improve further on the raw material mix / compounding process / parameters to get benefit of higher productivity at lowest cost of conversion.
- (b) To create in-house centralised R&D set up at our technology centre to cater to the requirement of raw material and product testing.
- (c) To develop in-house standards for various products and update them with respect to international standards to make Company's products acceptable in international market.
- (d) Expenditure on R&D : Not Substantial

Technology Absorption, Adaptation and Innovation :

The Company has taken know-how from M/s. Wavin Overseas B.V. Netherland in the line of manufacture of PVC products, crates and films. We are in the process of training personnel to receive this know-how and make investment in balancing equipment to launch new products.

III. FOREIGN EXCHANGE EARNINGS AND OUTGO

Total Foreign Exchange earned and used :

	(Rs. in lacs)
Foreign Exchange Earned	3534.29
Foreign Exchange Used	8592.17

For and on behalf of the Board of Directors

Mumbai, 22nd July, 2002

B.L. Taparua
Chairman