

78th

2019 - 20

**ANNUAL
REPORT**

Supreme[®]
People who know plastics best

GROWTH
A WAY OF LIFE!



THE SUPREME INDUSTRIES LIMITED



One good look around and the changes in the new age lifestyle are visible in every sphere of life - changes that make life easier with better way of doing things. This pursuit for change and the quest for better technologies is what Supreme's growth saga is all about.

Over the decades, Supreme has emerged as the market leader by offering advanced product solutions to meet the constantly expanding use of plastics in all walks of life and industries, and thus, contributing to the growth of our customers and the society at large.

At Supreme, our close understanding of customer and market requirements are supplemented with a strong passion for innovation that finally ends with a befitting solution with that hallmark excellence in quality and design. Such a steadfast customer-centric approach has enabled us to emerge as a pioneer and one of the leading names in the Indian Plastics Industry. It is a system where we constantly strive to grow sustainably and responsibly in an ecosystem that brings together all our collaborators, stakeholders and communities to thrive and progress collectively.

Today, Supreme is a household name that rules the markets with a wide range of highly advanced customized products and solutions.

Integrating its core values of passion and innovation, we have evolved a culture of quality that flows through our entire operations and shows in every product that leaves our state-of-the-art manufacturing facilities.

And that's how we make Growth – A way of life !





Performance Highlights

(₹ In Lacs)

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Market Capitalization	229,919	283,206	428,144	663,779	857,749	939,554	1,387,959	1,516,764	1,414,889	1,102,212
Polymers Processed (MT)	224,673	245,700	281,452	285,539	303,812	242,968	359,930	366,714	400,248	428,272
Product Sales (MT)	219,931	245,947	270,650	275,463	301,930	235,306	340,906	371,176	397,983	411,521
Sales	266,553	318,462	374,608	434,333	469,138	332,776	499,896	510,894	561,167	551,127
Less: Excise Duty	22,980	29,532	38,796	43,851	47,239	36,770	53,719	13,914	-	-
Net Sales	243,573	288,930	335,812	390,483	421,899	296,006	446,177	496,980	561,167	551,127
Other Income	4,295	4,917	4,884	6,751	4,246	1,082	802	1,651	2,080	1,879
Total Income	247,868	293,847	340,697	397,234	426,145	297,088	446,979	498,631	563,247	553,006
Operating Profit	36,709	48,282	53,940	59,903	67,265	47,171	76,961	80,304	80,457	85,372
Interest	4,250	5,480	5,235	7,614	5,795	2,888	3,024	2,064	2,600	2,018
Gross Profit	32,459	42,802	48,705	52,288	61,470	44,283	73,937	78,240	77,857	83,354
Depreciation	6,285	7,246	8,171	10,154	13,895	10,457	15,429	16,715	18,354	20,567
Profit Before Tax & Exceptional Items	26,175	35,556	40,535	42,135	47,575	33,826	58,508	61,525	59,503	62,787
Exceptional Items/(Loss)	-	-	-	-	-	(769)	-	-	8,175	-
Tax	(8,773)	(11,504)	(13,299)	(13,998)	(16,004)	(11,765)	(20,578)	(20,570)	(21,575)	(13,147)
Profit after Tax	17,401	24,052	27,235	28,137	31,571	21,292	37,930	40,955	46,103	49,640
Other Comprehensive Income			-	-	-	(143)	(213)	(62)	(236)	(423)
Total Comprehensive Income	17,497	24,052	27,235	28,137	31,571	21,149	37,717	40,893	45,867	49,217
Paid up Equity Capital (FV Rs.2)	2,541	2,541	2,541	2,541	2,541	2,541	2,541	2,541	2,541	2,541
Reserves and Surplus*	46,279	61,472	77,581	93,828	120,692	119,673	152,804	170,764	196,724	210,718
Shareholders' Funds	48,819	64,013	80,122	96,369	123,233	122,214	155,345	173,305	199,265	213,259
Net Debts (After Adjusted Surplus In CC Account)	50,167	34,352	45,396	45,188	27,651	41,209	22,836	24,508	14,713	21,763
Long Term Loans	27,487	20,226	29,274	34,998	29,622	24,826	6,406	135	112	88
Deferred Tax Liability (Net)	7,954	8,326	9,065	11,675	9,058	10,548	11,626	11,340	12,036	9,011
Capital Employed**	84,260	92,565	118,461	143,042	161,913	157,588	173,377	184,780	211,413	222,358
Net Fixed Assets***	74,027	73,805	102,645	108,790	103,250	118,467	126,330	135,338	152,097	160,774
Basic & Diluted Earning Per Share (Before exceptional income/loss)	14	19	21	22	25	17.37#	29.86	32.24	31.40	39.08
Basic & Diluted Earning Per Share (After exceptional income/loss)	14	19	21	22	25	16.76#	29.86	32.24	36.29	39.08
Cash Earning Per Equity Share (Rs.)	19	25	28	30	36	25	41.84	45.35	50.56	54.93
Book Value (Rs.)	38	50	63	76	97	96	122.29	136.43	156.87	167.85
Dividend (%)	215	300	375	400	450	375	750	600	650	700
ROACE (PBIT excluding exceptional items/ Average Capital Employed)% **** ^	39.80	44.69	40.03	34.81	33.15	29.87	36.24	34.70	30.23	28.97
ROANW (PAT/Average Net Worth) % ^	40.24	42.63	37.79	31.88	28.75	23.13	27.33	24.92	24.75	24.07
Debt : Equity (Long Term Debt / Total Net worth)	0.50	0.29	0.36	0.36	0.24	0.20	0.04	0.00	0.00	0.00
Debt: Equity (Total Debt / Total Net Worth)	1.05	0.54	0.58	0.47	0.22	0.34	0.15	0.14	0.08	0.10

* Excluding revaluation reserves

** Shareholders' funds + Long Term Loans + Deferred Tax Liability

*** Excluding revaluation reserve & Capital work in Progress & Assets held for disposal

**** ROACE=PBIT (Interest is excluding interest on working capital loans & unsecured loans)/Avg. Capital employed

Figure Not Annualised

^ FY 2015-16 Figures Annualised

Previous year figure have been regrouped where ever required.



Complementing deca-millionaire trade partners and capturing the business moments at BIG 5'19 exhibition held at DWTC, Dubai, United Arab Emirates.



Mr A.K. Ghosh VP (tech) and his engineering team receiving 9th National award for Technology Innovation in Petrochemical & downstream Plastic processing industry from Hon'ble Minister for Chemical & Fertilizers, Govt. of India Shri D.V. Sadananda Gowda for the design and development of Planetary Polyethylene foam extruder.

Glimpse of Supreme's participation in various Exhibitions



Employee engagement activities at Supreme Corporate office at Mumbai



Independence Day Celebration



Women's Day Celebration



Safety measures being taken at Supreme Plant for COVID 19 pandemic



Company Information

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
Y. P. Trivedi, Director
R. Kannan, Director
R. M. Pandia, Director
Ms. Ameeta Parpia, Director (w.e f. 7th May, 2019)
Sarthak Behuria, Director (w.e f. 7th May, 2019)
N. N. Khandwala, Director (up to 17th September, 2019)
Smt. Rashna Khan, Director (up to 17th September, 2019)

BANKERS

Central Bank of India
Axis Bank Ltd.
BNP Paribas
ICICI Bank Ltd.
Standard Chartered Bank
Kotak Mahindra Bank Ltd.
HDFC Bank Ltd.

CHIEF FINANCIAL OFFICER

P. C. Somani

VP (CORPORATE AFFAIRS) & COMPANY SECRETARY

R.J. Saboo

AUDITORS

M/s. Lodha & Co.
Chartered Accountants

REGISTERED OFFICE

612, Raheja Chambers, Nariman Point, Mumbai 400 021.
Tele: 022-2285 1656 Fax: 022-2285 1657
Website: <http://www.supreme.co.in>
Email: investor@supreme.co.in
CIN: L35920MH1942PLC003554

CORPORATE OFFICE

1161 & 1162 Solitaire Corporate Park,
167, Guru Hargovindji Marg, Andheri Ghatkopar Link Road,
Andheri (E), Mumbai 400 093
Tele: 022-4043 0000 Fax: 022-4043 0099
Website: <http://www.supreme.co.in>
Email: supreme@supreme.co.in

WORKS

1. Derabassi (Punjab)
2. Durgapur (West Bengal)
3. Gadegaon (Maharashtra)
4. Ghiloth (Rajasthan)
5. Guwahati (Assam)
6. Halol – Unit I (Gujarat)
7. Halol – Unit II (Gujarat)
8. Halol – Unit III (Gujarat)
9. Halol – Unit IV (Gujarat)
10. Hosur (Tamil Nadu)
11. Jalgaon – Unit I (Maharashtra)
12. Jalgaon – Unit II (Maharashtra)
13. Jadcherla (Telangana)
14. Kanhe (Maharashtra)
15. Kanpur (Uttar Pradesh)
16. Kharagpur (West Bengal)
17. Khopoli (Maharashtra)
18. Malanpur – Unit I (Madhya Pradesh)
19. Malanpur – Unit II (Madhya Pradesh)
20. Malanpur – Unit III (Madhya Pradesh)
21. Noida (Uttar Pradesh)
22. Puducherry (Union Territory)
23. Silvassa (Union Territory)
24. Sriperumbudur (Tamil Nadu)
25. Urse (Maharashtra)

OFFICES

- | | | |
|--------------|------------|-----------------|
| 1. Ahmedabad | 7. Kanpur | 13. Jabalpur |
| 2. Bangalore | 8. Kolkata | 14. Bhubaneswar |
| 3. Chennai | 9. Mumbai | 15. Guwahati |
| 4. Cochin | 10. Noida | 16. Patna |
| 5. Hyderabad | 11. Pune | 17. Ranchi |
| 6. Indore | 12. Jaipur | 18. Raipur |

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Boards' Report

The Directors have great pleasure in presenting the 78th Annual Report together with the Audited Financial Statements for the financial year ended 31st March, 2020.

(₹ In Crores)

Particulars	FY 2019-20	FY 2018-19
Total Income	5530	5633
Profit Before Interest, Depreciation & Tax	854	805
Interest & Financial Charges	20	26
Depreciation, Amortization and Impairment	206	184
Profit Before Tax & Exceptional Items	628	595
Exceptional Items Gain/(Loss)	–	82
Profit Before Tax	628	677
Tax Expenses	132	216
Profit After Tax	496	461
Other Comprehensive Income (Net of Taxes)	(4)	(2)
Total Comprehensive Income	492	459

DIVIDEND

₹ in Crores

(i) Dividend on 12,70,26,870 Equity Shares of ₹ 2/- each @ 700 % i.e. ₹ 14/- per share as under:		
(Previous year @ 650% i.e. ₹ 13/- per equity share)		
(a) Interim Dividend @200 % i.e. ₹ 4/- per share (already paid in November 2019)	51	
(b) 2nd Interim Dividend @500 % i.e. ₹ 10/- per share (already paid in March 2020)	127	178
(ii) Corporate Dividend Tax as applicable		36
TOTAL		214

The Board of Directors of the Company had adopted the Dividend Distribution Policy on January 25, 2017 in line with the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. The Policy is uploaded on the Company's website at www.supreme.co.in

OVERVIEW OF THE FINANCIAL PERFORMANCE

The financial performance highlights for the year ended 31st March, 2020, are as follows -

The Company sold 411521 MT of Plastic goods and achieved net product turnover of ₹ 5408 Crores during the year under review against sales of 397983 MT and net product turnover of ₹ 5437 crores in the previous year achieving volume growth about 3 % and product value degrowth about 1 %, respectively.

Total Income and Operating Profit for the year under review amounted to ₹ 5530 crores and ₹ 854 crores respectively as compared to ₹ 5633 crores and ₹ 805 crores, in the previous financial year.

The Profit before Tax and Profit after Tax for the year under review amounted to ₹ 628 crores and ₹ 496 crores respectively as compared to ₹ 677 crores and ₹ 461 crores, in the previous financial year.

MANAGEMENT DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis forms an integral part of this report and gives detail of the overview, industry structure and developments, different product groups of the Company, operational performance of its various business segments.

CREDIT RATING

The Company's financial discipline and prudence is reflected in strong credit rating ascribed by CRISIL as under:-

Total Bank Loan Facilities Rated	₹ 1760.80 crores
Long-Term Rating	CRISIL AA/Stable (outlook revision from 'Positive'; rating reaffirmed)
Short-Term Rating	CRISIL A1+ (Reaffirmed)
₹ 200 crore commercial paper	CRISIL A1+ (reaffirmed)

FIXED DEPOSITS

In accordance with the terms and conditions governing the Fixed Deposit Scheme, the Company has exercised the option to repay on 1st April, 2014, all the Fixed Deposits with accrued interest as at the end of 31st March, 2014. Accordingly, the Company is not having any Fixed Deposit as on 31st March, 2020 except 6 deposits amounting to ₹ 90 thousand which remained unclaimed as on 31st March, 2020.

DIRECTORS' RESPONSIBILITY STATEMENT:

The Board of Directors acknowledge the responsibility for ensuing compliances with the provisions of Section 134(3)(c) read with Section 134(5) of the Companies Act, 2013 in the preparation



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of annual accounts for the year ended on 31st March, 2020 and state that:

- in the preparation of the annual accounts, the applicable accounting standards had been followed and there is no material departures from the same;
- the Directors have selected such accounting policies and applied consistently and made judgments 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 31st March, 2020 and of the profit of the Company for the year ended on that date ;
- 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;
- the Directors have prepared the annual accounts on a going concern basis;
- the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively;

CORPORATE GOVERNANCE

The Company has taken the requisite steps to comply with the recommendations concerning Corporate Governance.

A separate statement on Corporate Governance together with a certificate from the auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of this Annual Report.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING / OUTGO

Information on conservation of energy, technology absorption, foreign exchange earnings and outgo required to be given pursuant to Section 134(3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 is annexed herewith as Annexure - I to this report.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

The prescribed particulars of Employees required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed herewith as Annexure-II to this Report.

The information required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Boards' Report for the year ended 31st March, 2020 is given in the separate Annexure of this Report.

The Annual Report excluding the aforesaid Annexure is being sent to the Members of the Company in terms with the provision of Section 136 of the Companies Act, 2013. Members who are interested in obtaining these particulars may write to the Company Secretary at the Registered Office of the Company. The aforesaid Annexure is also available for inspection by Members at the Registered Office

of the Company, 21 days before the 78th Annual General Meeting and up to the date of the ensuing Annual General Meeting during the business hours on working days.

CONSOLIDATED FINANCIAL STATEMENT

The consolidated financial statements of the company & its subsidiary & associates which form part of Annual Report have been prepared in accordance with section 129(3) of the Companies Act, 2013. Further, a statement containing the salient features of the Financial Statement of Subsidiary Company & Associate Companies in the prescribed format AOC-1 is annexed herewith as Annexure - III to this Report. The statement also provides the details of performance and financial position of the Subsidiary Company & Associate Companies.

In accordance with Section 136 of the Companies Act, 2013 the Audited Financial Statements, including the consolidated financial statements & related information of the Company & Audited Accounts of its Subsidiary Company are available on the website www.supreme.co.in. These documents will also be available for inspection during business hours at the registered office of the company. Any member desirous of obtaining a copy of the said financial statement may write to the Company Secretary at the Registered Office of the company.

The Consolidated net profit of the company and its subsidiary amounted to ₹ 463 crores for the financial year ended 31st March 2020 as compared to ₹ 446 crores for the previous financial year ended 31st March 2019.

Additional details regarding performance of the Associate Companies & Subsidiary Company have been mentioned in the succeeding paragraphs.

ASSOCIATE COMPANY - SUPREME PETROCHEM LIMITED (SPL)

During the year the Company received an aggregate Dividend of ₹ 1736 lakhs from Supreme Petrochem Ltd (SPL) - promoted jointly by your Company and the R Raheja Group. Net revenues and net profit for the year ended 31st March, 2020 were ₹ 2736 crores and ₹ 102 crores, respectively.

ASSOCIATE COMPANY-KUMI SUPREME INDIA PRIVATE LIMITED

Kumi Supreme India Private Ltd. (KSIPL) is a joint venture between Kumi Kasei Co Ltd, Japan and the Company has reported Net revenues and net profit for the year ended 31st March, 2020 were ₹ 131 crores and ₹ 2.5 crores, respectively.

As per the mutual agreement arrived at with the majority partner viz Kumi Kasei, Japan & pursuant to the approval of Board of Directors the company has divested (1) 2,50,25,611 equity shares of Kumi Supreme India Private Limited (KSI), constituting 20.67% of its equity share capital, to Kumi (Thailand) Co. Ltd (Kumi Thailand), a nominee of Kumi Kasei Co. Ltd, Japan for a consideration of INR 243,248,939/- (Indian Rupees Two Hundred Forty Three Million Two Hundred Forty Eight Thousand Nine Hundred Thirty Nine only) vide Share Purchase Agreement (SPA) dated 23rd March, 2020; (b) & consequently terminated the existing joint venture agreement between the Company, Kumi and KSI dated 4 April 2018 vide a Termination Agreement dated 31st March, 2020; and (c) granted the limited right to KSI to continue to use the word 'Supreme' as part of its corporate name within the terms of such agreement. As an outcome of the exit completion, KSI now ceases to be an associate of the Company.