



SUPREME PETROCHEM LIMITED

**Annual Report
2002-2003**

BOARD OF DIRECTORS

M.P. Taparia, Chairman

Rajan B. Raheja

A.H. Parpia

B.L. Taparia

Satish B. Raheja

S.J. Taparia

Hasmukh Shah

Manoj Chhabra – Alternate Director to Satish B. Raheja

N. Chandar – IDBI Nominee

S.C. Bhatia – ICICI Bank Ltd. Nominee

REGISTERED OFFICE

612, Raheja Chambers,

Nariman Point, Mumbai – 400 021

CORPORATE OFFICE

17/18 Shah Industrial Estate,

Veera Desai Road,

Andheri (W), Mumbai – 400 053

PLANT

Amdoshi,

Wakan Roha Road,

Post : Patansai,

Taluka Roha,

Dist. Raigad, Maharashtra – 402 106

BANKERS

State Bank of India

Bank of Baroda

Central Bank of India

ICICI Bank Ltd.

IDBI Bank Ltd.

The ING Vysya Bank Ltd.

The Karur Vysya Bank Ltd.

State Bank of Indore

AUDITORS

M/s. Parikh & Shah

Chartered Accountants

INTERNAL AUDITORS

G.M. Kapadia & Co.

Chartered Accountants

REGISTRARS & TRANSFER AGENTS

Karvy Consultants Limited

Karvy House

46, Avenue 4, Street No. 1

Banjara Hills

Hyderabad – 500 034

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SUPREME PETROCHEM LIMITED

NOTICE

NOTICE is hereby given that the Fourteenth Annual General Meeting of SUPREME PETROCHEM LIMITED will be held at Indian Merchants' Chambers, Walchand Hirachand Conference Hall, IMC Marg, Churchgate, Mumbai 400 020 on Monday, October 20, 2003 at 11.30 a.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, 2003.
2. To appoint a Director in place of Shri Rajan B Raheja, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri B.L. Taparia, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Satish B Raheja who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Statutory Auditors and fix their remuneration.

SPECIAL BUSINESS:

6. To consider and, if thought fit, to pass with or without modification, as a Special Resolution the following:

"RESOLVED THAT in accordance with the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including statutory modifications and re-enactments thereof, for the time being in force), subject to the guidelines issued by the Securities and Exchange Board of India ("SEBI") with regard to the preferential allotment of shares, the enabling provisions of the Memorandum and Articles of Association of the Company and the Listing Agreement entered into by the Company with the Stock Exchanges where the shares of the Company are listed and approval of all other concerned authorities, if any, and to the extent necessary, and such other approvals, consents, permissions, sanctions as may be required and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions and which may be agreed to by the Board of Directors of the Company and/or the duly authorised Committee thereof (hereinafter referred to as "the Board") the consent of the Company be and is hereby accorded to the Board to offer/issue/allot to the Promoter Companies viz. The Supreme Industries Limited and R. Raheja Investments Private Limited not more than 8571430 equity shares of Rs.10/- each for cash on a preferential basis in one or more tranches, on such terms and conditions and in such manner as may be deemed fit by the Board at a price computed in accordance with the applicable SEBI guidelines based on September 20, 2003 as the relevant date subject however, to a minimum price of Rs.14.00 per equity share.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise regarding the offer/issue/allotment of equity shares on preferential basis as it may in its absolute discretion deem fit and to finalise and execute all documents and writings as may be necessary".

7. To consider and, if thought fit, to pass with or without modification, as a Special Resolution the following:

"RESOLVED THAT in accordance with the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including statutory modifications and re-enactments thereof, for the time being in force), subject to the provisions of the issue of Foreign Currency Convertible Bonds and Ordinary Shares (through depository receipt mechanism) Scheme, 1993, the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 and the schedule thereunder, the Foreign Exchange Management (Transfer or Issue of any Foreign Security) (Fourth Amendment) Regulations 2002 and any amendments thereto with regard to the issue of Foreign Currency Convertible Bonds (FCCBs), the enabling provisions of the Memorandum and Articles of Association of the Company and the Listing Agreement entered into by the Company with the Stock Exchanges where the shares of the Company are listed and approval of all other concerned authorities, if any, and to the extent necessary, and such other approvals, consents, permissions, sanctions as may be required and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions and which may be agreed to by the Board of Directors of the Company and/or the duly authorised Committee thereof (hereinafter referred to as "the Board") the consent of the Company be and is hereby accorded to the board to offer/issue/allot to International Finance Corporation, Washington (IFC), FCCBs aggregating not more than US\$ equivalent of Rs.1800 lacs on a preferential basis in one or more tranches, on such terms and conditions and in such manner as may be deemed fit by the Board subject to the condition that the FCCBs may be converted at any time within a period as may be mutually decided between the Board & IFC but not exceeding 24 months from the date of allotment in one or more tranches at the discretion of IFC into equity shares at a price computed in accordance with the applicable SEBI guidelines based on September 20, 2003 as the relevant date subject however, to a minimum price of Rs.14.00 per equity share.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise regarding the offer/issue/allotment of equity shares on preferential basis as it may in its absolute discretion deem fit and to finalise and execute all documents and writings as may be necessary".



SUPREME PETROCHEM LIMITED

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 mortgaging and/or charging by the Board of Directors of the Company of all or any of the immovable and movable properties of the Company wheresoever situate, present and future in favour of International Finance Corporation, Washington (IFC) and/or other Lenders syndicated by IFC to secure:

- a) Foreign Currency Loan of US\$ equivalent of Rs.5300 lacs (Rupees five thousand three hundred lacs only) from IFC and/or other Lenders syndicated by IFC and
- b) Foreign Currency Convertible Bonds of US\$ equivalent of Rs.1800 lacs (Rupees one thousand eight hundred lacs only) from IFC

together with interest at the agreed rate, additional interest, liquidated damages, commitment charges, premium on pre-payment or on redemption, costs, charges, expenses and all other monies payable by the Company to IFC and/or other Lenders syndicated by IFC in terms of Loan Agreements/Letters of Sanction in respect of the said Loan; and

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise with IFC and/or other Lenders syndicated by IFC the documents for creating aforesaid mortgage and/or charge and to do all such acts and things as may be necessary to give effect to the above resolution".

9. To consider and, if thought fit, to pass with or without modification, as a Special Resolution the following:

"RESOLVED THAT the Company do apply for voluntary delisting of the equity shares of the Company from Ahmedabad, Kolkata and New Delhi Stock Exchanges subject to the equity shares of the Company remaining listed on a Stock Exchange having nation wide trading terminal i.e with The Stock Exchange, Mumbai or The National Stock Exchange of India or any other Stock Exchange referred to in regulation 5 of the Securities and Exchange Board of India (delisting of securities) Guidelines, 2003 and further subject to other compliances and clearances as stipulated under the said guidelines.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution".

10. To consider and, if thought fit, to pass with or without modification, as a Special Resolution the following:

"RESOLVED THAT the following amendments/additions to the definition and Articles of Association of the Company be are hereby approved.

Insert after existing Article 4

- 4A Subject to the provisions of the Act, the Company shall, at all times ensure that any further Shares offered to SIL and RR shall be offered or issued on terms and conditions that are identical for SIL and RR. Such further shares shall be issued to SIL and RR in accordance with the then existing ratio of shareholding of SIL and RR to the total paid-up equity share capital of the Company.

Delete existing Article 103 and insert the following

Quorum at General Meeting

103. The quorum for a general meeting of the Company shall be 5 shareholders present in person, consisting of atleast one person each representing SIL and RR. If at a general meeting there is no quorum, then the meeting shall be adjourned to the same time and the same venue in the next week. At such adjourned meeting if a quorum is not present within half an hour from the time appointed for holding the meeting, the members present shall be quorum and may transact the business for which the meeting was called. Unless otherwise required by the Act, all decisions shall be taken by a simple majority. All items requiring approval by a Special Resolution under the Act should be approved by 75% of the shareholders present and voting at the meeting.

Delete existing Article 96(2)

Delete existing Article 104 and insert the following:

If quorum not present requisitioned meeting to be dissolved

If within half an hour from the time appointed for holding a meeting of the Company, a quorum is not present, the meeting, if called by or upon the requisition of members, shall stand dissolved.

Delete existing Article 135A and insert the following

- 135A(a) So long as SIL holds not less than 20% of the issued and paid up equity share capital of the Company, SIL shall be entitled to appoint by a notice in writing addressed to the Company and signed by a duly authorised representative of SIL, one Director on the Board of the Company. The Director so appointed shall not be liable to retire by rotation. SIL shall be entitled, by a similar notice in writing addressed to the Company to remove the Director so appointed and appoint another Director in place thereof. SIL shall fill in any casual vacancy.

- (b) So long as RR holds not less than 20% of the issued and paid up equity share capital of the Company, RR shall be entitled to appoint by a notice in writing addressed to the Company and signed by a duly authorised representative of RR, one Director on the Board of the Company. The Director so appointed shall not be liable to retire by rotation. RR shall be entitled, by a similar notice in writing addressed to the Company to remove the Director so appointed and appoint another Director in place thereof. RR shall fill in any casual vacancy.



SUPREME PETROCHEM LIMITED

Delete existing Article 140 and insert the following

Alternate Directors

140. The Board may appoint an Alternate Director to act for a Director (hereinafter called 'Original Director') during his absence for a period of not less than three months from the State in which meetings of the Board are ordinarily held ('the State').

SIL and RR nominating such Original Director shall have a right to recommend any other person to be the Alternate Director in place of the Original Director. SIL and RR shall ensure that the Board appoints only such persons to be Alternate Directors as are recommended by SIL or RR nominating the Original Director. An Alternate Director appointed under this Article shall not hold office for a period longer than that permissible to the Original Director and shall vacate office if and when the Original Director returns to the State. If the term of office of the Original Director is determined before he so returns to that State as aforesaid, any provision for automatic re-appointment of retiring Directors in default of another appointment shall apply to the Original Director and not to the Alternate Director. If a person is appointed as an Alternate Director for more than one Original Director, such individual shall be entitled to cast his vote for each of the Original Directors for whom he is acting as an alternate.

In Article 155 delete the figure "135" and substitute it with the figure "135A"

In Article 158 add the words "and Article 135(A)" after the words "Subject to" appearing in the first line.

In Article 177 add the words

"Provided that subject to the provisions governing constitution of committees stipulated by The Act, Securities & Exchange Board of India, The Listing Agreement with the Stock Exchanges or any other act, rules or guidelines framed by any authority concerned with regulating corporate governance all such committees shall comprise of atleast one Director each appointed by SIL and RR or their respective alternates." **at the end of the Article.**

In article 177A in the first sentence the word "shall" after the word "company" to be replaced by the word "may".

11. To consider and, if thought fit, to pass with or without modification as a Special Resolution the following:

"RESOLVED THAT approval be and is hereby given, pursuant to the provisions of Section 149(2-A) of the Companies Act, 1956, to the commencement by the Company of a new business, provided in clause 61 of the Memorandum of Association of the Company viz. to carry on business as merchants, traders, commission agents, brokers, adatis or in any other capacity in India or elsewhere and to import, export, buy, sell, barter, exchange, pledge, mortgage, advance upon or otherwise deal in goods, produce, articles and merchandise of any kind".

For and on behalf of the Board

M.P. Taparia
Chairman

Registered Office:

612, Raheja Chambers
Nariman Point
Mumbai - 400 021

Date: September 16, 2003

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 Nos. 6 To 11 of the above Notice is annexed.

Register of Members of the Company will remain closed from Friday, October 17, 2003 to Monday, October 20, 2003 (both days inclusive).

Members are requested to bring their copies of the Annual Report to the Meeting.



SUPREME PETROCHEM LIMITED

ANNEXURE TO THE NOTICE

Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 regarding Special Business.

ITEM NO. 6, 7 & 8:

The Company needs to infuse fresh equity to restructure its financing pattern and to strengthen the financial parameters.

The Company therefore approached IFC, for subscription to the Company's equity either directly or through FCCBs and for a Foreign Currency Loan to fund capital cost of the proposed jetty at Dherand in District Raigad, Maharashtra and pipeline from the jetty to the plant site. Currently, the imported raw material is transported by dedicated road tankers from Mumbai port to the Company's plant which is 120 km away. The construction of the jetty and pipeline will reduce logistics cost considerably as, long haul trucking will be eliminated. The material will travel a shorter distance to the plant thereby lowering product losses and improving safety in material handling.

IFC in May 2003 approved the project and agreed to finance the same upto US\$ equivalent of Rs. 7100 lacs consisting of Foreign Currency Loan of US\$ equivalent of Rs. 5300 lacs either directly from IFC and/or other Lenders syndicated by IFC and Foreign Currency Convertible Bond (FCCB) of US\$ equivalent of Rs. 1800 lacs. The scheme of finance also envisaged infusion of additional equity by the Promoters upto US\$ equivalent of Rs. 1200 lacs (including premium).

The FCCBs issued by IFC would be converted into equity shares at the option of IFC at any time within a period as may be mutually decided between the Board & IFC but not exceeding 24 months from the date of allotment, in one or more tranches at a conversion price to be arrived at as per the SEBI formula with a minimum conversion price of Rs. 14/- per share.

The equity shares to be issued to the Promoters viz. The Supreme Industries Limited and R. Raheja Investments Private Limited on preferential basis would also be priced as per the SEBI formula with a minimum of Rs. 14/- per share.

The shareholding pattern before and after the issue of shares to Promoters as per Item No.6 and conversion of FCCBs into shares as per Item No.7 is likely to be as follows:-

Shareholding pattern

| Before The Offer | | | After The Offer | |
|-----------------------------------|---------------|--------|-----------------|--------|
| Particulars | No. of Shares | % | No. of shares | % |
| The Supreme Industries Ltd | 2,55,00,000 | 28.13 | 2,97,85,714 | 26.58 |
| R. Raheja Investments Pvt. Ltd. | 2,55,00,000 | 28.13 | 2,97,85,714 | 26.58 |
| International Finance Corporation | NIL | — | 1,28,57,143 | 11.47 |
| Others (incl. public) | 3,96,40,000 | 43.74 | 3,96,40,000 | 35.37 |
| TOTAL | 9,06,40,000 | 100.00 | 11,20,68,571 | 100.00 |

The allotment of shares and FCCBs would be completed within a period of 3 months from the date of this resolution.

The resolutions at Item No. 6 & 7 are necessary in view of the provisions of Section 81(1A) of the Companies Act, 1956 and the guidelines issued by SEBI for preferential issues.

The FCCBs and Foreign Currency Loans from IFC and/or other Lenders syndicated by IFC are to be secured by appropriate mortgage/charge in favour of IFC and/or other Lenders syndicated by IFC over all or any of the immovable or movable properties of the Company wheresoever situate, present and future, as may be mutually decided between the Board of Directors and IFC and/or other Lenders syndicated by IFC. 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 resolutions at Item No.6, 7 & 8 for your approval.

Sarvashri M.P. Taparia, S.J. Taparia, B.L. Taparia who are Directors of The Supreme Industries Limited and Sarvashri Rajan B. Raheja, Satish B. Raheja/Manoj Chhabra who are Directors of R. Raheja Investments Private Limited may be deemed to be interested in the resolution at Item No. 6. The other Directors of the Company may be deemed to be concerned or interested to the extent of their shareholding in the Company, if any.

The Directors of the Company may be deemed to be concerned or interested in the resolution at Item No. 7 to the extent of their shareholding in the Company, if any. None of the Directors may be deemed to be concerned or interested in the resolution at Item No.8.

ITEM NO.9:

The Equity Shares of the Company are listed on the Stock Exchanges at Mumbai, Ahmedabad, Kolkata, New Delhi and National Stock Exchange, and the Company has paid listing fees upto the year 2002-2003.

However, as reported by the Stock Exchanges except for Mumbai and National Stock Exchange, there have been very few or nil transaction on the other three Stock Exchanges. Based on The Securities and Exchange Board of India (delisting of securities) Guidelines, 2003 (the guidelines), it is open for the Company to voluntarily delist securities from Ahmedabad, Kolkata and New Delhi, if the securities continue to remain listed on a Stock Exchange having nation wide trading terminal.

As the Company's Equity Shares have been mandated by SEBI for compulsory trading in demat form by all investors and Mumbai and National Stock Exchange have trading terminals in various cities affording to the investors convenient access to trade and deal in the Company's Equity Shares across the country, it is proposed to delist the Equity Shares of the Company from Stock Exchanges at Ahmedabad, Kolkata, New Delhi.



SUPREME PETROCHEM LIMITED

The Directors commend the resolution at Item No.9 for your approval.

None of the Directors of the Company may be deemed to be concerned or interested in the resolution.

ITEM NO.10:

The Articles of Association contain provisions ensuring active participation and concurrence of the Promoters viz. The Supreme Industries Limited (SIL) and R. Raheja Investments Private Limited (RR) in decision making.

The Company has been recently advised that a few clauses of the Articles need to be amended to make this intent more effective.

Accordingly the resolution at Item No.10 seeks to amend the Articles.

The Directors commend the resolution at Item No.10 for your approval.

Sarvashri M.P. Taparia, S.J. Taparia, B.L. Taparia who are Directors of The Supreme Industries Limited and Sarvashri Rajan B. Raheja, Satish Raheja/Manoj Chhabra who are Directors of R. Raheja Investments Private Limited may be deemed to be interested in the resolution.

None of the other directors may be deemed to be concerned or interested in the resolution.

ITEM NO.11:

The Company is an Export Trading House and as such has built up inhouse expertise and infrastructure for imports and exports.

It is proposed to leverage these strengths to open up an additional revenue stream for the Company by undertaking business of merchant exports/imports in various commodities.

Clause 61 of the Memorandum of Association allows the Company to undertake these activities. However, authorisation u/s 149(2-A) of the Companies Act, 1956 is required for commencement of any new business from the 'other objects' of the Memorandum.

The Directors commend the resolution at Item No.11 for your approval.

None of the Directors of the Company may be deemed to be 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: September 16, 2003

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SUPREME PETROCHEM LIMITED

DIRECTORS' REPORT

Your Directors present herewith the Fourteenth Annual Report alongwith Audited Accounts for the 12 months period ended June 30, 2003.

1. FINANCIAL RESULTS

| | (Rupees in lacs) | |
|------------------------------|------------------------|------------------------|
| | 2002-03 (12 months) | 2001-02 (15 months) |
| Income | 85161.09 | 82774.26 |
| Operating Profit | 7035.38 | 3808.28 |
| Less : Interest | 2589.23 | 4460.76 |
| Cash Profit/(Loss) | 4446.15 | (652.48) |
| Depreciation | 1594.66 | 1822.15 |
| Miscellaneous | | |
| Expenditure Amortised | 109.87 | 156.64 |
| Profit/(Loss) for the year | 2741.62 | (2631.27) |
| Provision for tax | (183.00) | (3.75) |
| Deferred Tax Asset (Net) | (1294.01) | 595.70 |
| Profit/(Loss) after taxation | 1264.61 | (2039.32) |

In view of the inadequacy of profits your Directors do not recommend any dividend.

2. FINANCE

Your Company redeemed Redeemable Cumulative Preference Shares of Rs.10/- each aggregating Rs.300 lacs during the year under review. A fresh issue of Redeemable Cumulative Preference Shares of Rs.10/- each aggregating Rs. 124 lacs was made in the year under review.

Your Company successfully restructured its debt profile during the year under review thus bringing down the interest cost from Rs.4461 lacs (for fifteen months) to Rs.2589 lacs. Your Company continues to endeavour for further reduction in the interest costs.

3. FOREIGN EXCHANGE SAVINGS AND CONTRIBUTION TO EXCHEQUER

Net foreign exchange savings of Rs.10430 lacs was effected on account of import substitution/exports. During the year under review your Company paid Rs.12217 lacs in indirect taxes/duties.

4. ISO CERTIFICATION

Your Company continues to be certified with ISO 14001 and ISO 9001 certifications.

5. HEALTH & SAFETY

Your Company has continued the implementation of HSE management systems under the guiding principles of declared 'Health and Safety Policy' and 'Environmental Policy'. The Company has established Occupational Health and Safety Management System in accordance with OHSAS 18001 Specification. The

certification audit under OHSAS 18001 Specification is planned during mid July 2003. The Environmental Management System is continued to be maintained as per ISO 14001 Standard. In order to demonstrate commitment towards health safety and environmental matters and to seek continual improvement in performance, your Company has become signatory to the 'Responsible Care' programme instituted by the Indian Chemical Manufacturers Association. Your Company has been awarded the second prize trophy and citation from the Fire Advisor, Government of Maharashtra during the State Level Fire Drill Competitions organised by Mumbai Fire Brigade. One of the Employees has been awarded with "Best Fireman" award for the year 2003. Your Company has completed 989 accident free days on June 30, 2003.

6. DIRECTORS

Smt Ranjitha Godbole resigned from your Company's Board w.e.f. 20.02.2003 as IDBI Nominee Director. Shri. N Chandar joined the Board as IDBI Nominee Director w.e.f. 20.02.2003. Your Directors place on record their appreciation of the contribution of Smt Ranjitha Godbole during her tenure as Nominee Director. Shri Rajan B. Raheja, Shri B.L. Taparia and Shri Satish 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. DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors confirm that:

- in the preparation of the annual accounts, applicable accounting standards have been followed, with proper disclosure of any departures;
- 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;
- 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;
- that the directors have prepared the accounts on a going concern basis.

8. CORPORATE GOVERNANCE

Pursuant to clause 49 of the listing agreement with the stock exchanges, your company has implemented Corporate Governance practices during the period. 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.



SUPREME PETROCHEM LIMITED

9. FIXED DEPOSIT SCHEME

The outstanding fixed deposits as on 30.06.2003 were Rs.379.08 lacs. There were fifteen due but unclaimed deposits aggregating Rs.1.85 lacs out of which five deposits aggregating Rs.0.75 lacs have been paid as on the date of this report. There are no claimed and unpaid deposits.

10. 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.

11. PERSONNEL

Excellent relations were maintained throughout the year. The Directors place on record its appreciation of the continuous efforts put in by all the employees to consolidate and improve the operations of your Company.

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.

12. 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.

13. DELISTING OF SECURITIES

The Equity Shares of your Company are listed on the Stock exchanges at Mumbai, Ahmedabad, Kolkata, New Delhi and National Stock Exchange, and the Company has paid listing fees upto the year 2002-2003.

However, except for Mumbai and National Stock Exchange there have been very few or nil transactions on the other three Stock Exchanges. Based on the Securities and Exchange Board of India (delisting of securities) Guidelines, 2003 (the guidelines), it is open for the Company to voluntarily delist securities from Ahmedabad, Kolkata and New Delhi Stock exchanges, if the securities continue to remain listed on a Stock Exchange having nation wide trading terminal.

As the Company's Equity Shares have been mandated by SEBI for compulsory trading in demat form by all investors and Mumbai and National Stock Exchange have trading terminals in various cities affording to the investors convenient access to trade and deal in the Company's Equity Shares across the country, it is proposed to delist the Equity Shares of the Company from Stock Exchanges at Ahmedabad, Kolkata and New Delhi.

14. ACKNOWLEDGEMENT

The Directors take this opportunity to thank Banks and Financial Institutions, for the 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 behalf of the Board

M.P. Taparia
Chairman

Place : Mumbai
Date : July 23, 2003

MATERIAL CHANGES AFTER THE DATE OF THE DIRECTORS' REPORT:

International Finance Corporation, Washington (IFC) has sanctioned Foreign Currency Loans aggregating US\$ equivalent of Rs.5300 lacs and has also approved investment in Foreign Currency Convertible Bonds (FCCBs) of your Company upto US\$ equivalent of Rs.1800 lacs. This assistance is for restructuring your Company's financing pattern, to strengthen financial parameters and to fund the capital cost of the proposed Jetty at Dherand in District Raigad in the State of Maharashtra.

The Promoters also propose to infuse fresh equity of Rs.1200 lacs (including premium) in your Company.

The requisite approvals are being sought at the forthcoming Annual General Meeting.

For and behalf of the Board

M.P. Taparia
Chairman

Place : Mumbai
Date : September 16, 2003


SUPREME PETROCHEM LIMITED
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, 2003.

A. CONSERVATION OF ENERGY

Energy Conservation features are inbuilt in the plant as reported in the previous years, and the impact of the same will be seen with full capacity utilisation.

B. TECHNOLOGY ABSORPTION

A broad range of speciality Polystyrene grades (Flame Retradant/Toughened Polystyrene/Custom Colour Polystyrene etc.) have been successfully launched. Very high gloss/high impact grades have been introduced. The above grades are well received in the domestic/export markets. The range of grades is being further widened with alloys and blends.

ANNEXURE
FORM A

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

A. Power and Fuel Consumption

| | | Current Year July 01, 2002 to June 30, 2003 |
|---|--|--|
| 1. Electricity | | |
| (a) Purchased | | |
| Units (KWH) | | 25850720 |
| Total amount (Rs. Lacs) | | 917 |
| Rate/unit (Rs.) | | 3.55 |
| (b) Own Generation | | |
| Through diesel generator | | |
| Unit (KWH) | | 37673 |
| Unit per ltr of diesel oil | | 2.22 |
| Cost/Unit | | 6.96 |
| 2. Furnace Oil | | |
| Quantity (K.Ltrs.) | | 1786 |
| Total amount (Rs. Lacs) | | 178.45 |
| Average rate (Rs. per ltr.) | | 9.99 |
| 3. Other/internal generation – P.S. Purge | | |
| Quantity (MT) | | 277.025 |
| Total cost | | — |
| Rate per unit | | — |

B. Consumption per unit of production

| | Standards (If any) | Current Year 12 Months | Previous Year 15 Months |
|------------------------------|------------------------------|---|--|
| Products (POLYSTYRENE) (MT) | — | **138779 | **163896 |
| Electricity (KWH/MT) | **210 | **186.27 | **191.94 |
| Furnace oil (Kgs/MT) | 20 | 11.07 | 11.06 |
| Others - P.S. Purge (Kgs/MT) | — | 2.00 | 4.23 |

** Including speciality Polystyrene

For and on behalf of the Board

Place: Mumbai
Date : July 23, 2003

M.P. Taparia
Chairman