



SUPREME PETROCHEM LTD

**ANNUAL REPORT
2011-2012**



BOARD OF DIRECTORS :

M. P. Taparia, Chairman
 Rajan B. Raheja
 Aziz Parpia
 B. L. Taparia
 Satish Raheja
 S. J. Taparia
 Hasmukh Shah
 M. S. Ramachandran
 R. Kannan
 Nihalchand Chauhan
 Viren Raheja - Alternate Director to Satish Raheja

REGISTERED OFFICE :

612, Raheja Chambers,
 Nariman Point, Mumbai - 400 021

CORPORATE OFFICE :

Solitaire Corporate Park,
 Building No. 11, 5th Floor,
 Andheri-Ghatkopar Link Road, Chakala,
 Andheri (East), Mumbai - 400 093

PLANTS :

Amdoshi, Wakan Roha Road,
 Post : Patansai, Taluka Roha,
 Dist. Raigad, Maharashtra - 402 106 and

Ammulavoyil Village,
 Andarkuppam Post, Manali New Town,
 Chennai - 600 103, Tamil Nadu.

BANKERS :

State Bank of India
 AXIS Bank Ltd.
 Central Bank of India
 ICICI Bank Ltd.
 IDBI Bank Ltd.
 IndusInd Bank Ltd.
 ING Vysya Bank Ltd.
 The Karur Vysya Bank Ltd.

AUDITORS :

M/s. Parikh & Shah
 Chartered Accountants

INTERNAL AUDITORS :

G.M. Kapadia & Co.
 Chartered Accountants

REGISTRARS & TRANSFER AGENTS :

Karvy Computershare Private Limited,
 17-24, Vittalrao Nagar,
 Madhapur,
 HYDERABAD - 500 081

CONTENTS

Notice	01
Directors' Report	03
Management Discussion and Analysis	06
Corporate Governance	09
Auditors' Report	17
Balance Sheet	20
Profit & Loss Account	21
Cash Flow Statement	22
Notes 1 to 40	23



SUPREME PETROCHEM LTD

Performance Highlights		₹ Lacs unless indicated otherwise			
	2011-12	2010-11	2009-10	2008-09	2007-08
Net Sales	227267.22	194369.87	161184.41	139496.39	148127.40
Other Income	648.76	866.92	270.93	297.48	322.55
Total Income	227915.98	195236.79	161455.34	139793.87	148449.95
Operating Profit (Profit before Financial Cost, Depreciation, Amortisation and Tax)	10269.33	16903.64	12876.19	7684.01	6432.99
Financial Cost	3199.28	2021.64	1789.50	2142.84	1916.94
Depreciation/Amortisation	2292.34	2037.02	2068.29	2040.60	1758.50
Profit Before Tax & Exceptional items	4777.71	12844.98	9018.40	3500.57	2757.95
Net Profit	3137.47	8769.07	6047.49	1918.44	2257.31
Paid up Equity Capital	9683.86	9683.86	9683.86	9683.86	9837.65
Reserves and Surplus	21146.38	19584.55	13966.84	9941.24	9010.53
Shareholders' Funds	30830.24	29268.41	23650.70	19625.10	18848.18
Deferred Tax Liability (Net)	4385.59	4096.64	4349.29	4555.14	4419.65
Loans	14493.02	16828.10	15510.66	13771.62	13972.63
Capital Employed	49708.85	50193.15	43510.65	37962.57	37294.03
Avg Capital Employed	49951.00	46851.90	40736.61	37628.30	36725.83
Earning Per Equity Share (₹)	3.24	9.06	6.24	1.96	2.29
Cash Earning Per Equity Share (₹)	5.61	11.16	8.38	4.09	4.08
Book Value (₹)	31.84	30.22	24.42	20.27	19.16
Dividend (%)	14.00	28.00	18.00	10.00	10.00
ROACE (%) (PBIT/Average capital Employed)	15.97	31.73	26.53	15.00	12.73
ROANW (%) (PAT/Average Net Worth)	10.44	33.14	27.95	9.97	12.58
Debt : Equity (Total Debt/Total Net Worth)	0.46	0.57	0.66	0.70	0.74
Total Outside Liabilities/ Total Net Worth	2.26	2.24	2.14	1.99	1.98

NOTICE

NOTICE is hereby given that the twenty third Annual General Meeting of SUPREME PETROCHEM LTD will be held at Indian Merchants' Chambers, Walchand Hirachand Conference Hall, IMC Marg, Churchgate, Mumbai 400 020 on Thursday, October 04, 2012 at 4.00 p.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, 2012.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Shri S. J. Taparia, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Satish Raheja, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri Hasmukh Shah, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint a Director in place of Shri Aziz Parpia, who retires by rotation and being eligible, offers himself for re-appointment.
7. To appoint Statutory Auditors and fix their remuneration.

SPECIAL BUSINESS:

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 the immovable and movable properties of the Company wheresoever situate present and future, in favour of Consortium of Banks including State Bank of India (SBI); IDBI Bank Ltd. (IDBI); Central Bank of India (CBI); ICICI Bank Ltd. (ICICI); ING Vysya Bank Ltd. (IVBL); The Karur Vysya Bank Ltd. (KVBL); AXIS Bank Ltd. (AXIS); The Hongkong And Shanghai Banking Corporation Ltd. (HSBC) and such other Banks as may be included in the Consortium from time to time in such manner and form as may be agreed to between the Banks and the Board in respect of the existing and future fund and non-fund based credit facilities upto an amount of ₹ 1000.00 crores extended/to be extended to the Company for meeting its Working Capital requirements, together with interest at the agreed rate, costs, charges, expenses and all other monies payable by the Company in terms of the facility agreements in respect of said Working Capital Facilities.

RESOLVED FURTHER THAT the Board be and is hereby authorised to finalise with the Consortium of Banks the documents for creating the aforesaid mortgages, charges, and/or hypothecations and to accept any modifications to, or to modify, alter or vary the terms and conditions of the documents and to do all such acts and things and to execute all such documents as may be necessary for giving effect to the above resolution".

9. 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 the creation by the Board of Directors of the Company of such mortgages, charges and hypothecations in addition to the existing mortgages, charges and hypothecations created by the Company as may be necessary on such of the assets of the Company both present and future, in such manner as the Board may direct, in favour of financial institutions, investment institutions and their subsidiaries, banks and other bodies corporate (hereinafter referred to as the 'Lending Agencies')/ Trustees for the holders of debentures/ bonds or other instruments which may be issued on private placement basis or otherwise, to secure rupee term loans/foreign currency loans/ external currency borrowings, debentures, bonds and other instruments of an equivalent aggregate value not exceeding ₹ 100.00 crores (Rupees one hundred crores only) together with the interest thereon at the agreed rates, further interest, liquidated damages, premium on pre-payment, costs, charges, expenses and all other moneys payable by the Company to the Lending Agencies/Trustees under the respective Agreement/ Loan Agreements/ Debenture Trust Deeds to be entered into by the Company in respect of the said borrowings.

RESOLVED FURTHER THAT the Board be and is hereby authorised to finalise with the Lending Agencies/ Trustees the documents for creating the aforesaid mortgages, charges and/or hypothecations and to accept any modifications to, or to modify, alter or vary, the terms and conditions of the aforesaid documents and to do all such acts and things and to execute all such documents as may be necessary for giving effect to the above resolution".

For and on behalf of the Board

M. P. Taparia
Chairman

Registered Office:

612, Raheja Chambers, Nariman Point,
Mumbai - 400 021
Date : July 18, 2012



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. 8 & 9 of the notice is annexed.

Register of Members of the Company will remain closed from Thursday, September 27, 2012 to Thursday, October 04, 2012 (both days inclusive).

Members who hold shares in de-materialised form are requested to write their Client ID and DP ID Number and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the meeting.

Members holding shares in physical form are advised to furnish, on or before September 26, 2012 particulars of their Bank Account, if changed, to Karvy Computershare Private Limited, Hyderabad to incorporate the same in the dividend warrants/ payment instrument.

For security reasons, no articles/baggage will be allowed at the venue of the meeting.

To receive faster communication of all shareholders communications, including Annual Reports the Members are requested to kindly register/update their e-mail address with their respective depository participant where shares are held in electronic form. If, however, shares are held in physical form, Members are advised to register their e-mail address with Karvy Computershare Private Limited, Hyderabad.

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

ANNEXURE TO THE NOTICE

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

ITEM NO. 8:

The Company has been availing credit facilities from Consortium of Banks to meet its Working Capital requirements. As required by the Banks, these credit facilities are to be secured by a appropriate mortgage/hypothecation/charge on the Company's immovable and movable properties on pari-passu basis. The consent of the members is now being sought to create such mortgage/hypothecation/charge on pari-passu basis with the existing mortgages/hypothecations/charges on the Company's immovable/movable properties wheresoever situate both present and future in favour of the Banks for Working Capital Facilities including fund and non-fund based facilities sanctioned/to be sanctioned by the Consortium of Banks upto an aggregate amount of ₹ 1000.00 crores. 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 resolution at Item No. 8 for your approval.

None of the Directors of the Company may be deemed to be in any way concerned or interested in the resolution except Shri M. S. Ramachandran, who is a Director of ICICI Bank Limited. He will be concerned or interested in the resolution, to the extent of Working Capital Facilities that may be availed from ICICI Bank Limited.

ITEM NO. 9

The Company proposes to approach financial institutions, investment institutions and their subsidiaries, banks and other

bodies corporate and/or other Lending Agencies **to replace existing loans with new term loans/external commercial borrowings/debentures/bonds at better terms** for a sum not exceeding ₹ 100.00 crores (Rupees one hundred crores only).

The said term loans/external commercial borrowings/debentures/bonds when sanctioned/ availed of/subscribed to, may be secured by appropriate mortgage/charge in favour of respective financial institutions, investment institutions and their subsidiaries, banks and other bodies corporate (hereinafter referred to as the 'Lending Agencies')/Trustees for the holders of debentures/bonds on such of the assets of the Company both present and future, as may be decided by the Board of Directors. The resolution at Item No. 9 is considered necessary having regard to Section 293(1)(a) of the Companies Act, 1956.

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

None of the Directors of the Company may be deemed to be in any way concerned or interested in the resolution except Shri M. S. Ramachandran, who is a Director of ICICI Bank Limited. He will be concerned or interested in the resolution, to the extent of term loans that may be availed from/debentures or bonds that may be subscribed by ICICI Bank Limited.

For and on behalf of the Board

M. P. Taparia
Chairman

Registered Office:

612, Raheja Chambers, Nariman Point,
Mumbai - 400 021

Date : July 18, 2012



DIRECTORS' REPORT

Your Directors take pleasure in presenting the twenty third Annual Report together with Audited Accounts of your Company for the year ended June 30, 2012.

1. FINANCIAL RESULTS

(Rupees in lacs)

	2011-2012	2010-2011
Income (Net of Excise)	227915.98	195236.79
Profit before Tax	4777.72	12844.98
Tax expenses	1440.25	4074.69
Profit after tax	3337.47	8770.29
Prior period adjustments	199.99	(1.22)
Balance brought forward from Previous Year	3137.48	3960.55
Amount available for appropriation	7715.73	12729.62
Appropriation thereof :		
Dividend on equity shares (including corporate dividend tax)	1575.64	3151.36
Transfer to general reserve	2500.00	5000.00
Balance carried forward	3640.09	4578.26

Your Directors recommend a dividend of ₹ 1.40 per equity share for the year 2011-2012.

2. REVIEW OF OPERATIONS

The new plants for Expandable Polystyrene (including Cup Grade EPS) at your Company's existing site in Maharashtra commenced commercial production from February 2012. The plants are stabilised and products have been well accepted in both the domestic and export markets with your Company receiving repeat orders from its customers in overseas markets.

The increase in installed capacity of Speciality Compounds and Polymers (SPC) to 33500 TPA was implemented in January 2012 by installing 4 new lines.

Domestic Polystyrene market grew by only 1.2% during the year under review due to low growth of economy. Exports from India were substantially lower due to the unrest in the Gulf countries and continuing economic crisis in many European countries. High input prices plus weak rupee squeezed margins during the year under review.

Cup Grade has received good response from the export markets with repeat orders from certain customers. However, there were certain logistics issues in exports of EPS causing delays in the shipments. The same have recently been resolved.

Specialty Polymers and Compounds business of your Company recorded a drop of approx. 20% in volume over the previous year due to political/economic uncertainty in major export markets and difficult business environment in the country.

Extruded Polystyrene Insulation Board (XPS) production was streamlined with environment friendly blowing agent. Your Company's XPS boards under brand name 'INSUBOARD' were successfully used in several large commercial projects, green buildings and in cold storages across the Country. With increased product awareness demand is slowly growing with good response from all parts of the country.

3. MANAGEMENT DISCUSSION AND ANALYSIS REPORT & CORPORATE GOVERNANCE

Management Discussion and Analysis for the year under review and the report on Corporate Governance as stipulated under clause 49 of the Listing Agreement with Stock Exchanges are presented separately in the 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.

4. HEALTH, SAFETY & ENVIRONMENT

Both the Environmental Management System and Occupational Health and Safety Management Systems continued to be maintained by your Company as per ISO 14001:2004 Standards and OHSAS 18001:2007 specifications respectively. Your Company has continued implementation of HSE Management System under the guiding principles of declared 'Occupational Health & Safety Policy' and 'Environmental Policy'.

HSE performance index for the period under review stood to be in 'excellent' range.

Your Company has completed 4272 accident free days and 11.28 million accident free man hours as on June 30, 2012.

5. DIRECTORS

Shri S. J. Taparia, Shri Satish Raheja, Shri Hasmukh Shah and Shri Aziz Parpia, 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.

6. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, 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;

(iii) 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;

(iv) that the Directors have prepared the accounts on a going concern basis.

7. TRANSFERS TO INVESTOR EDUCATION AND PROTECTION FUND

Your Company transferred an aggregate amount of ₹ 49.99 lacs during the year to the Investor Education and Protection Fund. The aggregate amount transferred to the fund since January 2002 is ₹ 200.82 lacs.

The unclaimed dividends on equity shares paid in October 2006 will be due for transfer to the Fund in November 2013. Investors who have not yet claimed these dividends are requested to contact either the Company's Secretarial Department or the R & T Agents.

8. FIXED DEPOSIT SCHEME

The outstanding fixed deposits as on June 30, 2012 were ₹ 1919.77 lacs. There were 123 due but unclaimed deposits aggregating ₹ 36.80 lacs out of which 3 deposits aggregating ₹ 0.65 lacs have been paid as on the date of this report. There are no claimed and unpaid deposits.

9. 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.

10. PERSONNEL

Your Company continues to maintain harmonious industrial relations throughout the year. The Directors

acknowledge the sincerity and dedication of the employees.

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.

11. STATUTORY 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.

12. COST AUDITORS

The Cost Audit Report for the year 2010-11 was filed with the authorities on December 24, 2011. The due date for the same was December 27, 2011. Kishore A. Bhatia, Cost Accountant has been reappointed to audit the cost accounts of the Company for the period July 01, 2011 to June 30, 2012.

13. ACKNOWLEDGEMENT

The Directors are thankful to its Bankers, Customers, Suppliers and other Business Associates/Stakeholders for their continued co-operation and support extended to your Company.

For and on behalf of the Board

**M. P. Taparua
Chairman**

Mumbai - 400 021
Date : July 18, 2012



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, 2012.

A. CONSERVATION OF ENERGY

Various energy saving schemes are part of the ongoing programme of energy conservation. Such schemes resulted in savings of 185186 units of electrical energy during the year under review.

B. TECHNOLOGY ABSORPTION

Technology for manufacture of Polystyrene is fully absorbed by your Company and has successfully been used to expand the installed capacity to 272000 TPA.

The technology for Expandable Polystyrene (EPS) was taken from SH Chemical Company, Republic of Korea. This technology has been absorbed by your Company.

The technology for the Cup Grade EPS received from Nova Chemical Inc. has been absorbed and further developments are in progress.

ANNEXURE - FORM A

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

A. Power and fuel consumption

		Current Year July 01, 2011 to June 30, 2012	Previous Year July 01, 2010 to June 30, 2011
1	Electricity		
	(a) Purchased		
	Units (KWH)	34440928	33506098
	Total amount (₹ Lacs)	2415.94	2000.67
	Rate/unit (₹)*	7.02	5.97
	(b) Own Generation		
	Through Diesel Generator		
	Units (KWH)	390438	246578
	Unit per ltr. of diesel oil	3.00	3.00
	Cost/Unit*	14.61	13.46
	(c) Own Generation		
	Through Gas Engine		
	Units (KWH)	NIL	809270@
	Unit per MMBTU of Gas	NIL	110.88
	Cost/Unit*	NIL	4.75
2	Furnace Oil		
	Quantity (MT)	2146.18	1986.14
	Total amount (₹ Lacs)	926.72	571.44
	Average rate (₹ per Kg.)*	43.18	28.77

B. Consumption per unit of production

Product	PS	EPS	XPS	PS	EPS	XPS
Electricity (KWH/MT)	199.33**	169.81	1494.10	175.87**	195.37	1984.10
Furnace Oil (Kgs/MT)	9.03	41.73	NIL	8.34	38.66	NIL

* Average of all plants

** Including Speciality Polymers and Compounds

@ Units generated on trial run of captive power plant

For and on behalf of the Board

M. P. Taparia
Chairman

Mumbai - 400 021
Date : July 18, 2012



MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

Economic uncertainties prevailing in European countries, slow recovery of US economy and political unrest in Gulf countries coupled with tight monetary policy adopted by Reserve Bank of India affected the GDP growth of India during fiscal year 2011-12 which dropped to 6.5% as against 8.5% in the previous year. Steep depreciation in the value of Rupee fuelled inflation, pulled down consumption in the country and contributed to slow growth of GDP.

Your Company's operations during the year suffered on account of negligible growth in domestic market of Polystyrene, fall in export sales, continuing depreciation in the value of Rupee in parity to US Dollar and wide fluctuation in all major raw material prices. These factors not only increased the cost but also resulted in lower volume sales in particular to the price sensitive sectors thus putting pressure on the margins of your Company. The year under review witnessed weakening of Rupee by over 26% and varying fluctuations upto 25% in the prices of Styrene Monomer the main raw material for your Company's products.

The domestic demand for Polystyrene grew by only 1.2% during the year. The growth was poor since the refrigerator industry, one of the major PS consumption sectors, witnessed marginal growth while water purifier industry had a negative growth. Other sectors did not grow as expected. All this pulled down the domestic consumption of Polystyrene. Increased usage of recycled material was also witnessed due to high prices of Polystyrene particularly in the products at lower end.

Exports of Polystyrene remained sluggish due to overall down turn in the various regions of the global economy. Continuing disturbances in many countries in the Gulf region, one of the major markets for your Company, and ongoing debt crises in Europe further compounded the situation.

The new plants for Expandable Polystyrene (EPS) including cup grade EPS at your Company's site in Maharashtra commenced commercial production on February 1, 2012. Your Company's total installed capacity for EPS thus stands at 72100 TPA considering its plant sites in Maharashtra and Tamil Nadu and is the largest in the country.

The plants are stabilised and products have been well accepted in the both domestic and export markets. The Cup Grade EPS has received encouraging response in export market with your Company receiving repeat orders from its customers. There were certain logistics issues relating to export of EPS causing delays in shipment. The same have recently been resolved.

Plastindia 2012 exhibition platform was used to reach all existing and potential customers of EPS in India. Dedicated seminar on use of EPS was organized by your Company in New Delhi over a period of two days focusing on various technologies practiced in processing, packaging, construction, decoration and cup grade applications. Your

Company created a platform to show case the opportunities and possibilities for EPS processing by bringing international companies to share their technologies. Your Company is making continuing efforts to increase the usage of Cup Grade EPS in the country.

Your Company is actively working with an European technology provider to popularise the process of light weight concrete in India. It is heartening to see some progress in the use of EPS in construction with the implementation of a few projects based on light weight 3 D panels for construction using EPS material.

The project for increasing the installed capacity of Specialty Polymers and Compounds (SPC) from 25000 TPA to 33500 TPA was completed in January, 2012. However SPC business suffered a drop of almost 20% in volume over the previous financial year due to the political uncertainty in the international market and difficult business environment in the country.

The shifting of the moulding operations by a large customer of your Company operating in South East Asia to China also resulted in major loss in export volumes in the SPC business.

Your Company's Extruded Polystyrene Insulation Board (XPS) branded as 'Insuboard' was used successfully in several large commercial projects, cold storages and green buildings across the country. Insuboard has been approved for use in the reefer/ refrigerated vans for carrying perishable items and also for packaging temperature sensitive pharmaceutical products.

XPS production was streamlined during the year with environment friendly blowing agent. Distribution chain for XPS was expanded during the year and is further being strengthened on a pan India basis to increase the product reach.

CAPITAL EXPENDITURE

Your Company completed the capital expenditure schemes relating to EPS and Cup Grade EPS, SPC and Captive Power Plant during the year without any cost overrun. A total capital expenditure of ₹ 6280 lacs was incurred during the year under review.

FINANCE

Your Company's total debt stands reduced to ₹ 14231 lacs as on June 30, 2012. Your Company is making efforts to shorten the working capital cycle and thereby plans to bring down total borrowings to about ₹ 7500 lacs by the end of the current year. As on June 30, 2012 your Company had a comfortable debt to equity ratio of 0.46:1 and total outside liabilities to networth ratio of 2.26:1.

OUTLOOK

Your Company estimates domestic Polystyrene demand growth of about 8% during the year 2012-13. The major drivers for this growth are expected to be:-

- i) Refrigeration Industry - which is estimated to grow at about 20% in the coming year. The industry currently at 10.5 million units is expected to grow to about 12.5 million