



MD	✓		BKC	✓
CS	✓		DPY	NA
RO	✓		DIV	NA
TRA	✓		AC	✓
AGM	✓	✓	SHI	✓
VE	✓	✓		

SUPREME PETROCHEM LIMITED

8th Annual Report
1996-97

Report  junction.com



BOARD OF DIRECTORS

M. P. Taparia, *Chairman*
 Rajan B. Raheja,
 A. H. Parpia,
 B. L. Taparia,
 Satish B. Raheja,
 S. J. Taparia,
 Hasmukh Shah,
 M. Shankar Narayanan
(Alternate Director to Satish B. Raheja)
 A. L. Bongirwar - IDBI 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.

BANKERS

State Bank of India
 Bank of Baroda
 Corporation Bank
 ING Bank
 State Bank of Indore
 The Hongkong And Shanghai Banking Corporation Limited

AUDITORS

M/s. Parikh & Shah
Chartered Accountants

REGISTRARS AND TRANSFER AGENT

Karvy Consultants Ltd.
 7, Andheri Industrial Estate, Off Veera Desai Road,
 Andheri (West), Mumbai 400 053

LEGAL ADVISORS

Ms. A.H. Parpia & Co.
Advocates & Solicitors

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Supreme Petrochem Limited

NOTICE

NOTICE is hereby given that the Eighth Annual General Meeting of SUPREME PETROCHEM LIMITED will be held at the Indian Merchants' Chamber, Walchand Hirachand Conference Hall, IMC Marg, Churchgate, Mumbai - 400 020 on Wednesday, September 3, 1997 at 3.30 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 March 31, 1997.
- 2) To appoint a Director in place of Shri S.J. Taparia, who retires by rotation and being eligible, offers himself for re-appointment.
- 3) To appoint a Director in place of Shri M.P. Taparia, who retires by rotation and being eligible offers himself for re-appointment.
- 4) To appoint a Director in place of Shri Hasmukh Shah 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, the following as an Ordinary Resolution:

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) of the Companies Act, 1956 to mortgaging and/or charging by the Board of Directors of the Company of all the immoveable and moveable properties of the Company wheresoever situate, present and future, and the whole of the undertaking of the Company and/or conferring power to enter upon and take possession of the assets of the Company in certain events to or in favour of ING Bank N.V., Singapore Branch (hereinafter referred to as "the Bank")

(A) to secure:-

- 1) Term Loan of US\$3,000,000 (US Dollars Three million only) together with interest at the agreed rate, additional interest, liquidated damages, commitment charges, premium on prepayment or on redemption, costs, charges, expenses and all other monies payable by the Company to the Bank in terms of Loan Agreements/Letter of Sanction in respect of the said Term Loan; and

(B) to the Board of Directors of the Company agreeing with the Bank in terms of Loan Agreements/Letter of Sanction to reserve the right to take over the management of the Company in certain events.

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

- 7) To consider and, if thought fit, to pass, with or without modification, the following as an Ordinary Resolution:

"RESOLVED THAT the existing clause V of the Memorandum of Association of the Company be deleted and the following new clause V be substituted therefor:

(V) The Authorised Share Capital of the Company is Rs.115,00,00,000/- (Rupees One hundred fifteen crores only) divided into 10,50,00,000 (Ten crores fifty lacs) Equity Shares of Rs.10/- (Rupees ten) each and 1,00,00,000 (One crore) Redeemable Cumulative Preference Shares of Rs.10/- (Rupees ten) each with rights, privileges and conditions attached thereto as may be provided by the regulations of the Company for the time being in force with power to increase or reduce the Capital and to divide the shares in the Capital for the time being into several classes (being those specified in the Companies Act, 1956) and to attach thereto respectively such preferential, qualified, deferred or special rights, privileges or conditions as may be determined in accordance with the regulations of the Company, and to modify or abrogate any such rights, privileges or conditions in such manner as may be lawfully permitted by the said Act or provided by the Articles of Association of the Company for the time being in force."

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

"RESOLVED THAT the existing Article 3(a) of the Articles of Association of the Company be deleted and the following new Article 3(a) be substituted therefor:

3(a) The Authorised Share Capital of the Company is Rs.115,00,00,000/- (Rupees One hundred fifteen crores only) divided into 10,50,00,000 (Ten crores fifty lacs) Equity Shares of Rs.10/- (Rupees ten) each and 1,00,00,000 (One crore) Redeemable Cumulative Preference Shares of Rs.10/- (Rupees ten) each"

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

"RESOLVED THAT in accordance with the provisions of Sections 80 and 81 of the Companies Act, 1956 and other applicable provisions, if any, and enabling provisions in the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges where the Shares of the Company are listed and subject to the approval of the Financial Institutions (FIs), Securities & Exchange Board of India (SEBI), Reserve Bank of India (RBI) and all other concerned authorities and departments, if any, and to the extent necessary and such other approvals, permissions and sanctions, as may be necessary, and subject to such conditions and modifications as may be prescribed or imposed by any of them in granting such approvals, permissions and sanctions, which may be agreed to, by the Board of Directors of the Company (hereinafter referred to as the "Board") and/or duly authorised Committee thereof for the time being exercising the powers conferred by the Board, the consent of the Company be and is hereby accorded to the Board, to issue/offer Redeemable Cumulative Preference Shares (hereinafter for brevity's sake

Supreme Petrochem Limited



referred to as "Shares") upto a gross aggregate amount of Rs.10.00 crores, out of the authorised Preference Share Capital of the Company to the Members, Debentureholders, Employees, Non-resident Indians, Indian Public, Overseas Corporate Bodies (OCBs), Foreign Institutional Investors (FIIs), Companies, other entities and to such other persons, through public issue, rights issue, private placement or preferential allotment or by any one or more or a combination of the above modes/methods or otherwise and at such time or times and in one or more tranches, as the Board or Committee thereof may in its absolute discretion think fit, in consultation with the lead managers, underwriters or otherwise, and on such terms and conditions including the number of Shares to be issued, the face value, premium, rate of dividend, redemption period (not exceeding 20 years), manner of redemption, amount of premium on redemption and fixing of record date or book closure.

RESOLVED FURTHER THAT such of these Shares to be issued, as are not subscribed may be disposed of by the Board/Committee thereof in its absolute discretion, in such manner and/or such terms as it may deem fit, including offering or placing them with Banks/Financial Institutions/Investment Institutions/Mutual Funds or otherwise as the Board/Committee thereof may in its absolute discretion deem fit and proper.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board/Committee 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 in regard to the offer/issue and allotment of the Shares and finalise such documents for issuing the Shares."

For and on behalf of the Board

M.P. Taparia
Chairman

Registered Office:

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

Dated: June 28, 1997

NOTES :

1. 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.
2. An explanatory statement pursuant to Section 173 of the Companies Act, 1956 in respect of the Special Business at Item Nos.6 to 9 of the above Notice is annexed.
3. Register of Members and the Transfer Books of the Company will remain closed from Wednesday, August 20, 1997 to Wednesday, September 3, 1997 (both days inclusive).
4. 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.6:

The Company has availed of a Term Loan of US\$3,000,000 from ING Bank N.V., Singapore Branch ("the Bank") to fund Rupee Expenditure.

The said loan is to be secured by appropriate mortgage/charge in favour of the Bank 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 the Bank. The resolution at Item No.6 is considered necessary having regard to Section 293(1)(a) of the Companies Act, 1956.

None of the Directors of the Company is, in any way concerned or interested in the said resolution.

Item No: 7.8 & 9

In order to meet rupee expenditure requirements, the Company proposes to raise funds, at appropriate time(s) as the Board may decide, by issue of Redeemable Cumulative Preference Shares whether by way of Rights Issue, Private Placement and/or by Public Issue to Members, Debentureholders, Employees, Indian Public, Non-resident Indians/Overseas Corporate Bodies/Foreign Institutional Investors etc.

The issue of Preference Shares necessitates prior classification of the authorised share capital into Equity and Preference Shares by altering Clause V of the Memorandum of Association (Item No.7) and Article 3(a) of Articles of Association of the Company (Item No.8).

The Company, in consultation with its Merchant Bankers and Financial Institutions and other Advisors, will finalise the detailed terms of the issue of Preference Shares which will be in line with the guidelines issued by the Securities & Exchange Board of India (SEBI) and as permitted by Financial Institutions.

The resolution set out in Item No.9 is an enabling resolution conferring authority on the Board/Committee to cover all contingencies and requirements.

Under the said Special Resolution, consent of the members is being sought pursuant to the provisions of Sections 80 and 81 and all other applicable provisions of the Companies Act, 1956 and in terms of the provisions of the Listing Agreements executed by the Company with the various Stock Exchanges in India where the Company's securities are listed.

The Directors commend the resolutions at Item Nos.7,8, & 9 for your approval.

The Directors of the Company may be deemed to be concerned or interested to the extent they may be entitled to or that will be offered to them on Rights/Preferential basis or otherwise and applied for and allotted to them.

For and on behalf of the Board

M.P. Taparia
Chairman

Registered Office:

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

Dated: June 28, 1997.



Supreme Petrochem Limited

DIRECTORS' REPORT

To,

The Members,

Your Directors hereby present the Eighth Annual Report along with audited accounts for the financial year ended March 31, 1997.

1. FINANCIAL RESULTS

	Rupees (in lacs)
Income	21312.22
Operating Profit	1469.06
Less : Interest	2449.00
Profit/(Loss) before depreciation	(979.94)
Depreciation	715.57
Preliminary/Public Issue/Deferred	
Revenue Expenses Written Off	71.19
Profit/ (Loss) for the year	(1766.70)
Excess Provision for Tax written back	0.54
Profit/(Loss) After tax write back	(1766.16)

Keeping in view the above financial results your Directors do not recommend any Dividends for the year under review.

Your Company's working was adversely affected due to the following:

- Dumping of Polystyrene in India by manufacturers in South Korea, Japan, Malaysia and Taiwan.
- Large holdings of inventories with the industry at the beginning of the year compelled operations at lower utilisation level. To reduce the carry over inventories from the previous year, your Company reduced its capacity utilisation to 70% of the installed capacity resulting in increased cost per tonne of production.

2. OPERATIONS

- Polystyrene Business :-** Your Directors are happy to inform you that, your Company's product is now accepted by all consumers of non-coloured Polystyrene in the domestic market. This speaks well of your Company's product quality. A major breakthrough has been achieved with the successful commercial production of HIPS-ESCR grade and high clarity Crystal grade which have substituted imported material. These market developments and closure of Polychem's Polystyrene plant have led to a significant increase in the domestic sales during the second half of the year under review.

Your Company is currently launching a new cup grade and a low cost medium impact grade based on recent developments made by your Company's technical collaborators M/s. Huntsman Chemical Corporation. Production of Coloured Polystyrene and High Gloss Polystyrene shall commence during the current year. Your Company is making continuous efforts to develop new product applications to increase the market for Polystyrene in India. To this end your Company has set up a Product Application Development Centre at its works.

Your Company has during the year under review exported 9887 tonnes of Polystyrene to the Middle East, Europe and South Africa.

Your Directors are pleased to inform that the British Safety Council has granted a five star rating to your Company's health and safety management system which makes it eligible to get the "Sword of Honour".

To improve the utilisation levels of its installed capacity,

your Directors' have initiated various steps to increase the market share in the domestic market. With a view to be a very cost competitive producer of Polystyrene, steps are being taken to reduce logistics costs relating to imports of raw materials. Your Company's proposal for setting up a Jetty and Chemical handling terminal at Dharamtar creek which was cleared in-principle in December'94, is likely to receive final State Government clearance shortly. This project which may be set up either by your Company or in a Joint Venture will lead to significant savings in the logistics cost. The Company has swapped high cost Rupee Loans with Foreign Currency Loans to reduce the Borrowing Cost. Further actions in this direction have been initiated during the current year.

Since the industry as a whole was affected by large scale dumping of Polystyrene into India by producers in certain countries, Polystyrene Producer's Association of India, of which your Company is a member, has petitioned the Designated Authority to levy Anti-Dumping Duty on imports of Polystyrene. We hope that investigations to levy Anti-Dumping Duty shall be initiated shortly by the Designated Authority.

- Styrene Trading :-** Your Company has put in place dedicated infrastructure for receipt, storage and transportation of large parcels of Styrene Monomer. Other consumers of Styrene Monomer had approached your Company for utilising these facilities for their imports of Styrene Monomer. Your Company therefore decided to set up a Styrene Trading division to import and sell Styrene on a regular basis.

3. BORROWINGS

During the year under review, your Company received funds against NCDs privately-placed with SCICI Ltd. Your Company also raised an ECB of US\$ 3 million from ING Bank N.V..

4. FUTURE PROJECTS

It was reported in the last Directors' Report that your Company proposes to increase its capacity by 18,000 tpa by revamping its existing production lines. The revamping concept was further reviewed with the collaborators during the year and scope of revamping was changed. The revamping exercise would in phases result in a capacity buildup of 54,000 tonnes. This revamping exercise would be over by second quarter of 1998.

Your Company does not now propose to install the Polystyrene plant acquired from Polychem, as a separate production line. However, a part of this would be used for the revamping. Your Directors' now propose to install 3rd line of Polystyrene with capacity of 60,000 tonnes after completion of revamping.

On completion of the revamping now undertaken, the installed capacity of your Company would be 120,000 tpa which would increase to 180,000 tpa on implementation of 3rd line.

5. DIRECTORS

Shri A.L.Bongirwar has joined the Board of Directors on October 22, 1996 as Nominee of Industrial Development Bank of India. Shri S.J.Taparia, Shri M.P.Taparia and Shri Hasmukh Shah, Directors of the Company retire by rotation and being eligible offer themselves for re-appointment.

6. PERSONNEL

Relations with the employees at the Plant, Head Office and other Offices of your Company have been cordial. Your Directors place on record their appreciation of the dedicated efforts put in by all the employees.

**7. FIXED DEPOSIT SCHEME**

Fixed Deposit collections stood at Rs.9.01 lacs as on May 31, 1997. There are two due but unclaimed deposits aggregating Rs.20,000/- as on date. There are no claimed and unpaid deposits.

8. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

Information as per section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors), Rules, 1988 is given in the Annexure forming part of this report.

9. PARTICULARS OF EMPLOYEES

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 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 are 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.

10. 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 reappoint the auditors. The observations in the Auditors' Report are a statement of fact and do not require further clarifications.

11. ACKNOWLEDGEMENTS

The Directors place on record their sincere appreciation for the assistance, support and co-operation extended by various Financial Institutions, Banks, Collaborators and Business Associates.

For and on behalf of the Board

Mumbai

M.P. Taparia

Dated : June 28, 1997.

Chairman

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 March 31, 1997.

A. Conservation of Energy -

Energy Conservation features are in-built in the plant as reported in the previous year. The Company is carrying out revamp of the existing plant to increase its capacity. The revamp envisages addition of certain equipment which will help in reducing the consumption of energy per unit of production.

B. Technology Absorption -

During the year under review the Company carried out research for development to establish a suitable Freon Resistance grade for the Refrigerator Industry and also grades to conform with standards specified by US & European authorities. As a result new avenues for export of grades used for food contact application as well as for flame retardancy properties to overseas markets have opened up. In the domestic market the successful commercialisation of ESCR (freon resistant) sheeting grade have gained the Company an entry into Refrigerator Industry.

The Company proposes to introduce new grades during the current year viz. cup grade, medium impact resins, high gloss resins, colour products etc. based on recent developments made by its collaborators.

The Huntsman Chemical Corporation's technology is fully absorbed and the Company has further completed the revamp study to increase the production capacity substantially.

C. Foreign Exchange Earnings And Utilisation -

Foreign Exchange Earned	Rs. 2550.35 lacs
Foreign Exchange Utilised	Rs.11476.00 lacs

For and on behalf of the Board

M.P. Taparia

Mumbai

Dated : June 28, 1997.

Chairman

ANNEXURE - FORM A

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

A. Power and fuel consumption**1. Electricity****(a) Purchased**

Unit (KWH)

Total amount (Rs.)

Rate/unit (Rs.)

(b) Own generation**2. Furnace oil**

Quantity (k. ltrs.)

Total amount (Rs.)

Average rate (Rs.) per ltrs.

3. Others/internal generation

Current year 1996-97

Previous year 1995-96

14690275

7600882

50799962

24532619

3.458

3.228

NIL

NIL

1475

901

8864673

4631766

6.07

5.03

NIL

NIL

B. Consumption per unit of production

Standards (if any)

Current year 1996-97

Previous year 1995-96

Products (POLYSTYRENE)

—

45901 MT

27076 MT

Electricity

—

319 KWH

279 KWH

Furnace oil

—

29 KGS

29.8 KGS

NOTE: The previous years figures are not comparable since they pertain to part of the year.

For and on behalf of the Board

Mumbai:

Dated : June 28, 1997.

M.P. Taparia

Chairman



Supreme Petrochem Limited

AUDITORS' REPORT

TO
THE MEMBERS OF
SUPREME PETROCHEM LIMITED

We have audited the attached Balance Sheet of SUPREME PETROCHEM LIMITED as at 31st March, 1997 and also the attached Profit and Loss Account for the year ended on that date and report that:

- I. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on matters specified in Paragraphs 4 and 5 of the said order.
- II. Further to our comments in the Annexure referred to in paragraph (I) above,
 1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 2. In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of the books;
 3. The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of accounts;
 4. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon and subject to note 13 of Schedule 12 give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :
 - i) In the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 1997; and
 - ii) In the case of the Profit and Loss Account of the loss for the year ended on that date.

For **PARIKH & SHAH**
Chartered Accountants

D.B. MOHINI
Partner

Mumbai:
Date : June 28, 1997

ANNEXURE TO AUDITORS' REPORT ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 1997.

1. The Company has maintained proper records showing full particulars including quantitative details and situation of all its fixed assets. We are informed that the Company has a programme of physical verification of all the fixed assets over a period of three years. Accordingly, the physical verification of part of the fixed assets has been carried out by the management during the year and no material discrepancies have been noticed on such verification.
2. The fixed assets of the Company have not been revalued during the year.
3. The stocks of finished goods, stores, spares and raw materials have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
4. The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. As informed to us, no material discrepancies have been noticed on verification between the physical stocks and the book records.
6. On the basis of our examination of stock records and subject to item 5(d) of Schedule 11 and note 13 of Schedule 12, we are of the opinion that the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
7. In our opinion, the rate of interest and terms and conditions on which loans have been obtained from companies listed in the register maintained u/s. 301 of the Companies Act, 1956 are prima facie not prejudicial to the interests of the Company.
8. The Company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the register maintained u/s. 301 of the Companies Act, 1956.
9. The parties and employees to whom the loans or advances in the nature of loans have been given by the Company are generally repaying the principal amounts as stipulated and have also been generally regular in the payment of interest, wherever applicable.