



# **SUPREME PETROCHEM LIMITED**

**11th Annual Report  
1999-2000**

## BOARD OF DIRECTORS

M.P. Taparia, Chairman  
 Rajan B. Raheja  
 A.H. Parpia  
 B.L. Taparia  
 Satish B. Raheja  
 S.J. Taparia  
 Hasmukh Shah  
 C. Raveendra  
 (Alternate Director to Satish B. Raheja)  
 A.L. Bongirwar – IDBI Nominee  
 B. Dasgupta – ICICI 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

### BANKERS

State Bank of India  
 Bank of Baroda  
 Central Bank of India  
 Corporation Bank  
 ICICI Bank Ltd.  
 IDBI Bank Ltd.  
 State Bank of Indore

### AUDITORS

M/s. Parikh & Shah,  
 Chartered Accountants

### REGISTRARS & TRANSFER AGENTS

Karvy Consultants Limited  
 7, Andheri Industrial Estate,  
 Off Veera Desai Road,  
 Andheri (W),  
 Mumbai – 400 053

### LEGAL ADVISORS

M/s. A.H. Parpia & Co.,  
 Advocates & Solicitors

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## NOTICE

NOTICE is hereby given that the Eleventh Annual General Meeting of SUPREME PETROCHEM LIMITED will be held at Y.B. Chavan Auditorium, Y.B. Chavan Centre, General Jagannath Bhosale Marg, Next to Sachivalaya Gymkhana, Nariman Point, Mumbai – 400 021 on Thursday, July 27, 2000 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, 2000.
2. To note and confirm as final dividend the interim dividend on 10.5% Redeemable Cumulative Preference Shares.
3. To appoint a Director in place of Shri Hasmukh Shah, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Aziz H. Parpia, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri Rajan B. Raheja, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Statutory Auditors and fix their remuneration.

### SPECIAL BUSINESS

7. 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 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 UCO Bank.

(A) to secure:-

Rupee Term Loan not exceeding Rs.1000.00 lacs (Rupees one thousand lacs only) from UCO Bank 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 UCO Bank in terms of Loan Agreements/Letters of Sanction in respect of the said Term Loan; and

(B) to the Board of Directors of the Company agreeing with UCO Bank in terms of Loan Agreement/Letters of Sanction to reserve the right to takeover 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 UCO 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".

For and on behalf of the Board

**M.P. Taparua**  
Chairman

#### Registered Office:

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

Mumbai

Dated : April 28, 2000


**SUPREME PETROCHEM LIMITED**
**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 No. 7 of the above Notice is annexed.
3. Register of Members and the Transfer Books of the Company will remain closed from Sunday, July 16, 2000 to Thursday, July 27, 2000 (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. 7 :**

UCO Bank has sanctioned a Term Loan of Rs.1000.00 lacs (Rupees one thousand lacs only) to meet capital expenditure for revamp/expansion of its Polystyrene project, and to augment long term resources of the Company.

The said loan is to be secured by appropriate mortgage/charge in favour of UCO Bank over all or any of the immoveable or moveable properties of the Company wheresoever situate, present and future, as may be mutually decided between the Board of Directors and UCO Bank. The resolution at Item No. 7 is considered necessary having regard to Section 293(1)(a) of the Companies Act, 1956.

The Directors commend the resolution at Item No. 7 for your approval.

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

For and on behalf of the Board

**M.P. Taparia**  
Chairman

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**Registered Office:**

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

Mumbai  
Dated : April 28, 2000



## DIRECTORS' REPORT

To,

The Members,

Your Directors are pleased to present the Eleventh Annual Report along with audited accounts for the Financial Year ended March 31, 2000.

### 1. FINANCIAL RESULTS

	(Rupees in lacs)
Income	53631.34
Operating Profits	6202.76
Less : Interest	2553.49
Cash Profit	3649.27
Depreciation	840.63
Miscellaneous Expenditure Amortised	146.50
Profit for the year	2662.14
Provision for Tax	287.60
Prior period adjustments	13.57
Profit after taxation	2360.97

In view of the creation of reserves for Debenture and Capital Redemption your Directors do not recommend any dividend on the equity shares for the year under review. Your Directors however on March 31, 2000 recommended and paid an interim dividend @10.5% on pro-rata basis aggregating Rs.28.77 lacs on the privately placed Cumulative Redeemable Preference Shares of Rs.1500 lacs as per the terms of the offer. No additional dividend is being recommended in respect of these preference shares.

### 2. OPERATIONS

**Polystyrene Business :-** Your Directors are pleased to report that during the year 1999-2000 the operations of your Company were further consolidated to show better returns than the previous year. Production increased to 93344 tons. Sales increased to 98439 tons thereby recording an increase of 14.5% over the previous year. Exports were 16,700 tons. Prices of Styrene Monomer the main raw material witnessed wide fluctuations during the year under review and hardened considerably in the second half of the year. With the resultant increase in Polystyrene prices demand growth slowed down which to an extent affected your Company's sales during the year. It is currently being predicted by the experts that the Styrene Monomer prices will rule at these levels for some more time before softening.

The project for setting up the 3rd line is on schedule. The plant pre-commissioning activities have commenced and trial runs are expected to start in early May 2000. On successful completion of trial runs your Company's Polystyrene capacity would stand increased to 188000 TPA. The work for revamping the existing 2nd line will commence from June 2000 which would further increase the capacity to 204000 TPA.

The work of setting up compounding facility of 17,000 tons is also progressing as per schedule.

The Ministry of Commerce, Government of India levied final anti-dumping duty on import of Polystyrene from Hongkong, Singapore and Thailand. This is in addition to the anti-dumping duties existing on imports of Polystyrene from Korea RP, Taiwan, Japan and Malaysia.

### 3. AWARDS

During the year 1999-2000, your Company bagged Dr. R. J. Rathi Award in the form of citation and trophy instituted by Maharashtra Chamber of Commerce, Industry and Agriculture, Pune in recognition of the Company's sincere efforts towards pollution control.

Samman Patra for valuable contribution to the Customs Revenue for the year 1998-99 was awarded by the Government of India, Ministry of Finance to your Company during the year under review.

### 4. HEALTH & SAFETY

Your Company has documented a Health and Safety Policy which has been circulated amongst its employees. This policy stresses importance of following safe practices and integration of safety and occupational health in day to day working and to strive for continuous improvement. Your Company recorded more than three years of accident free operations, barring one minor accident during this period.

### 5. BORROWINGS

Your Company has during the year received sanctions for Rs.3768 lacs by way of rupee and foreign currency loans from various banks and financial institutions to part finance the capital cost of Polystyrene expansion project, Compounding line and to augment long term resources of the Company.

Your Company on April 22, 2000 paid an amount of Rs.1752 lacs to the debentureholders towards the first instalment of Rs.5/- per debenture of the 15% non-convertible debentures of Rs.15/- each aggregating Rs.5256 lacs. With this redemption the face value of the said debentures stands reduced to Rs.10/- per debenture.

### 6. ALLOTMENT OF CUMULATIVE REDEEMABLE PREFERENCE SHARES

To part finance the expansion project the Committee of Directors constituted by the Board allotted in two tranches 15000000, 10.5% Cumulative Redeemable Preference Shares of Rs.10/- each aggregating Rs.1500 lacs on private placement basis pursuant to the resolution passed in the general meeting.



## SUPREME PETROCHEM LIMITED

### 7. OUTLOOK

As reported last year your Company's thrust is on opening new markets both domestic and international and developing new uses for Polystyrene in view of the increased availability of material. The Company is therefore encouraging new investments in the processing sector and converting new customers for your Company's product.

Your Company has undertaken extensive product development activities by which suitable grades have been developed to replace materials like ABS and SAN in some applications. Your Directors foresee a growing market and a good scope for value addition in offering compounded polystyrene to the white goods industry, high value niche markets and imparting special properties to substitute other material. Compounded Polystyrene also yields better margins in the export market. Grades like flame resistant and other compounds which offer high value addition are also being marketed. It is proposed that during the current year 20% of your Company's domestic sales would be of speciality grades. Special efforts are being made to identify and develop new export markets. Your Company aims to more than double the exports in the coming year.

### 8. FOREIGN EXCHANGE SAVINGS AND CONTRIBUTION TO EXCHEQUER

Foreign exchange savings of Rs.10620 lacs was effected on account of import substitution. During the year under review your Company paid Rs.13225 lacs in indirect taxes/duties.

### 9. Y2K PREPAREDNESS

The hardware and software for plant operations and other areas was proved to be Y2K compliant. The rollover to year 2000 was smooth with no glitches.

### 10. DIRECTORS

Shri M. Shankar Narayanan resigned from the Company's Board on December 13, 1999 as alternate Director to Shri Satish B. Raheja. Your Directors place on record their appreciation of the contribution of Shri M. Shankar Narayanan during his tenure as alternate director. Shri C. Raveendra joined the Board on December 13, 1999 as an alternate to Shri Satish B. Raheja. Shri Hasimukh Shah, Shri Aziz Parpia and Shri Rajan B. Raheja, Directors of the Company retire by rotation and being eligible offer themselves for re-appointment.

### 11. PERSONNEL

The Board of 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.

### 12. FIXED DEPOSIT SCHEME

Your Company discontinued the Fixed Deposit Scheme from September'97. There are no outstanding deposits as on date. There are two due but unclaimed deposits aggregating Rs.25,000/-. There are no claimed and unpaid deposits. In view of the improved results of your Company revival of the Fixed Deposit Scheme may be considered.

### 13. 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.

### 14. PARTICULARS OF EMPLOYEES

As required by the provisions of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1957 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.

### 15. 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. The observations in the Auditors' Report are statements of fact and do not require further clarification.

### 16. ACKNOWLEDGEMENTS

The Directors thank the Company's Promoters, Bankers, Financial Institutions, Suppliers, Customers and other business associates for the co-operation extended to your Company.

For and on behalf of the Board

Mumbai  
Dated : April 28, 2000

**M.P. TAPARIA**  
Chairman