



SUPREME PETROCHEM LIMITED

**12th Annual Report
2000-2001**

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
A.L. Bongirwar – IDBI Nominee
S.C. Bhatia – 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
The Vysya Bank Ltd.

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

LEGAL ADVISORS

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

CONTENTS

Notice	1
Directors' Report	4
Auditors' Report	8
Balance Sheet	10
Profit & Loss Account	11
Schedules 1 to 14	12
Cash Flow Statement	22
Balance Sheet Abstract	23
Electronic Clearing Service (ECS) ...	24
ECS Mandate Form	25
Shareholder Information	26



NOTICE

NOTICE is hereby given that the Twelfth 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 Tuesday, June 26, 2001 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, 2001.
2. To appoint a Director in place of Shri B.L. Taparia, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Satish B. Raheja, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri S.J. Taparia, 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 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, 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 Industrial Development Bank of India and Bank of Baroda

(A) to secure :-

- (i) Rupee Term Loan not exceeding Rs. 2000 lacs (Rupees two thousand lacs only) from Industrial Development Bank of India (IDBI) and

- (ii) Rupee Term Loan not exceeding Rs.500 lacs (Rupees five hundred lacs only) from Bank of Baroda (BOB)

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 IDBI and BOB in terms of Loan Agreements/Letters of Sanction in respect of the said Term Loans; and

- (B) to the Board of Directors of the Company agreeing with IDBI and BOB in terms of Loan Agreements/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 IDBI and BOB 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, 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 hypothecation 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, together with power to take over the management of the Company in certain events, to or in favour of the financial institutions, investment institutions and their subsidiaries, banks, mutual funds, trusts, multilateral agencies and other bodies corporate (hereinafter referred to as the Lending Agencies)/ Trustees for the holders of debentures/bonds and/ or other instruments which may be issued on private placement basis or otherwise, to secure rupee term loans/foreign currency loans, non- convertible debentures, bonds and other instrument of an equivalent aggregate value not exceeding



SUPREME PETROCHEM LIMITED

Rs. 6000 lacs (Rupees Six thousand lacs) together with interest thereon at the agreed rates, further interest, liquidated damages, premium on pre-payment or on redemption, costs, charges, expenses and all other moneys payable by the Company to the Trustees under the Trust Deed and to the Lending Agencies under their 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 document

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

Dated: May 14, 2001

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 and 7 of the above Notice is annexed.
3. Register of Members and Debentureholders of the Company will remain closed from Saturday, June 16, 2001 to Tuesday, June 26, 2001 (both days inclusive).
4. 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:

The Company has been sanctioned the following Term Loans:

- i) Rupee Term Loan of Rs.2000 lacs (Rupees two thousand lacs only) from Industrial Development Bank of India (IDBI) and
- ii) Rupee Term Loan Rs.500 lacs (Rupees five hundred lacs only) from Bank of Baroda (BOB)

to meet capital expenditure for revamp/expansion of its Polystyrene project, and to augment long term resources of the Company.

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

The Directors commend the resolution at Item No.6 for your approval.

None of the Directors of the Company except Shri A.L. Bongirwar, who is a Nominee of IDBI on the Board of the Company, may be deemed to be in any way concerned or interested in the resolution.

ITEM NO. 7:

The Company proposes to approach Financial Institutions/ Multilateral Agencies/Banks and/ or other Lending Agencies

for Term Loans/ Non Convertible Debentures (NCDs)/ Bonds not exceeding Rs.6000 lacs (Rupees six thousand lacs only) to meet fund requirements for capital expenditure and augmentation of long term resources.

The said Term Loans/ NCDs/ Bonds when sanctioned/availed of/ subscribed to are to be secured by appropriate mortgage/charge in favour of respective Financial Institutions/Multilateral Agencies/Banks/ other Lending Agencies 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 respective Financial Institution/ Multilateral Agencies/Banks/ other Lending Agencies. 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 except Shri A.L. Bongirwar, who is a Nominee of IDBI and Shri S.C. Bhatia, who is a Nominee of ICICI, if the Term Loans/ NCDs/ Bonds are sanctioned by/ subscribed to and availed from/ allotted to IDBI & ICICI respectively.

For and on behalf of the Board

M.P. Taparua
Chairman

Registered Office:

612, Raheja Chambers
Nariman Point
Mumbai – 400 021

Dated: May 14, 2001



SUPREME PETROCHEM LIMITED

DIRECTORS' REPORT

Your Directors are pleased to present the Twelfth Annual Report alongwith Audited Accounts for the Financial Year ended March 31, 2001.

1. FINANCIAL RESULTS

	(Rupees in lacs)
Income	63438.71
Operating Profits	4900.42
Less : Interest	3288.06
Cash Profit	1612.36
Depreciation	1250.86
Miscellaneous Expenditure Amortised	138.27
Profit for the year	223.23
Provision for tax	20.50
Profit after taxation	202.73

In view of the inadequacy of profits your Directors do not recommend any dividend on the equity shares for the year under review. Your Directors have however recommended dividend @ 10.5% aggregating Rs.157.50 lacs on the privately placed Redeemable Cumulative Preference Shares of Rs.1500 lacs as per the terms of the offer.

2. OPERATIONS

During the year under review all the expansion projects were successfully completed and installed capacity of Polystyrene has now been established at 204,000 TPA. We are now a world class world size facility, more so with the starting of a Compounded Speciality Polystyrene facility with 17,000 TPA already commissioned and under trial runs. The production increased to 120559 tons while total sales increased to 103282 tons including exports of 32844 tons. The exports achieved a growth of 96.7%. The domestic sales saw negative growth mainly due to the following reasons :

- Highly expensive Styrene Monomer prices forcing some end users to drop out of the market.
- Negative growth in segments of consumer durable industry.
- Lower growth in houseware, toys and other mass consumer applications due to high raw material prices.

The domestic Polystyrene market shrunk by 4.5% during the year under review. The fall would have been higher had the market not grown in the last

quarter of the financial year. Styrene Monomer witnessed significant volatility in prices during the year which not only had an impact on the margins of your Company but also affected the demand growth. Styrene Monomer prices have now softened and it is opined that they may rule at these levels for some time.

The investment required to retain the pioneer status under the Maharashtra Package Scheme of Incentives, 1993 was completed in time during the year. SICOM has under the scheme already confirmed pioneer status to your Company and has also issued the necessary eligibility certificate in this regard.

3. OUTLOOK

On the basis of the domestic consumption trend witnessed in the recent past it is expected that the domestic market during the current year will see a growth of 15%. However, efforts are being made by your Company not only to expand the market but also to increase committed customer base for your Company. To this end the business development group of your Company is working on new product applications such as embossed polystyrene sheets, rigid extruded foam profiles, BOPS sheets etc. Your Company is continuously making efforts to increase the consumption of Polystyrene in food-service-ware and food packaging. To maximise the reach, domestic distribution network is being further strengthened by appointing dealers/ distributors who are well versed with the trade.

Continuous efforts to further increase exports are being made so as to achieve over 100% growth during the year. Appointment of distributors/agents in certain key markets has been completed, apart from direct marketing to end users for better penetration in the export market.

Your Company foresees a growing market and good scope for value added and compounded speciality Polystyrene in the domestic market on account of demand from the white goods sector/ business machines, rapidly changing consumer preferences and special properties to substitute other material. Your Company has decided to move over to value added grades and to target the export market as well for Compounded Speciality Polystyrene.

With the dereservation of the toy sector and new labour policy it is expected that this sector will see substantial flow of new investments and with the local availability of pre-coloured/ compounded Polystyrene, the consumption of Polystyrene in toy applications will significantly grow.

SUPREME PETROCHEM LIMITED

With the growth of domestic demand in the recent past not in line with the estimates made, and commencement of production by a new player, the domestic supply is far in excess of domestic demand and your Company has therefore made plans to face the challenges ahead by optimising production cost, benchmarking itself with the best so as to be one of the lowest cost manufacturer in the world and by providing major thrust to develop the domestic and export markets with emphasis on value added products.

Your Company has received all the approvals for the Jetty project. Project implementation shall start soon. It is expected that by the last quarter of 2002, the first phase of the Jetty would be ready to receive imported Styrene Monomer. The facilities created at the Jetty will open up new business opportunities by way of handling third party cargo and imports for third party consumption.

4. BORROWINGS

Your Company has during the year received sanctions for Rs.3500 lacs by way of rupee loans from banks and financial institutions to finance capital costs and to augment long term resources.

Your Company on April 22, 2001 paid an amount of Rs.1752 lacs to the debentureholders towards the second 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.5/- per debenture.

5. FOREIGN EXCHANGE SAVINGS AND CONTRIBUTIONS TO EXCHEQUER

Foreign exchange savings of Rs. 7850 lacs was effected on account of import substitution. During the year under review your Company paid Rs.13330 lacs in indirect taxes/duties.

6. HEALTH & SAFETY

Your Company has documented a Health and Safety Policy which is being implemented consistently. The safety performance index in the year was in the range of "Very Good". The health and safety performance is constantly monitored by using active and re-active mechanisms.

7. DIRECTORS

Shri C. Raveendra resigned from the Company's Board on December 30, 2000 as Alternate Director to Shri Satish B. Raheja. Your Directors place on record

their appreciation of the contribution of Shri C. Raveendra during his tenure as Alternate Director. Shri Manoj Chhabra joined the Board on May 14, 2001 as an Alternate Director to Shri Satish B. Raheja. Shri B.L. Taparia, Shri Satish B. Raheja and Shri S.J. Taparia, Directors of the Company retire by rotation and being eligible offer themselves for re-appointment.

8. AUDIT COMMITTEE

Your Company has set-up an Audit Committee of Directors as mandated by Section 292(A) of the Companies Act, 1956 as amended. Shri Aziz Parpia, Shri S.J. Taparia and Shri S.C. Bhatia (ICICI Nominee) are the members of the Audit Committee. The first meeting of the Audit Committee was held on May 7, 2001 to review along with the Auditors the financial statements before submission to the Board. All the three members attended the meeting.

9. DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors confirm that:

- (i) in the preparation of the annual accounts, applicable accounting standards have been followed, with proper disclosure of any departures;
- (ii) 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.

10. 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.

11. FIXED DEPOSIT SCHEME

Your Company revived the Fixed Deposit Scheme from August 2000 and has outstanding deposits of Rs.116.36 lacs as on date. There are two due but unclaimed deposits aggregating Rs.25,000/-. There are no claimed and unpaid deposits.



SUPREME PETROCHEM LIMITED

12. 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.

13. 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 Director's 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.

14. 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 observation in the Auditors Report are a statement of fact and do not require further clarifications.

15. ACKNOWLEDGEMENT

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

Place : Mumbai
Dated : May 14, 2001

M.P. Taparua
Chairman

Report  junction.com



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 MARCH 31, 2001.

A. CONSERVATION OF ENERGY

Energy Conservation features are inbuilt in the plant as reported in the previous years. Successfully completed revamp/ expansion projects to increase production capacity during which certain equipment which helped in reducing consumption of energy per unit of production were added.

B. TECHNOLOGY ABSORPTION

Continuous improvement in both HIPS and GPPS grades is pursued vigorously. A new range of speciality Polystyrene grades are under trial and are expected to be introduced in the current year. Further improvements made in High Gloss HIPS, to place this grade in global market.

ANNEXURE
FORM A

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

A. Power and fuel consumption

	Current Year 2000-2001	Previous Year 1999-2000
1. Electricity		
(a) Purchased		
Units (KWH)	*23987130	*17237585
Total amount (Rs. Lacs)	982.52	736.26
Rate/unit (Rs.)	4.10	4.26
(b) Own Generation		
Through diesel generator		
Unit (KWH)	3888	485000
Unit per ltr of diesel oil	0.713	3.05
Cost/Unit	19.09	4.05
2. Furnace Oil		
Quantity (K.Ltrs.)	*1876	*1142
Total amount (Rs. Lacs)	162.60	84.43
Average rate (Rs.) per ltrs.	8.67	7.40
3. Other/internal generation ~ P.S. Purge		
Quantity (MT)	266	380
Total cost	-	-
Rate per unit	-	-

B. Consumption per unit of production

	Standards (If any)		
Products (POLYSTYRENE) (MT)	-	120559	93344
Electricity (KWH/MT)	190	183	175
Furnace oil (Kgs/MT)	20	13.53	10.86
Others - P.S. Purge (Kgs/MT)	-	2.21	4.06

* Including consumption for projects.

For and on behalf of the Board

Place : Mumbai
Dated : May 14, 2001

M.P. Taparia
Chairman