



# **SUPREME PETROCHEM LTD**

**ANNUAL REPORT  
2008-2009**

## 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. S. Ramachandran  
R. Kannan  
Nihalchand Chauhan  
Viren R. Raheja – Alternate Director to Satish B. 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

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

## BANKERS:

State Bank of India  
ABN-AMRO Bank N. V.  
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, Vithalrao Nagar,  
Madhapur,  
HYDERABAD - 500 081

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## NOTICE

NOTICE is hereby given that the Twentieth 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 Tuesday, October 6, 2009 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, 2009.
2. To declare dividend on equity shares.
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 S.J. Taparia, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri Satish 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 Shri R. Kannan be and is hereby appointed as a Director of the Company, liable to retire by rotation".

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

"RESOLVED THAT pursuant to Section 198, 269, 310, 311, 387 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to approval of the Central Government, if required and such other approvals as may be necessary, consent of the Company be and is hereby accorded to the appointment of Shri N. Gopal as a Manager of the Company and to his being paid and provided remuneration, benefits and amenities as the Manager of the Company for the period September 01, 2009 to June 30, 2011 on the terms, conditions and stipulations contained in the Agreement between the Company and Shri N. Gopal a copy whereof is placed before the meeting and for the purpose of identification, is initialed by the Chairman.

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

**For and on behalf of the Board**

**M. P. Taparia**  
Chairman

### Registered Office:

612, Raheja Chambers  
Nariman Point  
Mumbai - 400 021  
Date: July 29, 2009

## 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.7 and 8 of the above notice is annexed.

Register of Members of the Company will remain closed from Wednesday, September 22, 2009 to Tuesday, October 6, 2009 (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 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:

Shri R. Kannan was appointed as an Additional Director under Section 260 of the Companies Act, 1956 at a meeting of the Board of Directors held on April 21, 2009.

Shri R. Kannan shall hold office as a Director upto the date of the ensuing Annual General Meeting. Notice in writing under Section 257 of the Companies Act, 1956 has been received from a member proposing the candidature of Shri Kannan for office of the Director of the Company.

Shri R. Kannan was formerly General Manager of ICICI Ltd., in charge of the Oil & Gas division, and thereafter a Director of the Institute of Financial Management and Research, Chennai. He is currently a faculty member of the Institute. Shri R. Kannan is considered an expert in the Oil, Gas & Petrochemical Industry.

Shri R. Kannan was from July 19, 2005 to March 26, 2009 the Nominee of ICICI Bank Ltd., on the Board of your Company and as such is well acquainted with the affairs of your Company.

The Directors commend the appointment of Shri R. Kannan in view of his extensive knowledge and rich industrial experience.

Shri R. Kannan may be deemed to be interested in the resolution at Item No. 7.

### ITEM NO. 8:

The Board of Directors at their meeting held on July 29, 2009 have appointed Shri N. Gopal as Manager of the Company for the period September 01, 2009 to June 30, 2011 subject to approval of the Members of the Company and other statutory approvals as may be necessary.

The qualifications and experience of Shri N. Gopal together with the responsibilities entrusted to him have been taken into account by the Remuneration Committee of Directors which has recommended the following remuneration:

### REMUNERATION:

- (a) Not exceeding Rs. 90.00 lacs per annum (inclusive of ex-gratia, if any).

In case, accommodation is provided to Shri N. Gopal by the Company, the same shall be valued as per the Income Tax Rules.

In case the Company does not provide accommodation to Shri N. Gopal, he shall be entitled to House Rent Allowance. The value of the accommodation or the House Rent Allowance paid shall form a part of the remuneration stated above.

- (b) The above remuneration may be increased by the Board (or any Committee thereof constituted for the purpose) in its discretion in one or more steps at any time or from time to time during the tenure of the Agreement.

(c) The remuneration shall not exceed the limits specified in Schedule XIII to the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for time being in force) or any amendment made thereto, without the approval of the Central Government.

Shri N. Gopal shall also be eligible for the following perquisites which shall not be included in the computation of the ceiling on remuneration specified above:

- i) Company's contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or together are not taxable under the Income Tax Act, 1961.
- ii) Gratuity payable by the Company not exceeding half a months salary for each completed year of service.
- iii) Encashment of leave at the end of the tenure as per the rules of the Company.

The Company will provide a car to Shri N. Gopal and shall reimburse expenses incurred by him for use of and repairs to the car. The driver's salary shall also be reimbursed to Shri N. Gopal as per the rules of the Company.

The Company shall provide a telephone at the residence of Shri N. Gopal. Personal long distance calls on telephone shall be billed by the Company to Shri N. Gopal.

Shri N. Gopal shall be entitled to reimbursement of all actual expenses, including entertainment and traveling, incurred in the course of the Company's business.

Shri N. Gopal shall be entitled to earned/privilege leave on full pay and allowances as per Rules of the Company.

In the event of absence or inadequacy of profits of the Company for any year, Shri N. Gopal shall be entitled to the aforesaid remuneration and reimbursement of expenses during the currency of this Agreement.

### Statement of Information as required under schedule XIII of the Companies Act, 1956:

#### I. General Information:

1. Nature of Industry : Manufacture and sale of Polystyrene, Expandable Polystyrene and SPS.
2. Date of Commencement of Commercial Production : October 01, 1995.
3. Financial Performance

	(Rs. In lacs)		
	2006-2007	2007-2008	2008-2009
Gross Sales	161103.74	161622.81	150096.60
Profit before Tax	4730.52	2757.95	3500.57
Net Profit	3228.45	2350.71	1933.58
4. Export Performance	66784.86	53067.02	36532.31
Net Foreign Exchange Earnings	(38431.93)	(39620.02)	(47894.20)



5. Foreign Investment or Collaborators, if any : ABB Lummus Global Inc (USA)/ NOVA Chemicals (International) S.A./ SH Engg. & Chemical Co. Ltd., (Technical Collaboration)

**II. Information about the Appointee:**

1. Background Details : Shri N. Gopal is B-Tech (in Chemical Engineering) from Madras University and M.Sc., DIC (Advanced Chemical Engineering) from Imperial College, London. He has 40 years experience in the Petrochemical field having worked with companies like ICI Petrochemicals Division, U.K.; Indian Petrochemical Corporation Limited (IPCL) and Reliance Industries Limited (Reliance).

2. Past Remuneration : Rs. 65.58 lacs p.a. + perquisites and other benefits.

3. Recognition or Award : -

4. Job profile and his suitability : Shri N. Gopal shall have overall responsibility for the day to day operations of the Company's plant, supply chain management and project implementation subject to the direction, superintendence and control of the Board of Directors. Shri N. Gopal has 40 years experience in the petrochemical industry.

He joined the Company in 1991 as Sr. Vice President (Projects & Operations). He was instrumental in setting up the Company's grass root Polystyrene plant with a capacity of 66000 TPA which has since been expanded to 272000 TPA. He oversaw the restoration and expansion of the fire damaged EPS plant in Chennai. The SPS Plant and its expansion and the current projects for cup grade EPS and Extruded Polystyrene (XPS) are being spearheaded by him.

5. Remuneration Proposed : As given above in the explanatory statement.

6. Comparative remuneration profile with respect to industry, size of Company, profile of the position and person (in case of expatriates the relevant details would be w. r. t. the country of his origin) : Your Company is the largest domestic manufacturer of Polystyrene and has a domestic market share of about 50%. It has customers in 96 countries across the globe. The proposed remuneration is comparable with other Companies of similar size and nature.

7. Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any : No pecuniary relationship apart from remuneration drawn from the Company. No relationship with other managerial personnel.

**III. Other information :**

1. Reasons of loss or inadequate profits : N. A.
2. Steps taken or proposed to be taken for improvement : N. A.
3. Expected increase in productivity and profits in measurable terms : N. A.

The Agreement with Shri N. Gopal can be inspected at the Secretarial Department of the Company at Solitaire Corporate Park, Building No. 11, 5th Floor, Andheri-Ghatkopar Link Road, Andheri (East), Mumbai 400 093 between 11.00 a.m. to 5.00 p.m. on any working day from Monday to Friday.

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.

**For and on behalf of the Board**

**M. P. Taparia**  
Chairman

**Registered Office:**  
612, Raheja Chambers  
Nariman Point  
Mumbai - 400 021.  
Date : July 29, 2009



## DIRECTORS' REPORT

Your Directors take pleasure in presenting the Twentieth Annual Report together with Audited Accounts of your Company for the year ended June 30, 2009.

### 1. FINANCIAL RESULTS

	(Rupees in lacs)	
	2008-2009	2007-2008
Income (Net of Excise)	139496.39	148127.40
Profit before Tax	3500.57	2757.95
Tax expenses	1566.99	407.24
Profit after tax	1933.58	2350.71
Prior period adjustments	(15.14)	(93.40)
Balance brought forward from Previous Year	2160.19	2253.84
<b>Amount available for appropriation</b>	<b>4078.63</b>	<b>4511.15</b>
Appropriation thereof:		
Dividend on equity shares (including corporate dividend tax)	1132.97	1150.96
Transfer to general reserve	1000.00	1200.00
Balance carried forward	1945.66	2160.19

Your Directors recommend a dividend of Re.1/- per share for the year 2008-2009.

### 2. REVIEW OF OPERATIONS

The domestic market for Polystyrene witnessed great fluctuations during the year under review. The first six months upto December 2008 saw the market shrinking by 16.5% whereas the remaining six months grew by almost 22%. The price of Styrene Monomer the main raw material also witnessed fluctuations resulting in inventory loss during the first six months of the year under review. Curtailed production by several Styrene Monomer producers kept Styrene Monomer availability tight during the year under review. Foreign exchange rate volatility also had an adverse effect on the Company's performance during the year. However, the Company's emphasis on domestic sales, cost rationalization efforts and prudent financial management resulted in your Company turning around the mid-year losses into profits at the year end. However, the share of domestic PS Manufactures in the domestic market was impacted due to increased imports.

The project for manufacture of Extruded Polystyrene (XPS) is mechanically complete. The Expandable Polystyrene

(EPS) capacity at Chennai was restored from December 1, 2008 and the work for expanding the capacity to 27000 TPA is in progress. Increase of the compounding facilities to 25000 TPA was also completed during the year.

### 3. BUY BACK OF EQUITY SHARES

Your Company commenced buy-back of its equity shares from December 31, 2008. Your Company till June 30, 2009 has bought back and extinguished 1537907 equity shares which has reduced the paid-up share capital of your Company from Rs.9837.65 lacs to Rs.9683.86 lacs as on June 30, 2009.

### 4. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report for the year under review as stipulated under clause 49 of the Listing Agreement with Stock Exchanges is presented separately forming part of the Annual Report.

### 5. HEALTH & SAFETY

Your Company has continued implementation of HSE Management System under the guiding principles of declared 'Occupational Health and Safety Policy' and 'Environment Policy'. Both the Environment Management System and Occupational Health and Safety Management Systems are continued to be maintained as per ISO 14001 standard and OHSAS 18001 Specifications respectively.

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

The Company has completed 3181 accident free days and 8.6 million accident free man-hours as on June 30, 2009.

### 6. DIRECTORS

Shri M. P. Taparia, Shri S.J. 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. SUBSIDIARY COMPANIES

The two subsidiaries of your Company viz. SPL Industrial Park Limited and SPL Industrial Support Services Limited have not yet undertaken any activities. The statement pursuant to Section 212 of the Companies Act, 1956 is attached hereto. Accounts of the subsidiaries for the year ended March 31, 2009 are also attached.



## 8. CONSOLIDATED ACCOUNTS

In accordance with the requirements of Accounting Standards AS21 issued by the Institute of Chartered Accountants of India, the consolidated accounts of your Company and its two subsidiaries are annexed to this Annual Report.

## 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. CORPORATE GOVERNANCE

Your Company continued to implement Corporate Governance practices during the period in line with the requirements of Clause 49 of the Listing Agreement with the Stock Exchanges. 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.

## 11. TRANSFERS TO INVESTOR EDUCATION AND PROTECTION FUND

Your Company has transferred the unclaimed interest on non-convertible debentures paid on January 01, 2002 and the unclaimed amounts of the third and final instalment of Debenture redemption paid on April 22, 2002 to the Investor Education and Protection Fund. In the aggregate an amount of Rs.150.73 lacs has been transferred till date since January 2002.

## 12. FIXED DEPOSIT SCHEME

The outstanding fixed deposits as on June 30, 2009 were Rs.1158.10 lacs. There were 69 due but unclaimed deposits aggregating Rs.16.51 lacs out of which 6 deposits aggregating Rs.0.95 lacs have been paid as on the date of this report. There are no claimed and unpaid deposits.

## 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 together with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is Annexed hereto forming part of this report.

## 14. PERSONNEL

Excellent relations were maintained throughout the year. The Directors acknowledge the sincerity and dedication of the employees which has contributed to the improved operating results in the prevalent difficult market conditions

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.

## 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. There are no qualifications or adverse remarks in the auditors report.

## 16. DELISTING OF SECURITIES

Your Company had applied for delisting to Stock Exchange Kolkata in December 2003. However the delisting intimation is awaited inspite of rigorous follow-up.

## 17. ACKNOWLEDGEMENT

The Directors take this opportunity to thank the Company's Bankers for their 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 on behalf of the Board**

**M. P. Taparia**  
Chairman

Place : Mumbai  
Date : July 29, 2009



## 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, 2009.

### A. CONSERVATION OF ENERGY

The on-going programme for Energy Conservation is on course and is showing good results.

### B. TECHNOLOGY ABSORPTION

HIPS/GPPS Grades were further rationalized to meet the changing requirement of both, domestic and international customers. Developed and got approved weather resistant crystal polystyrene and coloured HIPS grades for water purifier application. Developed and got approved special master batches aimed at Performance films. FR HIPS/FR PP to meet REACH regulation of European market developed.

## ANNEXURE - FORM A

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

### A. Power and fuel consumption

	<b>Current Year</b> <b>July 01, 2008 to</b> <b>June 30, 2009</b>	<b>Previous Year</b> <b>July 01, 2007 to</b> <b>June 30, 2008</b>
<b>1 Electricity</b>		
(a) Purchased		
Units (KWH)	<b>28842819</b>	27953000
Total amount (Rs. Lacs)	<b>1369.91</b>	1153.95
Rate/unit (Rs.)	<b>4.75</b>	4.13
(b) Own Generation		
Through Diesel Generator		
Units (KWH)	<b>92425</b>	10114
Unit per ltr. of diesel oil	<b>3.74</b>	0.64
Cost/Unit	<b>15.76</b>	43.08
<b>2 Furnace Oil</b>		
Quantity (MT)	<b>1531.834</b>	1415.542
Total amount (Rs. Lacs)	<b>326.06</b>	302.51
Average rate (Rs. per Kg.)	<b>21.29</b>	21.37

### B. Consumption per unit of production

<b>Product</b>	<b>PS</b>	<b>EPS</b>	<b>PS</b>	<b>EPS</b>
Electricity (KWH/MT)	*173.44	256.12	*170.90	NIL
Furnace Oil (Kgs/MT)	8.48	43.08	9.14	NIL

\* Including Speciality Polystyrene

**For and on behalf of the Board**

**M. P. Taparia**  
Chairman

Place : Mumbai  
Date : July 29, 2009



# MANAGEMENT DISCUSSION AND ANALYSIS

## INDUSTRY OVERVIEW

The year under review was tumultuous for the Petrochemical Industry globally. India and Supreme Petrochem Ltd were no exception.

After reaching a peak, crude oil prices declined steeply in the later part of year 2008 due to the global crises, dragging along with it all the petrochemical building blocks. Situation however, started improving from January' 09 after price correction took place and demand for PS started picking up.

The domestic Polystyrene (PS) market witnessed two contrasting patterns in the two halves of the year under review. The first half saw shrinking of the domestic Polystyrene market by almost 16% on the back of the world crisis. The second half of the year, however, witnessed a dramatic turn around in the demand pattern when the demand surged up by about 22% over the same period of the previous year. This could partly be attributed to stimulus package brought out by Government including reducing excise in stages from 14% to 8%.

The robust growth witnessed in second half of the year under review was also due to various factors like low price regime including lower excise duty, spurt in demand from consumer durables, stationery and imitation jewellery sectors etc. As a result the year 2008-09 registered demand growth of about 9% over previous year in the domestic market. However, the share of domestic PS manufacturers in the domestic market was impacted due to increased imports.

Your company has immense faith in the robustness of Indian economy and therefore, while the Industry was in virtual shutdown mode during 2<sup>nd</sup> and 3<sup>rd</sup> quarter of the year under review, your company still arranged adequate quantity of raw material and produced enough quantity of Polystyrene to satisfy the demand of the domestic market.

Export of natural PS witnessed lower demand due to slow down in overseas countries and your Company also decided to export to only those markets which could give better net back. Exports of natural PS therefore reduced to 50307 MT in the year under review from 71370 MT in the previous year.

The Speciality Polystyrene (SPS) business remained stagnant mainly due to reduced demand from overseas markets consequent to global economic slowdown. However, the domestic demand for SPS grew modestly by 20%. It is expected that growth will be much higher in 2009-10 due to several initiatives taken by the company to promote SPS products domestically and some revival on demand from overseas markets.

Expandable Polystyrene (EPS) business was stabilised during the year after starting the restored plant in Chennai on December 1, 2008. Efforts are being made to achieve quality leadership. The increase in installed capacity to 27000 TPA is likely to be completed and commissioned during the first half of the year 2009-10 subject to statutory approvals.

## Expansion/New Projects

**Speciality Polystyrene:** Two new lines, one designed for producing reinforced PP compound aimed at the growing automobile industry and the other for producing highly loaded Master Batches were commissioned and stabilised during the year. Efforts are continuing to load the available capacities fully to get the benefit of increased capacity in 2009-10.

**Extruded Polystyrene:** Construction of the plant and erection of machinery for Extruded Polystyrene (XPS) is complete. Commissioning is expected by first half of August 2009. Core team for marketing this new product has been set up and is being further strengthened.

**Cup Grade EPS Beads:** The technology tie up for 20400 TPA cup grade EPS was concluded in March 2009. The technology transfer documents have been received and the detailed engineering is in progress. The construction activities will start in October 2009 and the plant is expected to be in commercial operation by January 2011. A significant aspect of the project in the product buy-back of about 25% of the capacity by NOVA for a period of 5 years.

Your Company intends to shortly start marketing of the cup grade EPS in India with material imported from NOVA. All application support will be provided to the Indian market with NOVA's assistance.

## Special Economic Zone (SEZ):

A total of 191 hectares of land for your Company's Sector specific Special Economic Zone for Plastic Processing in District Raighad, Maharashtra is being acquired through MIDC. Process of land acquisition is progressing albeit at a slow pace. Your Company has received consent to establish from Maharashtra Pollution Control Board for said SEZ.

**Minor Port:** Due to abnormal delay in transferring the government land of village Dherand and Shahapur by the District Collector, Raigad to Maharashtra Maritime Board (MMB), ASIDE Committee (Assistance to States for Infrastructure Development Export and Allied Activities) has asked MMB to resubmit the proposal for the construction of approach road to our project location. MMB shall resubmit the proposal to the ASIDE Committee only after the required/identified government land is transferred by District Collector, Raigad to MMB. Due to the above the project implementation is further delayed although, all required approvals/permissions are obtained and the possession of land for phase – I is with your Company.



## BUYBACK OF EQUITY SHARES

Pursuant to the suggestions of members in the General Meetings the Board of Directors approved the Scheme of Buy-Back of equity shares at a maximum price of Rs.14/- per share. Your Company has upto June 30, 2009 brought back and extinguished 1537907 shares. The paid-up share capital of your Company therefore stands reduced to Rs.96,83,86,130 comprising of 9,68,38,613 equity shares of Rs.10/- each.

## OUTLOOK

**Polystyrene (PS):** Outlook for the current year is positive for both domestic as well as overseas markets. This is due to the fact that coordinated efforts are being made by the leaders of all major nations in the world to kick-start the global economy. The on-going rationalisation exercise being pursued by all the major PS players as well as the smaller PS producers to reduce excess capacity in all the regions of the world will benefit your Company in the domestic market by preventing low priced offers coming from other countries as well as allowing reasonable price for your company's products when exported out of India. Over the past three years PS capacities of 1.483 million tons have been shut down around the world. Your Company with its large PS capacity is geared up to service the markets affected by the closures. It is expected that PS market in India will grow by 8% in 2009-10.

Rural markets are opening in a big way for sectors like consumer durables, stationery, imitation jewellery etc. Owing to the enhancement of purchasing power of the rural population, the consumer durable majors are giving thrust to rural marketing and planning expansions to feed the same.

**EPS:** Rapid growth in consumer durable industry both for meeting domestic requirement as well as for export to neighbouring countries in Africa & Middle East augurs well for EPS consumption for packaging. In addition, strong growth in cold room for perishables storage affords growth opportunity for insulation panels using EPS. Continuing growth of fish export will ensure consistent growth in EPS consumption in this sector.

We believe that market for EPS in India when compared with demand in other countries in Asia has a huge untapped potential and therefore your Company's Market Development Team is focussed on the following selected areas:

- Buildings and Construction - For wall panels, sandwich panels and for providing insulation for roof and walls. In many countries Insulation in buildings is mandatory and we understand Indian Government is also considering the same.
- Pallets - With increasing Air cargo movement, usage of EPS pallets (with HIP lamination) offer a clean, light weight and economical alternative to conventional

wooden pallets, particularly for Pharmaceuticals, Bio-Chemical and Agro products.

- Fish Boxes - PS provides an easy mix of storage box with very effective insulation properties for transportation of Fish within the country from coastal areas.
- Conventional usage of EPS for packaging of Electronic goods and other white goods will grow rapidly now as demand for these products in semi-urban and rural areas has picked up strongly with increasing per-capita incomes.

**SPS:** Overall growth in Plastics processing industry is expected to result in healthy growth for good quality Master Batches in which segment your company is slowly but steadily establishing itself as a dependable supplier.

PP compounds consumption is expected to pick-up momentum due to renewed growth in automobile industry.

## Opportunities

Rationalisation of PS capacity all over the world would create a better environment for your company in many countries where your company is an active participant.

Careful nurturing of the Indian Economy by the new Government is expected to result in sustained growth in domestic consumption of your company's various products.

In the longer term, energy cost is expected to remain high, giving rise to increase in consumption of innovative products for both hot & cold insulation which will boost consumption of EPS & XPS products of your company. This is an area of great potential.

Your Company is also planning some measures to reduce cost of production by introducing ERP system. This is expected to lead to better credit management, cost management and lowering of inventory. Better energy integration possibilities are being studied in the context of EPS expansion. This shall help in lowering cost of Polystyrene production.

Your company is evaluating the use of gas engines for captive power and steam generation as gas is now available at our doorstep.

## Threats

Low tariff barrier and FTA with various countries pose a threat to your Company by providing opportunities for cheaper imports from countries still having surplus PS capacity despite the on-going rationalisation.

The industry is highly conscious of these aspects and the Polystyrene Producers Association plans to represent to the Government to impose safeguard duty on such imports.



## Awards & Recognition

Your Company has achieved following recognitions and awards during the period under review:-

- National Safety Council of India – Suraksha Puraskar in recognition for developing and implementing very effective management systems and procedures and achieving very good performance in Occupational Safety and Health.
- Greentech Environment Excellence Award – From Greentech Foundation, New Delhi for outstanding achievement in Environment Management.
- Greentech Safety Gold Award – From Greentech Foundation, New Delhi for outstanding achievement in Safety Management.

## Risk & concerns

PS and EPS are internationally traded commodities and therefore your Company is vulnerable to global market forces. The main raw material Styrene Monomer being wholly imported is subject to Global demand/supply and pricing risks. The strategies devised by your Company to minimize these risks include raw material procurement contracts with in built flexibility, focus on sale of niche products, selling prices linked to global Polystyrene prices etc.

Sale in overseas markets is of concern due to changing global economic scenario. However, the effort to develop new customers and countries, strengthening existing partnership by introducing new products etc will mitigate this risk to a large extent.

Foreign exchange risks are minimised by SPL's export revenues and due to selling price parity of domestic product with the landed cost of imported products. Also your Company hedges its open foreign exchange exposures to avoid impact of foreign exchange rate fluctuations.

Insurance policies to adequately cover plant and machinery on reinstatement basis, stocks of finished goods and raw materials, projects under erection and also third party liabilities have been purchased by SPL. Your Company has adequate loss of profit insurance policy to cover loss of gross profit if any, due to interruption. The management periodically reviews the adequacy of the insurance cover.

## Human Resources/Industrial Relations

SPL's industrial relations continued to be harmonious during the year under review. To maintain high level of motivation and leadership development the training of employees is an ongoing process. Increase in the attrition rate of employees to Middle East during the year was an area of concern. To

respond to this appropriately, the vacant positions in the organization were filled up through internal resources and external recruitments. As a recruitment strategy, entry level engineering and management candidates are being recruited through campus selection to fill the gaps wherever internal resources are not available.

## Internal Control System & Their Adequacy

Your Company has a proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and those transactions are authorised recorded and reported quickly.

The company's internal controls are supplemented by an extensive programme of internal audits, review by management and documented policies, guidelines and procedures. The internal control is designed to ensure that financial and other records are reliable for preparing financial information and other data and for maintaining accountability of assets.

## Social Responsibility

Social, economic and environmental responsibility is an integral part of the business. A drinking water supply scheme for supply of treated drinking water for the two villages coming under Amdoshi-Wangani Group Grampanchayat was executed with financial and technical help from SPL. The scheme is operational and is working satisfactorily.

Awards were given to meritorious students as well as students in need of help from the nearby villages. Financial help was given to promote sports and cultural activities in the nearby villages

Your Company is signatory to the Responsible Care initiative instituted by Indian Chemical Council (ICC). Further the Environmental Management System of SPL is certified to be complaint with ISO 14001 : 2004 Standard by Det Norske VERITAS (DNV), Netherlands. Your Company has planted 158000 trees over the years towards its efforts to greening of earth.

## Cautionary Statement

Statements in the Management Discussion and Analysis describing SPL's objectives, estimates, expectations or projections may constitute "forward looking statements", within the meaning of applicable laws and regulations. Actual results may differ materially from those either expressed or implied in the statements.

Important factors that could make a difference to Company's operations include economic conditions affecting demand/supply and price conditions in the domestic and international markets, changes in the Government regulations, tax laws and other statutes and other incidental factors.



## CORPORATE GOVERNANCE

### PHILOSOPHY OF THE COMPANY ON CORPORATE GOVERNANCE:

Your Company is fully committed to the principles of transparency, integrity and accountability and has been practicing the principles of good corporate governance over the years. Good governance ensures adoption of best business practices and accountability of the persons in-charge of the Company's operations. Your Directors fully endorse and support the Corporate Governance practices in accordance with the provisions of the listing agreement.

#### 1. BOARD OF DIRECTORS:

##### Composition and Category:

The Board of Directors comprised of 10 members as on June 30, 2009. The Directors bring to the Board a wide range of experience and skills

Name of the Director	Category	No. of outside Directorship		No. of Chairpersonship/ Membership in other Board/Committees		No of Shares Held
		Public	Private	Chairperson	Member	
M. P. Taparia	Non-Executive - Promoter/Chairman	6	3	3	-	20100
Rajan B. Raheja	Non-Executive – Promoter	8	55	2	6	300
A. H. Parpia	Non-Executive - Independent	5	4	1	4	43101
B. L. Taparia	Non-Executive – Promoter	2	2	-	1	20100
Satish B. Raheja	Non-Executive – Promoter	3	-	-	2	-
S. J. Taparia	Non-Executive – Promoter	5	2	-	6	20100
Hasmukh Shah	Non-Executive - Independent	9	1	5	3	2800
R. Kannan *	Non-Executive – Independent	5	-	-	2	-
M. S. Ramachandran	Non-Executive - Independent	4	-	-	-	-
Nihalchand Chauhan	Non-Executive - Independent	2	1	-	1	-
Viren R. Raheja	Non-Executive - Alternate Director to Satish B. Raheja	4	74	-	2	200

##### \* Appointed on April 21, 2009 as an Additional Director.

During the year under review the Board met on 5 occasions i.e. August 21, 2008; October 17, 2008; December 05, 2008; January 29, 2009 and April 21, 2009.

The attendance of each Director at the Board Meetings during the period under review and at the last Annual General Meeting is listed below:

Name of the Director	Category	Meetings held during the tenure of the Directors	Meetings Attended	Attendance at the Last AGM
M. P. Taparia	Non-Executive-Promoter/Chairman	5	4	Yes
Rajan B. Raheja	Non-Executive – Promoter	5	4	Yes
A. H. Parpia	Non-Executive – Independent	5	4	Yes
B. L. Taparia	Non-Executive – Promoter	5	4	Yes
Satish B. Raheja	Non-Executive – Promoter	5	-	No
S. J. Taparia	Non-Executive – Promoter	5	4	Yes
Hasmukh Shah	Non-Executive – Independent	5	3	No
R. Kannan *	Non-Executive – Independent	5	1	Yes
M. S. Ramachandran	Non-Executive – Independent	5	5	Yes
Nihalchand Chauhan	Non-Executive – Independent	5	5	Yes
Viren R. Raheja	Non-Executive - Alternate Director to Satish B. Raheja	5	5	Yes

##### \* Appointed on April 21, 2009 as an Additional Director.



**2. AUDIT COMMITTEE:**

Your Company has an independent Audit Committee which was constituted on January 29, 2001. The composition, procedure, role/function of the Committee complies with the requirements of the Companies Act, 1956 as well as those of the Listing Agreement.

The terms of reference of the Audit Committee inter-alia includes overseeing the Company's financial reporting process and disclosures of financial information. The prime responsibility of the Audit Committee is to review with Management, the quarterly/annual financial statements prior to it being submitted to the board for approval.

The Audit Committee's functions include reviewing the adequacy of internal control functions and systems, its structures, reporting process, and coverage and frequency of internal audit. The responsibility of the committee is to also to review the findings of any internal investigation by the Internal Auditors in matters relating to suspected fraud or irregularity or failure in internal control systems of material nature and report the same to the Board.

The Committee reviews the reports of the Internal and Statutory Auditors and ensures that adequate follow-up action is taken by the management on observations and recommendations made by the respective auditors.

The committee recommends to the Board, the appointment or re-appointment of the Statutory Auditors and the audit fees payable. In addition, the committee approves payment of fees for other services rendered by the Statutory Auditors. The committee approves the appointment or re-appointment of Internal Auditors of the Company and the fees payable to them.

During the year under review, the Audit Committee met on 4 occasions i.e. August 21, 2008; October 17, 2008; January 29, 2009 and April 21, 2009.

Members	Category	Meetings held	Meetings Attended
A. H. Parpia	Non-Executive - Independent / Chairman	4	4
S. J. Taparia	Non-Executive - Promoter	4	4
R. Kannan	Non-Executive - Independent	4	1
Nihalchand Chauhan	Non-Executive - Independent	4	4

**3. REMUNERATION COMMITTEE:**

Your Company has constituted an independent Remuneration Committee to decide the amount of salary, perquisites and commission to be paid to the Managerial Personnel, if any, within the overall ceiling approved by the shareholders.

During the year under review, no Remuneration Committee Meeting was held.

Member	Category	Meetings Held	Meetings Attended
Hasmukh Shah	Non-Executive Independent/Chairman	Nil	-
A. H. Parpia	Non-Executive – Independent	Nil	-
S. J. Taparia	Non-Executive – Promoter	Nil	-
R. Kannan	Non-Executive – Independent	Nil	-

No increase in Managerial remuneration was given during the year

**4. SITTING FEES PAID TO NON-EXECUTIVE DIRECTORS:**

During the year under review, sitting fees paid to the Non-Executive Directors for attending Meetings of the Board & Committees thereof are as follows:

Name of the Director	Category	Sitting Fees (Rs.)
M. P. Taparia	Non-Executive - Promoter/ Chairman	32,000
Rajan B. Raheja	Non-Executive – Promoter	32,000
A. H. Parpia	Non-Executive - Independent	64,000
B. L. Taparia	Non-Executive - Promoter	32,000
Satish B. Raheja	Non-Executive - Promoter	-
S. J. Taparia	Non-Executive – Promoter	64,000
Hasmukh Shah	Non-Executive - Independent	24,000
R. Kannan *	Non-Executive – Independent	16,000
M. S. Ramachandran	Non-Executive – Independent	40,000
Nihalchand Chauhan	Non-Executive - Independent	72,000
Viren R. Raheja	Non-Executive - Alternate Director to Satish B.Raheja	40,000
<b>TOTAL</b>		<b>4,16,000</b>

\* Appointed on April 21, 2009 as an Additional Director.



**5. INVESTORS' GRIEVANCE COMMITTEE:**

Your Company has constituted Investors' Grievance Committee of the Board of Directors to look into the specific complaints received from the investors of the Company. **The Investors' Grievance Committee also approves share transfers.** The composition of the Investors' Grievance Committee and details of meetings held during the period under review is listed below:

Members	Category	Meetings held	Meetings Attended
M. P. Taparia	Non-Executive- Promoter/Chairman	22	21
Rajan B. Raheja	Non-Executive – Promoter	22	16
A. H. Parpia	Non-Executive – Independent	22	21
S. J. Taparia	Non-Executive – Promoter	22	20
Satish B. Raheja	Non-Executive – Promoter	-	-
Viren R. Raheja	Non-Executive - Alternate Director to Satish B. Raheja	22	19

Compliance Officer : Shri Rakesh Nayyar - Company Secretary

During the period under review, your Company received 151 complaints including complaints through the Stock Exchanges and the Securities and Exchange Board of India (SEBI) and majority of these complaints were resolved within 30 days. There were NIL pending complaints as on June 30, 2009.

**6. INVESTMENT COMMITTEE:**

Your Company has constituted an Investment Committee of Directors to oversee the purchase/sale of investments made by the Company from time to time.

During the year under review the said Committee met on 4 occasions i.e. on July 02, 2008; October 17, 2008; January 29, 2009 and April 21, 2009.

Member	Category	Meetings Held	Meetings Attended
M.P. Taparia	Non-Executive - Promoter/ Chairman	4	4
Rajan B. Raheja	Non-Executive - Promoter	4	4
A.H. Parpia	Non-Executive - Independent	4	4
S.J. Taparia	Non-Executive - Promoter	4	4

**7. FINANCE COMMITTEE:**

Your Company has constituted an independent Finance Committee of Directors on July 26, 2005. The terms of reference of the Finance Committee are primarily to:

- i. Opening of new Bank Accounts/closing of inoperative Bank Accounts and authorise officials of the Company for operating of Bank Accounts and
- ii. Authorisation to invest temporary surplus funds in money market investments and delegate financial powers for approved projects capital expenditure, borrow moneys from Banks, Financial Institutions or any other source including temporary loans and authorisation for creation of security on the Company's assets to secure the borrowings.

During the year under review Finance Committee met on 7 occasions i.e. July 02, 2008; July 15, 2008; August 21, 2008; December 05, 2008; January 29, 2009; April 21, 2009 and June 22, 2009.

Members	Category	Meetings held	Meetings Attended
M. P. Taparia	Non-Executive - Promoter/Chairman	7	6
Rajan B. Raheja	Non-Executive - Promoter	7	5
A. H. Parpia	Non-Executive - Independent	7	6
B. L. Taparia	Non-Executive - Promoter	7	6
Satish B. Raheja	Non-Executive – Promoter	7	-
S. J. Taparia	Non-Executive – Promoter	7	6
Viren R. Raheja	Non-Executive - Alternate Director to Satish B. Raheja	7	5

**8. CODE OF CONDUCT:**

The Company has framed and adopted a Code of Conduct which is approved by the Board of Directors. The code is applicable to all Directors and Senior Management of the Company. This code has been posted on the Company's website [www.supremepetrochem.com](http://www.supremepetrochem.com). For the year under review, all Directors and Senior Management have confirmed their adherence to the provisions of the said code.



**9. CFO CERTIFICATION:**

The CFO heading the finance function has certified to the Board that:

- (a) He has reviewed financial statements and the cash flow statement for the year and that to the best of his knowledge and belief.
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the Company’s affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) there are, to the best of his knowledge and belief no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company’s code of conduct.
- (c) He accepts responsibility for establishing and maintaining internal controls for financial reporting and that he has evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and he has disclosed to the Auditors and Audit Committee deficiencies in the design or operation of internal controls, if any, of which he is aware and the steps they have taken or propose to take to rectify these deficiencies.
- (d) He has indicated to the Auditors and the Audit Committee that there were no:
  - (i) significant changes in internal control over financial reporting during the year;
  - (ii) significant changes in accounting polices during the year and that the same has been disclosed in the notes to the financial statements and
  - (iii) instances of significant fraud of which he has become aware and the involvement there in if any, of the Management or an Employee having a significant role in the Company’s internal control system over financial reporting.

The above certificate was placed before the Board at its meeting held on July 29, 2009.

**10. GENERAL BODY MEETINGS:**

Location and time of the last three AGMs held:

Year		Location	Date	Time	Special Resolutions Passed
2005-06	17th	I. M. C., Walchand Hirachand Conference Hall, Mumbai -400 020	27.10.2006	4.00 p.m.	Yes
2006-07	18th		04.10.2007	3.00 p.m.	Yes
2007-08	19th		17.10.2008	4.00 p.m.	No

No resolutions were passed through postal ballot last year.

**11. SUBSIDIARY COMPANY:**

Your Company does not have any material non-listed Indian Subsidiary Company.

**12. DISCLOSURES:**

**a. Basis of related party transaction**

Your Company places all the details before the Audit Committee periodically. A comprehensive list of related party transactions as required by the Accounting Standard (AS)18 issued by the Institute of Chartered Accountants of India, forms part of the Notes to the Accounts in the Annual Report. However, these transactions are not likely to have any conflict with the interest of the Company at large.

**b. Disclosure of Accounting Treatment**

Your Company has followed all relevant Accounting Standards while preparing the financial statements.

**c. Risk Management**

Your Company has a comprehensive risk management policy. The risk management policy inter-alia provides for review of the risk assessment and minimisation procedure, laying down procedure to inform the Board in the matter and for periodical review of the procedure to ensure that executive management controls the risks through properly defined framework.

**d. Proceeds from public issues, right issues, preferential issues etc.**

During the year under review your Company has not raised any proceeds from public issue, right issue or preferential issue.



**e. Disclosure of non-compliance of the Company**

There were no instances of non-compliance or penalty, strictures imposed on your Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets, during the last three years.

**f. Whistle Blower Policy**

Your Company does not as yet have a Whistle Blower Policy in place, however no personnel has been denied access to the Audit Committee.

**13. IMPLEMENTATION OF CODE OF INTERNAL PROCEDURE FOR PREVENTION OF INSIDER TRADING:**

Your Company has adopted Code of Conduct for prevention of insider trading which is based on the SEBI framework. Your Company follows strict guidelines in respect of insiders' stock trading and related disclosures. The Company Secretary is designated as the Compliance Officer to oversee its implementation. Periodic disclosures have been obtained from all the Directors and Designated Employees. Under the aforesaid code all the Directors and Designated Employees are required to conduct all their dealings in securities of the Company only in valid trading window after obtaining pre clearance from the Company as per the pre dealing procedure described in the Code.

**14. MEANS OF COMMUNICATIONS:**

Shareholders are intimated through the press and the Company's website: <http://www.supremepetrochem.com> of the quarterly performance and financial results of the Company. The website also displays Chairman's statement and the shareholding pattern. The financial results, shareholding pattern etc. are also posted on SEBI's EDIFAR site. The quarterly results during the year under review were published in Economic Times, Business Standard, and Maharashtra Times.

**15. MANAGEMENT DISCUSSION AND ANALYSIS:**

The Management discussion and analysis is a part of the Annual Report and annexed separately.

**16. PARTICULARS OF DIRECTORS:**

Particulars of Directors as required under Clause 49VI(A), of the Listing Agreements, seeking re-appointment are given below:

Name of the Director	Satish B. Raheja	S. J. Taparia	M. P. Taparia	R. Kannan
Age (Years)	45	63	71	61
Date of Appointment	22/11/1993	22/11/1993	14/12/1989	21/04/2009
Qualification	B. Sc. Business Management	B. E. (Mechanical)	B. A.	M.Tech Chemical Engg. And Chartered Financial Analyst
Experience of specific functional area	Is a Director of various Companies like Exide Industries Limited, Prism Cement Limited etc. He is a Non-resident Indian. Has experience in business management.	Expertise and rich experience in technical, operational and marketing aspects of industrial products. Actively involved in industry forums.	Expertise and wide experience in business management, marketing, operations and actively involved in various industry forums.	He was formerly General Manager of ICICI Ltd., in charge of the Oil & Gas division and thereafter Director of the Institute of Financial Management and Research, Chennai. He is currently a faculty member of the Institute and is considered an expert in the Oil, Gas & Petrochemical Industry.
Chairman/Director of other Companies	Exide Industries Ltd.; Prism Cement Ltd.	The Supreme Industries Ltd.; Supreme Capital Management Ltd.; Oricon Enterprises Ltd.	The Supreme Industries Ltd.; Supreme Capital Management Ltd.; Kabra Extrusion Technic Ltd.; Rama Newsprint & Paper Ltd.	The Jeypore Sugars Co. Ltd.; Bharat Oman Refineries Ltd.; Prize Petroleum Company Ltd.; Tamil Nadu Urban Infrastructure Trustee Co. Ltd.; ITCOT Consultancy & Services Ltd.



**17. GENERAL SHAREHOLDERS INFORMATION:**

- Annual General Meeting** : October 06, 2008 at 4.00 p. m. at  
I. M. C., Walchand Hirachand Conference  
Hall, Churchgate, Mumbai 400 020
- Period under review** : July 01, 2008 to June 30, 2009.
- Date of Book Closure** : September 22, 2009 to October 06, 2009 (both days inclusive).
- Dividend Payment Date** : October 06, 2009, dividend warrants will be  
posted on or after October 06, 2009.
- Listing on Stock Exchanges** : The Stock Exchange Bombay and National Stock Exchange of India Limited.
- Stock Code** : Mumbai - 500405  
National Stock Exchange of India Limited - SUPPETRO

Market Price Data:	Mumbai Stock Exchange		National Stock Exchange (Rs.)	
	High	Low	High	Low
Month/Year				
July 2008	19.80	16.50	19.80	16.95
August 2008	21.80	19.00	21.75	18.90
September 2008	20.80	14.50	20.80	13.75
October 2008	16.35	9.60	16.45	9.30
November 2008	12.55	9.65	12.60	9.30
December 2008	13.30	10.10	13.50	10.20
January 2009	13.70	10.63	14.90	10.50
February 2009	13.20	10.47	13.30	10.65
March 2009	13.85	11.75	14.00	12.00
April 2009	21.00	13.05	21.00	12.25
May 2009	23.70	16.10	23.70	13.00
June 2009	25.90	18.65	25.80	18.05

**COMPARISON WITH INDICES:**

	July 2008 Opening	June 2009 Closing	% Rise (Fall)
BSE Sensex	13480.02	14493.84	7.52
NSE Nifty	4039.75	4291.10	6.22
SPL Shares	17.60	19.85	12.78

- REGISTRAR AND TRANSFER AGENT** : Karvy Computershare Private Limited,  
17-24, Vithalrao Nagar, Madhapur,  
HYDERABAD - 500 081

- SHARE TRANSFER SYSTEM** : The Company has outsourced its share transfer function to Karvy Computershare Private Limited, which is registered with SEBI as Category 1 Registrar. Karvy has been appointed as the common agency for all work related to share registry in terms of both physical and electronic modes.

**DISTRIBUTION OF SHAREHOLDING ( AS ON JUNE 30, 2009)**

No. of Equity Shares Held	No. of Shareholders	% of Shareholders	No. of shares	% of Shareholdings
1 - 5000	64670	88.24	10821501	11.17
5001 - 10000	4635	6.32	4003707	4.13
10001 - 20000	2002	2.73	3147295	3.25
20001 - 30000	692	0.94	1800010	1.86
30001 - 40000	272	0.37	998772	1.03
40001 - 50000	314	0.43	1514577	1.56
50001 - 100000	386	0.53	2943707	3.04
100001 & above	314	0.43	71609044	73.95
<b>TOTAL</b>	<b>73285</b>	<b>100.00</b>	<b>96838613</b>	<b>100.00</b>

**CATEGORIES OF SHAREHOLDERS (AS ON JUNE 30, 2009)**

Sr. No.	Category	No. of shares held	% of Shareholding
1.	Promoters	57876500	59.76
2.	Mutual Funds and UTI	57183	0.05
3.	Banks, Financial Institutions, Insurance Companies (Central/ State Govt. Institutional/Non-Government Institutions)	30100	0.03
4.	FII's/Foreign Bodies Corporate	249665	0.26
5.	Private Corporate Bodies	6349118	6.56
6.	Indian Public	30161133	31.15
7.	NRI's	2020630	2.09
8.	Others	94284	0.10
<b>GRAND TOTAL</b>		<b>96838613</b>	<b>100.00</b>

**DEMATERIALIZATION OF SHARES & LIQUIDITY :** Equity Shares of the Company can be held in the dematerialised form with either National Securities Depository Limited or Central Depository Services Limited. 92.81% Shares have been dematerialised upto June 30, 2009.

**PLANT LOCATION :** Amdoshi,  
Wakan Roha Road,  
Post Patansai,  
Taluka Roha,  
District Raigad,  
MAHARASHTRA-402 106  
&  
Ammulavoyil Village,  
Andrakuppam Post, Manali New Town,  
Chennai-600 103 Tamil Nadu.

**ADDRESS FOR CORRESPONDENCE :** 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.

**Shareholders' Assistance**

The Secretarial Department operates from the Company's Corporate Office at Andheri in Mumbai, besides, the Company's Registrars and Transfer Agents Karvy Computershare Private Limited has investor services Offices at Ahmedabad, Bangalore, Chennai, Cochin, Jaipur, Kolkata, Lucknow, Mumbai (Fort & Andheri), New Delhi, Pune, Vadodara and Vijaywada.

For any assistance related to the Company's shares please write to:

- (1) Shri Ravi V Kuddyady/ Shri Pratap P. Jadhav/ Ms. Jean Ruke  
Secretarial Department,  
Supreme Petrochem Ltd,  
Solitaire Corporate Park, Building No. 11, 5th Floor,  
Andheri-Ghatkopar Link Road, Chakala,  
Andheri (East),  
**Mumbai - 400 093**  
Telephone No. : 022-67091900 and 66935927  
Fax No. : 022-40055681  
E-mail : investorhelpline@spl.co.in



OR

- (2) Shri K. S. Reddy  
Karvy Computershare Private Limited  
Unit: Supreme Petrochem Ltd  
17-24, Vithalrao Nagar, Madhapur,  
**Hyderabad – 500 081**  
Telephone No. : 040-23420816-824  
Fax No. : 040-23420814  
E-mail : ksreddy@karvy.com

OR

- (3) Shri Praveen Amlani  
Karvy Computershare Private Limited,  
Unit: Supreme Petrochem Ltd,  
7, Andheri Industrial Estate,  
Off Veera Desai Road, Andheri (W),  
**Mumbai – 400 053**  
Telephone No. : 022-26730799/26730843  
Fax No. : 022-26730305  
E-mail : pbamlani@karvy.com

**Website** : Please visit us at <http://www.supremepetrochem.com> for financial and other information about the Company.

**For and on behalf of the Board**

**M. P. Taparia**  
Chairman

Place : Mumbai  
Date : July 29, 2009

## AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of

Supreme Petrochem Limited.

We have examined the compliance of the conditions of corporate governance by Supreme Petrochem Ltd, for the year ended on June 30, 2009 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

The compliance of conditions of corporate governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Parikh & Shah**  
Chartered Accountants

**D.B. Mohini**  
Partner

Membership No. 5681

Place : Mumbai  
Date : July 29, 2009



## AUDITORS' REPORT

TO  
THE MEMBERS OF  
**SUPREME PETROCHEM LIMITED**

We have audited the attached Balance Sheet of SUPREME PETROCHEM LIMITED as at June 30, 2009 and also the annexed Profit and Loss Account and Cash Flow Statement of the Company for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our Audit.

- (1) We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- (2) As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the Order) issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- (3)
  - (a) Further to our comments in the Annexure referred to in paragraph (2) above, we report that 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;
  - (b) 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 of the Company;
  - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts of the Company;
  - (d) In our opinion, the Balance sheet, Profit and Loss Account and Cash Flow statement dealt with by this report, comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956.
  - (e) On the basis of the written representations received from the Directors, as on June 30, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on June 30, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - (f) 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, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
    - i) In the case of the Balance Sheet, of the state of affairs of the Company as at June 30, 2009;

- ii) In the case of the Profit and Loss Account, of the profit for the year ended on that date; and
- iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **PARIKH & SHAH**  
Chartered Accountants

**D. B. MOHINI**

Partner

Membership No.5681

Mumbai

Date : July 29, 2009

## ANNEXURE TO AUDITORS' REPORT

**Statement referred to in Paragraph 2 of the Auditors' Report of even date to the Members of SUPREME PETROCHEM LIMITED on the Accounts for the year ended June 30, 2009.**

On the basis of the records produced to us for our verification/perusal, such checks as we considered appropriate and in terms of information and explanations given to us on our enquiries, we state that :

1.
  - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - (b) We are informed that the Company has verified part of fixed assets during the year as per its programme of physical verification of all fixed assets over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and nature of its fixed assets. No material discrepancies have been noticed on such verification.
  - (c) As per the information and explanations given to us, no substantial part of fixed assets has been disposed off during the year affecting the going concern status of the Company.
2.
  - (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
  - (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) The Company is maintaining proper records of inventory. No material discrepancies were noted on verification between the physical stocks and the book records.
3.
  - (a) The Company has not granted any loans to Companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
  - (b) The Company has not taken any loans from Companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for purchase of inventory, fixed assets and for sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control systems.



5. According to the information and explanations given to us, there were no contracts or arrangements the particulars of which need to be entered in the register maintained under section 301 of the Companies Act, 1956.
6. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A and 58AA and other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975, with regard to the deposits accepted by it from the public. As informed to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any Tribunal in this regard.
7. In our opinion, the Company has an adequate internal audit system commensurate with its size and nature of its business.
8. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 for the products of the Company.
9. (a) According to the records of the Company, the Company has been regular in depositing undisputed statutory dues including Provident fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it, with the appropriate authorities and no such dues were in arrears, as at June 30, 2009 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, the statutory dues as at June 30, 2009 which have not been deposited on account of any dispute are as under :-

Sr. No	Statutes	Nature of Dues	Fiscal Year	Amount (Rs.In lacs)	Forum where dispute is pending.
1	Bombay Sales Tax	Sales Tax on Consignment stock transfer	2000 - 01	96.07	Maharashtra Sales Tax Tribunal
2	Central Excise	I] Valuation in case of :			
		a) Related Party Including penalty of Rs.203.97 lacs.	Apr'01- June'06 Jul'06 - June'07	407.94 24.35	CESTAT Commissioner (Appeal)
		b) Supplies against invalidation letters.	Jul'02 - Jan'06	227.19	CESTAT
		c) Loading Charges incurred by transporter	Apr'96 to June'00	11.85	CESTAT
		II] Disallowance of Cenvat Credit (Including Penalty of Rs.11.58 lacs)	2007 - 08	23.16	Commissioner (Appeal)
3	Service Tax, 1994	i] Disallowance of Cenvat Credit on Service Tax on Demolition Service.	2007 - 08	1.48	Commissioner (Appeal)
		ii] Disallowance of Cenvat Credit on Service Tax on Rent-a-Cab	2008 - 09	0.74	Appeal being preferred.

Sr. No	Statutes	Nature of Dues	Fiscal Year	Amount (Rs.In lacs)	Forum where dispute is pending.
		iii] Interest on wrong availment of Cenvat Credit on Service Tax.	2007 - 08	0.09	Appeal being preferred.
		iv] Disallowance of Cenvat Credit on outward freight.	2005 - 08	3.00	Appeal being preferred.

10. The Company does not have accumulated losses at the end of the financial year and it has not incurred any cash losses in the financial year covered by our audit and in the immediately preceding financial year.
11. In our opinion and as per the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions and banks as at the date of Balance Sheet. The Company has no borrowing through debentures.
12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, the provisions of clause 4 (xiii) of the Order are not applicable to the Company.
14. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Order, are not applicable to the Company. All the shares held as investments at the close of the year are held in the name of the Company.
15. According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks or financial institutions.
16. Based on information and explanations given to us by the management, the term loans were applied for the purpose for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, no funds raised on short-term basis have been used for long-term investment.
18. The Company has not made any preferential allotment of shares to companies or parties covered in the register maintained under section 301 of the Companies Act, 1956 during the year.
19. The Company did not have outstanding debentures during the year and accordingly, the creation of securities thereof does not arise.
20. The Company has not raised any money by public issue during the year.
21. During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For **PARIKH & SHAH**  
Chartered Accountants

**D. B. MOHINI**  
Partner

Mumbai  
Date : July 29, 2009

Membership No.5681

**BALANCE SHEET AS AT 30TH JUNE, 2009**

	Schedule	As at 30-06-2009 (Rs. in Lacs)	As at 30-06-2008 (Rs. in Lacs)
<b>I. SOURCES OF FUNDS :</b>			
<b>1. Shareholders' Funds :</b>			
(a) Capital	1	9,683.86	9,837.65
(b) Reserves and Surplus	2	9,951.95	9,064.10
		<u>19,635.81</u>	<u>18,901.75</u>
<b>2. Loan Funds :</b>			
(a) Secured Loans	3	12,613.52	11,306.35
(b) Unsecured Loans	3	1,158.10	2,666.28
		<u>13,771.62</u>	<u>13,972.63</u>
<b>3. Deferred Tax Liability (Net)</b>			
		<u>4,555.14</u>	<u>4,419.65</u>
	<b>TOTAL</b>	<u><u>37,962.57</u></u>	<u><u>37,294.03</u></u>
<b>II. APPLICATION OF FUNDS :</b>			
<b>1. Fixed Assets :</b>			
(a) Gross Block	4	43,400.80	39,562.30
(b) Less : Depreciation		18,311.69	16,519.94
(c) Net Block		<u>25,089.11</u>	<u>23,042.36</u>
(d) Capital Work-in-Progress		3,320.20	3,702.27
		<u>28,409.31</u>	<u>26,744.63</u>
<b>2. Investments :</b>			
	5	27.77	27.77
<b>3. Foreign Currency Monetary Item Translation Difference</b> (refer note10 of Schedule 14)			
		123.03	—
<b>4. Current Assets,Loans and Advances:</b>			
(a) Inventories	6	10,368.33	8,369.08
(b) Sundry Debtors		15,295.27	17,177.64
(c) Cash and Bank Balances		1,897.22	3,064.18
(d) Loans and Advances		7,186.04	5,227.17
		<u>34,746.86</u>	<u>33,838.07</u>
<b>Less: Current Liabilities and Provisions:</b>			
(a) Current Liabilities	7	22,983.11	21,514.66
(b) Provisions		2,372.00	1,855.35
		<u>25,355.11</u>	<u>23,370.01</u>
<b>Net Current Assets</b>			
		9,391.75	10,468.06
<b>5. Miscellaneous Expenditure :</b> (To the extent not amortised or adjusted)			
	8	10.71	53.57
	<b>TOTAL</b>	<u><u>37,962.57</u></u>	<u><u>37,294.03</u></u>
<b>Significant Accounting Policies</b>	13		
<b>Notes on Accounts</b>	14		

As per our report attached

For **PARIKH & SHAH**  
Chartered Accountants**D. B. MOHINI**  
Partner  
Membership No.5681Mumbai  
Date : July 29, 2009**RAKESH NAYYAR**  
Executive Director  
(Finance & Corporate Affairs)  
and Company Secretary

M. P. Taparia	} Directors
Rajan B. Raheja	
A. H. Parpia	
B. L. Taparia	
S. J. Taparia	
Hasmukh Shah	
M. S. Ramachandran	
R. Kannan	
N. Nihalchand Chauhan	



**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE 2009**

	Schedule	2008-2009 (Rs. in Lacs)	2007-2008 (Rs. in Lacs)
<b>INCOME:</b>			
Sales & Operating Income	9	1,50,096.60	1,61,622.81
Less : Excise Duty		10,600.21	13,495.41
Sales & Operating Income (Net)		1,39,496.39	1,48,127.40
Other Income	10	301.22	322.55
		<u>1,39,797.61</u>	<u>1,48,449.95</u>
<b>EXPENDITURE:</b>			
Manufacturing and other expenses	11	1,32,255.87	1,42,883.58
Interest	12	1,801.20	1,630.57
Depreciation		1,820.86	1,715.64
Amortisation of Miscellaneous Expenditure (refer note 10 of schedule 14)		219.74	42.86
		<u>1,36,097.67</u>	<u>1,46,272.65</u>
<b>Profit before Tax and Exceptional Item</b>		<b>3,699.94</b>	<b>2,177.30</b>
Exceptional Item of (Expenses)/Income (refer note 15 of schedule 14)		(199.37)	580.65
<b>Profit before Taxes</b>		<b>3,500.57</b>	<b>2,757.95</b>
Income Tax		1,391.00	695.00
Wealth Tax		7.50	6.00
Fringe Benefit Tax		33.00	41.22
Deferred Tax (refer note 17 of schedule 14 )		135.49	(334.98)
<b>Profit after Taxes</b>		<b>1,933.58</b>	<b>2,350.71</b>
Prior Period Adjustments (refer note 19 of schedule 14)		6.69	(23.74)
Excess/(short) Provision of Taxes for earlier years (Net)		(21.83)	(69.66)
<b>Balance Brought Forward From Previous Year</b>		<b>2,160.19</b>	<b>2,253.84</b>
<b>Profit Available for Appropriation</b>		<b>4,078.63</b>	<b>4,511.15</b>
<b>Appropriations</b>			
Proposed Dividend		968.39	983.77
Corporate Dividend Tax thereon		164.58	167.19
Transfer to General Reserve		1,000.00	1,200.00
<b>Balance carried to Balance Sheet</b>		<b>1,945.66</b>	<b>2,160.19</b>
		<u>4,078.63</u>	<u>4,511.15</u>
<b>Earning per share (Rs.) (refer note 14 of Schedule 14)</b>			
Basic		1.96	2.29
Diluted		1.78	1.96
<b>Nominal Value of share (Rs.)</b>		<b>10.00</b>	<b>10.00</b>
<b>Significant Accounting Policies</b>	13		
<b>Notes on Accounts</b>	14		

As per our report attached  
For **PARIKH & SHAH**  
Chartered Accountants

**D. B. MOHINI**  
Partner  
Membership No.5681  
  
Mumbai  
Date : July 29, 2009

**RAKESH NAYYAR**  
Executive Director  
(Finance & Corporate Affairs)  
and Company Secretary

M. P. Taparia  
Rajan B. Raheja  
A. H. Parpia  
B. L. Taparia  
S. J. Taparia  
Hasmukh Shah  
M. S. Ramachandran  
R. Kannan  
N. Nihalchand Chauhan

Chairman  
Directors



## SCHEDULES FORMING PART OF THE BALANCE SHEET

As at  
30-06-2009      As at  
30-06-2008  
(Rs. in Lacs)    (Rs. in Lacs)

### SCHEDULE 1

#### SHARE CAPITAL :

##### AUTHORISED :

12,50,00,000	Equity Shares of Rs.10 each	12,500.00	12,500.00
2,50,00,000	Redeemable Cumulative Preference Shares of Rs. 10 each	2,500.00	2,500.00
<b>TOTAL</b>		<b>15,000.00</b>	<b>15,000.00</b>

##### ISSUED, SUBSCRIBED AND PAID UP :

9,68,38,600	(Previous Year 9,75,12,800) Equity Shares of Rs.10 each *	9,683.86	9,751.28
Add :	Equity Shares Suspense Account	—	86.37
	(* refer note 9 of schedule 14)		
<b>TOTAL</b>		<b>9,683.86</b>	<b>9,837.65</b>

### SCHEDULE 2

#### RESERVES AND SURPLUS

##### Capital Redemption Reserve :

Balance as per the last Balance Sheet		1,376.00	1,376.00
Add:Transfer from Share Premium for Buy Back of shares *		99.77	—
Add:Transfer from General Reserve for Buy Back of shares *		54.02	—
		<b>1,529.79</b>	<b>1,376.00</b>

##### Share Premium :

Balance as per the last Balance Sheet		99.77	750.21
Less : Transfer to Capital Redemption Reserve on Buy Back of shares *		99.77	—
Less : Transfer on Amalgamation		—	650.44
		<b>—</b>	<b>99.77</b>

##### General Reserve :

Balance as per the last Balance Sheet		5,428.14	3,000.00
Less : Transfer to Capital Redemption Reserve on Buy Back of shares *		54.02	—
Less : Utilised for Premium paid on Buy Back of shares *		40.19	—
Add : Transfer from Foreign Currency Monetary Item Translation Difference		142.57	—
Add : Transfer on Amalgamation		—	1,228.14
Add : Transferred from Profit & Loss Account		1,000.00	1,200.00
(* refer note 9 of schedule 14)		<b>6,476.50</b>	<b>5,428.14</b>

##### Profit and Loss Account:

		<b>1,945.66</b>	<b>2,160.19</b>
<b>TOTAL</b>		<b>9,951.95</b>	<b>9,064.10</b>

### SCHEDULE 3

#### (A) SECURED LOANS:

##### FROM BANKS :

(a) Working Capital Loans	1	—	—
(b) Rupee Term Loans	2	9,551.54	6,187.85
(c) Foreign Currency Term Loan	2	3,061.98	5,118.50
<b>TOTAL</b>		<b>12,613.52</b>	<b>11,306.35</b>

#### Notes



**SCHEDULE 3 (Contd.)**

**Notes :**

- Working capital facilities (including letters of credit ) from banks are secured by hypothecation of Company's stocks and book debts and by a second paripassu charge by way of an equitable mortgage on the Company's immovable properties (including plant and machinery) situated at the Amdoshi plant site.
- Rupee and Foreign Currency Term Loans from Banks are secured by a first charge by way of an equitable mortgage on the Company's immovable properties (including Plant and Machinery) situated at the Amdoshi plant site and by hypothecation of movable assets(except book debts) subject to prior charge in favour of Company's Bankers for working capital facilities. (except ECB borrowings of US \$ 5 mio equivalent to Rs 2150 Lacs - balance outstanding as on 30-06-2009, Rs 1087.95 Lacs - from ICICI Bank (U.K.) Ltd which is secured by first charge on the company's movable and immovable assets) Creation of equitable mortgage for Securing Corporate Loan of Rs.4500 lacs availed from State Bank of India is pending.

**(B) UNSECURED LOANS :**

Fixed Deposits	<b>1,158.10</b>	666.28
Rupee Term Loan From Bank	—	2,000.00
<b>TOTAL</b>	<b><u>1,158.10</u></b>	<b><u>2,666.28</u></b>

**SCHEDULE 4**

**FIXED ASSETS**

**(Rs. in Lacs)**

Particulars	GROSS BLOCK (COST)					DEPRECIATION					NET BLOCK	
	As At 30-06-2008	Additions Pursuant to Amalgamation	Additions / Adjustments during the Year	Deductions / Adjustments during the Year	As At 30-06-2009	Upto 30-06-2008	Additions Pursuant to Amalgamation	Provided during the Year	Deductions / Adjustments during the Year	Upto 30-06-2009	As At 30-06-2009	As At 30-06-2008
Land (Freehold)	2,376.68	—	196.63	—	2,573.31	—	—	—	—	—	2,573.31	2,376.68
Buildings	8,909.67	—	924.95	—	9,834.62	2,119.79	—	228.69	—	2,348.48	7,486.14	6,789.88
Plant & Machinery	27,451.30	—	2,678.53	—	30,129.83	13,940.46	—	1,516.94	—	15,457.40	14,672.43	13,510.84
Office Equipments	174.26	—	17.06	2.12	189.20	69.26	—	8.10	0.94	76.42	112.78	105.00
Computers	217.14	—	31.53	17.24	231.43	141.09	—	25.98	18.84	148.23	83.20	76.05
Air-conditioners	54.66	—	4.25	1.05	57.86	24.47	—	2.64	0.38	26.73	31.13	30.19
Vehicles	127.86	—	13.87	13.40	128.33	49.45	—	10.33	8.93	50.85	77.48	78.41
Furniture & Fixtures	250.73	—	5.51	0.02	256.22	175.42	—	28.18	0.02	203.58	52.64	75.31
<b>TOTAL</b>	<b>39,562.30</b>	<b>—</b>	<b>3,872.33</b>	<b>33.83</b>	<b>43,400.80</b>	<b>16,519.94</b>	<b>—</b>	<b>1,820.86</b>	<b>29.11</b>	<b>18,311.69</b>	<b>25,089.11</b>	<b>23,042.36</b>
PREVIOUS YEAR	37,958.18	1,570.93	62.58	29.39	39,562.30	14,157.65	665.23	1,715.64	18.58	16,519.94	23,042.36	

**Notes :**

- Buildings include Rs. 400.67 lacs (previous year Rs. 400.67 lacs) being cost of premises in Co-operative Societies including cost of Shares of the face value of Rs. 0.04 lacs (Previous year Rs. 0.02 lacs).
- Additions / Deductions to Plant & Machinery includes net addition of Rs. 258.25 lacs (previous year net addition of Rs. Nil lacs) on account of increase in rupee liability for repayment consequent upon fluctuation in exchange rates in respect of foreign currency loans.
- Deduction / adjustments include assets scrapped.
- Revaluation of free hold land (of erstwhile SPL Polymers Ltd) at Chennai was carried out as at June 30,2003 & as at June 30,2005 enhancing the value by Rs. 402.53 lacs.



	Face Value	Nos	As at 30-06-2009 (Rs. in Lacs)	Nos	As at 30-06-2008 (Rs. in Lacs)
<b>SCHEDULE 5</b>					
<b>INVESTMENTS (AT COST) :</b>					
<b>QUOTED : LONG TERM :</b>					
<b>NON - TRADE :</b>					
In Shares :					
In fully Paid up Equity Shares :					
Finolex Industries Ltd.	10	26000	17.42	26000	17.42
Suraj Diamonds (India) Ltd.	10	500	0.47	500	0.47
			<u>17.89</u>		<u>17.89</u>
<b>UNQUOTED : LONG TERM :</b>					
<b>NON-TRADE:</b>					
In Shares :					
Investment in Subsidiary Companies :					
In fully Paid up Equity Shares :					
SPL Industrial Park Limited	10	49400	4.94	49400	4.94
SPL Industrial Support Services Ltd	10	49400	4.94	49400	4.94
			<u>9.88</u>		<u>9.88</u>
		<b>TOTAL</b>	<u>27.77</u>		<u>27.77</u>
<b>Market Value of Quoted Investments</b>			<u>12.77</u>		<u>14.72</u>

Note : Particulars of Investments in Mutual Funds purchased and Redeemed during the year.

Name of the Fund	No. of Units	Cost Price (Rs. in Lacs)
1. ING Liquid Fund Institutional – Daily Dividend Option	94561518	9,467.59
2. DWS Insta Cash Plus Fund – Super Inst. Plan Daily Dividend	5000768	501.08
3. SBI Premier Liquid Fund – Institutional – Daily Dividend	19973541	2,003.85
4. Reliance Liquidity Fund-Daily Dividend Reinvestment Option	7005411	700.76
5. IDFC Cash Fund Super Instl.Plan	28229698	2,823.68
6. Reliance Liquid Fund	84907883	9,460.01
7. LICMF Liquid Plus Fund Daily Dividend Plan	84673042	8,467.30
8. LICMF Liquid Fund – Dividend Plan	572969508	62,912.63
9. Templeton India Treasury Management Fund	130261	1,303.49
10. UTI Liquid Plus Fund Institutional Plan	150855	1,508.87
11. UTI Liquid Cash Plan Institutional	2020908	20,602.06
12. HDFC Liquid Fund Dividend Reinvestment	26539382	3,253.68
13. Birla Sun Life Cash Plus	5037047	504.69
14. Reliance Medium Term Fund	8802854	1,504.89
15. Reliance Liquid Plus Fund	165747	1,659.35
16. SBI MICF Fund	8588535	14,386.08
17. DSP Black Rock Bond Fund	461202	4,615.71
<b>TOTAL</b>	<b>1026515160</b>	<b>145675.72</b>

	As at 30-06-2009 (Rs. in Lacs)	As at 30-06-2008 (Rs. in Lacs)
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**SCHEDULE 6**

**CURRENT ASSETS, LOANS AND ADVANCES :**

**CURRENT ASSETS :**

**(a) INVENTORIES :**

(As taken, valued and certified by the Management)

Stores & Spares	803.24	895.88
Fuel	21.06	20.25
Stock - in - Trade :		
Raw Materials and Packing Materials	5,427.20	2,272.99
Traded Goods	638.03	517.75
Stock-in-Process	368.28	348.02
Finished goods	3,110.52	4,314.19
	<u>10,368.33</u>	<u>8,369.08</u>



**SCHEDULE 6 (Contd.)**

	As at 30-06-2009 (Rs. in Lacs)	As at 30-06-2008 (Rs. in Lacs)
<b>(b) SUNDRY DEBTORS :</b>		
(Unsecured -Considered Good)		
Over Six Months	189.94	660.63
Others	<u>15,107.23</u>	<u>16,518.91</u>
	15,297.17	17,179.54
Less : Provision for doubtful debts	<u>1.90</u>	<u>1.90</u>
	15,295.27	17,177.64
<b>(c) CASH AND BANK BALANCES :</b>		
Cash on hand	9.66	8.84
Bank Balances:		
With Scheduled Banks:		
In Current & Cash Credit Accounts	1,661.89	2,688.78
In Fixed Deposits and Margin Money	<u>225.67</u>	<u>366.56</u>
	1,897.22	3,064.18
<b>(d) LOANS AND ADVANCES :</b>		
(Unsecured - Considered Good)		
Advances recoverable in cash or in kind or for value to be received	7,185.61	5,226.74
Advances to Subsidiary Company	<u>0.43</u>	<u>0.43</u>
	7,186.04	5,227.17
<b>TOTAL</b>	<u><u>34,746.86</u></u>	<u><u>33,838.07</u></u>

**SCHEDULE 7**

**CURRENT LIABILITIES AND PROVISIONS :**

<b>(a) CURRENT LIABILITIES :</b>		
Acceptances	18,999.30	15,881.78
Sundry Creditors	3,954.35	5,571.90
Interest Accrued but not due on Loans	<u>29.46</u>	<u>60.98</u>
	22,983.11	21,514.66
<b>(b) PROVISIONS :</b>		
Taxation (Net of Advance Tax & TDS)	864.00	446.83
Less : MAT Credit	<u>-</u>	<u>93.45</u>
	864.00	353.38
Provision for Retirement Benefits	375.03	351.01
Proposed Dividend	968.39	983.77
Dividend Tax on Proposed Dividend	<u>164.58</u>	<u>167.19</u>
	2,372.00	1,855.35
<b>TOTAL</b>	<u><u>25,355.11</u></u>	<u><u>23,370.01</u></u>

**SCHEDULE 8**

**MISCELLANEOUS EXPENDITURE :**

**(To the extent not amortised or adjusted)**

Loan Restructuring Fees	10.71	53.57
<b>TOTAL</b>	<u><u>10.71</u></u>	<u><u>53.57</u></u>

**SCHEDULE 9**

**SALES & OPERATING INCOME**

Sales including Excise Duty	1,48,860.38	1,60,157.62
Other Operating Income	<u>1,236.22</u>	<u>1,465.19</u>
<b>TOTAL</b>	<u><u>1,50,096.60</u></u>	<u><u>1,61,622.81</u></u>

**SCHEDULE 10**

**OTHER INCOME :**

Dividend (gross)	258.51	271.67
Profit on sale of investments (net)	-	7.10
Gain on redemption of Mutual Fund securities	0.41	0.37
Miscellaneous Income	<u>42.30</u>	<u>43.41</u>
<b>TOTAL</b>	<u><u>301.22</u></u>	<u><u>322.55</u></u>



**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT**

	2008-2009 (Rs. in Lacs)	2007-2008 (Rs. in Lacs)
<b>SCHEDULE 11</b>		
<b>MANUFACTURING AND OTHER EXPENSES</b>		
1. Raw Materials (Including Packing Materials) Consumed	88,191.26	95,415.86
2. Goods For Re-Sale	33,318.30	36,005.26
3. Stores and Spares Consumed	544.66	631.24
4. Power and Fuel	1,710.57	1,471.20
5. Labour Charges	4.21	5.15
6. Employees' Remuneration and Benefits :		
Salaries, Wages, Bonus, Gratuity etc.	1,250.47	1,326.63
Contribution to Provident Fund and Other Funds	119.43	141.59
Staff Welfare Expenses	<u>69.67</u>	<u>55.96</u>
	1,439.57	1,524.18
7. Rent, Rates and Taxes	232.75	188.62
8. Repairs :		
Buildings	35.91	89.47
Machinery	110.80	134.88
Others	<u>130.55</u>	<u>133.17</u>
	277.26	357.52
9. Directors' Fees	4.16	4.47
10. Insurance	251.25	228.09
11. Commission on Sales	835.13	552.58
12. Carriage outward	2,492.45	3,171.22
13. Loss on Sale of Fixed Assets (net)	3.73	3.97
14. Other Expenses	1,823.57	1,510.22
15. Bad debts Written Off	47.40	0.62
16. a. Increase / (Decrease) in excise duty included in opening and closing stock of finished goods	(404.18)	(215.97)
b. (Increase) / Decrease in work in process and finished goods		
Stocks on 01.07.2008 :		
Stock-in-Process	348.03	231.32
Finished Goods	4,314.19	6,460.26
Trial Run Stocks Transfer on 01.12.2008 :		
Stock-in-Process	30.63	-
Finished Goods	<u>269.73</u>	-
	4,962.58	6,691.57
Stocks on 30.06.2009 :		
Stock-in-Process	368.28	348.03
Finished Goods	<u>3,110.52</u>	4,314.19
	3,478.80	4,662.23
	1,483.78	2,029.35
<b>TOTAL</b>	<u><u>1,32,255.87</u></u>	<u><u>1,42,883.58</u></u>
<b>SCHEDULE 12</b>		
<b>INTEREST :</b>		
On Term Loans and Fixed Deposits	906.25	1,017.80
Others	<u>1,236.59</u>	<u>899.14</u>
	2142.84	1916.94
<b>Less: Interest Received</b>		
On Fixed Deposits With Banks	91.11	40.49
On Overdue payments from Debtors	239.92	244.81
Others	<u>10.61</u>	<u>1.07</u>
	341.64	286.37
<b>TOTAL</b>	<u><u>1,801.20</u></u>	<u><u>1,630.57</u></u>

**SCHEDULE 13****SIGNIFICANT ACCOUNTING POLICIES****1. BASIS OF ACCOUNTING**

The accounts are prepared on the basis of historical cost convention and on accrual basis.

**2. FIXED ASSETS**

Fixed Assets are valued at cost less depreciation. Costs comprise of the purchase price and any attributable cost of bringing the asset to working condition for its intended use.

**3. DEPRECIATION**

Depreciation on Fixed Assets is provided on "Straight Line Method" at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.

**4. INVESTMENTS**

Investments are stated at cost. Temporary diminution in the value of long term investments, meant to be held for a long period of time is not recognised.

**5. INVENTORIES**

Inventories are valued as under :

- (a) Raw materials (including packing materials) and traded goods are valued at cost (on weighted average basis) or net realizable value whichever is lower.
- (b) Stores and spares are valued at cost (on weighted average basis).
- (c) Stock in process is valued at cost (on weighted average basis) of raw materials.
- (d) Finished goods are valued at cost (on weighted average basis) or net realizable value whichever is lower. Cost for this purpose includes direct materials, direct labour and appropriate overheads.

**6. FOREIGN CURRENCY TRANSACTIONS**

- a) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction.
- b) In case of items which are covered by forward exchange contracts, the premium or discount arising at the inception of such contract is amortised as expense or income over the life of the contract. Any profit or loss arising on cancellation or renewal of such contract is recognized as income or expense of the period in which it arises.
- c) Any income or expense on account of exchange difference either on settlement or on translation is recognised in the Profit & Loss account except as mentioned in para (d) below.
- d) Exchange differences on translation or settlement of long term foreign currency monetary items (i.e whose term of settlement exceeds twelve months form date of its origination) at rates different from those at which they were initially recorded or reported in the previous financial statements, in so far as it relates to acquisition of depreciable assets are adjusted to the cost of the assets and to be depreciated as per 3 above. In other cases, these are accumulated in "Foreign Currency Monetary Item Translation Difference Account" and amortised by recognition as income or expense in each period over the balance term of such items till settlement occurs but not beyond March 31, 2011. (Refer Note 10 in Notes to Accounts – Schedule 14).

**7. CENVAT CREDIT**

CENVAT credit on Raw Materials and Capital Goods has been accounted for by reducing the purchase cost of Raw Materials and Capital Goods respectively.

**8. RECOGNITION OF INCOME AND EXPENDITURE**

Items of Income and Expenditure are generally recorded on accrual basis.

**9. EXPORT BENEFITS**

Benefits on account of entitlement to import duty-free raw materials under the Advance Licence scheme is accounted for in the year of export calculated on the basis of rate of exchange and import duty prevailing at the date of the Balance sheet. This is included under the head "Other Operating Income."

**10. RETIREMENT BENEFITS**

Contributions to Provident and Superannuation Funds are accounted on actual liability basis. Provisions for Gratuity and Leave encashment benefit on retirement, are made on actuarial valuation basis.

**11. MISCELLANEOUS EXPENDITURE**

Loan restructuring fees is amortised over a period of seven years.

**12. SEGMENT REPORTING**

The Company's main business is manufacturing and marketing of Polystyrene. There are no separate segments within the Company as defined by AS 17 (Segment Reporting) issued by The Institute of Chartered Accountants of India except Geographical segment as reportable segment.



**13. TAXATION**

- (a) Current Income Tax, Fringe Benefit Tax and Wealth Tax have been accounted as per payable method.
- (b) Deferred tax asset or liability is recognised for timing differences between the profit as per financial statements and the profit offered for income tax, based on tax rates that have been enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognised only if there is reasonable certainty that sufficient future taxable income will be available, against which they can be realized.

**14. CONTINGENT LIABILITIES**

All known liabilities are provided for in the accounts except liabilities of a contingent nature, which are disclosed at their estimated value in the notes on accounts.

**SCHEDULE 14**

**NOTES ON ACCOUNTS**

	<b>2008-2009</b>	2007-2008
	<b>(Rs. in lacs)</b>	(Rs. in lacs)
1. Contingent liabilities not provided for in respect of :		
i) Estimated value of contracts remaining to be executed on capital accounts and not provided for :	<b>359.02</b>	567.39
ii) Letters of Credit opened by Bankers and outstanding at the year end.	<b>6744.08</b>	15086.86
iii) Bills discounted but not matured.	<b>6479.56</b>	10558.03
iv) Counter guarantees given to Banks against Banks' guarantees to Customs/ Sales Tax.	<b>315.82</b>	190.05
v) Excise / Service Tax matters under dispute.	<b>1737.51</b>	1192.52
vi) Sales Tax matter under dispute.	<b>97.00</b>	177.59
vii) Other Claims.	<b>71.31</b>	71.31

2. Quantitative and other information :

[A] Finished Goods : (manufactured)  
Registered and Installed Capacity

	<b>Registered Capacity</b>	<b>* Installed Capacity</b>	<b>Production</b>
	<b>(MT)</b>	<b>(MT)</b>	<b>(MT)</b>
Styrene	<b>10000</b>	—	—
	(100,000)	(—)	(—)
Polystyrene	<b>554000</b>	<b>272000</b>	<b>151637</b>
	(554000)	(272000)	(154892)
Speciality Polystyrene	<b>47000</b>	<b>17000</b>	<b>9537</b>
	(47000)	(17000)	(8681)
Expandable Polystyrene	<b>150000</b>	<b>6000</b>	<b>**4321</b>
	(126000)	(—)	(—)
XPS	<b>5000</b>	(—)	(—)
	(—)	(—)	(—)

\* As certified by the management and not verified by the auditors.

\*\* Includes trial run production.

Note : Figures in brackets are in respect of previous year.

[B] The Department of Company Affairs, Government of India vide its Order dated 23.06.2009 issued under section 211(4) of the Companies Act, 1956 has exempted the Company from disclosure of quantitative details in the Profit and Loss Account under para 3(i) (a), 3(ii) (a) and 3 (ii) (b) of Part II of Schedule VI to the Companies Act, 1956.

[C] Consumption of Raw Materials, Stores and Spares :

	<b>2008-2009</b>		2007 - 2008	
	<b>(Rs. in Lacs)</b>		(Rs. in lacs)	
i) Raw Materials including Packing Materials :				
	%	<b>Value</b>	%	<b>Value</b>
Imported	<b>94.80</b>	<b>83608.35</b>	96.30	91882.04
Indigenous	<b>5.20</b>	<b>4582.91</b>	3.70	3533.82
	<b>100.00</b>	<b>88191.26</b>	<b>100.00</b>	<b>95415.86</b>
ii) Stores and Spares :				
Imported	<b>12.71</b>	<b>69.25</b>	19.28	121.70
Indigenous	<b>87.29</b>	<b>475.41</b>	80.72	509.54
	<b>100.00</b>	<b>544.66</b>	<b>100.00</b>	<b>631.24</b>



[D] CIF Value of Imports :		
Raw Materials	110513.27	118249.34
Stores & Spares	63.29	87.94
Capital Goods	37.65	91.36
[E] Expenditure in Foreign Currency :		
1. Interest	450.43	379.29
2. Legal and Professional	—	10.64
3. Membership & Subscription	7.11	12.37
4. Seminar, Training, Exhibition & Product Development	11.06	16.60
5. Travelling Expenses	16.81	19.77
6. Advertisement Expenses	—	1.82
7. Freight	509.26	248.80
8. Commission	221.28	200.79
9. Technical knowhow fees	67.92	—
10. Bank Charges	42.22	41.97
11. Others	—	0.05
[F] Income in Foreign Currency :		
FOB Value of Exports	36532.31	53067.02
Commission / Others	—	2.74
3. Miscellaneous expenses include :		
Remuneration to Auditors		
As Auditors	10.00	*10.85
For Certification	1.53	1.43
For Consultancy	1.70	1.20
Service Tax	1.64	1.41
<b>TOTAL</b>	<b>14.87</b>	<b>14.89</b>

\*Including Branch Auditors

	2008-2009 (Rs. in lacs)	2007-2008 (Rs. in lacs)
4. Tax deducted at source on Income :		
Interest	69.83	104.56
Others	5.23	3.60
5. <b>CENVAT</b> Credit recorded on Capital goods/stores & spares.	242.18	167.55
6. Exchange differences including on the Term Loans (except as mentioned in note no.10) recorded under respective heads by credit/(debit) in the Profit and Loss account (Net).*	(4,921.93)	(1,625.03)
*Includes shown under "Other Expenses" Rs.609.42 (Previous year Rs.253.90)		
7. Managerial Remuneration		
To Manager :		
Salary	50.03	69.42
Contribution to PF and other funds	9.74	12.99
Perquisites	—	0.30
<b>TOTAL</b>	<b>*59.77</b>	<b>82.71</b>

\* For the period of nine months (i.e. upto 31.03.09) as Shri N. Gopal ceases to be manager thereafter.



8. The Company has only one business segment “Polystyrene” as primary segment. The secondary segment is geographical, which is given as under :

(a) Revenue			
Sales (net of Excise Duty) & Operating Income			
Within India		<b>1,01,133.18</b>	91,642.89
Outside India		<b>38,363.21</b>	56,484.51
	<b>TOTAL</b>	<b><u>1,39,496.39</u></b>	<u>1,48,127.40</u>
(b) All the Assets of the Company except the debtors amounting to Rs.1659.73 lacs (Previous year Rs.3886.17 lacs) are within India.			

9. Company commenced buyback of its equity shares from December 31, 2008 and till June 30, 2009 has bought back and extinguished 1537907 equity shares which has reduced the paid-up share capital of the Company from Rs.9837.65 lacs to Rs.9683.86 lacs as on June 30, 2009.

The equity shares buyback was met as under :

(a) Transfer from share premium account being amount equal to face value of 997663 nos. of equity shares of Rs.10/- each.	99.77
Transfer from General Reserve being amount equal to face value of 540244 nos of equity shares of Rs.10/- each.	54.02
<b>TOTAL</b>	<b><u>153.79</u></b>
(b) Utilised from General Reserve towards premium on buy back of 1537907 nos. equity shares	40.19

10. The Accounting Standard (AS) – 11 “The effect of changes in Foreign Exchange Rates” prescribed by Companies (Accounting Standards) Rules, 2006 was amended on March 31, 2009, vide a notification dated March 31, 2009, by the Ministry of Corporate Affairs.

During the year the Company has chosen to adopt the amended AS11 in preparation of its financial statements. Accordingly, Foreign exchange differences adjusted against the cost of the assets or accumulated in a “Foreign Currency Monetary Item Translation Difference Account (FCMITDA)” and the balance amount in FCMITDA to be amortised in the future periods are as under :

- (a) Impact of Adjustments made :

Exchange (Gain)/ Losses	Adjustment against Assets	FCMITDA	Total (Rs. In lacs)
[i] General Reserve : For the year ended 30.06.09 adjusted to General Reserve	56.00	86.57	142.57
[ii] Profit and Loss Account: For the year ended 30.06.09	202.25	213.35	415.60
Less: Depreciation/ Amortisation on the above for the year	(6.44)	*(176.89)	(183.33)
Impact on Profit and Loss Account	<u>195.81</u>	<u>36.46</u>	<u>232.27</u>
<b>TOTAL (i + ii)</b>	<b><u>251.81</u></b>	<b><u>123.03</u></b>	<b><u>374.84</u></b>
*Included under the head “Amortisation of Miscellaneous Expenditure”			

- (b) Amount to be amortised to Profit and Loss Account in future periods :

July 2009 to June 2010	: Rs. 101.57 lacs
July 2010 to March 2011	: Rs. 21.46 lacs
	<u>Rs. 123.03 lacs</u>

- (c) The transitional adjustment in respect of implementation aggregating to Rs.142.57 lacs has been, as required, credited to General Reserve being a gain.



(d) Had the above changes not been carried out, the year end effect would have been as under :

	<b>Increase/ (Decrease)</b>
	<b>(Rs. In Lacs)</b>
(i) Profit for the year	(232.27)
(ii) Reserves and surplus [including (i) above]	(374.84)
(iii) Plant & Machinery	(251.81)

11. As per Accounting Standard 15 , the disclosure of Employee benefits as defined there in are given below :

(A) **Gratuity :**

I. **Assumptions :**

Discount Rate Previous Year	8.00%
Discount Rate Current Year	7.75%
Rate of Return on Plan Assets Previous Year	8.00%
Rate of Return on Plan Assets Current Year	7.75%
Salary Escalation Previous Year	7.00%
<b>Salary Escalation Current Year</b>	<b>7.00%</b>

**(Rs. In lacs)**

II. **Table Showing Change in Benefits Obligation :**

Liability at the beginning of the year	139.24
Interest cost	11.14
Current Service cost	19.45
Benefits Paid	(19.29)
Actuarial (gain)/ loss on obligations	7.79
<b>Liability at the end of the year</b>	<b>158.33</b>

III. **Table of Fair value of Plan Assets :**

Fair value of Plan Assets at the beginning of the year	—
Expected Return on Plan Assets	—
Contributions	19.29
Benefits Paid	(19.29)
Actuarial gain/(loss) on Plan Assets	—
<b>Fair value of Plan Assets at the end of the year</b>	<b>—</b>

IV. **Actual Return on Plan Assets :**

Expected Return on Plan Assets	—
Actuarial gain/(loss) on Plan Assets	—
<b>Actual Return on Plan Assets</b>	<b>—</b>

V. **Total Actuarial Gain/ (Loss) to be Recognised**

Actuarial (gain)/loss on obligations	7.79
Actuarial gain/(loss) on Plan Assets	—
<b>Total Actuarial (gain)/Loss to be recognized</b>	<b>7.79</b>

VI. **Amount Recognised in the Balance Sheet :**

Liability at the end of the year	158.32
Fair value of Plan Assets at the end of the year	—
Difference	158.32
<b>Amount Recognised in the Balance Sheet</b>	<b>158.32</b>

VII. **Expenses Recognised in the Income Statement**

Current Service Cost	19.45
Interest Cost	11.14
Expected Return on Plan Assets	—
Net Actuarial (gain)/ loss to be recognized	7.78
<b>Expense recognized in Profit &amp; Loss</b>	<b>38.37</b>

VIII. **Amount Recognised in the Balance Sheet**

Opening net liability	139.24
Expense as above	38.37
Employers Contribution paid	(19.29)
<b>Closing net liability</b>	<b>158.32</b>



**(B) Leave Encashment**

The valuation of Leave Encashment has been done on exit as well as availment during the service. This liability forms part of other long term benefits as per the standard and does not require disclosures as mentioned in Para 132 of the standard

12. Disclosure of transactions with Related Parties, as required by Accounting Standards 18 "Related Party Disclosures" is given below :

(a) Names of the related parties and description of relationship

Sr. No.	Particulars	Name of the Party
1	Promoters	The Supreme Industries Ltd R. Raheja Investments Pvt. Ltd
2	Key Management Personnel	Shri N. Gopal (till 31 <sup>st</sup> March, 2009)
3	Subsidiaries	a) SPL Industrial Park Ltd b) SPL Industrial Support Services Ltd

(b) Transactions with Related Parties

(Rs. in lacs)

Sr. No.	Nature of Transactions*	Year	Promoters	Key Management Personnel	Subsidiaries
1	Sales of Goods (Net)	<b>2008-09</b>	<b>1133.21</b>	—	—
		2007-08	4469.53	—	—
2	Purchase of Goods	<b>2008-09</b>	<b>164.18</b>	—	—
		2007-08	54.53	—	—
3	Purchase of other items	<b>2008-09</b>	<b>0.88</b>	—	—
		2007-08	—	—	—
4	Reimbursement of Expenses Paid/(Received)	<b>2008-09</b>	<b>58.39</b>	—	—
		2007-08	0.05	—	0.81
5	Dividend Paid on Equity Shares	<b>2008-09</b>	<b>578.73</b>	<b>0.16</b>	—
		2007-08	578.73	0.10	—
6	Remuneration Paid	<b>2008-09</b>	—	<b>59.77</b>	—
		2007-08	—	82.71	—
7	Equity Shares Subscribed	<b>2008-09</b>	—	—	—
		2007-08	—	—	9.88
8	Balance Receivable				
a	Sales of Goods	<b>30th June 2009</b>	<b>663.08</b>	—	—
		30th June 2008	831.56	—	—
b	Others	<b>30th June 2009</b>	—	—	<b>0.43</b>
		30th June 2008	—	—	0.43
9	Balance Payable				
a	Purchase of goods	<b>30th June 2009</b>	<b>5.87</b>	—	—
		30th June 2008	—	—	—

\* All Transactions are on commercial basis at market rates

**2008-2009**      2007-2008  
(Rs. in lacs)      (Rs. in lacs)

13. Leasing - Operating Lease

a. Obligations on non cancellable leases

i) Not later than one year.	<b>208.02</b>	73.07
ii) Later than one year and not later than five years.	<b>137.32</b>	5.33
iii) Later than five years.	—	—

b Lease rental expenses in respect of operating lease. **142.45**      118.12

c Contingent rent recognised in Profit & Loss account. —      —



	2008-2009 (Rs. in lacs)	2007-2008 (Rs. in lacs)
14. Earnings per share (EPS)		
Profit after tax	1,918.44	2,257.31
Number of equity shares at the beginning of the year.	98376520	98376520
Number of equity shares at the end of the year.	96838613	98376520
Weighted average number of shares outstanding for basic EPS during the year.	97890665	98376520
Basic earning per share (Rupees) (Face value - Rs.10/- per share)	1.96	2.29
Profit after tax for computing Diluted EPS	2,007.64	2,280.98
Weighted average number of shares for computing Diluted EPS during the year.	111602126	116366541
Diluted earning per share (Rupees) (Face value - Rs.10/- per share)	1.78	1.96

15. The assets of Chennai Division (erstwhile SPL Polymers Limited since amalgamated with the Company) viz. portion of building, plant & machinery and stocks were damaged by a fire in the year 2006 – 07. Based on the assessment made, the company had recorded Rs.580.65 lacs as exceptional item of income, in the previous year, being part of the excess claim over the book value of the damaged fixed assets. In view of the insurance surveyors' recommendation, the claim assessed and recorded in the previous year stands reduced by Rs.199.37 lacs and hence, the same is written off as an exceptional item in the current year, pending final settlement by the insurance company.
16. In the opinion of the Board, the current assets, loans and advances are approximately of the value stated, if realised in the ordinary course of business. The provisions for all the known liabilities and depreciation are adequate and not in excess of the amount reasonably required.
17. In compliance with the Accounting Standard relating to 'Accounting for Taxes on Income' (AS 22), issued by the Institute of Chartered Accountants of India, the break up of deferred tax liabilities and deferred tax assets is as under:

	As at 30.06.2009	As at 30.06.2008
<b>Deferred Tax Assets</b>		
Other items	<u>170.60</u>	<u>150.32</u>
	<b>170.60</b>	<b>150.32</b>
<b>Deferred Tax Liabilities</b>		
Depreciation	4,680.28	4,551.76
Other items	<u>45.46</u>	<u>18.21</u>
	<b>4,725.74</b>	<b>4,569.97</b>
Net Deferred Tax Liabilities / (Assets)	<b>TOTAL</b>	<b>TOTAL</b>
	<b>4,555.14</b>	<b>4,419.65</b>

18. In absence of any intimation received from vendors regarding the status of their registration under "The Micro, Small and Medium Enterprises Development Act, 2006" the Company is unable to comply with the disclosures required to be made under said Act. There are no amounts payable to any Small Scale Industrial undertaking.
19. Prior period adjustments include expenses Rs.15.76 lacs (previous year Rs.26.99 lacs) and income Rs.22.45 lacs (Previous year Rs.3.25).
20. Debtors/ Creditors balances are subject to confirmation.
21. Additional information required under Part IV of Schedule VI to the Companies Act, 1956 is attached herewith.
22. Previous year's figures are regrouped, wherever necessary.

Signatures to Schedules '1' to '14'

As per our report attached

For **PARIKH & SHAH**  
Chartered Accountants

**D. B. MOHINI**  
Partner  
Membership No.5681

Mumbai  
Date : July 29, 2009

**RAKESH NAYYAR**  
Executive Director  
(Finance & Corporate Affairs)  
and Company Secretary

M. P. Taparia  
Rajan B. Raheja  
A. H. Parpia  
B. L. Taparia  
S. J. Taparia  
Hasmukh Shah  
M. S. Ramachandran  
R. Kannan  
N. Nihalchand Chauhan

Chairman  
Directors

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES.**

<b>Sr. No.</b>	<b>Name of the Subsidiary Company</b>	<b>SPL Industrial Park Limited</b>	<b>SPL Industrial Support Services Limited</b>
1.	Financial year of the Subsidiary ended on	March 31, 2009	March 31, 2009
2.	Holding Company's Interest:		
	i) Equity Shares of Rs.10 each		
	(a) Number of shares Fully paid	49,400	49,400
	(b) Extent of Holding	98.80%	98.80%
3.	Net aggregate amount of loss of the Subsidiary so far as they concern members of Supreme Petrochem Ltd		
	i) For the financial year of Subsidiary		
	(a) Dealt with in the accounts of the Company	NIL	NIL
	(b) Not dealt with in the accounts of the Holding Company	Rs.(16551)	Rs.(18019)
	ii) For the previous Financial years of the Subsidiary since it became the holding Company's Subsidiary		
	(a) Dealt with in the accounts of the Holding Company.	NIL	NIL
	(b) Not dealt with in the accounts of the Holding Company	Rs.(63511)	Rs.(45468)
4.	Information pursuant to section 212(5) of the Companies Act, 1956	NIL	NIL

Mumbai  
Date : July 29, 2009

**RAKESH NAYYAR**  
Executive Director  
(Finance & Corporate Affairs)  
and Company Secretary

M. P. Taparia	} Directors
Rajan B. Raheja	
A. H. Parpia	
B. L. Taparia	
S. J. Taparia	
Hasmukh Shah	
M. S. Ramachandran	
R. Kannan	
N. Nihalchand Chauhan	Chairman



## Performance Highlights

Rs. In Lacs unless indicated otherwise

	2004-05	2005-06	2006-07	2007-08	2008-09
Net Sales	134703.46	142379.96	149484.71	148127.40	139496.39
Other Income	339.97	632.45	859.38	322.55	301.22
Total Income	135043.43	143012.41	150344.09	148449.95	139797.61
Operating Profit (PBIDT + Misc. Exp. W/Off)	9934.58	6434.92	8522.92	6147.02	7342.36
Interest	1681.66	2013.11	2073.31	1630.57	1801.20
Gross Profit	8252.92	4421.81	6449.61	4516.45	5541.16
Depreciation/Amortisation	1695.32	1669.53	1702.88	1758.50	2040.60
Profit Before Tax & Exceptional items	6557.60	2752.28	4746.73	2757.95	3500.57
Tax, Exceptional items & Prior years Adjustments	2694.94	1098.97	1421.86	500.64	1582.13
Profit after Tax , exceptional items & Net of Prior years Adjustments)	3862.66	1653.31	3324.87	2257.31	1918.44
Net Profit	3862.66	1653.31	3324.87	2257.31	1918.44
Paid up Equity Capital	9751.28	9751.28	9751.28	9837.65	9683.86
Reserves and Surplus *	4472.47	5056.74	7283.62	9010.53	9941.24
Shareholders' Funds	14223.75	14808.02	17034.90	18848.18	19625.10
Loans	16634.82	17931.41	14271.67	13972.63	13771.62
Deferred Tax Liability ( Net)	3873.20	4936.35	4754.63	4419.65	4555.14
Capital Employed	34913.91	37815.07	36157.63	37294.03	37962.57
Earning Per Equity Share (Rs.)	3.96	1.70	3.41	2.29	1.96
Cash Earning Per Equity Share (Rs.)	8.46	4.53	6.61	4.59	5.72
Book Value (Rs.)	14.59	15.19	17.47	19.16	20.27
Dividend (%)	12.00	10.00	10.00	10.00	10.00
PBIDT/Average capital Employed (%)	29.75	17.70	23.04	16.74	19.51
ROACE (%)					
(PBIT/Average capital Employed)	24.67	13.10	18.44	11.95	14.09
ROANW (%)					
(PAT/ Average Net Worth)	29.67	11.39	20.88	12.58	9.97
Debt : Equity					
(Long Term Debt/Total Net Worth)	1.17	1.21	0.84	0.74	0.70
Total Outside Liabilities/ Total Net Worth	2.23	2.03	1.36	1.58	1.67

\* After reducing Miscellaneous expenditure

