



# SUPREME PETROCHEM LTD

**Regd. Office :**

Solitaire Corporate Park, Building No. 11, 5th Floor, 167, Guru Hargovindji Marg,  
Andheri-Ghatkopar Link Road, Chakala, Andheri (East), Mumbai-400 093. INDIA

☎ : 91-22-6709 1900 ● CIN : L23200MH1989PLC054633

Website : [www.supremepetrochem.com](http://www.supremepetrochem.com) ● Email : [corporate@spl.co.in](mailto:corporate@spl.co.in)

Ref: CFA/CS/86/AGM29/2018-2019

June 18, 2018

BSE Limited  
Phiroze Jeejeebhoy Towers,  
1st Floor, Dalal Street,  
**Mumbai - 400 001**

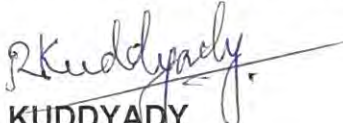
National Stock Exchange of India Ltd  
Exchange Plaza, Bandra Kurla Complex  
Bandra East,  
**Mumbai – 400 051**

Dear Sir,

Pursuant to Regulation 30 (LODR) of Securities and Exchange Board of India  
(Listing Obligations and Disclosure Requirements) enclosed please Annual  
Report 2017-2018 for your information and record.

Thanking you,

Yours faithfully,  
**For SUPREME PETROCHEM LTD**

  
**RAVI V KUDDYADY**  
**COMPANY SECRETARY**



Fax - Marketing : 022-6709 1925 ● Accts. & Secretarial : 022-4005 5681, Export : 022-6709 1924  
CMS : 022-6709 1926, Commercial : 022-4005 5682



**SUPREME PETROCHEM LTD**

**ANNUAL REPORT**

**2017 - 2018**





## PERFORMANCE HIGHLIGHTS

₹ in Lakhs unless indicated otherwise

	2017-2018 (12 Months)	2016-2017 (12 Months)	2015-2016 (9 Months)	2014-2015 (12 Months)	2013-2014 (12 Months)	2012-2013 (12 Months)	2011-2012 (12 Months)	2010-2011 (12 Month)
Net Sales	302660.51	291861.74	206805.25	265253.76	326429.78	296715.90	227267.22	194369.87
Other Income	802.01	749.19	346.83	319.16	585.55	538.52	648.76	866.92
Total Income	303462.52	292610.93	207152.08	265572.92	327015.33	297254.42	227915.98	195236.79
Operating Profit (EBIDTA)	20428.71	30476.81	10720.91	9653.51	9557.14	16157.72	10269.33	16903.64
Financial Cost	460.39	470.14	530.64	1660.02	2284.39	2388.17	3199.28	2021.64
Depreciation/Amortisation	2074.68	2221.83	1705.23	2364.19	2873.74	2770.61	2292.34	2037.02
Profit Before Tax & Exceptional items	17893.64	27784.84	8485.04	5629.30	4399.01	10998.94	4777.71	12844.98
Net Profit	11612.06	17941.23	5704.65	3570.12	3058.99	7282.33	3137.47	8769.07
Paid up Equity Capital	9650.20	9650.20	9650.20	9650.20	9650.20	9683.86	9683.86	9683.86
Reserves and Surplus	54908.88	48559.83	31822.59	27986.23	26777.04	25596.30	21146.38	19584.55
Shareholders' Funds (Net Worth)	64559.08	58210.03	41472.79	37636.43	36427.24	35280.16	30830.24	29268.41
Deferred Tax Liability ( Net)	4874.00	4786.94	4796.36	4848.40	4924.15	4872.04	4385.59	4096.64
Loans	—	—	—	—	3203.62	7468.85	14230.64	16608.48
Capital Employed	69433.08	62996.97	46269.15	42484.83	44555.01	47621.05	49446.47	49973.53
Avg Capital Employed	66215.02	54633.06	44376.99	43519.92	46088.03	48533.76	49710.00	46742.09
Earning Per Equity Share (₹)	12.03	18.59	5.91	3.70	3.16	7.52	3.24	9.06
Cash Earning Per Equity Share (₹)	14.18	20.89	7.68	6.15	6.13	10.38	5.61	11.16
Book Value (₹)	66.90	60.32	42.98	39.00	37.75	36.43	31.84	30.22
Dividend (%)	45.00*	45.00	15.00	15.00	15.00	25.00	14.00	28.00
ROACE (%) (PBIT/Average capital Employed)	27.72	51.72	20.32	16.75	14.50	27.58	16.05	31.81
ROANW (%) (PAT/Average Net Worth)	18.92	36.00	14.42	9.64	8.53	22.03	10.44	33.14
Debt : Equity (Total Debt/Total Net Worth)	—	—	—	—	0.09	0.21	0.46	0.57
Total Outside Liabilities/ Total Net Worth	0.93	0.86	1.15	1.21	1.56	1.78	2.25	2.24

\* Interim dividend of 10% paid during the year. Final dividend of 35% recommend for the year 2017-18.

## RANGE OF SPL's PRODUCTS

## 1) POLYSTYRENE (PS)

## General Purpose

High Impact

Pre coloured

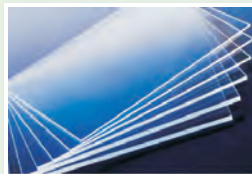
## Flame Retardant

## Glass Reinforced

Toughened

High Heat Resistant

Conductive



## 2) EXPANDABLE POLYSTYRENE (EPS)

Normal EPS

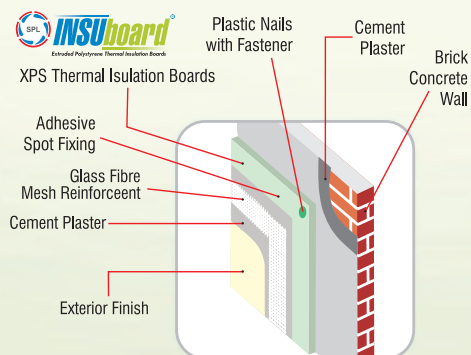
Food Grade EPS



### 3) MASTERBATCHES & COMPOUNDS



#### 4) EXTRUDED POLYSTYRENE Insulation Board (XPS)



5) STYRENE METHYL METHACRYLATE  
COPOLYMER (SMMA)

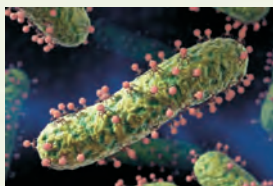




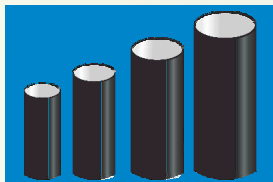


## MASTERBATCHES

- **Additive Masterbatches :** • UV Masterbatch • Polymer Processing Aid (PPA) Masterbatch • Antiblock Masterbatch • Slip Masterbatch • Antistatic Masterbatch • Optical Brightener Masterbatch • Nucleating Masterbatch • Antimicrobial Masterbatch • Oxo - Biodegradable Masterbatch • Flame Retardant Masterbatch



- **Black Masterbatches :** These include premium & economy range of grades, with carbon black content up to 60%.



- **White Masterbatches :** These include  $\text{TiO}_2$  content varying between 20 - 80%.



- **Polystyrene White Masterbatches :** PS based grades, various combinations which offer uniform dispersion, ease of dilution and customized tonal variations



- **Filler Masterbatches :** • MAXLOAD • MODIFIER • FABIL • MOLDFIL • STYROFIL • TAPEFIL



**BOARD OF DIRECTORS:**

M. P. Taparia, Chairperson  
 Rajan B. Raheja  
 B. L. Taparia  
 S. J. Taparia  
 M. S. Ramachandran  
 R. Kannan  
 Nihalchand Chauhan  
 Ameeta Parpia  
 Dr. S. Sivaram

**REGISTERED OFFICE:**

Solitaire Corporate Park, Building No. 11, 5th Floor,  
 167, Guru Hargovindji Marg, Andheri-Ghatkopar Link Road,  
 Chakala, Andheri (East), Mumbai - 400 093  
 Phone: +91 22 67091900  
 Fax : +91 22 40055681  
 Email : investorhelpline@spl.co.in  
 Website : www.supremepetrochem.com  
 CIN: L23200MH1989PLC054633

**PLANTS:**

Amdoshi, Wakan Roha Road, Post: Patansai, Taluka Roha,  
 Dist. Raigad, Maharashtra - 402 106 and  
 Ammulavoyil Village, Andarkuppam Post, Manali New Town,  
 Chennai - 600 103, Tamil Nadu

**BANKERS:**

State Bank of India  
 AXIS Bank Ltd.  
 Central Bank of India  
 ICICI Bank Ltd.  
 IDBI Bank Ltd.  
 Kotak Mahindra Bank Ltd.  
 Societe Generale Bank  
 The Hongkong & Shanghai Banking Corporation Ltd.  
 The Karur Vysya Bank Ltd.

**AUDITORS:**

M/s. G. M. Kapadia & Co.  
 Chartered Accountants

**REGISTRARS & TRANSFER AGENTS:**

Karvy Computershare Private Limited,  
 Karvy Selenium Tower B, 6th Floor,  
 Plot No. 31 & 32, Gachibowli,  
 Financial District,  
 Nanakramguda, Serilingampally,  
 Hyderabad - 500 032,  
 TELANGANA.

**C O N T E N T S**

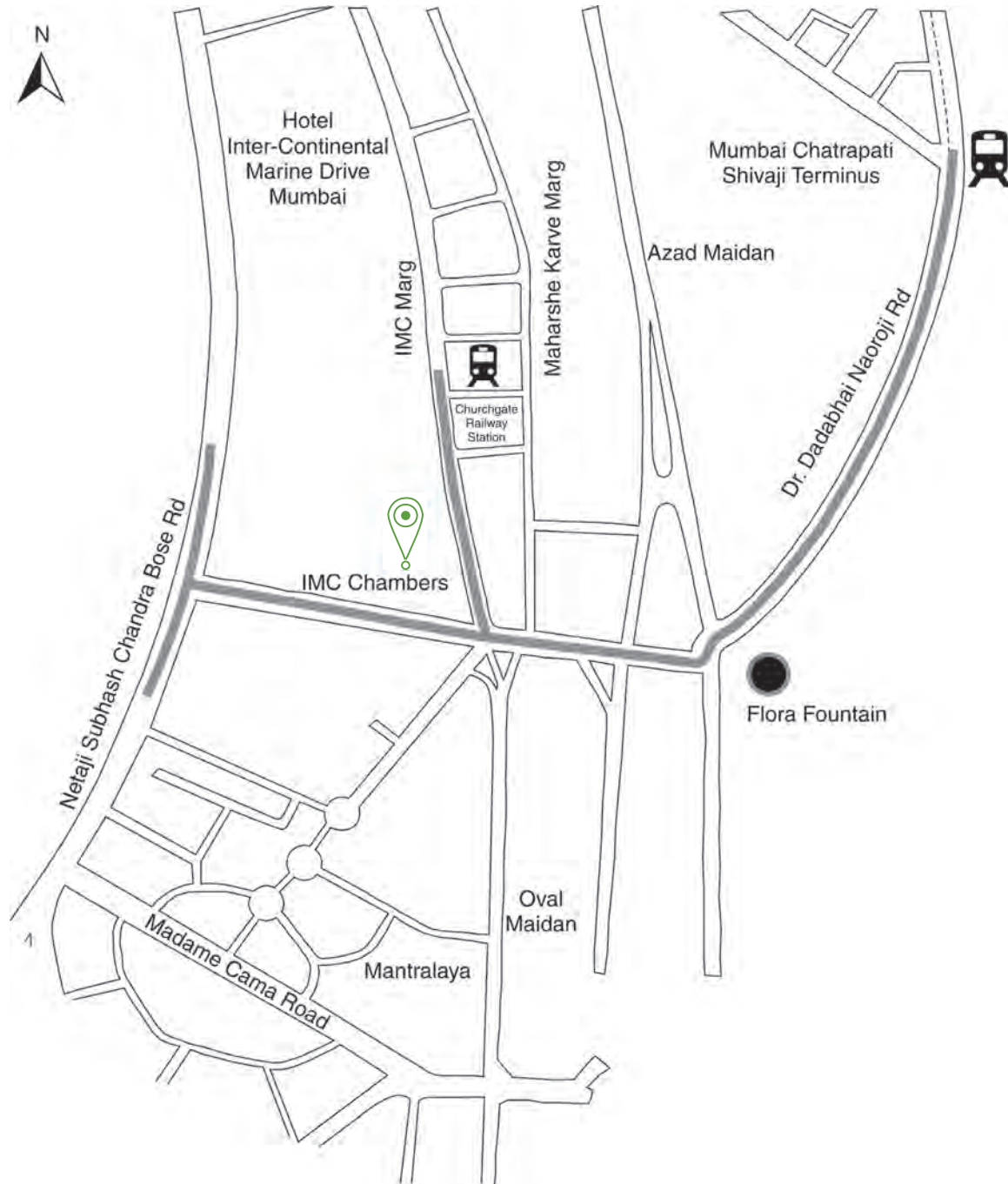
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## Route Map to the AGM Venue of:

Supreme Petrochem Ltd  
29th Annual General Meeting  
Wednesday, July 18, 2018  
at 4.00 p.m.



## Venue:

Walchand Hirachand Conference Hall,  
Indian Merchants' Chambers,  
IMC Marg, Churchgate,  
Mumbai 400 020

## NOTICE

NOTICE is hereby given that the Twenty Ninth 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 Wednesday, July 18, 2018 at 4.00 p.m. to transact the following business:

### ORDINARY BUSINESS:

1. To receive and adopt the Audited Financial Statements for the financial year ended March 31, 2018, together with the Reports of the Board of Directors and Auditors' thereon.
2. To confirm the interim dividend of ₹ 1.00 per share paid on Equity Shares and to declare final dividend on the Equity Shares of the Company for the financial year ended March 31, 2018.
3. To appoint a Director in place of Shri M P Taparia (DIN: 00112461) who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri S J Taparia (DIN: 00112513) who retires by rotation and being eligible, offers himself for re-appointment.
5. To consider appointment of M/s. G. M. Kapadia & Co., Chartered Accountants (Firm Registration No. 104767W) as Statutory Auditors and if thought fit to pass, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 139 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules 2014 and all other applicable provisions, if any, of the Companies Act, 2013 M/s. G. M. Kapadia & Co., Chartered Accountants, (Firm Registration No. 104767W) be and are hereby appointed as Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the Annual General Meeting of the Company to be held in the calendar year 2023 at a remuneration as may be decided by the Audit Committee of Directors of the Company".

### SPECIAL BUSINESS:

6. To consider and if thought fit, to pass, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to Sections 196, 197, 203 and Schedule V and other applicable provisions, if any, of the Companies Act, 2013 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 from May 01, 2018 to March 31, 2021 on the terms, conditions and stipulations

approved by the Nomination and Remuneration Committee and as contained in the Explanatory Statement annexed to this Notice and 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 Chairperson with liberty to the Board of Directors of the Company (the Board) to alter, vary and modify the terms and conditions of the said appointment and the agreement in such manner as may be agreed to between the Board and Shri N Gopal.

RESOLVED FURTHER THAT in the event of any loss or inadequacy of profits in any financial year of the Company during Shri N. Gopal's term of office as Manager, Shri N. Gopal, be paid the remuneration including perquisites and other benefits as provided in the Companies Act, 2013.

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".

7. To consider and if thought fit, to pass, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Rules framed there under and subject to all other approvals, if any, the consent of the Company be and is hereby accorded to the payment of remuneration of ₹ 4.00 lakhs to M/s. Kishore Bhatia & Associates, (Firm Registration No.00294) Cost Accountants appointed by the Board of Directors of the Company to conduct the audit of the cost records of the Company for the financial year ending March 31, 2019".

For and on behalf of the Board

**M. P. Taparia**  
Chairperson

**CIN: L23200MH1989PLC054633**

### Registered Office:

Solitaire Corporate Park, Building No. 11, 5th Floor,  
167, Guru Hargovindji Marg, Andheri-Ghatkopar Link Road,  
Chakala, Andheri (East), Mumbai - 400 093  
Phone : +91 22 67091900; Fax : +91 22 40055681  
email : investorhelpline@spl.co.in  
website: www.supremepetrochem.com

Date: April 24, 2018





## NOTES

1. **A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote on a poll, instead of himself/herself and a proxy need not be a Member.** A person can act as proxy on behalf of Members up to and not exceeding 50 (fifty) and holding in the aggregate not more than 10% (ten) of the total share capital of the Company. Further, a member holding more than 10% (ten) of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or Member. The instrument appointing proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time of holding the meeting.
2. The relative Explanatory Statement pursuant to Section 102 of the Companies Act 2013 ('Act') setting out material facts concerning the business under Item Nos. 6 & 7 of the Notice, is annexed hereto. Additional information pursuant to Regulation 26 (4) and 36 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and Secretarial Standards on General Meetings in respect of Directors seeking re-appointment at the Annual General Meeting are set out in the report on Corporate Governance.
3. Register of Members and share transfer books of the Company will remain closed from Monday, July 16, 2018 to Wednesday, July 18, 2018 (both days inclusive).
4. 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.
5. Members holding shares in physical form are advised to furnish/update particulars of their Bank Account, if not done yet, to Karvy Computershare Private Limited, Hyderabad to incorporate the same in future dividend payments.
6. To receive faster communication of all shareholders communications, including Annual Reports, the Members are requested to kindly register/update their e-mail address with their respective depository participant where shares are held in electronic form. If, however, shares are held in physical form, Members are advised to register their e-mail address with Karvy Computershare Private Limited, Hyderabad.
7. Members are requested to bring their copies of the Annual Report to the Meeting.
8. The route map showing directions to reach the venue of the twenty-ninth AGM is annexed.

## 9. Voting through electronic means/ballot form:

### **INFORMATION AND OTHER INSTRUCTIONS RELATING TO E-VOTING ARE AS UNDER:**

Pursuant to the provisions of Section 108 and other applicable provisions, if any, of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 ("Listing Regulation") the Company is pleased to provide to its Members, facility to exercise their right to vote on resolutions proposed to be passed at the Meeting by electronic means. The Members may cast their votes using an electronic voting system from a place other than the venue of the Meeting ('remote e-voting').

The Company has engaged the services of Karvy Computershare Private Limited ("Karvy") as the Agency to provide e-voting facility.

The facility for voting through ballot or by electronic means shall also be made available at the meeting and the Members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right to vote at the meeting. However, in case members cast their vote both by electronic or physical ballot at AGM and remote e-voting then remote e-voting shall prevail and voting done through physical ballot/electronic means at the meeting shall be treated as invalid.

The Members who have cast their vote by remote e-voting may also attend the Meeting but shall not be entitled to cast their vote again.

The Company has appointed Shri P. N. Parikh (FCS 327) or failing him Shri Mitesh Dhabliwala (FCS 8331) of Parikh & Associates, Company Secretaries as Scrutiniser to scrutinise the remote e-voting process and voting at the meeting in a fair and transparent manner.

Voting rights shall be reckoned on the paid-up value of shares registered in the name of the member/beneficial owner (in case of electronic shareholding) as on Wednesday, July 11, 2018 the cut-off date.

A person, whose name is recorded in the Register of Members or in the register of beneficial owners maintained by the depositories as on the cut-off date, i.e. Wednesday, July 11, 2018 only shall be entitled to avail the facility of remote e-voting and voting at the meeting.

Any person who becomes a Member of the Company after dispatch of the Notice of the Meeting and holding shares as on the cut-off date i.e. Wednesday, July 11, 2018, may obtain the User ID and password as mentioned below:

If the Member is already registered with Karvy for remote e-voting then he/she can use his/her existing User ID and password for casting vote. If he/she forgets the password, it can be reset by using 'Forgot User Details/Password' option available on <https://evoting.karvy.com>.

Member may call Karvy's toll free Number 1-800-3454-001 or may send an e-mail request to [evoting@karvy.com](mailto:evoting@karvy.com)

The remote e-voting facility will be available during the following period:

Commencement of remote e-voting : From 9.00 a.m. (IST) on Saturday, July 14, 2018.

End of remote e-voting : At 5.00 p.m. (IST) on Tuesday, July 17, 2018.

The remote e-voting will not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled by Karvy upon expiry of aforesaid period. Once the vote on a resolution is cast by the Member, he/she shall not be allowed to change it subsequently or cast vote again.

The Scrutiniser shall, immediately after the conclusion of voting at the AGM, count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of atleast two witnesses not in the employment of the Company and make not later than three days of conclusion of the Meeting, a consolidated Scrutiniser's Report of the total votes cast in favour or against if any, to the Chairperson or a person authorised by him in writing who shall countersign the same. The results declared along with the consolidated Scrutiniser's Report shall be placed on the website of the Company [www.supremepetrochem.com](http://www.supremepetrochem.com) and on the website of Karvy <https://evoting.karvy.com>. The results shall simultaneously be communicated to the Stock Exchanges. The results shall also be placed on the Notice Board at the Registered Office of the Company.

Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting, i.e. Wednesday, July 18, 2018.

### PROCEDURE FOR REMOTE E-VOTING:

- 1 A) In case a Member receives an e-mail from Karvy [for Members whose e-mail addresses are registered with the Company / Depository Participant(s)]:
  - (a) Launch internet browser by typing the URL: <https://evoting.karvy.com>
  - (b) Enter the login credentials (i.e. User ID and password) which will be sent separately. The

E-Voting Event Number + Folio No. or DP ID Client ID will be your User ID.

However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote. If required, please visit <https://evoting.karvy.com> or contact toll free number 1-800-3454-001 for your existing password.

- (c) After entering these details appropriately, click on "LOGIN".
- (d) You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric (0-9) and a special character (@, #, \$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email address, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
- (e) You need to login again with the new credentials.
- (f) On successful login, the system will prompt you to select the E-Voting Event Number of Supreme Petrochem Ltd.
- (g) On the voting page enter the number of shares (which represents the number of votes) as on the cut-off date under "FOR / AGAINST" or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR / AGAINST" taken together should not exceed your total shareholding as on the cut-off date. You may also choose the option "ABSTAIN" and the shares held will not be counted under either head.
- (h) Members holding shares under multiple folios / demat accounts shall choose the voting process separately for each of the folios / demat accounts.
- (i) Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.
- (j) After selecting the appropriate option you have to click on "Submit".





- (k) A confirmation box will be displayed. Click “OK” to confirm else “CANCEL” to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).
  - (l) Corporate / Institutional Members (i.e. other than Individuals, HUF, NRI, etc.) are required to send scanned certified true copy (PDF Format) of the Board Resolution / Power of Attorney / Authority Letter, etc., together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutiniser at e-mail ID: supreme.scrutiniser@gmail.com. They may also upload the same in the e-voting module in their login. The scanned image of the above mentioned documents should be in the naming format “Corporate Name\_EVENT NO.”
- B) In case a Member receives physical copy of the Notice by Post [for Members whose e-mail addresses are not registered with the Company / Depository Participant(s)]:
- (a) User ID and initial password will be sent separately.
  - (b) Please follow all steps from Sr. No. (a) to (l) as mentioned in (A) above, to cast your vote.
- 2) Once the vote on a resolution is cast by a Member, the Member shall not be allowed to change it subsequently or cast the vote again.
  - 3) In case of any query pertaining to e-voting, please visit Help & FAQ's section available at Karvy's website <https://evoting.karvy.com>.
- The Notice of the AGM alongwith the Annual Report 2017-2018 is being sent by electronic mode to those members whose email addresses are registered with the Company/Depositories, unless any member has requested for a physical copy of the same. For Members who have not registered their email address, a physical copy is being sent by the permitted mode. Members may note that this Notice and the Annual Report 2017-2018 will also be available on the Company's website [www.supremepetrochem.com](http://www.supremepetrochem.com).

## ANNEXURE TO THE NOTICE

Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 regarding Special Business.

### ITEM NO. 6:

The Board of Directors at their meeting held on April 24, 2018 have appointed Shri N. Gopal as Manager of the Company for the period from May 01, 2018 to March 31, 2021 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 Nomination and Remuneration Committee of Directors which has recommended the appointment and the following remuneration:

### REMUNERATION:

(a) Not exceeding ₹ 280 lakhs per annum.

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 remuneration shall not exceed the limits specified in Schedule V to the Companies Act, 2013 (including any statutory modification or re-enactment thereof, for time being in force) or any amendment made thereto, without such approvals as may be mandated by the Companies Act, 2013 and the Rules made thereunder.

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

- 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.
- Gratuity payable by the Company to the extent permitted by law.
- 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 maintenance of the car. The driver's salary shall also be reimbursed to Shri N. Gopal as per the rules of the Company.

The Company shall pay the bills for cellular and landline telephones used by Shri N. Gopal, for official purposes. 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 travelling, 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 remuneration, perquisites and reimbursement of expenses as provided in the Companies Act, 2013.

### Statement of Information as required under Schedule V of the Companies Act, 2013:

I.	General Information			
1	Nature of Industry	:	Manufacture and Trading of Petrochemicals.	
2	Date of Commencement of Commercial Production	:	October 01, 1995.	
			(₹ In lakhs)	
3	Financial Performance	:	<b>2015-16 (9 months)</b>	<b>2016-2017</b>
	Gross Sales	:	235324.78	321629.74
	Profit before tax	:	8485.04	27784.84
	Net Profit	:	5639.66	17898.76
	Export Performance	:	49771.90	61675.96
	Net Foreign Exchange Earnings	:	(114872.89)	(174721.59)
4	Foreign Investment or Collaborators, if any	:	There are no existing Foreign Collaborations.	





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 49 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 and other benefits	: ₹ 216.74 lakhs for the period 01/04/2017 to 31/03/2018
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 plants, supply chain management and project implementation subject to the direction, superintendence and control of the Board of Directors. Shri N. Gopal has 49 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 SPC Plant and its expansion and the projects for EPS at Nagothane, Extruded Polystyrene (XPS) and SMMA were 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 date would be w.r.t. the country of this origin)	: The Company is the largest domestic manufacturer of Polystyrene and has a major share in the domestic market. It is also the largest domestic producer of Expandable Polystyrene, and has presence in Masterbatches & Compounds & Extruded Polystyrene Insulation Board markets. It has customers 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.
	Steps taken or proposed to be taken for improvement	: N. A.
	Expected increase in productivity and profits in measurable terms	: N. A.
IV. Disclosures		
The following disclosures shall be mentioned in the Board of Director's Report under the heading "Corporate Governance", if any, attached to the financial statement		
(i)	All elements of remuneration purpose such as salary, benefits, bonus, stock options, pension etc. of all the Directors	Will be disclosed in the Board Reports wherever applicable.
(ii)	Details of fixed component and performance linked incentives alongwith the performance criteria	
(iii)	Service contracts, notice period, severance fees	
(iv)	Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable.	

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, 167, Guru Hargovindji Marg, 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. 6 for your approval.

None of the Directors and Key Managerial Personnel and their relatives except Shri N. Gopal may be deemed to be in any way concerned or interested in the resolution.

#### ITEM NO. 7:

The Board of Directors, on recommendation of the Audit Committee, at their meeting held on April 24, 2018, have approved the appointment and remuneration of M/s. Kishore Bhatia & Associates, Cost Accountants as Cost Auditors of the Company to conduct the audit of the cost records for the financial year ending March 31, 2019 on a remuneration of ₹ 4.00 Lakhs.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit & Auditors) Rules, 2014 the remuneration payable to the Cost Auditors has to be ratified by the Members of the Company.

Accordingly, consent of the Members is sought for passing an Ordinary Resolution as set out at Item No. 7 of the Notice for

ratification of remuneration payable to the Cost Auditors for the financial year ending March 31, 2019.

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

None of the Directors and Key Managerial Personnel and their relatives may be deemed to be in any way concerned or interested in the resolution.

For and on behalf of the Board

**M. P. Taparia**  
Chairperson

**CIN: L23200MH1989PLC054633**

#### Registered Office :

Solitaire Corporate Park, Building No. 11, 5th floor,  
167, Guru Hargovindji Marg, Andheri-Ghatkopar Link Road,  
Chakala, Andheri (East), Mumbai - 400 093.

Phone : +91 22 67091900 ; Fax : +91 22 40055681

email : [investorhelpline@spl.co.in](mailto:investorhelpline@spl.co.in)

website: [www.supremepetrochem.com](http://www.supremepetrochem.com)

Date: April 24, 2018



## DIRECTORS' REPORT

Your Directors are pleased to present the twenty ninth Annual Report and the Company's audited financial statements for the year ended on March 31, 2018.

### 1. FINANCIAL RESULTS

	(₹ in lakhs)	
	2017-2018	2016-2017
Revenue (net of excise duty and GST)	303462.52	292610.93
Profit before tax	17893.64	27784.84
Tax expenses	6281.58	9843.61
Profit after tax	11612.06	17941.23
Interim/Final Dividend on equity shares (including corporate dividend tax) paid during the year	5226.67	1161.52
Transfer to general reserve	7000.00	10000.00
Balance carried forward	9231.10	9845.71

### 2. DIVIDEND

During the year under review your Directors declared an interim dividend of ₹ 1.00 per equity share. Your Directors now recommend a final dividend of ₹ 3.50 per equity share entailing an out go of ₹ 4072 lakhs including corporate dividend tax. The total dividend for the year would thus be ₹ 5233.47 lakhs including corporate dividend tax. The payout of dividend is in line with your Company's policy to pay dividend linked to longterm growth objectives of the Company to be met from internal cash accruals.

### 3. REVIEW OF OPERATIONS

Your Company's revenue increased to ₹ 303462.52 lakhs (net of excise duty and GST) for the year under review as compared to ₹ 292610.93 lakhs (net of excise duty) in the previous year. This increase is mainly on account of increased cost during the year of Styrene Monomer the main raw material for your Company's products.

Net Profit after tax for the year under review is ₹ 11612.06 lakhs as against ₹ 17941.23 lakhs in the previous year.

Your Company's performance is discussed in detail in the 'Management Discussion and Analysis Report'.

#### Status of Insurance Claim – Chennai Plant

The settlement of the loss/damage to the assets at the EPS plant in Tamil Nadu due to floods in December, 2015 is in progress. Your Company had filed preliminary claim

of ₹ 1092 lakhs. Final claim bill lodged is for ₹ 977 lakhs. Your Company has till date received interim claim of ₹ 718 lakhs.

### 4. MANAGEMENT DISCUSSION AND ANALYSIS REPORT & CORPORATE GOVERNANCE

Management Discussion and Analysis for the year under review is presented separately in the Annual Report. The Report on Corporate Governance forms an integral part of this 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.

### 5. BUSINESS RESPONSIBILITY REPORT

The requirement relating to Business Responsibility Report became applicable to your Company for the year under review. Business Responsibility Report for the year 2017-18 is included as part of the Annual Report.

### 6. HEALTH, SAFETY & ENVIRONMENT

Both the Environmental Management System and Occupational Health and Safety Management System continued to be maintained by your Company as per the ISO 14001:2015 Standard and OHSAS 18001:2007 Standard respectively.

Your Company has continued implementation of HSE management Systems under the Guiding Principles of declared Integrated Management System policy. (Occupational Health and Safety Policy' and 'Environmental Policy')

HSE Performance Index for the period under review stood to be in "Excellent" Range.

Your Company has completed 6375 accident free days as on March 31, 2018 which amounts to 16.48 million man-hours of accident free operations.

### 7. DIRECTORS AND KEY MANAGERIAL PERSONNEL

Shri M P Taparia (DIN 00112161) and Shri S J Taparia (DIN 00112513), 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.

During the year under review the members re-appointed Shri Rajan B Raheja (DIN 00037480) and Shri B L Taparia (DIN 00112438) as Non-Executive Non-Independent Directors liable to retire by rotation.

Your Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both



under the Companies Act, 2013 and the Listing Agreement with the Stock Exchanges.

Your Company has in place criteria for evaluation of performance of the Board, Independent Directors and Non-Independent Directors approved by the Nomination and Remuneration Committee.

The Independent Directors, in their meeting evaluated the performance of the Board, the Chairperson and the Non-Independent Directors while the Nomination and Remuneration Committee evaluated the performance of all the Directors. The Board evaluated the performance of the Independent Directors.

The criteria/policies of the Company for selection of Directors and Remuneration Policy for Directors, Key Managerial Personnel and other Employees are attached herewith marked as **Annexure-1**.

The details of the Familiarisation Programme for Independent Directors are placed on the website of the Company and can be accessed at <http://supremepetrochem.com/pdf/Familiarisation-Programme-For-Independent-Directors.pdf>

## 8. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134 (5) of the Companies Act, 2013, your Directors confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- (b) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- (c) 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;
- (d) the directors have prepared the annual accounts on a going concern basis;
- (e) the directors, have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively;
- (f) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws

and that such systems are adequate and operating effectively.

## 9. TRANSFERS TO INVESTOR EDUCATION AND PROTECTION FUND

Your Company transferred an aggregate amount of ₹ 38.41 lakhs during the year under review to the Investor Education and Protection Fund. The aggregate amount transferred to the fund since January 2002 is ₹ 335.69 lakhs.

As per Section 124(5) of the Companies Act, 2013, all unpaid or unclaimed dividends for a period of seven years are required to be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government.

Further Section 124(6) of the Companies Act, 2013 requires that all shares in respect of which unpaid or unclaimed dividend has been transferred to IEPF, shall also be transferred to IEPF. The Rules notified by Ministry of Corporate Affairs amongst other matters, contain provisions for transfer of all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more, in the name of IEPF Suspense Account.

Your Company transferred 1287209 equity shares, of 7605 shareholders between fourth to eighth December, 2017 to the Investor Education and Protection Fund including 72780 equity shares from the unclaimed Suspense Account.

The unclaimed dividends on equity shares paid in October 2011 will be due for transfer to the Fund in November 2018. Investors who have not yet claimed these dividends are requested to contact either the Company's Secretarial Department or the R & T Agents.

The Company will upload full details of such shareholders and shares due for transfer to IEPF Suspense Account on its website at [www.supremepetrochem.com/investorrelations](http://www.supremepetrochem.com/investorrelations). Members are requested to complete formalities for claiming unpaid dividend if any to avoid transfer of the shares to IEPF. Please refer to the section Shareholders' Assistance in the Corporate Governance Report for further details.

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

Information as per Section 134(3)(m) read with COMPANIES DISCLOSURE OF PARTICULARS IN THE REPORT OF THE (BOARD OF DIRECTORS) RULE 8 OF THE COMPANIES (ACCOUNTS) RULES, 2014 forms part of the DIRECTORS' REPORT for the year under review.



## A. CONSERVATION OF ENERGY

Energy conservation programmes at both plant locations resulted in savings of energy to the extent of 355926 KWH (273304 KWH in the Amdoshi Plant and 82622 KWH in the plant in Manali, Chennai).

The energy conservation programmes consisted mainly of the following :

### At the plant in Amdoshi, Maharashtra

- 1) Installation of energy efficient devices like motors, air conditioners in place of old low efficiency devices.
- 2) Replacement of florescent lamps, tube lights, mercury and sodium vapour light fittings with LED fittings.
- 3) Replacement of conventional Drives with Variable Frequency Drives (VFDs) wherever possible.

### At the plant in Manali, Chennai

- 1) Improvement in process operations resulted in reduction in specific energy consumed for production of EPS.
- 2) High energy consuming devices like reciprocating compressor for air application, chiller for chilled water application were replaced by energy efficient screw compressors.
- 3) Replacing conventional drives with variable frequency drives was carried out wherever specific energy consumption was high.
- 4) Existing high energy consuming conventional lights were replaced with energy efficient LED lights in a phased manner.

## B. TECHNOLOGY ABSORPTION

There are no existing technology supply agreements. All previously supplied technologies have been successfully absorbed.

## C. FOREIGN EXCHANGE EARNINGS AND OUTGO

(₹ in lakhs)

Foreign exchange earnings and outgo	2017-2018
a. Foreign exchange inflow	48096.61
b. CIF value of imports including capital goods	243968.34
c. Expenditure in foreign currency	713.45

## 11. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

In terms of the provisions Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules are provided in the Annual Report. Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in the Annual Report. Having regard to the provisions of the first proviso to Section 136(1) of the Companies Act, 2013 and as advised, the Annual Report excluding the aforesaid information is being sent to the members of the Company.

The said information is available for inspection at the registered office of the Company during working hours and any member interested in obtaining such information may write to the Company Secretary and the same will be furnished on request. The full Annual Report including the aforesaid information is being sent electronically to all those members who have registered their email addresses and is available on the Company's website.

The information required under Section 197 of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

- a. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year:

Not Applicable

- b. The percentage increase in remuneration of Manager, CFO and Company Secretary

Designation	% increase in remuneration in the financial year
Manager	8.0
Chief Financial Officer	8.0
Company Secretary	8.5

- c. The percentage increase in the median remuneration of employees in the financial year: 10%
- d. The number of permanent employees on the rolls of Company : 376
- e. The average percentage increase in the salaries of employees other than the Manager was 11% as compared to an increase of 8% in the Manager's remuneration.

- f. Affirmation that the remuneration is as per the remuneration policy of the Company:

The Company affirms that the remuneration is as per the remuneration policy of the Company.

## 12. AUDITORS AND AUDITORS' REPORT

### Statutory Auditors

The term of the Statutory Auditors M/s. G. M. Kapadia & Co., Chartered Accountants, ends at the conclusion of the ensuing Annual General Meeting, and are eligible to be appointed as Statutory Auditors for a period of five years from the conclusion of the ensuing Annual General Meeting until the conclusion of the Annual General Meeting to be held in the calendar year 2023.

G. M. Kapadia & Co. is a reputed firm of Chartered Accountants established in the year 1938 and possesses a strong team of professionals with indepth knowledge in the desired fields particularly the regulatory requirements.

The Firm's domestic and international clients range from privately owned entities to public listed Companies including large reputed Companies, banks, insurance companies, investment banks, venture capital funds, mutual funds, private equity funds, brokers and high net-worth individuals.

The Firm was rated amongst the leading tax firms in India by the International Tax Review for the tenth consecutive year in its publication World Tax 2018.

The Firm was also rated amongst the leading transfer pricing firms in India by the International Tax Review for the fifth consecutive year in its publication of World Transfer Pricing 2018.

Considering the standing of the firm and domain knowledge, Directors commend the appointment of M/s. G M Kapadia & Co as Statutory Auditors of the Company

The Auditors have confirmed their eligibility to the effect that their appointment, if made, would be within the prescribed limits of the Companies Act, 2013 and that they are not disqualified for such appointment.

There are no qualifications or adverse remarks in the auditors' report. No frauds were reported by the Auditors under sub Section (12) of the Section 143 of the Companies Act, 2013.

### Cost Auditors

Cost Auditors' report for the year 2016-2017 was filed with the authorities on August 09, 2017 well within the due date. M/s. Kishore Bhatia & Associates, Cost Accountants have been appointed as Cost Auditors to audit the cost accounts of the Company for the financial year April 01, 2017 to March 31, 2018.

### Secretarial Auditors

Your Company had appointed M/s. Parikh & Associates, Company Secretaries to conduct secretarial audit for the year under review. The secretarial audit report for the financial year ended March 31, 2018 is annexed hereto marked as **Annexure-2**. The Secretarial Auditors' Report does not contain any qualifications or adverse remark.

## 13. RELATED PARTY TRANSACTIONS

Transactions with related parties during the year under review were in the ordinary course of business and on an arm's length basis. During the year your Company had not entered into any contract or arrangement with a related party which would be considered as material in accordance with the policy of the Company on materiality of related party transactions.

The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on the Company's website at the link: <http://supremepetrochem.com/pdf/Policy-On-Dealing-With-Related-Party-Transactions.pdf>. Information on related party transactions are given in **Annexure-5** in Form AOC-2 forming part of this report.

## 14. CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility Committee has formulated and recommended to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company. This Policy has been approved by the Board. The CSR Policy is available on the Company's website at the link: <http://supremepetrochem.com/pdf/Corporate-Social-Responsibility.pdf>.

Your Company has identified the following areas for its CSR activities:

- (i) promoting preventive health care and sanitation and making available safe drinking water.
- (ii) promoting education, including special education and employment enhancing vocation skills, livelihood enhancement projects, granting of scholarships and building/improving infrastructure at educational institutions.
- (iii) protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art, setting up public libraries.
- (iv) contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Schedule Caste, the Scheduled Tribes, other backward classes, minorities and women.





- (v) contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government.
- (vi) ensuing environmental stability, ecological balance, conservation of natural resources and maintaining quality of soil, air and water.
- (vii) rural development projects.
- (viii) Slum rehabilitation.
- (ix) Sports, nationally recognised sports, Paralympics Sports and Olympic Sports,

These activities will be carried out in the villages in proximity to your Company's plants in Maharashtra and Tamil Nadu.

The report on CSR activities during the year under review is given in **Annexure-4** to this report.

## 15. RISK MANAGEMENT

Business Risk Evaluation and Management is an ongoing process within the Company. Your Company has a robust risk management framework to identify, monitor and minimise risk as also identify business opportunities. As a process, the risks associated with the business are prioritised based on Severity, Likelihood and Effectiveness of current detection.

Risk Management approach is composed of three components:

- 1) Risk Governance
- 2) Risk Identification
- 3) Risk Assessment and Control

Each risk factor is monitored periodically by the Management, any event arising from these, likely to impact operations are reported to the Board.

## 16. INTERNAL FINANCIAL CONTROLS

Your Company has in place adequate internal financial controls commensurate with size and the nature of business, which ensures that transactions are recorded, authorised and reported correctly apart from safeguarding its assets against significant misuse or loss. Your Company also has adequate internal financial controls with reference to financial statements. The Company's internal auditors carry out regular checks on the adequacy of the internal financial controls. Company has specific internal auditors for functions such as GST, financial controls and systems.

The internal audit reports are submitted periodically to the Audit Committee. The Audit Committee reviews these reports with the executive management.

## 17. VIGIL MECHANISM / WHISTLE BLOWER POLICY

Your Company has established a vigil / whistle blower mechanism which provides a channel to any employee / Director to report to the Management concerns about unethical behavior, actual or suspected fraud or violation of code of conduct or policy. The mechanism provides for adequate safe guards against victimisation of the whistle blower and also provides for direct access to the Chairperson/Manager/Chairperson of the Audit Committee in exceptional cases.

## 18. POLICY FOR PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT OF WOMEN AT THE WORKPLACE

Your Company has a documented policy for prevention, prohibition and redressal of sexual harassment of women at workplace, under the guiding principle that 'No woman shall be subjected to sexual harassment in the Company's locations'.

Your Company has constituted an Internal Complaints' Committee (ICC) comprised of internal and external members, to hear and inquire in complaints of sexual harassment and to recommend punitive/corrective action to the Management. Easy access has been provided to the ICC for women employees.

We are glad to report that there were no complaints/cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 during the year under review.

## 19. MEETINGS OF THE BOARD

Five meetings of the Board of Directors were held during the year under review. For further details please refer to the report on Corporate Governance in this annual report.

## 20. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENT

There are no loans, guarantees or investments under Section 186 of the Companies Act, 2013 as on March 31, 2018.

## 21. EXTRACT OF ANNUAL RETURN

The extract of the Annual Return in Form MGT-9 is annexed herewith as **Annexure-3** to this annual report.

## 22. GENERAL

No disclosure or reporting is required of the following items as there were no transactions on these items during the year under review.

- (i) Issue of equity shares with differential rights as to dividend, voting or otherwise.



- (ii) Issue of shares (including sweat equity shares) to employees of the Company under any scheme.
- (iii) Details relating to deposits covered under Chapter V of the Companies Act, 2013
- (iv) No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

Your Company does not have any Associate/ Joint Venture Subsidiary Companies.

### ACKNOWLEDGEMENT

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

For and on behalf of the Board

**M. P. Taparia**  
Chairperson

Place: Mumbai

Date: April 24, 2018.



## ANNEXURE -1

### CRITERIA FOR SELECTION OF DIRECTORS

The Board of Directors has delegated responsibility to the Nomination and Remuneration Committee to formulate criteria for identification and selection of candidates in various positions in Senior Management and who are qualified to be Directors on the Board of Directors of the Company. The Committee has adopted certain criteria for selection of candidates.

The Nomination and Remuneration Committee shall consider the following for identifying and recommending persons for appointment as Directors on the Board of the Company:

- (1) The candidate's qualifications, knowledge, skills and experience in his/her respective field.
- (2) His/her reputation of honesty, integrity, ethical behavior and leadership.
- (3) Achievements in industry, business, profession and/or social work.
- (4) Possesses appropriate skills, experience and knowledge in one or more fields such as finance, law, management, sales, marketing, administration, research, corporate governance and such other areas that are relevant to the Company's business.
- (5) Whether the candidate is free from any disqualification provided under Section 164 of the Companies Act, 2013.
- (6) Whether the candidate meets the conditions of being independent as stipulated under Companies Act, 2013 and Listing Agreement with the Stock Exchanges in case of appointment as Independent Director.

### REMUNERATION POLICY FOR DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

#### DIRECTORS, KEY MANAGERIAL PERSONNEL

- (1) Remuneration to Directors by way of sitting fees for attending meetings is presently as follows:-

Board Meeting	: ₹50,000/- per meeting
Nomination & Remuneration Committee Meeting	: ₹30,000/- per meeting
Audit Committee Meeting	: ₹30,000/- per meeting
Independent Directors Meeting	: ₹50,000/- per meeting

The Nomination and Remuneration Committee will review and recommend to the Board any revision in sitting fees from time to time.

- (2) At present the Company does not have any Executive Director on its Board to whom remuneration is paid. Hence a policy in this regard will be considered at an appropriate time.

- (3) Considering profitability and uneven earnings it is recommended not to distribute any share of profits to the Directors till further review.
- (4) The remuneration to Key Managerial Personnel viz. the Manager/CFO and the Company Secretary is as per the remuneration policy for employees of the Company. The Managerial Remuneration would be in compliance with the requirements of the Companies Act, 2013 including its schedules, the rules framed thereunder, approval of shareholders and the requirements of the Listing Agreement with the Stock Exchanges.
- (5) Any fees paid to the Directors for rendering any legal or consultancy services to the Company on a professional basis shall not be included in the definition of Remuneration to Directors.

### OTHER EMPLOYEES

#### Objective:

To define and streamline Company's Remuneration Structure & to define the criteria for the same.

#### Categories of Employees:

- i. Unionised
- ii. Non Unionised

#### Remuneration Structure:

- i. Unionised:
 

The Remuneration Structure of Unionised category of Employees is governed by the Agreement between the Union Workers and the Company.
- ii. Non Unionised:
  - a. Entry Level Recruitments (Trainees)
 

As per prevailing structure.
  - b. Lateral Recruitments
 

Lateral Recruitments are done on the basis of Organisation's manpower requirement and placed in one of the existing functional level group/grade. For lateral recruitment salary and personal pay is fixed as may be agreed with the candidate (while fixing this criticality of position, prevailing salary structure in similar companies, prevailing salary structure within the Company for similar position and the experience of the candidate are considered). Other allowances and benefits are as fixed for various grades.

#### Performance Assessment / Appraisal:

Performance appraisal is conducted once in a year for all employees.





The Employees are appraised on the following factors:-

1. Key Responsibilities
2. Functional Competencies
3. Behavioral Competencies

Employees are assessed on the 4 rating Scale i.e. 4 – Excellent, 3 – Good, 2 – Average & 1 - Needs Improvement.

Considering the competition, similar sized companies in other industries and Company's performance, the range of percentage hike is fixed.

#### **Grade Revision**

The Grades are reviewed and revised, if necessary, once in three years to bring them in line with changed market conditions.

For and on behalf of the Board

**M. P. Taparia**  
Chairperson

Place: Mumbai

Date: April 24, 2018



## ANNEXURE-2

FORM No. MR-3

### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

(Pursuant to Section 204 (1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

To,  
The Members,

#### SUPREME PETROCHEM LIMITED

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Supreme Petrochem Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company, the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2018 generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records made available to us and maintained by the Company for the financial year ended on 31st March, 2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and amendments from time to time;
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (Not applicable to the Company during the audit period)
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the Company during the audit period)
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (Not applicable to the Company during the audit period)
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the audit period) and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not applicable to the Company during the audit period).

(vi) Other laws specifically applicable to the Company namely:

- (a) The Petroleum Act, 1934
- (b) Explosives Act, 1884
- (c) The Environment Protection Act, 1986

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to board and general meetings.
- (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the year under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above. However, the Company has spent an amount of ₹185.75 lakhs against the amount of ₹278.38 lakhs to be spent during the year towards Corporate Social Responsibility.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Non-Executive Directors and Independent Directors. There were no changes in the composition of the Board of Directors during the year under review.

Adequate notice was given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the Board Meetings were taken unanimously.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**For Parikh & Associates**  
Company Secretaries

**P. N. Parikh**  
Partner

Place : Mumbai  
Date : April 24, 2018

FCS No: 327 CP No: 1228

This Report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

**‘Annexure A’**

To,

The Members

**SUPREME PETROCHEM LIMITED**

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For Parikh & Associates**  
Company Secretaries

**P. N. Parikh**  
Partner

Place : Mumbai  
Date : April 24, 2018

FCS No: 327 CP No: 1228



## ANNEXURE-3

Form No. MGT-9

### EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2018

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

<b>I</b>	<b>REGISTRATION AND OTHER DETAILS</b>	
	i) CIN ii) Registration Date iii) Name of the Company iv) Category / Sub-Category of the Company v) Address of the Registered office and contact details  vi) Whether listed Company vii) Name, Address and Contact details of Registrar and Transfer Agent	L23200MH1989PLC054633 14-12-1989 Supreme Petrochem Ltd Public Company /Limited by shares Solitaire Corporate Park, Building No.11, 5th Floor, 167, Guru Hargovindji Marg, Chakala, Andheri East, Mumbai – 400 093 Tel : +91 22 67091900 Fax : +91 22 40055681 Yes Karvy Computershare Pvt. Ltd. Karvy Selenium Tower B, Plot No. 31 & 32, Ganchibowli, Financial District, Nanakramguda, Hyderabad - 500 032, TELANGANA. Tel : +91 40 33211500/33215570
<b>II.</b>	<b>PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY</b>	
	All the business activities contributing 10% or more of the total turnover of the Company shall be stated	As per Attachment A
<b>III</b>	<b>PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES</b>	Not Applicable
<b>IV</b>	<b>SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)</b>	
	i) Category-wise shareholding ii) Shareholding of Promoters iii) Change in Promoters' Shareholding iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) v) Shareholding of Directors and Key Managerial Personnel	As per Attachment B As per Attachment C Not Applicable As per Attachment D  As per Attachment E
<b>V</b>	<b>INDEBTEDNESS</b>	
	Indebtedness of the Company including interest outstanding/accrued but not due for payment	As per Attachment F
<b>VI</b>	<b>REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL</b>	
	A. Remuneration to Managing Director, Whole-time Director and/or Manager B. Remuneration to other Directors C. Remuneration of Key Managerial Personnel other than MD/MANAGER/MTD	As per Attachment G  As per Attachment H As per Attachment I
<b>VII</b>	<b>PENALTIES / PUNSHMENT / COMPOUNDING OF OFFENCES</b>	Not Applicable



## ATTACHMENT- A

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company are given below :

Sl. No.	NIC Code of main products/service	Name and Description of main products / service	% to total turnover of the Company
1	201	Manufacture and Trading of Petrochemicals	99.37

## ATTACHMENT- B

## IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

## i) Category-wise Share Holding

	Category of Shareholders	No. of Shares held at the beginning of the year 01/04/2017				No. of Shares held at the end of the year 31/03/2018				% Change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>A</b>	<b>Promoters</b>									
<b>(1)</b>	<b>Indian</b>									
	a) Individual/ HUF	–	–	–	–	1000	100	1100	0.00	0.00
	b) Central Govt.	–	–	–	–	–	–	–	–	–
	c) State Govt(s)	–	–	–	–	–	–	–	–	–
	d) Bodies Corp.	58712000	–	58712000	60.84	60132500	–	60132500	62.31	1.47
	e) Banks / FI	–	–	–	–	–	–	–	–	–
	f) Any Other	–	–	–	–	–	–	–	–	–
	<b>Sub-total (A) (1)</b>	<b>58712000</b>	<b>–</b>	<b>58712000</b>	<b>60.84</b>	<b>60133500</b>	<b>100</b>	<b>60133600</b>	<b>62.31</b>	<b>1.47</b>
<b>(2)</b>	<b>Foreign</b>									
	(a) NRIs - Individuals	–	–	–	–	–	–	–	–	–
	(b) Other – Individuals	–	–	–	–	–	–	–	–	–
	(c) Bodies Corp.	–	–	–	–	–	–	–	–	–
	(d) Banks / FI	–	–	–	–	–	–	–	–	–
	(e) Any Other	–	–	–	–	–	–	–	–	–
	<b>Sub-total (A) (2)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
	<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>58712000</b>	<b>–</b>	<b>58712000</b>	<b>60.84</b>	<b>60133500</b>	<b>100</b>	<b>60133600</b>	<b>62.31</b>	<b>1.47</b>
<b>B.</b>	<b>Public Shareholding</b>									
<b>1.</b>	<b>Institutions</b>									
	(a) Mutual Funds	421607	43100	464707	0.48	1630333	10000	1640333	1.70	1.22
	(b) Banks / FI	13973	34150	48123	0.05	178741	22050	200791	0.21	0.16
	(c) Central Govt	–	–	–	–	–	–	–	–	–
	(d) State Govt(s)	–	–	–	–	–	–	–	–	–
	(e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
	(f) Insurance Companies	–	–	–	–	–	–	–	–	–
	(g) Foreign Portfolio Investors	332838	12800	345638	0.36	592464	7900	600364	0.62	0.26
	(h) Foreign Venture Capital	–	–	–	–	–	–	–	–	–
	(i) Others (specify)									
	Foreign National	–	–	–	–	200	–	200	0.00	0.00
	<b>Sub-total (B) (1)</b>	<b>768418</b>	<b>90050</b>	<b>858468</b>	<b>0.89</b>	<b>2401738</b>	<b>39950</b>	<b>2441688</b>	<b>2.53</b>	<b>1.64</b>



	Category of Shareholders	No. of Shares held at the beginning of the year 01/04/2017				No. of Shares held at the end of the year 31/03/2018				% Change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>2.</b>	<b>Non-Institutions</b>									
	a) Bodies Corp.									
	i) Indian	3903292	119736	4023028	4.17	2152518	33485	2186003	2.27	-1.9
	b) Individuals									
	i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	10904800	3295968	14200768	14.72	10284840	2327404	12612244	13.07	-1.65
	ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	17127769	143500	17271269	17.90	16750761	143800	16894561	17.51	-0.39
	c) NBFCs Registered with RBI	–	–	–	–	1917	–	1917	0.00	0.00
	d) Others (specify)									
	Clearing Members	57878	–	57878	0.06	30432	–	30432	0.03	-0.03
	Foreign Bodies	16867	–	16867	0.02	–	–	–	–	-0.02
	Non Resident Indians	618970	594800	1213770	1.26	561544	331400	892944	0.93	-0.33
	Trusts	147910	–	147910	0.15	21360	–	21360	0.02	-0.13
	I E P F	–	–	–	–	1287209	–	1287209	1.33	1.33
	<b>Sub-total (B) (2)</b>	<b>32777486</b>	<b>4154004</b>	<b>36931490</b>	<b>38.27</b>	<b>31090581</b>	<b>2836089</b>	<b>33926670</b>	<b>35.16</b>	<b>-3.11</b>
	<b>Total shareholding (B) = (B)(1)+(B)(2)</b>	<b>33545904</b>	<b>4244054</b>	<b>37789958</b>	<b>39.16</b>	<b>33492319</b>	<b>2876039</b>	<b>36368358</b>	<b>37.69</b>	<b>-1.47</b>
<b>C.</b>	<b>Shares held by Custodian for GDRs &amp; ADRs</b>	–	–	–	–	–	–	–	–	–
	<b>Grand Total (A+B+C)</b>	<b>92257904</b>	<b>4244054</b>	<b>96501958</b>	<b>100</b>	<b>93625819</b>	<b>2876139</b>	<b>96501958</b>	<b>100</b>	<b>00.00</b>

### ATTACHMENT- C

#### (ii) \*Shareholding of Promoters

Sl.No.	Shareholders Name	Shareholding at the beginning of the year 01/04/2017			Shareholding at the end of the year 31/03/2018			% of change in share holding during the year
		No. of shares	% of total shares of the Company	% of shares Pledged / encumbered to total shares	No. of shares	% of total shares of the Company	% of shares Pledged / encumbered to total shares	
1	The Supreme Industries Ltd.	28936400	29.99	–	28936400	29.99	–	–
2	R Raheja Investments Pvt. Ltd.	28936400	29.99	–	28936400	29.99	–	–
3	Boon Investment And Trading Company Pvt. Ltd.	279734	0.29	–	279734	0.29	–	–
4	Jovial Investment And Trading Company Pvt. Ltd.	279733	0.29	–	279733	0.29	–	–
5	Venktesh Investment And Trading Company Pvt. Ltd.	279733	0.29	–	279733	0.29	–	–
6	Hathway Investments Pvt Ltd	–	–	–	784400	0.81	–	0.81
7	Coronet Investments Pvt Ltd	–	–	–	635300	0.66	–	0.66

Sl.No.	Shareholders Name	Shareholding at the beginning of the year 01/04/2017			Shareholding at the end of the year 31/03/2018			% of change in share holding during the year
		No. of shares	% of total shares of the Company	% of shares Pledged / encumbered to total shares	No. of shares	% of total shares of the Company	% of shares Pledged / encumbered to total shares	
8	Manali Investments & Finance Pvt. Ltd.	–	–	–	200	0.00	–	0.00
9	Bloomingdale Investments & Finance Pvt. Ltd.	–	–	–	200	0.00	–	0.00
10	Matyagandha Investment & Finance Pvt. Ltd.	–	–	–	200	0.00	–	0.00
11	Varahagiri Investment & Finance Pvt. Ltd.	–	–	–	200	0.00	–	0.00
12	Rajan Raheja	–	–	–	400	0.00	–	0.00
13	Suman Raheja	–	–	–	300	0.00	–	0.00
14	Akshay Raheja	–	–	–	200	0.00	–	0.00
15	Viren Raheja	–	–	–	200	0.00	–	0.00

\*As per annual disclosures made by the promoters pursuant to Regulation 30(2) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

#### ATTACHMENT- D

##### (iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl.No.	Name	Shareholding					Cumulative shareholding during the year (01/04/2017 to 31/03/2018)	
		No. of shares at the beginning 01/04/2017/ end of the year 31/03/2018	% of total shares of the Company	Date	Increase / Decrease in shareholding	Reason	No. of shares	% of total shares of the Company
1	L & T Mutual Fund Trustee Limited – L & T Emerging Business Fund	174950	0.18	01.04.2017				
				28.04.2017	-10675	sold	164275	0.17
				05.05.2017	81200	bought	245475	0.25
				12.05.2017	60771	bought	306246	0.32
				19.05.2017	148406	bought	454652	0.47
				02.06.2017	30708	bought	485360	0.50
				09.06.2017	26640	bought	512000	0.53
				23.06.2017	15000	bought	527000	0.55
				30.06.2017	31700	bought	558700	0.58
				07.07.2017	32300	bought	591000	0.61
				04.08.2017	50000	bought	641000	0.66
				25.08.2017	25000	bought	666000	0.69
				29.09.2017	15000	bought	681000	0.71
				13.10.2017	15000	bought	696000	0.72
				20.10.2017	25000	bought	721000	0.75
				27.10.2017	34269	bought	755269	0.78



Sl.No.	Name	Shareholding					Cumulative shareholding during the year (01/04/2017 to 31/03/2018)	
		No. of shares at the beginning 01/04/2017/ end of the year 31/03/2018	% of total shares of the Company	Date	Increase / Decrease in shareholding	Reason	No. of shares	% of total shares of the Company
				31.10.2017	22831	bought	778100	0.81
				17.11.2017	78390	bought	856490	0.89
				24.11.2017	17581	bought	874071	0.91
				01.12.2017	11267	bought	885338	0.92
				08.12.2017	74753	bought	960091	0.99
				15.12.2017	34729	bought	994820	1.03
				29.12.2017	9929	bought	1004749	1.04
				05.01.2018	26953	bought	1031702	1.07
				12.01.2018	29933	bought	1061635	1.10
				19.01.2018	22286	bought	1083921	1.12
				26.01.2018	53655	bought	1137576	1.18
				02.02.2018	78890	bought	1216466	1.29
				09.02.2018	76919	bought	1293385	1.34
				16.02.2018	34218	bought	1327603	1.38
				23.02.2018	13224	bought	1348827	1.40
				02.03.2018	56770	bought	1397597	1.45
				09.03.2018	44786	bought	1442383	1.49
				16.03.2018	6647	bought	1449030	1.50
		1449030	1.50	31.03.2018	–	–	1449030	1.50
2	Investor Education and Protection Fund	–	–	01.04.2017				
				04.12.2017	35321	Transfer	35321	0.04
				07.12.2017	3073	Transfer	38394	0.04
				08.12.2017	72780	Transfer	111174	0.12
				08.12.2017	1176035	Transfer	1287209	1.33
		1287209	1.33	31.03.2018	–	–	1287209	1.33
3	Urmila D. Shah	900030	0.93	01.04.2017	–	Nil movement during the year	900030	0.93
		900030	0.93	31.03.2018	–			
4	Preeti N. Shah	900000	0.93	01.04.2017	–	Nil movement during the year	900000	0.93
		900000	0.93	31.03.2018	–			
5	Sonal D. Shah	900000	0.93	01.04.2017	–	Nil movement during the year	900000	0.93
		900000	0.93	31.03.2018	–			
6	Hathway Investments Pvt. Ltd.	784400	0.81	01.04.2017	–	Nil movement during the year	784400	0.81
		784400	0.81	31.03.2018	–			



Sl.No.	Name	Shareholding					Cumulative shareholding during the year (01/04/2017 to 31/03/2018)	
		No. of shares at the beginning 01/04/2017/ end of the year 31/03/2018	% of total shares of the Company	Date	Increase / Decrease in shareholding	Reason	No. of shares	% of total shares of the Company
7	Ramesh P. Mehta	680281	0.70	01.04.2017	–	Nil movement during the year	680281	0.70
		680281	0.70	31.03.2018	–			
8	Shivani Tejas Trivedi	652000	0.42	01.04.2017	–	Nil movement during the year	652000	0.42
		652000	0.42	31.03.2018	–			
9	Coronet Investments Pvt. Ltd.	635300	0.66	01.04.2017	–	Nil movement during the year	635300	0.66
		635300	0.66	31.03.2018	–			
10	Nimesh Sumatilal	600000	0.62	01.04.2017	–	Nil movement during the year	600000	0.62
		600000	0.62	31.03.2018	–			

### ATTACHMENT- E

#### (v) Shareholding of Directors and Key Managerial Personnel

Sl.No.	Name	Shareholding					Cumulative shareholding during the year (01/04/2017 to 31/03/2018)	
		No. of shares at the beginning 01/04/2017/ end of the year 31/03/2018	% of total shares of the Company	Date	Increase / Decrease in shareholding	Reason	No. of shares	% of total shares of the Company
1	M. P. Taparia Non Executive Promoter/Chairperson	37733	0.04	01/04/2017	–	Nil movement during the year	37733	0.04
		37733	0.04	31/03/2018				
2	Rajan B. Raheja Non Executive Promoter	400	–	01/04/2017	–	Nil movement during the year	400	0.00
		400	–	31/03/2018				
3	Bajranglal Taparia Non Executive Promoter	4834	–	01/04/2017	–	Nil movement during the year	4834	0.00
		4834	–	31/03/2018				
4	S. J. Taparia Non Executive Promoter	37733	0.04	01/04/2017	–	Nil movement during the year	37733	0.04
		37733	0.04	31/03/2018				
5	Ameeta Parpia Independent Director	21900	0.02	01/04/2017	–	Nil movement during the year	21900	0.02
		21900	0.02	31/03/2018				
6	R. Kannan Independent Director	–	–	01/04/2017	–	Nil holding/ movement during the year	–	–
		–	–	31/03/2018				



Sl.No.	Name	Shareholding					Cumulative shareholding during the year (01/04/2017 to 31/03/2018)	
		No. of shares at the beginning 01/04/2017 end of the year 31/03/2018	% of total shares of the Company	Date	Increase / Decrease in shareholding	Reason	No. of shares	% of total shares of the Company
7	Nihalchand Chauhan Independent Director	–	–	01/04/2017	–	Nil holding/ movement during the year	–	–
		–	–	31/03/2018				
8	M. S. Ramachandran Independent Director	–	–	01/04/2017	–	Nil holding/ movement during the year	–	–
		–	–	31/03/2018				
9	S. Sivaram Independent Director	–	–	01/04/2017	–	Nil holding/ movement during the year	–	–
		–	–	31/03/2018				
10	N. Gopal Manager	15943	0.02	01/04/2017	–	Nil movement during the year	15943	0.02
		15943	0.02	31/03/2018				
11	Rakesh Nayyar CFO	500	–	01/04/2017	–	Nil movement during the year	500	0.00
		500	–	31/03/2018				
12	Ravi V Kuddyady Company Secretary	452	–	01/04/2017	–	Nil movement during the year	452	0.00
		452	–	31/03/2018				

## ATTACHMENT- F

### V. INDEBTEDNESS

**Indebtedness of the Company including interest outstanding/accrued but not due for payment**

(₹ in lakhs)

	Secured loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year (01/04/2017)</b>				
(i) Principal Amount	–	–	–	–
(ii) Interest due but not paid	–	–	–	–
(iii) Interest accrued but not due	–	–	–	–
<b>TOTAL (i + ii + iii)</b>	–	–	–	–
<b>Change in indebtedness during the financial year</b>				
Addition	–	–	–	–
Reduction	–	–	–	–
<b>Net Change</b>	–	–	–	–
<b>Indebtedness at the end of the financial year (31/03/2018)</b>				
(i) Principal Amount	–	–	–	–
(ii) Interest due but not paid	–	–	–	–
(iii) Interest accrued but not due	–	–	–	–
<b>TOTAL (i + ii + iii)</b>	–	–	–	–

ATTACHMENT- G

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager

(₹ in lakhs)

SL. No.	Particulars of Remuneration	Manager	Total Amount
1.	Gross Salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	216.27	216.27
	(b) Value of perquisites u/s. 17(2) of the Income-Tax Act, 1961	0.47	0.47
	(c) Profit in lieu of salary u/s. 17(3) of the Income-Tax Act, 1961	–	–
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission	–	–
	– as % of profit	–	–
	– Others	–	–
5.	Others	–	–
	<b>TOTAL (A)</b>	<b>216.74</b>	<b>216.74</b>
	<b>Ceiling as per the Act</b>		<b>892.89</b>

ATTACHMENT- H

B. REMUNERATION TO OTHER DIRECTORS

(₹ in lakhs)

SI No.	Particulars of Remuneration	Name of the Directors					Total Amount
		M S Ramachandran	Nihalchand Chauhan	R Kannan	Ameeta Parpia	S Sivaram	
1.	<b>Independent Director</b>						
	– Fee for attending Board / Committee Meetings	2.00	4.20	4.50	4.50	3.00	18.20
	– Commission	–	–	–	–	–	–
	– Others	5.00	–	–	–	–	5.00
	<b>TOTAL (1)</b>	<b>7.00</b>	<b>4.20</b>	<b>4.50</b>	<b>4.50</b>	<b>3.00</b>	<b>23.20</b>
	Particulars of Remuneration	Name of the Directors					
		M P Taparia	Rajan B Raheja	B L Taparia	S J Taparia		
2.	<b>Other Non-Executive Director</b>						
	– Fee for attending Board / Committee Meetings	2.50	2.50	2.50	4.00		11.50
	– Commission	–	–	–	–		–
	– Others	–	–	–	–		–
	<b>TOTAL (2)</b>	<b>2.50</b>	<b>2.50</b>	<b>2.50</b>	<b>4.00</b>		<b>11.50</b>
	<b>TOTAL (B) = (1+2)</b>						<b>34.70</b>
	Overall Ceiling as per the Act	Not Applicable					



## ATTACHMENT- I

### C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(₹ in lakhs)

SL No.	Particulars of Remuneration	Key Managerial Personnel		
		CFO	Company Secretary	Total Amount
1.	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	209.58	50.77	260.35
	(b) Value of perquisites u/s. 17(2) of the Income-Tax Act, 1961	4.65	0.65	5.30
	(c) Profit in lieu of salary u/s. 17(3) of the Income-Tax Act, 1961	–	–	–
2.	Stock Option	–	–	–
3.	Sweat Equity	–	–	–
4.	Commission	–	–	–
	– as % of profit	–	–	–
	– Others	–	–	–
5.	Others	–	–	–
	<b>TOTAL</b>	<b>214.23</b>	<b>51.42</b>	<b>265.65</b>



## ANNEXURE-4

## DETAILS OF AMOUNT SPENT ON CSR ACTIVITIES DURING THE FINANCIAL YEAR 2017-18

(a) Amount to be spent for the financial year : ₹278.38 lakhs

(b) Amount Spent : ₹185.75 lakhs

(c) Amount unspent : ₹92.63 lakhs

(d) Manner in which amount spent during the financial year:

(₹ In lakhs)

Sr. No.	CSR project or Activity Identified	Sector in which the project is covered (clause no. of Schedule VII to the Companies Act, 2013, as amended)	Project of Program (1) Local Area or Other (2) Specify the State and district where projects or programs was undertaken	Amount Outlay (Budget) Project or Program Wise	Amount spent on the Projects or Programs Sub Heads: (1) Direct Expenditure on Projects or Programs (2) Overheads	Cumulative Expenditure upto the reporting period FY 2017-2018	Amount Spent Direct or through Implementing Agency
1.	Health & Hygiene	Clause (i)	Mainly in villages in proximity to Company's plant in District Raigad, Maharashtra	165.00	124.47	124.47	Direct/ Implementing Agency
2.	Promoting Education	Clause (ii)	Mainly in villages in proximity to Company's plant in District Raigad, Maharashtra	68.00	55.12	55.12	Direct/ Implementing Agency
3.	Cultural Activities	Clause (v)	Mainly in villages in proximity to Company's plant in District Raigad, Maharashtra	6.50	6.16	6.16	Direct

The Company constructed 160 toilets in the villages in the proximity of the Company's manufacturing facilities in Maharashtra. The Company also contributed to the project for delivering preventive health care to chronically dependant patients and elders of low income group run by Sanctus Rehabilitation Care Foundation (SRCF). SRCF is a Not for Profit Organisation set up with the help of Tata Trusts.

The Company provided computer laboratory furniture, computers and projectors to the schools in the vicinity of the Company's manufacturing facility in Maharashtra including contribution to the Shri Jagannath Rathi Charity Trust which has set up and maintains educational facilities in Raigad District of Maharashtra. The Company also distributed note books and school bags to village students

Construction of public toilet blocks in Nagothane, provision of facility for collection and treatment of domestic solid waste in Amdoshi and Wangani villages as well as construction of two class rooms and laboratory for high school in Balsai Village could not be carried out during the year 2017-18 since land allocation was not completed by the local authorities..

The Company expects a substantial increase in the CSR expenditure during the year 2018-19 and has already identified projects for implementation in the surrounding villages. Land allocation is being vigorously followed up with the local authorities.

For Supreme Petrochem Ltd

For and on behalf of the CSR Committee

**N. Gopal**  
Manager

**M. P. Taparia**  
Chairperson

Place: Mumbai

Date: April 24, 2018



## ANNEXURE-5

### FORM NO. AOC-2

[Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related party referred to in Sub-Section (1) of Section 188 of the Companies Act, 2013 including certain arm length transactions under third proviso thereto

#### 1) DETAILS OF CONTRACTS OR ARRANGEMENTS OR TRANSACTIONS NOT AT ARM'S LENGTH

Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification of entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advance, if any	Date of which the special resolution was passed in general meeting as including under the first proviso to section 188
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Not Applicable							

#### 2) DETAILS OF MATERIAL CONTRACTS OR ARRANGEMENT OR TRANSACTIONS AT ARM'S LENGTH BASIS

Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any (₹ in lakhs)	Date(s) of approval by the Board	Amount paid as advance, if any
(a)	(b)	(c)	(d)	(e)	(f)
The Supreme Industries Ltd - Co Promoter	Sales, purchase or supply of any goods or materials and availing of any services in connection with the purchase or sale of goods or material including storage thereof	As per individual purchase order	Sales: 2988.14  Purchase: 116.27	Not applicable as at arm's length basis not material transactions. However placed before Audit Committee every quarter	NIL

For and on behalf of the Board

**M. P. Taparua**  
Chairperson

Place: Mumbai

Date: April 24, 2018

## MANAGEMENT DISCUSSION AND ANALYSIS

### ECONOMY REVIEW

Indian economy grew at estimated 6.6% during 2017-18, a three year low mainly due to destocking ahead of GST implementation. The debt overhang and associated banking sector credit quality concerns have executed a drag on investment in India. Effects of Real Estate (Regulation and Development) Act, 2016 (RERA) and implementation of the Insolvency and Bankruptcy Code 2016 (IBC) were greatly felt keeping the economy subdued during the year under review.

In the year 2018-19 a turn around in the economy is seen with negative effect of demonetisation and implementation of the GST wearing off and increase in the consumption. The improvement seen in the Industrial production numbers since last few months suggest that the Indian economy has now moved on recovery path. Revival in investment activity is visible from the sustained expansion in capital goods production and rising imports. The growth in sales of two wheelers and tractors reflect buoyant rural consumption. Private consumption appears to be improving as seen from the rising sales growth of passenger vehicles and upturn in the production of consumer durables. Continued implementations of financial reforms initiated by the Government are expected to help India move towards greater formalisation of the economy and to raise potential output and private investment.

India being a domestically driven economy most investors – domestic and international – remain positive about its economy. It is evident from the recent rating upgrade of the Indian economy by one of the global rating agencies that the Indian economy is poised for growth. World Bank's Ease of Doing Business Index is helping build optimism in India and consequently attracting more investors to the country.

The India Metrological Department (IMD) predicted Southwest Monsoon to be normal at 97% of the long period average during the current year. This shall help agriculture and rural consumption. One of the major priorities of the present Government has been focus on public infrastructure projects particularly in the road sector.

International Monetary Fund (IMF) in its latest forecast has projected an accelerated growth in Indian economy in the current and next fiscal years. Indian economy is forecast to grow at 7.4% in 2018-19.

Concerns of rising crude oil prices, increase in trade deficit, and fear of trade wars put downward pressure on the rupee towards the end of the fiscal year.

World economic growth is anticipated to rise to 3.7% in 2018 since world economy is now enjoying an upswing. Recovery in global economic conditions will help increase Indian exports and boost fresh investments.

Rising trade protectionism, increasing crude oil prices, volatile market conditions, foreign exchange currency risks, increasing global stress, global warming and rapid climatic changes are areas of concern in the time ahead as these may cause headwinds in the economic recovery.

### REVIEW OF OPERATIONS & OUTLOOK

#### Styrene Monomer (SM):

SM the main raw material for your Company's products saw price fluctuations to the extent of 30% on several occasions during the year. These sharp movements in SM prices and consequent effect on the prices of Company's products affected demand in both the domestic as well as the export market as the customers waited for price stability. The falling SM prices caused large inventory loss in the first quarter of the year under review.

There was some disturbance in supply chain of Petrochemicals during August – September 2017 due to severe storm Harvey which disrupted a third of U.S. chemical production. Unusually severe cold weather during winter Storm Inga in U.S.A. in January 2018 caused equipment failure at many SM plants causing them to shut and declare force majeure. Situation in the US Gulf coast plants normalised by March 2018. China announced anti-dumping duties on SM imported from the USA, Korea and Taiwan due to which global trade flow of SM had to be re-defined. The traditional suppliers of SM to India from Singapore, Saudi Arabia and other Gulf countries found China a more lucrative market. Your Company with its extensive and long relationship with Global suppliers of SM was able to quickly re-adjust to the emerging situation with no disruption in sourcing of raw material.

#### Outlook:

Disruption in traditional global trade flow of SM gave an impetus to your Company to look for alternative sources for SM that has resulted in new partnerships which further strengthened your Company's position. China's continued efforts for self-sufficiency in petrochemicals building blocks, including SM, is expected to strengthen position of India as major SM market for global producers, which augurs well for your Company.

#### Polystyrene (PS):

The domestic market for PS showed different patterns in the different quarters of the year due to movement in SM prices making processors reduce their lifting while waiting for price stability. The destocking by customers prior to rollout of GST from July 1, 2017 as also the initial weeks of GST implementation slowed down the demand for your Company's products. The seesaw pattern in domestic demand continued in all quarters. Overall the domestic PS market for the industry as a whole registered a marginal growth of only 2.6%. Your Company's volumes however, were flat. In the last quarter of the year it was observed that there was increased flow of PS from Iran at lower prices. Your Company has initiated steps for ensuring that imports, take place at ruling market prices.

Export volumes of PS were adversely affected not only due to volatility in SM prices but also due to loss of business from Middle East and Turkey - a major export market for your Company - due to sale by Iran at highly discounted prices to these markets. Lower exports pulled down the total volumes of PS sales for the year by 9.5% compared to the previous year.



## Outlook:

Aggressive expansion plans of established and relatively new players in appliance business due to evergrowing demand for air-conditioners, refrigerators, air coolers and in other applications such as writing instruments and stationery, home interiors, house-hold and personal use items etc. is expected to give a fillip to growth in PS demand in coming years.

Your Company has continuously invested in the high quality speciality segment and a diversified range to stay the preferred supplier in our country and the countries where we export our products. Considering the above factors your Company estimates the domestic PS markets to grow by around 5% in 2018-19.

The reinstatement of GSP by USA upto 2020 should increase exports to USA. Long term contracts for supply of PS are under discussion with customers in the USA. Your Company is also reinforcing its presence in Europe and in the Middle East markets to boost export sales.

## Expandable Polystyrene (EPS):

The domestic EPS market grew by only 3.4% during the year under review attributable mainly to de-growth in the grape boxes market and lower than anticipated demand from the cold storage industry. Sangli, Satara and Pune which were affected by cyclone suffered a loss of grape crop reducing the demand for grape boxes. The expected demand from cold storage industry did not materialise as the planned cold storage capacity was not implemented during the year. The anticipated growth in EPS usage in construction industry and particularly in mass affordable housing did not materialise due to slow start by developers in this field. The demand for fish boxes and supply to original equipment manufacturers saw an increase of 12% and 10% respectively. The EPS demand in March 2018 was subdued due to the issuance of Maharashtra Plastic and Thermocol Products (manufacture, usage, sale, transport, handling and storage) Notification 2018 issued by Government of Maharashtra.

With the demand remaining subdued in the later part of the year and increased material availability, the industry faced intense competitive environment on the pricing front particularly in the Northern region. Your Company witnessed a marginal growth of only 1.6%.

## Outlook:

Major growth drivers such as appliances, industrial protective packaging, climate controlled fish transportation, cold storages and insulation segments are expected to have robust growth in line with our GDP. It is expected that development of mass housing projects will gather pace in the current year which shall help growth in usage of EPS in this segment. Setting up of two major units for 3D Panel with technology from advanced technology suppliers from Europe augurs well for growth of EPS in housing construction. The entire development effort of your Company is focused on this segment.

Notwithstanding the ban on plastics by the Maharashtra Government we expect domestic EPS market to grow by 7.5% in the current year.

## Speciality Polymers and Compounds Business (SPC):

The SPC business grew by 39.2% during the year under review. The SPC business has started contributing to the Company's growth. Application Development Team has been strengthened to shorten the cycle of development and reaching the product to the market place as development of new grades is an ongoing process.

## Outlook:

Focus will continue to be on compounds and master batches. Various initiatives taken in the year under review such as increasing the range of masterbatches, introduction of SMMA and ABS compounds specialising in fire retardant compounds etc. is expected to result in about 40% growth in sales of SPC in the year 2018-19.

## Extruded Polystyrene Insulation Board (XPS):

Your Company's products were specified in most new projects announced during the year under review. However, since there has been a slow down during the year in the building construction industry the sales were muted. The construction of institutional buildings like the new IITs, IIMs and AIIMSS planned in several states are not progressing as per schedule.

The implementation of Real Estate (Regulation and Development) Act, 2016 (RERA) by all states during the year mandating all developers to compulsorily register new and ongoing projects above a minimum size slowed the start of new projects which not only impacted the sale of XPS boards but also to some extent EPS. Since RERA aims to bring about a fair transaction between buyer and seller with accountability and transparency it is expected that the construction industry in coming years will make buyers more confident in turn helping the industry grow.

## Outlook:

Your Company expects that with the stabilisation of the RERA regime and developers becoming comfortable with its provisions, construction activities will pick up in the coming years resulting in increased sales of XPS.

Considering the vagaries in project sales and as mentioned in the previous years report, an exclusive team is now setup to create a network for retail and micro project sales. We plan to implement this in stages to create a pan India network. This initiative will give us a steady base load over and above project sales. For the year 2018-19 a growth of about 35% is targeted based on above initiatives.

## Styrene Methyl Methacrylate (SMMA):

SMMA which has been introduced for the first time in the country by your Company made a slow start in the year under review. Mixed responses were received from the market after the initial production was tested for various applications. Overall there were good words about the product in the market. Recipes are being reworked based on the feedback and new batch will be introduced soon. SMMA has the potential to replace certain applications of Polycarbonate and PMMA. Efforts are on to introduce new grades and compounds in the current



year. Light guide plates for TV sets, mobile phones & other house-hold devices have emerged as the major application for SMMA in the Asian markets. These higher end applications are your Company's targets for growing SMMA business in the years to come.

## FINANCE

Your Company continues to remain debt free. Total capital expenditure of ₹19 crores incurred during the year under review was met from internal accruals. Available surplus funds are judiciously deployed for improved returns and minimal risk of principal to the Company.

## GOODS AND SERVICE TAX (GST)

The Goods and Service Tax (GST) is a landmark reform which will bring a lasting impact on the economy and business with reduced internal barriers to trade, increase efficiency, reduce logistics cost and improve tax compliance. This will provide stimulus to the business.

Your Company has successfully implemented and upgraded to GST with effect from July 1, 2017. Required changes in IT system, supply chain and operations have been made in adherence to the provisions of GST.

## MAHARASHTRA PLASTIC AND THERMOCOL PRODUCTS NOTIFICATION 2018

The ban on plastic products & thermocol by the Government of Maharashtra targets primarily the disposable products such as cups, plates, cutlery, usage for decorative purposes etc.

Over the years bulk of these disposable applications have moved to other competing materials wherever feasible and the presence of PS and EPS in this category is minimal. The estimated total market in Maharashtra in respect of items covered by said Notification is about 3500 TPA for PS and about 3000 TPA for EPS for the industry as a whole. Share of your Company in these categories is not material. The impact on your Company's business is therefore negligible.

Various convertor associations and producer/enduser associations are taking up this issues with Maharashtra Government, for possible exemptions. The outcome will be known in a couple of months.

## CAPITAL EXPENDITURE

Your Company incurred a total expenditure of ₹19 crores on various improvement scheme and replacement of old equipment. Automated particle size analyser for quality improvement in EPS plant, additional extrusion lines for colour MB production, improvement in primary treatment of waste water have been commissioned at the Maharashtra plant. Water conservation project for better utilisation of waste water has been commissioned at Chennai plant. The old equipment replacements have been prioritised based on cost savings and quality improvement achievable post replacement.

The proposed capital expenditure comprising of HIPS quality improvement project, debottlenecking and general facility

improvement at Chennai, additional extrusion lines for compounds and master batches, repair/replacement of old equipment and water energy conversation projects for the year 2018-19 is estimated at ₹50 crores which shall be met from the Company's internal accruals.

## RISK MANAGEMENT

International pricing and demand/supply risk are inherent in the import of Styrene Monomer, the main raw material. Your Company enters into procurement contracts for imports of Styrene Monomer on annual basis. The contracts specifies the quantity and attributes for arriving at monthly pricing. However, a part of the requirement is sourced on spot basis so as to float with fluctuations in the market and to guard against price volatility. Your Company has linked part of its sales to raw material prices so that any increase/decrease in raw material cost has an adequate cushion to protect the margin. Company's new vertical like SPC, XPS and SMMA provide additional cushion from Styrene Monomer price movement risks.

The global and Indian economic events impacting dollar-rupee parity has a direct effect on cost of imports and also pricing of your Company's products. To overcome these risk of cost and pricing due to foreign exchange volatility your Company hedges part of open foreign exchange exposure relating to imports so as to lessen the impact of foreign exchange rate fluctuations in respect of import of raw material. Your Company also has a natural hedge to the extent of its exports and pricing its products locally on import parity basis. Foreign currency exchange rates being dynamic, your Company constantly monitors them to decide on proper response measure.

Your Company has adequately insured its plant and machinery on a reinstatement basis. The Policies also cover stocks of finished goods, raw materials (at plant and while in transit) projects under erection and third party liabilities. Adequate loss of profit insurance policy to cover loss of gross profit if any, due to interruption has also been purchased by your Company. Your Company also has Credit Risk Insurance in respect of its receivables for one of its products. The management periodically reviews the adequacy of the insurance cover.

## HUMAN RESOURCES/INDUSTRIAL RELATIONS

Human Resources are one of the most important ingredients for growth. Your Company therefore strives to align human resource policy and initiatives to meet business plans. Training of employees to maintain high level of motivation is an ongoing process. Industrial relations at all the units remained cordial during the year.

## INTERNAL CONTROL SYSTEMS & THEIR ADEQUACY

The internal controls system for safeguarding and protecting assets against loss from unauthorised use or disposition are in place.

Regular internal audits, review by management and documented policies, guidelines and procedures supplements the internal controls which are designed to ensure that financial and other



records are reliable for preparing financial information and other data and for maintaining accountability of assets.

## AWARDS & RECOGNITION

Your Company has received the following recognitions and awards during the year 2017-18:

- NSCI Safety Awards – 2017 - Shretha Suraksha Purashkar, in recognition for developing and implementing highly effective management system & procedures and achieving outstanding performance in OHS.
- Greentech Safety Award 2017 (Gold Award) – From Greentech Foundation, New Delhi. For outstanding achievement in safety management.
- National Safety Council – Maharashtra Chapter- Longest Accident Free Period in the contest year 2016.
- National Safety Council – Maharashtra Chapter – Lowest Average Frequency rate in the contest year 2016.

- National Safety Awards, Ministry of Labour Government of India for Lowest Average frequency rate for performance year 2015 - Runner Up.
- National Safety Awards, Ministry of Labour Government of India, in achieving Accident Free Year for performance year 2015 - Runner Up.

## CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing your Company'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 believes that good Corporate Governance is the foundation for a truly sustainable Company. Corporate Governance is a set of principles, processes and systems to be followed by the Directors, Management and all Employees of the Company for enhancement of shareholder value while keeping in view interests of other stakeholders. Good governance ensures adoption of best business practices and accountability of the person in-charge of the Company's operations. Your Company is fully committed to the principles of integrity, transparency and compliance with regulations in all dealings with the Government, Customers, Suppliers, Employees and other Stakeholders. 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 9 members as on March 31, 2018. 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	Relationships with other Directors
		Public	Private	Chairperson	Member		
M. P. Taparia DIN No. 00112461	Non-Executive - Promoter/Chairperson	4	1	3	2	37733	Brother of Shri B. L. Taparia and uncle of Shri S. J. Taparia
Rajan B. Raheja DIN No. 00037480	Non-Executive - Promoter	4	13	–	4	400	–
B. L. Taparia DIN No. 00112438	Non-Executive - Promoter	2	1	1	–	4834	Brother of Shri M. P. Taparia and uncle of Shri S. J. Taparia
S. J. Taparia DIN No. 00112513	Non-Executive - Promoter	3	3	–	–	37733	Nephew of Shri M. P. Taparia and Shri B. L. Taparia
R. Kannan DIN No. 00380328	Non-Executive - Independent	1	–	–	1	–	–
M. S. Ramachandran DIN No. 00943629	Non-Executive - Independent	6	1	9	6	–	–
Nihalchand Chauhan DIN No. 00021782	Non-Executive - Independent	1	–	–	2	–	–
Ameeta Parpia DIN No. 02654277	Non-Executive - Independent	3	1	5	5	21900	–
Dr. S. Sivaram DIN No. 00009900	Non-Executive - Independent	5	–	1	4	–	–

During the year under review the Board met on 5 occasions i.e. April 26, 2017, July 12, 2017, July 26, 2017, October 26, 2017 and January 29, 2018.

The attendance of each Director at the Board Meetings during the year 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/Chairperson	5	5	Yes
Rajan B. Raheja	Non-Executive – Promoter	5	5	Yes
B. L. Taparia	Non-Executive – Promoter	5	5	Yes
S. J. Taparia	Non-Executive – Promoter	5	5	Yes
R. Kannan	Non-Executive – Independent	5	5	Yes
M. S. Ramachandran	Non-Executive – Independent	5	4	Yes



Name of the Director	Category	Meetings held during the tenure of the Directors	Meetings Attended	Attendance at the Last AGM
Nihalchand Chauhan	Non-Executive – Independent	5	5	Yes
Ameeta Parpia	Non-Executive – Independent	5	5	Yes
Dr. S. Sivaram	Non-Executive – Independent	5	5	Yes

## Declaration of Independence of Board:

Based on the confirmation/disclosures received from the Directors and on evaluation of the relationships disclosed, all the non-executive Independent Directors are independent in terms of Listing Regulations, 2015.

## 2. AUDIT COMMITTEE:

Your Company had constituted an Audit Committee. The composition of Audit Committee is as under:

Name of the Director	Category
R. Kannan	Chairperson – Non-Executive Independent
S. J. Taparia	Non-Executive – Promoter
Nihalchand Chauhan	Non-Executive – Independent
Ameeta Parpia	Non-Executive – Independent

The Audit Committee's composition and terms of reference meets the requirements of provisions of Section 177 of the Companies Act, 2013 and Clause 18 of the SEBI (Listing Obligations & Disclosure Requirements) Regulation, 2015.

### The Audit Committee has the following powers:

- to investigate any activity within its terms of reference;
- to seek information from any employee;
- to obtain outside legal or other professional advice and
- to secure attendance of outsiders with relevant expertise, if it considers necessary

### Role of the Audit Committee includes the following:

- (1) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- (2) Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- (3) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (4) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
  - b. Changes, if any, in accounting policies and practices and reasons for the same;
  - c. Major accounting entries involving estimates based on the exercise of judgment by management;
  - d. Significant adjustments made in the financial statements arising out of audit findings;
  - e. Compliance with listing and other legal requirements relating to financial statements;
  - f. Disclosure of any related party transactions;
  - g. Modified opinion(s) in the draft audit report
- (5) Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- (6) Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/



prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter;

- (7) Review and monitor the auditor's independence and performance and effectiveness of audit process;
- (8) Approval or any subsequent modification of transactions of the Company with related parties;
- (9) Scrutiny of inter-corporate loans and investments;
- (10) Valuation of undertakings or assets of the Company, wherever it is necessary;
- (11) Evaluation of internal financial controls and risk management systems;
- (12) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- (13) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (14) Discussion with internal auditors of any significant findings and follow up there on;
- (15) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- (16) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- (17) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- (18) To review the functioning of the whistle blower mechanism;
- (19) Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- (20) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

**The Audit Committee mandatorily reviews the following:**

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
3. Management letters/letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses;
5. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee and
6. Statement of deviations:
  - (a) Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32 (i);
  - (b) Annual statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32 (7).

The Audit Committee functions under the overall supervision of the Board of Directors of the Company.

During the year under review the Audit Committee met on 4 occasions i.e. April 26, 2017, July 26, 2017, October 26, 2017 and January 29, 2018.

Members	Category	Meetings held	Meetings Attended
R. Kannan	Non-Executive – Independent/Chairperson	4	4
S. J. Taparia	Non-Executive – Promoter	4	3
Nihalchand Chauhan	Non-Executive – Independent	4	4
Ameeta Parpia	Non-Executive – Independent	4	4



### 3. NOMINATION AND REMUNERATION COMMITTEE:

The composition of Nomination and Remuneration Committee is as under:

Name of the Director	Category
R. Kannan	Non-Executive – Independent/Chairperson
S. J. Taparia	Non-Executive – Promoter
Ameeta Parpia	Non-Executive – Independent

The Nomination and Remuneration Committee's composition and terms of reference meet the requirements of provisions of Section 178(1) of the Companies Act, 2013 and Regulation 19 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

#### Role of Nomination and Remuneration Committee inter-alia includes:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
2. Formulation of criteria for evaluation of Independent Directors and the Board of Directors and evaluation of Board and Directors;
3. Devising a policy on diversity of Board of Directors;
4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal and
5. Whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of independent directors.

The Nomination and Remuneration Committee functions under the overall supervision of the Board of Directors of the Company.

During the Year under review the Nomination and Remuneration Committee met on 1 occasion i. e. April 26, 2017.

Members	Category	Meeting Held	Meeting attended
R. Kannan	Non-Executive – Independent/Chairperson	1	1
S. J. Taparia	Non-Executive – Promoter	1	1
Ameeta Parpia	Non-Executive – Independent	1	1

#### Performance Evaluation Criteria for Independent Directors:

The Criteria for performance evaluation for Independent Directors includes:

1. Attends meetings regularly.
2. Understands business regulatory competitive and social environment in which the Company operates.
3. Understands strategic issues and challenges confronting the Company.
4. Demonstrates a solid understanding of his/her responsibility as a Director including his/her statutory and fiduciary roles and acts appropriately in his/her governance role.
5. Attends meetings well prepared to evaluate and/or add value to Agenda items presented to the Board.
6. Brings useful outside information and perspective to Board deliberations.
7. Contributes meaningfully to Board discussions, makes useful suggestions, provides strategic insight and directions.
8. Demonstrates an ability to identify the cost benefits and implications of Board decisions.
9. Demonstrates a strong understanding of financial statements, ratios and/or indices of performance and can see the issues behind the numbers.
10. Appropriately questions data and information presented to the Board for its deliberations.

11. Listens effectively to others ideas and view points and encourages contributions from other Directors.
12. Works effectively with fellow Directors to build consensus, manages conflict constructively.
13. Awareness about the developments regarding corporate governance.

#### 4. REMUNERATION OF DIRECTORS:

During the year under review the 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 (₹)
M. P. Taparia	Non-Executive – Promoter/Chairperson	2,50,000
Rajan B. Raheja	Non-Executive – Promoter	2,50,000
B. L. Taparia	Non-Executive – Promoter	2,50,000
S. J. Taparia	Non-Executive – Promoter	4,00,000
R. Kannan	Non-Executive – Independent	4,50,000
M. S. Ramachandran*	Non-Executive – Independent	2,00,000
Nihalchand Chauhan	Non-Executive – Independent	4,20,000
Ameeta Parpia	Non-Executive – Independent	4,50,000
Dr. S. Sivaram	Non-Executive – Independent	3,00,000
<b>TOTAL</b>		<b>29,70,000</b>

\*Shri M. S. Ramachandran was paid an amount of ₹ 5,00,000/- during the year under review for rendering services of a professional nature.

The Company has no Stock Option Scheme. The Company does not make any payments to Non-Executive Directors other than sitting fees for attending meetings of the Board/ Committees.

#### 5. STAKEHOLDERS RELATIONSHIP COMMITTEE:

The composition of Stakeholders Relationship Committee is as under:

Name of the Director	Category
M. P. Taparia	Non-Executive – Promoter/Chairperson
Rajan B. Raheja	Non-Executive – Promoter
S. J. Taparia	Non-Executive – Promoter
Ameeta Parpia	Non-Executive – Independent

**The terms of reference of the Stakeholders Relationship Committee are as follows:**

The Committee shall consider and resolve the grievances of the security holders of the listed entity including complaints related to transfer of shares, non-receipt of annual report and non-receipt of declared dividend and shall approve transfers of the Company's securities.

**The details of Stakeholders Relationship Committee Meetings held during the year under review is listed below:**

Members	Category	Meetings Held	Meetings Attended
M. P. Taparia	Non-Executive – Promoter/Chairperson	24	24
Rajan B. Raheja	Non-Executive – Promoter	24	23
S. J. Taparia	Non-Executive – Promoter	24	17
Ameeta Parpia	Non-Executive – Independent	24	24

**Compliance Officer:** Shri Ravi V Kuddyady, Company Secretary.

During the year under review, your Company received 445 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 March 31, 2018.



## 6. FINANCE COMMITTEE:

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

- Borrow moneys from banks or any other source including temporary loans;
- Authorisation for creation of security on the Company's assets to secure the borrowings;
- Authorisation to invest temporary surplus funds in money market investments and delegate financial powers for approved projects capital expenditure and
- Opening/Closing of bank accounts and authorise officials of the Company for operating of bank accounts.

During the year under review the Finance Committee met on 4 occasions i.e. May 10, 2017, September 10, 2017, January 23, 2018 and March 21, 2018.

Members	Category	Meetings held	Meetings Attended
M. P. Taparia	Non-Executive – Promoter/Chairperson	4	4
Rajan B. Raheja	Non-Executive – Promoter	4	3
B. L. Taparia	Non-Executive – Promoter	4	1
S. J. Taparia	Non-Executive – Promoter	4	4
Ameeta Parpia	Non-Executive – Independent	4	4

## 7. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

Your Company has constituted Corporate Social Responsibility Committee as mandated by Schedule VII of the Companies Act, 2013 on July 18, 2014, to perform the following functions:

- To formulate and recommend to the Board a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013;
- To recommend the amount of expenditure to be incurred on the activities referred to in clause above and
- Monitor the Corporate Social Responsibility Policy of the Company from time to time.

The Corporate Social Responsibility Committee functions under the overall supervision of the Board of Directors of the Company. During the year under review the Corporate Social Responsibility Committee comprising of the following Directors met on 2 occasions i.e. April 26, 2017 and January 29, 2018.

Members	Category	Meetings held	Meetings Attended
M. P. Taparia	Non-Executive – Promoter/Chairperson	2	2
Rajan B. Raheja	Non-Executive – Promoter	2	2
Ameeta Parpia	Non-Executive – Independent	2	2

## 8. INDEPENDENT DIRECTORS:

Shri R Kannan, Shri M S Ramachandran, Shri Nihalchand Chauhan, Miss Ameeta Parpia and Dr. S Sivaram were the Independent Directors on the Board of Directors of your Company as on March 31, 2018. The Independent Directors continue to serve on the Board and hold Office for a consecutive term up to September 21, 2019 pursuant to the provisions of the Companies Act, 2013.

During the year under review the Independent Directors met on 1 occasion i.e. January 29, 2018.

Members	Category	Meetings held	Meetings Attended
M. S. Ramachandran	Non-Executive – Independent/Chairperson	1	–
R. Kannan	Non-Executive – Independent	1	1
Nihalchand Chauhan	Non-Executive – Independent	1	1
Ameeta Parpia	Non-Executive – Independent	1	1
Dr. S. Sivaram	Non-Executive – Independent	1	1



## 9. 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).

### Declaration by the Manager:

During the year under review all Directors and Senior Management personnel have affirmed adherence to the provisions of the code of conduct for Board Members and Senior Management.

**N. Gopal**

Manager

## 10. COMPLIANCE CERTIFICATE BY MANAGER/CHIEF FINANCIAL OFFICER

- A. We have reviewed the financial statements and the cash flow statement for the year under review and believe to the best of our knowledge and belief that:
- (1) these statements do not contain any material untrue statement or omit any material fact or contain statements that might be misleading.
  - (2) these statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. To the best of our knowledge and belief, no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the listed entity pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the audit committee:
- (1) significant changes in internal control over financial reporting during the year;
  - (2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statement and
  - (3) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**N. GOPAL**

Manager

**RAKESH NAYYAR**

Chief Financial Officer

The above certificate was placed before the Board at its meeting held on April 24, 2018.

## 11. GENERAL BODY MEETINGS:

Location and time of the last three AGMs held:

Year		Location	Date	Time	Special Resolutions Passed
2014-2015	26th	I. M. C., Walchand Hirachand Conference Hall, Mumbai - 400 020	23.09.2015	4.00 p.m.	Yes
2015-2016	27th	I. M. C., Walchand Hirachand Conference Hall, Mumbai - 400 020	24.08.2016	4.00 p.m.	Yes
2016-2017	28th	I. M. C., Walchand Hirachand Conference Hall, Mumbai - 400 020	12.07.2017	4.00 p.m.	No

Details of Special Resolutions passed at the last three Annual General Meetings:

a) At the 26th Annual General Meeting held on September 23, 2015:

- i) Under Section 14 of the Companies Act, 2013 for adoption of a new set of Articles of Association of the Company.





- b) At the 27th Annual General Meeting held on August 24, 2016:
- i) Under Sections 196, 197, 203 and Schedule V of the Companies Act, 2013 for Appointment of Shri N Gopal, as Manager of the Company for the period April 20, 2016 to March 31, 2018.

There is no immediate proposal for passing any resolution through postal ballot. None of the business proposed to be transacted at the ensuing Annual General Meeting require passing a resolution through postal ballot.

## 12. SUBSIDIARY COMPANY:

Your Company does not have any Subsidiary, hence has not laid down a policy for determining material Subsidiaries.

## 13. DISCLOSURES:

### a. Basis of related party transactions -

Your Company places all the details before the Audit Committee periodically. A comprehensive list of related party transactions as required by the Ind As 24 issued by the Institute of Chartered Accountants of India, forms part of the Notes to the Accounts in the Annual Report (Please refer to note no. 43). However, these transactions are not likely to have any conflict with the interest of the Company at large. The policy on dealing with Related Party Transactions is available on the Company's website on the link <http://supremepetrochem.com/pdf/Policy-On-Dealing-With-Related-Party-Transactions.pdf>.

### b. Disclosure of Accounting Treatment -

Your Company has followed all relevant Indian Accounting Standards notified under Section 133 of the Companies Act, 2013 read together with Rule 3 of the Companies (Indian Accounting Standards) Rules 2015.

### 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/Vigil Mechanism -

A Whistle Blower Policy/Vigil Mechanism has been adopted by the Board of Directors on July 18, 2014. No personnel have been declined access to the Audit Committee.

- g. The Company has adopted Clause D and E of Part E of Schedule II of the SEBI (Listing Obligations & Disclosure Requirements) Regulation 2015, by having separate persons to the post of Chairperson and CEO and by direct reporting by internal auditor to the Audit Committee.

- h. Compliance with Corporate Governance requirements specified in regulation 17 to 27 and Clause (b) to (i) of sub-regulation (2) of regulation 46 of the SEBI (Listing Obligations & Disclosure Requirements) Regulation 2015,

Clause	Head	Status
17	Board of Directors	Complied
18	Audit Committee	Complied
19	Nomination and Remuneration Committee	Complied
20	Stakeholders Relationship Committee	Complied
21	Risk Management Committee	N.A.
22	Vigil Mechanism	Complied
23	Related Party Transaction	Complied
24	Corporate Governance requirements with respect to Subsidiary of listed entity	N.A.

Clause			Head	Status	
25			Obligations with respect to Independent Directors	Complied	
26			Obligations with respect to Directors and Senior Management	Complied	
27			Other Corporate Governance requirements	Complied	
46	2	b	Terms and conditions of appointment of Independent Director	Complied	
		c	Composition of various Committees of Board of Directors	Complied	
		d	Code of Conduct of Board of Directors and Senior Management personnel	Complied	
		e	Details of establishment of Vigil Mechanism And Whistle Blower Policy	Complied	
		f	Criteria for making payments to non-executive Directors	Complied	
		g	Policy with dealing with related party transaction	Complied	
		h	Policy for determining 'material' subsidiaries	N.A.	
		i	Details of familiarisation programmes imparted to Independent Directors	Complied	
			(i) No. of programmes attended by Independent Director (during the year and on a cumulative basis till date)	During the year	4
				Cumulative	10
			(ii) No. of hours spent by Independent Directors in such programmes (during the year and on a cumulative basis till date)	During the year	2.30
				Cumulative	7.15

(iii) Other relevant details:

The following familiarisation programmes were held for the Independent Directors during the year under review:

- Audio visual presentation on construction of a house made from EPS 3D Panels.
- An overview of demand and supply of all the Company's verticals, their competition, market share and Company's plans for increasing capacity utilisation and quality upgradation.
- Presentation on the Polystyrene and Expandable Polystyrene markets including plans to increase sales.
- An overview on the status and future plans of the Speciality Polymers and Compounds division including master batches, alloys and compounds.

The Company is in compliance of all the mandatory requirements of Corporate Governance.

#### 14. IMPLEMENTATION OF CODE OF INTERNAL PROCEDURE & CONDUCT FOR REGULATING, MONITORING & REPORTING OF TRADING BY INSIDERS:

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.

#### 15. MEANS OF COMMUNICATION:

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 Chairperson's statement, the shareholding pattern and the Complete Annual Report of the Company. The quarterly results during the year under review were published in Business Standard, DNA, Free Press Journal, Sakal and Navshakti. Announcement to Stock Exchanges are also displayed on the Company's website. No presentations were made to institutional investors or to the analysts during the year under review, however overview of the industry relating to the Company's business and business environment were given to investors who met the Company's Management as informed to the Stock Exchanges from time to time.

#### 16. MANAGEMENT DISCUSSION AND ANALYSIS:

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



## 17. PARTICULARS OF DIRECTORS:

Particulars of Directors seeking re-appointment are given below:

Name of the Director	M. P. Taparia	S. J. Taparia
Age (Years)	80	72
Date of Appointment	14/12/1989	22/11/1993
Qualification	B. A.	B. E. (Mechanical)
Experience of specific functional area.	He is Managing Director of The Supreme Industries Limited. Expertise and wide experience in Business Management, Marketing, Operations and actively involved in various Industry Forums.	He is Executive Director of The Supreme Industries Limited. Expertise and rich experience in technical, operational and marketing aspects of industrial products. Actively involved in Industry Forums.
Chairperson/Director of other Companies	The Supreme Industries Limited, Supreme Capital Management Limited, Kabra Extrusion-technic Limited and The West Coast Paper Mills Limited.	The Supreme Industries Limited, Supreme Capital Management Limited and Oricon Enterprises Limited.
Shareholding in the Company	37733	37733
Relationship with other Directors	Brother of Shri B. L. Taparia and uncle of Shri S. J. Taparia.	Nephew of Shri B. L. Taparia and Shri M. P. Taparia.
No of Meetings attended	5	5

## 18. GENERAL SHAREHOLDERS INFORMATION:

Annual General Meeting	Wednesday, July 18, 2018, at 4.00 p.m., at I.M.C., Walchand Hirachand Conference Hall, Churchgate, Mumbai - 400 020
Period under review	April 1, 2017 to March 31, 2018
Date of Book Closure	Monday July 16, 2018 to Wednesday, July 18, 2018 (both days inclusive)
Dividend Payment Date	July 25, 2018 - Dividend warrants will be posted on or after July 25, 2018.
Listing on Stock Exchanges	BSE Limited, Phiroze Jeejeebhoy Towers, 1st Floor, Dalal Street, Mumbai - 400 001 The National Stock Exchange of India Ltd., Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051
Stock Code	BSE Ltd - 500405 The National Stock Exchange of India Ltd. - SUPPETRO
Payment of Listing Fees	Annual listing fees for the year 2018-2019 has been paid to BSE Limited and The National Stock Exchange of India Ltd.
Payment of Depository Fees	Annual Custody/Issuer Fees for the year 2018-2019 has been paid to CDSL and Annual Custody/Issuer Fees for the year 2018-2019 will be paid to NSDL on receipt of invoice.

Market Price Data:

(In ₹)

Month/Year	BSE Ltd.		The National Stock Exchange of India Limited	
	High	Low	High	Low
April 2017	447.20	303.00	446.80	301.25
May 2017	420.80	370.50	422.40	369.70
June 2017	419.85	368.95	420.80	370.10
July 2017	390.00	328.35	389.00	330.00
August 2017	363.90	317.15	366.75	317.15
September 2017	399.00	344.00	401.80	345.00
October 2017	385.60	353.45	386.90	356.20
November 2017	379.45	346.65	380.00	346.90

Month/Year	BSE Ltd.		The National Stock Exchange of India Limited	
	High	Low	High	Low
December 2017	394.60	360.00	393.90	357.10
January 2018	420.90	365.00	422.00	365.00
February 2018	375.50	333.65	376.00	310.20
March 2018	366.15	301.50	365.85	302.55

#### COMPARISON WITH INDICES:

	April 2017 Opening	March 2018 Closing	% Rise (Fall)
BSE Sensex	29737.73	32968.68	10.86
NSE Nifty	9220.60	10113.70	9.69
SPL Shares	305.60	320.90	5.01

#### REGISTRAR AND TRANSFER AGENT:

**Karvy Computershare Pvt. Ltd.,**

Karvy Selenium Tower B, 6th Floor, Plot No. 31 & 32, Gachibowli,  
Financial District, Nanakramguda, Serilingampally, HYDERABAD - 500 032, TELANGANA

#### 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 MARCH 31, 2018)

Sr. No.	Category	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholding
1.	1-5000	38726	90.20	5410226	5.61
2.	5001- 10000	2137	4.98	1775144	1.84
3.	10001- 20000	908	2.11	1392852	1.44
4.	20001- 30000	353	0.82	911007	0.94
5.	30001- 40000	136	0.32	491443	0.51
6.	40001- 50000	149	0.35	704936	0.73
7.	50001- 100000	213	0.50	1547117	1.60
8.	100001 & Above	311	0.72	84269233	87.32
	<b>TOTAL</b>	<b>42933</b>	<b>100.00</b>	<b>96501958</b>	<b>100.00</b>

#### CATEGORIES OF SHAREHOLDERS (AS ON MARCH 31, 2018)

Sr. No.	Category	No. of Shareholders	No. of Shares held	% of Shareholding
1.	Promoters	15	60133600	62.31
2.	Mutual Funds	5	1640333	1.70
3.	Banks/FI	7	200791	0.21
4.	Foreign Portfolio Investors	19	600364	0.62
5.	Private Corporate Bodies	382	2186003	2.27
6.	Foreign Nationals	1	200	0.00
7.	Indian Public	40471	29506805	30.58
8.	NRIs	1985	892944	0.93
9.	Clearing Members	41	30432	0.03
10.	IEPF	1	1287209	1.33
11.	NBFCs Registered with RBI	2	1917	0.00
12.	Trust	4	21360	0.02
	<b>GRAND TOTAL</b>	<b>42933</b>	<b>96501958</b>	<b>100.00</b>



## DEMATERIALISATION 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, 97.02% Shares have been dematerialised up to March 31, 2018.

## COMMODITY PRICE RISK OR FOREIGN EXCHANGE RISK & HEDGING ACTIVITIES

Your Company's main raw material like Styrene Monomer, Polybutadiene Rubber and major additives are imported and therefore your Company has a substantial exposure in foreign exchange currencies. To overcome the risk to Company's operations due to foreign exchange volatility your Company's Board has approved a policy to hedge by way of forward cover foreign exchange exposures. Your Company also has some hedge by way of export receivables.

## PLANT LOCATION:

- i. Amdoshi, Wakan Roha Road,  
Post Patansai, Taluka Roha, District Raigad,  
MAHARASHTRA - 402 106.
- ii. Ammulavoyil Village, Andrakuppam Post,  
Manali New Town, Chennai - 600 103, TAMIL NADU.

## ADDRESS FOR CORRESPONDENCE:

### Registered Office:

Solitaire Corporate Park, Building No. 11, 5th Floor,  
167, Guru Hargovindji Marg,  
Andheri-Ghatkopar Link Road, Chakala,  
Andheri (East), MUMBAI - 400 093

## SHAREHOLDERS' ASSISTANCE:

The Secretarial Department operates from the Company's Registered 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 Kuddady/Shri Finian Lopez/Ms. Jean Bhandary

Secretarial Department,  
Supreme Petrochem Ltd,  
Solitaire Corporate Park, Building No. 11, 5th Floor,  
167, Guru Hargovindji Marg,  
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,  
Karvy Selenium Tower B, 6th Floor, Plot No. 31 & 32,  
Gachibowli, Financial District, Nanakramguda,  
Serilingampally, HYDERABAD - 500 032, TELANGANA  
Telephone No. : 040-33211500/ 33215570  
Toll Free No. : 1800-3454-001  
Fax No. : 040-23440674  
E-mail : reddy.ks@karvy.com, einward.ris@karvy.com  
Web Site : www.karvy.com



## EQUITY SHARES IN SUSPENSE ACCOUNT

Details pursuant to Clause 5A (II) of the Listing Agreement.

	No. of Shareholders	No. of Shares
Outstanding shares lying in the Unclaimed Suspense Account at the beginning of the year	1020	88498
No. of shareholders who approached the Company for transfer of shares from the unclaimed Suspense Account during the year	10	1317
No. of shareholders to whom shares were transferred from Unclaimed Suspense Account during the year	10	1317
No. of shareholders and the outstanding shares which were transferred to IEPF	873	72780
No. of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year	137	14401

The voting rights on these shares lying in the Unclaimed Suspense Account shall remain frozen till the rightful owner of such shares claims the Shares.

## TRANSFER OF UNCLAIMED DIVIDEND AND SHARES TO THE INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

The Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended by the Ministry of Corporate Affairs with effect from 28th February, 2017 ("the Rules") inter-alia provides for transfer of all shares in respect of which dividend has not been encashed by the shareholders for seven consecutive years or more in the name of Investor Education and Protection Fund (IEPF) Suspense Account.

The Company will upload full details of such shareholders and shares due for transfer to IEPF Suspense Account on its website at [www.supremepetrochem.com/investorrelations](http://www.supremepetrochem.com/investorrelations).

The details of the shares already transferred to IEPF are uploaded on Company's website.

The concerned shareholders, holding shares in physical form and whose shares are liable to be transferred to IEPF Suspense Account may note that the Company would be issuing duplicate share certificate(s) in lieu of the original share certificate(s) held by them for the purpose of transfer of shares to IEPF Suspense Account as per Rules and upon such issue, the original share certificate(s) which stand registered in their name will stand cancelled automatically and deemed non-negotiable. The shareholders may further note that the details uploaded by the Company on its website should be regarded and shall be deemed adequate notice in respect of issue of the duplicate share certificate(s) by the Company for the purpose of transfer of shares to IEPF Suspense Account pursuant to the Rules.

In case the shares are held in dematerialised mode, by virtue of requirement of the Rules, the Company would transfer these shares directly to the demat account of IEPF Authority with the help of the depositories/depository participant.

In the absence of receipt of a valid request form alongwith necessary documents from the shareholders, the Company shall, with a view to complying with the requirements set out in the Rules, transfer the shares to IEPF Suspense Account as per procedure stipulated in the Rules without further notice and that no claim shall lie against the Company in respect of unclaimed dividend amounts and shares transferred to IEPF pursuant to the Rules. Both the unclaimed dividend and the shares transferred to IEPF Authority / Suspense Account including all benefits accruing on such shares, if any, can be claimed back by them from IEPF Authority after following the procedure prescribed by the Rules for which details are available at [www.iepf.gov.in](http://www.iepf.gov.in).

For further clarifications concerned, shareholders may contact Karvy Computershare Pvt. Ltd., Unit: Supreme Petrochem Ltd, Karvy Selenium Tower B, Plot 31-32, Gachibowli Financial District, Nanakramguda Hyderabad 500032, TELANGANA, Toll Free No: 1800-4258-998, Phone No:040-67162222, Email: [einward.ris@karvy.com](mailto:einward.ris@karvy.com) quoting the reference folio no./demat account no.

For and on behalf of the Board

Place: Mumbai  
Date: April 24, 2018

**M. P. Taparia**  
Chairperson

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



## AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Shareholders of

**Supreme Petrochem Limited**

We have examined the compliance of the conditions of Corporate Governance by Supreme Petrochem Limited ('the Company') for the year ended on March 31, 2018 as stipulated in Regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and paragraphs C, D and E of Schedule V to the SEBI Listing Regulations, 2015.

The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance, issued by the Institute of Chartered Accountants of India and was limited to review of 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 statement 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, in all material respects, complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and paragraphs C, D and E of Schedule V to the SEBI Listing Regulations, 2015 for the year ended March 31, 2018.

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 **G. M. Kapadia & Co.**  
*Chartered Accountants*  
Firm Registration No. 104767W

Place: Mumbai  
Date: April 24, 2018

**(Rajen Ashar)**  
*Partner*  
Membership No.048243

## BUSINESS RESPONSIBILITY REPORT

### SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1.	Corporate Identity Number (CIN) of the Company	:	L23200MH1989PLC054633
2.	Name of the Company	:	Supreme Petrochem Ltd
3.	Registered address	:	Solitaire Corporate Park, Building No.11, 5th Floor, 167, Guru Hargovindji Marg, Chakala, Andheri East, Mumbai – 400 093 Tel : +91 22 67091900 Fax : +91 22 40055681
4.	Website	:	www.supremepetrochem.com
5.	Email id	:	investorhelpline@spl.co.in
6.	Financial Year reported	:	2017-18
7.	Sector(s) that the Company is engaged in (industrial activity code wise)	:	Manufacture and Trading of Petrochemicals Industrial Group – 201
8.	List three key products/services that the Company manufactures/provides (as in Balance Sheet)	:	Polystyrene Expandable Polystyrene Master Batch and Polymer Compounds
9.	Total number of locations where business activity is undertaken by the Company	:	
	(a) Number of International Locations (Provide details of major 5)	:	NIL
	(b) Number of National Locations	:	02 manufacturing locations and 18 offices including registered office
10.	Markets served by the Company - Local/State/National/International	:	National and International

### SECTION B: FINANCIAL DETAILS OF THE COMPANY

1.	Paid up Capital (INR)	:	9650.20 Lakhs
2.	Total Turnover (INR)	:	311213.70 Lakhs
3.	Total profit after taxes (INR)	:	11612.06 Lakhs
4.	Total Spending on Corporate Social responsibility (CSR) as percentage of profit after tax (%)	:	1.60%
5.	List of activities in which expenditure in 4 above has been incurred		
	(a) Health & Hygiene		
	(b) Promoting Education		
	(c) Cultural Activities		

### SECTION C: OTHER DETAILS

- Does the Company have any Subsidiary Company/ Companies?**  
No
- Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary Company(s)**  
Not Applicable
- Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities [Less than 30%, 30%, 60%, More than 60%]**  
The Company does not mandate its suppliers/distributors to participate in the Company's BR initiatives. They are however



encouraged to adopt practices aligned with the nine principles enumerated in the National Voluntary Guidelines on Social Environment and Economic Responsibilities of Business (NVG – SEE) notified by Ministry of Corporate Affairs, Government of India.

## SECTION D: BR INFORMATION

### 1. Details of Director/Directors responsible for BR

#### (a) Details of the Director/Directors responsible for implementation of the BR policy/policies

In the absence of a Whole Time Director there is no individual Director responsible for BR. However, Mr. N Gopal, Manager appointed under the Companies Act is mandated by the Board to implement the BR policies approved by the Board.

#### (b) Details of BR Head

No.	Particulars	Details
1.	DIN Number (if applicable)	
2.	Name	N GOPAL
3.	Designation	MANAGER
4.	Telephone Number	+91 22-67091900
5.	E-mail ID	n_gopal@spl.co.in

### 2. Principlewise as per National Voluntary Guidelines (NVGs) BR Policy/policies (Reply in Y/N)

Principle 1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability
Principle 2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
Principle 3	Businesses should promote the wellbeing of all employees
Principle 4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.
Principle 5	Businesses should respect and promote human rights
Principle 6	Business should respect, protect, and make efforts to restore the environment
Principle 7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
Principle 8	Businesses should support inclusive growth and equitable development
Principle 9	Businesses should engage with and provide value to their customers and consumers in a responsible manner

#### (a) Details of compliance (Reply in Y/N)

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1.	Do you have a policy/ policies for....	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national/ international standards? If yes, specify? (50 words)	Y	Y	Y	Y	Y	Y	Y	Y	Y
		The Policies are based on NVG-SEE and conform to applicable regulatory requirements and National Standards								
4.	Has the policy being approved by the Board?	Y	Y	Y	Y	Y	Y	Y	Y	Y
	If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director	Y	Y	Y	Y	Y	Y	Y	Y	Y
5.	Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed online?	*	<input type="checkbox"/>	*	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	*	<input type="checkbox"/>	<input type="checkbox"/>

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		Uploaded on Company's Intranet and Company's Website wherever applicable.								
8.	Does the Company have in-house structure to implement the policy/ policies.	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	NO								

\* Internal Company Policy available on Company Intranet

☐ [www.supremepetrochem.com/Investor Relations/BRR Policies](http://www.supremepetrochem.com/Investor Relations/BRR Policies)

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why :

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1.	The Company has not understood the Principles	Not Applicable								
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3.	The Company does not have financial or manpower resources available for the task									
4.	It is planned to be done within next 6 months									
5.	It is planned to be done within the next 1 year									
6.	Any other reason (please specify)									

### 3. Governance related to BR

The BR Responsibility Report forms part of the Annual Report of the Company. The Annual Report will also be uploaded on the website of the Company at [www.supremepetrochem.com](http://www.supremepetrochem.com).

The Manager of the Company, Shri N Gopal through the functional heads/units is charged with the responsibility of implementation of the various BR Policies.

## SECTION E: PRINCIPLE-WISE PERFORMANCE

### Principle 1

#### Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

The Company as the largest Indian manufacturer of Polystyrene, Expandable Polystyrene and Extruded Polystyrene Insulation Board, values its reputation and believes in upholding ethical values and practices. We have documented values governing the business of the Company and also code on ethical conduct for employees. These alongwith the Whistle Blower Policy, Code of Conduct for prevention of Insider Trading and the Code of Practice and Procedure for Fair Disclosure of Unpublished Price Sensitive Information forms the framework for Ethical, Transparent and Responsible conduct. The Code and Policies communicate our zero tolerance approach to ethical and legal violations.

The code of ethics and conduct provides guidelines to employees to act in accordance with the highest standard of personal and professional integrity, honest and ethical conduct either at the workplace or any other place while representing the Company.

Besides honest and ethical conduct, the code covers conflict of interest, confidentiality of information, respect and protection of human rights, accurate and timely disclosures of information to SEBI and public and compliance with Laws, Rules and Regulations.

The Company has in place a mechanism for receiving and resolving complaints from different stakeholders, shareholders, customers, vendors, employees etc. The Company responds to such complaints in a time bound manner.





## Principle 2

### Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

The Company has a documented Policy for providing goods and services that are safe and contribute to sustainability through their life cycle.

The Company works to embed the principles of sustainability, as far as practicable, into the various stages of product or service lifecycle including procurement of raw material / service, manufacturing of product or delivery of service, transportation of raw materials and finished goods, and disposal by consumers to improve the quality of life and people.

The Company strives to ensure that all the products meet hygiene, durability as per the application requirement and functional requirement of end application. The Company has a testing lab to carry out tests on products at various stages of the production process to ensure requisite standards and efficiencies.

The Company holds regular road shows and seminars at various locations to educate prospective customers and intermediates on the end applications on the products and their positive impact on the environment. The Company promotes the use of its products in heat/cold insulation.

Production processes are monitored regularly.

State of the art equipment results in low wastage automation is used extensively.

Continuous efforts are taken to improve Energy Management by monitoring energy related parameters on a regular basis. To reduce energy consumption following steps are taken by the Company:

- 1) Continuously monitoring the energy parameters and efficient utilisation of energy tariff.
- 2) Continuously replacing the inefficient equipments with latest energy efficient technology equipments and up gradation of equipments.
- 3) Increasing the awareness of energy saving within the organisation to avoid the wastage of energy.
- 4) Fire safety audit is done of all the units by an outside consultant periodically to ensure adequate fire safety monitoring to remain in place.

The Company has set up a distribution network in order to serve its customers in the least possible time. This has resulted in better warehouse and inventory management.

## Principle 3

### Businesses should promote the wellbeing of all employees

The Company focuses on ensuring the well-being of all its employee's safety and good health which is extremely important to the Company. The Company believes that employee well being is imperative to achieve profitable growth. Employee well being is sought to be promoted by the following:-

- 1) Well defined pay structure as per Indian norms.
- 2) Job placement as per competency and job requirement
- 3) Carefully designed performance appraisal system for advancement, rewards and incentives
- 4) Timely identification of training needs and imparting requisite training.
- 5) Dependent family members covered under health insurance scheme
- 6) Strict prohibition of employment of child labour
- 7) Documented policy on Prevention/ Prohibition & Redressal of Sexual Harassment of Women at the Workplace.
- 8) Periodic health check-up of employees.
- 9) Emergency Medical assistance at plant site.
- 10) Financial assistance by way of loans for medical/ housing/ children's education/ marriage.

The Company has 376 permanent employees including 19 permanent women employees. The Company also hires contractual work force for various ancillary and other activities and about 295 persons including about 13 women are engaged in such services.

The Company has a recognised trade union at its manufacturing locations in Maharashtra and most of the eligible employees are members of the recognised employee union.

The Company policy prohibits engaging of any child or involuntary labour. Therefore no complaints relating to child labour were received during the year. No complaints relating to sexual harassment were received during the year.

Safety and skill upgrading training to permanent and contractual employees are provided at regular intervals.

#### Principle 4

**Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.**

The Company has mapped its internal and external stakeholders and continues its engagement with them through various mechanisms.

The Company identifies the disadvantaged, vulnerable and marginalised stakeholders on continuous basis. Local work force is engaged to the extent feasible at the Company's plant locations.

The Company extends its social responsibility by provision of educational and sanitation facilities including provision of clean drinking water in the villages surrounding the Company's plant locations.

The details of initiatives taken by the Company are provided in the Corporate Social Responsibility section of the Annual Report.

Safe guarding the interests of the contractual work force is of importance to the Company. Suitable control mechanisms are in place at plant locations. Compliance of statutory obligations are verified on a regular basis.

Internal mechanisms are in place to engage stakeholders.

#### Principle 5

**Businesses should respect and promote human rights**

The Company respects and promotes human rights for all individuals. Human rights include hiring practices, prohibition of gender based violence etc. The Company encourages its business partners and third parties with whom it conducts business to abide by the policy on human rights. The Company promotes awareness and realisation of human rights across the value chain.

Complaints from various stakeholders are addressed satisfactorily. There were no complaints of a substantial nature received during the year.

#### Principle 6

**Business should respect, protect, and make efforts to restore the environment**

The Company has a documented policy on Preservation of Environment as well as Health Safety & Environment Policy (HSE) for all its units.

The Company places highest corporate priority in ensuring and adhering to best procedures relating to environment protection. The Company believes that it has a responsibility to take care of the planet and preserve its beauty, resources and strength for future generations.

ISO 9001, 14001 and OHSAS 18001 standards are adopted and maintained by the Company.

The Company implements HSE Management System under the guiding principles of Integrated Management System.

The Company focuses on reduction of energy consumption through various in-process innovations and adoption of best practices to reduce specific energy consumption.

The emissions/ waste generated by the Company are within the limits specified by the State or Central Pollution Control Boards. Disposal of solid waste is carried out through the designated agency.

Adequate tree plantation has been done in all the units.

In the Amdoshi/Wangani plant in Maharashtra, which is spread over 330 acres, 89165 number of trees are planted and maintained over 134 acres of land.

No show cause/legal notices from CPCB/SPCB are pending at the end of the financial year.

The Company has been regularly receiving recognitions and awards for developing, implementation and maintaining highly



effective Management System for Occupational Health and Safety and Environment Management like the NSCI Safety Awards, Greentech Environment Awards, National Safety Council etc.

## Principle 7

### **Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner**

The Company believes that a lot can be achieved when the Company works together with the Government, Legislators, Trade Bodies and Regulators to create positive social and environmental outcomes. The Company engages with industry bodies and associations to influence public and regulatory policy in a responsible manner.

The Company works with industry organisations that are engaged in policy advocacy in a responsible manner and ensures policy advocacy is conducted ethically.

The Company articulates the larger interests of industry and the community at industrial forums. As on March 31, 2018 the Company was the member of following trade associations:-

- 1) Plastindia Foundation
- 2) Chemical & Petrochemical Manufacturers Association (CPMA)
- 3) Polystyrene Producers' Association (India)
- 4) Organisation of Plastic Processors of India (OPPI)
- 5) The Plastic Export Promotion Council (Plexconcil)
- 7) The Bombay Chamber of Commerce and Industry (BCCI)

## Principle 8

### **Businesses should support inclusive growth and equitable development**

The Company strives to ensure inclusive and equitable growth for all in tandem with healthy growth of the Company. In compliance with section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company has adopted a CSR policy through which it undertakes the projects in accordance with Schedule VII of the Companies Act, 2013.

The Company focuses on various areas of engagement like sanitation, education, conservation of natural resources etc.

The Company fulfills its social responsibility through in-house efforts. The CSR approach focuses on development of the communities in the vicinity of the Company's plant.

An amount of ₹185.75 lakhs was spent on various CSR projects during the financial year 2017-18 benefitting people in the villages surrounding the Company's plant.

The details of CSR activity undertaken by the Company are set out in the CSR section of this Annual Report.

## Principle 9

### **Businesses should engage with and provide value to their customers and consumers in a responsible manner**

The Company is a consumer centric Company focused on providing customer delight. The foundation of the Company is based on the trust, satisfaction and loyalty of our consumers across the world. The Company is dedicated to delivering products that excite customers and meet their need gaps.

There are no consumer related legal cases pending at the end of the financial year.

The Company displays product information on the product label mandated by law. Product information is also available in product information sheet/ brochures available with the distributors of the Company and also displayed on the Company's website.

The Company is considered a dependable and valuable supplier as evidenced by various awards and recognitions from its customers for supporting timely delivery, quality and product development. The employees are constantly trained to focus on customer satisfaction.

There are no cases filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertisement and/or anti-competitive behavior during the last five years.

Feedback from customers to ensure utmost focus on customer satisfaction is a continuous process in the Company. Such feedback is used for continual improvement in product and service quality. Every complaint is attended to immediately and brought to the final point of closure with a defined level of service.



## INDEPENDENT AUDITORS' REPORT

### To the Members of Supreme Petrochem Limited

#### Report on the Standalone Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **Supreme Petrochem Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditors' Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the

assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at 31st March, 2018, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure I a statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and 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 it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
  - (e) On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.



- (f) With respect to the adequacy of the Internal Financial Controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure II.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 36 to the financial statements.
  - ii. The Company has made provision, as required under the applicable law or accounting standards,

for material foreseeable losses, if any, on long-term contracts including derivative contracts to the financial statements.

- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For G. M. Kapadia & Co.**

*Chartered Accountants*

Firm's Registration No: 104767W

**Rajen Ashar**

*Partner*

Membership No: 048243

Place: Mumbai

Dated: April 24, 2018



## ANNEXURE TO AUDITORS' REPORT

### Annexure I referred to in paragraph 1 under "Report on Other Legal and Regulatory Requirements" of our report of even date

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As informed to us, the fixed assets have been physically verified by the management during the period according to a phased programme. In our opinion, such programme is reasonable having regard to the size of the Company and the nature of its assets. We have been further informed that no material discrepancies were noticed on such verification by the management between the book records and physical verification.
- (c) According to the information and explanation given to us and on the basis of our examination of records of the Company, the title deeds of immovable properties classified as fixed assets are held in the name of the Company.
- (ii) The inventory have been physically verified at reasonable intervals by the management during the period. The discrepancies noticed on physical verification, as compared to the book records, were not material and have been properly dealt with in the books of account.
- (iii) The Company has not granted loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Hence, the question of reporting under sub clauses (a), (b) & (c) of the clause 3(iii) of the Order does not arise.
- (iv) The Company has not granted any loans or under section 185, made any investment, provide any guarantee or security. Hence, the question of reporting under clause 3(iv) of the Order does not arise.

- (v) In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under, to the extent applicable. We are informed by the Management that 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 other Tribunal in this regard.
- (vi) We have broadly reviewed accounts and records maintained by the Company pursuant to rules made by the Central Government for the maintenance of cost records under Section 148(1) of the Act, in respect of Company's products to which the said rules are made applicable and are of the opinion that, prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of records with a view to determine whether they are accurate.
- (vii) (a) According to the information and explanations given to us and according to the records of the Company examined by us, in our opinion, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, Cess and any other statutory dues, wherever applicable.

According to the information and explanations given to us, no undisputed amounts payable in respect of aforesaid dues were outstanding as at 31st March, 2018 for a period of more than 6 months from the date they became payable.

- (b) According to the information and explanations given to us, the particulars of statutory dues that have not been deposited on account of disputes are as under:

Sr. No.	Statutes	Nature of Dues	Period	Amount (₹ in lakhs)	Forum where dispute is pending
1	Central Excise Act, 1944	Excise duty demand	April-2001 - Nov 2012	426.2	CESTAT
			Jul-13	7.56	CESTAT
2	Service Tax (Finance Act 1994)	Service tax and penalty	April-2005 - Sep-2009	14.92	CESTAT
			Sep-2004 - Aug-2013	452.45	CESTAT
			April-2003 - Mar-2005	188.42	CESTAT
			April-2011 - Mar-2013	222.57	CESTAT
			Sep-2013 - May-2015	117.57	CESTAT
			June-2015 - May-2016	77.08	Commissioner (Appeal)
3	Central Excise Act, 1944 (Tamil Nadu)	Excise duty demand	Mar-08	23.16	CESTAT
4	Service Tax (Finance Act 1994)	Service tax and penalty	June 2009 - Feb 2010	3.84	CESTAT
			Feb 2011-Dec 2011	4.9	Superintendent of Central Excise



Sr. No.	Statutes	Nature of Dues	Period	Amount (₹ in lakhs)	Forum where dispute is pending
5	Tamil Nadu VAT Act, 2006	VAT and penalty	2005 – 2006	0.88	Deputy Commissioner (Commercial tax)
			2012-2013	1.2	Additional Commissioner (Commercial tax)
			2010-2011	7.43	Deputy Commissioner (Commercial tax)
			2009-2010	0.61	Deputy Commissioner (Appeals)
			2010-2011	0.65	Deputy Commissioner (Appeals)
			2011-2012	1.99	Deputy Commissioner (Appeals)
			2012-2013	1.98	Deputy Commissioner (Appeals)
			2013-2014	10.48	Deputy Commissioner (Appeals)
			2014-2015	2.27	Deputy Commissioner (Appeals)
			2015-2016	3.72	Deputy Commissioner (Appeals)
			2014-2015	1.49	Deputy Commissioner (Appeals)
6	Income Tax Act, 1961	Income tax, interest and penalty	2006-2007	23.03	High Court

- (viii) We have been informed that the Company has not defaulted in repayment of loans or borrowings to financial institutions banks and Government. The Company has not raised any funds through debentures.
- (ix) The Company has not raised money raised by way of initial public offer or further public offer (including debt instruments). According to the information and explanations given to us and on the basis of the records examined by us, we state that the Company has prima facie applied the term loan for the purpose for which it was obtained.
- (x) 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, no fraud on or by the company has been noticed or reported during the period by the Company.
- (xi) The managerial remuneration has been paid in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) The Company is not a chit fund or a Nidhi company. Hence, the question of reporting under clause 3(xii) of the Order does not arise.

- (xiii) The Company has complied with the provisions of sections 177 and 188 of the Act in respect of transactions with the related parties and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the period.
- (xv) The Company has not entered into any non-cash transactions with directors or persons connected with him covered under the provisions of section 192 of the Act.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For G. M. Kapadia & Co.**  
Chartered Accountants  
Firm's Registration No: 104767W

Place: Mumbai  
Dated: April 24, 2018

**Rajen Ashar**  
Partner  
Membership No: 048243

## Annexure II to our report of even date

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of **Supreme Petrochem Limited** (“the Company”) as of 31st March, 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls Over Financial Reporting

A Company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For G. M. Kapadia & Co.**

*Chartered Accountants*

Firm’s Registration No: 104767W

**Rajen Ashar**

*Partner*

Place: Mumbai

Dated: April 24, 2018

Membership No: 048243



## BALANCE SHEET AS AT MARCH 31, 2018

(₹ in Lakhs)

Particulars	Note No	As at 31-03-2018	As at 31-03-2017
<b>ASSETS</b>			
<b>1. Non-Current Assets</b>			
(a) Property, plant and equipment	2	33,224.03	33,537.99
(b) Capital work-in-progress		965.13	1,267.58
(c) Other Intangible assets	3	116.45	140.33
(d) Financial assets			
(i) Loans	4	133.56	93.06
(ii) Other non-current financial assets	5	345.85	345.81
(e) Other non-current assets	6	920.33	439.65
<b>Total non-current assets</b>		<b>35,705.35</b>	<b>35,824.42</b>
<b>2. Current Assets</b>			
(a) Inventories	7	31,285.94	30,585.72
(b) Financial assets			
(i) Investment in Liquid Scheme of Mutual Fund	8	11,060.26	—
(ii) Trade receivables	9	29,526.39	30,738.89
(iii) Cash and cash equivalents	10	12,326.94	9,326.13
(iv) Bank balances other than (ii) above	11	511.97	452.57
(v) Loans	12	70.63	50.42
(vi) Other current financial assets	13	270.87	604.22
(c) Current tax assets (net)		225.92	1,142.31
(d) Other current assets	14	8,590.95	4,246.18
<b>Total current assets</b>		<b>93,869.87</b>	<b>77,146.44</b>
<b>TOTAL ASSETS</b>		<b>129,575.22</b>	<b>112,970.86</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
(a) Equity share capital	15	9,650.20	9,650.20
(b) Other equity	16	54,908.88	48,559.83
<b>Total equity</b>		<b>64,559.08</b>	<b>58,210.03</b>
<b>LIABILITIES</b>			
<b>1. Non-Current Liabilities</b>			
(a) Provisions	17	189.26	266.90
(b) Other non-current financial liabilities	18	307.99	263.25
(c) Deferred tax liabilities (net)	19	4,874.00	4,786.94
<b>Total non-current liabilities</b>		<b>5,371.25</b>	<b>5,317.09</b>
<b>2. Current Liabilities</b>			
(a) Financial Liabilities			
(i) Trade payables	20	57,262.83	43,182.18
(ii) Other current financial liabilities	21	1,198.47	1,741.69
(b) Other current liabilities	22	810.06	3,143.15
(c) Provisions	23	192.54	174.44
(d) Current tax liabilities (net)		180.99	1,202.28
<b>Total current liabilities</b>		<b>59,644.89</b>	<b>49,443.74</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>129,575.22</b>	<b>112,970.86</b>
Significant Accounting Policies	1		
The accompanying notes are an integral part of the financial statements.			

As per our report of even date.

For **G M Kapadia & Co**  
Chartered Accountants  
Firm's Reg. No.104767W

**Rajen Ashar**  
Partner  
Membership No.048243

Mumbai  
Date: April 24, 2018

**Rakesh Nayyar**  
Executive Director  
(Finance & Corporate Affairs)  
Chief Financial Officer

**Ravi V Kuddyady**  
Company Secretary

For and on behalf of the Board

**M P Taparia** Chairperson  
**Rajan B Raheja**  
**B L Taparia**  
**S J Taparia**  
**M S Ramachandran**  
**R Kannan**  
**Nihalchand Chauhan**  
**Ameeta Parpia**  
**Dr. S Sivaram** Directors

Mumbai  
Date: April 24, 2018

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

			(₹ in Lakhs)
Particulars	Note No	2017-2018	2016-2017
<b>REVENUE</b>			
<b>Revenue from Operations</b>			
Gross Sale		308,023.28	319,630.24
Other Operating Income		2,388.41	1,999.50
	24,37	310,411.69	321,629.74
<b>Other Income</b>	25	802.01	749.19
<b>TOTAL REVENUE</b>		311,213.70	322,378.93
<b>EXPENSES</b>			
Cost of materials consumed	26	183,491.97	182,961.42
Purchase of stock-in-trade	27	79,103.03	67,256.34
Excise duty on sale of goods		7,751.18	29,768.00
Changes in inventories of finished goods and work-in-process	28	(727.94)	(8,868.34)
Employee benefits expenses	29	3,950.15	3,530.68
Finance costs	30	460.39	470.14
Depreciation and amortisation expenses	31	2,074.68	2,221.83
Other expenses	32	17,216.60	17,254.02
<b>TOTAL EXPENSES</b>		293,320.06	294,594.09
<b>Profit Before Tax</b>		17,893.64	27,784.84
<b>Tax Expenses</b>			
Current tax		6,175.00	9,830.55
Deferred tax		106.58	13.06
<b>Profit After Tax</b>		11,612.06	17,941.23
<b>Other Comprehensive (Income)/Loss</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurement of the defined benefit plans		55.86	64.95
Income tax relating to items that will not be reclassified to profit or loss		(19.52)	(22.48)
<b>Total Comprehensive Income for the period</b>		11,575.72	17,898.76
<b>Earning per share (₹)</b>			
Basic		12.03	18.59
Diluted		12.03	18.59
<b>Nominal Value of Share</b>		10.00	10.00
Significant Accounting Policies	1		
The accompanying notes are an integral part of the financial statements.			

As per our report of even date.

For **G M Kapadia & Co**  
Chartered Accountants  
Firm's Reg. No.104767W

**Rajen Ashar**  
Partner  
Membership No.048243

Mumbai  
Date: April 24, 2018

**Rakesh Nayyar**  
Executive Director  
(Finance & Corporate Affairs)  
Chief Financial Officer

**Ravi V Kuddiyady**  
Company Secretary

For and on behalf of the Board

**M P Taparia** Chairperson  
**Rajan B Raheja**  
**B L Taparia**  
**S J Taparia**  
**M S Ramachandran**  
**R Kannan**  
**Nihalchand Chauhan**  
**Ameeta Parpia**  
**Dr. S Sivaram** Directors

Mumbai  
Date: April 24, 2018





## STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

(₹ in Lakhs)

## Particulars

## A: EQUITY SHARE CAPITAL

For the year ended 31-03-2017

Balance as at 01-04-2016	Changes in equity share capital during the year	Balance as at 31-03-2017
9,650.20	–	9,650.20

For the year ended 31-03-2018

Balance as at 01-04-2017	Changes in equity share capital during the year	Balance as at 31-03-2018
9,650.20	–	9,650.20

## B: OTHER EQUITY

## Particulars

	Reserves and Surplus			Other Comprehensive Income	TOTAL
	Capital Redemption Reserve	General Reserve	Retained Earnings	Remeasurement of defined benefit plans	
Opening balance as on 01-04-2016	1,563.46	27,258.12	3,066.00	(64.99)	31,822.59
Total Comprehensive Income for the year	–	–	17,941.23	(42.47)	17,898.76
Dividends including tax on dividends	–	–	(1,161.52)	–	(1,161.52)
Transfer to General Reserve	–	10,000.00	(10,000.00)	–	–
Balance at 31-03-2017	1,563.46	37,258.12	9,845.71	(107.46)	48,559.83

	Reserves and Surplus			Other Comprehensive Income	TOTAL
	Capital Redemption Reserve	General Reserve	Retained Earnings	Remeasurement of defined benefit plans	
Opening balance as on 01-04-2017	1,563.46	37,258.12	9,845.71	(107.46)	48,559.83
Total Comprehensive Income for the year	–	–	11,612.06	(36.34)	11,575.72
Dividends including tax on dividends	–	–	(5,226.67)	–	(5,226.67)
Transfer to General Reserve	–	7,000.00	(7,000.00)	–	–
Balance at 31-03-2018	1,563.46	44,258.12	9,231.10	(143.80)	54,908.88

**Capital Redemption Reserve:** Capital Redemption Reserve was created for redemption of preference shares issued by the Company and for buy back of shares. The Reserves were created by transfer from general reserves and share premium account.

**General Reserves:** General Reserve has been created by transfer out of profit generated by the Company and is available for distribution to shareholders.

As per our report of even date.

For **G M Kapadia & Co**  
Chartered Accountants  
Firm's Reg. No.104767W

**Rajen Ashar**  
Partner  
Membership No.048243

Mumbai  
Date: April 24, 2018

**Rakesh Nayyar**  
Executive Director  
(Finance & Corporate Affairs)  
Chief Financial Officer

**Ravi V Kuddiyady**  
Company Secretary

For and on behalf of the Board

**M P Taparia** *Chairperson*  
**Rajan B Raheja**  
**B L Taparia**  
**S J Taparia**  
**M S Ramachandran**  
**R Kannan**  
**Nihalchand Chauhan**  
**Ameeta Parpia**  
**Dr. S Sivaram** *Directors*

Mumbai  
Date: April 24, 2018

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
<b>Cash Flow from Operating Activities</b>		
<b>Profit before income tax</b>	<b>17,893.64</b>	27,784.84
<b>Non-cash Adjustment to Profit Before Tax:</b>		
Depreciation and amortisation expense	2,074.68	2,221.83
Loss/(gain) on disposal of property, plant and equipment	(48.93)	19.02
IND As adjustment for loan to employees	21.74	20.70
IND As adjustment for Rent	7.22	52.65
Allowance for expected credit loss	(20.50)	109.68
Provision for doubtful debts	556.77	118.67
Dividend and interest income classified as investing cash flows	(392.43)	(289.71)
Unwinding Interest	(20.77)	(71.21)
Finance costs	460.39	470.14
Net exchange differences	464.67	(450.79)
	<b>3,102.84</b>	2,200.98
<b>Change in operating assets and liabilities :</b>		
Decrease/(increase) in trade receivables	722.59	(2,920.52)
Decrease/(increase) in inventories	(700.22)	(12,441.31)
Increase/(decrease) in trade payables	13,569.64	2,428.21
Decrease/(Increase) in other financial assets	279.82	412.68
Decrease/(increase) in other non-current assets	(18.24)	(0.54)
Decrease/(increase) in other current assets	(4,351.99)	(1,695.49)
Increase/(decrease) in provisions	(115.39)	23.52
Increase/(decrease) in other non-current financial liability	44.74	73.58
Increase/(decrease) in other financial liabilities	(543.22)	(975.92)
Increase/(decrease) in other current liabilities	(2,333.09)	872.74
	<b>6,554.64</b>	(14,223.05)
<b>Cash generated from operations</b>	<b>9,657.48</b>	(12,022.07)
Direct taxes paid (net of refunds)	(6,279.92)	(8,899.05)
<b>Net cash flow from/(used in) operating activities (A)</b>	<b>21,271.20</b>	6,863.72
<b>Cash flow from investing activities</b>		
Payments for acquisition of property, plant and equipment	(1,896.42)	(2,782.91)
Payments for software development costs	(37.52)	(57.17)
Proceeds from sale of property, plant and equipment	86.03	5.21
Interest received	5.21	9.46
Dividends received	379.03	280.26
<b>Net cash flow from/(used in) investing activities (B)</b>	<b>(1,463.67)</b>	(2,545.15)
<b>Cash flows from financing activities</b>		
Interest paid	(460.39)	(470.14)
Dividend paid to equity shareholders	(5,226.67)	(1,161.51)
<b>Net cash flow from/(used in) in financing activities (C)</b>	<b>(5,687.06)</b>	(1,631.65)
<b>Net increase/(decrease) in cash and cash equivalents (A+B+ C)</b>	<b>14,120.47</b>	2,686.92
Effect of exchange differences on cash & cash equivalent held in foreign currency	—	—
Cash and cash equivalents at the beginning of the year	9,778.70	7,091.78
<b>Cash and cash equivalents at the end of the year</b>	<b>23,899.17</b>	9,778.70
<b>Cash and cash equivalents comprises of :</b>		
(i) Cash and cash equivalents	12,326.94	9,326.13
(ii) Bank balance other than (i) above	511.97	452.57
(iii) Investments in liquid scheme of mutual fund	11,060.26	—
<b>Balance as per the cash flow statement :</b>	<b>23,899.17</b>	9,778.70

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For **G M Kapadia & Co**  
Chartered Accountants  
Firm's Reg. No.104767W

**Rajen Ashar**  
Partner  
Membership No.048243

Mumbai  
Date: April 24, 2018

**Rakesh Nayyar**  
Executive Director  
(Finance & Corporate Affairs)  
Chief Financial Officer

**Ravi V Kuddyady**  
Company Secretary

For and on behalf of the Board

**M P Taparia** Chairperson  
**Rajan B Raheja**  
**B L Taparia**  
**S J Taparia**  
**M S Ramachandran**  
**R Kannan**  
**Nihalchand Chauhan**  
**Ameeta Parpia**  
**Dr. S Sivaram** Directors

Mumbai  
Date: April 24, 2018

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018****NOTE: 1****Corporate Information**

Supreme Petrochem Ltd ("the Company") a Public Limited Company incorporated under the Companies Act, 1956, is listed on the Bombay Stock Exchange and National Stock Exchange. The Company is mainly engaged in the business of Styrenics and manufactures Polystyrene (PS), Expandable Polystyrene (EPS), Masterbatches and Compounds of Styrenics and other Polymers, Extruded Polystyrene Insulation Board (XPS) with manufacturing facilities at Amdoshi, Dist Raigad, Maharashtra and Manali New Town, Chennai, Tamil Nadu.

**Authorisation of financial statements**

The standalone financial statements were authorized for issue in accordance with a resolution of the Board of Directors passed on April 24, 2018.

**1. SIGNIFICANT ACCOUNTING POLICIES****1.1 Statement of Compliance**

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules 2015 with effect from April 01, 2016 and comply with the requirement under Para 3 of Ind AS 101.

**1.2 Basis of Preparation**

The financial statements of the Company are consistently prepared and presented under historical cost convention on an accrual basis in accordance with IndAS except for certain financial assets and liabilities that are measured at fair values. Refer accounting policy No.1.10 on Financial Instruments.

The Company's functional currency and presentation currency is Indian Rupees (INR). All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs (₹ Lakhs), except otherwise indicated.

**Classification of Assets and Liabilities into current and Non-Current**

The Company presents its assets and liabilities in the Balance Sheet based on current / non-current classification.

An asset is treated as current when it is:

- a) expected to be realised or intended to be sold or consumed in normal operating cycle;
- b) held primarily for the purpose of trading;
- c) expected to be realised within twelve months after the reporting period; or
- d) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is treated as current when :

- a) it is expected to be settled in normal operating cycle;
- b) it is held primarily for the purpose of trading;
- c) it is due to be settled within twelve months after the reporting period; or
- d) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle being a period within twelve months for the purpose of current and non-current classification of assets and liabilities.

**1.3 Use of judgements, estimates and assumptions**

The preparation of the Company's financial statements required management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosures of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment in the future periods in the carrying amount of assets or liabilities affected.

The Company's accounting policies, management has made judgements in respect of evaluation of recoverability of deferred tax assets, which has the most significant effect on the amounts recognized in the financial statements:

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within;

- a) Useful life of property, plant and equipment and intangible assets: The Company has estimated useful life of the Property Plant and Equipment as specified in Schedule II to the Companies Act, 2013. However the actual useful life for individual equipments could turn out to be different, there could be technology changes, breakdown, unexpected failure leading to impairment or complete discard. Alternately the equipment may continue to provide useful service well beyond the useful life assumed.
- b) Fair value measurement of financial instruments : When the fair values of financial assets and financial liabilities cannot be measured based on quoted process in active market, the fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not possible, a degree of judgement is required in establishing fair values.
- c) Impairment of financial and non-financial assets: The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the input for the impairment calculations, based on Company's past history, existing market conditions, technology, economic developments as well as forward looking estimates at the end of each reporting period.
- d) Taxes: Taxes have been paid / provided, exemptions availed, allowances considered etc. are based on the extant laws and the Company's interpretation of the same based on the legal advice received wherever required. These could differ in the view taken by the authorities, clarifications issued subsequently by the government and courts, amendments to statutes by the government etc.
- e) Defined benefit plans: The cost of defined benefit plans and other post –employment benefits plans and the present value of such obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future.
- f) Provisions: The Company makes provisions for leave encashment and gratuity, based on report received from the independent actuary. These valuation reports use complex valuation models using not only the inputs provided by the Company but also various other economic variables. Considerable judgement is involved in the process.
- g) Contingencies: A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligations at the end of the reporting period. However the actual liability could be considerably different.

#### 1.4 Property, Plant and Equipment

Freehold land is carried at historical cost. All other Property, Plant and Equipment are stated at cost, net of recoverable taxes, trade discounts and rebates less accumulated depreciation and impairment loss, if any. The cost of tangible assets comprises its purchase price, borrowing cost, any costs directly attributable to bringing the asset into the location and condition necessary for it to be capable of operating in the manner intended by management, initial estimation of any decommissioning obligations and finance cost.

When significant parts of the Property, Plant and Equipment are required to be replaced at intervals, the Company derecognizes the replaced part, and recognizes the new part with its own associated useful life and depreciated accordingly. Likewise when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the Statement of Profit and Loss as incurred.

Cost of Software directly identified with hardware is recognized along with the cost of hardware.

Stores and spares which meet the definition of Property Plant and Equipment and satisfy recognition criteria of Ind AS 16 are capitalized as Property Plant and Equipment.

An item of Property Plant and Equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset is included in the Statement of Profit and Loss when the asset is derecognized.



Capital work-in-progress includes cost of Property, Plant and Equipment which are not ready for their intended use.

The residual values and useful lives of Property, Plant and Equipment are reviewed at each financial year end, and changes, if any, are accounted prospectively.

Depreciation on the Property Plant and Equipment is provided over the useful life of assets as specified in Schedule II to the Companies Act, 2013 using straight line method. Property, Plant and Equipment which are added / disposed off during the year, depreciation is provided on pro rata basis with reference to the month of addition / deletion.

In line with the provisions of Schedule II of the Companies Act 2013, the Company depreciates significant components of the main asset (which have different useful lives as compared to the main asset) based on the individual useful life of those components. Useful life for such components has been assessed based on the historical experience and internal technical inputs.

### 1.5 Intangible Assets

Intangible Assets are recognized only if they are separately identifiable and the Company expects to receive future economic benefits arising out of them. Intangible Assets are stated at cost of acquisition net of recoverable taxes less accumulated amortization/ depletion and impairment loss, if any. The cost comprises purchase price, borrowing costs, and any cost directly attributable to bringing the asset to its working condition for the intended use.

Computer Software is amortised over a period of six years.

Intangible assets with finite lives are amortised on straight line basis over their useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each year end. The amortised expense on intangible assets with finite lives and impairment loss is recognized in the Statement of Profit and Loss.

The useful lives of intangible assets are assessed as either finite or indefinite.

Gains or losses arising from derecognition of an intangible asset are recognized in the Statement of Profit and Loss when the asset is derecognized.

Intangible assets with indefinite useful lives, are not amortised, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. The impairment loss on intangible assets with indefinite life is recognised in the Statement of Profit and Loss.

### 1.6 Impairment of non – financial assets

At each Balance Sheet date, the Company assesses whether there is an indication that an asset may be impaired and also whether there is an indication of reversal of impairment loss recognized in the previous periods. If any indication exists, or when annual impairment testing for an asset is required, the Company determines the recoverable amount and impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for the Company's CGUs in the state of Tamilnadu and Maharashtra to which the individual assets are allocated.

### 1.7 Inventories

Inventories are valued as under

Raw materials, packing material, stores and spares are valued at lower of cost (on a weighted average basis) and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above manufacturing cost.

Stock in process is valued at lower of cost (on a weighted average basis) and net realizable value.

Finished goods (including in transit) are valued at cost (on a weighted average basis) or net realizable value whichever is lower. Cost for this purpose includes direct materials, direct labour utilities, other variable direct costs and manufacturing overheads, based on the normal operating capacity and depreciation.

### 1.8 Cash and cash equivalents

Cash and cash equivalent in the Balance Sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to insignificant risk of change in value.

For the purpose of statement of cashflows, cash and cash equivalents consist of cash, short-term deposits as defined above, net of outstanding bank overdrafts and short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value as they are considered as an integral part of the Company's cash management.

#### Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

#### Bank Balances other than above

Dividend escrow account balances, deposits with banks as margin money for guarantees issued by the banks, deposits kept as security deposits for statutory authorities are accounted as bank balances other than Cash and Cash equivalents.

### 1.9 Non-current assets Held for Sale

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets

Property, Plant and Equipment and Intangible Assets are not depreciated or amortized once classified as held for sale.

### 1.10 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### A. Financial Assets:

##### (i) Classification:

The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income, or fair value through profit and loss on the basis of its business model for managing the financial asset and the contractual cash flow characteristics of the financial asset.

##### (ii) Initial recognition and measurement.

All financial assets are recognized initially at fair value plus, in the case of financial assets not recognized at fair value through profit and loss transaction costs that are attributable to the acquisition of the financial asset.

##### (iii) Financial assets measured at amortised cost:

Financial assets are subsequently measured at amortised cost using effective interest rate method (EIR), if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. The losses arising from the impairment are recognized in the Statement of Profit and Loss.

##### (iv) Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms give rise to cash flows that are solely payments of principal and interest on the principal outstanding.





- (v) Financial Assets measured at fair value through profit and loss  
Financial assets under this category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in profit and loss.
- (vi) Derecognition of financial assets  
A financial asset is primarily derecognized when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

## AA. Impairment of Financial Assets

In accordance with Ind-AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

## B: Financial Liabilities

- (i) Classification  
The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit and loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.
- (ii) Initial recognition and measurement.  
All financial liabilities are recognized initially at fair value, in the case of loans, borrowings and payables, net of directly attributable transaction costs. Financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.
- (iii) Subsequent measurement:  
All financial liabilities are re-measured at fair value through statement of profit and loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through statement of profit and loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.
- (iv) Loans and borrowings  
Interest bearing loans and borrowings are subsequently measured at amortised cost using effective interest rate (EIR) method. Gains and losses are recognized in Statement of Profit and Loss when the liabilities are derecognized as well as through EIR amortization process. The EIR amortization is included as finance cost in the Statement of Profit and Loss.
- (vi) Derecognition of financial liabilities  
A financial liability is derecognized when the obligation under the liability is discharged or canceled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss.
- (vii) Derivative Financial Instruments  
The Company uses derivative financial instruments such as forward currency contracts and options to hedge its foreign currency risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. The gain or loss in the fair values is taken to Statement of Profit and Loss at the end of every period. Profit or loss on cancellations / renewals of forward contracts and options are recognized as income or expense during the period.

## C: Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis to realise the assets and settle the liabilities simultaneously.

### 1.11 Fair value measurement

The Company measures certain financial assets and financial liabilities including derivatives and defined benefit plans at fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

### 1.12 Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

### 1.13 Provisions, Contingent liabilities, Contingent Assets

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligations at the end of the reporting period. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the changes in the provision due to the passage of time are recognized as a finance cost.

Contingent liabilities are disclosed in the case of :

- a present obligation arising from the past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- a present obligation arising from the past events, when no reliable estimate is possible;
- a possible obligation arising from past events, unless the probability of outflow of resources is remote.

Contingent assets are not recognized but disclosed in the financial statements when an inflow of economic benefit is probable.

### 1.14 Employee Benefits

#### A. Short Term Benefits

Short Term Benefits are recognized as an expense at the undiscounted amount in the Statement of Profit and Loss of the period in which the related service is rendered.

Payment to defined contribution retirement benefit plans are recognized as an expense when employees have rendered the services entitling them to the contribution.

#### B. Post Employment benefits - Defined Benefit Plans: Provident fund and Gratuity

The eligible employees of the Company are entitled to receive post employment benefits in respect of provident fund in which both the employees and the Company make monthly contributions at a specified percentage of the employees' eligible salary. The contributions are made to the provident fund managed by the trust set up by the Company which



is charged to the Statement of Profit and Loss as incurred. Since the Company is obligated to meet interest shortfall, if any, with respect to covered employees, such employee benefit plan is classified as defined benefit plan.

The Company has an obligation towards gratuity - a defined benefit retirement plan covering eligible employees. The plan provides a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service and is payable thereafter on occurrence of any of above events. The Company has obtained an insurance policy with the Life Insurance Corporation of India (LIC) and makes an annual contribution to LIC for amounts notified by LIC.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method with actuarial valuations being carried out at each Balance Sheet date, which is recognized in each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in the net interest on the net defined liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through Other Comprehensive Income in the period in which they occur. Re-measurements are not reclassified to the Statement of Profit and Loss in subsequent periods. Past service cost is recognized in the Statement of Profit and Loss in the period of plan amendment.

Net interest is calculated by applying the discount rate to the net defined benefit plan liability or asset.

The Company recognizes the following changes in the net defined benefit obligations under employee benefit expenses in the Statement of Profit and Loss:

- Service costs comprising of current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net current expenses or income

#### C. Defined Contribution Plans - Superannuation

The eligible employees of the Company are entitled to receive post employment benefits of superannuation under Company's Senior Officers Superannuation Scheme to which the Company makes annual contribution at a specified percentage of the employees' salary subject to the contribution not exceeding ₹1,00,000/- p.a.. The contribution is made to the LIC. Superannuation is classified as defined contribution plan as the Company has no further obligations beyond making the contribution. The Company's contribution is charged to the Statement of Profit and Loss as incurred.

#### D. Other Long-Term Employee Benefits – Compensated Absences

The Company provided for encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment / availment. The Company makes provisions for compensated absences based on an independent actuarial valuation carried out at each reporting date, using Projected Unit Cost Method. Actuarial gains and losses are recognized in the Statement of Profit and Loss.

## 1.15 Revenue Recognition

The Company recognizes revenue when the amount of revenue can be reliably measured and it is fairly certain that it will be realized.

### Sale of Goods

Sales are accounted on passing of risks, rewards and control of ownership attached to the goods to external customers. Gross sales measured at the fair value of the consideration received or receivable including Excise duty but excluding Value Added Tax (VAT) and Goods and Service Tax (GST) and are net of returns and discounts.

### Dividend Income

Dividend income is recognized when the right to receive is established and there is a reasonable certainty of its collection.

### Export benefit

Benefits on account of entitlement to import duty-free raw materials under the Advance Authorization Scheme is measured at fair value and accounted for in the year of export and included under the head "Other Operating Income."

### Interest Income

Interest income is recognized using the effective interest rate method. The effective interest rate is the rate that exactly

discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instruments (for example, prepayment, extension, call and similar options) but does not consider the expected credit loss.

#### **Insurance Income**

Income in respect of insurance claims recognized on acceptance basis or when there is reasonable certainty that the ultimate collection will be made.

#### **Others**

Income in respect of other claims and commissions are measured at fair value and recognised when there is reasonable certainty that the ultimate collection will be made.

### **1.16 Taxes on income**

Income Tax expenses comprise current tax expenses and the net change in the deferred tax asset or liabilities during the year. Current and Deferred tax are recognized in Statement of Profit and Loss, except when they relate to items that are recognized in Other Comprehensive Income or directly in equity, in which case, the current and deferred tax are also recognized in Other Comprehensive Income or directly in equity respectively.

#### **Current Tax**

The Company provides current tax based on the provisions of the Income Tax Act, 1961 applicable to the Company.

#### **Deferred Tax**

Deferred tax is recognised using the Balance Sheet approach. Deferred tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount.

Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### **1.17 Earnings per share**

Basic earnings per share are calculated by dividing the profit after tax or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. In case there are any dilutive securities during the period presented, the impact of the same is given to arrive at diluted earnings per share.

### **1.18 Segment Reporting**

The operating segments have been identified on the basis of nature of products and same are accordingly evaluated by the Manager and Board of Directors. Company's primary operating segment is Styrenics business which accounts for over 96% of total business. Company also operates in masterbatches and compounds of other Polymers, and miscellaneous others. This activity shares manufacturing assets and facilities with compounds/ masterbatches/ coloured products of Styrenics, have similar pattern, customer profile and distribution channels as of compounds/ masterbatches/ coloured products of Syrenics and does not have separately identifiable discreet financial information. Masterbatches and Compounds of other Polymers have therefore been aggregated with Styrenics business. Masterbatches and Compounds of other Polymers and miscellaneous others account for less than 4% of total business and are individually below threshold of total sale revenue specified in Ind AS 108, Para 13. Company accordingly reports its financials under one segment 'Styrenics and allied products'.

**1.19 Leases**

Determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset(s) or the arrangement conveys right to use the asset, even if that right is not explicitly specified in an arrangement.

Leases where the lessor effectively retains substantially all the rights and benefits of ownership of the leased assets are classified as operating leases. Lease payments under operating leases are recognised as an expense in the Statement of Profit and Loss on a straight line basis.

**1.20 Foreign exchange transactions**

Foreign currency transactions are accounted for at the exchange rate prevailing on the date of the transaction. All monetary foreign currency assets and liabilities are converted at the exchange rates prevailing at the reporting date. All exchange differences arising on translation of monetary items are dealt with in the Statement of Profit and Loss.

**1.21 Deemed cost for Property, Plant and Equipment, Investment Property and Intangible Assets**

The Company has elected to continue with the carrying value of all of its plant and equipment, investment property, and intangible assets recognised as of 1st July, 2015 measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

### NOTE: 2

#### Property Plant and Equipment

(₹ in Lakhs)

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
Particulars	As at April 01, 2016	Additions	Disposal	As at March 31, 2017	Upto April 01, 2016	Provided / Adjustments	Disposal	Upto March 31, 2017	As at March 31, 2017	As at March 31, 2016
<b>Own Assets</b>										
Land (Freehold)	3,539.43	–	–	<b>3,539.43</b>	–	–	–	–	<b>3,539.43</b>	3,539.43
Buildings	10,722.43	604.33	–	<b>11,326.76</b>	366.91	480.72	–	<b>847.63</b>	<b>10,479.13</b>	10,355.52
Plant and Machinery	20,144.65	1,837.31	24.38	<b>21,957.58</b>	1,219.40	1,583.33	4.29	<b>2,798.44</b>	<b>19,159.14</b>	18,925.25
Office equipments	34.95	7.29	0.82	<b>41.42</b>	12.54	10.09	0.39	<b>22.24</b>	<b>19.18</b>	22.41
Computers	173.39	33.38	0.45	<b>206.32</b>	30.66	44.18	–	<b>74.84</b>	<b>131.48</b>	142.73
Air-conditioners	23.87	1.94	0.05	<b>25.76</b>	5.62	5.80	–	<b>11.42</b>	<b>14.34</b>	18.25
Vehicles	88.45	103.05	8.26	<b>183.24</b>	15.31	24.21	5.06	<b>34.46</b>	<b>148.78</b>	73.15
Furniture and Fixtures	65.16	1.13	–	<b>66.29</b>	9.48	10.30	–	<b>19.78</b>	<b>46.51</b>	55.68
<b>TOTAL</b>	<b>34,792.33</b>	<b>2,588.43</b>	<b>33.96</b>	<b>37,346.80</b>	<b>1,659.92</b>	<b>2,158.63</b>	<b>9.74</b>	<b>3,808.81</b>	<b>33,537.99</b>	<b>33,132.42</b>

#### Property Plant and Equipment

(₹ in Lakhs)

	GROSS BLOCK*				DEPRECIATION				NET BLOCK	
Particulars	As at April 01, 2017	Additions	Disposal	As at March 31, 2018	Upto April 01, 2017	Provided / Adjustments	Disposal	Upto March 31, 2018	As at March 31, 2018	As at March 31, 2017
<b>Own Assets</b>										
Land (Freehold)	3,539.43	231.75	–	<b>3,771.18</b>	–	–	–	–	<b>3,771.18</b>	3,539.43
Buildings	11,326.76	13.30	23.96	<b>11,316.10</b>	847.63	475.19	1.40	<b>1,321.42</b>	<b>9,994.68</b>	10,479.13
Plant and Machinery	21,957.58	1,270.23	6.40	<b>23,221.41</b>	2,798.44	1,431.92	2.92	<b>4,227.44</b>	<b>18,993.97</b>	19,159.14
Office equipments	41.42	6.21	0.06	<b>47.57</b>	22.24	4.94	–	<b>27.18</b>	<b>20.39</b>	19.18
Computers	206.32	101.82	0.06	<b>308.08</b>	74.84	54.83	–	<b>129.67</b>	<b>178.41</b>	131.48
Air-conditioners	25.76	3.94	0.52	<b>29.18</b>	11.42	5.48	0.35	<b>16.55</b>	<b>12.63</b>	14.34
Vehicles	183.24	43.82	20.52	<b>206.54</b>	34.46	25.95	9.75	<b>50.66</b>	<b>155.88</b>	148.78
Furniture and Fixtures	66.29	65.35	–	<b>131.64</b>	19.78	14.97	–	<b>34.75</b>	<b>96.89</b>	46.51
<b>TOTAL</b>	<b>37,346.80</b>	<b>1,736.42</b>	<b>51.52</b>	<b>39,031.70</b>	<b>3,808.81</b>	<b>2,013.28</b>	<b>14.42</b>	<b>5,807.67</b>	<b>33,224.03</b>	<b>33,537.99</b>

#### Note :

2.1. Buildings include ₹ 259.62 lakhs (previous year ₹ 283.58 lakhs) being cost of premises including cost of Shares of the face value of ₹ 0.03 lakhs (Previous year ₹ 0.04 lakhs) in Co-operative Societies.

2.2. The Company has elected to value its Property, Plant and Equipment at historical cost as per IGAAP

\* On historical cost basis the gross block as on March 31, 2018 is ₹ 71,538.25 lacs





**NOTE: 3**

**Other Intangible Assets**

(₹ in Lakhs)

Particulars	GROSS BLOCK				AMORTISATION				NET BLOCK	
	As at April 01, 2016	Additions	Disposal	As at March 31, 2017	Upto April 01, 2016	Provided / Adjustments	Disposal	Upto March 31, 2017	As at March 31, 2017	As at March 31, 2016
Computer software	190.45	57.17	–	247.62	44.09	63.20	–	107.29	140.33	146.36
<b>TOTAL</b>	190.45	57.17	–	247.62	44.09	63.20	–	107.29	140.33	146.36

**Other Intangible Assets**

(₹ in Lakhs)

Particulars	*GROSS BLOCK				AMORTISATION				NET BLOCK	
	As at April 01, 2017	Additions	Disposal	As at March 31, 2018	Upto April 01, 2017	Provided / Adjustments	Disposal	Upto March 31, 2018	As at March 31, 2018	As at March 31, 2017
Computer software	247.62	37.52	–	285.14	107.29	61.40	–	168.69	116.45	140.33
<b>TOTAL</b>	247.62	37.52	–	285.14	107.29	61.40	–	168.69	116.45	140.33

\* On historical cost bases the gross block as on March 31, 2018 is ₹ 610.41 Lacs

Range of remaining period of amortisation of intangible assets as on March 31, 2018 is as below:

	0 to 2 Years	3 to 5 Years	6 to 10 Years	Total WDV
Computer Software	26.42	82.12	7.91	116.45

(₹ in Lakhs)

	As at 31-03-2018	As at 31-03-2017
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**NOTE: 4**

**Loans - Non current**

**Unsecured, Considered Good**

Loans to staff

133.56

93.06

133.56

93.06

The above includes

Loans to other officers of the Company

21.89

31.45

21.89

31.45

**NOTE: 5**

**Other Non-Current Financial Assets**

Security deposit other than utility services

345.85

345.81

345.85

345.81

**NOTE: 6**

**Other non Current Assets**

**Capital advance**

Capital advance

664.16

201.73

**Other than Capital advance**

Deposits with statutory authorities

85.63

78.42

Balance due from MIDC

129.39

129.39

Security deposit - utility services

39.97

29.89

Advance rent

1.18

0.22

920.33

439.65

(₹ in Lakhs)

	As at 31-03-2018	As at 31-03-2017
<b>NOTE: 7</b>		
<b>Inventories</b>		
Raw materials and packing materials	13,360.12	13,260.56
Stock-in-process	231.55	125.28
Finished goods	14,820.85	14,389.50
Finished goods in transit	1,280.85	1,090.53
Stores and spares	1,562.13	1,604.42
Fuel	30.44	115.43
	<b>31,285.94</b>	<b>30,585.72</b>

**Note :**

7.1. The cost of inventories recognised as an expense includes ₹ Nil Lakhs (Previous year- ₹ 190.20 Lakhs) in respect of write-downs of inventory to net realisable value.

7.2. The Company does not have any stock which is expected to be sold in more than twelve months.

**NOTE: 8****Investment in Liquid Scheme of Mutual Funds - Measured at FVTPL**

Aditya Birla Sun Life Cash Plus-Daily Dividend -Regular Plan	4,026.52	—
DSP Black Rock Liquidity Fund-Regular Plan-Daily Dividend	4,031.57	—
IDFC Cash Fund-Daily Dividend-Regular Plan	3,002.17	—
	<b>11,060.26</b>	<b>—</b>

**NOTE: 9****Trade Receivables**

(Unsecured-Considered good)

Trade receivables	30,305.07	30,981.30
Less : Provision for doubtful debts	675.44	118.67
Less : Allowance for expected credit loss	103.24	123.74
	<b>29,526.39</b>	<b>30,738.89</b>

**Note :**

9.1. The entity has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. Receivables supported by Dealer / Distributor agreements, letters of credit or other form of additional comfort are excluded. The expected credit loss allowance is based on the ageing of the days the receivables are due and recognises impairment loss allowance based on lifetime ECL's (Expected Credit Loss) at each reporting date, right from its initial recognition. The provision matrix at the end of the reporting period is as follows :

(₹ in Lakhs)

Particulars	As at 31-03-2018	As at 31-03-2017
Total Receivable	30,305.07	30,981.30
Trade Receivables not considered for ECL	22,254.07	20,438.30
Others considered for ECL	8,051	10,543



(₹ in Lakhs)

Particulars	As at 31-03-2018	As at 31-03-2017
<b>Ageing</b>		
Not Due	7,242	8,976
0-90 days overdue	560	1,033
91-180 over due	42	433
181-270 over due	20	2
271-365 over due	130	5
366- 451 over due	29	3
451- 540 over due	0.07	4
541- 630 over due	0.39	50
> 631 days *	27	37
<b>Movement in the expected credit loss allowance</b>		
Balance at beginning of the year	123.74	14.05
Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	(20.50)	109.69
Balance at end of the year	103.24	123.74

The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

\*Includes

- (i) a sum of ₹ 21.12 lakhs (previous year ₹ 26.25 lakhs), where Company has won the legal case and the party has gone in for appeal to the high court

(₹ in Lakhs)

	As at 31-03-2018	As at 31-03-2017
<b>NOTE: 10</b>		
<b>Cash and Cash Equivalents</b>		
Balances with banks		
– In Current accounts	3981.93	8,804.43
– Deposits with original maturity less than 3 Months	8100.59	–
Cheques on hand	235.31	513.47
Cash on hand	9.11	8.23
	12,326.94	9,326.13
<b>NOTE: 11</b>		
<b>Other Balances with Banks</b>		
Margin money deposits with banks	88.86	103.65
Earmarked balances with banks(unpaid dividend)	423.11	348.92
	511.97	452.57

11.1 There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund as on March 31, 2018.

(₹ in Lakhs)

	As at 31-03-2018	As at 31-03-2017
<b>NOTE: 12</b>		
<b>Loans - Current</b>		
(Unsecured-Considered Good)		
Loans and advances to employees	70.63	50.42
	<b>70.63</b>	50.42
<b>The above includes</b>		
Loans to other officers of the Company	9.56	14.55
	<b>9.56</b>	14.55
<b>NOTE: 13</b>		
<b>Other Current Financial Assets</b>		
Insurance claim receivable	237.00	151.76
Derivatives asset	18.41	23.60
Interest receivable	15.46	44.16
Other benefits receivable	—	384.70
	<b>270.87</b>	604.22
<b>NOTE: 14</b>		
<b>Other Current Assets</b>		
Advance license,DEPB benefits and others	850.29	1,139.73
Prepaid expenses	493.46	449.97
Advance recoverable in cash or in kind	474.37	2.83
Deposits with statutory authorities	87.84	82.20
Balances with statutory authorities	3,911.05	2,568.25
Receivable from statutory authorities	2,773.85	—
Advance rent	0.09	3.20
	<b>8,590.95</b>	4,246.18
<b>NOTE: 15</b>		
<b>Share Capital</b>		
<b>Authorised</b>		
125,000,000 (Previous Year 125,000,000) Equity Shares of ₹ 10 each	12,500.00	12,500.00
25,000,000 (Previous Year 25,000,000) Redeemable Cumulative Preference Shares of ₹ 10 each	2,500.00	2,500.00
	<b>15,000.00</b>	15,000.00
<b>Issued, Subscribed And Paid Up</b>		
96,501,958 (Previous Year 96,501,958) Equity Shares of ₹ 10 each	9,650.20	9,650.20
	<b>9,650.20</b>	9,650.20

15.1. In the financial year 2008-2009, the Company bought back and extinguished 1537907 equity shares from which has reduced the paid-up share capital of the Company from ₹ 9837.65 lakhs to ₹ 9683.86 lakhs.

15.2. In the financial year 2013-2014, the Company bought back and extinguished 336655 equity shares from which has reduced the paid-up share capital of the Company from ₹ 9683.86 lakhs to ₹ 9650.20 lakhs.



## 15.3. The details of Shareholders holding more than 5% Shares :

Name of the Shareholder	As at 31-03-2018		As at 31-03-2017	
	No. of Shares	% held	No. of Shares	% held
The Supreme Industries Limited	28936400	29.99	28936400	29.99
R. Raheja Investments Private Limited	28936400	29.99	28936400	29.99

## 15.4. The reconciliation of the number of shares outstanding is set out below :

Particulars	As At 31-03-2018		As At 31-03-2017	
	No. of Shares		No. of Shares	
Equity Shares at the beginning of the year	96501958		96501958	
Equity Shares at the end of the year	96501958		96501958	

## 15.5. The Company has only one class of shares referred to as equity shares having a par value ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share. The holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts in the event of liquidation of the Company. The distribution will be in proportion to the number of equity shares held by the shareholders.

## 15.6. Dividend

The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except in case of interim dividend. The remittance of dividends outside India is governed by Indian law on foreign exchange and is subject to applicable distribution taxes.

In the Board meeting held on October 26, 2017, the board declared an amount of ₹1 per equity shares as a interim dividend which was distributed to equity shares holder. The amount of interim dividend distributed to equity shares holder was ₹1161.47 lakhs including corporate tax.

The Board of Directors, in their meeting on April 24, 2018, have proposed a final dividend of ₹ 3.50/- per equity share (Previous year ₹ 3.50/- per equity share) for the financial year ended March 31, 2018. The proposal is subject to the approval of shareholders at the Annual General Meeting to be held on July 18, 2018 and if approved would result in a cash outflow of approximately ₹ 4072.00 lakhs (previous year ₹ 4065.20 lakhs) (we dont have any treasury shares), including corporate dividend tax.

	(₹ in Lakhs)	
	As at 31-03-2018	As at 31-03-2017
<b>NOTE: 16</b>		
<b>Reserves &amp; Surplus</b>		
Capital reserves	1,563.46	1,563.46
General reserves	44,258.12	37,258.12
Retained earnings	9,231.10	9,845.71
Other comprehensive income - remeasurement of defined benefit plans	(143.80)	(107.46)
	<b>54,908.88</b>	<b>48,559.83</b>
<b>NOTE: 17</b>		
<b>Provisions - Non Current</b>		
Provision for leave encashment	186.66	193.85
Provision for gratuity	2.60	73.05
	<b>189.26</b>	<b>266.90</b>
<b>NOTE: 18</b>		
<b>Other Non-current Financial Liabilities</b>		
Security deposits from distributors	307.99	263.25
	<b>307.99</b>	<b>263.25</b>

**NOTE: 19****A. Movement In Deferred Tax Balances**

(₹ in Lakhs)

Particulars				March 31, 2018		
	Net balance April 1, 2017	Recognised in profit or (loss)	Recognised in OCI	Net	Deferred tax asset	Deferred tax liability
Property, plant and equipment and intangible assets	(5,079.63)	(222.26)	–	(5,301.89)	–	(5,301.89)
Inventories	42.22	(42.22)	–	–	–	–
Employee benefits	167.82	(29.15)	19.52	158.19	158.19	–
Trade receivables	83.89	186.19	–	270.08	270.08	–
Other items	(1.24)	0.86	–	(0.38)	–	(0.38)
<b>Deferred tax assets/(liabilities)</b>	<b>(4,786.94)</b>	<b>(106.58)</b>	<b>19.52</b>	<b>(4,874.00)</b>	<b>428.27</b>	<b>(5,302.27)</b>
Particulars				March 31, 2017		
	Net balance April 1, 2016	Recognised in profit or (loss)	Recognised in OCI	Net	Deferred tax asset	Deferred tax liability
Property, plant and equipment and intangible assets	(4,996.30)	(83.33)	–	(5,079.63)	–	(5,079.63)
Inventories	–	42.22	–	42.22	42.22	–
Employee benefits	192.38	(47.04)	22.48	167.82	167.82	–
Trade receivables	4.86	79.03	–	83.89	83.89	–
Other items	2.70	(3.94)	–	(1.24)	–	(1.24)
<b>Deferred tax assets/(Liabilities)</b>	<b>(4,796.36)</b>	<b>(13.06)</b>	<b>22.48</b>	<b>(4,786.94)</b>	<b>293.93</b>	<b>(5,080.87)</b>

(₹ in Lakhs)

	2017-2018	2016-2017
<b>B. Income tax related to items charged or credited directly to profit or loss during the year</b>		
<b>Statement of profit or loss</b>		
Current Income tax	<b>6,175.00</b>	9,830.55
Relating to amount payable towards time difference for advance tax payment/ temporary differences	<b>(36.85)</b>	(213.94)
	<b>6,138.15</b>	9,616.61
	<b>For the year ended March 31, 2018</b>	For the year ended March 31, 2017
<b>C. Reconciliation of effective tax rate</b>		
Profit before tax	<b>17,893.64</b>	27,784.84
Applicable tax rate %	<b>34.608%</b>	34.608%
Income tax expenses	<b>6,192.63</b>	9,615.78
Effect of income that is exempt from taxation	<b>(140.26)</b>	(99.20)
Effect of expenses as that is non-deductible in determining taxable profit	<b>110.87</b>	70.77
Temporary changes in recognised deductible differences	<b>(25.09)</b>	29.26
	<b>6,138.15</b>	9,616.61





(₹ in Lakhs)

	As at 31-03-2018	As at 31-03-2017
<b>NOTE: 20</b>		
<b>Trade Payables</b>		
Total outstanding dues of micro enterprises and small enterprises	—	—
Total outstanding dues of trade payable and acceptance other than micro enterprises and small enterprises	57,262.83	43,182.18
	<u>57,262.83</u>	<u>43,182.18</u>
<b>NOTE: 21</b>		
<b>Other Current Financial Liabilities</b>		
Salary and other benefit payable	42.11	24.29
Derivatives liability	46.28	13.90
Unclaimed dividend	423.11	348.92
Others	686.97	1,354.58
	<u>1,198.47</u>	<u>1,741.69</u>
<b>NOTE: 22</b>		
<b>Other Current Liabilities</b>		
Statutory dues	194.85	2,499.48
Employee and contractor deduction	43.09	35.08
Advances from customers	572.12	608.59
	<u>810.06</u>	<u>3,143.15</u>
<b>NOTE: 23</b>		
<b>Current Provisions</b>		
<b>Employee Benefit</b>		
Provision for leave encashment	81.94	79.51
Provision for gratuity	110.60	94.93
	<u>192.54</u>	<u>174.44</u>

(₹ in Lakhs)

	2017-2018	2016-2017
<b>NOTE: 24</b>		
<b>Revenue From Operations</b>		
Gross Sale (refer note.37)	308,023.28	319,630.24
Other Operating Income		
Export benefit	1,991.83	1,671.31
Scrap sales	396.58	328.19
	<u>2,388.41</u>	<u>1,999.50</u>
<b>Revenue from operations (Gross)</b>	<u>310,411.69</u>	<u>321,629.74</u>
<b>NOTE: 25</b>		
<b>Other Income</b>		
<b>Interest Income</b>		
Interest received on trade receivables	93.96	135.57
Interest received on bank fixed deposits	13.40	9.46
Interest received others	119.41	163.62
Unwinding Interest	20.77	71.21
	<u>247.54</u>	<u>379.86</u>
<b>Other Non-operating income</b>		
Dividend (gross)	379.03	280.26
Miscellaneous income	106.01	89.07
	<u>485.04</u>	<u>369.33</u>
<b>Others Gains</b>		
Gain on sale of fixed assets (net)	48.93	—
Allowance for expected credit loss	20.50	—
	<u>69.43</u>	<u>—</u>
	<u>802.01</u>	<u>749.19</u>
<b>NOTE: 26</b>		
<b>Cost of Materials Consumed</b>		
Consumption Raw materials (including packing materials)	<u>183,491.97</u>	<u>182,961.42</u>
<b>NOTE: 27</b>		
<b>Purchases Of Stock-In-Trade</b>		
Petrochemicals	78,074.57	67,254.09
Others	1,028.46	2.25
	<u>79,103.03</u>	<u>67,256.34</u>
<b>NOTE: 28</b>		
<b>Changes In Inventories Of Finished Goods And Stock-In-Process</b>		
<b>Inventories (at commencement)</b>		
Finished goods	15,480.03	6,627.42
Stock-in-process	125.28	109.55
	<u>15,605.31</u>	<u>6,736.97</u>



(₹ in Lakhs)

	2017-2018	2016-2017
<b>Inventories (at close)</b>		
Finished goods	16,101.70	15,480.03
Stock-in-process	231.55	125.28
	16,333.25	15,605.31
	(727.94)	(8,868.34)

## NOTE: 29

### Employee Benefit Expenses

Salaries and wages	3,439.86	3,032.33
Contribution to provident and other funds	217.34	219.53
Contribution to gratuity and leave encashment	104.10	107.39
Staff welfare expenses	188.85	171.43
	3,950.15	3,530.68

## NOTE: 30

### Finance Cost

#### Interest

Interest on short term loans	—	13.67
Interest others	378.11	349.68

#### Others

Processing fees paid to banks	82.28	106.79
	460.39	470.14

## NOTE: 31

### Depreciation And Amortisation Expenses

Depreciation	2,013.28	2,158.63
Amortisation	61.40	63.20
	2,074.68	2,221.83

## NOTE: 32

### Other Expenses

Consumption of stores and spares	1,043.84	1,006.16
Power	3,183.36	2,811.79
Fuel	851.47	847.75
Repairs to building	175.14	69.60
Repairs to machinery	349.35	348.75
Repairs to others	434.13	401.82
Commission on sales	689.98	811.75
Carriage outward	5,357.99	5,463.10
Bad debts written-off	67.16	—
Provision for doubtful debts	556.77	118.67
Allowance for expected credit loss	—	109.68

	(₹ in Lakhs)	
	2017-2018	2016-2017
Rent, rates and taxes	403.79	406.64
Directors' fees	29.93	25.48
Insurance	495.60	417.64
Loss on sale/scraping of fixed assets (net)	—	19.02
Auditors remuneration	31.40	37.92
Legal & Professional fees	292.57	285.42
Travelling & Conveyance	320.28	353.03
Advertisement, Publicity & Business Promotion	22.21	14.42
Corporate social responsibility expenses	185.75	16.64
Royalty	206.33	221.88
Packing & Forwarding expenses	162.96	145.76
Miscellaneous expenditure	1,345.65	1,414.36
Increase/(Decrease) in Excise Duty on closing stock	—	1,454.04
Net loss on foreign currency transaction and translation (Other than considered as financial cost)	1,010.94	452.70
	<b>17,216.60</b>	<b>17,254.02</b>
<b>Payment to Auditors</b>		
For audit fees	16.50	16.50
for taxation matters	9.80	11.52
For other services	1.35	4.61
For Limited review	3.75	5.29
	<b>31.40</b>	<b>37.92</b>

	(₹ in Lakhs)	
	2017-2018	2016-2017
<b>NOTE: 33</b>		
As per Ind AS 19 "Employee Benefits", the disclosures as defined in the Accounting Standard are given below		
<b>A. Gratuity</b>		
<b>I. Assumptions</b>		
Discount Rate (Current)	7.73%	7.39%
Rate of return on Plan Assets Current Year	7.73%	7.39%
<b>II. Changes in the defined benefit obligation :</b>		
Liability at the beginning of the year	810.26	668.52
Interest cost	59.88	53.75
Current Service cost	36.54	29.95
Benefits paid	(19.32)	(17.75)
Actuarial (gains)/ losses on obligations due to change in demographic assumption	—	—
Actuarial (gains)/ losses on obligations due to change in financial assumption	(14.71)	24.31
Actuarial (gains)/ losses on obligations due to experience	75.75	51.48
Liability at the end of the year (a)	948.40	810.26
<b>III. Changes in the fair value of plan assets :</b>		
Fair value of plan assets at the beginning of the year	642.28	560.87
Expected return on plan assets	47.46	45.09



(₹ in Lakhs)

	2017-2018	2016-2017
Employer's contributions	159.59	43.23
Actuarial (gains)/ losses on plan assets	—	—
Benefits paid	(19.31)	(17.75)
Return on plan assets, excluding interest income	5.18	10.84
Fair value of plan assets at the end of the year (b)	835.20	642.28
<b>IV. Balance Liability (a-b)</b>	<b>113.19</b>	<b>167.98</b>
<b>V. Actual Return on plan Assets :</b>		
Expected return on plan assets	47.46	45.09
Remesurement gains / (losses) on plan assets	5.18	10.84
Actual return on plan assets	52.64	55.93
<b>VI. Expenses Recognised in Statement of Profit and Loss :</b>		
Current Service Cost	36.54	29.95
Interest Cost	12.41	8.66
Expenses recognized in Profit & Loss	48.95	38.61
<b>VII. Expenses Recognised in the Other Comprehensive Income (OCI) :</b>		
Actuarial gains / (losses) on obligation for the period	61.04	75.79
Return on plan assets, excluding interest income	(5.18)	(10.84)
Expenses recognized in Other Comprehensive Income (OCI)	55.86	64.95
<b>VIII. The Categories of plan assets as a percentage of total plan are as follows :</b>		
Insurer managed funds	100%	100%

Amounts for the current and previous four periods are as follows :

(₹ in Lakhs)

Particulars	2018	2017	2016	2015	2014
Defined benefit obligation	948.40	810.26	668.51	528.03	371.48
Plan assets	835.20	642.28	560.87	501.64	450.17
(Surplus) / deficit	113.20	167.98	107.64	26.39	(78.69)
Experience adjustments on plan liabilities	75.75	51.48	32.15	97.50	39.75
Remesurement gain/(loss) on plan assets	5.18	10.84	0.75	(8.51)	(2.12)

## 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 158 of the Ind AS 19.

## C. Provident Fund

The provident fund contribution is made to a trust administered by the Company. In terms of the guidance note issued by the Institute of Actuaries of India, the actuary has provided a valuation of provident fund liability based on assumptions listed below and determined that there is no shortfall as at 31st March, 2018.

The assumptions used in determining the present value of obligation of interest rate guarantee under deterministic approach are :

Average holding period of assets	5 Years
Guaranteed rate	8.65%

**NOTE: 34****Financial Instruments : Accounting classifications, Fair value measurements****March 31, 2018**

(₹ in Lakhs)

Particulars	Carrying Value	Classification			Fair Value		
		FVTPL	FVTOCI	Amortised Cost	Level 1	Level 2	Level 3
<b>Financial assets</b>							
Trade receivables	29,526.39	—	—	29,526.39	—	—	—
Loans and Advances							
Security deposits	345.85	—	—	345.85	—	—	345.85
Loans to employees	204.19	—	—	204.19	—	—	204.19
Derivative assets	18.41	18.41	—	—	18.41	—	—
Investments	11,060.26	11,060.26	—	—	11,060.26	—	—
Cash on hand	9.11	—	—	9.11	—	—	—
Bank Balances & cheques on hand	12,317.82	—	—	12,317.82	—	—	—
Other Bank Balance	511.97	—	—	511.97	—	—	—
Other Financial assets	252.46	—	—	252.46	—	—	—
	<b>54,246.46</b>	<b>11,078.67</b>	<b>—</b>	<b>43,167.79</b>	<b>11,078.67</b>	<b>—</b>	<b>550.04</b>
	Carrying Value	Classification			Fair Value		
		FVTPL	Amortised Cost		Level 1	Level 2	Level 3
<b>Financial Liabilities</b>							
Trade payables	57,262.83	—	—	57,262.83	—	—	—
Other financial liabilities							
Security deposits	307.99	—	—	307.99	—	—	307.99
Derivative liability	46.28	46.28	—	—	46.28	—	—
Other financial Liability	1,152.18	—	—	1,152.18	—	—	—
	<b>58,769.28</b>	<b>46.28</b>	<b>—</b>	<b>58,723.00</b>	<b>46.28</b>	<b>—</b>	<b>307.99</b>

**March 31, 2017**

(₹ in Lakhs)

Particulars	Carrying Value	Classification			Fair Value		
		FVTPL	FVTOCI	Amortised Cost	Level 1	Level 2	Level 3
<b>Financial assets</b>							
Trade receivables	30,738.89	—	—	30,738.89	—	—	—
Loans and Advances							
Security deposits	345.81	—	—	345.81	—	—	345.81
Loans to employees	143.48	—	—	143.48	—	—	143.48
Advance to PF Trust	—	—	—	—	—	—	—
Derivative assets	23.60	23.60	—	—	23.60	—	—
Investments	—	—	—	—	—	—	—
Cash on hand	8.23	—	—	8.23	—	—	—
Bank Balances & cheques on hand	9,317.90	—	—	9,317.90	—	—	—
Other Bank Balance	452.57	—	—	452.57	—	—	—
Other Financial assets	580.62	—	—	580.62	—	—	—
	<b>41,611.10</b>	<b>23.60</b>	<b>—</b>	<b>41,587.50</b>	<b>23.60</b>	<b>—</b>	<b>489.29</b>
	Carrying Value	Classification			Fair Value		
		FVTPL	Amortised Cost		Level 1	Level 2	Level 3
<b>Financial Liabilities</b>							
Trade payables	43,182.18	—	—	43,182.18	—	—	—
Other financial liabilities							
Security deposits	263.25	—	—	263.25	—	—	263.25
Derivative liability	13.90	13.90	—	—	13.90	—	—
Other financial liability	1,727.79	—	—	1,727.79	—	—	—
	<b>45,187.12</b>	<b>13.90</b>	<b>—</b>	<b>45,173.22</b>	<b>13.90</b>	<b>—</b>	<b>263.25</b>





## Sensitivity Analysis

### 1. Change in Foreign Exchange

(₹ in Lakhs)

Effect in INR	Impact on profit or (loss) due to % increase / Decrease in currency			
	Increase	Decrease	Increase	Decrease
	31 March 2018		31 March 2017	
1% Increase / decrease in USD	164.87	(164.87)	(198.71)	198.71
1% Increase / decrease in EURO	(1.79)	1.79	0.25	(0.25)
1% Increase / decrease in GBP	–	–	0.01	(0.01)
1% Increase / decrease in SGD	–	–	#	#

# represents amounts less than ₹ 5000

The above table show sensitivity of open forex exposure to USD/INR movement. We have considered 1% (+/-) change in the currency movement, increase indicates appreciation whereas decrease indicates depreciation in the currency rates. The movement does not reflect management forecast on currency movement.

### 2. Change in Interest rate

The Company being a debt free Company is not exposed to Interest rate risks.

## NOTE: 35

### Financial Risk management

The Company's activities expose it to variety of financial risks viz. commodity price risk, credit risk, liquidity risk, capital risk and foreign currency risk. These risks are managed by the senior management of the Company supervised by the Board of Directors to minimise potential adverse effects on the financial performance of the Company.

### Commodity Risk:

International pricing and demand/ supply risk are inherent in the import of styrene monomer, the main raw material. The Company enters into procurement contracts for import of styrene monomer on annual basis. The contracts specify the quantity and attributes for arriving at monthly pricing. However, a part of the requirement is sourced on spot basis so as to float with fluctuations in the market and to guard against price volatility. The Company has also linked part of its sales to raw material prices so that the Company has adequate cushion to protect its margin in the event of any increase/decrease in raw material costs.

The ban on plastic products and thermocol by Government of Maharashtra targets primarily the disposable products such as cups, plates, cutlery, usage for decorative purposes. The presence of PS, EPS and other products of SPL are minimal in this category. The risk of adverse effect of the ban on business or financial performance is not material.

### Credit Risk:

Credit risk from cash and cash equivalents, derivative financial instruments and bank deposits is considered immaterial in view of the creditworthiness of the banks the Company works with. The Company has specific policies for managing customer credit risk on an ongoing basis; these policies factor in the customer's financial position, past experience and other customer specific factors.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the company. The Company makes provision for doubtful debt or write off when a debtor fails to make contractual payments greater than two years past due. When loans or receivables have either been provided for or written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. When recoveries are made, these are recognised in Statement of Profit and Loss.

### Liquidity Risk:

The Company needs to ensure that at all times, it meets its payment obligations on time. The table below summarises the Company's liquidity position and its preparedness for likely variations in the liquidity:

(₹ in Lakhs)

Particulars	March 31, 2018	March 31, 2017
Cash, Cash equivalents & bank balances (note: 10)	12,326.93	9,326.13
Investments in liquid scheme of mutual funds (note:8)	11,060.26	–
Undrawn fund based credit facilities from banks	25,100.00	23,500.00
Liquidity buffer	48,487.19	32,826.13
Bank & other borrowings	–	–

The Company is debt free and has, adequate liquidity as detailed above, to meet any exigencies. In addition to the undrawn fund based credit limits, the Company also has recourse to discount trade receivables backed by letters of credit. These measures are considered by the management adequate to ensure that the Company is not exposed to any liquidity risk.

### Capital Risk Management:

The Company's Capital Risk management policy objective is to ensure that at all times, it remains a going concern and safeguard interests of its shareholders and other stakeholders.

(₹ in Lakhs)

Particulars	March 31, 2018	March 31, 2017
Net Financial Debt	—	—
Total Equity	64,559.08	58,210.03
Total Capital Employed	69,433.08	62,996.97
Gearing Ratio	—	—

The Company's total owned funds of ₹ 64,559.07 lakhs with zero debt is considered adequate by the management to meet its business interest and any capital risk it may face in future.

### Foreign Currency risk:

The Company is debt free and hence faces no foreign currency risk on account of debt outstanding. However the Company depends entirely on imports for its requirement of styrene monomer and other raw materials. It also exports its products in significant quantities. All the transactions are exposed to fluctuation in the external value of rupee largely against US dollar. Exposure to other currencies is minimal.

Particulars	March 31, 2018		March 31, 2017	
	Foreign Currency	₹ in Lakhs	Foreign Currency	₹ in Lakhs
<b>Financial Assets</b>				
Receivables in				
US Dollars	33,47,852.94	2,168.57	68,74,540	4,550.65
Euro	2,59,506.53	207.90	79,683	56.49
GBP	—	—	1,183	0.97
JPY	—	—	—	—
<b>Financial Liabilities</b>				
Payables in				
US Dollars	8,12,77,273.41	52,558.53	6,22,22,199	40,956.56
Euro	36,192.50	28.89	44,999	35.37
GBP	—	—	—	—
SGD	—	—	228	0.12
JPY	—	—	—	—
<b>Derivative Contracts</b>				
Forward/ Options Contracts for payables in USD	52,428,376	—	2,58,19,619	—
Forward Contracts for receivables in USD	—	—	4,90,012	—

To overcome these risks of cost and pricing due to foreign exchange volatility, the Company hedges part of open foreign exchange exposure relating to imports so as to lessen the impact of foreign exchange rate fluctuations if any in respect of import of raw materials. The Company also has a natural hedge to the extent of its exports and pricing its products locally on import parity basis. These measures are considered adequate by the management of the Company to safeguard from foreign exchange fluctuation risk. However foreign currency exchange rate being dynamic are monitored constantly to decide on proper response measure.


**NOTE: 36**

(₹ in Lakhs)

Particulars	March 31, 2018	March 31, 2017
<b>(1) Contingent liabilities</b>		
(A) Claims against the Company not acknowledged as debt; (matters pending in court/ arbitration. No cash outflow is expected in future).		
Disputed Excise/ Service Tax demand.	<b>1,735.93</b>	1,831.97
Disputed Sales Tax demand.	<b>32.70</b>	12.13
Disputed Income Tax liability (matters under appeal)	<b>23.03</b>	23.03
(B) Counter guarantees given to banks against guarantees issued by the banks.		
Other bank guarantees.	<b>394.95</b>	403.32
(C) Other money for which the Company is contingently liable		
Letter of Credit opened by Bankers' and outstanding at the year end.	<b>24,283.89</b>	11,104.88
Bills discounted but not matured.	<b>707.96</b>	318.54
<b>(2) Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for;	<b>471.84</b>	580.03

The management has estimated the provisions for pending litigation, claims and demands (including cases relating to direct and indirect taxes) on its assessment of probability for these demands crystallizing against the Company in due course. The difference between the amount demanded and provision made is disclosed as contingent liabilities.

**NOTE: 37**
**Impact of implementation of Goods and Services Tax (GST) on the financial statements**

In accordance with Ind AS 18 on "Revenue" and Schedule III to the Companies Act, 2013, Sales for the previous year ended March 31, 2017 and for the period April 1, 2017 to June 30, 2017 were reported gross of Excise Duty and net of Value Added Tax (VAT). Excise Duty was reported as a separate expense line item. Consequent to the introduction of Goods and Services Tax (GST) with effect from 1 July 2017, VAT, Excise Duty etc. have been subsumed into GST and accordingly the same is not recognised as part of sales as per the requirements of Ind AS 18. This has resulted in lower reported sales in the current year in comparison to the sales reported under the pre-GST structure of indirect taxes. With the change in structure of indirect taxes, expenses are also being reported net of taxes. Accordingly, Financial statements for the year ended March 31, 2018 and in particular, Sales, absolute expenses, elements of Working Capital (Inventories, Trade payable, other current assets/current liabilities etc.) and ratios in percentage of sales, are not comparable with the figures of the previous year.

In accordance with the requirement of Ind AS 18, sales for the year ended March 31, 2018 is net of Goods and Service Tax (GST) and inclusive of excise duty for the period April 2017 to June 2017. Sales for year ended March 31, 2017, however is inclusive of Excise duty. The sales figures for the year 2017 – 18 are strictly not relatable to the sales for the year 2016-17. The following additional information is being provided to make it comparable.

(₹ in Lakhs)

Particulars	2017-18	2016-17
Gross sales ( A )	<b>3,08,023.28</b>	3,19,630.24
Less : Excise duty ( B )	<b>7,751.18</b>	29,768.00
Sales excluding excise duty ( A- B)	<b>3,00,272.10</b>	2,89,862.24

**NOTE: 38**

Sales on Product group wise basis (Ind AS 108 Para 32)

(₹ in Lakhs)		
Description	2017-18	2016-17
Styrenics	2,96,616.42	3,08,073.58
Masterbatches, Compounds of other Polymers	6,123.03	4,674.54
Others	5,283.83	6,882.12
<b>Total</b>	<b>3,08,023.28</b>	<b>3,19,630.24</b>

Sales as per geographic areas (IND AS Para 33(a))

(₹ in Lakhs)		
Description	2017-18	2016-17
Within India	2,58,539.74	257,954.28
Outside India	49,483.54	61,675.96
<b>Total</b>	<b>3,08,023.28</b>	<b>3,19,630.24</b>

- Note: (i) Entire non-current assets are located in India.
- (ii) None of the Customers individually account for 10% or more sales.

**NOTE: 39**

**Ind AS 115- Revenue from Contract with Customers:** On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors.
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach) The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

The Company will adopt the standard on April 1, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

**NOTE: 40****Investments**

Investments in the Balance Sheet comprises of short term surplus funds invested in liquid schemes of Mutual Funds which are measured at fair value through Profit and Loss.

**NOTE: 41**

Working capital facilities (including letters of credit) from banks are secured by hypothecation of Company's stock and trade receivables and by second charge by way of mortgage of the Company's immoveable properties (including plant and machinery) situated at the Maharashtra & Tamil Nadu plants. Refer Note 7 for inventories, Note 8 for trade receivables and Note 2 for immovable properties.

**NOTE: 42**

The settlement of the loss/ damage to the assets at the EPS plant in Tamil Nadu due to floods in December 2015 is in progress. The Company had filed preliminary claim of ₹ 1092 lakhs. Final claim bill lodged by the Company is for ₹ 977 lakhs. The Company has till date received interim claim of ₹ 718 lakhs.



## NOTE: 43

Disclosure of transactions with Related Parties, as required by Ind AS 24 "Related Party Disclosures" is given below:

### a) Names of the related parties and description of relationship:

Sr. No.	Particulars	Name of the Party
1	Entities having significant influence	The Supreme Industries Ltd. R. Raheja Investments Pvt. Ltd.
2	Key Management Personnel	
A.	Non Executive Directors	Shri M. P. Taparia Shri Rajan B. Raheja Shri B. L. Taparia Shri S.J. Taparia Shri R. Kannan Shri M. S. Ramachandran Shri Nihalchand Chauhan Miss Ameeta Parpia Dr. S. Sivaram
B.	Others	
	Manager	Shri N. Gopal
	Chief Financial Officer	Shri Rakesh Nayyar
	Company Secretary	Shri Ravi V Kuddyady

### Related parties transactions

		(₹ in Lakhs)	
Sr. No.	Nature of transactions	2017-18	2016-17
1.	Entities having significant influence <b>The Supreme Industries Ltd.</b>		
A.	Sale of Goods (Net)	2,988.14	2,502.06
B.	Purchase of goods	116.27	814.28
C.	Reimbursement of expenses paid	—	0.14
D.	Balance receivable (Sales of goods)	214.14	145.25
E.	Balance payable (Purchase of goods)	—	1.14
2.	<b>R. Raheja Investments Pvt. Ltd.</b>	—	—
	* All Transactions are on commercial basis at market rates.		
3.	<b>Directors sitting fees</b>		
A.	Shri M. P. Taparia (Non-Executive-Promoter/ Chairperson)	2.50	2.00
B.	Shri Rajan B. Raheja (Non-Executive-Promoter)	2.50	2.00
C.	Shri B. L. Taparia (Non-Executive-Promoter)	2.50	2.00
D.	Shri S.J. Taparia (Non-Executive-Promoter)	4.00	3.20
E.	Shri R. Kannan (Non-Executive-Independent)	4.50	4.00
F.	Shri M. S. Ramachandran (Non-Executive-Independent)*	2.00	2.50
G.	Shri Nihalchand Chauhan (Non-Executive-Independent)	4.20	3.70
H.	Miss Ameeta Parpia (Non-Executive-Independent)	4.50	4.00
I.	Dr. S. Sivaram (Non-Executive-Independent)	3.00	2.00
	* Shri M. S. Ramachandran was paid ₹ 5 lakhs during the year under review for rendering services of a professional nature.		
<b>Remuneration paid – Key Managerial personnel.</b>			
1	Short term employment benefit	482.39	419.78
2	Post employment benefit.	3.00	3.00

## Dividend

(₹ in Lakhs)

Sr. No.	Nature of Transactions	2017 – 18	2016 – 17
1	Dividend paid on Equity Shares		
	The Supreme Industries Ltd. Entity having significant influence	1302.00	289.36
	R. Raheja Investments Pvt. Ltd. Entity having significant influence	1302.00	289.36
	<b>Key Management Personnel</b>		
	Shri M. P. Taparia Director	1.70	0.38
	Shri B.L. Taparia Director	0.22	0.05
	Shri S.J. Taparia Director	1.70	0.38
	Shri Rajan B. Raheja Director	0.02	0.00
	Miss Ameeta Parpia Director	0.99	0.22
	Shri N. Gopal. Manager	0.72	0.16
	Shri Rakesh Nayyar Chief Financial Officer	0.02	0.01
	Shri Ravi V Kuddyady Company Secretary	0.02	0.01

## NOTE: 44

### Leasing - Operating Lease

(₹ in Lakhs)

Sr. No.	Particulars	2017 – 18	2016 – 17
1.	Obligations on non cancellable leases		
	A) Not later than one year.	284.75	248.09
	B) Later than one year and not later than five years.	348.02	308.01
2.	Lease rental expenses in respect of operating lease.	303.51	290.77

## NOTE: 45

(₹ in Lakhs)

Particulars	2017 – 18	2016 – 17
<b>Earnings per share (EPS)</b>		
Profit after tax	11,612.06	17,941.23
Number of equity shares at the beginning of the year.	965,01,958	965,01,958
Number of equity shares at the end of the year.	965,01,958	965,01,958
Weighted average number of shares outstanding for basic EPS during the year.	965,01,958	965,01,958
Basic earning per share (Rupees) (Face value – ₹10/- per share)	12.03	18.59
Profit after tax for computing diluted EPS	11,612.06	17,941.23
Weighted average number of shares for computing diluted EPS during the year.	965,01,958	965,01,958
Diluted earning per share (Rupees) (Face value – ₹10/- per share)	12.03	18.59



**NOTE: 46**

According to the information available with the Management, on the basis of intimation received from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), the Company has amounts due to micro and small enterprises under the said Act as at March 31, 2018 as follows:

	(₹ in Lakhs)	
Particulars	2017 – 18	2016 – 17
Principal amount due		
Interest due on above	—	—
Amount of interest paid in terms of section 16 of the MSME Act, 2006	—	—
Amount of interest due and payable for the period off delay		
Amount of interest accrued and remaining unpaid as at year end		
Amount of further remaining due and payable in the succeeding year	—	—

**NOTE: 47**

The provisions of Section 135 of the Companies Act, 2013 are applicable to the entities incorporated in India. Details are as indicated below:

- 1) Gross amount required to be spent by the Company during the year : ₹ 360.22 lakhs (Previous Year ₹ 122.59 lakhs.)
- 2) Amount spent during the year on:

	(₹ in Lakhs)		
	In cash	Yet to be paid in Cash	Total
(A) Construction/acquisition of any asset	122.46	—	122.46
	(—)	(—)	(—)
(B) On purposes other than (A) above	63.29	(—)	63.29
	(16.64)	(—)	(16.64)
<b>Total</b>	<b>185.75</b>	<b>(—)</b>	<b>185.75</b>
	(16.64)	(—)	(16.64)

**NOTE: 48**

Previous year's figures have been regrouped and rearranged wherever necessary to conform to this period's classification.

As per our report of even date.

For **G M Kapadia & Co**  
Chartered Accountants  
Firm's Reg. No.104767W

**Rajen Ashar**  
Partner  
Membership No.048243

Mumbai  
Date: April 24, 2018

**Rakesh Nayyar**  
Executive Director  
(Finance & Corporate Affairs)  
Chief Financial Officer

**Ravi V Kuddiyady**  
Company Secretary

For and on behalf of the Board

**M P Taparia** *Chairperson*  
**Rajan B Raheja**  
**B L Taparia**  
**S J Taparia**  
**M S Ramachandran**  
**R Kannan**  
**Nihalchand Chauhan**  
**Ameeta Parpia**  
**Dr. S Sivaram**

*Directors*

Mumbai  
Date: April 24, 2018



# SUPREME PETROCHEM LTD

CIN : L23200MH1989PLC054633

**Registered Office:** Solitaire Corporate Park, Building No. 11, 5th Floor, 167, Guru Hargovindji Marg,  
Andheri-Ghatkopar Link Road, Chakala, Andheri (East), MUMBAI – 400 093

**Phone:** +91 22 67091900; **Fax:** +91 22 40055681; **E-mail:** investorhelpline@spl.co.in; **Website:** www.supremepetrochem.com

## ANNEXURE TO THE DIRECTORS' REPORT

Statement containing the particulars of employees in accordance with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

List of employees of the Company employed throughout the year under review and were paid remuneration not less than ₹ 102 lakhs per annum.

Sr. No.	Name	Age	Designation	Remuneration (₹)	Qualification	Experience (No. of Years)	Date of Commencement of Employment	Previous Employment & Designation
1	Shri Gopal N.	72	Executive Director (Styrenics) & Manager	21674278	B.Tech. (Chem.) M. Sc., DIC. (Advanced Chemical Engineering)	49	12.11.1990	Reliance Petrochemicals Ltd. -General Manager
2	Shri Nayyar Rakesh	61	Executive Director (Finance & Corporate Affairs) & CFO	21423138	B.Com (Hons.) ACMA, ACS, AIIA	42	15.04.1992	IL&FS - Consultant

### Notes:

- None of the employees mentioned above are related to any of the Directors of the Company within the meaning of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.
- None of the employees mentioned above hold more than 2% of the shares of your Company, along with their spouse and dependent children.
- All appointments are contractual and terminable by notice on either side.
- Remuneration includes salary, bonus, various allowances and perquisites as valued under the Income Tax Act, 1961.

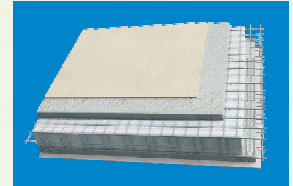
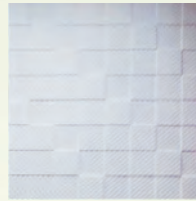
For and on behalf of the Board

Place: Mumbai  
Date: April 24, 2018

**M. P. Taparia**  
Chairperson

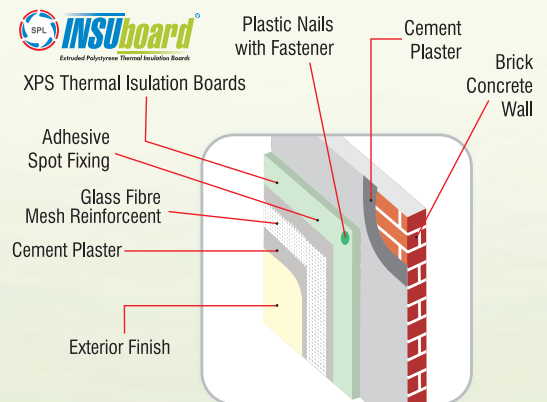
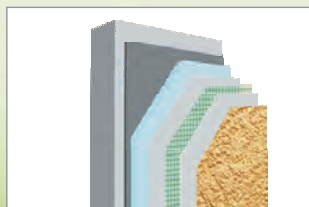
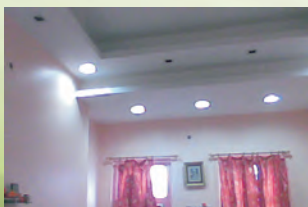
## APPLICATIONS OF EPS IN CONSTRUCTION

- Insulated Concrete Form (ICF)
- 3D Panels
- Light Weight Concrete
- Geo Foam
- Decoration



## XPS BOARD (FOR INSULATION)

- Roof Insulation (Concrete/pitched roof/ inverted roofs/ceilings)
- Interior/Exterior wall Insulation
- Waterproof Protection
- Perimeter Insulation
- Foundation Insulation
- Floor Insulation
- Cold storage/warehouse Insulation
- Server Room/Chill Room





## STYRENE METHYL METHACRYLATE COPOLYMER (SMMA)

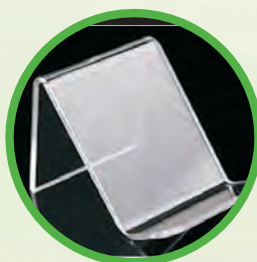
SPL's BPA-Free range of Styrene Methyl Methacrylate Copolymer (SMMA) is the right choice where rigidity, toughness, optical clarity and economic cost are critical to the application.

### Key Properties of SUPREME SMMA

- Sparkling Clarity, Transparency and visual appearance
- Excellent Surface Finish and Gloss
- Lower Density
- Excellent Mechanical Properties
- Good Heat Resistance
- Ease of Processing
- Hydrophobic (pre drying not always necessary)
- Excellent Flow Properties
- Good Resistance to Weathering
- Good Chemical Resistance
- BPA Free and FDA Compliant for Food Contact Application as per 21 CFR 177.1830.

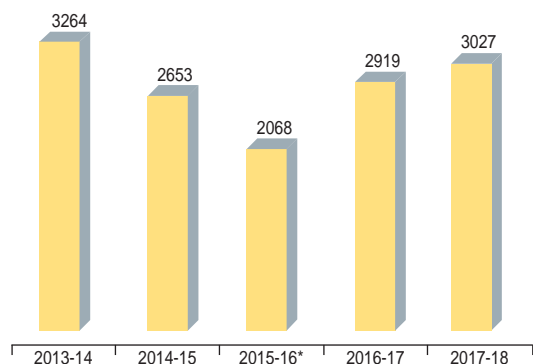
### SMMA

- Household Articles
- Home Appliances
- Office Accessories
- Extruded Sheets & Profiles
- Cosmetic Packaging & Toilet, Bath Accessories
- Point of Purchase Display
- Beads & Embellishments

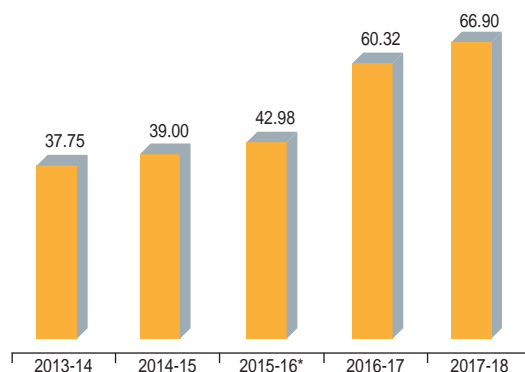


## FINANCIAL HIGHLIGHTS

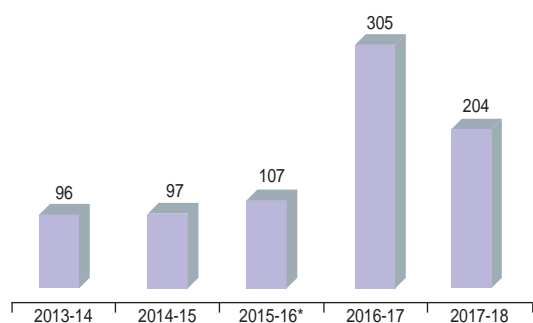
Sales Revenue (₹ Cr.)



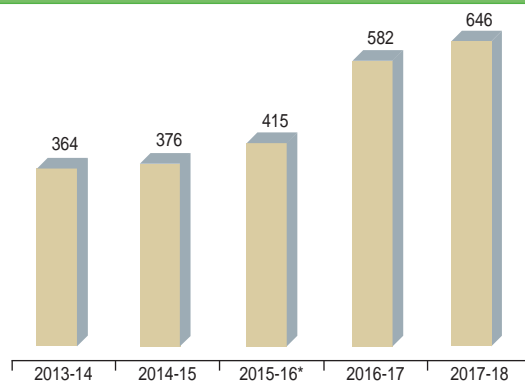
Book Value Per Share (₹)



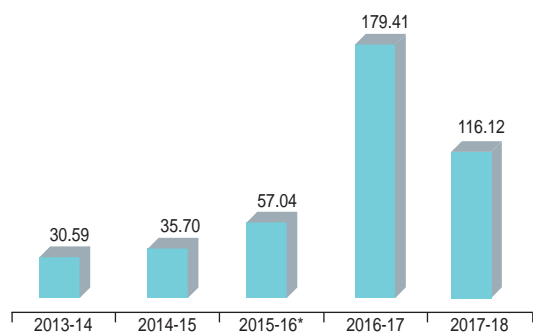
EBIDTA (₹ Cr.)



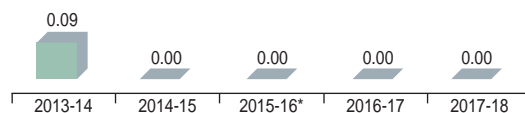
Net Worth (₹ Cr.)



Net Profit (₹ Cr.)



Debt : Equity



\*Year 2015-16 comprises of 9 Months





# **SUPREME PETROCHEM LTD**

**Solitaire Corporate Park, Building No. 11, 5th Floor, 167, Guru Hargovindji Marg,  
Andheri-Ghatkopar Link Road, Chakala, Andheri (East), Mumbai - 400 093, Maharashtra, India.**

**Website: [www.supremepetrochem.com](http://www.supremepetrochem.com)**