

Boards' Report

The Directors have great pleasure in presenting the 78th Annual Report together with the Audited Financial Statements for the financial year ended 31st March, 2020.

Particulars	(₹ In Crores)	
	FY 2019-20	FY 2018-19
Total Income	5530	5633
Profit Before Interest, Depreciation & Tax	854	805
Interest & Financial Charges	20	26
Depreciation, Amortization and Impairment	206	184
Profit Before Tax & Exceptional Items	628	595
Exceptional Items Gain/(Loss)	-	82
Profit Before Tax	628	677
Tax Expenses	132	216
Profit After Tax	496	461
Other Comprehensive Income (Net of Taxes)	(4)	(2)
Total Comprehensive Income	492	459

DIVIDEND

	₹ in Crores	
(i) Dividend on 12,70,26,870 Equity Shares of ₹ 2/- each @ 700 % i.e. ₹ 14/- per share as under:		
(Previous year @ 650% i.e. ₹ 13/- per equity share)		
(a) Interim Dividend @200 % i.e. ₹ 4/- per share (already paid in November 2019)	51	
(b) 2nd Interim Dividend @500 % i.e. ₹ 10/- per share (already paid in March 2020)	127	178
(ii) Corporate Dividend Tax as applicable		36
TOTAL		214

The Board of Directors of the Company had adopted the Dividend Distribution Policy on January 25, 2017 in line with the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. The Policy is uploaded on the Company's website at www.supreme.co.in

OVERVIEW OF THE FINANCIAL PERFORMANCE

The financial performance highlights for the year ended 31st March, 2020, are as follows -

The Company sold 411521 MT of Plastic goods and achieved net product turnover of ₹ 5408 Crores during the year under review against sales of 397983 MT and net product turnover of ₹ 5437 crores in the previous year achieving volume growth about 3 % and product value degrowth about 1 %, respectively.

Total Income and Operating Profit for the year under review amounted to ₹ 5530 crores and ₹ 854 crores respectively as compared to ₹ 5633 crores and ₹ 805 crores, in the previous financial year.

The Profit before Tax and Profit after Tax for the year under review amounted to ₹ 628 crores and ₹ 496 crores respectively as compared to ₹ 677 crores and ₹ 461 crores, in the previous financial year.

MANAGEMENT DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis forms an integral part of this report and gives detail of the overview, industry structure and developments, different product groups of the Company, operational performance of its various business segments.

CREDIT RATING

The Company's financial discipline and prudence is reflected in strong credit rating ascribed by CRISIL as under:-

Total Bank Loan Facilities Rated	₹ 1760.80 crores
Long-Term Rating	CRISIL AA/Stable (outlook revision from 'Positive'; rating reaffirmed)
Short-Term Rating	CRISIL A1+ (Reaffirmed)
₹ 200 crore commercial paper	CRISIL A1+ (reaffirmed)

FIXED DEPOSITS

In accordance with the terms and conditions governing the Fixed Deposit Scheme, the Company has exercised the option to repay on 1st April, 2014, all the Fixed Deposits with accrued interest as at the end of 31st March, 2014. Accordingly, the Company is not having any Fixed Deposit as on 31st March, 2020 except 6 deposits amounting to ₹ 90 thousand which remained unclaimed as on 31st March, 2020.

DIRECTORS' RESPONSIBILITY STATEMENT:

The Board of Directors acknowledge the responsibility for ensuing compliances with the provisions of Section 134(3)(c) read with Section 134(5) of the Companies Act, 2013 in the preparation



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of annual accounts for the year ended on 31st March, 2020 and state that:

- in the preparation of the annual accounts, the applicable accounting standards had been followed and there is no material departures from the same;
- the Directors have selected such accounting policies and applied 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 as at 31st March, 2020 and of the profit of the Company for the year ended on that date ;
- 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;
- the Directors have prepared the annual accounts on a going concern basis;
- 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; and
- the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively;

CORPORATE GOVERNANCE

The Company has taken the requisite steps to comply with the recommendations concerning Corporate Governance.

A separate statement on Corporate Governance together with a certificate from the auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of this Annual Report.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING / OUTGO

Information on conservation of energy, technology absorption, foreign exchange earnings and outgo required to be given pursuant to Section 134(3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 is annexed herewith as Annexure - I to this report.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

The prescribed particulars of Employees 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 is annexed herewith as Annexure-II to this Report.

The information required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Boards' Report for the year ended 31st March, 2020 is given in the separate Annexure of this Report.

The Annual Report excluding the aforesaid Annexure is being sent to the Members of the Company in terms with the provision of Section 136 of the Companies Act, 2013. Members who are interested in obtaining these particulars may write to the Company Secretary at the Registered Office of the Company. The aforesaid Annexure is also available for inspection by Members at the Registered Office

of the Company, 21 days before the 78th Annual General Meeting and up to the date of the ensuing Annual General Meeting during the business hours on working days.

CONSOLIDATED FINANCIAL STATEMENT

The consolidated financial statements of the company & its subsidiary & associates which form part of Annual Report have been prepared in accordance with section 129(3) of the Companies Act, 2013. Further, a statement containing the salient features of the Financial Statement of Subsidiary Company & Associate Companies in the prescribed format AOC-1 is annexed herewith as Annexure - III to this Report. The statement also provides the details of performance and financial position of the Subsidiary Company & Associate Companies.

In accordance with Section 136 of the Companies Act, 2013 the Audited Financial Statements, including the consolidated financial statements & related information of the Company & Audited Accounts of its Subsidiary Company are available on the website www.supreme.co.in. These documents will also be available for inspection during business hours at the registered office of the company. Any member desirous of obtaining a copy of the said financial statement may write to the Company Secretary at the Registered Office of the company.

The Consolidated net profit of the company and its subsidiary amounted to ₹ 463 crores for the financial year ended 31st March 2020 as compared to ₹ 446 crores for the previous financial year ended 31st March 2019.

Additional details regarding performance of the Associate Companies & Subsidiary Company have been mentioned in the succeeding paragraphs.

ASSOCIATE COMPANY - SUPREME PETROCHEM LIMITED (SPL)

During the year the Company received an aggregate Dividend of ₹ 1736 lakhs from Supreme Petrochem Ltd (SPL) - promoted jointly by your Company and the R Raheja Group. Net revenues and net profit for the year ended 31st March, 2020 were ₹ 2736 crores and ₹ 102 crores, respectively.

ASSOCIATE COMPANY-KUMI SUPREME INDIA PRIVATE LIMITED

Kumi Supreme India Private Ltd. (KSIPL) is a joint venture between Kumi Kasei Co Ltd, Japan and the Company has reported Net revenues and net loss for the year ended 31st March, 2020 were ₹ 131 crores and ₹ 2 crores, respectively.

As per the mutual agreement arrived at with the majority partner viz Kumi Kasei, Japan & pursuant to the approval of Board of Directors the company has divested (1) 2,50,25,611 equity shares of Kumi Supreme India Private Limited (KSI), constituting 20.67% of its equity share capital, to Kumi (Thailand) Co. Ltd (Kumi Thailand), a nominee of Kumi Kasei Co. Ltd, Japan for a consideration of INR 243,248,939/- (Indian Rupees Two Hundred Forty Three Million Two Hundred Forty Eight Thousand Nine Hundred Thirty Nine only) vide Share Purchase Agreement (SPA) dated 23rd March, 2020; (b) & consequently terminated the existing joint venture agreement between the Company, Kumi and KSI dated 4 April 2018 vide a Termination Agreement dated 31st March, 2020; and (c) granted the limited right to KSI to continue to use the word 'Supreme' as part of its corporate name within the terms of such agreement. As an outcome of the exit completion, KSI now ceases to be an associate of the Company.

SUBSIDIARY COMPANY

The Supreme Industries Overseas FZE entered into the 14th years of operation by business procurement of US\$ 7.53 Million during the financial year 2019-20 through trade partners spread over twenty five countries mapping GCC, Africa, Australia, Europe & Indian-sub-continent. While new channel partners are added during the financial year. The de-growth is due to slack in demand during second half of the year and non-dispatch of booked orders in the last month of financial year. Supreme continued to supply piping products to high value project orders exhibiting its commitment towards quality, delivery and services.

Though Covid'19 has dampened the new business cycle, Supreme Overseas is aiming to achieve decent growth during financial year 2020-21 by improving individual performance of existing trade partners & by adding distributors in existing & new geographies. It also expects high value orders from project market.

MATERIAL SUBSIDIARY

The Board of Directors of the Company had adopted a Policy for determining material subsidiary company in line with the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. The Policy is uploaded on the Company's website at www.supreme.co.in. Presently there is no material subsidiary company.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Shri V.K. Taparia, Executive Director, (DIN: 00112567) of the Company retires by rotation at the forthcoming Annual General Meeting in accordance with provisions of the Companies Act, 2013 and the Articles of Association of the Company and being eligible, offers himself for re-appointment.

Shri Ramanathan Kannan, Independent Director, (DIN: 00380328), is proposed for re-appointment as an Independent Director of the Company for a period of five years from 16th September, 2020 to 15th September, 2025 who hold office as an Independent Director of the Company upto the close of business hours on 15th September, 2020 in his present first term.

Shri Rajeev M. Pandia, Independent Director, (DIN: 00021730), is proposed for re-appointment as an Independent Director of the Company for a period of five years from 16th September, 2020 to 15th September, 2025 who hold office as an Independent Director of the Company upto the close of business hours on 15th September, 2020 in his present first term.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of the independence as prescribed both under section 149(6) of the Companies Act, 2013 and under Regulation 16 (1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In accordance with the provisions of the Companies Act, 2013, none of the Independent Directors are liable to retire by rotation.

KEY MANAGERIAL PERSONNEL

Shri M P Taparia, Managing Director, Shri P C Somani, Chief Financial Officer and Shri R J Saboo, VP (Corporate Affairs) & Company Secretary were appointed as Key Managerial Personnel of your Company, in accordance with the provisions of Section 203 of the Companies Act 2013 and there is no change in the same during the year under review.

DISCLOSURES RELATED TO BOARD, COMMITTEES AND POLICIES

a. Board Meetings:

The Board of Directors met 6 times during the year ended 31st March, 2020 in accordance with the provisions of the Companies Act, 2013 and rules made there under. The details thereof are given in the Corporate Governance Report.

b. Board Performance Evaluation:

(i) The Board in consultation with Nomination and Remuneration Committee has devised criteria for performance evaluation of Independent Directors, Board/Committees, and other individual Directors which includes criteria for performance evaluation of Non Executive Directors and Executive Directors. Performance evaluation has been carried out as per the Nomination & Remuneration Policy.

Pursuant to amendment in section 178 by the Companies (Amendment) Act, 2017, which is effective from 7th May, 2018, the Nomination and Remuneration Committee noted the amendment and decided to carryout evaluation of performance of Board, its Committees and individual Director by the Nomination and Remuneration committee. Accordingly Nomination and Remuneration Committee conducted the performance evaluation of Board, its Committees and individual Director in its meeting held on 23rd January, 2020

The performance evaluation of the Independent Directors was also carried by the entire Board. The performance evaluation of the Chairman, Managing Director & Executive Directors was carried out by the independent Directors at its separate meeting held on 23rd January, 2020.

(ii) The Board has, on the recommendation, of the Nomination & Remuneration Committee, framed a Nomination & Remuneration policy and Policy on fixation of criteria for selection & appointment of Directors & Senior Management Personnel. The Nomination & Remuneration Policy and Policy on fixation of criteria for selection & appointment of Directors & Senior Management Personnel are annexed herewith as Annexure IV (A) & Annexure IV (B) to this Report.

AUDITORS

Statutory Auditors:-

The Statutory Auditors M/s Lodha & Co., Chartered Accountants having Registration No 301051E, was appointed in 74th Annual General Meeting to hold office from the conclusion of 74th Annual General meeting for a term of consecutive five years till conclusion of 79th Annual General Meeting (subject to ratification of the appointment by the members at every Annual General Meeting). The requirement of seeking ratification of the members for continuance of their appointment has been withdrawn consequent upon the changes made by the Companies (Amendment) Act, 2017 with effect from May 07, 2018.

The Statutory Auditors have given a confirmation to the effect that they are eligible to continue with their appointment and that they have not been disqualified in any manner from continuing as Statutory Auditors.



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AUDITORS' REPORT

Note on financial statement referred to in the Auditor's Report are self-explanatory and do not call for any further comments. The Auditor's Report does not contain any qualification, reservation or adverse remark, except following:

There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company, except ₹ 11.29 lakhs.

COST AUDITORS

In terms of the provisions of Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014 as amended from time to time, the Board of Directors, on the recommendation of the Audit Committee, has appointed M/s. Kishore Bhatia & Associates, Cost Accountants (Registration No: 00294) as Cost Auditor of the Company, for the financial year ending 31st March 2021, on a remuneration as mentioned in the Notice convening the 78th Annual General Meeting for conducting the audit of the cost records maintained by the Company.

A Certificate from M/s. Kishore Bhatia & Associates, Cost Accountants has been received to the effect that their appointment as Cost Auditor of the Company, if made, would be in accordance with the limits specified under Section 141 of the Act and Rules framed thereunder.

A resolution seeking Members' approval for remuneration payable to Cost Auditor forms part of the Notice of the 78th Annual General Meeting of the Company and same is recommended for your consideration.

Cost Audit Report for the year 31st March 2019 was filed with the Registrar of Companies, within the prescribed time limit.

The Company is required to maintain Cost Records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013.

Accordingly, the Company has made and maintained such accounts and records.

SECRETARIAL AUDIT REPORT FOR THE YEAR ENDED 31ST MARCH, 2020

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board has appointed M/s V. Laxman & Co., Company Secretaries (C.P No. 744), to conduct Secretarial Audit for the financial year ended on 31st March, 2020.

Secretarial Audit Report issued by M/s. V. Laxman & Co, Company Secretaries in Form MR-3 forms part to this report Annexure V. The said report does not contain any observation or qualification requiring explanation or adverse remark.

AUDIT COMMITTEE

The details pertaining to composition of the Audit Committee and terms of reference are included in the Corporate Governance Report, which forms part of this Report.

REPORTING OF FRAUDS

There was no instance of fraud during the year under review, which required the Statutory Auditors to report to the Audit Committee and/or Board under Section 143(12) of the Act and Rules framed thereunder

MATERIAL CHANGES AND COMMITMENT AFFECTING FINANCIAL POSITION OF THE COMPANY

In March 2020, the WHO declared the COVID 19 outbreak as a pandemic which continues to spread across the country. On 25/03/2020, the Government of India has declared this pandemic a health emergency, ordered temporarily close of all non-essential businesses, imposed restrictions on movement of goods/material, travel, etc. As the nature of business performed by the Company, majorly, fell under non-essential category, these restrictions had resulted in temporarily suspension of operations at most of its plants for a duration of about 25 to 35 days. The Company has since, after receiving applicable permissions, partially commenced operations including despatch of goods to its' customers at all of its manufacturing facilities and scaling up the same gradually.

There are no other material changes or commitments occurring after 31st March 2020, which may affect the financial position of the company or may require disclosure.

IMPLEMENTATION OF SAP

Since implementation of SAP a leading ERP solution with effect from 1st April 2018, all the units of the company are under the one platform for using SAP system. This is the second year of implementation of SAP which has since been rolled over. The SAP System has been stabilised across all the units of the company & It has been effectively used to enhance the productivity and efficiency of the Organisation in the entire scale of operations. New applications are being developed, added & customised to meet the users' requirements. This would now facilitate in digital transformation and also help in data analytics for better decision making process.

INTERNAL FINANCIAL CONTROLS

The company has in place Internal Financial Control system, commensurate with size & complexity of its operations to ensure proper recording of financial and operational information & compliance of various internal controls & other regulatory & statutory compliances. During the year under review, no material or serious observation has been received from the Internal Auditors of the Company for inefficiency or inadequacy of such controls.

Internal Auditors' comprising of professional Chartered Accountants monitor & evaluate the efficacy of Internal Financial Control system in the company, its compliance with operating system, accounting procedures & policies at all the locations of the company. Based on their report of Internal Audit function, corrective actions in the respective area are undertaken & controls are strengthened. Significant audit observations & corrective action suggested are presented to the Audit Committee.

PARTICULAR OF CONTRACTS OR ARRANGEMENT WITH RELATED PARTIES

All the transactions with Related Parties are placed before the Audit Committee as also placed before the Board for approval. Prior omnibus approval of the Audit Committee and the Board is obtained for the transactions which are of a foreseen and repetitive nature. The transactions entered into pursuant to the omnibus approval so granted are audited and a statement giving details of all related party transactions is placed before the Audit Committee and the Board of Directors for their approval on a quarterly basis.

All transactions entered into with related parties during the year were on arm's length basis, in the ordinary course of business and in line with the threshold of materiality defined in the Company's

policy on Related Party Transactions & are in accordance with the provisions of the Companies Act, 2013, Rules issued thereunder & Regulation 23 of (SEBI Listing Obligations and Disclosure Requirements) Regulations, 2015. During the financial year ended on 31st March, 2020, there were no transactions with related parties which qualify as material transactions.

The details of the related party transactions are set out in Note 40 to the standalone financial statements forming part of this Annual Report.

The Form AOC-2 pursuant to section 134(3)(h) of the Companies Act read with Rule 8(2) of the Companies(Accounts) Rules, 2014 is set out as Annexure VI to this Report.

The Policy on Related Party Transactions as approved by the Board is also uploaded on the Company's website at the Link: www.supreme.co.in

PARTICULARS OF LOANS, GUARANTEES, INVESTMENTS AND SECURITIES

The company has complied with the provisions of section 185 & 186 of the Act to the extent applicable, with respect to the loans and investments made.

VIGIL MECHANISM POLICY FOR THE DIRECTORS AND EMPLOYEES

A "Vigil Mechanism Policy" for Directors and employees of the Company is constituted, to provide a mechanism which ensures adequate safeguards to employees and Directors from any victimization on rising of concerns of any violations of legal or regulatory requirements, incorrect or misrepresentation of any, financial statements and reports, etc.

RISK MANAGEMENT POLICY

Your Company has an elaborate risk Management procedure and adopted a systematic approach to mitigate risk associated with accomplishment of objectives, operations, revenues and regulations. Your Company believes that this would ensure mitigating steps proactively and help to achieve stated objectives. The entity's objectives can be viewed in the context of four categories Strategic, Operations, Reporting and Compliance. The Company consider activities at all levels of the organization, viz Enterprise level, Division level, Business unit level and Subsidiary level, in Risk Management framework. The Risk Management process of the Company focuses on three elements, viz. (1) Risk Assessment; (2) Risk Management; (3) Risk Monitoring.

A Risk Management Committee is constituted which has been entrusted with the responsibility to assist the Board in (a) Overseeing and approving the Company's enterprise risk management framework; and (b) Overseeing that all the risk that the organization faces.

The key risks and mitigating actions are also placed before the Audit Committee of the Company. Significant audit observations and follow up actions thereon are reported to the Audit Committee. The Audit Committee reviews adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations, including those relating to strengthening of the Company's risk management policies and systems.

CORPORATE SOCIAL RESPONSIBILITY POLICY

The brief outline of the Corporate Social Responsibility (CSR) Policy of the company and the initiatives undertaken by the company on CSR activities during the year are set out in Annexure of this Report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules 2014. Annexure VII.

The Policy is available on the website of the Company.

BUSINESS RESPONSIBILITY REPORT

The Business Responsibility Report as approved by the Business Responsibility Committee and Board of Directors forms part of this Annual Report.

DISCLOSURE AS PER THE SEXUAL HARASSMENT OF WOMAN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has zero tolerance towards sexual harassment at the workplace and have a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder. As required under law, an Internal Complaints Committee has been constituted for reporting and conducting inquiry into the complaints made by the victim on the harassments at the work place. During the year under review, there were no cases filed pursuant to the Sexual Harassment of Woman at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

ANNUAL RETURN:

The details forming part of the extract of the Annual Return in form MGT-9 is annexed herewith as Annexure VIII.

GENERAL DISCLOSURE

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. Details relating to deposits covered under Chapter V of the Act.
2. Issue of equity shares with differential rights as to dividend, voting or otherwise.
3. Issue of shares (sweat equity shares) to employees of the Company under ESOS.
4. Neither the Managing Director nor the Whole Time Directors of the Company received any remuneration or commission from any of its subsidiary.
5. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company operations in future.

ACKNOWLEDGEMENT

The Board of Directors wishes to express its gratitude and record its sincere appreciation for the commitment and dedicated efforts put in by all the employees. Your Directors take this opportunity to express their grateful appreciation for the encouragement, co-operation and support received by the Company from the local authorities, bankers, customers, suppliers and business associates. The directors are thankful to the esteemed shareholders for their continued support and the confidence reposed in the Company and its management.

For and on behalf of the Board of Directors

B. L. Taparua
Chairman

Place: Mumbai
Date: 22nd May, 2020