

Ladies and Gentlemen

I extend to each and every one of you a warm welcome to the 71st Annual General Meeting of the Company. The Annual Report together with the Audited Accounts and the Director's Report for the year ended 30th June, 2013 have been with you for quite some time and with your permission, I take them as read. I hope it gives you a clear idea of the working of the Company during the year under review.

The Company achieved Net Revenues for the year 2012-13 at Rs. 3406.97 Crores (including Rs 113.80 crores by way of trading in other related products and Rs. 16.00 crores from sale of premises) as against Rs.2938.47 crores (including Rs. 88.03 Crores by way of trading in other related products and Rs. 69.16 crores from sales of premises) in the previous year, a growth of about 16%

The Profits before interest, Depreciation and Taxes have gone up by 11.72% from Rs 482.82 crores in 2012-13 to Rs 539.40 crores in the year under review. Net Profit, after setting aside Tax provisions of Rs.132.99 crores (previous year Rs. 115.04 crores) grew over 13% from Rs. 240.52 crores in 2011-12 to Rs.272.35 crores in 2012-13.

The Directors have recommended Final dividend of 275% i.e. Rs.5.50 per share which together with the interim dividend of 100% i.e Rs.2/- per share (already paid) aggregates to 375% i.e. Rs.7.50 per share on Face Value of Share of Rs. 2/- each as against 300% i.e. Rs. 6/- per share on Face Value of Share of Rs. 2/- each in the previous year. Total Dividend payout including Corporate Dividend Tax would be Rs.111.27 crores, as compared to Rs. 88.58 crores of the previous year. After making necessary provisions, a sum of Rs 161.08 Crores has been transferred to General Reserve.

In the first two months of the current year, the Company processed 40981 tons of Polymers as compared to 38,727 tons of Polymers in the corresponding period of previous year showing a growth of 6% in raw material processing. The Company has sold 32,488 MT of Plastics products during the same period as compared to 33,966 MT in corresponding period of previous year showing sales volume de-growth of about 4.35%.

The net sales and other income during first two months of the current year are Rs. 449.64 crores (including Rs. 17.99 crores by way of trading in other related products as against Rs. 409.40 Crores (including Rs. 9.35 Crores by way of trading in other related products) in the corresponding period of previous year achieving a growth of about 10%.

Business Outlook

Since the beginning of the Company's Financial Year, Re against US Dollar have depreciated steeply. The Rupee still hovers around Rs. 63/-. Raw material cost of the Company consequently have gone up steeply during the current Financial year.

The Company had adequate stocks of raw material at a historical low cost. As the price increase was steep, the Company has decided to transfer the increased cost over a longer time horizon on most of it's products. The Company has now transferred the entire cost increase in all it's products.

Internationally, the Polymer prices are increasing. Import duty on Polymers was increased from 5% to 7.5% in April. With the fall in Rupee value against Dollar,

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the overall cost of material has gone up steeply. Company does not envisage any de-growth in requirements of its products during the year in spite of their increased cost. However, the overall demand growth which was expected at 14% by volume in the current year may go down to some extent. It is too early to predict how much lower growth the same would be. Company remains optimistic in business growth among all its verticals.

Company has made investments of around Rs. 375 crores in the previous year. Several investments have not fructified to their optimum production level during the previous year. In the current year, most of the investments except investments in Composites shall be available for production, for the full year.

Company has launched Silent Pipe system, Bath Room Fittings and several varieties of fittings in the first quarter of this year in Plastics Pipe System. Several new products of fittings are planned to be launched by the Company month after month during next six months. Plastics pipe business continue to enjoy good demand growth in the current year.

Newly established Cross Laminated film plant is fully stabilized. Newly launched products have been well received by the market. Company expects substantial growth in business when Company launches its off-season scheme which may be from Last week of October 2013 upto 3rd week of February 2014. Company has drawn plans that sale of this product may increase from 17725 tons in the previous year to 23,000 tons in the current year.

Company's Industrial Products Division is showing better signs of revival in the current year compared to previous year. This is principally due to Company increasing its customer base and by developing components for certain appliances and automobile models which are well received in the market. Company expects the business to be better in current year compared to last year.

Company is working to increase strength of its trade network for its Material Handling Division from the existing 119 to 174 Nos in the current year. It intends to deepen the network over a period. The increased network of distributors for the system augurs well for steady growth in this segment.

Company's Protective Packaging Division's new unit at Hosur is fully established. The demand for this product is normal in spite of high cost of raw material. Company expects that it will be able to utilize its capacity in the current year better than last year due to increased power availability at Hosur where Company operates two plants to make this product.

Moulded furniture business of the Company continue to remain sluggish. Company has launched several new premium products in this year. The Company expects to receive the feel of the market within next 3 - 4 months about the response on newly launched products. Commodity part of Furniture business is going through a tough time.

Company has no plans to increase the capacity of Performance Packaging Film. It is trying to increase the export of this product to newer destinations.

Company has plans to launch six varieties of Composite Cylinders. The Cylinder produced at it's plant is under testing. It expects to receive necessary approvals from the concerned department in 4 to 6 weeks time. Company hopes that it may take up it's export order in hand for execution in November/December 2013 after getting necessary approval.

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The Composite pipe plant has still not gone into production. The negotiations are on with its Japanese collaborator. There are still unresolved open issues with them.

Its Composite Pallet Plant is scheduled to go in production in April/June 2014.

Company's exports are about 2½% of the total turnover for the last year. It aims to export 7-8% of the total turnover in the next 3 - 4 years. It has taken various initiatives to achieve this goal by participating in several international exhibitions, entering new markets and taking steps to include additional products in export portfolio.

Company's principal exports were of Plastics Pipe System, Cross Laminated Film products and Performance Packaging Film. It now expects that its composite products will contribute handsomely in export turnover.

During the current year, the Company envisages total Capex of Rs. 230 Crores including existing commitments, mainly on the followings.

- a) To put up a Plastic Piping System plant at Kharagpur in West Bengal which will be commissioned by 2014-15.
- b) To put up Protective Packaging System unit at Kharagpur Complex
- c) To replace some capacity of Moulding Machines with energy efficient machines including additional new products in furniture business.
- d) To increase Pipe production capacity at Gadegaon and introducing several new varieties of fittings at Jalgaon & Malanpur.
- e) Investment in Automation in several of its existing units
- f) To buy office premises at Delhi. This will consolidate the office activities at one location wherein mix of ownership & rented premises subsist today.
- g) Investment in equipments for Composite Pallets.

All Investment plans envisaged for the current year are progressing well.

The Company has entered into an agreement to purchase 52 acres of land at Kharagpur in West Bengal to start the activities to put up a Plastics Product complex to cater the requirements of East India market.

Company's focus remains to increase the share of value added products in its turnover. Company increased its share of value added products from 30.55% in the previous year to 31.71% in the current year. The company aims to increase the same to 35% level as soon as possible.

The Company has planned its capital investment plans foreseeing the growth opportunities in most of product segments it operates. Resultantly and coupled with requirement of increased working capital, the Company's borrowings have gone up from Rs. 351.10 crores as on 30/6/2012 to Rs.469.85 Crores as on 30/6/2013. As the demand for commercial real estate is slow, which is delaying monetization of "Supreme Chambers" unsold area, the Company's borrowing may increase by around Rs. 75 crores during the current year.

The company's normal investment plans and increased working capital requirement may be met from its business revenue, supplier's credit and increasing borrowings to the extent of Rs. 75 crores.

Real Estate market continues to remain sluggish for commercial properties in Mumbai. Company is getting quiet a few enquiries regularly. Company is optimistic to realize better value in due course of time for its excellent signature commercial premises built with all statutory clearances in place. Out of the total

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saleable area of about 2.79 lac sq.ft, an area of about 0.93 Lac sq.ft has already been sold and further area of 0.26 lac sq ft has been negotiated and likely to be completed during the quarter Oct-Dec 2013.

SUPREME PETROCHEM LTD (SPL)

SUPREME PETROCHEM LTD jointly promoted by your Company and Rajan Raheja Group continues to be a major player in the Polystyrene business in India. It has since diversified into other styrenic products viz. Expandable Polystyrene, Extruded Polystyrene Insulation Board and Specialty Polymers & Compounds and hopes to be a dominant player in all its businesses. Its Board of Directors have recommended a dividend of Rs. 2.50 per equity share of Rs. 10/- each for the year 2012-13.

Due to high prices of Styrene Monomer, principal raw material of the Company, aggravated with fall in Rupee value, the cost of Polystyrene has gone up substantially. The Company has a degrowth in Polystyrene business to the extent of 2.10% in 2012-13 against 2011-12 by volume. It is doubtful whether Polystyrene demand will move on growth phase even in current year, considering high price of Styrene Monomer.

Company's other product Expanded Polystyrene (EPS) demand is growing reasonably. Company expects it's EPS business to contribute positive cash flow in the current year.

Company's XPS business is shaping up alongwith it's Food grade EPS business. The Company expects these newly established verticals will contribute adequately to Company's working from second half of the current year.

I am extremely grateful to my fellow members of the Board for their valuable guidance.

I convey my appreciation to Executives, Staff and Workmen for the unstinted support extended by them.

I, on behalf of the Board of Directors, sincerely appreciate the encouragement and co-operation received by the Company from customers, Bankers, Shareholders and suppliers during the entire period.

Ladies and Gentlemen, now I move the following Resolution :

"RESOLVED THAT the Directors' Report together with the Audited Statement of Accounts for the Financial Year ended 30th June, 2013 be and are hereby approved and adopted."

Thank you,

B. L. Taparia
Chairman

Mumbai
17th September, 2013

Chairman's Statement at the 71st Annual General Meeting, held on Tuesday 17th September, 2013 at Walchand Hirachand Hall, Indian Merchants' Chambers, Near Churchgate Station, Mumbai - 400 020.