

Ladies and Gentlemen

I extend to each and every one of you a warm welcome to the 74th Annual General Meeting of the Company. The Annual Report together with the Audited Accounts and the Director's Report for the year ended 31st March, 2016, comprising of a period of 9 months from July,2015 to March,2016, 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 period under review.

The Company achieved Net Revenues for the year 2015-16 at Rs. 2984.48 Crores (including Rs 53.25 crores by way of trading in other related products) as against Rs. 2982.57 crores (including Rs. 118.66 Crores by way of trading in other related products and Rs. 115.67 crores from sales of premises) in the corresponding period of previous year.

The Company has sold 2,35,306 tons of Plastic products as against 2,07,886 tons of Plastic products in the same period of previous year, reflecting a growth of 13.19% in product turnover by volume.

The Profits before interest, Depreciation, exceptional items and Taxes during the period under review have gone up by 13.71 % from Rs 413.92 crores in 2014-15 to Rs. 470.67 crores in 2015-16. Net Profit, after setting aside Tax provisions of Rs. 117.75 crores (previous year Rs. 70.87 crores) grew over 10.63 % from Rs. 192.62 crores in 2014-15 to Rs. 213.10 crores in 2015-16. This was despite the fact that during the year 2015-16 , there was no sale of premises and consequently no profit there from. The Company has also written off Rs. 7.69 crores as exceptional loss due to abandonment of the project for manufacturing of Composite pipes for Oil & Gas exploration.

The Directors have recommended and paid total dividend for the nine months period @ 375 % i.e. Rs. 7.50 per equity share of Face Value of Share of Rs. 2/- each by way of two interim dividends as against 450 % i.e. Rs. 9/- per share on Face Value of Share of Rs. 2/- each in the previous year 2014-15(12 months). Total Dividend payout including Corporate Dividend Tax amounts to Rs. 114.99 crores, as compared to Rs. 137.18 crores of the previous year. After making necessary provisions, a sum of Rs 98.11 Crores has been transferred to General Reserve.

The net sales and other income during first two months of the current year are Rs. 769.72 crores (including Rs. 10.34 .crores by way of trading in other related products) as against Rs. 828.16 crores (including Rs. 21.54 crores by way of trading in other related products and Rs. 23.65 crores from sales of premises) in the corresponding period of previous year. Company has achieved a Product Turnover Volume of 64,226 MT as compared to 62,151 MT in the previous year achieving a volume growth of about 3.34%.

Business Outlook :

Water Tanks have gone into production at Kharagpur. Septic Tanks will be produced there by next month. Several other Roto Moulded products pertaining to Material Handling and Plastics Pipe System will be taken in hand for production during this year.

Chairman's Statement

Company's Knowledge Centre has commenced operations at Kochi by providing training to plumbers and other users of Company's Plastic Pipe System. Knowledge Centre at Malanpur and Kharagpur will be in service within 3-4 months.

Company's Plant to make water tanks and septic tanks is running smoothly at Malanpur.

Ecodrain pipes upto 400mm Dia with closed hole has been established at Gadegaon. The Company is exploring to produce Solid Wall PVC Pipe upto 630mm Dia on the same machine with some additional investments.

Company has produced Double Wall Corrugated HDPE Pipes between 100mm to 400mm Dia. Within three months, the said range will be enlarged to 600mm. Company has applied to get BIS marking on the same. After getting BIS mark, the Company expects good business for the said products.

Company has produced HDPE solid pipes upto 800mm Dia. The same is now awaiting BIS certification.

Company expects to launch certain items in it's range of Chrome Plate Fittings in next month.

Company plans to add more than 200 new varieties of Pipe Fittings during the current year.

The Company has achieved a good breakthrough in pond lining application for Cross Laminated film in the State of Rajasthan and also pursuing aggressively with other States.

Cross Laminated film is one of the best product for Pond Lining and Rain harvesting applications. Company expects good growth in this business during the year. Overall business volume of Cross Laminated film product is likely to see a growth of about 15% in volume over the corresponding period of previous year of 12 months.

Company's Protective Packaging System has gone into full production at Kharagpur. This has enabled the Company to serve its Eastern India Customers in a cost effective manner. Company is planning to expand Foam and Bubble Film capacities at Hosur and put up a NBR Sheet line at Malanpur. Several new retail products are in the offing and shall be introduced in the forthcoming quarter.

Company is launching Eleven new Products of Moulded Furniture in this year. Company's initiative to make in-roads into Global furniture Market is giving positive contribution. The Company will participate in Five international Furniture Exhibitions this year compared to two exhibitions where we participated last year.

Green field facility to manufacture new category of Furniture Products at Kharagpur (West Bengal) is likely to go into production during July-September 2016. These products have good export potential. Company's committed efforts to reach international market for its Furniture product with addition of new Furniture product category shall give appropriate fillip to it's export ambitions.

Company has launched varieties of Pallets and Crates during last year which are receiving increasing positive response from the market.

Chairman's Statement

Industrial Product segment is also showing better demand in the current year compared to last year.

The Company has executed supplies against the initial educational order received from Hindustan Petroleum Corporation Ltd. (HPCL) for 4500 Nos of Composite LPG Cylinders consisting of two sizes. i.e 5 kgs and 10 kgs.

As per the information available with the Company, test marketing of these Cylinders by HPCL is likely to be done during July-September 2016 quarter. Company expects good business opportunity for this product from Indian market.

The Polymer Prices remain at affordable level. It is expected that they will remain in a narrow range in remaining part of the year.

Company incurred capex of Rs. 234.42 crs during the period under review.

Further Company envisages Capex of about Rs. 250 crs during the current year, mainly on the followings :-

- a To put up a 20,000 tons annual capacity of PVC Pipe at Gadegaon instead of Jalgaon and to install new extrusion lines for PVC Pipes & PE pipes at Kharagpur.
- b To procure Land and start preparing for a green site project in South India.
- c To put up additional capacity of Performance Packaging Film.
- d To replace inefficient injection moulding machines by energy efficient machines in Plastic Piping and Furniture division.
- e To introduce and increase range of product offerings in Plastic Piping system, Furniture products, Material Handling Products, Roto Moulded products and Bathroom Fittings.
- f To increase capacities of Protective Packaging Products at Malanpur and Hosur and to add varieties of Products.
- g To invest in balancing equipments & automation at all its plants as may be required.
- h To increase the existing capacity of Plastic Pipe System at it's existing Kanpur Dehat Plant.

The Company has increased it's nos of distributors from 2469 Nos to 2699 Nos by March 2016. The share of value added products has gone up from 34.20% to 36.73%. The share of Branded items business has gone up from 80.70% to 82.67%. The export value has gone down from US \$ 9.42 million to US \$ 8.42 million. The Company will continue it's direction to increase the Nos of distributors, increase the share of value added products and percentage of Branded items sales. The Company expects to reverse the negative trend of export turnover during the current year.

The Company's average monthly borrowing was around Rs. 401 crores in the previous year. The Company expects this to go down below Rs. 300 crores average in the current year. This is without factoring any sales proceeds from it's office building where around 64000 sq.ft area remains unsold.

Chairman's Statement

Due to scanty rainfall, many parts of the Country including parts of Maharashtra are facing acute drinking water shortage. The Company on its part has taken initiative to provide drinking water to 22 water stressed village of Jamner Tehsil in Dist Jalgaon since April 2016 and would continue till normalcy of water availability with arrival of monsoon. This is providing relief to about 35 thousand people and about 10000 cattle and animals in these villages. The Company supplied around 30 million litres of potable water uptill now in those villages.

Company has also taken active part in deepening and strengthening the Mehrun Lake in the city of Jalgaon in Maharashtra. This is a 100 year old lake which is spread in an area of around 175 Acres and supply water to Jalgaon and nearby villages. Company has deployed enough infrastructure to de-silt the lake and also strengthen the retaining wall. This would result in generating additional water storage capacity of the lake to the tune of about 45 million litres of water and also reduce the leakages of water.

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.

Thank you,

B. L. Taparua
Chairman

Mumbai
28th June, 2016

Chairman's Statement at the 74th Annual General Meeting, held on Tuesday 28th June, 2016 at Walchand Hirachand Hall, Indian Merchants' Chambers, Near Churchgate Station, Mumbai - 400 020.

The Supreme Industries Limited
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