

Ladies and Gentlemen

I extend to each and every one of you a warm welcome to the 76th 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, 2018 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 2017-18 at Rs. 4983.80 Crores (including Rs 65.77 crores by way of trading in other related products and Rs. 24.28 crores from sale of premises ) as against Rs. 4469.79 crores (including Rs. 64.78 Crores by way of trading in other related products) during the previous year.

The Company has sold 3,71,176 tons of Plastic products as against 3,40,906 tons of Plastic products in the same period of previous year, reflecting a growth of 9% in product turnover by volume.

The Profits before interest, Depreciation, exceptional items and Taxes during the year under review have been at Rs 804.31 crores as against Rs. 769.61 crores in previous year. Net Profit, after setting aside aggregate Tax provisions of Rs. 206.03 crores (previous year Rs. 206.91 crores) remained at Rs. 408.93 crores in 2017-18 as against Rs. 377.17 crores in 2016-17.

The Directors have recommended total dividend for the year @ 600 % i.e. Rs. 12/- per equity share of Face Value of Share of Rs. 2/- each as against @750% i.e. Rs.15/- per equity share of face value of Rs. 2/- each in previous year including 250% i.e. Rs.5/- per equity share as special dividend to commemorate the completion of 75th year of the Company. Company had already paid an interim dividend @150% i.e. Rs.3/- per share. Total Dividend payout including Corporate Dividend Tax would amount to Rs. 183.69 crores, as compared to Rs. 229.32 crores in the previous year. After making necessary provisions, a sum of Rs. 225.86 Crores has been transferred to General Reserve.

The net sales and other income during first two months of the current year are Rs. 890.02 crores (including Rs. 9.31 crores by way of trading in other related products) as against Rs. 799.94 crores (including Rs. 5.08 crores by way of trading in other related products ) in the corresponding period of previous year achieving a value growth of 11.26%. During the first two months, Company has achieved a Product Turnover Volume of 69,113 MT as compared to 65,821 MT in the previous year achieving a volume growth of 5%.

#### **Business Outlook:**

The GST implementation has been smoothened and most of the rough edges have been taken care by Central and State Governments. As the Governments are proactive to facilitate ease of doing business, it is expected that the whole procedures may become further simple.

Total incidence of indirect taxes in most of the items produced by the Company has gone down.

The Country's economy has been integrated into one by this far reaching reform. This has boosted business outlook and augurs well for the Company's business.

Due to tightness of Polymer supplies in various Polymers supported with increased cost of Crude Oil, the cost of Plastics raw materials has increased. Going forward, there are several new plants to increase Polymer supplies which are coming in production one after another in USA, Gulf Region and other countries. The Company expects Polymer prices to soften in second half of this year.

Recent ban of use of several one time use plastics products in some parts of the Country will not affect our Company's business prospects. The Company does not make any of these products where their usage has been banned.

The investment plan for the year is going smoothly.

HDPE Pipe production in new unit at Malanpur Unit No.3 (Near Gwalior) will go into production in July/September 2018 quarter.

The Capacity of Roto Moulding products at Malanpur has been doubled which has gone in production in this month.

First Phase in Jadcherla (Telengana) Unit along with a large Depot will be commissioned in September/October this year. The Company initially will put a large capacity to manufacture Furniture and Material handling products. Facilities will also be put up to produce varieties of Tanks at that site simultaneously. At a later stage, company will take action to put up a Plastic Pipe System manufacturing at this site.

The Roto Moulding capacity at Kanpur unit will be doubled and go in production in Oct/Dec 2018 quarter.

The Plastic Pipe Fitting capacity has been increased and has gone into production in this month at Jalgaon and Malanpur Units.

Company has bagged export orders aggregating to USD 4.34 Million for supply of its Plastic Piping system for Water Supply Project of Ministry of Water and Irrigation, Dar Es Salaam, Tanzania through joint venture companies of Larsen & Tubro and AFCONS. The same is likely to be executed during July – October 2018.

The "Bureau of Indian Standards" has since published the Standards for CPVC Fire Sprinkler Fittings (IS16534).

With this Supreme FlameGuard CPVC Fire Sprinkler System will be authenticated by Indian Standards along with UL Certification. This will enable the acceptance of CPVC Fire Sprinkler System for usage in residential and commercial buildings. This system is far superior in providing fire safety compared to galvanized iron & / or mild steel fire sprinkler system which are being used currently.

Business outlook for Auto and Appliances components is showing positive signs and continues to be encouraging during the current financial year.

The Company's new plant at Ghiloth (Rajasthan) to make industrial components will go into production during July/September quarter.

Material handling division is showing good growth. Growth in demand for Roto moulded crates and Pallets is also encouraging.

Company further plans to introduce new products in this financial year in this segment.

Hindustan Petroleum Corporation Limited (HPCL) did a soft launch of Composite Cylinders for LPG gas distribution during last month. Soft launch of Composite Cylinders have also been done by private bottlers in Goa and Bengaluru. Other oil marketing companies are likely to issue enquiries. The response received from Private Bottlers uptil now is positive.

Export inquiries for Composite Cylinders are good and deliveries have begun for export customers. Company expects to have a turnaround in this business during current financial year.

Expansion work in Protective Packaging Division at Hosur Unit 2 is in full swing. After shifting the facilities of Plant 1 to Plant 2, Plant 2 will be fully operational by October this year.

Work on additional building in Kharagpur will ensure that the Polythene Foam capacity will be fully utilized from October this year. Construction has also started for an additional building to manufacture cross linked foam at that site. This will meet the increasing demand of the eastern region.

Work in Jadcherla Unit has also started to put protective packaging division at that location. This will begin its operation by the first quarter of the next financial year to produce various foam products.

This division is finalizing plans for setting up a unit in Guwahati to meet the increasing demand of Foam products in the northeast region as the freight cost from other locational plants work as deterrent to grow in those markets.

The construction work to increase capacity of Performance Packaging film at existing Khopoli plant is going in full swing. The same will go in production in Jan/March 2019.

The proper site to put up unit in Andhra Pradesh is still being discussed with State Government authorities.

During the year under review i.e. 2017-18, the Company incurred Capital Expenditure (Capex) of Rs. 260 crores.

During the current year i.e. 2018-19, the Company envisages Capex in the range of about Rs. 300 to 350 crores. Such Capex shall :

- Increase in capacity of Plastics Pipe and Fittings at Khargapur, Jalgaon and Malanpur by 13,200 MT per annum.
- Increase in capacity of Roto moulded products at Malanpur, Kanpur and Jadcherla by 3600 MT per annum.
- Increase in capacity of Protective Packaging Products at Malanpur, Kharagpur, Hosur and Jadcherla by 14,000 MT per annum.
- Increase in capacity of Plastic moulded furniture/Material Handling crates at Jadcherla, Lalru and Durgapur by 5,000 MT per annum.
- Increase in capacity of Industrial Components at Ghiloth, Talegaon and Chennai by 5,250 MT and reduction in capacity of 7800 MT per annum due to divestment of Khushkhera facility to joint venture company i.e. Kumi Supreme India Pvt. Limited.
- Increase in capacity of Multilayer performance Packaging film at Khopoli by 4500 MT per annum.

With all the Capex planned in place during the current year, the estimated installed capacities of various product division put together shall be about 6,05,600 MT Per annum at the end of the year as against 5,67,850 MT per annum at the end of the previous year. The same shall be fully available for production for the year 2019-20 onwards.

The Company has increased it's nos of distributors from 2973 nos to 3303 Nos by March 2018. The share of value added products has remained at 35.93% as against 37.54% in the previous year. The share of Branded items business has been at 81.03%. The export value has gone up from US\$ 13.50 million to US\$ 16.93 million. The Company will continue it's direction to increase the Nos of distributors, increase the share of value added products, increase percentage of Branded item sales and increase the value of Exports.

The Company's net borrowings at the end of May 2018 was Rs. 260.16 crores. Company aims to become virtual debt free (except for its working capital requirements) in the current year.

The Company's CSR arm- Supreme Foundation has entered into Five year Agreement with the Government of Rajasthan to provide teachers in Sanskrit Schools established and run by the Government in Ajmer and Bikaner Division, with effect from 27th June 2017.

There are 514 schools run by Government in these two divisions where over 33,600 students are currently studying. The number of vacancies of teachers required to be filled up in Ajmer Division & Bikaner Division is about 897. The

foundation has provided currently 334 teachers to both the Divisions. Each teacher will be imparting subject-wise education and will be covering about 2 to 3 schools for teaching that particular subject. This will facilitate filling of vacancies of teaching staff to facilitate students to get adequate and quality teaching in those Schools. Along with them, the Foundation has also provided 35 Lecturers in 29 Sanskrit Colleges in this year having student strength of 6659 and spread throughout the State of Rajasthan.

During the year under review, a sum of Rs. 251.43 lacs have been spent on these activities. The Foundation has planned activities to spend about Rs. 550 lacs in the current year. The monies will be spent on regular deployment of Teachers as required in various Schools and Colleges and also create Toilet facilities, providing Fun Classrooms and other teaching aids in Primary classes in those Schools.

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

29th June, 2018.

*Chairman's Statement at the 76th Annual General Meeting, held on Friday 29th June, 2018 at  
WalchandHirachand Hall, Indian Merchants' Chambers, Near Churchgate Station, Mumbai - 400 020.*

**The Supreme Industries Limited**

**Regd. Office :** 612 Raheja Chambers, Nariman Point, Mumbai 400 021