

SH/13/2020
17th September, 2020

National Stock Exchange of India Ltd.,
Exchange Plaza, 5th floor,
Plot No. C/1, G. Block,
Bandra-Kurla Complex,
Bandra (East),
MUMBAI – 400051

BSE Limited.,
Market-Operations Dept.
1st floor, New Trading Ring,
Rotunda Bldg. P.J.Towers,
Dalal Street, Fort,
MUMBAI 400023

Sub. :-Chairman Statement.

Dear Sirs,

Please find attached Chairman Statement made at the Annual General Meeting held on 17th September, 2020.

We request you to take the same on record.

Thanking you

For The Supreme Industries Limited



(R.J. Saboo)
VP (Corporate Affairs) &
Company Secretary

The Supreme Industries Limited

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Ladies and Gentlemen

I extend to each and every one of you a warm welcome to the 78th 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, 2020 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.

Due to restrictions on the movement of people caused by Covid-19, I am not able to address you in person. Hence we are holding this meeting over a virtual platform, I thank you all for joining us from wherever you are, through the platform provided by the Company for this Annual General Meeting.

At the outset, I salute the spirit of the Company colleagues operating from our all the 25 manufacturing units, offices and depots and other ancillary fabrication facilities who are relentlessly working to serve the customers with top efficiency in spite of this Covid pandemic. I must salute the spirit of the Government authorities' healthcare workers, Policy and the Public in fighting this Pandemic. We, as a Country, will emerge as winner Corona हारेगा | Bharat जीतेगा |

Now I return to the Company's last year performance and update about the current year Business Outlook.

The Company achieved Net Revenues for the year 2019-20 at Rs. 5530.07 Crores (including Rs 32.52 crores by way of trading in other related products and Rs. 25.60 crores from sale of premises) as against Rs. 5632.47 crores (including Rs. 46.36 crores by way of trading in other related products and Rs. 80.85 crores from sale of premises) during the previous year.

The Company has sold 4,11,521 tons of Plastic products as against 3,97,983 tons of Plastic products in the same period of previous year, reflecting a growth of 3.40% in product turnover by volume.

The Profits before interest, Depreciation, exceptional items and Taxes during the year under review have been at Rs 853.71 crores as against Rs. 804.57 crores in previous year. Net Profit, after setting aside aggregate Tax provisions of Rs. 132.90 crores (previous year Rs. 217.02 crores) remained at Rs. 492.16 crores in 2019-20 as against Rs. 458.67 crores in 2018-19.

The Directors have earlier recommended and paid two interim dividends during the year aggregating to @ 700% i.e. Rs. 14/- per equity share of Face Value of Share of Rs. 2/- each. With no further dividend been considered by Board of Directors, the same remain the total dividend for the year as against total dividend @650% i.e. Rs.13/- per equity share of face value of Rs. 2/- each in previous year. Total Dividend payout including Corporate Dividend Tax would amount to Rs. 214.39 crores, as compared to Rs. 199.08 crores in the previous year. After making necessary provisions, a sum of Rs. 282.00 Crores has been transferred to General Reserve.

The net sales and other income during first five months of the current year are Rs.1877.55 crores (including Rs. 7.71 crores by way of trading in other related products) as against Rs. 2291.95 crores (including Rs. 14.31 crores by way of trading in other related products) in the corresponding period of previous year. During this period, Company has achieved a Product Turnover Volume of 1,51,383 MT as compared to sale of 1,75,444 MT in the corresponding period of previous year having a value and volume de-growth of about 18% and 14% respectively.

Business Outlook :

Emerging out of the initial countrywide lock down in April and part of May, the Company's all the manufacturing plants have gone into production one after another. Starting from second half April, the Company enjoyed excellent demand for its Piping Systems and XL film products from rural market. The pent up demand has boosted businesses in most of the verticals in the month of June.

Intermittent lock downs in the month of July affected the demand in several product segments. The severity of the intermittent lockdown is getting reduced from August onwards.

With effect from August, the Plastic Pipe Division is returning to normalcy. Between May to August the Company had a degrowth in volume by 1.36% and in value by 1.31%. However, there was growth in August. Barring Metro cities, demand for housing products revived throughout the Country. The demand for infrastructure is maintained. Considering widespread coverage of Monsoon this year, the demand from Agriculture is expected to be better from Mid September onwards.

The Company has increased its distributor strength from 1214 Nos to 1314 Nos in Pipe division. The Company was able to cover additional 141 Tehsils this year. The Company had a plan to launch 344 Skus in this year. 40 Nos SKUS were launched by August.

The Company's expansion of CPVC pipe at Kharagpur and Malanpur will go in production by end of this month. New Plant to produce PVC pipes at Jadcharla will go in production by next month with an annual capacity of 34,000 Tons. The Company's 5 Layer premium water tank with superior insulation property has gone into production in three out of 5 manufacturing sites. They are well accepted in the market.

The business of Cross Laminated Film & products grew by 24.59% in the first five months. During the period the company has put up new production facility at Halol exclusively for fabrication of made up products, the demand for which is expected to grow many folds. The Company has soft launched Bio-floc fish tanks in eleven States. The product demonstrates growth prospects in coming years. The Company shall introduce the same in entire country after getting feedback for the performance of these tanks from the markets where these are being presently supplied. Exports have surged by 32.53% during the period compared to corresponding period of previous year.

After witnessing one of the worst times, Business of Protective Packaging Division started moving upwards from May 2020 onwards. Strong brand image, robust production and supply system during COVID and committed distributors and sales team continuously worked in tandem to seize each business opportunity which came along their way.

Fitspree Yoga Mats, part of the Fitspree range of fitness products, of the division has got good response and is being worked upon for potential growth opportunities. Exports is also doing well. Introduction of Low density EPE Foam, various cost optimization measures and revival of demand from industrial customers show positive signs and Company expects to reach growth trajectory soon in this business segment.

Performance Packaging Film business of the Company was least disrupted being intermediary to essential commodities and grew about 10% in volume during first five months as compared to corresponding period of previous year. It exported 599 MT as against 502 MT during the same period last year. This division sees good business opportunities both in domestic as well as export market

Industrial Component Business of the Company is one of the most affected business segment due to delayed commencement of operations by OE customers and slow revival of demand during initial part of the year till July. Business is now recovering and moving towards normalcy. Appliances segment has started picking up and festive season is expected to be good. With better season for Air Conditioners and Coolers, the sectors where the division has good presence, Company expects this division to do better business in second half of the year as compared to previous year.

The Material Handling Product division which has the primary products as crates, Pallets and Bins was affected badly during initial phase of total lockdown when most of the auto & appliances manufacturing units were closed. This division has worked aggressively on groceries, fruits & vegetable and other consumables industry and had a growth of over 50% in fruits & vegetable segment during five months as compared to corresponding period of previous year. With more sale through on line platforms in the economy and Increased activities of logistics are auguring well for products of this division particularly for Pallets & crates. With some revival of demand in Automobiles, Appliances, Engineering sectors which are major customer base of this division, it is expected to see business growth momentum from October onwards in this business.

All technical issues related to the its' Composite Cylinder products have now been resolved and product has been perfected. Company continues to supply small quantities in various overseas markets. Company continues to explore more export opportunities. There is lack of visibility in the domestic market due to Covid-19.

Some of the major business segments of Company's furniture is in Hotels, Restaurants, Clubs, banquet halls, which were severely hit during first four months of this year, Company could achieve turnover in August only comparable to August of previous year. In earlier four months, the business in this division was severely hit.

The Company's introduction of several new varieties of Furniture last year received good response in this year. Company has also increased its channel partner strength from 1113 Nos to 1158 Nos by end August this year. The Company has also added 349 retailers during this period.

The Company is scaling up it's E-commerce operations to boost online sale of its range of furniture. The Company could achieve close to Rs. 1 crore business in July through E-commerce. It is expected that online business of Furniture will go on increasing.

The Company remains overall optimistic in several business segments where it operates.

The Company has plans to commit investment of around Rs. 350 Crores in the year 2020-2021 including carried forward committed Capex of Rs. 182 crores from previous year.

These investment will include

- To Complete the planned product range at Jadcharla complex where Company is going to launch three new Plastic Piping system products and installing capacities to make CPVC and PVC pipes.
- To Put up new Unit to make Cross Plastic film at Get Muvale Unit in Gujarat.
- To Put Plastics Moulded Fitting manufacturing unit at Kharagpur complex
- To Increase PVC pipe capacity at Kanpur, Kharagpur complex.
- To Increase HDPE pipe plant capacity at Malanpur, Gadegaon and Kharagpur.
- To Increase DWC Pipe capacity at Kharagpur
- To Increase CPVC Pipe capacity at Kharagpur and Malanpur
- To Increase water tank capacities at existing five locations by adding new varieties of products and also additional Roto moulding machines at some locations.
- To Make investments in balancing equipment in Packaging divisions and Industrial product segments.
- To Invest in introducing several additional products in Company's Furniture range.

New Projects:

- The Company has negotiated purchase of 30 acre land to put up Plastic Piping complex at Orissa. Due to lockdown the legal possession of the land has been delayed. The Company will initiate actions to put the complex after the possession of the Land.
- The drawings of various equipment to put up Cross Plastic Film project at adjoining land to the Composite Cylinder Plant are under preparation in Romania and Switzerland. Due to Covid-19 lockdown and resultant impact, the process is taking more time to finalize the drawings. The Company intend to move expeditiously once the working drawings are frozen.

Company could also sale inventory of last premise in hand at Supreme Chambers and realized Rs. 25.60 Crores. Further it has divested its interest in joint venture namely Kumi Supreme India Pvt. Ltd and realized Rs. 24.32 Crores during the financial year 2019-20.

The Company is continuously working to increase its market reach by closely monitoring its presence at tehsil and district level by increasing its channel partners and retailers. The active channel partner strength of Company's all division put together was at 3,567 Nos. as on 31st March 2020. By end August, that strength has gone up to 3838 Nos. The turnover of value added products have grown to Rs. 2070 Crores in 2019-20 as against Rs. 1944 crores in the previous year. The Company exported goods worth US\$ 18.29 million in 2019-20 as against US\$ 23.05 million during the previous year. The turnover of value added products for first five months of the current year is Rs. 688 crores as compared to Rs. 789 crores during the corresponding period of previous year. Company has achieved export turnover of \$ 6.58 million till August, 2020 in the current year against \$ 9.17 million in the corresponding period of previous year. The Company remains focused and will continue it's direction to increase the Nos of distributors, increase the turnover of value added products and boost exports.

The Company had a net Surplus of Rs. 127 Crs. at the end of August, 2020 and is expected to remain virtual debt free going forward.

The unlocking of the economy is moving with right earnestness throughout the Country. The Company is seeing increased economic activities in most of the sectors. This has boosted our ambition to expeditiously proceed to implement all the investment programme as envisaged.

The raw material prices remain range bound in all the Polymers except PVC. In PVC prices, there is too much volatility starting from middle of March which continues even today. The situation of PVC Resin may remain tight even up to December. The Company is capable to cater the requirements of it's PVC product range as placed by its large number of Distributor network without any supply disruption.

The Company's CSR arm - Supreme Foundation through its Agreement with the Government of Rajasthan has initiated project to provide the teachers for educating the students in government schools in Ajmer and Bikaner Divisions and lecturers in Sanskrit colleges in Rajasthan. it has also undertaken similar activities of providing teachers in primary schools of Ladnu Tehsil in Nagaur District of Rajasthan and entered into an agreement with Education Department, Nagaur dated 1st May, 2019. Supreme Foundation has also started Mobile Computer Bus to impart computer education along with Mathematics and Science in those schools, which are lacking in these facilities. Its' aim to improve basic education at foundation level of a child is expected to go a long way in building their future and nurture behavioural aspects and good quality characteristics in a human being.

During the year under review, a sum of Rs. 15.79 Crores have been spent on various CSR activities including contribution of Rs. 5.05 crores to PM Cares Fund and various State Chief Ministers relief fund to support their fight against on going pandemic COVID 19.

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 these trying times. Hopefully, we will gather next year for our AGM in usual manner. Meanwhile I wish all of you and your beloved family members to stay well and safe and look forward for your continued support in the journey forward.

Thank you,

B. L. Taparia
Chairman

Mumbai
17th September, 2020.

The Supreme Industries Limited

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