

SH/13/2016  
4<sup>th</sup> July, 2017

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

The Secretary,  
BSE Limited  
Market-Operation Dept.,  
1<sup>st</sup> Floor, New Trading Ring,  
Rotunda Bldg., P.J. Towers,  
Dalal Street, Fort,  
MUMBAI - 400023.

Ref.: Chairman's Speech.


Dear Sirs,

We have to state that the 75<sup>th</sup> Annual General Meeting (AGM) of the Company was held on 3<sup>rd</sup> July, 2017. We enclose herewith, a copy of the Chairman's statement made at the said AGM.

This is for your information and records.

Thanking you,

Your faithfully,  
For The Supreme Industries Limited





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






Encl. : a/a.

**The Supreme Industries Limited**

**Regd. Off. :** 612, Raheja Chambers, Nariman Point, Mumbai-400 021. INDIA  
**CIN :** L35920MH1942PLC003554 **PAN :** AAAC1344F

**Corp. Off. :** 1161 & 1162, Solitaire Corporate Park, 167, Guru Hargovindji Marg, Andheri- Ghatkopar Link Road, Chakala, Andheri (East), Mumbai-400093. INDIA  +91 (022) 67710000, 40430000  +91 (022) 67710099, 40430099  sil\_ho@supreme.co.in  www.supreme.co.in

+91 (022) 22820072, 22851656   
+91 (022) 22851657, 30925825   
sil\_narimanpoint@supreme.co.in 

*Ladies and Gentlemen*

I extend to each and every one of you a warm welcome to the 75th Annual General Meeting of the Company, celebrating platinum jubilee. The Annual Report together with the Audited Accounts and the Director's Report for the year ended 31st March, 2017 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 2016-17 at Rs. 4469.798 Crores (including Rs 64.78 crores by way of trading in other related products) as against Rs. 2970.88 crores (including Rs. 50.38 Crores by way of trading in other related products) during the previous year comprising of 9 months period.

The Company has sold 3,40,906 tons of Plastic products as against 3,29,350 tons of Plastic products in the same period of previous year, reflecting a growth of 4% in product turnover by volume.

The Profits before interest, Depreciation, exceptional items and Taxes during the year under review have been at Rs 769.61 crores as against Rs. 471.70 crores in previous year comprising of 9 months period. Net Profit, after setting aside aggregate Tax provisions of Rs. 206.91 crores (previous year Rs. 118.39 crores) remained at Rs. 377.17 crores in 2016-17 as against Rs. 211.50 crores in 2015-16 comprising of 9 months period.

The Directors have recommended total dividend for the year @ 750 % i.e. Rs. 15/- per equity share of Face Value of Share of Rs. 2/- each including 250% i.e. Rs. 5/- per equity share as special dividend to commemorate the completion of 75th year of the Company as against @375% i.e. Rs. 7.50 per equity share of face value of Rs. 2/- each in previous year comprising of 9 months period. 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. 229.32 crores, as compared to Rs. 114.99 crores in the previous year of 9 months period. After making necessary provisions, a sum of Rs. 149.98 Crores has been transferred to General Reserve.

The net sales and other income during first two months of the current year are Rs. 799.94 crores (including Rs. 5.08 .crores by way of trading in other related products) as against Rs. 769.72 crores (including Rs. 10.34 crores by way of trading in other related products ) in the corresponding period of previous year. During the first two months, Company has achieved a Product Turnover Volume of 65,821 MT as compared to 64242 MT in the corresponding period of the previous year achieving a volume growth of about 2.45%.

**Business Outlook :**

Current year is going to be a water-shed year in the country's economy. Central and State Governments except J&K have unanimously agreed for GST and GST has been introduced from 1st July 2017. This is going to be game changer. The Nation will have one tax rate for a similar product subsuming all the indirect taxes except Customs Duty.

This change in indirect tax has been a big disruptor of business in the current year. Your Company's product demand has slowed down since 22nd May 2017. Principally,

## Chairman's Statement

this was due to destocking of products in the entire value chain. It is expected that the demand will come back by second half of July after all the newly established tax system is fully implemented in the entire chain.

By and large most of the products' GST rates are similar to what it was due to cumulative effect of all taxes in our Company's product portfolio.

Rotomoulded tanks, Solvents, Bath fittings and Tarpaulins in certain States will attract lower rates of indirect taxes after the introduction of GST which may be between 10% to 20%. The turnover of these combined products was Rs. 110 crores during last year.

By this reduction, we expect that there will be substantial growth in business of these products. Consumers of these products will be benefited to the extent of reduction in GST rates.

In Plastics furniture, GST has gone up by 10% in Four States. The turnover of the Plastics furniture in those states was Rs. 52 crores in the year 2016-17. The GST at 28% on Plastics furniture will hinder the growth prospects of this business in the said four States.

Plastics furniture are mainly used by common people. It saves wood. It is environment friendly. It is not a luxury product.

Industry has made representations to GST council to revisit the rate. Till the rates are revised, this business will be impacted.

It is expected that GST will change the profile of suppliers in our Country to meet economy requirements. Barring industrial components, Composite Cylinder and Performance Packaging film, the share of informal players is higher than 40% in other product segments of the country where our company is participating whereas formal players are catering to around 60%.

It is expected that over a period, the share of informal economy will go down and share of formal economy will go up. The Company anticipates that its business share should go up in all those segments.

In spite of slackness in the business in the First Quarter, the Company still maintains to clock a volume growth above 12% in the current year.

Lower prices of Crude Oil and increased exploration of Shale gas have encouraged Petrochemical producers to put up new plant and expand capacity of existing plants in several parts of the world including India. Therefore, going forward, the raw material prices will remain at lower level to boost increased affordability.

Company is thus encouraged to continue its investment plan vigorously to cater to expected increased demand for its product going forward.

The Company has been allotted 40 acre site at Jadcherla in Telangana by the State Government to put up new Plastic Product complex.

The Company has an adjoining land of around 5000 sq meters near its Khopoli plant where it makes Performance Packaging Film. That plant capacity is fully sold out. In this adjoining land, the Company will construct additional building which will enable it to increase its capacity of the product by 4000 tons per year.

The Company is looking for industrial land to put up a large unit in Assam to make varieties of Plastic Products to cater to North East Indian market.

## Chairman's Statement

The Company has plans to construct additional area in Malanpur Unit III to manufacture HDPE pipes to cater North Indian Market more efficiently.

All the new products launched by the Company in last quarter have received good response.

Prominent among them are Double Wall Corrugated HD Polyethene pipes, Chrome Plated Bath Fittings, Cross Lined (XL) Bonded film in higher thicknesses i.e 150,200 and 250mm , Cross Laminated (XL) film of 30 gsm, Blow Moulded furniture and varieties of industrial valves.

NBR Sheet Plant at Malanpur is expected to start by end of this calendar year. Bubble Film capacity at Hosur has been increased. Since there is no space to expand in Hosur Unit I, the Company is shifting the entire foam plant along with new expansion of capacity at Unit II.

Kharagpur capacity of PE foam is now being enhanced. The company introduced foam toys, puzzles, yoga mats, swim accessories etc. The products introduced by the Company are children friendly and have been well accepted by customers . The company is continuously working to increase its reach.

Composite LPG Cylinders are yet not launched in the market by HPCL who have procured the same for initial test marketing. Company is hopeful of its sooner introduction in domestic market once the required BIS standards are in place.

Your Company has made a small beginning in domestic market with introduction of Composite Cylinder by private player in the state of Goa with different marketing campaign. Initial response of the same is encouraging. Company is also preparing itself for further expansion of capacities once domestic market opens up.

Company is witnessing positive demand scenario for various Auto and Appliances components and the same is likely to continue. New green field expansion at Giloth in Rajasthan is being given final shape for execution and likely to commence production during last quarter of 2017-18.

New moulds are being added to bolster the growth in retail, Dairy and warehousing segment in Material Handling Division. Business of Roto crates and Pallets is encouraging and company is developing new moulds for varied & industry specific application.

During the year under review i.e. 2016-17, the Company incurred Capital Expenditure (Capex) of Rs. 213 crores.

During the current year i.e. 2017-18, the Company envisages Capex in the range of about Rs. 300 to 350 crores, mainly on the following:

- 1 Setting up Green Field Plastic Product manufacturing Complexes in the Southern India and North East Regions and at Giloth in Rajasthan for Industrial Components.
- 2 To increase capacity and range of Roto Moulded Products
- 3 To increase/install new capacities of Protective Packaging Products at Hosur, Malanpur and Kharagpur
- 4 To invest in new capacity of Performance Packaging Film
- 5 To invest in moulds for new varieties of Fittings and Bath Fitting Products

## Chairman's Statement

- 6 To invest in moulds to enlarge range of furniture/blow moulded furniture products
- 7 To invest in additional equipments for Cross Plastic Film
- 8 To invest in increasing the capacity of Composite LPG Cylinders
- 9 To invest in manufacturing HDPE Pipe at Malanpur Unit III.
- 10 To invest in balancing equipments and automation at all the plants as may be required

The Company has increased its nos of distributors from 2699 nos to 2973 Nos by March 2017. The share of value added products has gone up from 36.73% to 37.54%. The share of Branded items business has been at 82.70%. The export value has gone up from US\$ 12.30 million to US\$ 13.50 million. The Company will continue its 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 June 2017 was Rs. 167 crores. Company aims to become debt free in the next year.

The Company has entered into Five year Agreement with the Government of Rajasthan to provide teachers in Sanskrit Schools 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 company, under CSR, aims to provide upto 200 teachers in various categories and disciplines to meet the gap in Nos of teachers required to impart education in different subjects in these schools. The company may incur an expenditure of around Rs. 10 crores in Five years time frame.

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. Taparia**  
*Chairman*

Mumbai  
3rd July, 2017

*Chairman's Statement at the 75th Annual General Meeting, held on Monday 3rd July, 2017 at Walchand Hirachand Hall, Indian Merchants' Chambers, Near Churchgate Station, Mumbai - 400 020.*

**The Supreme Industries Limited**  
Regd. Office: 612 Raheja Chambers, Nariman Point, Mumbai 400 021