

## Ladies and Gentlemen

I extend to each and everyone of you a warm welcome to the 68th Annual General Meeting of the Company. The Annual Report together with the Audited Accounts and the Directors' Report for the year ended 30th June, 2010 have been with you for quite sometime 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 2009-10 at ₹ 2021.95 crores (including ₹ 128.54 crores by way of trading in other related products and ₹ 20.45 crores from sale of premises) as against ₹ 1,660.97 crores (including ₹ 94.33 crores by way of trading in other related products) in the previous year, a growth of about 22%.

The Profits before interest, Depreciation, Exceptional Income and Tax grew over 23% from ₹ 246.99 crores in 2008-09 to ₹ 305.56 crores in the year under review. Net Profit, after setting aside Tax provisions of ₹ 74.89 crores (previous year ₹ 48.74 crores) grew over 48% from ₹ 97.39 crores in 2008-09 to ₹ 144.83 crores in 2009-10.

The Directors have recommended final dividend of 130% i.e. ₹ 13/- per share which together with the interim dividend of 50% i.e. ₹ 5/- per share (already paid) aggregates to 180% i.e. ₹ 18/- per share, as against 120% i.e. ₹ 12 per share of the previous year. Total Dividend payout including Corporate Dividend Tax would be ₹ 53.37 crores, as compared to ₹ 35.67 crores of the previous year. After making necessary provisions, a sum of ₹ 91.46 crores has been transferred to General Reserve.

The Directors have also recommended sub-division of Equity Shares, comprised of 2,54,05,374 Equity Shares of ₹ 10/- (F.V.) each fully paid-up to 12,70,26,870 Equity Shares of ₹ 2/- (F.V.) each fully paid-up.

In the first two months of the current year, the Company processed 32,286 tons of Polymers as compared to 26,888 tons of Polymers in the corresponding period of previous year showing a growth of 20%.

The net sales and other income during first two months of the current year are ₹ 295.34 crores (including ₹ 18.20 crores by way of trading in other related products) as against ₹ 235.30 crores (including ₹ 11.03 crores by way of trading in other related products) in the corresponding period of previous year achieving a growth of over 25%.

### Business Outlook

The year 2009-10 has seen range bound volatility in raw material prices with upward bias. This was more in consonance with crude oil prices.

Raw material prices are expected to remain in the same mode in the current year also with slightly upward bias due to increased demand in commodities from China and India.

The monsoon has been much better compared to previous year. Crop outlook looks excellent. We anticipate that the GDP growth in the current year will be higher than 8.5% considering a higher growth in all the sectors of Indian economy.

Government has started withdrawing certain stimulus measures. In Government's exercise to withdraw part of stimulus measures the Excise Duty which was at 8% has now been increased to 10%. Reserve Bank of India is also increasing the interest rates.

On the basis of the current discussions between the Central and State Governments as reported in the newspapers, it looks that the country may miss the date of introduction of GST on 1.4.2011. This will delay the integration of our country's economy and may keep the indirect taxes higher for a longer period. CST rate of 2% should have been done away with along with the introduction of VAT. However, it continues to stay at 2% in spite of VAT introduction across the Country.

Business conditions remain positive. There was demand growth in all the segments where the Company operates. The Company made an investment of ₹ 79 crores in the previous year in different segments of its activities.

Seeing the good growth potential in all the product segments, where the Company operates, and due to the increased demand coming from automotive, agriculture, industrial and consumer sectors, the Company has committed to invest a sum of ₹ 325 crores in the current year.

This investment will include a sum of ₹ 50 crores allocated for the manufacture of domestic LPG composite Cylinders. This product is a new product for the Country. Government of India has announced their decision to introduce usage of light weight explosion proof composite LPG cylinders. Users will be able to see gas level in these cylinders.

Our Country needs 12 million new LPG cylinders every year. Although these composite cylinders will be expensive compared to steel gas cylinders, but because of its various advantages, the Company expects to get reasonable share out of the Country's total requirements.

This project is coming in Western India and expected to start operation by October 2011. Initial capacity will be around 350,000 cylinders per year.

## Chairman's Statement

Remaining investment of ₹ 275 crores have been committed in the following businesses :-

1. To start a new unit to manufacture industrial components at Chennai.
2. To boost capacity of industrial components at Durgapur, Khushkheda, Noida, Talegaon and Puducherry.
3. To start manufacturing furniture at Gadegaon complex.
4. To improve the range and volume of plastics furniture at Durgapur, Puducherry, Guwahati and Lalru.
5. To increase the capacity of material handling products at Gadegaon, Puducherry, Durgapur and Lalru and for introducing several new varieties of pallets and crates.
6. To start a new unit to manufacture furniture and material handling products at Ongole in Andhra Pradesh.
7. To increase the capacity of performance packaging film products at Khopoli.
8. To increase the capacity of protective packaging products at Hosur, Malanpur and Urse and also to take further steps to put a new unit close to Company's Hosur Plant.
9. To increase the volume & varieties of Plastics Pipe System at Jalgaon, Gadegaon and Kanpur.

Out of these ₹ 325 crores, investment to the tune of around ₹ 270 crores will be on ground and operating by June 2011. Remaining amount will be invested in the assets which may be operational by October 2011.

These investments are being made from internal accruals and suppliers credit. The Company does not envisage increase in the borrowing level for meeting these fund requirements. This is due to expected sale proceeds from newly built office complex at Andheri (West), Mumbai and anticipated improved working for the year.

To fully utilize the building potential of the land at Andheri West, due to change in FSI guidelines, the Company is in a position to construct and sell additional area of 25,000 sq. ft. in "Supreme Chambers". Thus the total saleable area will be around 2,75,000 sq. ft. The Construction of this additional area of 25,000 sq. ft. is expected to be ready for possession by December 2010.

The Company expects to receive a total sale value of around ₹ 375 crores from the sales of office blocks in Supreme Chambers against a total cost of about ₹ 155 crores. The Company has already sold / negotiated 38,000 sq. ft. area for a consideration of ₹ 58 crores out of this complex.

The Company is also focused to increase the presence in providing solution to infrastructure requirements. Jawaharlal Nehru National Urban Renewal Mission (JNNURM) scheme has been extended from 63 cities to 91 towns and cities. The Company is seeing great potential to provide cost effective solution to improve the sewerage system in these towns and cities with innovative plastics products.

## Chairman's Statement

The Company provides several solutions to farmers across the Country to handle water judiciously. In this direction the sprinkler system launched by the Company is well received. The Company intends to introduce other Micro Irrigation System products in the coming years.

The Company with its strong distribution network spread across the entire Country is in a position to supply quality plastics products at affordable price across various segments of the economy's requirements. The focus of the Company remains to increase the percentage of value added products out of total revenue.

M/s. Supreme Petrochem Limited, the Company where your Company has large investments is faring well. Their principal product i.e. Polystyrene is showing good growth in demand in domestic market. Encouraged by this trend, that Company has made a large investment plan which may be executed in 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, 2010 be and are hereby approved and adopted."

Thank you,

**B. L. Taparria**  
*Chairman*

Mumbai  
14th September, 2010

*Chairman's Statement at the 68th Annual General Meeting, held on Tuesday 14th September, 2010 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