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29th June, 2023

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-Operation Dept.,
1st Floor, New Trading Ring,
Rotunda Bldg., P.J. Towers,
Dalal Street,
Fort, MUMBAI 400023

**Sub.: Chairman Statement made at the 81st Annual General Meeting of the Company,
held on Wednesday, 28th June, 2023.**

Enclosed please find Chairman Statement made at the 81st Annual General Meeting of the Company held at Walchand Hirachand Hall, Indian Merchants' Chamber, Near Churchgate Station, 76, Veer Nariman Road, Mumbai - 400020, on Wednesday, 28th June, 2023, at 04.00 p.m.

This is for your information and appropriate dissemination.

Thanking you,
Yours faithfully,
For The Supreme Industries Ltd.


(R. J. Saboo)
Vice President (Corporate Affairs) &
Company Secretary



Ladies and Gentlemen

I extend to each and every one of you a warm welcome to the 81st 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, 2023 have been with you for quite some time and with your permission, I take them as read. I hope it provides you a clear idea of the working of the Company during the year under review.

As you are aware, due to Covid -19 and keeping in mind health & safety of everyone, we held our last three AGMs through virtual mode. By and large the pandemic is behind us. Hence this year we have chosen to meet & interact with all of you in person. I thank you all for joining us after a gap of nearly four years and supporting the Company and management throughout the difficult period.

The Company is happy to inform about the strengthening of its Board, where Shri Vipul Shah and Shri Pulak Prasad have consented and joined the company's Board of Directors. The Company will be immensely benefitted from their rich business experience and superior contribution to grow its business in the years to come.

The Company achieved Net Revenues for the year 2022-23 at ₹ 9,283 Crores (including ₹ 72 crores by way of trading in other related products) as against ₹ 7841 crores (including ₹ 106 crores by way of trading in other related products) during the previous year.

The Company has sold 5,06,501 tons of Plastic products as against 3,93,908 tons of Plastic products in the same period of previous year, reflecting a growth of 29% in product turnover by volume.

The Profits before interest, Depreciation, exceptional items and Taxes during the year under review have been at ₹ 1,282 crores as against ₹ 1,310 crores in previous year. Net Profit, after providing for aggregate Tax provisions of ₹ 247 crores (previous year ₹ 264 crores) remained at ₹ 762 Crores in 2022-23 as against ₹ 811 crores in 2021-22.

The Board of Directors had earlier declared and the Company had paid interim dividend during the year @ 300% i.e. ₹ 6/- per equity share. Further Final dividend @ 1000% i.e. ₹ 20/- per equity share has been proposed by the Board of Directors. Thus the total dividend for the year shall work out @ 1300% i.e. ₹ 26/- per equity share of Face Value of Share of ₹ 2/- each as against total dividend @1200% i.e. ₹ 24/- per equity share of face value of ₹ 2/- each in the previous year. Total Dividend payout would amount to ₹ 330 Crores, as compared to ₹ 305 Crores in the previous year. After making necessary provisions, a sum of ₹ 437 Crores has been transferred to General Reserve.

Business Review & Outlook:

The year began on a positive note as the adverse effect of Covid pandemic was effectively controlled by Central and State Governments. RBI with its effective monetary measures, managed to contain inflationary pressures much better than the Central banks in most other countries. Agricultural crops were robust. Large investments were initiated in infrastructure by Central and State Governments. Due to weak world economic forecast the commodity prices were on downward path, which augured well for boosting growth in economy of the country.

Polymer prices witnessed relentless downward march which continues even till now. Although it resulted in substantial inventory losses but has given boost to the demand, since the products became more affordable.

Cumulative effect of these developments enabled the Company to achieve highest ever volume growth in the year, thus recovering quite a bit of the business lost in preceding two years.

Your Company is quite optimistic and therefore encouraged to commit large investment plan. Large Infrastructure spend and make in India focus by Central and state governments, better prices to farmers for their crop, boost to affordable housing and smart cities, focus on basic amenities like providing drinking water and healthcare facilities across the country, increase in discretionary spending, well managed inflation and robust economic condition of the country provides immense opportunities for growth. Your Company always remains in the forefront to seize the business opportunities and continues to commit sizeable investment. Plastic consumption in the country is expected to grow by 10 to 12% annually and your Company envisages better than country's growth by 2 to 3% minimum.

The Company has ambitious plans to grow Plastic Piping System business. In the process, the Company is going to add this year 4 additional systems along with its existing 36 Systems in Plastics Piping Business.

Another green field unit to be dedicated for production of varieties of Industrial and ball valves is planned at Malanpur (M.P). Company is expanding product portfolio as well as capacity of its bath fitting made from high

quality engineering plastics. Newly launched electrofusion and compression moulded fittings have received encouraging response and Company is adding further range of product and capacity to meet the increasing demand. Company is eyeing niche product range/application segment which could grow to the level of 400-500 Crs. per annum in next 3 to 5 year horizon. Bath fitting range of products, DWC pipe system, varieties of water tanks and electrofusion & compression moulded fittings are prominent among them.

Further, Company is putting necessary investments and other resources in place to promote value added and specialized product range which has potential to grow to a reasonable size of business of ₹ 200 crores plus, over a period of 3 to 4 years and would give decent business opportunities as well as improved profitability of the division. Silent pipe system, varieties of hoses, Industrial valves & Industrial pipe system, Manhole and STP (Sewage Treatment Plant) system and composite bendable pipes for plumbing application tops the list of such products.

The Company is implementing brown field expansion at five of its existing plants for launching new applications & systems and it continues to enlarge its product basket. This will give required impetus to the division to grow faster and seize the growing business opportunities. By end of FY 24, installed capacity of this division shall reach to 7,50,000 M.T. per annum against present capacity of 6,00,000 M.T. per annum.

The business of Cross Laminated Film products continued to get impacted by fierce competition from look-alike products. The company believes in providing quality products and best services to customers, which is the best way to counter such competition. Being a pioneer in Cross laminated technology, Company has both the expertise and experience to recover the volumes and restore the margins which were severely affected in the previous years. The company is focusing more on several Made-up product sales. This being more in nature of consumer product, it has tremendous potential. On regular basis, the company is exploring new products that form part of day to day life style. Company's Plan to introduce newly developed Cross Plastic Film is progressing well and plant with a capacity of 2500 MT per annum should be in operation by end of FY 24.

The company's furniture business is expected to grow well during the year, backed by softening of PP prices and introduction of several premium products in the range. The current trend of PP prices will help in driving volume growth due to reduction in price gap with reprocessed material manufacturers. The company is actively pursuing to expedite launch of new items in second & third quarter of 2023-24. The Company has 247 no. of show rooms as on 31st May, 2023 and more are being added regularly wherever quality furniture produced by the Company is available.

In Industrial Component division, Passenger Vehicle segment in auto sector is continuing its bullish trend and expected to remain positive during the year. However, Appliances sector remains subdued due to unseasonal rains in most parts of the country, keeping retailers away from buying these products, leaving huge finished goods inventory in total supply Chain. Impending festive season and overall positivity in the economy should help the division gather steam going forward. The division is working aggressively to develop business in the sectors where it has no or very little presence like Telecom, Infrastructure, Electricals, Railways etc. and expects to make some headway in couple of sectors during this year.

Material Handling Division's product portfolio is doing reasonably well keeping in pace with the major drivers of Material Handling products like Automobile, FMCG, Whitegoods and Retail. The division has been able to retain its regular and steady customers and the base is expanding constantly. To meet the diverse needs of the customers, newer products are being introduced with encouraging results. Supplies of tailor made solutions with customized crates are growing and most models of garbage bins range have started selling well. The division is confident of good growth during the current year in both volume and revenue terms.

In Composite LPG Cylinder division, Expansion of existing capacity has been successfully completed and increased capacity of 1 million cylinders per annum is now in place. Company is developing various sizes of cylinders to meet requirement of global customers. It is also pursuing vigorously with other Oil Marketing Companies for promoting Composite Cylinders in domestic market, showcasing the safety to human life what they provide. Company is expanding its geographical reach and adding new customers. Participation in various exhibitions has given encouraging response. Division expects to utilize the increased capacity optimally during the year.

In Protective Packaging Division, key strategy remains to drive growth both in volume and value with enhanced profitability across product lines. Key growth drivers are like, addition of new markets, new customers & revival of lost customers, expansion and investment in in-house fabrication business to meet the applications and packaging needs of all major domestic and OEM customers. Focus remains on development of new applications, continuous

value engineering to provide best product with value for money proposition and increase its export business by expanding in to newer markets by strengthening distribution reach. All these initiatives are expected to yield good business for the division with improved profitability.

Performance Packaging Film division is well placed with its decades of experience in manufacturing barrier films (PA and EVOH films) and has best of class equipment for extrusion, printing and lamination. The Company is a pioneer in multi-layer barrier films in India and also well known in international markets. The division serves different market segments in food and various non- food industries with present capacity optimally utilised. The division is working to add post extrusion value added products in its portfolio for further improvement in profitability and margins.

The Company envisages good business growth opportunities in all its business segments and is fully geared to reap the benefits.

The net sales and other income during first two months of the current year are ₹ 1527 crores (including ₹ 6 crores by way of trading in other related products) as against ₹ 1394 crores (including ₹ 10 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 96,138 MT as compared to sale of 68,057 MT in the corresponding period of previous year having a value growth of about 10% and volume growth of about 41%.

The Company has planned capex of about ₹ 750 Crores for the year 2023-24 including carry forward commitments of ₹ 149 Crs. at the beginning of the year. The committed / proposed capex is primarily -:

- To put up a state of the art manufacturing facility at Malanpur (M.P.) to manufacture varieties of Industrial valves and Ball valves.
- To establish additional capacity to manufacture olefin Fittings at Jadcherla.
- To expand the capacities at Erode and Cuttack for piping products.
- To put up capacities to manufacture HDPE DWC pipes at Kanpur and Erode.
- To increase PE pipe manufacturing capacity in Jadcherla and Gadegaon.
- To increase the range of solutions in its plastic Piping division such as Pe gas piping system, Industrial piping system, varieties of hoses etc.
- To put new facility in Gadegaon for making PP silent piping SWR system for high rise building for low noise requirement.
- To put up the first plant for Cross Plastic Film at Talegaon (Maharashtra) and add several varieties of made up products from Cross Laminated film.
- To expand capacities and product range of its bath fitting products at Puducherry.
- To add varieties of new injection moulded fitting products and to add capacity to make complete range for Agricultural sprinkler fittings in its plastic Piping products
- To add new models of Injection moulded furniture, Crates & pallets in the Company's range of furniture and Material Handling Products
- To add necessary equipment at its Protective Packaging to increase the range of value added products and to cater to customized solutions
- To install Rooftop/ Structure mounted Solar energy generation plants at its various locations
- To install balancing equipment at various locations

All these investments will increase installed capacities of the Company to 9,55,000 M.T. per annum by March 2024 from 8,00,000 M.T. per annum as on 31st March, 2023.

Entire Capex shall be funded from internal accruals.

The Company is continuously working to increase its market reach by closely monitoring its presence at tehsil/ taluka/mandal level by increasing its channel partners, retailers & influencers. The active channel partner strength of Company for all its divisions was at 4577 nos. as on 31st March 2023. The turnover of value added products has grown to ₹ 3329 Crores in 2022-23 as against ₹ 2911 crores in the previous year. The Company exported goods worth US\$ 29.27 million in 2022-23 as against US\$ 29.11 million during the previous year. The turnover of value added products for first two months of the current year is ₹ 450 crores which was also similar at ₹ 450 Crs. in the corresponding two months of previous year. Company has achieved export turnover of

\$ 4.37 million in two months of the current year against \$ 5.68 million in the corresponding period of previous year. The Company remains focused and will continue its direction to increase the Nos of channel partners, retail connect, increase the turnover of value added & branded products and boost exports.

The Company is proactively working and committed to increasingly meet its' energy requirements from Renewable sources and reduce its carbon footprint. The Company has met 14% of its energy requirement from renewable energy sources during the year 2022-23. The Company has invested a sum of ₹ 24 Crores in the year 2022-23 and plans to invest further about ₹ 50 Crs. in current year to increase captive solar energy generation. Company aims to meet about 20% of its energy requirements from renewal sources by end of 2023 -24.

The Company had a net cash Surplus balance of ₹ 833 Crs. at the end of May, 2023 and would continue to meet all its capex and working capital requirements from internal accruals and remain debt free.

The Polymer prices continued to slide down which began from second week of March, 2023. The prices of different Polymers particularly for polypropylene (PP) has gone down by ₹ 17/- per kg, Polyethylene gone down by ₹ 10/- per kg and Poly Vinyl Chloride (PVC) have gone down by ₹ 14/- per kg. Your company is a large consumer of PVC Resin which has witnessed fall of ₹ 14 per kg. since 9th March, 2023. Although this reduction would result in onetime inventory losses, yet this augurs well for boosting the demand of Company's products supported by new systems' increased demand for infrastructure development work and increase in market coverage. The Company anticipates that with the reduced logistics cost and global abundant supply scenario, polymer prices may remain in lower price range.

The Company's CSR arm - Supreme Foundation - through its Agreement with the Government of Rajasthan continued to provide the services of teachers for educating the students in government schools in Ajmer and Bikaner Divisions covering 9 districts of Rajasthan and lecturers in Sanskrit colleges in Rajasthan and also in schools of Ladnun and Sujangarh Tehsil in Nagaur and Churu District of Rajasthan. Supreme Foundation also operates Mobile Computer Buses to provide digital learnings to village children. It is heartening to inform that initiative of Supreme foundation is well appreciated by all and has brought positive outcome in form of increased student admissions in Govt. schools, improved results and various awards & recognitions to meritorious students. Currently, these services are availed by more than 90,000 students. Aim of the Supreme Foundation is to improve basic education at initial stage of a child, which will result to help in building the base for their future and nurture behavioral aspects and good quality characteristics in a human being.

During the year under review, a sum of ₹ 18.97 Crores has been spent on various CSR activities. Company continues to provide its contribution in the field of education, support Medical & healthcare facilities, Sanitation and drinking water supply and other areas of social welfare through Supreme Foundation and contributing to various local authorities to support their social initiatives.

I am extremely grateful to my fellow members of the Board for their valuable guidance.

I must also compliment all our colleagues & associates who are working with dedication and commitment and serving to all the customers & other stakeholders with utmost efficiency. I convey my appreciation to all the 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 its customers, Bankers, Shareholders and suppliers during the year. We now hope to continue to meet in our next AGM in usual manner in person. I wish all of you and your beloved family members to stay safe & healthy and look forward to your continued support in the journey ahead.

Thank you,

B. L. Taparia
Chairman

Mumbai
28th June, 2023.

The Supreme Industries Limited

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