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30th June, 2021

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 79th Annual General Meeting of the Company, held on Tuesday, 29th June, 2021.

Sirs,

Enclosed please find attached Chairman Statement made at the 79th Annual General Meeting of the Company held on Tuesday, 29th June, 2021, at 04.00 p.m, through video conferencing (VC).

This is for your information and appropriate dissemination

Thanking Your

Yours Faithfully
For The Supreme Industries Ltd.



(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 79th 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, 2021 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 and assembly of people due to on-going pandemic 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 all our Company colleagues & associates operating from our all the 25 manufacturing units, offices, depots and other ancillary fabrication facilities, who are relentlessly working to ensure uninterrupted operations and serve the customers, vendors and all stakeholders with utmost efficiency, in spite of challenging times we are going through. I must also salute the spirit of the Government authorities who have not left any stone unturned in fighting this Pandemic and are carrying out one of the biggest vaccine inoculation across the country. We, as a Country, will come out of the pandemic and we expect normalcy to resume soon.

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 2020-21 at Rs. 6373 Crores (including Rs 122 crores by way of trading in other related products) as against Rs. 5530 crores (including Rs. 33 crores by way of trading in other related products and Rs. 26 Crores from sale of premises) during the previous year.

The Company has sold 4,09,109 tons of Plastic products as against 4,11,521 tons of Plastic products in the same period of previous year, reflecting a de-growth of 1% in product turnover by volume.

The Profits before interest, Depreciation, exceptional items and Taxes during the year under review have been at Rs 1,300 crores as against Rs. 854 crores in previous year. Net Profit, after setting aside aggregate Tax provisions of Rs. 277 crores (previous year Rs. 133 crores) remained at Rs. 800 Crores in 2020-21 as against Rs. 492 crores in 2019-20.

The Board of Directors had earlier recommended and the Company had paid interim dividend during the year @ 250% i.e. Rs. 5/- per equity share. Further Final dividend @ 850% i.e. Rs.17/- per equity share has been proposed by the Board of Directors. Thus the total dividend for the year shall work out @ 1100% i.e. Rs. 22/- per equity share of Face Value of Share of Rs. 2/- each as against total dividend @700% i.e. Rs.14/- per equity share of face value of Rs. 2/- each in the previous year. Total Dividend payout would amount to Rs. 279 Crores, as compared to Rs. 214 Crores including Corporate Dividend Tax in the previous year. After making necessary provisions, a sum of Rs. 522 Crores has been transferred to General Reserve.

Business Review & Outlook:

The year under review was the toughest in the history of the Company. It started with an extreme negative outlook. The Company had to keep operations of its 24 plants closed for most part of the month of April 2020 and could begin its operations in a gradual manner from the last week of April 2020 onwards, in compliance with the guidelines issued by respective authorities and is continuing to take adequate precautions for safety and wellbeing of its employees at all levels.

Intermittent lock downs in the month of July, 2020 adversely affected the demand in several product segments. The severity of the intermittent lockdown started to reduce from August 2020 onwards. In the last 10 days, just before the closing of the year 20-21, the business has again witnessed tough situation as Covid - 19 second wave started affecting the general public with alarming speed. Most parts of the country again witnessed severe lockdowns impacting business conditions adversely. All the authorities are putting their best efforts to fight the Covid 19 and it looks that business conditions may start resuming normalcy from July, 21 onwards.

I am happy to inform that your Company has come out with unparalleled performance in the year 2020-21 where the profit of the Company was the highest in its 79 years of operations. This was partly supported by around Rs. 200 Crores inventory gain on account of raw material price increase which accrued to its operations for the year.

The Governments at the Centre and States have put the priority focus on Jal Jeevan Mission, Swachh Bharat Abhiyan, Sanitation and affordable houses to all. Increase in Government infrastructure spending and heavy investment by Government in irrigation, housing and sanitization will boost the business of Plastic Piping System Division. Considering good Monsoon forecast and prices of PVC Resin softening from its peak, the demand for Piping segment is expected to revive.

The AQUAKRAFT Bath Fittings including newly launched Chrome Plated range, introduced by the Company is well established now. The Company plans to further complement the range during 2021-22 by introducing large varieties of products in Bath fittings. The Company also plans to enhance its manufacturing facility at Puducherry at adjacent plot. The necessary work for same is likely to get completed by August 2021. This will boost the production capacity annually by Rs. 100 crores per year.

Cross Laminated film products demand will boost in the coming year as monsoon is expected to be normal this year. With diversified application range, the company's business will go on growing even in the event of indifferent monsoon in any year going forward. The thrust in coming year in exports will be mainly on developing newer applications, entering new markets and targeting chain stores and super markets for sale through their online portals. The Company is focused to increase its export business substantially in this division. The Company is also increasing its capacity from present 27,000 MT P.A. to 30,000 MT P.A. and expects the exports to grow further in the coming year apart from increasing the sale of Made Up products.

The furniture business has been adversely impacted during first quarter of the current year due to severe lockdown all over the Country for prolong duration. With gradual opening of markets the division expects business to pick up in rest of the year. Overall the Company envisages decent growth over previous year in this business segment.

In Industrial Component division business conditions have now started improving after initial setback during the first quarter due to second wave of Covid. Company feels that Business scenario remains bullish in medium and long term with business friendly policies by the Government. Company has thus planned need based Capacity Augmentation to handle the projected increased demand going forward.

In Material handling division, Company has shown good growth in essential commodities, Retail, Industrial Sector, Fruits & Vegetable segment, e-commerce, FMCG, Fisheries Jumbo Crates, Dairy segment and Injection moulded Dustbins. The Company plans to introduce new models in Pallets, Crates and Ice boxes in Roto Moulding. Expansion of capacities at its plant at Lalru (Punjab) and Gadegaon (Maharashtra) is under implementation and shall be operational by July, 2021. This division is well poised for growth in the current year.

In Composite LPG Cylinder division, the updated component design and improved plant processes have yielded excellent results. Repeated orders from existing as well as new customers stood testimony to the excellent quality of the current product offering. The largest Oil Marketing Company, M/s Indian Oil Corporation Limited, purchased a small quantity of Composite Cylinders in March 2021 for marketing trials in 4 cities of India and initiated effective social media campaign. This augurs well for the long awaited introduction of Composite Cylinders in the Indian market.

In Protective packaging division, encouraging growth is observed in Civil and export sectors. The division has developed and is in the process of developing several new products for the export market. New variant of interlock mat for various sports applications has been developed by using own recycled material. The division expects good business and decent growth in the current year.

Performance Packaging Film being part of intermediary to essential product category continues to do well particularly in dairy & oil industry. Continuous efforts to develop new products will help the division grow better and add more value added products in its fold. With available production capacity, improved product mix and focus on increasing its customer base, the Company expects to achieve volume and value growth in this business in the current year.

The net sales and other income during first two months of the current year are Rs. 865 crores (including Rs. 12 crores by way of trading in other related products) as against Rs. 580 crores (including Rs. Nil 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 45,714 MT as compared to sale of 54,246 MT in the corresponding period of previous year having a value growth of about 49% and volume de-growth of about 16%.

The de-growth was principally due to severe setback in Plastics Pipe segment in Agricultural Sector. April and May are the key months of this demand. Due to spread of Covid 19 pandemic in rural areas, the demand has been severely hit in this segment in Maharashtra, Karnataka and Tamil Nadu & which led to large de-growth in PVC Pipe demand in this segment.

Even with temporary setback which the Company has experienced during first quarter of current year, the Company continues with its Capex plan for the year 2021-22. In the current year, not only there will be brownfield expansion of capacities and new products at the existing plants but Company has also embarked on putting up three new green field plants in the states of Assam, Orissa and Tamilnadu.

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

The Company has committed capex in this year of about Rs.400 Crores including carry forward commitments of Rs. 198 Crs. at the beginning of the year. The committed / proposed capex is primarily for -:

- (a) Putting up a new unit at Assam to manufacture PVC Pipes and Roto & Blow Moulded products.
- (b) Putting up a plastic product complex near Cuttack in Odisha where land has already been purchased and taken possession thereof
- (c) Putting up a plastic product complex near Erode in Tamilnadu. The Company has already taken possession of about 33-acre land from SIPCOT.
- (d) Establishing capacity to manufacture olefin Fittings/ PEX Piping System at Jadcherla.
- (e) Expanding capacities of its bath fitting products at Puducherry
- (f) Adding varieties of new injection moulded fitting products in its plastic Piping products
- (g) To add new models of Injection moulded furniture, Crates & pallets in the Company's range of furniture and Material Handling Products
- (h) Adding several capacities of Water Tank moulds and additional Roto Moulding machines.
- (i) To increase capacities of Industrial Component moulding at various locations in view of increased business opportunities
- (j) To add necessary equipments at its Protective Packaging and Performance Packaging divisions
- (k) To install Rooftop Solar energy generation plants at its various locations
- (l) To install balancing equipment at various locations

The Company is continuously working to increase its market reach by closely monitoring its presence at tehsil level by increasing its channel partners and retailers. The active channel partner strength of Company's all divisions put together was at 4,034 nos. as on 31st March 2021. The turnover of value added products has grown to Rs. 2480 Crores in 2020-21 as against Rs. 2070 crores in the previous year. The Company exported goods worth US\$ 18.35 million in 2020-21 as against US\$ 18.29 million during the previous year. The turnover of value added products for first two months of the current year is Rs. 301 crores as compared to Rs. 176 crores during the corresponding period of previous year. Company has achieved export turnover of \$ 3.98 million in two months of the current year against \$ 1.83 million in the corresponding period of previous year. The Company remains focused and will continue its direction to increase the Nos of distributors, and increase its retailer strength, increase the turnover of value added products and boost exports.

The Company has launched Compression moulded Olefins fittings in June this year, which is required in "Nal-se-Jal" scheme. In the same division, the Company will launch Electro fusion moulded fittings in October, this year, which is required in joining HDPE pipes used in infrastructure projects.

The Company will augment its offering in Plumbing Systems by introducing PEX pipes which is ideal pipe system to carry hot water. The Company expects to launch this system in Oct/Dec quarter from its Jadcherla unit.

The Company's Guwahati unit will go in production by October this year initially with PVC Pipes and Water tanks with a capacity of Rs. 20 crores per month.

The Company is committed to increasingly meet its energy requirements from Renewable sources. Overall the Company aims to be Carbon neutral over the years. Effective steps towards the same have been initiated. The Company is already meeting its energy requirement to the extent of about 10% from renewable energy sources.

The Company is investing a sum of Rs. 35 Crores (Rupees Thirty five crores) in the current year to install Roof top solar energy generation plants at its various plant locations. Company expects to meet about 20% of its energy requirements from renewal sources by 2022-23.

The Company had a net cash Surplus balance of Rs. 426 Crs. at the end of May, 2021 and would continue to meet all its capex and working capital requirements from internal accruals and remain debt free.

Beginning of the current year, all the Polymer prices have shown softening trend. The prices of different Polymers have gone down between Rs. 11.5 per kg to Rs. 19.5 per kg during this period ie. a reduction between 13% to 16%.

Though this reduction results in inventory loss, yet this price fall boosts demand of Company's products and will result in lower working capital requirements.

The Company has been proactive in supporting all its workforce at all the levels in best possible manner during the entire Covid-19 pandemic period. The Company has disbursed salaries and wages during entire lockdown period to its staff, associates and work force. The Company has provided healthcare facilities and medical reimbursements to the employees who were infected with Covid-19. It also supported financially by allowing disbursement of full salaries during the entire duration of medical treatment. Few of the casualties amongst the employees was a matter of great pain and concern. The Company has promised to take care of the children's education apart from providing one time financial assistance to the family of deceased employees.

The Company has also developed its infrastructure and facilities by which many employees are able to work from home. The Company has also advised all its sales force to travel through safest mode and take all precautions for safe & comfortable journey. Company is motivating and arranging vaccination program for its employees & associates wherever feasible apart from ensuring all Covid appropriate protocols, behavior and hygiene. This has helped the Company to continue to provide efficient services to all its stakeholders during the whole year marred by pandemic Covid-19.

The Company's CSR arm- Supreme Foundation - through its Agreement with the Government of Rajasthan has initiated project to provide the services of teachers for educating the students in government schools in Ajmer and Bikaner Divisions and lecturers in Sanskrit colleges in Rajasthan and also in primary schools of Ladnu Tehsil in Nagaur District of Rajasthan. Supreme Foundation has also started Mobile Computer Bus facility to help in imparting 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. 12.07 Crores has been spent on various CSR activities. Company continues to provide its contribution in the field of education, Medical & healthcare facilities, Sanitation and drinking water supply and other areas of social welfare through Supreme Foundation and contributing to various local authorities and state funds to fight the 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 its customers, Bankers, Shareholders and suppliers during these trying times. We hope to meet in our next AGM in usual manner in person. Meanwhile 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
29th June, 2021.

The Supreme Industries Limited

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