

SH/13/2019
11th July, 2019

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

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

Ref.: Chairman's Statement.


Dear Sirs,

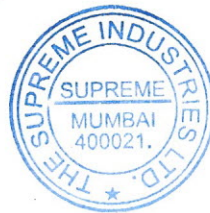
We have to state that the 77th Annual General Meeting (AGM) of the Company was held on 10th July, 2019. We enclose herewith, a copy of the Chairman's statement made at the said AGM.

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

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Ladies and Gentlemen

I extend to each and every one of you a warm welcome to the 77th 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, 2019 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 2018-19 at 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) as against Rs. 4986.31 crores (including Rs. 65.77 crores by way of trading in other related products and Rs. 24.28 crores from sale of premises) during the previous year reflecting a growth of 12.43% in product revenue.

The Company has sold 3,97,983 tons of Plastic products as against 3,71,176 tons of Plastic products in the same period of previous year, reflecting a growth of 7% in product turnover by volume.

The Profits before interest, Depreciation, exceptional items and Taxes during the year under review have been at Rs. 804.57 crores as against Rs. 803.04 crores in previous year. Net Profit, after setting aside aggregate Tax provisions of Rs. 217.02 crores (previous year Rs. 206.03 crores) remained at Rs. 458.67 crores in 2018-19 as against Rs. 408.93 crores in 2017-18.

The Directors have recommended total dividend for the year @ 650 % i.e. Rs. 13/- per equity share of Face Value of Share of Rs. 2/- each as against @600% i.e. Rs.12/- per equity share of face value of Rs. 2/- each in previous year. Company had already paid an interim dividend @ 200% i.e. Rs.4/- per share. Total Dividend payout including Corporate Dividend Tax would amount to Rs. 199.08 crores, as compared to Rs. 183.69 crores in the previous year. After making necessary provisions, a sum of Rs. 261.95 crores has been transferred to General Reserve.

The net sales and other income during first quarter of the current year are Rs. 1434.66 crores (including Rs. 7.80 crores by way of trading in other related products) as against Rs. 1346.30 crores (including Rs. 15.04 crores by way of trading in other related products) in the corresponding period of previous year. During the first quarter, Company has achieved a Product Turnover Volume of 113428 MT as compared to sale of 99905 MT in the previous year achieving a value and volume growth of about 7% and 13% respectively. The Company expects its value growth between 12% to 15% and volume to grow between 8% to 10% in full year.

Business Outlook :

The thrust by Central and State Governments on various initiatives such as boosting affordable house construction, establishing sewerage & drainage system, drinking water system are all gathering momentum. Impetus announced in budget 2019 clearly focus on infrastructure development and affordable housing which augurs well for the Company's business.

Recent announcement by Government to provide drinking water in each home by the year 2024 will boost the requirement of Plastic Pipe System in large volume from our Company also.

The Company is already selling piping system for this application in certain States. It is expected that demand for this application may now emerge from other states also.

The Company is doubling the Roto moulding capacity at Jadcherla in the second quarter.

The Company has initiated steps to put up PVC moulded fittings manufacturing plant at Kharagpur. The same may go into production in Jan/March 2020 quarter.

The Company is finalizing plan to put up HDPE fittings manufacturing plant at Jadcherla complex which may go in production in first half of 2020-21.

The Company is augmenting capacity of HDPE Pipe capacity at Kharagpur, PVC pipe capacity at Kanpur and Moulded fitting capacity in Jalgaon unit. The orders have been placed. All these capacities are expected to go into production by third quarter F.Y.19-20.

The Bath fitting capacity is being increased by putting up new unit in adjoining land at Puducherry which is expected to go into production by December, 2019.

The Company will plan to put up Plastic Pipe manufacturing capacity at Jadcherla complex where initial steps are being taken.

The raw material prices of most of the Polymers barring PVC are in a declining trend. It is expected that due to increased worldwide supply of these Polymers, the prices may remain soft during the year.

Due to acute shortage of fabrication workers in the month of May and delayed arrival of monsoon impacted the volume growth in Cross Laminated product business in the quarter. The demand from export market is picking up. The Company expects to attain 10% volume growth in this business for the full year.

Jadcherla unit has started delivering furniture products in the market, in the first quarter. Order for Roto moulded furniture products has been placed. The same will be launched in current quarter. Overall 24 new products of Furniture will be introduced in the current year from the Company's various production plants.

The demand for Furniture was slow in the quarter. This was due to harsh summer, election campaign and expected fall in Polypropylene polymer prices. Distributors were on de-stocking spree. For the full year, Company expects decent business growth in this segment.

Automotive sector is slow and is expected to remain subdued in remaining part of the year as per the forecast given by the producers. Business in Appliances segment is showing positive trend and shall do better. Capacity expansion at Chennai Moulding unit is under implementation and likely to go into production during Oct.- Dec. quarter.

In spite of subdued demand in Auto sector, Material Handling division has shown moderate growth supported well by other sectors like Retail, Dairy etc.. Roto Moulded products of this division are also growing well.

As informed earlier, Supplies of Cylinders to Bangladesh customer received certain complaints arisen due to non- conformity of some bought out components. Till now Company's efforts to rectify the same has not been fully acceptable to the customer. Efforts are on but likely to have more rejection/ replacement of goods than anticipated earlier. The company shall have to provide for additional cost which will be made once the final outcome is arrived at. The same is likely to be known in second quarter 2019-20.

New facility of Protective Packaging Products at Jadcherla is under construction and likely to now go into production during Oct.- Dec. quarter. Due to general slowdown in various industries such as Automobile etc. demand in some segments of the division would be stressed. Business in the first quarter grew marginally over the corresponding quarter of previous year. However, the division envisages a volume growth of about 10% and corresponding growth in value for the full year.

The capacity increase in Performance Packaging Division is in place. New Extrusion line, lamination machine and printing machine are installed and fully commissioned. With availability of the new capacities, business of this division grew by 39% in volume during first quarter of the current year over corresponding quarter of previous year.

During the year under review i.e. 2018-19, the Company incurred Capital Expenditure (Capex) of Rs. 384 crores.

During the current year i.e. 2019-20, the Company envisages Capex in the range of about Rs. 300 to Rs. 350 crores. Such Capex shall mainly include:

- Putting Moulding shop at Kharagpur complex
- Establishing capacity to manufacture PVC Pipe System/HDPE Pipe System / CPVC Pipe System / PEX Piping system at Jadcherla
- Expanding Roto Moulding Capacity at Jadcherla
- Putting another Unit at Pondy new site to increase Bath fitting capacity
- Adding several varieties of Injection Moulding and Blow moulded furniture in the Company's range of furniture
- Increasing PVC Pipe manufacturing capacity at Kanpur Dehat Unit
- To add innovative fabricating machines to produce several varieties of new fabricated products from XF film.
- To add end of the line fabrication machines for performance packaging films.
- To install balancing machines in Protective Packaging Division
- To increase capacity at Gadegaon and replace certain old machines at Lalru plant and to invest in moulds for increased product range in Material Handling Products
- To expand capacities in Industrial Product Division at Giloth and Chennai moulding unit

The Company has increased its nos. of distributors from 3303 nos. as on 31st March, 2018 to 3778 Nos by March 2019. The turnover of value added products have grown to Rs.1944 crores as against Rs. 1734 crores in the previous year. The export value has gone up from US\$ 16.93 million to US\$ 23.05 million. No. of distributors has reached to 3817 by June, 2019. The turnover of value added products for the 1st quarter of the current year is Rs. 457 crores as compared to Rs. 431 crores during the corresponding period of previous year. Company has achieved export turnover of \$ 6.14 million during the first quarter of the current year against \$ 4.40 million in the corresponding quarter of previous year. The Company will continue its

direction to increase the Nos of distributors, increase the turnover of value added products and exports.

The Company's net borrowings at the end of June, 2019 was Rs. 115.39 crores. Company aims to remain virtual debt free except for its working capital requirements.

The Company's CSR arm- Supreme Foundation through its Agreement with the Government of Rajasthan to provide teachers in Sanskrit Schools established and run by the Government in Ajmer and Bikaner Division, has taken an initiative and aim to improve basic education at foundation level of a child which may go a long way in building their future.

During the year FY 2018-2019, Supreme foundation deputed 411 teachers in 203 schools in both the divisions put together. It has also provided 50 lecturers in 20 sanskrit colleges across the state in Rajasthan under a separate agreement. Supreme foundation has formed committee consisting of coordinators to monitor and review all activities of teachers & lecturers deputed by it in close coordination with respective School's principle/ headmaster to ensure that prime objective of education standard improvement is being achieved. Supreme Foundation has also actively participated in distribution of medicines & other relief material during heavy damages caused by the Natural Calamities in Kerala in August, 2018.

During the year under review, a sum of Rs. 478 lacs have been spent on these activities. Foundation has entered into an agreement for a period of three years to provide teachers in various Govt. schools in Ladnu Tehsil of Nagaur District in Rajasthan effective 01.05.2019. The Foundation has planned activities to spend about Rs. 900 lacs in the current year. The monies will be spent on regular deployment of Teachers & Lecturers as required in various Schools and Colleges including teachers in Ladnu Tehsil under the newly signed agreement and also create Toilet facilities, providing Fun Classrooms and other teaching aids in Primary classes in those Schools.

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

10th July, 2019.

Chairman's Statement at the 77th Annual General Meeting, held on wednesday 10th July, 2019 at Walchand Hirachand Hall, Indian Merchants' Chambers, Near Churchgate Station, Mumbai - 400 020.