

Ladies and Gentlemen

I extend each and every one of you a warm welcome to the 73rd Annual General Meeting of the Company. The Annual Report together with the Audited Accounts and the Director's Report for the year ended 30th June, 2015 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 2014-15 at Rs. 4261.45 Crores (including Rs 161.23 crores by way of trading in other related products and Rs. 139.32 crores from sale of premises) as against Rs. 3972.34 crores (including Rs. 171.89 Crores by way of trading in other related products and Rs. 60.20 crores from sales of premises) in the previous year, a growth of about 7%.

The Profits before interest, Depreciation and Taxes have gone up by 12.29% from Rs 599.03 crores in 2013-14 to Rs. 672.65 crores in the year under review. Net Profit, after setting aside Tax provisions of Rs.160.04 crores (previous year Rs. 139.98 crores) grew over 12.20% from Rs. 281.37 crores in 2013-14 to Rs. 315.71 crores in 2014-15.

The Directors have recommended Final dividend of 350% i.e. Rs. 7/- per share which together with the interim dividend of 100% i.e Rs.2/- per share (already paid) aggregates to 450% i.e. Rs. 9/- per share on Face Value of Share of Rs. 2/- each as against 400% i.e. Rs. 8/- per share on Face Value of Share of Rs. 2/- each in the previous year. Total Dividend payout including Corporate Dividend Tax would be Rs. 137.18 crores, as compared to Rs. 118.89 crores of the previous year. After making necessary provisions, a sum of Rs 178.52 Crores has been transferred to General Reserve.

The net sales and other income during first two months of the current year are Rs. 508.95 crores (including Rs. 9.37 crores by way of trading in other related products) as against Rs. 488.06 crores (including Rs. 26.34 crores by way of trading in other related products) in the corresponding period of previous year achieving a growth of about 8% in product revenue and about 4% in total revenues. Company has achieved a Product Turnover Volume of 35,364 MT as compared to 31,331 MT in the previous year achieving a volume growth of about 13%.

Business Outlook :

Company's Kharagpur Complex will go into production during next month with Pipe and Protective Packaging Products. There are several other products going to be manufactured at Kharagpur Complex.

Special varieties of Furniture and several varieties of tanks at Kharagpur will go into production during January/ March 2016.

Depot at Kharagpur has already started operations. Company is establishing Four Knowledge Centres at Kharagpur Complex, Kochi, Jaipur and Malanpur with a view to train Plumbers and Farmers for proper installations and usage of Plastics Pipe System in a cost effective manner. It is expected that these knowledge centres will start functioning between Oct 2015 /April 2016 at respective places.

Company's third Malanpur plant will produce Water & Septic Tanks and other Roto Moulded Products. The first phase of this plant will start production during this month. At the initial stage, the capacity would be 125 Tons per month which, over a period of time would increase to 500 tons per month.

Chairman's Statement

Eco Drain pipes up to 200mm dia are already in the Company's product range. Encouraged by the response received from market for this product, the Company has purchased a refurbished line from its collaborator to produce upto 500mm dia Eco-Drain PVC Pipe. The same will go into production at Gadegaon in November 2015.

Company has purchased two plants for the production of Double Wall Corrugated HDPE Pipes, consisting of a refurbished line and a new plant. The first line to produce up to 400mm Dia will go into production by December 2015. The second line will go into production by April 2016.

Company has received DVGW certification for its PPR Plumbing Systems. It has opened opportunities for the company to cater large international market.

The Company will start producing HDPE Solid Wall Pipe upto 800mm dia by November 2015 at Gadegaon. With all these addition of Polythene Pipe Plants, the annual capacity of Olefins Pipes at Gadegaon will go up from 8,000 TPA to 20,000 TPA.

During October/December 2015 quarter, Company will be launching Chrome Plated Bath Room Fittings. Company will also be launching several unplated varieties of Bath Room Fittings during the current year.

Company plans to add more than 100 varieties of Plastics Pipe Fittings for various applications made from different Plastics. Most of these products will be launched between December 2015 and March 2016.

CPVC Fire Sprinkler System made by the Company obtained certification as per UL-1821. The Company expects that it may be able to participate in local /export markets during the current year.

In Cross Laminated film products, the Company is launching six colour printed film on 9 feet width Roll. This may happen in Jan/Feb 2016. The Company launched two colour printed film of 4 ft wide rolls which received encouraging response. To broaden the range, the Company has taken initiative to give more Nos of colours in its print profile products with a larger width.

Company's Protective Packaging Products System at its Kharagpur Complex will enable the Company to cater to the Eastern India market in a cost effective manner. It will help the Company to increase its business potential substantially, where the Company could not participate previously due to freight and delivery time disadvantages.

Company is launching 16 new products in Furniture segment during the current year. Same is expected to hit the market between November 2015 to March 2016.

Company is launching new varieties of Special type of Pallets and Crates along with installation of a 3000 ton Injection Moulding Machine during this year. They all will be in production between December 2015 to March 2016.

The Company has made large investments during the year 2014-15. Barring composite cylinders, all other investments will be in production during the current year.

Since June 2015, there was downward trend of Brent Crude Oil which resulted in lower Polymers prices since July 2015.

Company expects a better Polymer consumption growth in the country during the current year. This is due to several steps taken by the Government and the Industry, facilitated by low Polymer cost. The Country's Polymer consumption growth was below 6% during last year. This year it is expected that the same may be between 10% to 12%.

Our Company will enjoy better growth than the Country's growth. This is due to addition of several new varieties of products and establishing network of distributors in

Chairman's Statement

newer areas. This is further supported by continuous increase in production capacities in most of the segments.

Volatility of raw material prices is expected to stay. It is forecasted that the prices will remain at a lower level. This will boost the demand of the products. It will reduce working capital requirement and lower the interest cost.

Company is getting several enquiries for its Composite LPG Cylinder from international markets. Indian refineries are also now working to place orders for LPG Cylinders made out of Composite Plastics. Company sees good prospects for its Composite LPG Cylinder business which currently has the capacity to produce 4 lakh cylinders per annum. This capacity is currently lying idle.

Barring Industrial Products segment, Company's all divisions are expected to show better working this year compared to 9 months of the corresponding period of previous year.

As per the requirements of Companies Act, Company will close current accounting year on 31st March 2016. Thus the current financial year will be of 9 months working.

During the current year (i.e. 9 month period ending on 31st March, 2016), the Company envisages Capex of about Rs. 200 Crs. to be funded through accruals and Suppliers' Credits on the following segments.

1. Ongoing work of setting up of Plastic product complex at Kharagpur (West Bengal) & Roto Moulded Products unit at Malanpur (M.P.).
2. Expansion of capacities and additions of new range of Bath Fitting products.
3. Introduction of several varieties of moulded fittings at Jalgaon & Malanpur plants.
4. To introduce large range of furniture products in all its furniture manufacturing plants.
5. To put up Roto Moulding capacities at Kanpur (U.P.) and Kharagpur (West Bengal) plants.
6. To install Polythelene & PVC Pipes capacities for Sewerage & Drainage applications.
7. To construct new building and install special machines for making varieties of Cross Laminate Film Made up products at its Get Muvala (Gujarat) plant.
8. To increase capacities & range of Crates and Pallets in Material Handling Products division.
9. To increase production capacities of Protective Packaging Products at various locations and invest in a new location.
10. To invest in balancing equipments & automation at all its plants as may be required.

The Company has also purchased about 12 acres land adjoining to its Composite Cylinder plant at Halol (Gujarat) for future growth and expansion opportunities.

The Company has also taken about 2.5 acres of land for putting up a Plastics Processing Unit at Ghiloth Industrial Area in Rajasthan.

Company's focus remains to increase the share of value added products and Branded products in its' turnover. Company aims to achieve in excess of 35% turnover from the sale of value added products and around 90% of total turnover from Branded Products over a period which was 34.20% & 80.70% respectively for the year under review.

Chairman's Statement

Company is consciously making efforts to increase strength of its channel partners month after month to enable its products to reach in maximum numbers of town and village of the country. Its channel partners strength across various business segments which was 2257 Nos as on 30th June 2014 has increased to 2469 Nos as on 30th June 2015.

Company is focused to increase its share of export revenue significantly. Presently less than 3% of the total turnover of the Company comes from exports. It has taken various initiatives in this direction by participating in several international exhibitions, entering new markets and taking steps to include additional products in export portfolio.

Newly launched Composite LPG Cylinder by the Company is expected to contribute to boost export growth. Company has got its first breakthrough in export of Furniture to South Korea. Company expects that its Furniture products will find several new global markets over the years.

Company continues to monitor its working capital requirement very closely. The Company aims to lower the average of monthly effective net borrowing levels at a level below Rs. 500 Crs. for nine months period of current year as compared to Rs. 660 Crs. during the corresponding nine months of previous year. Resultantly Company anticipates its interest burden in absolute quantum to be substantially lower in 2015-16 compared to the corresponding period of previous year.

Iconic commercial premises developed by your Company to monetize its land at Andheri (West) at Mumbai has been sold to a large extent. Out of the total saleable area of about 2.82 lac sq.ft, an area of about 2.12 Lac sq.ft has already been sold and net revenues of Rs. 338.70 crores have been realized. Further an area of about 0.07 lac sq.ft has been kept by the Company for self-use. Balance Saleable area is expected to contribute in excess of Rs. 125 crores to the cash flow of the Company. Total cost incurred by the Company on this project is about Rs. 145 crores.

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. Tapar
Chairman

Mumbai
16th September, 2015

Chairman's Statement at the 73rd Annual General Meeting, held on Wednesday 16th September, 2015 at Walchand Hirachand Hall, Indian Merchants' Chambers, Near Churchgate Station, Mumbai - 400 020.

The Supreme Industries Limited

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