

## The Supreme Industries Limited

### Press Release

THE SUPREME INDUSTRIES LIMITED (Supreme) ANNOUNCES AUDITED STANDALONE & CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31<sup>st</sup> MARCH, 2020.

#### **Mumbai, 22<sup>nd</sup> May, 2020**

The Supreme Industries Limited (Supreme), India's leading Plastics product manufacturing company, announced its Audited Standalone & Consolidated financial results for the Quarter and year ended 31<sup>st</sup> March, 2020, at its Board Meeting held today.

#### **[A] Standalone Results (Excluding Construction Business and Exceptional Items)**

**(Rs. in Crores)**

	<b>Quarter ended 31.03.2020</b>	<b>Quarter ended 31.03.2019</b>	<b>Year ended 31.03.2020</b>	<b>Previous year ended 31.03.2019</b>
Plastic goods sold (MT)	103200	113921	411521	397983
Plastics product turnover	1380	1487	5408	5437
Total income	1405	1534	5504	5552
Operating profit (PBIDT)	269	205	849	751
Net profit before tax	212	150	623	541
Net profit after tax	150	105	493	364

#### **Construction Business**

During the year under review, Company has realised Rs. 26 Crores from sale of 12540 sq. ft. of the premises and after providing all cost pertaining to the construction business accrued Profit before tax of Rs. 5 Crores.

**After including above, Total Income for the year under review is Rs. 5530 Crores, Operating Profit Rs. 854 Crores, Profit before Tax Rs. 628 Crores and Profit after Tax Rs. 496 Crores.**

#### **[B] Consolidated Results (Excluding Construction Business and Exceptional Items)**

**(Rs. in Crores)**

	<b>Quarter ended 31.03.2020</b>	<b>Quarter ended 31.03.2019</b>	<b>Year ended 31.03.2020</b>	<b>Previous year ended 31.03.2019</b>
Consolidated total income	1405	1534	5487	5539
Consolidated operating profit (PBDIT)	276	205	862	752
Consolidated net profit before tax	219	161	636	556
Consolidated net profit after tax	114	116	464	379

**After including Construction Business, Total Consolidated Income for the current year under review is Rs. 5513 Crores, Consolidated Operating Profit Rs. 867 Crores, Consolidated Profit before Tax Rs. 641 Crores and Consolidated Profit after Tax Rs. 467 Crores.**

**[C] Product Group Wise Performance**

Segment	Volume (MT)			Value (Rs. In crores)			OPM %	
	FY 2019-20	FY 2018-19	% Change	FY 2019-20	FY 2018-19	% Change	FY 2019-20	FY 2018-19
<b>Plastic Piping System</b>	300772	279748	7.51%	3445	3173	8.58%	16.13%	12.75%
<b>Industrial Products</b>	38617	44523	-13.27%	673	885	-23.94%	9.84%	11.13%
<b>Packaging Products</b>	51353	52284	-1.78%	960	1042	-7.92%	14.84%	15.76%
<b>Consumer Products</b>	20779	21428	-3.03%	383	399	-4.05%	19.07%	17.41%
<b>Total</b>	<b>411521</b>	<b>397983</b>	<b>3.40%</b>	<b>5461</b>	<b>5499</b>	<b>-0.70%</b>	<b>15.33%</b>	<b>13.40%</b>

**[D]** The Company sold 103200 MT of Plastic goods and achieved net product turnover of Rs. 1380 Crores during the 4th quarter of the current year against sales of 113921 MT of Plastic goods and achieved net product turnover of Rs. 1487 Crores in the corresponding quarter of previous year achieving volume and product value degrowth of about 9 % and 7 %, respectively. The Company sold 411521 MT of Plastic goods and achieved net product turnover of Rs. 5408 Crores during the year under review against sales of 397983 MT and net product turnover of Rs. 5437 crores in the previous year achieving volume growth about 3 % and product value degrowth about 1 %.

**[E]** The Board has declared two interim dividends aggregating to Rs.14/- per share against total dividend of Rs.13/- per share given in previous year. The Board has not recommended any further Dividend on Equity Shares. The total Dividend outgo during the year under review including DDT is Rs. 214 Crores as compared to Rs. 199 crores during previous year.

**[F]** The overall turnover of value added products increase to Rs. 2070 crores as compared to Rs. 1944 crores in the previous year achieving growth of 6%.

**[G]** Total Net Borrowing of the Company stands at Rs. 217 crores as on 31st March ,2020 as against Rs. 162 crores as on 31st March, 2019. Average Net Borrowing level during the current year remained at Rs. 205 crores against Rs. 266 crores in the previous year. Average Cost of Borrowings as on 31st March, 2020 increased to 8.35 % p.a. as against 8.23 % p.a. as on 31st March, 2019.

**[H]** The company has divested its whole 20.67% stake Kumi Supreme India Private Ltd to Kumi (Thailand) Co. Ltd for a consideration of Rs. 24.32 Crores & consequently terminated the existing joint venture agreement between the Company and Kumi Supreme India Private Ltd. As an outcome of sale, Kumi Supreme India Private Ltd now ceases to be an associate of the Company.

**[I]** The Company addressed and settled the issues regarding the complaints of Composite cylinders from Bangladesh during the financial year. Newly designed product samples sent to customer at Bangladesh have been successfully tested and meets the required parameters. Company expects good business volume from this customer during the current year.

**[J] Capex**

The initiatives taken up-to-date by the Government are gathering momentum. With an expected growth in the businesses of several verticals, the Company took steps to put new production units and also expand capacity in several of its' existing units and incurred capex of Rs. 241 crores in the year 2019-20 and further committed Capex of about Rs.182 Crs. which shall fructify for production & usage during the course of current year.

During the current year i.e. 2020-21, the Company envisages New Capex in the range of about Rs. 150-200 crores, mainly on the following:

- To increase PVC Pipe capacity at Kanpur, Gadegaon and Kharagpur.
- To increase HDPE Pipe capacity at Malanpur, Gadegaon and Kharagpur.
- To increase DWC Pipe capacity at Kharagpur.
- To increase CPVC Pipe capacity at Malanpur and Kharagpur.
- Adding several capacities of Water Tank moulds and additional Roto Moulding machines
- The Company has negotiated purchase of 30 acre land to put up Plastic Piping complex at Orissa. Due to lockdown the legal possession of the land has been delayed. The Company will initiate actions to put the complex after the possession of the Land.
- The drawings of various equipment to put up Cross Plastic Film project at Get Muvala at Halol in Gujarat are under preparation in Romania and Switzerland. Due to Covid-19 lockdown the process is taking more time to finalise the drawings. The Company will move expeditiously after working drawings are frozen to put up the Plant.

#### **[K] COVID 19 and its impact:**

In March 2020, the WHO declared the COVID-19 outbreak as a pandemic which continues to spread across the country. On 25<sup>th</sup> March, 2020 the Government of India has declared this pandemic a health emergency, ordered temporarily closure of all non-essential businesses, imposed restrictions on movement of goods/material, travel etc. As the nature of business performed by the Company, majorly, fell under non-essential category, these restrictions had substantially reduced its operations at various plants between 25 to 35 days. The Company has since, after receiving applicable permissions, partially commenced operations including despatch of goods to its' customers at all of its manufacturing facilities and scaling up the same gradually.

The Company and promoters have always shown their commitment as a responsible corporate citizen and stood with the Government authorities in their fight against this pandemic. Supreme Industries along with promoter families have contributed Rs. 835 lakhs in aggregate to PM CARES FUND and relief funds of various state governments.

Although business conditions are very disruptive and uncertain, Company is neither looking at any lay off nor any reduction in salaries of its' employees which are its' biggest assets and strength. Further all regular payments to employees as well as vendors are made on time in normal course without resorting to any deferrals.

#### **[L] Business Outlook**

**Mr. M. P. Taparia, Managing Director, The Supreme Industries Limited, said:**

At the end of the year i.e. beginning second half of March 2020 the business was severely affected due to Covid-19 Pandemic. The Lockdown is now entering in its fourth stage. As the time passes, the focus of Government is moving to create a balance between Health and Safety of the Countrymen while keeping eyes to revive the economy back on growth path.

Government is taking incremental steps every day in different parts of the country to give desired boost to the economy. With the Country's preparedness over the last two months to prepare to fight against Covid-19 Pandemic which is being suitably supported by various relief measures announced by central Government which is around 10% of India's annual GDP, it is

expected that during second quarter of the year 2020-21 the economy would start to revive to serve the country with a higher growth potential.

Considering the bright future prospects, the Company has not slowed down its investment plans. The same was however delayed due to cessation of activities in different parts of the country as a result of Lockdown which still remains partially applicable in various parts of the country.

Various initiatives taken by the center and state governments have given desired boost to the plastic pipe business. There is quantum jump in construction of affordable houses. The infrastructure activities comprising supplying drinking water and to boost the sewage system have gathered momentum.

Raw material scenario is likely to be comfortable. Prices have started showing increasing trend after reaching to bottoms during the year under review except PVC Resin. Overall it is expected that raw material prices shall remain range bound and affordable.

The Company expects that by September this year the business should be returning to normalcy and will move to growth path by November, 2020.

### **About Supreme Industries Limited**

Supreme Industries Limited is India's leading plastics product manufacturer, offering a wide and comprehensive range of plastic products in India. The company operates in various product categories viz. Plastic Piping System, Cross Laminated Films & Products, Protective Packaging Products, Industrial Moulded Components, Moulded Furniture, Storage & Material Handling Products, Performance Packaging Films and Composite LPG Cylinders.

Supreme Industries has 25 technologically advanced manufacturing facilities located at various places spread across the country. The company has built-up excellent relationship with its distributors and is also providing orientation to them, in order to ensure proper service to ultimate customers.

For further information, kindly contact: -  
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For The Supreme Industries Limited

Sd/-  
**R. J. Saboo**  
**VP (Corporate Affairs) & Company Secretary**

Profile Summary of Shri R Kannan:

Shri R Kannan is a post graduate degree holder in Chemical Engineering from the Institute of Technology, Mumbai, Diploma holder in Financial Management from the University of Mumbai, Chartered Financial Analyst from ICFAI and an alumnus of Sloan School of Massachusetts , Institute of Technology, Boston.

Presently he is Director in two Companies.

He worked for 26 years in ICICI Ltd / ICICI Bank Ltd and retired as General Manager. During his Career in the bank he was in charge of Oil and Gas, Infrastructure, Structure Product and technology finance division.

Subsequent to his retirement from ICICI Bank he was the Director of Institute for Financial Management and Research for 4 years and presently teaches at IFMR.

**Awards & Recognitions**

- During his career, he has served as the member of Board / Audit Committee of almost 35 Companies including large companies including some large Refinery, Petrochemical complexes. Was a permanent invitee of the National Executive Board of Indian Chemical Council.
- Project appraiser for Technology Development Board, Government of India.
- Was a member in the Development council for Man Made Fiber Industry.
- Financial advisor – Care India
- Was member of the Management Committee of Madras Management Association.
- Was a member of management committee of Chennai / Mumbai region of Indian Institute of Chemical Engineers
- Was a member of advisory Board for AICTE, Southern Region.
- Was a member of high level committee on Disinvestment of Shares for Government of Tamilnadu.
- Was a member of the Cost Management Committee of Confederation of Indian Industry and a member of its Finance and Taxation Committee (Southern region)

### Profile Summary of Shri Rajeev M Pandia.

Shri Rajeev M Pandia is a graduate in Chemical Engineering from Indian Institute of Technology (IIT), Mumbai, India, and holds the Master's degree in the same field from Stanford University, California. During his career spanning 47 years, he has been associated with strategic planning, project evaluation and management, technology transfer, international marketing, Government policies and general management, while focusing on petrochemicals, polymers, elastomers and specialty chemicals.

Presently he is a Director on the Boards of seven Companies.

During 2000-2002, he was the President of Indian Chemical Manufacturers Association (now Indian Chemical Council).

Shri Rajeev M Pandia headed Herdillia Chemicals Limited ( later Schenectady Herdillia Limited and SI Group – India Limited) from 1992 and was its Vice Chairman and Managing Director until December 2008. He was thereafter Group Advisor and Director - Global Markets of SI Group, USA.

He has been invited to make presentations on a wide range subjects at about 120 international conferences in the USA, Europe and Asia.

During 2013, he was appointed by the Ministry of Chemicals and Fertilizers on the Committee to draft the Chemical Policy for India for the next decade.

As a jury member for industry awards for many years, he has been associated with high level audits in respect of EHS, Sustainability and Technology functions. He has been appointed on the Jury of World Chemistry Awards 2015, a global recognition programme for the international chemical industry, being the only member from Asia.

As a Board member and Consultant, he advises several Indian and international companies in the areas of Strategy, Project execution and Operational excellence.

## Annexure B

### Impact of COVID- 19 pandemic on the Business

In March 2020, the WHO declared the COVID-19 outbreak as a pandemic which continues to spread across the country. On 25<sup>th</sup> March, 2020, the Government of India has declared this pandemic a health emergency, ordered temporary closure of all non-essential businesses, imposed restrictions on movement of goods/material, travel, etc. As the nature of business performed by the Company majorly fell under non-essential category, these restrictions had substantially reduced its operations at various plants between 25 to 35 days. The Company has since, after receiving applicable permissions, partially commenced operations including despatch of goods to its' customers at all of its manufacturing facilities and scaling up the same gradually.

Mumbai Office of the Company is still under lockdown. Other offices in various parts of the country are functional complying with the Covid guidelines by the Central/State Governments. Most of the staff is equipped to work from home and all functions are being performed smoothly.

Some of the plants are working at less than optimal level due to non-availability of associates, many of whom have migrated to their native. It would continue to affect production in some of the plants. However, Company is taking all steps to ensure no disruption in its supply chain and meeting its' customers' demand.

Demand for Agri products was quiet brisk during April and continued in the month of May also. Various piping products for Agriculture, Cross Laminated Film products like Covers, Tarpaulins and Pond lining etc. have shown good business potential. Performance Packaging film which is intermediary to essential commodities is doing well from second week of April onwards. Plants of Protective Packaging products and Material Handling products are also working albeit at lower capacity utilisation. Since shops and markets are not opened up in major part of the country, demand for furniture products is at low level. The Industrial component customers are unable to commence their operations thereby impacting Company's demand and supply to them. Piping Products demand for construction and housing is started in a small manner and would impact the business and profitability till normalcy is restored in major part of the country.

Company has sufficient liquidity in hand and is able to meet all its' obligations in timely manner. Although business conditions are very disruptive and uncertain, Company is neither looking at any lay off nor any reduction in salaries of its' employees which are its' biggest assets and strength. Further all regular payments to employees as well as vendors are made on time in normal course without resorting to any deferrals. Company has plans to incur Capex of about Rs.300 Crs. during the year and looking at the market potential, the same is being continued.

**The Supreme Industries Limited**

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Polymer suppliers have also adjusted their demand supply scenario and accordingly raw material prices which attained the bottom have also started increasing trend. Prices in international market have also gone up by USD 50 to 90 per MT. Company is able to pass on such increase in the polymer prices.

Company's receivable, inventories and other current assets are in good shape. Company is confident in realising their values in due course. Company's cash fixed expenses are in the range of about 35 to 40 Crores a month. With resumption of operations at all its plants, Company is hopeful of recovering all its fixed cost and generating cash surplus from May, 2020 onwards.

Considering the continuing uncertainties, the Company will continue to closely monitor any material changes to future economic conditions and plan accordingly.

For The Supreme Industries Ltd.,

(R.J. Saboo)  
VP (Corporate Affairs) &  
Company Secretary

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