

ANNUAL REPORT 1996-97

MB	<input checked="" type="checkbox"/>		MKC	<input checked="" type="checkbox"/>
CS	<input checked="" type="checkbox"/>		DPY	<input checked="" type="checkbox"/>
RO	<input checked="" type="checkbox"/>		FTV	<input checked="" type="checkbox"/>
TRA	<input checked="" type="checkbox"/>		AC	<input checked="" type="checkbox"/>
AGM	<input checked="" type="checkbox"/>		SEP	<input checked="" type="checkbox"/>
VE	<input checked="" type="checkbox"/>			

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Supreme

PROFILE OF CONFIDENCE

Founded in 1942, Supreme is today at the leading edge of the plastics industry in India.

Our 12 advanced plants countrywide incorporate state-of-the-art manufacturing facilities and equipment – the understandable result of assimilating the world's finest technologies and knowhow.

By the end of 1998, these plants and other allied units of the Group will be converting over 75,000 tonnes of plastics annually. And group turnover is expected to cross Rs. 1,000 crores mark.

More importantly, we have ploughed substantial resources into Research & Development. Product design and testing systems. And into training and technology update programmes.

Our relentless endeavour to stay abreast of world standards in plastics has enabled us to pioneer PVC-SWR pipes, multilayer films, cross-laminated films and widest range of plastic furniture and food serviceware products in our own country.

Which means that Supreme customers stand to benefit not only from impeccable product quality that matches demanding international standards, but also from our capability to

develop tailor-made products for specialised applications.

Our extensive facilities and speedy production lines further ensure that all deadlines, including those for bulk orders, are stringently met in accordance with agreed schedules.

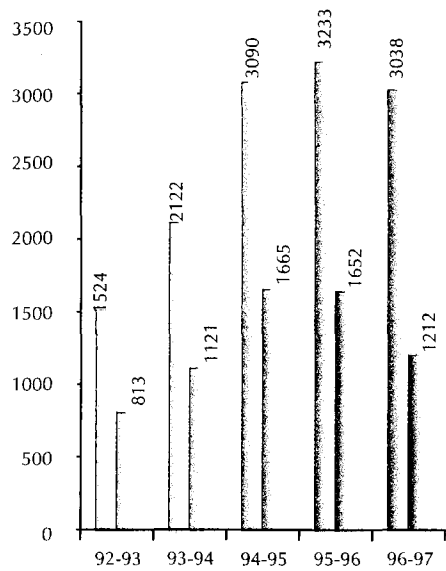
In this era of globalisation, marked by shrinking frontiers and expanding international markets, Supreme stands ready.

With the competitive edge and the credentials of a reliable business partner.



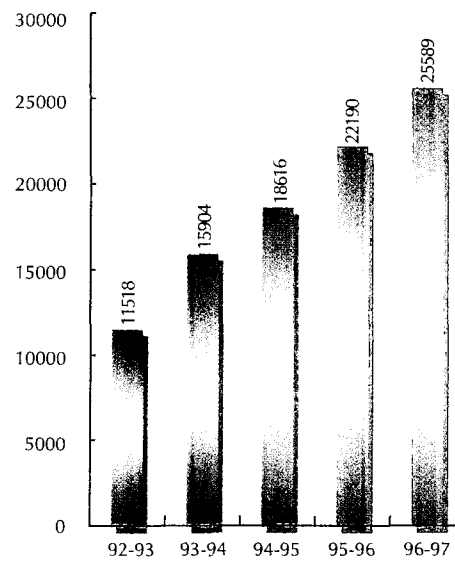
GROSS AND NET PROFITS

(Rs. in Lakhs)



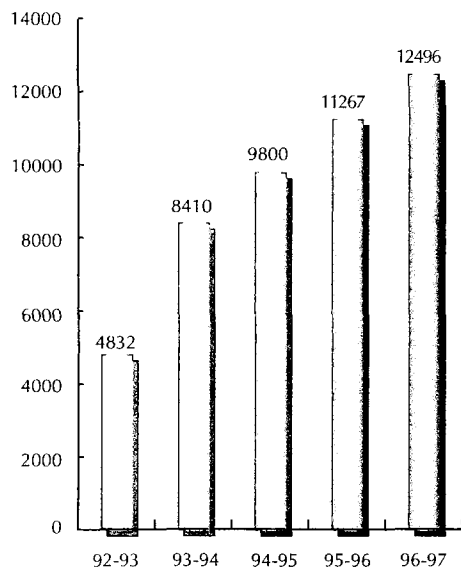
GROSS FIXED ASSETS

(Rs. in Lakhs)
(Excluding Revaluation)



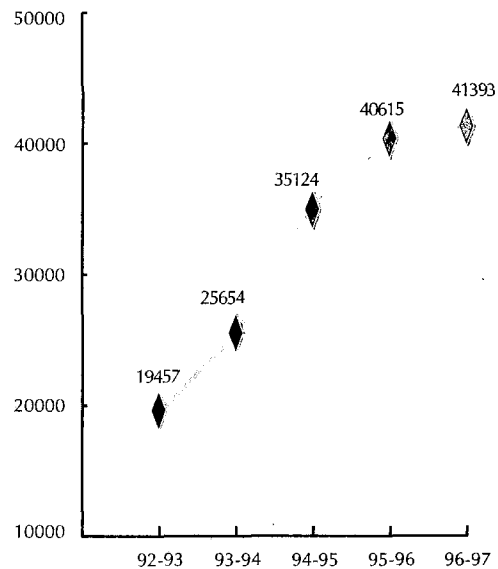
SHAREHOLDERS' FUNDS

(Rs. in Lakhs)
(Excluding Revaluation)



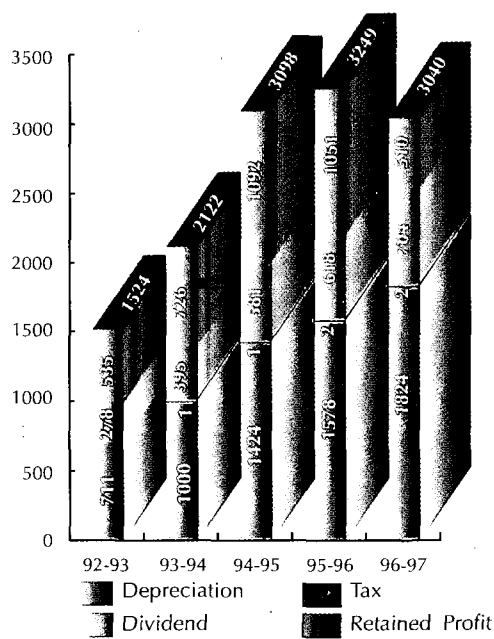
TURNOVER

(Rs. in Lakhs)



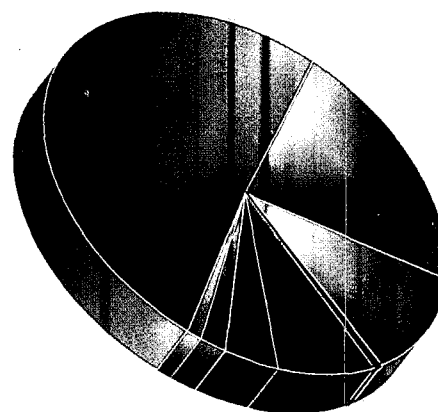
DISTRIBUTION OF PROFITS

(Rs. in Lakhs)



DISTRIBUTION OF REVENUE

(Rs. in Lakhs)

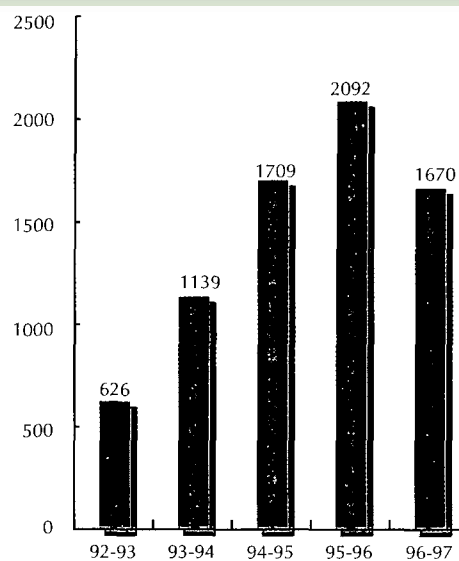


1996-97

Material 21087 (50.94%)	Interest 3508 (8.47%)
Expenses 8673 (20.95%)	Depreciation 1824 (4.41%)
Excise 5087 (12.29%)	Dividend 704 (1.70%)
Tax 2 (0.01%)	Retained 510 (1.23%)

EXPORTS

(Rs. in Lakhs)



The Supreme Industries Limited

BOARD OF DIRECTORS

B. L. Taparia, Chairman
 S. R. Taparia, Director
 H. S. Parikh, Director
 B. V. Bhargava, Director
 R. Kannan, Director (Nominee of ICICI)
 N. N. Khandwala, Director
 V. K. Taparia, Director
 M. P. Taparia, Managing Director
 S. J. Taparia, Executive Director

SR. VICE-PRESIDENT (FINANCE)

& SECRETARY

O. P. Roongta

SR. VICE-PRESIDENT (OPERATIONS)

J. M. Totla

BANKERS

Central Bank of India
 State Bank of India
 Saraswat Co-op. Bank Ltd.
 Corporation Bank
 British Bank of Middle East
 Societe Generale
 Banque Nationale De Paris
 Credit Lyonnais

AUDITORS

M/s. Chhogmal & Co.
 Chartered Accountants

REGISTERED OFFICE

612, Raheja Chambers,
 Nariman Point,
 Mumbai - 400 021.

CORPORATE OFFICE

17/18, Shah Industrial Estate,
 Veera Desai Road, Andheri (W),
 Mumbai - 400 053.

WORKS

1. 17/18, Shah Industrial Estate,
Veera Desai Road, Andheri (W),
Mumbai - 400 053.
2. E-3, M.I.D.C. Area, Taloja,
Dist. Raigad. (Maharashtra)
3. D-101, M.I.D.C. Addl. Indl. Area,
Jalgaon. (Maharashtra)
4. C-30 & 31, Phase II, Noida,
Dist. Gaziabad. (U.P.)
5. 96/1 to 96/7 & 100/2 to 100/6,
Daman Industrial Estate,
Village Kadaiya, Nani Daman,
Daman - 396 210.
6. R.S. No. 112/4,5,6,8 & 9,
Sedurapet Industrial Area,
Pondicherry - 605 101.
7. R. S. No. 90 & 91,
Sanyasikupam village, Thirubuvanai Post,
Pondicherry - 605 107.
8. Plot N - 1 to N - 12,
Malanpur Industrial Area,
Malanpur, Dist. Bhind (M.P.).
9. Plot No. XI - 1, Block - EP, Sector V,
Salt Lake, Calcutta - 700 091.
10. Takai Adoshi Road, Village Honad,
Khopoli, Taluka Khalapur,
Dist. Raigad (Maharashtra).
11. At & Post Kanhe, Taluka Maval,
Dist. Pune - 412 106. (Maharashtra)
12. 68, SIPCOT Industrial Complex,
Hosur - 635 126. (Tamil Nadu)

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NOTICE

NOTICE is hereby given that the 55th Annual General Meeting of the Company will be held at Y. B. Chavan Auditorium, Y. B. Chavan Centre, General J. Bhosale Marg, Near Sachivalaya Gymkhana, Nariman Point, Mumbai 400 021, on Thursday, the 4th December, 1997 at 4.00 p.m. to transact the following business :-

1. To receive and adopt the Directors' Report and the Audited Statement of Accounts together with Auditors' Report thereon for the financial year ended 30th June, 1997.
2. To declare Dividend on Preference and Equity Shares for the financial year 1996-97.
3. To appoint a Director in place of Shri H. S. Parikh, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri V. K. Taparia, who retires by rotation and, being eligible, offers himself for reappointment.
5. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS :

To consider and if thought fit to pass with or without modification the following Resolutions :-

6. As an Ordinary Resolution

"RESOLVED that pursuant to Section 94 and other applicable provisions, if any, of the Companies Act, 1956, the Authorised Capital of the Company be and is hereby increased from Rs. 50 crores divided into 3 crores Equity Shares of Rs. 10/- each, 1.12 crores Preference Shares of Rs. 10/- each and 0.88 crores Unclassified Shares of Rs. 10/- each to Rs. 75 crores by creating 2.5 crores Unclassified Shares of Rs. 10/- each and that existing Clause VI of the Memorandum of Association of the Company be substituted by the following :

VI. The Capital of the Company is Rs. 75,00,00,000/- (Rupees seventy-five crores) divided into 3,00,00,000 (Three crores) Equity Shares of Rs. 10/- (Rupees ten) each, 1,12,00,000 (One crore twelve lacs) Preference Shares of Rs. 10/- (Rupees ten) each and 3,38,00,000 (Three crores thirty-eight lacs) Unclassified Shares of Rs. 10/- (Rupees ten) each, to be classified by the Board, at any time or from time to time, in Shares of any one or more class(es) as may be permissible under the Companies Act, 1956, in such proportion and on such terms as the Board may decide."

7. As a Special Resolution

"RESOLVED that the existing Article 5(a) of the Articles of Association of the Company be and is hereby substituted by a new Article 5(a) as under :-

5 (a) The Authorised Capital of the Company is Rs. 75,00,00,000/- (Rupees seventy-five crores) divided into

3,00,00,000 (Three crores) Equity Shares of Rs. 10/- (Rupees ten) each, 1,12,00,000 (One crore twelve lacs) Preference Shares of Rs. 10/- (Rupees ten) each, and 3,38,00,000 (Three crores thirty-eight lacs) Unclassified Shares of Rs. 10/- (Rupees ten) each."

8. As a Special Resolution

"RESOLVED that pursuant to Section 81 and all other applicable provisions, if any, of the Companies Act, 1956 (including any amendment to or re-enactment thereof), the relevant provisions of the Memorandum of Association and Articles of Association of the Company and subject to such approvals, consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies and subject to such conditions as may be prescribed by them while granting such approvals, consents, permissions and sanctions and subject to such terms, conditions and alterations which the Board of Directors of the Company (hereinafter referred to as "the Board"), be and is hereby authorised to accept, if it thinks fit in the interest of the Company, the Board be and is hereby authorised to issue, offer and allot Preference Shares of the face value of Rs.10/- each of an aggregate nominal value not exceeding Rs.45 crores (Rupees forty-five crores) including the existing monetary limit of Rs.20 crores (Rupees twenty crores) passed at the 53rd Annual General Meeting of the Company held on 27th October, 1995, exclusive of such premium, if any, as may be determined by the Board, in one or more private offerings including private placement, in Indian markets to Indian/foreign investors (whether institutions/banks and/or incorporated bodies (including companies) and/or any other body corporate and/or trusts and/or mutual funds and/or local bodies and/or any other person(s) and/or any combination thereof) and whether or not such investors are members of the Company, on such terms and conditions and in such tranches as may be decided by the Board in its absolute discretion.

RESOLVED FURTHER that without prejudice to the generality of the above, the Board be and is hereby authorised to determine as to when the said Preference Shares are to be issued, the type or types of the Preference Shares to be issued, the types and classes of investors to whom the Preference Shares to be offered, the number and value of the Preference Shares to be issued in each tranche, the terms or combination of terms subject to which the Preference Shares to be issued (including combination of terms for Preference Shares issued at various points of time), including but not limited to terms relating to rate of dividend, period of redemption, manner of redemption, premium on redemption or premature or early redemption at the option of the Company and/or the investor, terms for cumulation or otherwise of dividends and all such terms as are provided in offerings of the like nature.

RESOLVED FURTHER that for the purpose of giving effect to the above Resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things and execute all such deeds, documents, instruments and writings as it may in its absolute discretion deem necessary or desirable and pay fees, commission and incur expenses in relation thereto.

RESOLVED FURTHER that the Board be and is hereby authorised to settle all questions, difficulties or doubts that may arise in regard to the issue, offer, allotment or redemption of the Preference Shares and utilisation of the issue proceeds as it may in its absolute discretion deem fit without being required to seek any further consent or approval of the members or otherwise to the end and intent and that the members shall be deemed to have given their approval thereto expressly by the authority of this Resolution.

RESOLVED FURTHER that the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors or Managing Director or Executive Director or Director(s) or any other Officer or Officers of the Company to give effect to the aforesaid Resolution."

9. As a Special Resolution

"RESOLVED that subject to all applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force and as may be enacted from time to time) and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to, by the Board of Directors of the Company (hereinafter referred to as the "Board"), the consent of the Company be and is hereby accorded to the Board to buy-back, from the existing holders of Shares and / or other Securities giving right to subscribe for Shares of the Company, on a proportionate basis and / or from the open market and/or from the lots smaller than market lots of the Securities (odd lots), the Shares or such other Securities or Securities having such underlying voting rights as may hereafter be notified by the Central Government or any other regulatory authority, from time to time (herein for brevity's sake referred to as "the Securities") of the Company, from out of its free reserves or out of the securities premium account of the Company or out of the proceeds of any issue made by the Company specially for the purpose, on such terms, conditions and in such manner as may be prescribed by law from time to time, provided that the aggregate of the Securities so bought back shall not exceed such percentage of the respective Securities of the Company and such amount as may be decided by the Board within the limits, if any, as may be prescribed by the law, from time to time.

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to do all such acts and things and deal with all such matters and take all such steps in this regard as it may, in its absolute discretion, deem necessary, fit or proper."

10. As an Ordinary Resolution

"RESOLVED that consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 for mortgaging and/or charging of the immovable properties

of the Company located at Taloja, Jalgaon and Noida and the plant & machineries of the Company at all the locations both present and future, in favour of Central Bank of India as leader of the Consortium of Banks and other Consortium Member Banks, in respect of the existing and future credit facilities extended / to be extended to the Company for meeting its working capital requirements for an amount of upto Rs.450 crores.

FURTHER RESOLVED that the security to be created in the manner aforesaid in favour of Central Bank of India and Consortium of Banks shall be by way of second and subservient charge ranking pari passu in all respects with similar second and subservient charges, if any, already created / to be hereafter created on the said properties to secure the existing / future borrowings in ordinary course of business of the Company as may be decided by the Board of Directors.

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to finalise with Central Bank of India and Consortium of Banks the documents for creating the aforesaid mortgage and / or charge and to do all such acts and things as may be necessary for giving effect to the above Resolution."

NOTES :

- (1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
- (2) Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the Special Business at Item Nos. 6 to 10 of the above Notice is annexed.
- (3) Register of Members and the Share Transfer Books of the Company will remain closed from Wednesday the 12th November, 1997 to Thursday the 4th December, 1997 (both days inclusive).
- (4) The Dividend if declared, will be payable on and from 10th December 1997, to those Equity and Preference Shareholders whose names stand on the Register of Members on 4th December, 1997.
- (5) The Company has transferred the unclaimed dividends upto the financial year ended on 30th June, 1993 to the General Revenue Account of the Central Government. The concerned members may, therefore, submit their claims in this respect, if any, to the Registrar of Companies, Maharashtra, Mumbai.

By Order of the Board

O. P. Roongta
Sr. Vice-President (Finance)
& Secretary

Registered Office :

612, Raheja Chambers,
Nariman Point,
Mumbai- 400 021.

Dated : September 26, 1997.

EXPLANATORY STATEMENT UNDER SECTION 173 OF THE COMPANIES ACT, 1956, REGARDING SPECIAL BUSINESS :

Item Nos. 6 & 7

The present Authorised Capital of the Company is Rs.50 crores divided into 3 crores Equity Shares of Rs.10/- each and 1.12 crores Preference Shares of Rs.10/- each and 0.88 crores Unclassified Shares of Rs.10/- each.

In certain circumstances it may be more advantageous to issue Preference Shares instead of Debentures or other forms of borrowings by the Company.

Moreover, new class(es) of Shares such as Non-voting Shares may be introduced in the Companies Act, 1956 under the proposed legislation being formulated by the Government of India. Hence the Unclassified Shares may be suitably classified by the Board in any one or more class(es) as may be permissible under the prevailing laws, at any time or from time to time, as it may think fit.

Resolution at Item No. 7 is consequential to Resolution at Item No. 6.

The Resolutions are commended for your approval.

None of the Directors of the Company is concerned or interested in these Resolutions.

Item No. 8

With a view to augmenting the Company's resources for its ongoing business, in case it may be expedient and more economical to raise funds through an offer of Preference Shares, the Board may take appropriate decision for issue of Preference Shares worth upto Rs.45 crores, excluding premium, if any, at any time, on such terms and conditions as it may deem fit and proper, depending on the prevailing capital market conditions.

The Resolution is commended for your approval.

All the Directors may be deemed to be interested in the said Resolution to the extent the Preference Shares may be offered and allotted to them, if any. Save as aforesaid, none of the Directors is, in any way, concerned or interested in the said Resolution.

Item No. 9

Buy back of own Shares or other securities convertible into Equity Shares by the Companies is presently not allowed under the Companies Act, 1956. The Companies Bill, 1997, however, seeks to lay down the operative provisions to regulate the buy back of Shares / Securities by companies. Hence it is expected that, in due course of time, the law would be amended to allow such buy back.

It is proposed to buy back not exceeding such percentage of the total voting powers relating to the Shares or other Securities giving right to subscribe for Shares of the Company and such amount as may be decided by the Board within the limits, if any, as may be prescribed by the law, from time to time, from the existing security holders on a proportionate basis and / or from the open market and / or from the lots smaller than market lots of the Securities (odd lots), subject to necessary enactment in this regard.

The buy back of Shares as aforesaid would entail investing of an amount which would not be less than the market value of the Shares or other Securities giving right to subscribe for Shares of

the Company and shall be met out of the free reserves and / or the securities premium account and / or out of the proceeds of an issue specifically made for the purpose. The Shares so bought back shall be cancelled forthwith.

The Board is of the opinion that it will be in the best interests of the Company if Shareholders approve the said Resolution, should the provisions be enacted permitting such buy back, so that the Company will be able to implement this Resolution.

The Resolution, if approved, will be operative for and will be given effect within a period of 15 months from the applicable date.

The approval of the Shareholders for similar buy back of Shares was obtained at the 52nd Annual General Meeting of the Company, held on 27th October, 1994. The above approval could not be given effect in view that no law in this regard has been promulgated. The Resolution as set out in this Notice is being proposed again in view of the introduction of the relative provisions in the Companies Bill, 1997. The Resolution is an enabling provision aimed at facilitating the Company to buy back its Shares as soon as legally permissible.

The Directors recommend the Resolution for approval of the Shareholders.

None of the Directors of the Company is, in any way concerned or interested in the Resolution.

Item No. 10

The Company has been availing credit facilities from Consortium of Banks to meet its working capital requirements. As required by the Banks, these credit facilities are to be secured by a second mortgage / charge on the Company's immovable and movable properties on pari passu basis. The consent of the members is now being sought to create a second mortgage / charge on pari passu basis with the existing second mortgage / charge on the Company's immovable / movable properties situated at Taloja, Jalgaon and Noida and movable plant & machineries of the Company at all the locations (other than those specifically charged to banks and / or financial institutions for DP Guarantee facility, Asset Credit Assistance etc.) throughout India both present and future, in favour of Central Bank of India as leader of the Consortium of Banks and other Consortium Member Banks for the amount sanctioned / to be sanctioned by the Consortium of Banks upto an aggregate amount of Rs. 450 crores.

As the creation of charges / mortgages / lien on immovable and movable properties, both present and future, of the Company may be deemed to be disposal of the whole or substantially the whole of one or more of the undertaking(s) of the Company, consent of the members is being sought under the provisions of Section 293(1)(a) of the Companies Act, 1956.

None of the Directors of the Company, is in any way concerned or interested in the Resolution, except Mr. R. Kannan (Nominee Director of ICICI), who may be deemed to be concerned or interested in the Resolution.

By Order of the Board

O. P. Roongta

*Sr. Vice-President (Finance)
& Secretary*

Registered Office :

612, Raheja Chambers,
Nariman Point,
Mumbai - 400 021.

Dated : September 26, 1997.

Annual Report 1996-97

DIRECTORS' REPORT

To

The Members,

The Directors have great pleasure in presenting the 55th Annual Report alongwith the Audited Accounts for the financial year ended 30th June 1997.

ACCOUNTS

	Rs.	Previous Year Rs.
Year's working shows a surplus of	30,38,27,952	32,32,62,528
Excess provision written back	1,66,854	17,24,668
	<u>30,39,94,806</u>	<u>32,49,87,196</u>
Provisions / Appropriations therefrom :		
Depreciation	18,24,07,582	15,78,48,325
Debenture Redemption Reserve	3,00,00,000	8,14,00,000
Provision for Taxation (Wealth Tax)	2,00,000	2,00,000
	<u>21,26,07,582</u>	<u>23,94,48,325</u>
Proposed Dividend	7,03,56,118	6,18,50,556
Transferred to General Reserve	2,10,31,106	2,36,88,315
	<u>30,39,94,806</u>	<u>32,49,87,196</u>

DIVIDEND

The Directors have recommended payment of dividend for the year ended 30th June, 1997 :

On 97,14,910 Equity Shares of Rs. 10/- each	Rs.
@ 60 % i.e. Rs. 6/- per share	5,82,89,460
On 1,52,00,000 Preference Shares of Rs. 10/- each issued in 7 series having dividend rate from 12.5% to 14% p.a. for period 1.7.96 / (respective) Date of Allotment to (respective) Date of Maturity /30.06.97, as applicable.	
(including interim dividend of Rs. 45,34,520)	60,82,876
	6,43,72,336
Corporate Dividend Tax @ 10%, as applicable	59,83,782
	<u>7,03,56,118</u>

TURNOVER

The Turnover of the Company during the year under review was Rs. 413.93 crores as against Rs. 406.15 crores in the previous year. Profit margins were affected due to increase in receivables and high cost of money for most part of the year. There has been improvement in capacity utilisation of Injection Moulded Product group catering to industrial components, furniture and crates. There was improvement in business of PVC pipes and fittings and thermoformed food serviceware products. However, the business was slow in multilayer sheet division, protective packaging division and flexible packaging division due to general low growth in Indian market for the year under report.

Your Company has exported products (including deemed exports) worth Rs. 17.23 crores against Rs. 24.02 crores in the

previous year. There was steep fall in deemed exports due to downward revision of drawback rates on certain plastic products and also due to the sluggish market growth in African and Middle East countries. Our joint venture office in Dubai has become quite active and are making inroads in new export markets. Our export office in India has been strengthened and we expect substantial increase in exports in coming years.

INDUSTRIAL MOULDED PRODUCTS AND CRATES

In spite of recession in the consumer durable industry, the Company's business in this sector has improved. The Company has taken steps to position itself as supplier of requirements of components for automobiles which are going to be launched shortly. We expect the growth to be maintained in industrial components business in the current year.

Due to Company's multi-locational units, the Company is catering to the requirements of its various soft drink bottling customers for crates in a cost effective manner.

Major range and volume of Company's furniture items are produced at Pondicherry Unit I. This production is being shifted to Pondicherry Unit II. Pondicherry Unit I will then be dedicated for the manufacture of variety of material handling crates. Several new products are being introduced by the Company to improve its market share. Increased capacity is now being made available. We expect high growth in this segment of business in the years to come.

Part of the industrial components and crate capacity which is located at Andheri, Mumbai were to be shifted to Talegaon and Pondicherry. This was delayed as buildings at both the locations were not ready. This capacity is now being shifted to Talegaon and Pondicherry. Moulding Unit at Andheri will close down by December 1997.

The Supreme Industries Ltd.

FURNITURE

Furniture business recorded a good growth. Pondicherry II which is dedicated to make only furniture was commissioned on 15.8.1997. This plant is expected to be fully operational with all the installed machines from January 1998. The existing facilities of furniture manufacturing at Talegaon and Noida have already been shifted to Pondy II. Several new models were launched successfully in the year. The Company has plans to launch further new models to give widest range of moulded furniture to its customers in the country. The newly commissioned operation at Pondicherry II will enable the company to deliver all the products to its customers in a cost effective manner through its wide spread distribution network.

PVC PIPES AND FITTINGS

During the year, this division achieved a turnover of Rs. 100 crores. The company is offering widest range of PVC pipes and fittings including fabricated fittings in the country and have several products which are specifically suitable for export market. We expect to achieve a further 20% growth in volume terms in this business segment. The commissioning of fabricated fitting division has enabled the company to sell complete piping system in a cost effective manner. Your Company continues to dominate the market place on the strength of quality, service and brand image and its wide distribution network which covers the entire country. Your Company has taken up automation at various levels in this unit at an investment of Rs. 3.5 crores which will enable the Company to minimise handling losses, reduce labour cost and further improve our competitive edge.

Several new range of PVC moulded fittings are being introduced. We also expect to get international accreditation of a certain range of pipe and fittings which will be exclusively dedicated to export market.

PROTECTIVE PACKAGING

Due to slow growth in consumer durable segment, the protective packaging business could not see growth in the current year. Our products enjoyed good market share in North and South zones due to strategic locational advantages. However, we had the disadvantages of high freight cost and delayed deliveries for West Zone customers. The Company has now negotiated to acquire the production facility, making similar products at Nandesari near Baroda, of M/s. Camphor and Allied Products Ltd. This new increased capacity will give us the locational advantage for supplying to the West Zone. The distribution network in West will now be able to cater to market requirements speedily and in a cost effective manner. It is expected that the said unit will be in the fold of the Company in October 1997.

We are further adding capacities at Hosur Plant. The additional capacities are expected to become operational before March 1998.

Strategic locations at Malanpur in North, Hosur in South and Nandesari in West will enable the Company to deliver the product to its various customers in shortest delivery time and in a very cost effective manner. There is a heavy cost of freight in transporting this product to long distances.

FLEXIBLE PACKAGING DIVISION

The additional building at Khopoli is ready. The Company was able to negotiate the Voluntary Retirement Scheme with the workers to close this division at Taloja. The Company has started shifting from Taloja, Malanpur and Noida all the equipments catering to this division to Khopoli. This new installed capacity will be in operation at Khopoli in October 1997. This will help the Company to reduce production costs.

MULTILAYER SHEETS AND THERMOFORMED PRODUCTS

The Company's effort to convert the capacity of Multilayer sheets to Thermoformed "Food Serviceware" was met with instant success during the year. Multilayer sheet business which was mostly catering to the refrigerator industry has taken a nosedive. The Company with its success in food serviceware products decided to convert this capacity to make varieties of these products. Necessary thermoforming machines and moulds have been ordered. The sheet making capacity is being diverted to this sector continuously based on the arrival of the balancing equipments. We expect the entire capacity to be converted by April - June 1998. There is high growth of demand in this division considering the growth in soft drinks / dairy products / fast foods industries and the increasing acceptance of this product by the society due to hygiene considerations.

PP MATS

The Company increased its capacity in the year by augmenting the capacity of some of its ancillary units. The Company enjoys a large export market for these products. The product is getting increased acceptance in Indian market also. The Company enjoyed 15% growth in volume of this product. The Company proposes to further augment capacity this year by direct investment as well as investments by ancillary units.

The company is the largest supplier of this product with widest range and sizes to suit different tastes of consumers in local and international markets. We expect to continue as market leader in this business.

MOULDS AND MACHINERY DIVISION

The Technology Centre at Goregaon and Machinery Division at Kandivli have been shifted to Andheri. Shifting has given enough scope for expansion in a cost effective manner. Both the divisions are in excellent technical position to supply quality moulds and equipments at low cost to Company's various manufacturing units.

The building owned by M/s. Premier Lighting Industries Ltd. at Goregaon which used to house the Company's Technology Centre has become vacant and the same has been put up for divestment.

RESTRUCTURING AND EXPANSION

Your Company's exercise of restructuring its business will be mostly completed by December 1997. The entire flexible packaging business will be housed at Khopoli. Moulding capacity at Andheri will be shifted to other units. Most of the multilayer sheet production capacity will be converted to