

ANNUAL REPORT

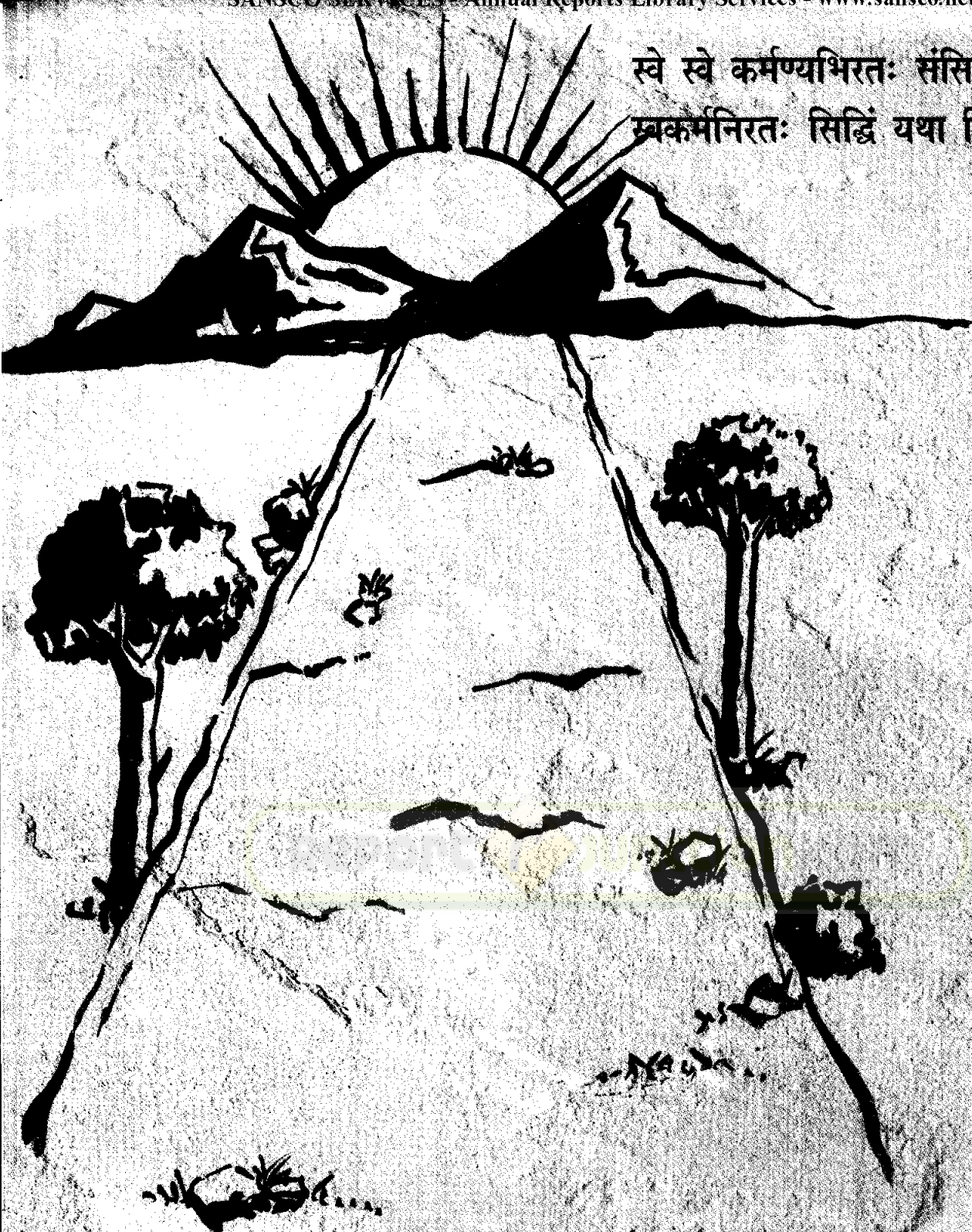
2000

2001

Supreme

Annual Report 2000-2001

स्वे स्वे कर्मण्यभिरतः संसिद्धिं लभते नरः।
स्वकर्मनिरतः सिद्धिं यथा विन्दति तच्छृणु॥



Man reacheth perfection by each
being intent on his own duty. Listen
thou how perfection is won by him
who is intent on his own duty.

The Supreme Industries Limited

BOARD OF DIRECTORS

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

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
Bank of India
Societe Generale
Banque Nationale De Paris
Centurion Bank

AUDITORS

M/s. Chhogmal & Co.,
Chartered Accountants

REGISTERED OFFICE

612, Raheja Chambers,
Nariman Point,
Mumbai 400 021.
Tele : 285 1656 Fax : 285 1657
Website: <http://www.supreme.co.in>
Email : supremenpt@supreme.co.in

CORPORATE OFFICE

17/18, Shah Industrial Estate,
Veera Desai Road, Andheri (W),
Mumbai 400 053
Tele : 632 2800 Fax : 636 7057
Website: <http://www.supreme.co.in>
Email : supreme@supreme.co.in

WORKS

1. Andheri, Mumbai (Maharashtra)
2. Daman (Union Territory)
3. Derabassi (Punjab)
4. Durgapur (West Bengal)
5. Hosur (Tamil Nadu)
6. Jalgaon (Maharashtra)
7. Kanpur Dehat (Uttar Pradesh)
8. Khopoli (Maharashtra)
9. Khushkhhera (Rajasthan)
10. Kolkata (West Bengal)
11. Malanpur (Madhya Pradesh)
12. Nandesari (Gujarat)
13. Noida (Uttar Pradesh)
14. Pondicherry 1 (Union Territory)
15. Pondicherry 2 (Union Territory)
16. Talegaon (Maharashtra)

OFFICES

- Ahmedabad
- Bangalore
- Chennai
- Hyderabad
- Kolkata
- Mumbai
- New Delhi

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The Supreme Industries Limited

NOTICE

NOTICE is hereby given that the 59th Annual General Meeting of the Company will be held at Walchand Hirachand Hall, Indian Merchants' Chamber, Near Churchgate Station, 76, Veer Nariman Road, Mumbai - 400020, on Wednesday the 31st October, 2001 at 4.00 p.m. to transact with or without modification, as may be permissible, the following business :-

ORDINARY BUSINESS :

1. To receive, consider and adopt the Directors' Report and the Audited Statement of Accounts together with Auditors' Report thereon for the financial year ended 30th June, 2001.
2. To declare dividend on Equity Shares for the Financial year ended 30th June, 2001.
3. To appoint a Director in place of Shri S. J. Taparia, 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 to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS :

6. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution :

As a Special Resolution :

"RESOLVED THAT subject to all such consents, sanctions or approvals of Financial Institutions and such other authorities as may be required, and notwithstanding that the limits prescribed u/s. 372A(1) of the Companies Act, 1956, are exceeded, the Company do purchase from M/s. Sara Fund Trustee Company Ltd., 42,50,000 Equity Shares of Rs. 10/- each, fully paid-up, of Supreme Vinyl Films Ltd., (SVFL), a subsidiary of the Company, @ Rs. 9/- (Rupees Nine only) per share, aggregating to Rs. 3,82,50,000/- (Rupees Three Crore Eighty Two Lacs Fifty Thousand only) on such terms and conditions as to payment as the Board of Directors may deem appropriate in the interest of the Company.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take such steps and execute such documents including an agreement, if necessary, with M/s. Sara Fund Trustee Company Ltd., to give effect to the purchase of the Equity Shares as aforesaid.

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY 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 No. 6 of the above Notice is annexed.

3. Register of Members and the share transfer books of the Company will remain closed from Thursday the 18th October, 2001 to Wednesday the 31st October, 2001 (both days inclusive).
4. The Dividend if declared, will be payable to those Equity Shareholders whose names stand on the Register of Members on 31st October, 2001. In respect of shares held in the electronic form, the dividend will be payable to the beneficial owners of shares as on the close of 17th October, 2001 as per details furnished by the Depositories for this purpose.
5. The Company has transferred the unclaimed dividends in respect of the financial year ended on 30th June, 1994 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 submitting an application to the Registrar of Companies, in prescribed form.
6. Pursuant to provisions of Section 205A of the Companies Act, 1956, as amended, dividend for the financial years ended 30th June, 1995 and thereafter, which would remain unpaid or unclaimed for a period of 7 years, will be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government. Shareholders who have not encashed the dividend warrant(s) so far for the financial year ended 30th June, 1995 or any subsequent financial years, are requested to make their claims to the Company at its Registered Office. **It may be noted that once the unclaimed dividend is transferred to the Investor Education and Protection Fund, as stated here-in, no claim shall lie in respect thereof.**
7. Members holding shares in electronic form may please note that their bank details as furnished by the respective depositories to the Company will be printed on their dividend warrants as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such members for deletion of/change in such bank details. Members may, therefore, give instructions regarding bank accounts in which they wish to receive dividend, directly to their Depository Participants.
8. Members are requested to note that in terms of directions issued by SEBI, with effect from 17th January, 2000 the Company's shares are to be Compulsorily traded in Demat form for all classes of investors.

By order of the Board

O.P. Roongta

Sr. Vice-President (Finance) & Secretary

Registered Office :

612, Raheja Chambers,
Nariman Point,
Mumbai 400 021

Dated : 30th August, 2001

Annual Report 2000-2001**EXPLANATORY STATEMENT UNDER SECTION 173 OF THE COMPANIES ACT, 1956, REGARDING SPECIAL BUSINESS.****Item No. 6**

As per Subscription Agreement dated 18.8.1998 entered into between (i) Supreme Vinyl Films Ltd., (SVFL), a subsidiary of the company, (ii) The Supreme Industries Ltd., (SIL) and (iii) M/s. Sara Fund Trustee Company Ltd., which is promoted by IL & FS Venture Corporation Ltd., (IVC), IVC subscribed to 42,50,000 equity shares of Rs. 10/- each at a premium of Re. 1/- per share, of the aggregate value of Rs.4,67,50,000/-. As per the terms of the said agreement, inter alia, if the shares of SVFL are not listed on the Stock Exchange within a period of five years from the date of allotment of the shares, the same have to be purchased by SIL, as one of the promoters of SVFL, at a price as per the share price calculation mentioned therein, which works out to minimum of Rs. 12.00 per share. However, considering the performance of SVFL, the Company has been able to negotiate a reduced price of Rs. 9/- per share with IVC, which would be payable in four instalments spread out over a period of about 15 months. This purchase may also facilitate eventual merger

of SVFL with the Company as a matter of strategic planning to increase the shareholder value at a later date. It will also augment the Company's holding in its subsidiary.

The Resolution is accordingly commended for your approval.

None of the Directors is interested in the resolution except to the extent of the shareholding, if any, in SVFL and the Company.

By order of the Board

O.P. Roongta

Sr. Vice-President (Finance) & Secretary

Registered Office :

612, Raheja Chambers,
Nariman Point,
Mumbai 400 021

Dated : 30th August, 2001

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The Supreme Industries Limited

DIRECTORS' REPORT

To
The Members,

The Directors have great pleasure in presenting the 59th Annual Report alongwith the Audited Accounts for the financial year ended 30th June, 2001.

FINANCIAL RESULTS

	Current year Rs.	Previous year Rs.
Year's working shows a surplus of	28,93,19,296	41,99,42,906
Excess provision for depreciation written back	3,72,789	24,23,137
	28,96,92,085	42,23,66,043
Less : Depreciation	25,70,59,604	25,26,86,691
Provision for taxation	46,50,000	1,17,00,000
	2,79,82,481	15,79,79,352
Add : Balance Brought forward from previous year	—	10,27,81,623
Transfer from Debenture Redemption Reserve	8,50,00,000	9,50,00,000
Total amount available for appropriation	11,29,82,481	35,57,60,975
Appropriation therefrom :		
Capital Redemption Reserve	—	8,25,00,000
Proposed Dividend (including Corporate Dividend Tax)	3,21,17,492	8,67,24,666
Transferred to General Reserve	2,00,00,000	18,65,36,309
Balance Carried forward	6,08,64,989	—
	11,29,82,481	35,57,60,976

Your Company has incurred capital expenditure of Rs. 47.69 Crores in the nature of normal capital expenditure and for setting up of new units at Durgapur in West Bengal, Derabassi in Punjab, Kanpur Dehat in UP, Kushkhera in Rajasthan and Talegaon in Maharashtra. To strengthen its service to customers of Furniture and crate and to increase the cost competitiveness, the company had intention to put up units to make these products in several states. This investment plan was expedited in the year to avail investment specific sales tax incentive which was available upto March 2001. This has been financed by additional debt alongwith internal accruals.

DIVIDEND

The Directors have recommended payment of dividend for the year ended 30th June, 2001, as under :

	Rs.
i) Dividend on 97,14,910 Equity Shares of Rs. 10/- each @ 30% i.e. Rs. 3/- per share. (Previous Year @ 70% i.e. Rs. 7/- per share)	2,91,44,730
ii) Corporate Dividend Tax	29,72,762
	3,21,17,492

MANAGEMENT DISCUSSION AND ANALYSIS

Please see attached Annexure.

FIXED DEPOSITS

The amount of Fixed Deposits has increased from Rs. 788.76 lakhs to Rs. 1,890.42 lakhs. Out of deposits which matured during the year, 116 deposits aggregating to Rs. 19.52 lakhs remain unclaimed as on 30th June, 2001 of which Rs. 3.97 lakhs have since been renewed/refunded.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies(Amendment) Act, 2000, the Directors confirm that

- In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed.
- Appropriate Accounting Policies have been selected and applied consistently and have made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 30th June, 2001 and of the Profit and Loss Account for the year ended 30th June, 2001.

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- iii. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. The annual accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE

The Company has been proactive in following the principles and practices of good governance. The Company has taken adequate steps to ensure that the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges are complied with.

A separate statement on Corporate Governance is produced as a part of the Annual Report alongwith the Auditors' Certificate on its compliance.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information on conservation of energy, technology absorption, foreign exchange earnings and outgo required to be given pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is annexed hereto and forms part of this report.

PERSONNEL

As required by the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees), Rules, 1975 as amended, the names and other particulars of the employees are set out in the Annexure to the Directors' Report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and the Accounts is being sent to all shareholders of the Company excluding the aforesaid information. Any shareholder interested in obtaining such particulars may write to the Secretary at the Registered Office of the Company.

SUPREME PETROCHEM LIMITED

The Company has posted a turnover of Rs. 634.39 crores for the year ended 31st March, 2001 as against Rs. 546.10 crores of the previous year. The Company has increased its capacity of Polystyrene raw material from 188,000 TPA to 204,000 TPA. The company's investment plans to manufacture 17,000 TPA of compounded PS will go into commercial production shortly.

SUPREME ORIENTED FILMS LIMITED

The turnover of the company, which manufactures BOPP film for the year ended 31st March, 2001 was Rs. 26.93 crores as against Rs. 21.35 crores of the previous year. The demand for BOPP film is now in balance with the supply. The installed capacity has been increased marginally by debottle-necking. The capacity is fully utilised. It is proposed to merge this Company with The Supreme Industries Limited. Merger proposal has been already cleared by the Board of Directors in the Board Meeting dated 14th May, 2001.

The Board of Directors of Supreme Oriented Films Limited have also cleared the proposal of merger in their Board meeting held on 14th May, 2001. The merger may be effective from 1st April, 2001 subject to all necessary approvals and clearances from the respective High Courts, shareholders, creditors and relevant authorities.

SILTAP CHEMICALS LIMITED

This Company has achieved a turnover of Rs. 68.69 crores for the year ended 31st July, 2001 as against Rs. 65.29 crores of the previous year. The company's increased capacity of XF to produce 6000 TPA has gone into production. The company's expansion capacity to produce 1500 TPA widewith film has gone into commercial production in July 2001.

SUBSIDIARY COMPANY**SUPREME VINYL FILMS LIMITED**

The turnover of the Company for the year ended 31st March, 2001 was Rs. 44.66 crores as against Rs. 38.28 crores of the previous year. It is proposed to merge this Company with The Supreme Industries Limited. Merger proposal has already been approved by the Board of Directors of both the Companies in their respective Board Meetings held on 14th May, 2001. The merger may be effective from 1st April, 2001 subject to all necessary approval and clearances from the respective High Courts, shareholders, creditors and relevant authorities.

The statement pursuant to Section 212 of the Companies Act, 1956 together with Annual Report is attached to the Accounts.

DIRECTORS

Shri S.J. Taparia and Shri V.K. Taparia, Directors of the Company retire by rotation and being eligible offer themselves for re-election.

AUDITORS

M/s. Chhogmal & Co., Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting. The Company has received a certificate from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1-B) of the Companies Act, 1956. The notes on accounts referred to in the Auditors Report are self-explanatory and therefore do not call for any further comments.

ACKNOWLEDGEMENT

The Directors place on record their sincere appreciation for the encouragement and co-operation received by the Company from the local authorities, banks, customers, suppliers, business associates and shareholders for their continued guidance and support. Directors also place on record their sincere appreciation of the valuable services rendered by the employees of the Company at all levels.

For and on behalf of the Board of Directors

B.L. Taparia
Chairman

Mumbai, 30th August, 2001

The Supreme Industries Limited

ANNEXURE TO THE DIRECTORS' REPORT

Additional information given as required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

I. CONSERVATION OF ENERGY

Adequate measures have been taken to avoid wastage of energy, the necessary investments are also planned to cut down the consumption of energy per kg. of processing of plastic. The requirement for disclosure with respect to conservation of energy is not applicable to the Company.

II. TECHNOLOGY ABSORPTION

Research & Development (R&D) :

(1) Specific areas in which R&D carried out by the Company-

- (a) Reduction in cost of conversion by-
 - (i) Evaluation of the alternative raw material mix / compounds / use of filters / additives, etc.
 - (ii) Modify the process parameters keeping the end quality in mind.
 - (iii) By getting the maximum finished goods out of the per kg. raw material input.
- (b) We have also modified wherever possible the tooling / dies to have higher production of improved quality.
- (c) New product development.

(2) Benefits derived as a result of the above R&D-

- (a) Improved productivity
- (b) Cost Reduction
- (c) Improvement in quality
- (d) Process innovation / conservation of raw material.
- (e) Addition to the existing range of products.

(3) Future plan of action-

- (a) To improve further on the raw material mix / compounding process / parameters to get benefit of higher productivity at lowest cost of conversion.
- (b) To create in-house centralised R&D set up at our technology centre to cater to the requirement of raw material and product testing.
- (c) To develop in-house standards for various products and update them with respect to international standards to make Company's products acceptable in international market.
- (d) Expenditure on R&D : Not Substantial

Technology Absorption, Adaptation and Innovation :

The Company has taken know-how from M/s. Wavin Overseas B.V. Netherland in the line of manufacture of PVC products, crates and films. We are in the process of training personnel to receive this know-how and make investment in balancing equipment to launch new products.

III. FOREIGN EXCHANGE EARNINGS AND OUTGO

Total Foreign Exchange earned and used :

	(Rs. in lacs)
Foreign Exchange Earned	1,872.67
Foreign Exchanged Used	2,608.53

For and on behalf of the Board of Directors

Mumbai, 30th August, 2001

B.L. Taparia
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

1. INDUSTRY STRUCTURE AND DEVELOPMENT

The Company is in plastics converting business. Consumption of Plastics in India in 2000-01 was in excess of 3 million tons which was handled by around 11,000 active units. More than 90% of the units are in small scale. The consumption of plastics in India is woefully low even compared to Mainland China. The consumption of plastics in China is in excess of 13 million tons. Around 60% of plastics in China are consumed for making products for world market. It is less than 10% in India. There are reasons which are coming as hindrance to boost plastics consumption in India for the world market. They are among others

1. Reservation policy of manufacturing several items only in small scale.
2. High cost of money.
3. Rigid labour policy.
4. Excess number of holidays in the country.
5. Poor infrastructure.
6. High cost of power.

As the country is integrating with global economy it can safely be assumed that the country will be moving in medium term to remove various handicaps affecting the Indian economy including plastics conversion business. The country needs to generate massive employment. Boost to plastics conversion can play very useful role to achieve this objective. The present policies are not conducive to create jobs.

Your Company enjoys leadership position in plastics products for more than two decades in the country. The Company is very much aware of this opportunity which has to knock at door sooner than later. The Company is gearing itself to consolidate its existing businesses in next 18 months time so as to be ready for availing several business opportunities in export of plastic products. It aims to stay committed to plastics conversion business.

The Company fully believes that there is ample opportunities for the plastics industry even for domestic economy. There is shortage of conventional materials viz wood, paper, aluminium etc. Many of these materials are very energy intensive. Several of the applications made from these materials can be efficiently substituted by plastics. Hence, plastics has an important role to play in the country's economy for supply of drinking water, in housing sector, storage and distribution of food grains, vegetables and fruits, to boost agricultural production and host of other applications touching the entire gamut of the lives of citizens of the country. Superior properties of these materials give an edge to increase its penetration into newer and newer applications.

2. MAIN SEGMENTS

The Company has several products in its fold which Management has structured in four broad groups.

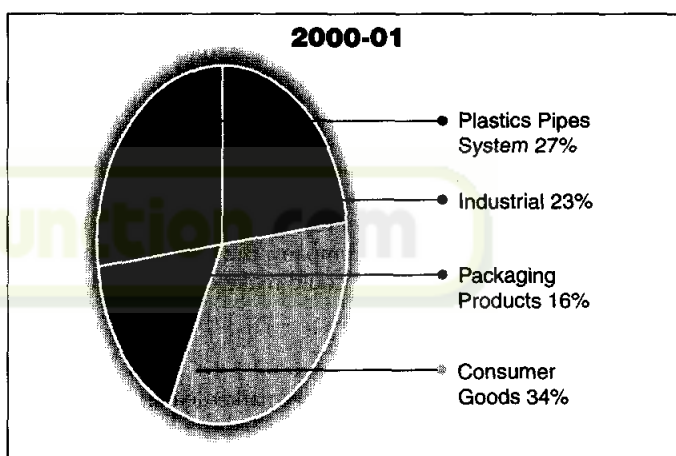
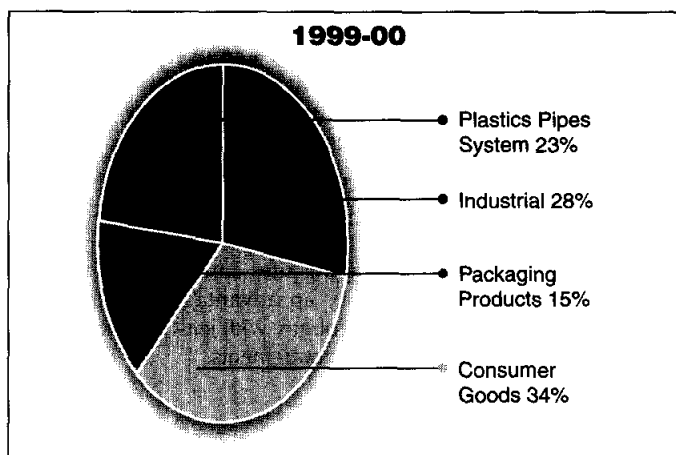
Group	Products
Industrial Products	Industrial Components, Material Handling Crates and Moulds
Consumer Products	Furniture, Food Serviceware, Mats, Embossed Sheets

Packaging Products

Flexible Packaging Film, Protective Packaging Products.

Plastics Piping System

PVC Pipes, Injection Moulded Fittings and Handmade Fittings.

SEGMENTWISE SHARE FOR THE LAST TWO YEARS
(% OF VALUE)

The turnover of the Company in the year under review is to the tune of Rs. 537.77 crores (including Rs. 5.90 crores by way of polymer trading) as against Rs. 565.72 crores (including Rs.19.59 crores by way of polymer trading) in the previous year.

The Company competes with 3 to 10 players in each of business segment who are operating either in medium scale or in large scale.

The Company has processed 68,413 tons of material as against 67,262 tons of material of the previous year.

The Company exported goods worth Rs. 17.81 crores as against Rs. 18.94 crores of the previous year. Profit before extra ordinary items, depreciation and taxes during the year under review is Rs. 30.07 crores as against Rs. 41.99 crores of the previous year.

The Company had promoted M/s. Huntsman Supreme Limited jointly with M/s. Huntsman Corporation of USA. initially to put up a

The Supreme Industries Limited

project of Foamed Polystyrene Products and acquired land and created necessary infrastructure at Goa. The Company expected to get necessary clearance from the Government of India to implement the project de-reserving the product from small scale sector as this product could not be produced in small scale efficiently. Unfortunately, the same did not materialize and the project had to be abandoned. The name of the Company then was changed to Supreme Industries (Goa) Limited. In its best efforts to utilise the resources optimally, the Company implemented a project for industrial moulded products at the same site. Due to non-viability of the project, Supreme Industries (Goa) Limited abandoned its operations and disposed off its assets. A sum of Rs. 114.14 lakhs were short recovered by the Company after disposal of the assets. The said sum has been provided for as an extra-ordinary item in the Profit and Loss Account of the year.

3. COMPANY'S STRENGTH AND GROWTH DRIVERS

3.1. MANUFACTURING SITES

The Company has 16 manufacturing sites spread throughout the country. This gives the Company an advantage to cater to its customers spread throughout the country with least freight cost and minimum lead time to meet their requirements.

3.2 DISTRIBUTION SET UP

Several of the products are delivered to customers through distributors. The Company enjoys good relationship with its distributors. The distributors are doing yeoman service to reach the Company's products in a most efficient and economical manner to the customers with speed and good service.

3.3 PRODUCT GROUPS

The Company has several products in its business portfolio. This gives more strength in a difficult year by balancing the pitfalls of certain businesses. The year under review was especially a difficult year for the operations of your Company. But since some business groups fared well, the Company could make overall surplus in its operations.

3.4 GROWTH DRIVERS

The Company's unique position as the market leader is due to its strong focus on the following:

- a) Quality of the products
- b) Service to its customers
- c) Structured plan to grow and innovate

3.5 SEGMENTWISE PERFORMANCE

PLASTICS PIPE SYSTEM

The Company makes entire pipe system presently only from PVC raw material. The Company increased its volume of PVC pipe system from 20,330 tons to 25,157 tons. The overall growth of PVC pipe business in the country was below 10% during the year. But, our Company's business grew 22% by volume. Your Company has the largest range of products exceeding 2000 items catering to various usage of PVC pipe systems. The Company supplies most of the piping items required for a given application. Your Company is a solution provider to the piping requirement as it does not restrict its

scope only to supply a product. The Company believes that there is tremendous potential of growth in the country for not only PVC pipe system but for other plastics pipe system. The Company aims to add other plastics materials in its range for pipe system.

During the year under review, your Company has increased its range of ASTM pipes and fittings for usage in plumbing. This was well received in the country. The volume grew by 33%. The Company intends to increase further range of fittings and pipes to cater to plumbing requirements in the country. In the soil, waste and rain water pipe systems, the Company further increased its range. The Company obtained BIS mark for its SWR Fittings after the BIS standards were formulated in the year. As housing is the core thrust area of the Country, the Company strongly believes to further strengthen its presence in housing throughout the country. Company is committed to supply quality products only. Company's products are becoming choice material for housing. Due to this strong acceptance, the Company expects higher growth in the years to come in housing application.

Your Company is set to supply system to explore the ground water resource using submersible pipes alongwith casing pipes. This will strengthen the hands of the farmers to augment water supply in the fields.

Fittings manufactured by the Company found good acceptance not only in domestic markets but also in export markets. There is an opportunity to export fittings to European market. The Company is striving to obtain "kite mark" which is conforming to British Standard. It will open opportunities for exporting fittings in several world markets.

Your Company is continuing technical co-operation with M/s. Wavin Overseas, Netherlands, who are the leaders in the Synthetic Piping System in the world. The Company intends to launch pipe systems from other synthetic materials as required by the country in coming years. Plastics piping system is an essential product in the country's economy. This is well established in comparison to Ductile Iron Pipes, GI Pipes and AC Pipes.

Plastics piping system is more durable. It requires lesser energy in its total life cycle. Accordingly, Standing Committee of State Finance Ministers for Uniform Sales tax fixed the rate of PVC Pipes at 4%. However, the sales tax rates are still not brought down to 4% in certain states. This is an impediment for the rightful growth of PVC piping system in the Indian economy.

With the introduction of VAT expected by 1st April, 2002, it is expected that sales tax rates will be lowered to 4% in other states also. This will give further boost to penetration of these products in domestic market. Outlook for growth is good.

CONSUMER PRODUCTS

FURNITURE

In furniture business, your Company started five new manufacturing units i.e. at Talegaon in Maharashtra, Durgapur in West Bengal, Derabassi in Punjab, Kanpur Dehat in UP, and Kushkhera in Rajasthan. The Company needed to put up its supply position of Furniture and Crates in a more efficient and cost effective way. Thus the Company had plans to put several units in different states to make these items. As the investment specific sales tax incentive was