

Powering Ahead... Globally

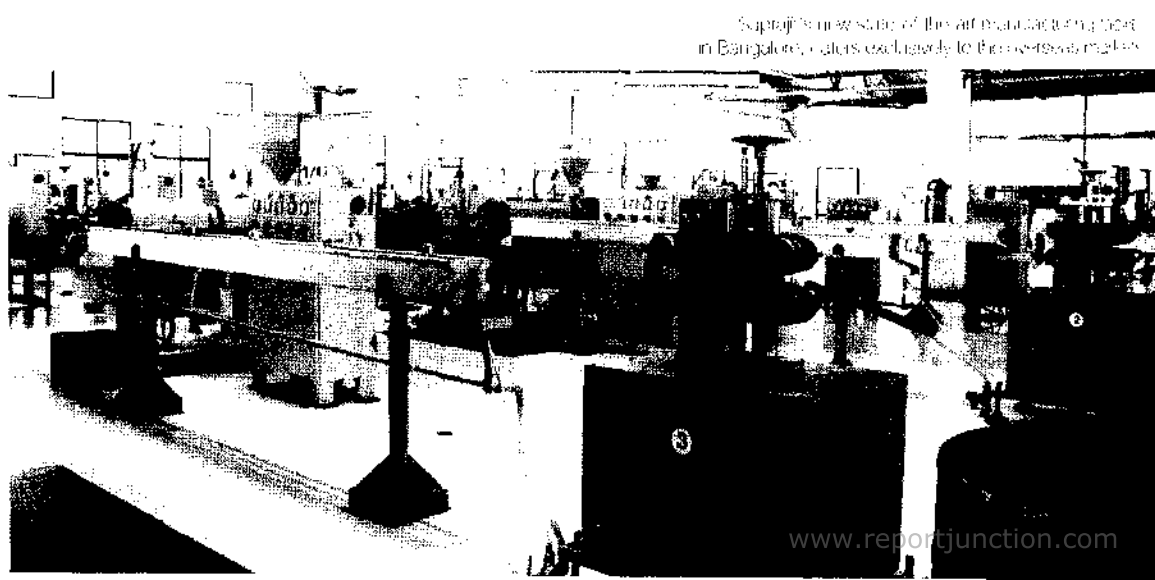


TWENTY-FIRST ANNUAL REPORT: 2005 - 2006

MADE IN INDIA. MADE FOR THE WORLD

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Vision for the future

Towards achieving global leadership through product & service excellence

Dear Shareholder,

It gives me immense pleasure to share with you that your Company has completed another year of excellent growth and profitability as you would note from the enclosed Annual Report 2005 – 06.

You would also note from the Directors' report, Management Discussions and Analysis Report, the current trends in the automotive industry, opportunities, risks, concerns as well as the immediate outlook, going forward.

As communicated to you earlier, the acquisitions – CTP Gills, UK, as well as the balance shareholding in the Joint Venture – CTP Suprajit, India, have given new dimension to your Company's global ambitions. The twin awards from CNBC / ICICI / CRISIL as "Small Medium Enterprise of India" as well the "Auto Sector Award", is another wonderful recognition of Team Suprajit and its sustained performance.

While these acquisitions and awards give a heady feeling, the larger issue to focus is where we want to be, going forward, say in a decade's time. The challenge facing Team Suprajit is not the current competitiveness, but to remain competitive in the years ahead.

Our earlier communicated mantras of "Grow Profitably" and "Be Globally Competitive" should be strengthened to add "Be a Global player in automotive cable business". I believe that unless we are globally competitive by supplying to global auto majors, we cannot remain locally competitive in the years ahead.

In our quest to achieve those goals and realize our vision, it is not only necessary to have continued lean manufacturing and cost competitiveness within India, it is essential for us to explore supply chain footprint, globally. Setting up of manufacturing capacities in other low cost countries, Joint Ventures, acquisitions, technology and engineering centres, logistic centres etc., need to be carefully examined to ensure that we have an optimal supply chain capability available for our global customers. It is necessary to have Global presence through such capabilities to ensure that Suprajit has a world wide supply chain footprint to match the requirements and expectations of our customers.

Your Company will assess such options not only to satisfy customers in terms of our continued philosophy of Quality, Cost, Delivery and Development but also to keep competition at bay!

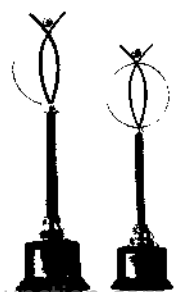
I continue to believe that Suprajit has "The will to do" and "The soul to dare" to become a global player in automotive cable business within the next decade.

To this end, I seek your continued support and good wishes.

With warm personal regards,

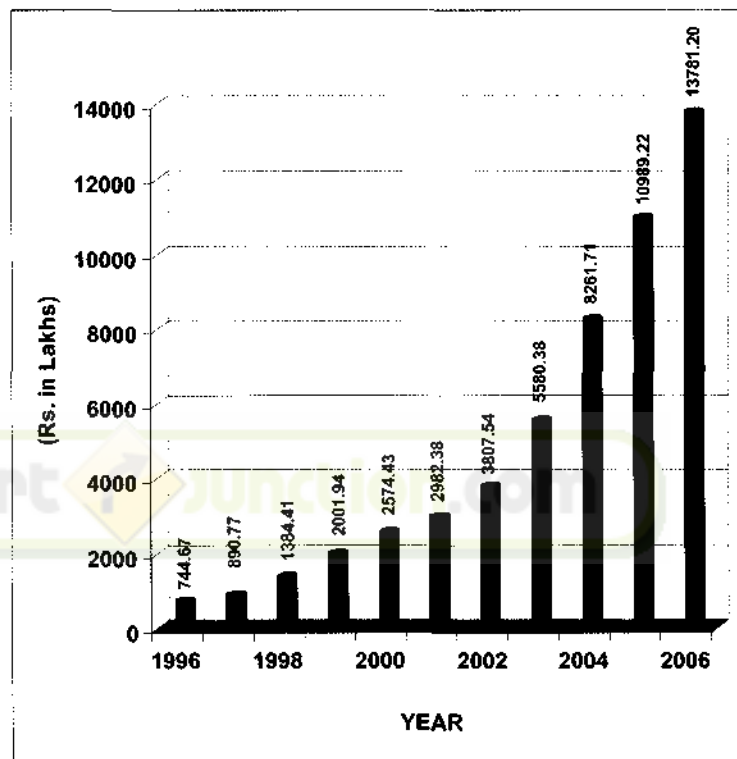
Yours sincerely,

K. Ajith Kumar Rai
Managing Director

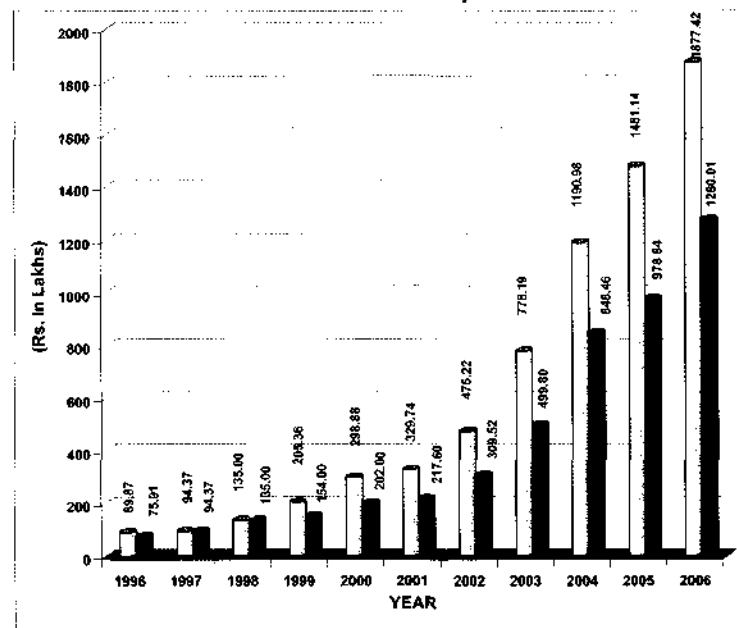


growth with profitability

Gross Income



Profitability



**BOARD OF DIRECTORS**

M.R.B. Punja
Chairman

Surendra Kumar N Shah
Director

M.Jayarama Shetty
Director

B S Patil, IAS (Retd.)
Director

S R Singh
Director

K. Ajith Kumar Rai
Managing Director

COMPANY SECRETARY
Medappa Gowda J

STATUTORY AUDITORS
T R Varadarajan & Associates
Chartered Accountants

INTERNAL AUDITORS
K S Aiyar & Company
Chartered Accountants

REGISTRARS AND SHARE TRANSFER AGENTS

Alpha Systems Private Limited
No. 30, Ramana Residency
4th Cross, Sampige Road
Malleswaram, Bangalore - 560 003
Phone: 080-23460815-18
Fax : 080-23460819
E-mail: alfint@vsnl.com

WORKS

Units - I & II
Plot No. 100 & 132
Bommasandra Indl. Area
BANGALORE - 560 099.

Unit - III
No. 26 & 27A (Part)
Doddaballapur Indl. Area,
BANGALORE - 561 203.

Unit - IV
No. 164 & 165, Sector - 3,
IMT Manesar,
Gurgaon District,
Haryana - 122 001.

Unit - V
Plot No. B-13, MIDC
Chakan Indl. Area
Pune, Maharashtra - 410 501.

Unit - VI
A-1/5411, IV Phase, G.I.D.C.,
VAPI-396195
Dist. Valsad, Gujarat.

STOCK EXCHANGE
The Stock Exchange Mumbai (BSE)
The National Stock Exchange of India Ltd (NSE)

BANKERS
The Hongkong & Shanghai Bank
Citi Bank N.A.
The Bank of Nova Scotia
Syndicate Bank

REGISTERED OFFICE

Plot No. 100,
Bommasandra Indl. Area
BANGALORE - 560 099.
Phone: 080 - 7833827-29
Fax : 080 - 7833279
E-mail: info@suprajit.com

Annual Report 2005 - 06**MILESTONES**

- 1985 – Incorporated as Private Limited company.
- 1987 – Commercial Production at Unit-I.
- 1994 – Commercial Production at Unit II.
- 1996 – Public issue of Equity Shares at premium.
- 1998 – Commercial Production of Speedometers – Unit III.
- 1998 – Second Largest manufacturer of cables in India.
- 1998 – Unit I & II (Cables) –ISO Certification .
- 1999 – Unit III Speedometers – ISO Certification.
- 2001 – QS –9000 certification for Unit-I,II & III.
- 2002 – State of the art cable plant –Unit-IV, Manesar near Delhi.
- 2002 – Acquisition of Shah Concabs, a Cable Manufacturer at Vapi–Unit VI.
- 2002 – India's largest cable Manufacturer.
- 2003 – Implementation of TS-16949 at all units, 4 units certified.
- 2003 – Commercial production of State of the Art cable plant at Chakan, Pune-Unit V.
- 2003 – Listing of Shares at The Stock Exchange Mumbai (BSE).
- 2004 – Launch of CTP Suprajit Automotive Private Limited.
- 2004 – ISO 14000 & 18000 Certification for Manesar Unit.
- 2005 – Listing of Shares at The National Stock Exchange of India Ltd, Mumbai (NSE).
- 2005 – Turnover exceeds Rs.1.0 Billion.
- 2006 – Successfully implemented Oracle ERP across all the units.
- 2006 – Acquisition of business and assets of CTP Gills Cables, U.K. through 100% Owned Subsidiary Gills Cables Limited, U.K.
- 2006 – Acquisition of the balance 50% stake held by Carclo plc., U.K. in the Joint Venture - CTP Suprajit Automotive Private Limited.
- 2006 – Launch of a new cable plant in Panthnagar, Uttaranchal.
- 2006 – Twin Awards : 1. SME of the year, 2. Emerging India Award in Auto Ancillary and Engineering Sector by CNBC / ICICI Bank / CRISIL .
- 2006 – Compounded Annual Growth of 30% over the years.

FINANCIAL HIGHLIGHTS

(Rs. in Million)

DESCRIPTION	2001	2002	2003	2004	2005	2006
Gross Income	298.23	380.75	558.03	826.17	1,098.92	1,378.12
Equity and Reserves	105.63	124.23	162.04	230.74	301.33	395.15
Net worth	101.19	120.89	159.81	229.60	301.36	395.15
Gross Assets	121.27	126.97	198.12	315.73	363.89	401.37
Asset Turnover Ratio	2.46	3.00	2.82	2.62	3.01	3.43
Capital Employed	146.27	185.52	260.38	360.72	464.57	517.74
Term Loan	41.26	61.75	108.33	129.98	149.52	122.59
Debt Equity Ratio	0.39	0.49	0.66	0.56	0.47	0.31
Term Loan to Sales (%)	13.83	16.22	19.41	15.73	13.60	8.89
Current Ratio	1.38	2.08	1.59	1.38	1.46	1.51
Profit before tax (PBT)	32.97	47.52	77.81	119.09	148.11	187.74
Profit after tax (PAT)	21.76	30.95	49.98	84.84	97.88	128.00
Return on net worth - %	32.58	39.30	48.69	51.87	49.14	47.51
EBITA %	16.25	16.91	18.30	17.70	16.59	16.53
Book Value of shares (Rs.)	9.06	10.83	13.82	19.13	25.10	32.92
ROCE (%)	22.54	25.61	29.89	33.01	31.88	36.26
EPS (Rs.)	1.95	2.77	4.47	7.07	8.15	10.66
Dividend (%)	16.00	20.00	22.50	27.50	40.00	20.00*
Dividend & Tax outflow (Rs)	9.84	11.73	14.16	18.61	27.26	34.21
Pay out Ratio (%) to PAT	45.20	37.90	28.35	21.94	27.85	26.72

* 30% Final Dividend - Proposed

Annual Report 2005 - 06**NOTICE**

NOTICE is hereby given that the Twenty-first Annual General Meeting of **Suprajit Engineering Limited** will be held at the Registered Office of the Company at Plot No. 100, Bommasandra Indl. Area, Bangalore-560 099 on Monday, the 31st July 2006 at 11.00 A.M. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2006 and the Profit and Loss Account for the year ended as on that date together with the Reports of Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr. Surendra Kumar N Shah who retires by rotation, and is eligible for re-appointment.
4. To appoint Auditors of the Company and authorise the Board to fix their remuneration.

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. B S Patil, IAS (Retd.) who was appointed by the Board of Directors of the Company as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 on 19th June 2006 and who holds office up to the date of this Annual General Meeting be and is hereby appointed a Director of the Company, liable to retire by rotation."

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

"RESOLVED that in supersession of the Ordinary Resolution passed at the Seventeenth Annual General Meeting of the Company held on 6th July 2002 and pursuant to the provisions of Section 293 (1) (d) and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow from time to time such sum or sums of money as it may consider fit for the purpose of the business of the Company notwithstanding that the moneys to be so borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's Bankers in the ordinary course of business) may exceed the aggregate of the paid-up capital of the Company and its free reserves that is to say, reserves not set apart for any specific purpose, provided that the total amount so borrowed by the Board of Directors and outstanding at any one time shall not exceed the limit of Rs. 100.00 Cores (Rupees one hundred Crores only)."



7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT the Company do hereby accord its consent under Section 293 (1) (a) of the Companies Act, 1956, to mortgaging and/or charging by the Board of Directors of the Company all or any of the movable or immovable properties both present and future or the whole or substantially the whole of the undertaking or the undertakings of the Company for securing any loan obtained or as may be obtained from any financial institutions/banks/other corporate bodies or person or persons together with interest, costs, charges, expenses and any other money payable by the Company."

By order of the Board
for **SUPRAJIT ENGINEERING LIMITED**

Place : Bangalore
Date : 19th June 2006

Medappa Gowda J
Company Secretary

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NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY AT LEAST 48 HOURS BEFORE THE MEETING.
2. An Explanatory statement setting out all material facts concerning the aforesaid special business contained in item No. 5 to 7 as required under Section 173(2) of the Companies Act, 1956 is annexed hereto.
3. The Register of Members and the Share Transfer books of the Company will remain closed from 28th July 2006 to 31st July 2006 (both days inclusive).
4. An interim dividend of 20% declared at the Board Meeting held on 28th January 2006 was paid to those members, whose names appeared on the Company's Register of Members and beneficial owners as per the records of the depositories as on 16th February 2006 (Record Date).
Final dividend of 30%, as recommended by the Board, if approved at the Meeting, will be paid to those members whose names on the Register of Members of the Company and as beneficial owners as per the records of depositories as on 31st July 2006.
5. All correspondence relating to Change of Address, Transfer and Demat of Shares may be addressed to Alpha Systems Private Limited, No.30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bangalore - 560 003, Phone : 080-23460815 to 818, Fax: 080-23460819, E-mail: alfint@vsnl.com.
6. Members are requested to quote the Folio Numbers or Demat Account Numbers and Depository Participant ID (DPID) in all correspondence to the Registrar and Share Transfer Agents of the Company.
7. The Equity Shares of the Company are available for trading in dematerialised form (electronic form) through depository participants. The Company has entered in to agreements with National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL). ISIN Code No. INE 399CO1022. All shareholders holding shares in physical form are requested to make use of this facility. Members are requested to open De-mat account with any of the depository participants to enable transacting in the Stock Exchanges.
8. Members are requested to bring copy of the Annual Report along with them to the Annual General Meeting.
9. Un-claimed dividends up to the year 1997-98 have been transferred to the General Revenue Account of the Central Government. Consequent upon the amendment to Section 205A read with Section 205C of the Companies Act, 1956, the dividend declared for the year ended 31st March 1999 and for any financial year ending thereafter which remain unclaimed for a period of seven years will be transferred to the Investor Education and Protection Fund established by the Central Government. Members are requested to note that no claims shall lie against the Company or the said Fund in respect of any amounts which were unclaimed and unpaid for a period of seven years from the dates that they first became due for payment and no payment shall be made in respect of any such claims.