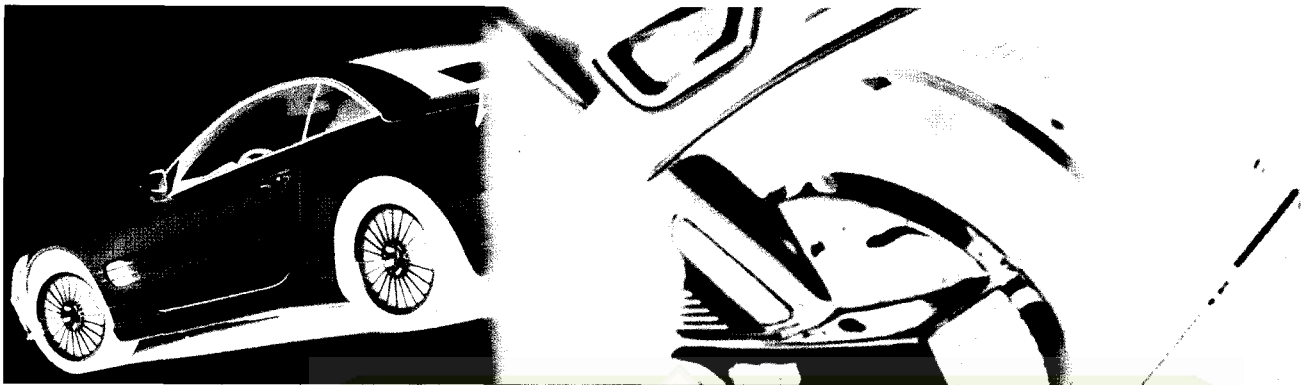


TWENTY SECOND ANNUAL REPORT 2006 - 2007



Report  Junction.com

*Serving  
the world's  
automotive  
markets*



## World leading Quality in Automotive Cables

The Suprajit Group consisting Suprajit Engineering, Suprajit Automotive and Gills Cables (UK), is today among the world's most preferred manufacturer of automotive cables meeting the demand of virtually every major OEM in the automotive sector in India and prominent auto manufacturers in Europe, North America etc.

We are a customer centric company, ready to take on challenging product development and manufacturing to global standards for a wide range of Automotive Control Cables.

Report  Junction.com



*Gills Cables, UK Facility*

*Suprajit Automotive, Doddaballapur*

# for the future

## A year of consolidation, restructuring and integration



Dear Shareholder,

It gives me immense pleasure to share with you your Company's performance. The enclosed Annual Report including the Directors' Report and Reports of subsidiaries gives you the current trend in our business.

While the year started with the euphoria of acquisitions and awards, we have subsequently consolidated, restructured and integrated group companies during the past year.

Acquisition of Gills Cables, UK was successfully integrated with relocation of Gills operations into more compact premises along with cessation of redundant large portion of operating staff. Gills is now Suprajit's "Global Technology and Engineering Centre". Most of Gills business was transferred to state-of-the-art new plant - Suprajit Automotive Private Limited, India. Together with Gills and also on its own, Suprajit Automotive bagged new contracts. Audits by global majors have given renewed confidence in Suprajit Group's capabilities. The model of Gills Cables, as a front-end for the comfort of customers and Suprajit Automotive as a cost competitive manufacturer of global standards has given a new dimension to the Group's global ambition to be a leader in the cable business.

Domestic business has grown in line with automotive growth. Panthagar plant and a second plant at Manesar have been successfully established and commercialized. Expansion of infrastructure facilities at our plants in Bangalore are being completed. We will reach a group cable capacity of 100 Million cables in the next 2-3 years. While there seems to be momentary slowdown in automotive sector, with strong GDP growth, I believe, the long term prospects of business are still very bright.

You may notice that the transfer of higher margin export business to Suprajit Automotive, higher cost of interest due to expansion and acquisition as well as higher employee cost did have their impact on the margins of your Company. You would also note that the margins achieved at Suprajit Automotive are significantly higher. Suprajit Automotive and Gills Cables have performed quite well in their very first year of operations. Overall performance of the group, therefore, has been good.

We have forged new alliance in China for a Joint Venture to manufacture cables. A Technical Collaboration Agreement with Michang Cable Company, Korea, for Shifters, Shifter Cables and Gas Springs along with a MoU for logistics management have also been signed.

Your Company has received the prestigious "BEST IT USER AWARD 2006" in the automobile sector, by NASSCOM.

I am pleased to inform you that we are in serious deliberations, after a year of consolidation, to further assess growth opportunities through acquisitions.

I believe that all these are in line with Suprajit's vision to develop a globally competitive and sustainable supply chain footprint to deliver to our customers, their desired products anywhere in the world. This model gives us a significant competitive edge in a fiercely competitive market.

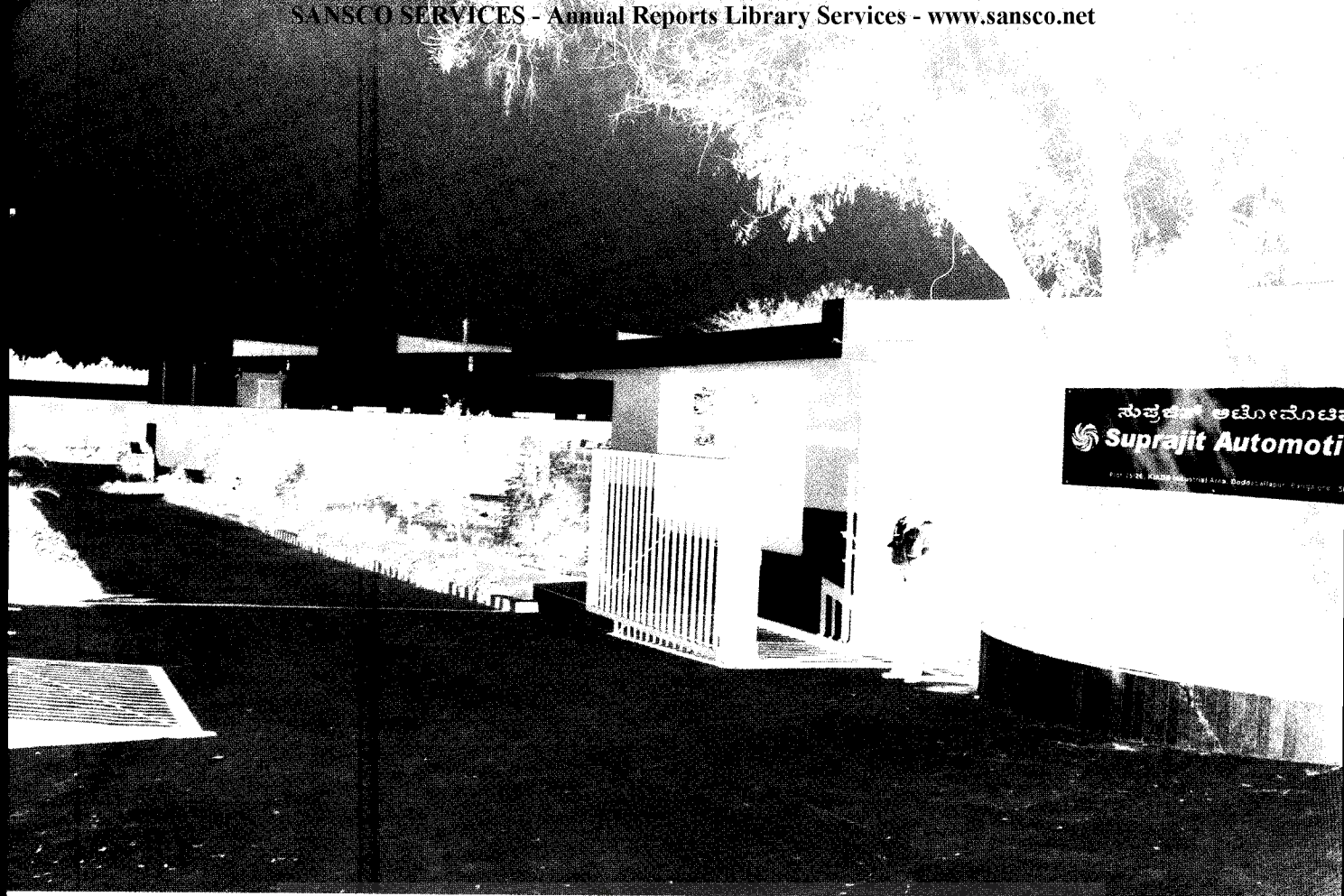
These are challenging times for Suprajit to grow domestically and acquire globally in its bid to position itself as a leader in this business. I believe that the business model adopted thus far by us has been successful and we move forward to the future with a strong belief in our ability to achieve our vision.

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

With warm personal regards,

Yours sincerely,

K. Ajith Kumar Rai  
Vice-Chairman & Managing Director



Report  junction.com

# contents

Notice	04	Statement Pursuant to Section 212 of the Companies Act, 1956	67
Directors' Report	10	Financial Statements of Subsidiary Companies	
Auditors' Report	30	Suprajit Automotive Private Limited	68
Balance Sheet	34	Directors' Report	70
Profit and Loss Account	35	Auditors' Report	74
Schedules	36	Balance Sheet	77
Notes forming part of Accounts	43	Profit and Loss Account	78
Cash flow Statement	50	Schedules	79
Balance Sheet abstract	52	Notes forming part of Accounts	85
Auditors' Report on Consolidated Financial Statements	54	Cash Flow Statement	89
Consolidated Balance Sheet	56	Balance Sheet abstract	90
Consolidated Profit and Loss Account	57	Gills Cables Limited	91
Consolidated Schedules	58	Directors' Report	93
Notes forming part of Accounts	65	Independent Auditors' Report	96
Consolidated Cash Flow Statement	66	Financial Statements	98

**BOARD OF DIRECTORS****M.R.B. Punja**

Chairman

**K. Ajith Kumar Rai**

Vice-Chairman &amp; Managing Director

**Surendra Kumar N Shah**

Director

**M.Jayarama Shetty**

Director

**B S Patil, IAS (Retd.)**

Director

**S R Singh**

Director

**Diwakar S Shetty**

Director

**Ian Williamson**

Director

**COMPANY SECRETARY**

Medappa Gowda J

**STATUTORY AUDITORS**T R Varadarajan & Associates  
Chartered Accountants**INTERNAL AUDITORS**K S Aiyar & Company  
Chartered Accountants**STOCK EXCHANGE**The Stock Exchange Mumbai (BSE)  
The National Stock Exchange of India Ltd  
(NSE)**REGISTRARS AND SHARE  
TRANSFER AGENTS**Alpha Systems Private Limited  
No. 30, Ramana Residency  
4<sup>th</sup> Cross, Sampige Road  
Malleswaram, Bangalore - 560 003  
Phone: 080-23460815-18  
Fax : 080-23460819  
E-mail: alfint@vsnl.com**WORKS****Units - I**Plot No. 100  
Bommasandra Indl. Area  
BANGALORE - 560 099.**Units - II**Plot No. 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  
Gujarat - 396195**Unit - VII**Plot No. 14, Sector 10,  
IIE-SIDCUL, Pantnagar,  
Udhamsingh Nagar Dist  
Uttarakhand - 263 153.**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  
investors@suprajit.com

## Annual Report 2006 - 07

### 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.
- 1997 – “Enterprise of the State” by KSFC.
- 1998 – Commercial Production at Unit III.
- 1998 – Second Largest manufacturer of cables in India.
- 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 – 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 crosses 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 – Twin Awards by CNBC / ICICI Bank / CRISIL :
  1. SME of the Year.
  2. Auto Ancillary of the Year
- 2007 – Group Turnover crosses Rs.2.0 billion
- 2007 – Commercial production at Pantnagar plant – Unit VII
- 2007 – Commercial production at the second plant in Manesar – Unit IV
- 2007 – Best IT User Award -2006 in Automotive Sector by NASSCOM.



**FINANCIAL HIGHLIGHTS****(Rs. in Million)**

DESCRIPTION	2002	2003	2004	2005	2006	2007*
Gross Income	380.75	558.03	826.17	1,098.92	1,378.12	2064.27
Equity and Reserves	124.23	162.04	230.74	301.33	395.15	463.64
Net worth	120.89	159.81	229.60	301.36	395.15	463.64
Gross Assets	126.97	198.12	315.73	363.89	401.37	681.24
Capital Employed	185.52	260.38	360.72	464.57	517.74	856.86
Term Loan	61.75	108.33	129.98	149.52	122.59	393.22
Debt Equity Ratio	0.49	0.66	0.56	0.47	0.31	0.84
Current Ratio	2.08	1.59	1.38	1.46	1.51	1.49
Profit before tax (PBT)	47.52	77.81	119.09	148.11	187.74	212.87
Return on net worth - %	39.30	48.69	51.87	49.14	47.51	45.91
EBIDTA %	16.91	18.30	17.70	16.59	16.53	14.29
Book Value of shares (Rs.)	10.83	13.82	19.13	25.10	32.92	38.63
EPS (Rs.)	2.77	4.47	7.07	8.15	10.66	8.69
Dividend (%)	20.00	22.50	27.50	40.00	50.00	50.00**
Dividend & Tax outflow (Rs)	11.73	14.16	18.61	27.26	34.21	35.86
Pay out Ratio (%) to PAT	37.90	28.35	21.94	27.85	26.72	34.36

**NOTE**

1. Consolidated Figures for the year 2007.\*
2. Final Dividend Proposed 30%. for the year 2007.\*\*

**Annual Report 2006 - 07****NOTICE**

**NOTICE** is hereby given that the Twenty-second 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 Tuesday, the 31st July 2007 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 2007 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. M.R.B.Punja who retires by rotation, and is eligible for re-appointment.
- 4 To appoint a Director in place of Mr. S.R.Singh, Director, who retires by rotation and who has expressed his inability to be re-appointed as Director.
- 5 To appoint Messrs Varma and Varma, Chartered Accountants as Auditors of the Company in place of Messrs T.R. Varadarajan & Associates who hold office up to the conclusion of this Annual General Meeting and have expressed their inability to be re-appointed as Auditors of the Company.

**SPECIAL BUSINESS:**

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

"RESOLVED THAT Mr. Diwakar S. Shetty 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 21st October 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."

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

"RESOLVED THAT Mr. Ian Williamson 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 23rd June 2007 and who holds office up to the date of this Annual General Meeting, be and is hereby appointed as Director of the Company, liable to retire by rotation."

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

Place : Bangalore  
Date : 23rd June 2007

**Medappa Gowda J**  
Company Secretary



## 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. 6 & 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 2007 to 31st July 2007 (both days inclusive).
4. An interim dividend of 20% declared at the Board Meeting held on 29th January 2007 was paid to those members, whose names appeared on the Company's Register of Members as beneficial owners as per the records of the depositories as on 20th February 2007 (Record Date).  
  
Final dividend of 30% as recommended by the Board, if approved at the Meeting, will be paid to those members whose names appear on the Register of Members of the Company as beneficial owners as per the records of depositories as on 31st July 2007.
5. All correspondences 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 1998-99 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 2000 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.

## Annual Report 2006 - 07

Members are requested to note that no claims shall lie against the Company or the said Fund in respect of any amounts which are 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.

10. As regards re-appointment of Mr. M.R.B.Punja referred to in item No.3 of the notice, the following necessary disclosures are made for the information of the shareholders:

Mr.M.R.B.Punja, aged about 81 years, is a Graduate in Economics. He was formerly Chairman and Managing Director of IDBI and has vast experience in the fields of Industry, Finance and Administration. He started his career with R.B.I. in the year 1949 and subsequently shifted to IDBI and retired as C & M.D. in June 1985. Subsequently he was the Chairman of Nirlon Limited as nominee of UTI from 1988 to 1990. He was a consultant in rehabilitation finance with UNCTAD/GATT, Geneva. He has been advising the Company on financial and management aspects as Chairman, Director and Committee Member. Details of his other directorships are as below:

### His other Directorships:

#### Name of the Company

#### Nature of Interest

#### Public Limited Companies / Subsidiary of Public Limited Companies:

Andhra Petrochemicals Limited	-	Chairman
Hindustan Spinning and Weaving Mills Limited	-	Director
Apollo Tyres Limited	-	Director
Deepak Nitrite Limited	-	Director
Chowgule Steamships Limited	-	Director
Suprajit Automotive Private Limited	-	Director
Sushruta Medical Aid & Research Hospital Limited	-	Director

#### Private Limited Companies:

Suprajit Chemicals Private Limited	-	Chairman
Delite Engineering Private Limited	-	Director