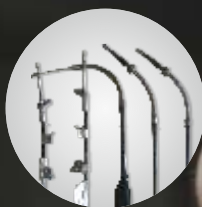
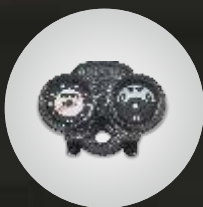
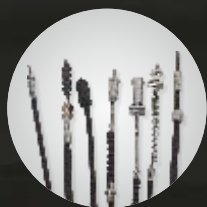




Marching ahead  
with **Confidence...**

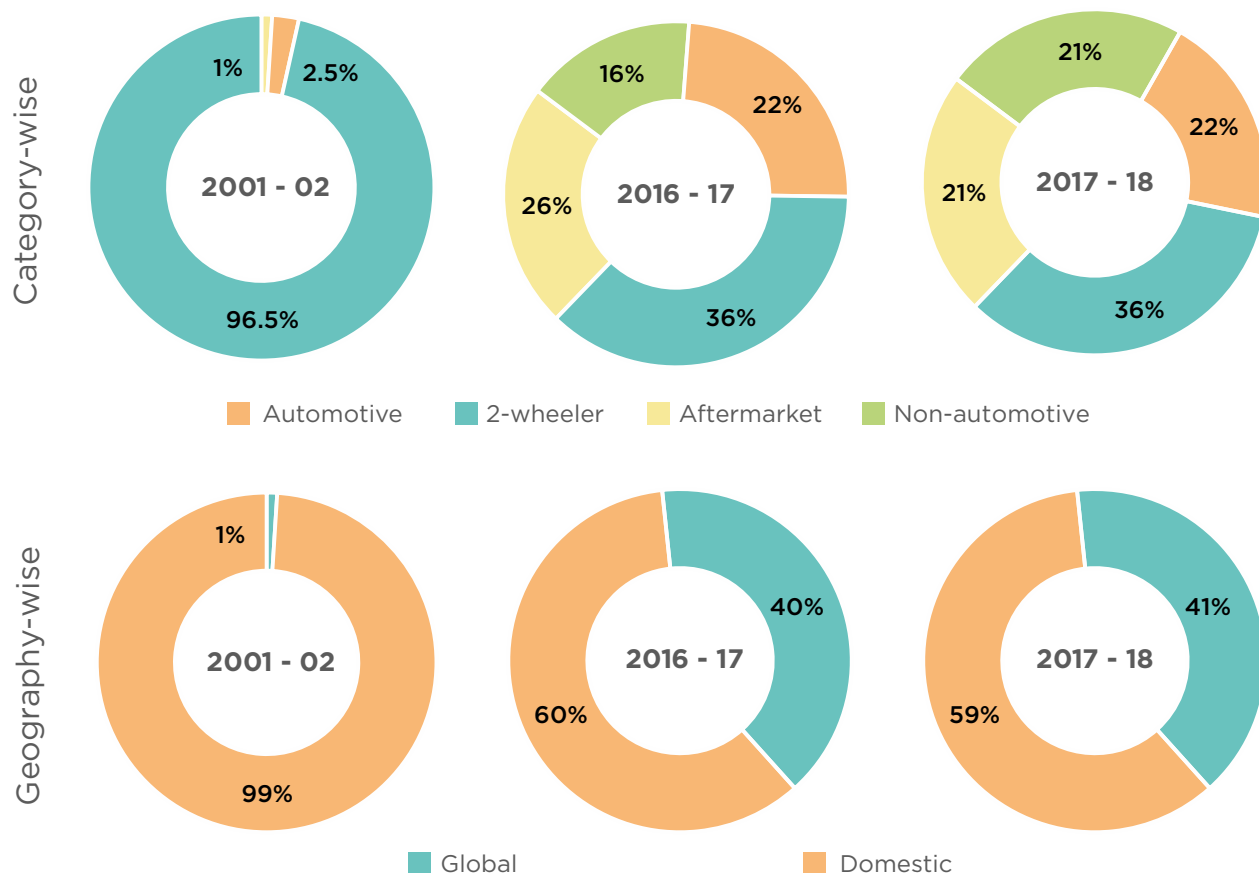


**Suprajit Engineering Limited**

Thirty Third Annual Report 2017 - 2018

## THE TRANSFORMATION CONTINUES

### Segmental and Geographic Synergies



## GROUP FINANCIAL HIGHLIGHTS AND KEY INDICATORS

₹ in Million

Description	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Gross Income	2270	2663	3792	4612	5107	6006	6718	10504	12954	14546
Profit after tax (PAT)	90	222	333	398	471	508	503	803	1137	1385
Equity and Reserves	546	702	969	1292	1667	2047	2408	4476	5242	6549
ROE%	15.49	33.89	39.84	35.22	31.85	27.36	22.58	20.90	25.49	23.49
Asset Turnover Ratio (Net assets)	3.25	3.81	4.37	4.58	4.29	3.94	4.00	4.69	4.04	3.56
Debt Equity Ratio (Term debt)	0.46	0.39	0.44	0.30	0.27	0.27	0.38	0.26	0.47	0.26
Current Ratio	1.24	1.30	1.59	1.50	1.57	1.60	1.85	1.81	1.61	1.53
Operational EBIDTA %	13.22	17.28	16.18	15.51	15.69	16.01	14.90	16.20	16.55	16.53
ROCE %	20.27	17.21	26.31	39.28	36.11	35.94	32.84	29.99	23.62	26.90
Book Value of shares (₹)	4.54	5.85	8.07	10.76	13.89	17.05	20.06	25.96	36.81	46.82
EPS (₹)	0.74	1.84	2.77	3.31	3.92	4.23	4.19	6.11	8.13	9.90
Pay out Ratio (%) to PAT **	25.72	27.32	20.19	23.12	22.13	27.99	30.27	31.36	20.35	*23.19

\*\*Pay out ratio on standalone basis

\* Subject to shareholder's approval.

# Marching ahead with Confidence...



**My dear Shareholder,**

I have pleasure in sharing with you yet another year of satisfying performance. The enclosed reports and financial statements provide you with all the information.

With three acquisitions between 2014 and 2016, and the subsequent merger of Phoenix Lamps Limited with your Company, the year 2017-18 was one of the consolidation. While we work closely with our acquired entities to continue to improve the performance in all spheres, I can say that we have been able to assimilate and understand the finer aspects of mergers and acquisitions.

Our quest to 'De-risk and Grow Profitably' continues. You are well aware that we have done this through aggressive capacity expansions and acquisitions. Your Company is currently planning to expand its annual capacity from 250 million cables to 300 million cables with an outlay of ₹100 crores with two new plants being setup in Karnataka. We are also looking at strategic inorganic opportunities to increase our footprint in domestic and global markets in our core business of cables and lamps. With our 3 brand strategy - Suprajit, Phoenix and Wescon, I am confident, we will continue to bring new businesses to the group.

Our core India business had its effects due to GST during the first half of the last year. However, the second half of the year turned out to be good. The hardening interest rates, oil and commodity price increases and inflationary trends will have its effects on domestic business. Our global business currently at 40%, is likely to further increase. Needless to add, this comes with some global risks relating to protectionism, geo-political stability and currency fluctuations.

The outlook for cable exports appears to be robust along with domestic OEM growth, giving a good growth in the automotive cable business. Every effort is being made to improve the performance of Phoenix Lamps Division. Non-automotive business is expected to grow satisfactory. I expect to have another satisfactory year ahead despite global and domestic uncertainties.

Team Suprajit will continue to 'March Ahead with Confidence' and I seek your continued support and good wishes in our endeavour to excel in our business.

With warm personal regards,

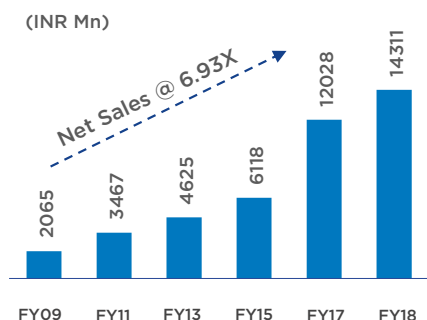
Yours sincerely,

**K. Ajith Kumar Rai**  
Chairman & Managing Director.

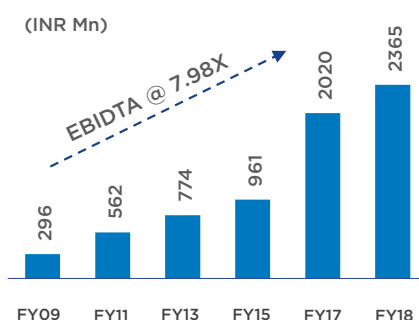


## ROBUST FINANCIALS (GROUP)

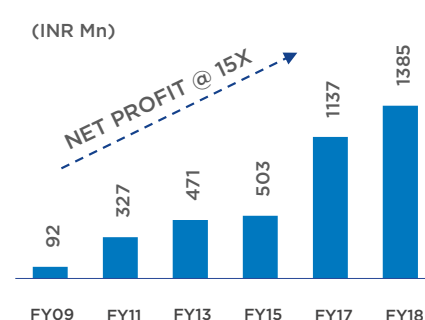
### Robust growth in net sales...



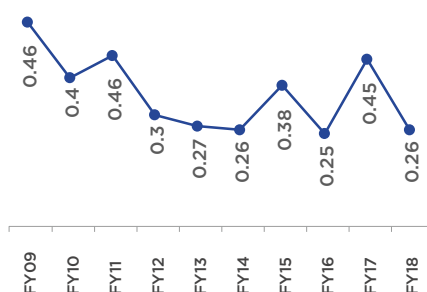
### ...high EBITDA...



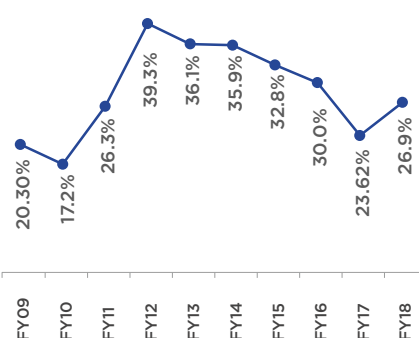
### ...and high net profit



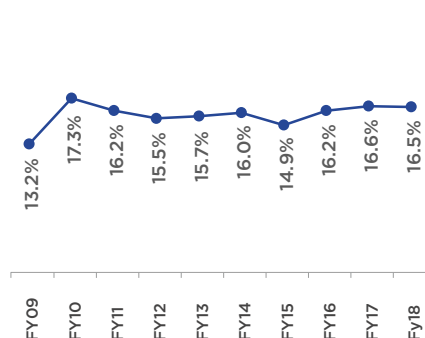
### supported by low Long Term Liabilities / Equity...



### resulting in exceptional ROCE...

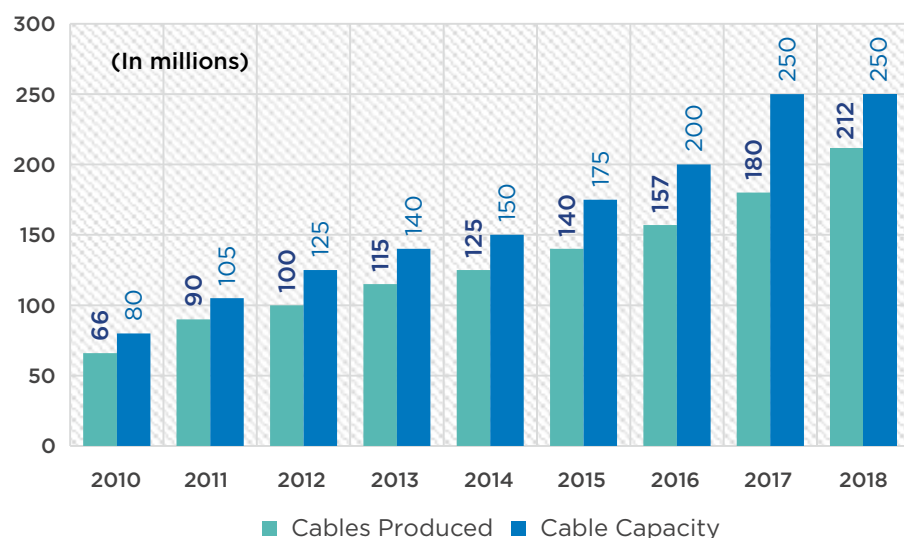


### ....and high EBITDA margins

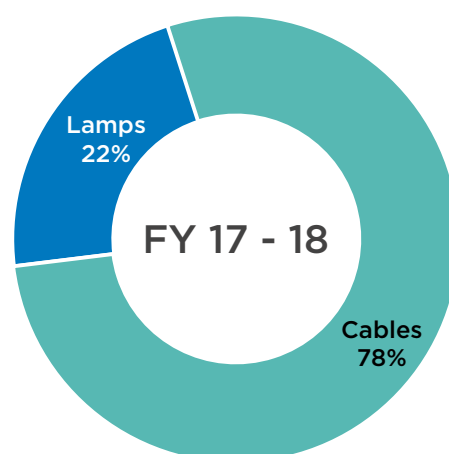


## CAPACITIES

### Cable Capacity



### Revenue Split



### Lamp Capacity

Lamp Capacity (2018)	87 million
Utilized Capacity (2018)	62 million

### Capacity expansion plan (2018-2020):

Cables	300+ million
Capex	₹100 cores (over 2 years)



## KEY MILESTONES IN OUR JOURNEY

- Consolidating position as established global mechanical cable marker; diversifying and de-risking revenue profile
- New plant at SAL, Bangalore and Pathredi
- Acquisition of Speedo cable business (4W business) of Pricol
- Acquisition of Phoenix Lamps Limited
- Acquisition of Wescon Controls, Wichita, USA.
- Launched two new plants in Chennai and Sanand
- Launched capex of ₹100 crores to expand cable capacity to 300 million with 2 new plants.

- Listing of shares in NSE and BSE
- India's largest cable marker
- Acquisition of Shah Concabs - 4W cable competitor
- Plants in Bangalore, Manesar and Chakan
- 'Enterprise of the state' award by KSFC

Commencement of operations

2011-2018

1996-2005

1985

2006-2010

1985-1995

- New plants in Pantnagar, Haridwar and Manesar
- 100% EOU for non-automotive cables in Bangalore
- Best Enterprise of the State Award by Karnataka State
- Twin Awards by CNBC/ICICI/CRISIL- SME of the year & Auto Ancillary of the year
- Acquisition of CTP Gills Cables, one of the oldest cable companies with marquee global customers - now renamed as Suprajit Europe

Two new cable plants in Bangalore

- 5 acquisitions - 4 in cable space.
- Proven track record of integration
- Strong Organic growth



# AWARDS AND RECOGNITIONS



## Customer awards and recognitions

- 🏆 Volkswagen – ‘A’ Grade Supplier Award, Quality Performance Award.
- 🏆 Honda Motor Cycles and Scooters – Quality and Delivery Achievement Award.
- 🏆 General Motors – Supplier Quality Excellence Award (3 years in a row).
- 🏆 John Deere – Accelerated Global Sourcing Award.
- 🏆 Brose Key Supplier Award.
- 🏆 Bajaj Auto Limited – TPM Excellence Award.
- 🏆 Tata Motors – Green Card for ‘O’ PPM.
- 🏆 Hero MotoCorp Limited – Direct Online Supply (DOL) Award.
- 🏆 Bajaj Auto Limited – Quality Consistency Gold Award.
- 🏆 Yamaha – Cost Reduction & VA/VE activity award. -A grade excellence Award.
- 🏆 TVS, Bajaj and Mahindra – various Awards.
- 🏆 KSFC: Entrepreneur of the year for the promoter.
- 🏆 CNBC/ICICI/CRISIL: SME of the year Auto Ancillary of the year.
- 🏆 NASSCOM: Best IT user Award in Automotive Sector.
- 🏆 KSFC: Outstanding Enterprise of the State.
- 🏆 BMA – Entrepreneur of the year.



# DE-RISK AND GROW PROFITABLY A 3 BRAND STRATEGY



## Suprajit



### Suprajit Engineering

#### Automotive Cables



**Suprajit**

- 14 manufacturing facilities in India including 100% Export Oriented Unit for non-automotive.
- SAL - 100% Export Oriented Unit for automotive cables
- SEU - Tech Centre in Tamworth, UK.
- Over 30 years of expertise in cables.

### Phoenix Lamps

#### Halogen Lamps



- 3 manufacturing facilities in India.
- 2 facilities in Germany and Luxembourg.
- Acquired by Suprajit in May 2015 and merged with Suprajit in August 2017
- Over 25 years of expertise in Halogen Lamps.

### Wescon Controls

#### Non-Automotive cables



- Manufacturing facility in Wichita, Kansas, USA.
- 1 Maquiladora facility in Juarez, Mexico.
- Acquired by Suprajit in September 2016.
- Over 70 years of expertise in cables & controls.

- Top 3 in cables.
- Top 5 in halogen lamps.
- Dominant supplier in Indian Automotive Industry.
- Preferred Supplier to both Domestic and Overseas Customers (OEMs and Aftermarket).

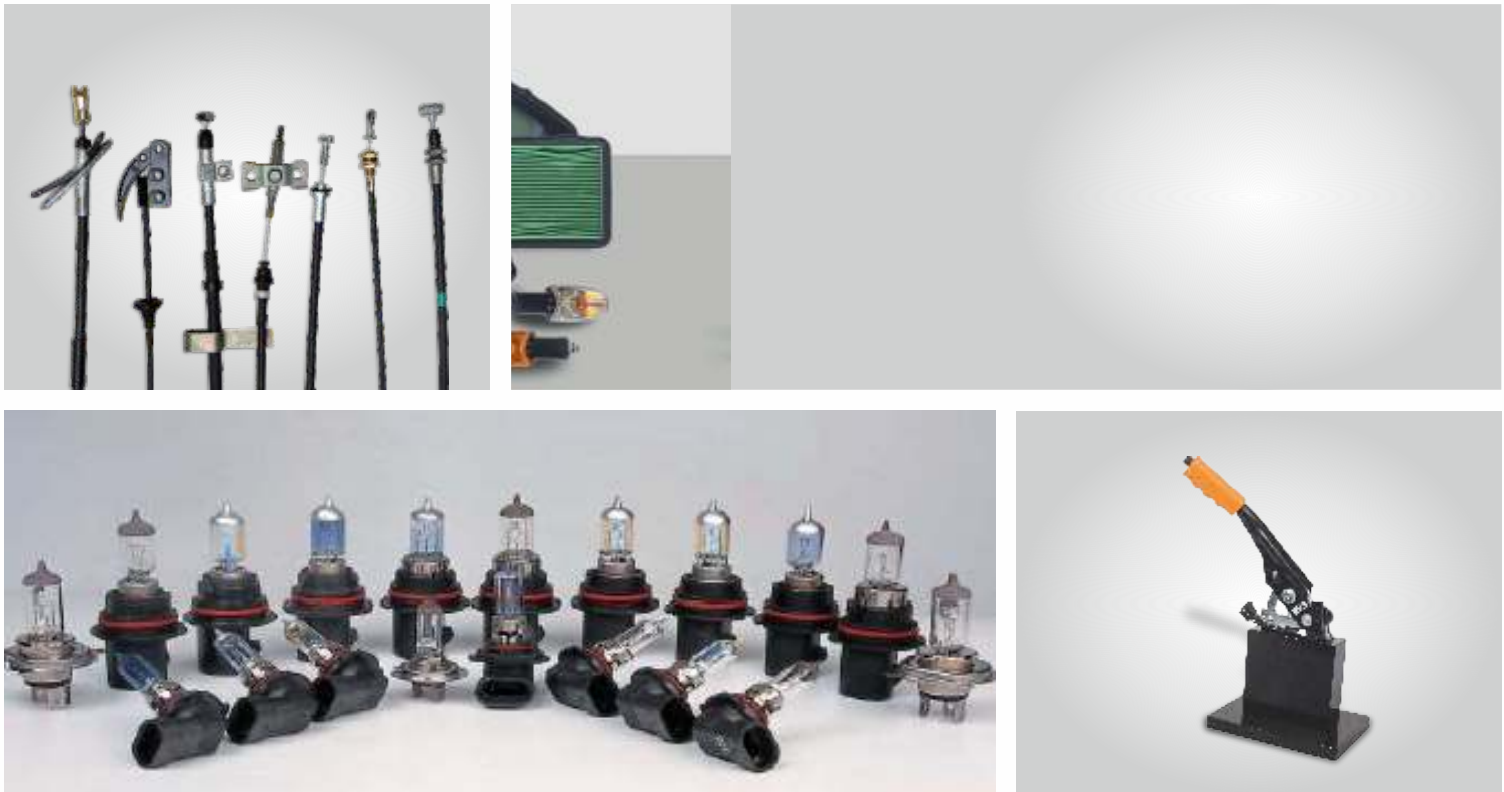
- Exports to 50+ countries.
- Strong presence in non-automotive cables in American markets through Wescon.
- Strong Brands: Suprajit, Wescon and Phoenix.

## BEST-IN-CLASS FACILITIES

- World-class manufacturing with operations IATF 16949 certified.
- Global standards in manufacturing, testing and quality assurance.
- Vertical process integration for key processes and optimized supply chain.
- Strong R&D



## PRODUCT RANGE





## Top Management Speaks



**MOHAN N S**  
CEO - Suprajit Group

The year 2017-18 has been a year of consolidation at Suprajit Group.

With an international team of managers at the helm of various business units, the focus was on corporate governance and strengthening the managerial processes of retaining a balance between entrepreneurial independence of business units, while aligning to the group aspirations, goals, ethics and strict fiscal disciplines.

A "Strategy meet" at the beginning of the year gave a platform for the group management to dwell on the "Way forward" and set ourselves targets and goals looking forward into the next 5 years.

Merger process of Phoenix Lamps Ltd. into Suprajit got completed, which is now called "Phoenix Lamps Division".

With shifts in the Global and Indian automotive industry becoming clear, we will focus on appropriate capital allocation in a prudent manner to strengthen the product profile to "March ahead with Confidence".



**MEDAPPA GOWDA J**  
CFO - Suprajit Group

The Company has given utmost importance to good corporate governance and strict Statutory Compliances across its facilities including overseas locations. We have established a robust management information system and implemented effective internal control systems across various manufacturing locations and legal entities.

Prudent cash management, optimal debt structure, overseas structured debt management, efficient capital allocation, good credit ratings, lower costs of borrowings, effective foreign currency management & balanced hedging policies are delivering long term value. Optimizing key financial ratios like ROCE, Debt: Equity, ROE, Debt to EBITDA, Asset Turnover are continue to be our strength and primary objective.

The latest IT tools, communication system have become backbone of our robust MIS across entities, both domestic and overseas. This gives us an added confidence to manage the operations and to meet the customers advanced requirement globally.



**NARAYANA SHANKAR K**  
COO  
Suprajit Domestic Cable Division

Focus on Goals and Targets on a daily and monthly basis became the cornerstone of the Operational Team during the year. Despite several disruptions, the Team has met the financial budget set for them during the year. Our reviews are very strongly focused on business, people management and key result areas. These practices have created a high performing operational team which delivers better output.

The Operational team has participated in all the customer designed initiatives in quality, TPM and business practices with great satisfaction to the customer. This has earned the goodwill and enhanced our business with all the customers. We aim at creating a great value for our customers by further improving & simplifying on processes and enhancing the focus on "Appropriate Automation". We aim to maintain significant lead against competition by improved service levels.



**PETER GREENSMITH**  
Managing Director  
Suprajit Europe Ltd.

The combined sales turnover of the 4-wheeler export units grew by 19% during the year. In addition, the sales team upped the hit rate by winning new contracts in Europe, US and South America.

Both development teams are working at full stretch to deliver successful program launches over the coming years. Manufacturing capacity in Bangalore and distribution capacity in UK are being expanded to cope with future growth.

So far, we have managed the economic uncertainties over Brexit without any direct impact on performance. Our plan now targets options for operations based in mainland Europe.



**AKHILESH GOEL**  
COO  
Phoenix Lamps Division

Although domestic sales have grown in line with market growth, exports sales have been a drag. This year major focus will be on expansion of geographical reach of our products. Significant Progress has been made in terms of overall quality improvement. RGL program launched early last year has been a great success. This year, another major initiative taken is "C" Challenge -to improve cost efficiencies." Several new products especially 24V heavy duty & long life for OEM Customers have been launched.

Performance (consistent quality) on fully automated H7 line has been achieved as planned. Line has been audited & cleared by potential OE customers. Necessary global certifications are also received.



**FRANK KLINKERT**  
Managing Director  
Luxlite Lamps SARL, Luxembourg

This year had been tough in our bulb-business. The full aftermarket-business had been affected, and is more sensitive. Our main competitors are from China and Korea and we intend to defend our markets and also grow. Due to our flexibility, speed, location, quality and good communication as a team, we do have the weapons to stay & grow in the market.

Luxlite Lamp in Luxembourg is an excellent gateway for the services and deliveries in Europe and well beyond; because of our multicultural talented team from neighboring countries, we are fluent in multiple major languages to communicate and conduct our business efficiently.



**MARY GENTZSCH**  
Managing Director  
TRIFA LAMPS GERMANY GmbH.

The last financial year was not as successful as expected. Trifa was directly affected by the political and economic uncertainties in the countries that our customers are based in.

The automotive bulb market has become more competitive, demanding best quality and service at the lowest possible price - this also represents the key factor to enter into new and to keep our traditional markets.

But thanks to our excellent reputation, flexibility, transparency and ambitions. Trifa remains an important supplier to the international aftermarket. This underpins the positive outlook for Trifa, supported, too, by the upcoming Automechanika in September and our 90th anniversary in 2019.



**STEVE FRICKER**  
CFO  
SENA & Wescon Controls LLC

Wescon Controls continues to drive the SENA (Suprajit Engineering Non-Automotive) 3-plant strategy in Wichita, USA, Juarez, MX and U-9 in Bangalore, India. Our focus is on expanding the global footprint to reach new customers and service existing customers outside of North America, diversifying into other non-automotive markets and growing profitably.

In April, we added a representative in Brazil to service the needs of SENA and Suprajit Engineering customers. We are currently investigating additional opportunities to expand our markets outside of the Outdoor Power Equipment industry.

We are looking forward to working closely with team Suprajit to deploy our strategy and become a dominant supplier to other non-automotive markets.