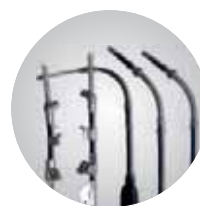


Marching ahead with **Confidence...**



PHOENIX

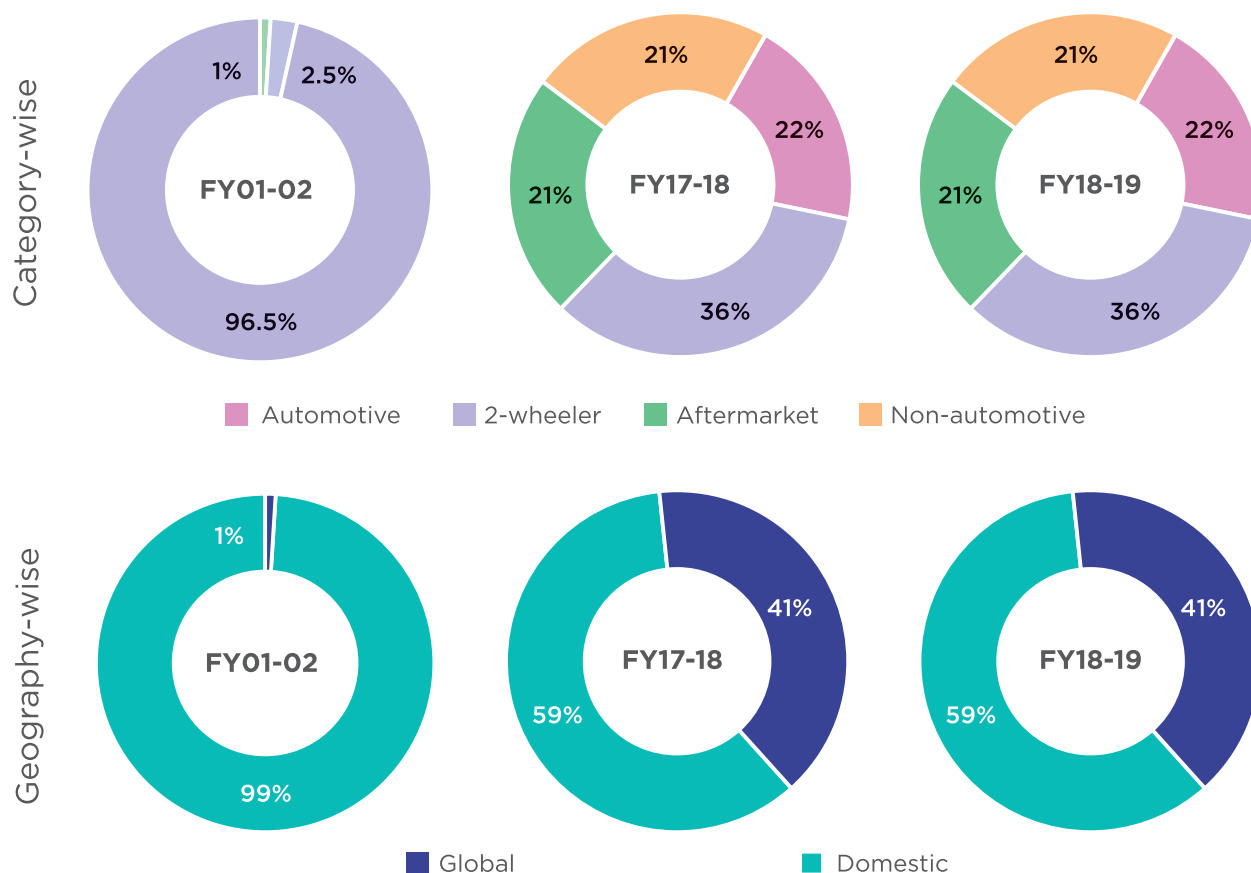


Suprajit Engineering Limited

Thirty Fourth Annual Report 2018 - 2019

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	2019
Gross Income	2270	2663	3792	4612	5107	6006	6718	10504	12954	14546	15899
Profit After Tax (PAT)	90	222	333	398	471	508	503	803	1137	1385	1338
Equity and Reserves	546	702	969	1292	1667	2047	2408	4476	5242	6549	7751
ROE%	15.49	33.89	39.84	35.22	31.85	27.36	22.58	20.90	25.49	23.49	18.71
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	3.86
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	0.21
Current Ratio	1.24	1.30	1.59	1.50	1.57	1.60	1.85	1.81	1.61	1.53	1.65
Operational EBIDTA %	13.22	17.28	16.18	15.51	15.69	16.01	14.90	16.20	16.55	16.53	14.64
ROCE %	20.27	17.21	26.31	39.28	36.11	35.94	32.84	29.99	23.62	26.90	22.80
Book Value of Shares (₹)	4.54	5.85	8.07	10.76	13.89	17.05	20.06	25.96	36.81	46.82	55.41
EPS (₹)	0.74	1.84	2.77	3.31	3.92	4.23	4.19	6.11	8.13	9.90	9.57
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	*22.23

**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 detailed and relevant information.

The year gone by had significant ups and downs. While the domestic growth in the first half of the year was good, the second half turned out to be disappointing. The overall growth of the Indian Automotive Industry for the year was 6.45%, much lower than most expected during the beginning of the year.

The overall business of your Company grew well. This is largely due to the strong aftermarket growth, both at Cables and Phoenix Lamps Division (PLD), strong export growth of cables at Suprajit Automotive Private Limited (SAL) and industry beating performance in the domestic OEM cable business. Wescon and PLD continue to consolidate their businesses in spite of competition, global economic scenario, tariff wars etc. Your Company has initiated changes at the top management of the group and enhanced grass-root level operational improvements, which are expected to be positive for the group in the longer run.

Your Company has now planned to increase the annual capacity from 250 million to 325 million from the earlier 300 million cables. Trial production at our new Narsapura plant has started. An additional infrastructural facility at the existing Manesar plant is planned. Trial production at the new plant at SAL is expected to start during the second quarter of this year to meet significant new businesses, both from Europe and North America. Suprajit Europe will set up a comprehensive warehouse in Slovenia to augment European customers' requirements and Brexit.

Your Company recently announced an Asset Purchase Agreement to acquire the Halogen Bulb manufacturing facility near Chennai from M/s. Osram India Pvt. Ltd. (Osram). The transaction is expected to be completed by the end of September, 2019. This is very strategic for your Company to derisk and grow profitably with a marquee new global customer, Osram.

Your Company has started a "Chairman's Club" to identify and reward top 100 employees of the Company.

The year ahead is expected to be even more challenging with slowing domestic and global economy. The automotive growth in India continues to be sluggish due to difficulty in vehicle financing, concerns on BS VI implementation, currency fluctuations, wage increases, insurance costs, tariff wars, global risks, commodity prices, etc. Your Company continues to have strong focus on various operational matrices, which is expected to drive all the divisions of your Company to perform satisfactorily, in this difficult environment.

To this end, I seek your continued support and good wishes in our endeavour to excel in our business as we continue to March ahead with Confidence.

With warm personal regards,

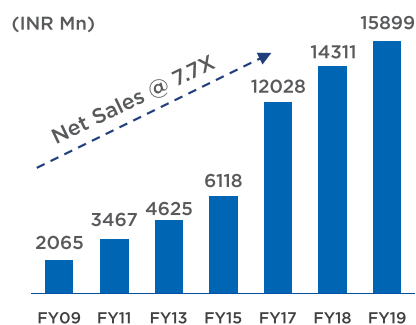
Yours sincerely,

K. Ajith Kumar Rai
Founder and Chairman

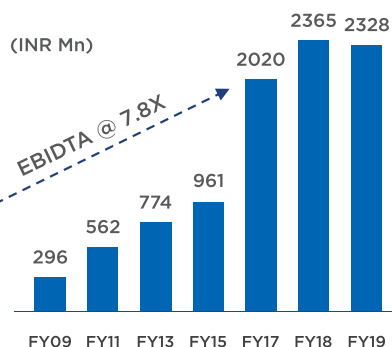


ROBUST FINANCIALS (GROUP)

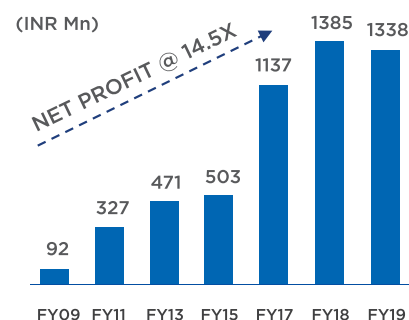
Robust growth in net sales...



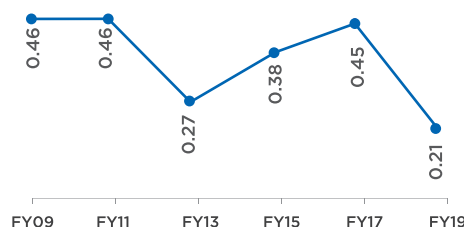
...high EBITDA ...



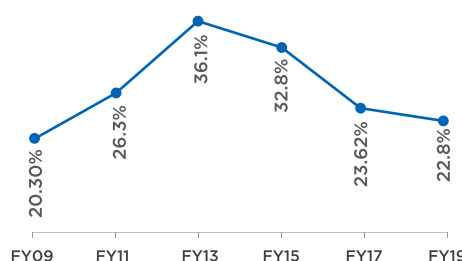
...and high net profit



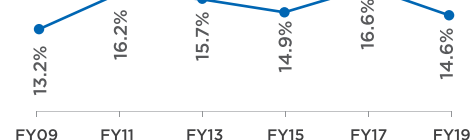
supported by low Long Term Liabilities / Equity...



resulting in exceptional ROCE...

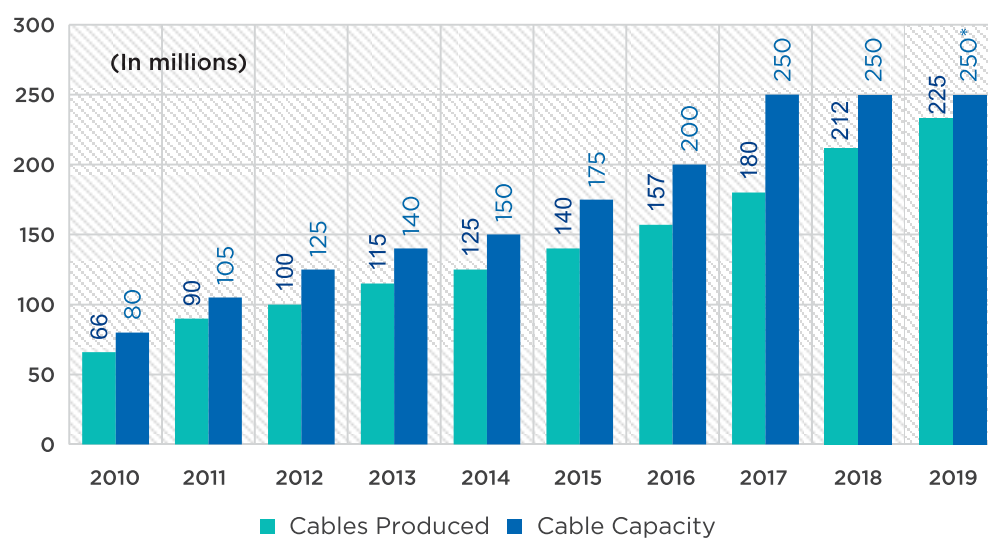


....and high EBITDA margins

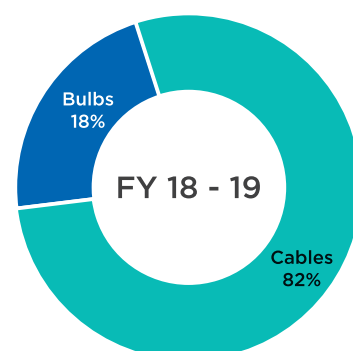


CAPACITIES

Cable Capacity



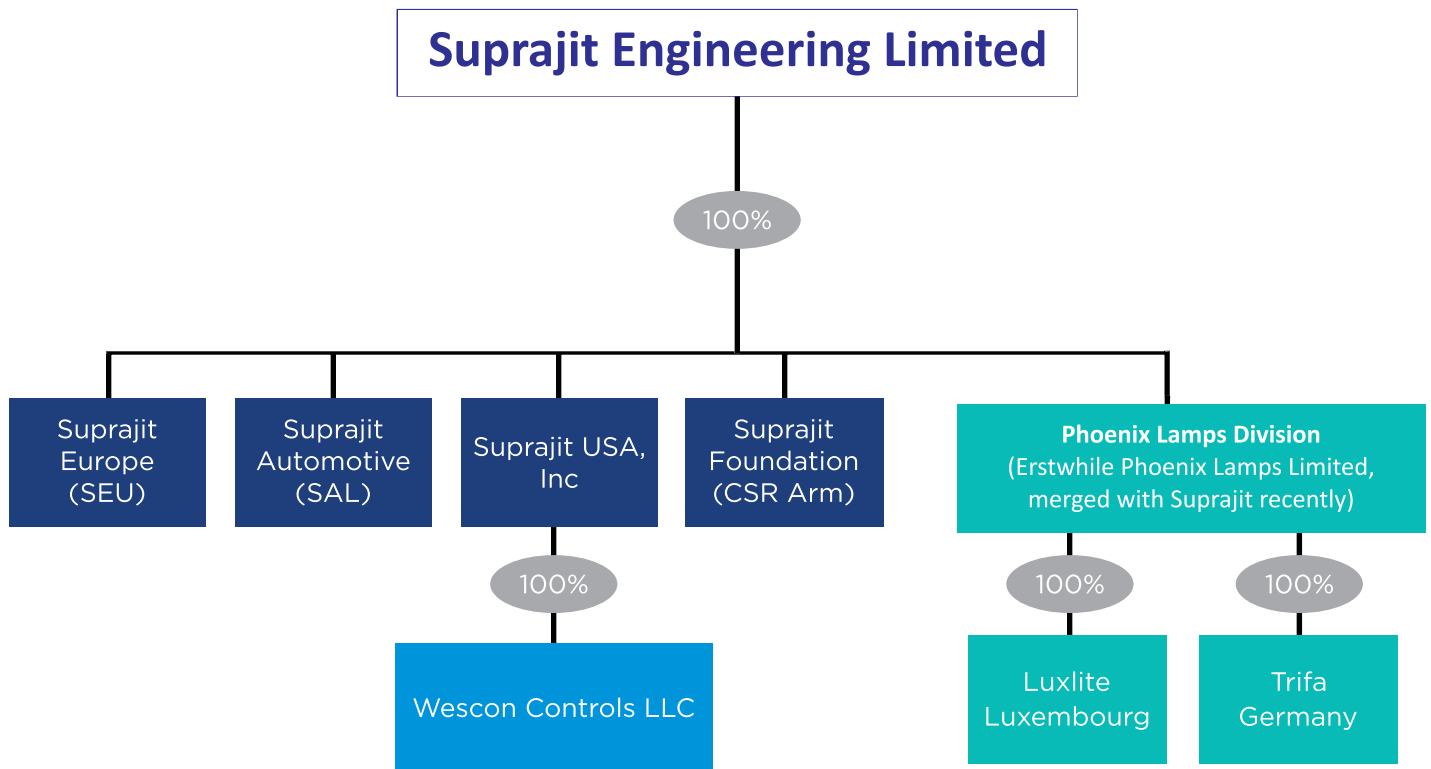
Revenue Split



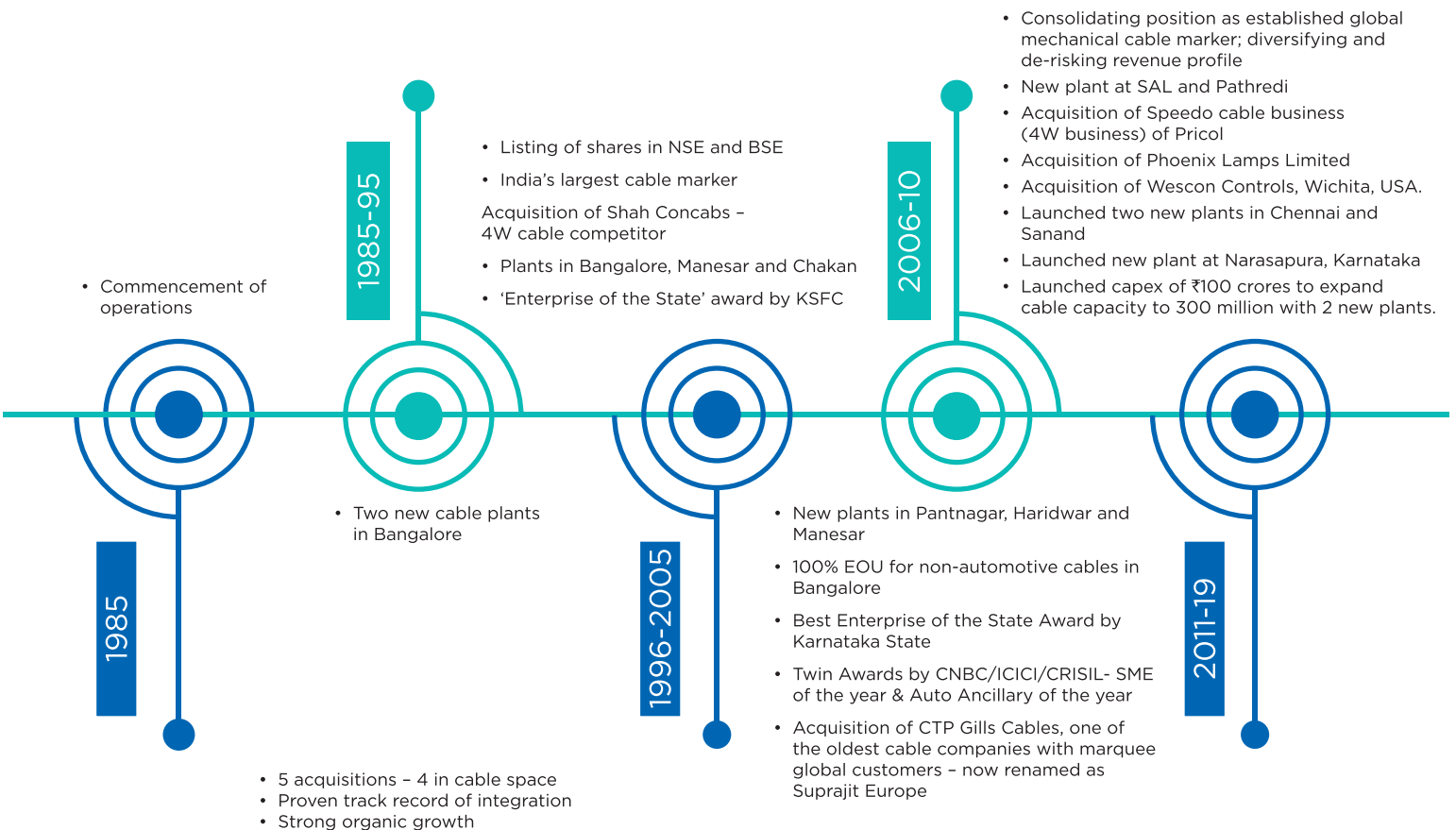
*Capacity expansion plan (Cables) - 325 million

2019 - Bulbs Capacity - 87 million / Utilized Capacity - 60 million

Suprajit Group Stucture



KEY MILESTONES IN OUR JOURNEY





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 And many more....
- 🏆 Best Delivery and Quality Supplier of the Year - AISIN Group

Other Awards

- 🏆 1995 KSFC: Entrepreneur of the Year for the Promoter
- 🏆 2006 CNBC / ICICI / CRISIL: SME of the Year Auto Ancillary of the Year
- 🏆 2007 NASSCOM: Best IT User Award in Automotive Sector
- 🏆 2010 KSFC: Outstanding Enterprise of the State
- 🏆 2017BMA - Entrepreneur of the Year



3 BRAND STRATEGY

Suprajit Engineering



Suprajit

Automotive Cables

- 18 manufacturing facilities in India, including EOU for non-automotive
- SAL - EOU facility for automotive
- SEU - Tech Centre in Tamworth, UK
- Over 30 years of expertise in cables

Phoenix Lamps



PHOENIX



Halogen Lamps

- 2 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

DE-RISK AND GROW PROFITABLY



BEST-IN-CLASS FACILITIES IATF16949 Plants

- 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

PRODUCT RANGE



Top Management Speaks



MOHAN N S
Managing Director & Group CEO

The year 2018-19 has continued to be a year of consolidation at Suprajit group.

Our efforts to focus and build a solid foundation for good 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 discipline, continues.

Exports of Automotive cable continue to grow, warranting an expansion in capacities at Suprajit Automotive Ltd. The trust posed in marquee global customers in Europe and offlets in US, has helped in establishing Suprajit as one of the key players in the European automotive market. Our plans to open a warehouse in Slovenia show our commitment to mainland EU customers and a way to de-risk the Brexit uncertainties.

On the domestic cable division front, we continued to be a partner of choice with our customers. This lead to the plan of opening another plant at Narasapura. Our plan to “autonomate” manufacturing process and modernise our plants have gathered pace.

Phoenix lamps division continues on its journey to expand the market share in the Indian Aftermarket, hold on to the market position in the OEM segment and make forays into new territories in the export market. Re-structuring the business in Europe by bringing both the entities under a single leadership has started to yield operational efficiencies and reducing costs.

During the year, we had a change in the leadership at Wescon. We are making qualitative changes at Wescon and have kicked off a new initiative called “Wescon In New Environment”. This is a companywide initiative involving the employees at all levels to bring in Automotive business practices to the shop floor and aims to increase operational efficiencies and reduce waste and costs. Suprajit Engineering Non Automotive (SENA) strongly has been given a fresh impetus.

Our plan to acquire Osram, a leading world player in the lighting market as our new customer has been given momentum in our signing for an asset purchase of Osram’s manufacturing assets near Chennai. Our search for appropriate acquired growth continues.

Engineering is the backbone of our Industry. Engineering innovations continue to get the spotlight to generate new products, applications and patents for the same. Implementation of Product Life Cycle Management (PLM) software to ensure standardization and bring in the discipline in program launches has been a highlight of the year.

As we stare at volatility in the industry within India and in the world markets, we, at Suprajit have started to tighten the belt and get ready to face the rough weather while not losing sight of our long-term objective of becoming an Engineering company of repute.



MEDAPPA GOWDA J
CFO - Group

The Company has established a good governance system across Indian and overseas locations to ensure statutory compliance requirements. Robust management information system evolved over the years with effective internal control systems is the backbone of the Organization with good risk management practices. The Company is in a position to effectively manage multi-state, multi-location and multi geographical presence, though challenging.

The effective cash management system, optimal debt structure with minimal cost, overseas structured debt management, efficient capital allocation, treasury management, good credit ratings, with renowned rating agencies, effective foreign currency management with balanced hedging policies are delivering positive results. The Company has consistently maintained healthy key financial ratios like ROCE, Debt : Equity, ROE, Debt to EBIDTA, Asset

Turnover, etc, which continue to be our strength and primary objective. Highest levels of transparent business practices, simplified ethical business model, timely disclosure of information to the general public, has increased the confidence level with its investor fraternity.

Advanced IT tools and communication systems have supported the Company to manage the operations and to meet the customers advanced requirement globally.



NARAYANA SHANKAR K
COO
Domestic Cable Division

Graduating the "Team Operations" from routine to strategic thinking has been the success story of the year of Operations Team. We now work on the theme of Rhythm and harmony in operations at all our manufacturing units to get focused attention on all key critical issues like Quality, Cost, Delivery and development. Units have been able to make head way in upgrading the thought processes on various operational issues and concentrate on planned improvements. The customer rating has improved uniformly in all the units and has been one of the measures of success of the units.

Commissioning Narasapura unit as one of the modern units of the company has been achieved during the year. Business from the unit is very promising for the existing and future customers, in the coming years.

Competition has increased during the year and cost challenges continue for Operations Team. We have always been proactive in driving profits as per budget by making continual improvements. Cost management along with technology development will continue to be the challenges of the operations in the days to come. Automation continues to be a focus area with emphasis on a disciplined approach to implement systems, processes and procedures.

The team is well knit and motivated to meet the above challenges by working smartly and with a clear focus on results.



PETER GREENSMITH
Managing Director
Suprajit Europe Ltd.

2018-19 was a year of sustained growth resulting in the combined turnover of both subsidiaries, Suprajit Europe and Suprajit Automotive increasing by 30%. The development and manufacturing teams worked at full stretch to achieve this result.

In preparation for introducing future contracts, our Suprajit Automotive manufacturing footprint is being doubled in size on the same Bangalore site during 2019.

In 2019, the opening of Suprajit Europe Koper, based in Slovenia, will provide double the current warehousing capacity, together with a structural solution to the anxieties our customers have expressed over possible Brexit outcomes.



AKHILESH GOEL
COO
Phoenix Lamps Division

The Domestic aftermarket sales have grown better than market and we enhanced our market share. This year we continued our efforts on expansion of geographical reach of products. Product basket has been expanded by additional Halogen products. This year, major efforts have been on developing drop in LED Solution.

Significant progress has been made in terms of overall quality improvement through "Q" Challenge as well as low-cost automation for productivity improvement. RGL program launched early last year has been a success. This year, we expanded to P (low power consumption) & T (lower temperature) as well. Last year's initiative "C" Challenge" to improve cost-efficiencies have been expanded to other support functions as well. A new logo for Phoenix Lamps was launched during the year.

Capacity utilization of new H7 line has improved compared to the year before. Significant progress has been on overall Quality & Efficiency levels across the operations.

On the shop floor, a new initiative "Operations - GV (Gyan-Vigyan)" was launched, wherein the Knowledge and Science of the Lamp Making process is being documented. A team of Engineers was deployed, which will work closely with experienced associates.



FRANK KLINKERT
Managing Director
Luxlite Lamps SARL, Luxembourg
& Trifa Lamps Germany GmbH

Working in good times is easy, but working in difficult times is the challenge. As the market becomes more and more competitive, as a team in India and Europe, we can defend & work towards expanding our position. Customers demand in service and quality is increasing and so also the value for money.

We are working towards increasing the operational efficiencies; this will help us to serve customers better in Europe from a single warehousing location. We are expanding the market with representatives in Brazil and USA with Trifa as our brand in Europe, Americas, Middle East, Africa and China. It is our endeavour to be in multiple markets and be successful.