



Suprajit

36th

Annual Report
2020 - 2021

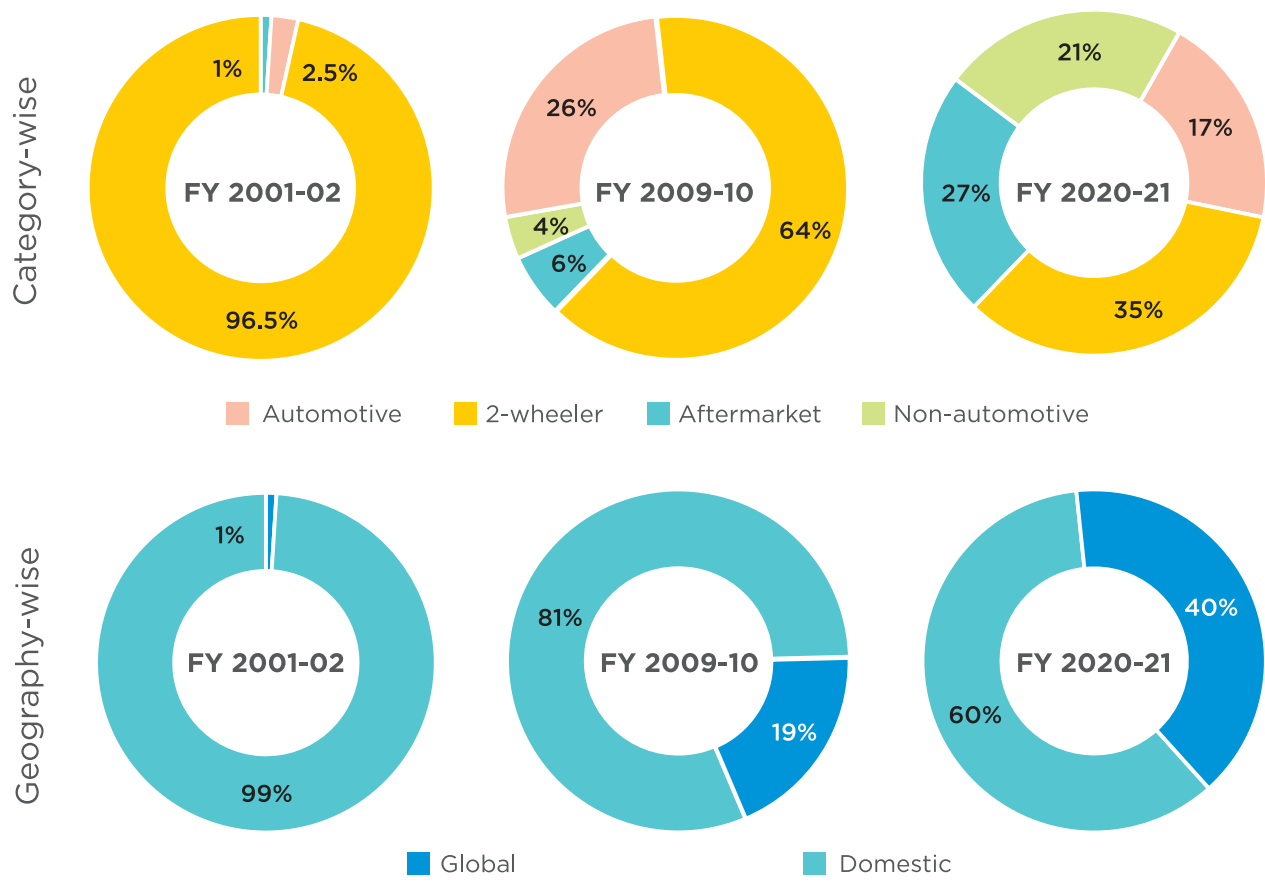


Marching
ahead with
Confidence...



Suprajit Engineering Limited

SEGMENTAL AND GEOGRAPHIC SYNERGIES



GROUP FINANCIAL HIGHLIGHTS AND KEY INDICATORS

₹ in Million

Description	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Gross Income	2270	2663	3792	4612	5107	6006	6718	10504	12954	14546	15899	15628	16409
Profit after tax (PAT)	90	222	333	398	471	508	503	803	1137	1385	1338	1040	1427
Equity and Reserves	546	702	969	1292	1667	2047	2408	4476	5242	6549	7751	8538	9897
ROE%	15.49	33.89	39.84	35.22	31.85	27.36	22.58	20.90	25.49	23.49	18.71	12.77	15.48
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	3.36	3.79
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	0.16	0.09
Current Ratio	1.24	1.30	1.59	1.50	1.57	1.60	1.85	1.81	1.61	1.53	1.65	1.47	1.76
Operational EBIDTA %	13.22	17.28	16.18	15.51	15.69	16.01	14.90	16.20	16.55	16.53	14.64	13.99	14.43
ROCE %	27.34	41.73	46.81	44.69	37.81	37.12	31.47	29.55	29.08	26.94	23.46	17.92	18.51
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	61.04	70.76
EPS (₹)	0.74	1.84	2.77	3.31	3.92	4.23	4.19	6.11	8.13	9.90	9.57	7.43	10.20
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	23.43	16.99

**Pay out ratio on standalone basis

* subject to shareholder's approval.



K. Ajith Kumar Rai
Founder and Chairman

Marching ahead with Confidence...

My dear Shareholder,

I have pleasure in sharing with you the performance of Suprajit for the year 2020-21. The enclosed reports and financial statements provide you with detailed and relevant information.

Last year, the year of Covid-19, was very challenging for all, including your Company. Business was disrupted across the world due to lockdowns, IC part shortages, shipment delays, port congestions, commodity price increases and other Covid related issues across various plants of ours and that of our customers. Kudos to Team Suprajit, we were able to manage multiple challenges throughout the year to deliver a commendable performance. Automotive industry contracted by 13.5% against which your Company, on a consolidated

basis, grew by 5% with improved operational margins.

I am happy to present to you some of the highlights of the year gone-by:

1. After complete lockdown in Q1, the sales for the group continuously improved, led by aftermarket across the group.
2. Post the very subdued Q1 due to Covid, Q2, Q3 and Q4 sales successively surpassed the previous historic record sales.
3. All divisions, except Luxlite and Trifa, performed much better than budgeted in the beginning of the year.
4. Capacity expansions, both at Narsapura for cables and at Noida for bulbs, have been progressing satisfactorily.
5. Suprajit Technology Centre, in close interaction with customers, is working on a range of products for the future requirements of the Company. Some of these products are in advanced stage of commercialisation.
6. Margin improvements were seen across the divisions of the group, largely due to the various cost optimization projects, improved operational efficiencies and product mix.
7. The overall debt was reduced to ₹3277 million, from ₹3803 million a year ago.
8. The Board of Directors reviewed the distribution policy for a higher distribution to shareholders in the coming years, starting with the first Buyback of shares in the history of Suprajit.

CURRENT YEAR:

Current year can probably be designated as 'Year of the Vaccine' to fight the Covid pandemic. 90% of the Suprajit Team, including temporary and casual workers, have at least had one dose of vaccination.

The second wave hit India badly with innumerable deaths and disruptions during the first quarter. The challenges we faced last year in terms of IC shortages, shipment issues, commodity price increases, lockdowns, etc., continue this year. This may have certain impact on group's financial performance.

While the WHO believes that the pandemic is yet to be under control, I am hopeful, with the vaccination drives and continuous Covid precautions across our units, and, with the solid support of Team Suprajit, rest of the current year will be satisfactory. I am also happy to inform that Suprajit Foundation has taken up multiple CSR projects, with a special focus to Covid, to alleviate the hardships related to this dreadful disease, which is elaborated elsewhere in the report.

While the pandemic rages, Team Suprajit continues to focus on customers, optimal operations, and improved efficiencies to outperform automotive industry as it has done in the past, with an eye to grow profitably. Your Company is also actively pursuing inorganic opportunities and new product developments to further strengthen Suprajit in the years to come.

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

With warm personal regards,

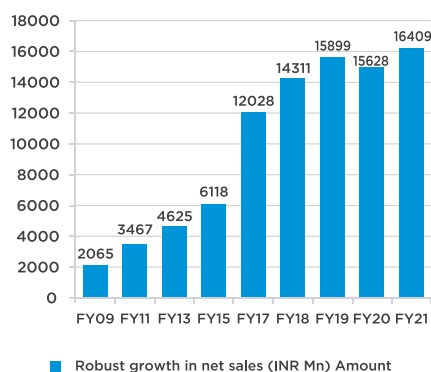
Yours sincerely,

K. Ajith Kumar Rai
Chairman

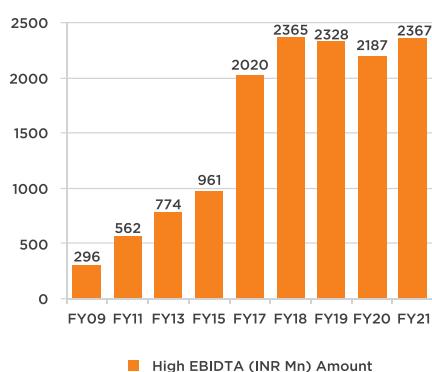


ROBUST FINANCIALS (GROUP)

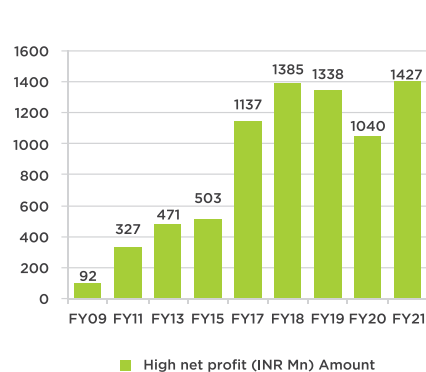
Robust growth in net sales



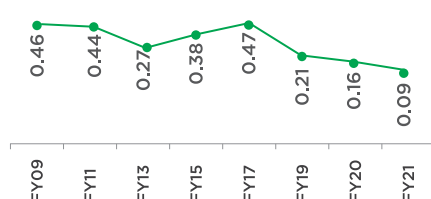
High EBIDTA



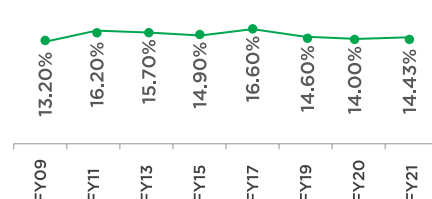
High net profit



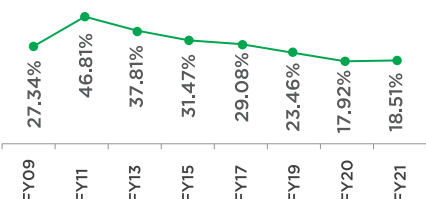
Low Long Term Liabilities / Equity Amount



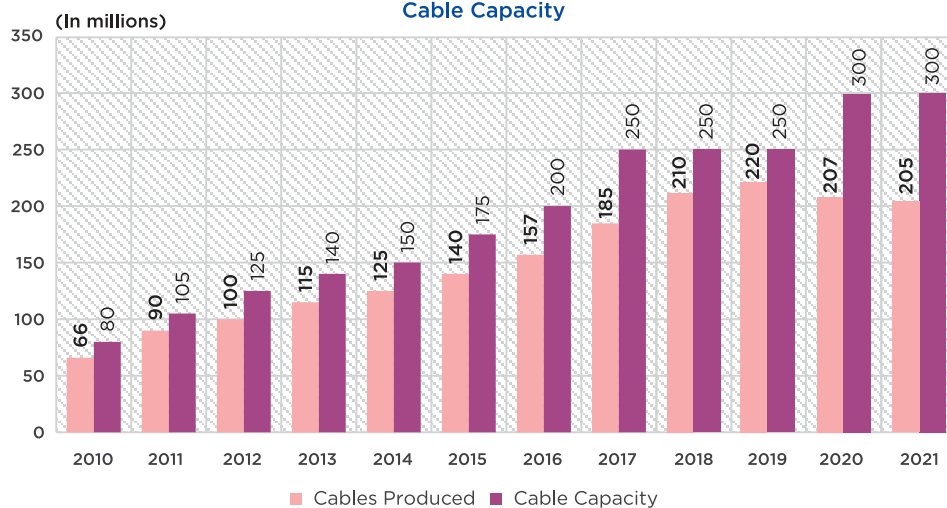
High EBIDTA Margins Amount



Resulting in Exceptional ROCE Amount



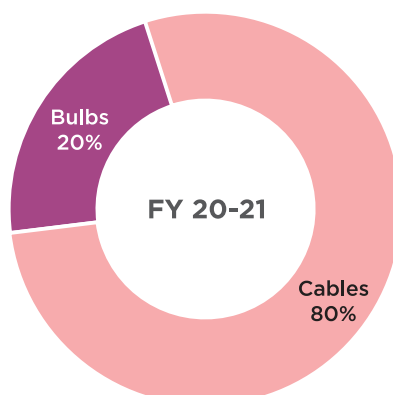
CAPACITIES



CAPACITY

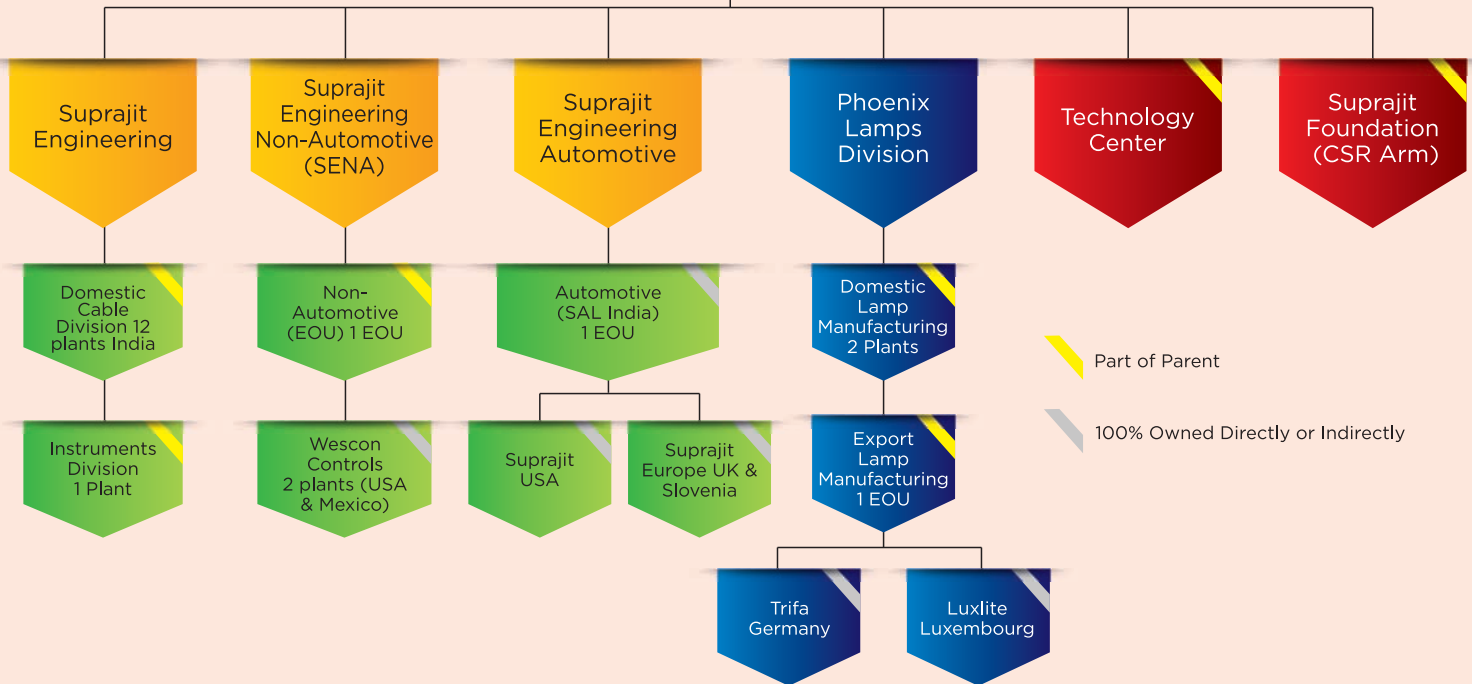
Cables	- 300 million
Bulbs	- 110 million

Revenue Split

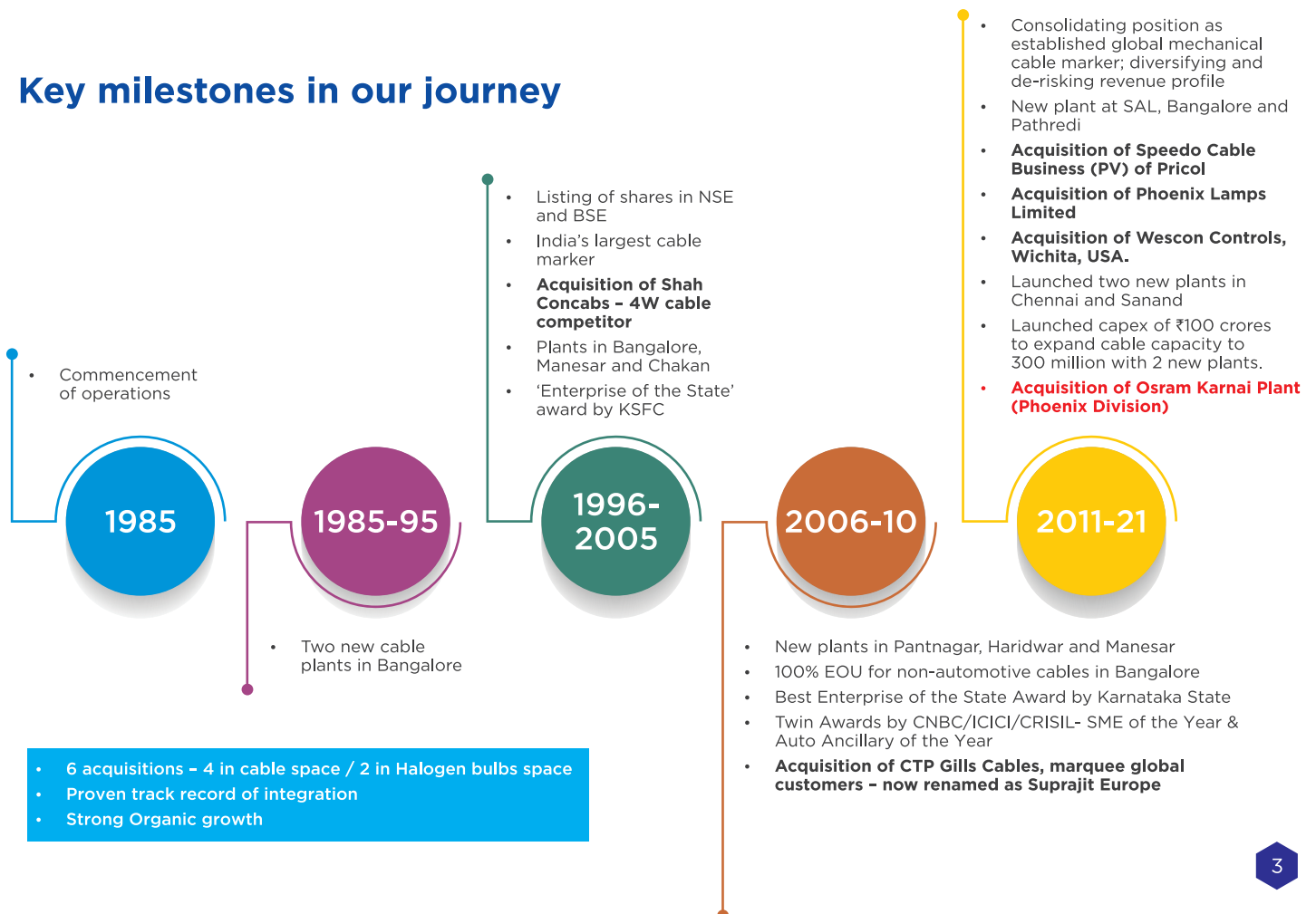


SUPRAJIT GROUP STRUCTURE

Suprajit Engineering Limited



Key milestones in our journey





AWARDS AND RECOGNITIONS



Recent Recognitions



Customer Awards and Recognitions

- BMW India - Best Delivery Performance 2019
- Maruti Suzuki - Green Supplier Status Award
- TVS Motors - Best Supplier of the Year 2021 Award
- Volkswagen - 'A' Grade Supplier Quality Performance Award
- Honda Motorcycles & Scooters - Quality & Delivery Achievement
- General Motors - Supplier Quality Excellence Award (3 years running)
- 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 & 'A Grade' Excellence Award
- TVS, Bajaj and Mahindra - various Awards

Other Awards

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

STRATEGY - 3 BRANDS



Suprajit



PHOENIX



Suprajit Engineering Automotive Cables

- 14 manufacturing facilities in India including EOU for non-automotive.
- SAL - EOU facility for automotive
- SEU - Tech Centre in Tamworth, UK.
- SEK - Owned Warehouse in Koper, Slovenia.
- Over 35 years of expertise in cables.

Phoenix Lamps Halogen Lamps

- 3 manufacturing facilities in India.
- 2 marketing arms in Germany and Luxembourg.
- Acquired by Suprajit in May 2015 and merged with Suprajit in August 2017.
- Acquired halogen plant of Osram in Chennai in 2019.
- Over 30 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 75 years of expertise in cables & controls.



Customer Satisfaction

One Goal

110 Million Halogen Bulbs

300 Million Cables

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





MOHAN N S
Managing Director &
Group CEO

A famous Tamil Poet philosopher has written that “when faced with difficult times, laugh at it, as it is laughter which can defeat difficulties”. True to that, the Team Suprajit when faced with difficulties of COVID, took it in the stride, faced it and tried to overcome the difficulties. This was done across all our facilities in and outside of India.

We all demonstrated “People First” and stood by those who got infected. We sensitized all our employees and ensured that the strictest COVID protocols were followed to ensure a safe working environment to all those with whom we interacted. Ensuring that our contract workforce which has a sizable portion of Migrant labour, was retained, the team supported them with dry ration and giving them confidence.

Supply chain constraints following the COVID pandemic was our bigger challenge. Again, the team rose up to the occasion and worked closely with our Vendor community to ensure that none of our customers suffered. We reached out to our dealer & distributor network in the aftermarket segment to give them support, when the trade went into a state of paralysis.

At Suprajit, we emerged stronger with our resilience demonstrated.

We believed in the economic reliance too and while we cut on “Discretionary expenses”, keeping an eye on the Cash flow, we continued our efforts to train our people, bring in automation, new product development, LED assembly line at NOIDA and went ahead with our projects for cable capacity expansions at Suprajit Automotive Pvt. Ltd., and at Narasapura.

Our overseas operations at Wescon (Wichita and Juarez) continued their journey to improve operational efficiencies. Suprajit Europe continued to clock new business wins despite the severe COVID impact in Europe. Luxlite and Trifa continued to their operational expenses to get inline with the revenue streams.

In Summary, I am proud of our Team Suprajit and thank all our Vendors, Customers, Distributors and Dealers who stood by us as we stood with them in facing this unprecedented Pandemic.



AKHILESH RAI
Director & CSO
(Chief Strategy Officer)

This year our strategic focus was on the welfare of employees and the communities surrounding our plants. In Lockdown 1, we distributed 60 tons of dry food rations across all Suprajit locations. In Lockdown 2, this distribution was increased multifold, along with initiatives supporting PHCs across India with a variety of needs. We are also proud to have completed the vaccination of 90% of our staff and contract workers across our 20 plants in India. An incredible joint effort by team Suprajit.

We also took this year to focus on internal improvements. Online technical training sessions and a companywide Lean Six Sigma drive brought out major improvements in operations and technical competence of our team. Our digitization and analytics initiatives have been well received and this year will be about horizontal deployment. Suprajit also inaugurated the first of many rooftop solar initiatives to help reduce cost and environmental footprint.

Acquisition related activities were approached with caution considering the uncertainty in the market. However the current situation supports a global consolidation in our industry and we continue to assess opportunities in this regard.



MEDAPPA GOWDA J
Group CFO

Suprajit too had a challenging phase due to Covid-19 during Q1 FY 2020-21, which led to taking a few drastic cost saving measures and implementing additional stringent internal control system across the Group. During this phase, effective cash flow management and proper financial planning were the key focus. We are happy that Suprajit Group has overcome this hurdle without disrupting its well-established financial management system that evolved over the period of time. Optimal debt structure across the Group with minimal cost, effective treasury management and foreign currency management with prudent hedging policies, robust MIS system are the backbone of Suprajit's Financial Management system. Covid-19 pandemic has shown how strong Suprajit can position itself as an outstanding Company during the adverse situation and how effectively it can respond to such challenges.

Presently, availability of cash in the Balance Sheet, internal accruals and through surplus Bank limits will continue to keep the Company comfortable in meeting its short and long term financial obligations of capital expenditure / investment plans. These are expected to guide the Company towards its long term objective of 'Grow profitably and sustain Profitability'.

Good Corporate governance and compliance systems across the Group remain intact and it has been further strengthened over the years in line with Industry best practices and frequently changing regulatory requirements. We aim to keep the stakeholders well informed and educated with our transparent and ethical business practices and to reward them with regular returns by way of dividends, buy-back, etc. We strongly believe that these practices will enhance the faith and confidence of the stakeholders in the Company and will attract new long term investors, in the coming years.



NARAYANSHANKAR K.
COO
Domestic Cable Division

The impact of Covid-19, on industry during the year 2020-21, is known to everyone." Life and Living" was the fundamental issue during the year. We at Suprajit took several steps to ease the pain of the pandemic on our employees and build a reinforced operations team.

First quarter of the year was one of the worst in our history due to lock down which disrupted supply chain, logistics and manpower supply, etc. Despite all these issues, by end of the year, we were able to produce almost as much as the previous year. The set Goal was "not to lose any order or any customer" under any circumstances and give the best to customer that gave a commendable result.

A well-motivated Team, with Focus to meet the challenges of Business is one of the greatest strengths of Suprajit. The Team has once again stood up to the challenge. We received appreciation and awards from top customers. "Best QCD performance" and "Star Supplier & Best Supplier of the Year" were some of the awards for our best service levels during the year. These awards and appreciation continue to motivate our Team to relentlessly work for customer satisfaction at all the times.

Throughout the year, the Team was engaged in various Training Programs with identified projects of quality improvement, productivity and TPM to meet the requirement of the customers for cost reduction and quality improvement. We will continue to focus on TPM to bring in culture of "Productivity up & Cost down in all our Units.



AKHILESH GOEL
COO
Phoenix Lamps Division

Despite COVID-19 pandemic and lockdown in FY 2020-21, Phoenix Lamps Division has achieved growth especially in domestic aftermarket. This year too, we continued our efforts on geographical reach expansion of products & added few new customers.

We added new products in halogen series and enhanced our product portfolio. We will continue efforts to add more products in the FY 2021-22 as well. Assembly of retrofit LED Solution was started, and there was very good response from the 2W market. This year we are working on expanding the LED production capacity and planning to launch more variants of retrofit LED to fill the product basket in LED automotive lighting.

We continued our focus on various initiatives like quality improvement through "Q" Challenge as well as low-cost automations for productivity improvement through "C" Challenge. To remain competitive in the market, teams across all units of Phoenix Lamps Division are continuously working on cost optimization with enhanced focus on alternate materials usage, alternate supplier's introduction, waste reduction and mobilizing internal R&D resources to prioritize material validation and product performance enhancement.

In FY 2020-21 Company has committed a capex on completely automated HS1 Line to increase the halogen bulbs capacity. Line will be ready for production early next year.