Suprajit Engineering Limited

Registered & Corporate Office :
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E-mail: info@suprajit.com Web : http://www.suprajit.com
Corporate Identity Number (CIN) : L29199KA1985PLC006934

ISO / TS 16949 REGISTERED FIRM

National Stock Exchange of India Ltd
Exchange Plaza
Bandra – Kurla Complex
Bandra (East)
Mumbai – 400 051.

September 14, 2016

Dear Sir/Madam,

Sub : Merger of Phoenix with Suprajit and Acquisition of Wescon Controls, USA

Enclosed please find a draft letter to be sent to all the shareholders of the Company.

Please treat the above as compliance pursuant to the SEBI (Listing Obligations and Disclosure Requirements)Regulations, 2015.

Thanking you,

Yours faithfully,
for **Suprajit Engineering Limited**

Medappa Gowda J
Company Secretary

Encl : as above

MARCHING AHEAD WITH CONFIDENCE



Merger of Phoenix with Suprajit - Case for merger Acquisition of Wescon Controls, USA

My dear Suprajit and Phoenix Shareholders,

September 9, 2016

Greetings from Suprajit and Phoenix!

I am delighted to share with you a recent major milestone at Suprajit. Suprajit US Inc, a Wholly Owned Subsidiary of Suprajit Engineering Limited, has acquired 100% controlling stake of Wescon Controls, USA. Wescon is a specialist cable maker and a market leader in the non-automotive Outdoor Power Equipment markets in the USA. With annual sales of about US$ 40 million, it has impressive EBIDTA margins of about 16-18%. With marquee customers like MTD, Husqvarna, John Deere, TORO, Honda, etc., it has its plant in Wichita, Kansas, USA and a Maquiladora facility in Juarez, Mexico. This brings much needed sector de-risking to Suprajit group in the cable space. I believe this is a significant milestone in our endeavor to be a truly global player.

I do hope that you are in receipt of Annual report as well as notice of Court Convened Meeting (CCM) with regard to merger of Phoenix with Suprajit. Phoenix has turned around within 1 year of acquisition, having worked closely with Team Suprajit! You may note that Suprajit has an exceptional track record of 30 years while Phoenix had a checkered past, till our acquisition a year ago. Both the Teams have worked harmoniously and very effectively to achieve the desired results well ahead of timelines internally set.

You will further note that, subject to various approvals, both Phoenix and Suprajit Boards announced the merger of Phoenix with Suprajit, details of which are in the respective CCM notices. SEBI has approved, in principle, the merger proposal. The majority shareholders of Suprajit and Phoenix have fully endorsed this merger.

I believe the merger will harness significant synergies of both Companies and will be a `Win-Win' situation for minority shareholders of both companies. Some of the highlights are outlined hereunder for the combined entity :

- *A leading auto component Company with diversified product basket.*
- *Excellent combined OEM customer base.*
- *In depth aftermarket base in India and overseas.*
- *4 wholly owned subsidiaries focused on global business.*
- *Strong Balance Sheet to take on future growth opportunities.*
- *Strong margins and EPS accretive from day one.*
- *Increased global footprint.*
- *Improved cost efficiencies and operational synergies.*
- *Better management bandwidth.*
- *Reduced compliance requirements.*
- *Minority shareholders of Phoenix will be part of Suprajit's consistent dividend track record.*

It is important to note that shares of both Companies have done well since acquisition and merger announcement, reinforcing market confidence on our plans. It may further be noted that the minority shareholders of Phoenix are eligible for the final dividend proposed by Suprajit, subject to necessary approvals.

A strong single entity is essential to embark on our next phase of profitable growth to enlarge our global footprint. We have market leading position in our product ranges of cables and halogen lamps, in India. I am confident that, together as a single entity, we can achieve cost efficiencies, increase market shares globally, improve return ratios etc., as we "March ahead with Confidence" to conquer the world markets.

As we unfold Suprajit 2.0 further in our above quest, it is important for me to seek your good wishes and whole hearted support for the merger. I truly believe that this in the best interests of the minority shareholders of both the Companies. I sincerely urge you to consider and vote favourably for the merger.

I take this opportunity to wish you and family Season's Greetings and best of health and happiness.

Yours sincerely,

K. Ajith Kumar Rai
Chairman & Managing Director