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 Dated 24-05-1985

ISO / TS 16949 : 2002 REGISTERED FIRM
DNV Certification, INC Houston, TX USA

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

December 13, 2012

Dear Sir/Madam

Enclosed please find a draft letter to be sent to all the shareholders of the Company as a mid-year review.

This is for your information and records.

Thanking you,

Yours faithfully
for **SUPRAJIT ENGINEERING LIMITED**

MEDAPPA GOWDA J
COMPANY SECRETARY

Encl : as above

Dear Shareholder,

14th December 2012

Mid Year Review

With the New Year round the corner, it is time for me to brief you on the first half performance of your Company. I have pleasure in enclosing the half yearly results.

You will note, on a consolidated basis, sales for the half year ended 30th September 2012 was Rs.24288.17 lakhs as against Rs.21582.20 lakhs for the same period last year, an increase of 13%. The pre-tax profit was Rs. 3387.95 lakhs against Rs. 2638.17 lakhs for the same period last year, an increase of 28%. Your Company's growth, you will appreciate, has significantly exceeded the auto sector growth of 2%. With this in the background, your Company's half year performance has been good.

The highlights of Suprajit this year so far have been:

* Continued out-performance.
* Strong cash-flows
* New plant getting commercialized.
* Stable profit margins.
* Continued addition of new customers.
* Strong growth in aftermarket and non automotive businesses.

The slowdown witnessed during the second half of last year accelerated during the current financial year. With the festive season behind us, unfortunately, the trend continues.

The high inflation and interest rates, political uncertainty and continued weakness of rupee are adding to the business slowdown felt everywhere in the country. I expect that the slowdown will last for at least a few more quarters.

However, your Company is focusing on delivering value to customers. Our endeavour is to achieve preferred vendor status with all our customers by delivering quality products, just in time, at a competitive price. Your Company's continued focus is on de-risking business by adding more customers from different segments. At the same time, we are also focusing on getting higher share of business from existing customers. The comprehensive de-risking plan, adopted by Team Suprajit, has delivered solid performance, year on year, yet again. I am confident that this will continue.

The new plant in Bangalore, to produce cables for our south-based customers has just started trial production. The second new plant at Pathredi Industrial area, Rajasthan is in an advanced stage of implementation and is expected to start trial production in the first quarter of next year. With these two plants going on stream, your Company's cable capacity by mid 2013 would reach 150 million, our near-term target.

On the export front, next 2-3 years will see a significant change. New contracts won at the subsidiaries and at the non-automotive plant, clearly indicate that exports are expected to grow at a much faster pace than the domestic business. The new plant, being built at Suprajit Automotive, to meet the increased requirements of our global customers, will be commissioned during the first quarter of 2013. Aftermarket business is also growing robustly with your Company adding new product lines through our pan India retail network.

We continue to believe that Indian automotive business would grow in the years to come. New plans of customers are making us to consider two more new plants, to be implemented by 2013/2014. One is likely to be in Bangalore, for one of the global 2-wheeler majors, and one in Chennai, where we already have a host of customers. The final decision in this regard will be taken by the end of this financial year.

As indicated before, your Company continues to scout for good opportunities for acquisition in the automotive space. Your Company is also in discussion with a few globally renowned companies for a possible JV in India in this space. I believe that these initiatives, if crystallized, will add to the company's product portfolio. It will also evolve your Company as a well diversified and profitable auto component manufacturer in India.

I am also happy to inform you that a recent study conducted on the global 2-wheeler cable business confirmed your Company as the "World's Largest 2-Wheeler Cable Maker". This is a wonderful achievement for Team Suprajit. I am confident that it will not be the last one!

You have been a valued shareholder and I seek your continued support and good wishes for our next phase of growth. I wish you and every member of your family a Happy, Healthy and Prosperous New Year.

Yours sincerely,

K. Ajith Kumar Rai,
Chairman & Managing Director.

WORLD'S LARGEST TWO-WHEELER CABLE MAKER