Suprajit Engineering Limited

Registered & Corporate Office :
#100, Bommasandra Industrial Area, Bangalore - 560 099.
Tel: +91-80-43421100 / 27833828, Fax: +91-80-27833279
E-mail: info@suprajit.com Web : http://www.suprajit.com
Corporate Identity Number (CIN) : L29199KA1985PLC006934

DNV
ISO / TS 16949
REGISTERED FIRM

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

December 22, 2015

Dear Sir/Madam

Sub : Mid Year Review

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

We request you to treat this as compliance pursuant to the provisions of Listing Agreement.

Thanking you,

Yours faithfully,
for **Suprajit Engineering Limited**

Medappa Gowda J
Company Secretary

Encl : as above

K. Ajith Kumar Rai
Chairman & Managing Director

Suprajit

Dear Shareholder,

December 21 2015

Mid Year Review

I have pleasure in presenting you a brief review of the Group's performance so far this year. The financial highlights of the group for the first half of this year are as under :

(HY Ended 30th September)	(Consolidated with Phoenix)			(Consolidated without Phoenix)			Standalone		
	2015	2014	Growth%	2015	2014	Growth%	2015	2014	Growth%
Sales	451.7	319.0	41.6	350.0	319.0	9.7	299.6	271.8	10.2
EBIDTA (Operational)	64.1	45.1	42.0	54.5	45.1	20.7	46.5	38.2	21.9
PAT (After minority interest)	32.2	25.0	28.9	30.6	25.0	22.5	24.5	21.8	12.8

You will note that the first half year's performance shows a clear outperformance in terms of growth as compared to automotive industry, which grew by about 1.5%. Profitability improved even better.

You may be aware that there was a significant development during this year with the acquisition of Phoenix Lamps Limited, a listed company, manufacturing Halogen lamps. Phoenix is a market leader in India and has significant global presence through its European subsidiaries - Trifa and Luxlite. Your Company now holds 61.92% stake in Phoenix, making it a subsidiary of your Company. The first few months at Phoenix have been challenging, dealing with regulatory and tax issues, along with quality concerns, both in-house as well as at the customers' level. A Capex of Rs.30 crores has been announced at Phoenix to improve the quality and operational efficiency. A Quality Challenge has been launched internally. Regulatory issues are dealt with carefully, along with a plan to move the Registered and Corporate Office to Bangalore. These initiatives will take some time to settle down. However, despite lower sales and profitability due to various restructuring, currency and other issues, the underlying performance at the current level is satisfactory and stable. The Phoenix acquisition is an important move by your Company to de-risk its product profile and enhance value to all stakeholders. This has been done with minimum additional debt as it is significantly financed through internal accruals. I am confident that this acquisition will bring good value to all our stakeholders in medium term.

Suprajit enjoys a robust and loyal customer preference domestically and has made good progress globally. Our aspirations to emerge as a true global player and be one amongst the top 5 in the world will continue with our endeavor in assessing various new options.

Suprajit's plan to increase the annual capacity from 150 million to 225 million by March 2016 is progressing as per plans. Some of the highlights of the year are as under:

- Trial production at Sanand plant has started with plant approval by one of the major customers.
- Trial production at Vallam Vadaggal plant at Chennai is expected to start during Q4FY15-16.
- US office has been established at Atlanta to make inroads in the North American business.
- Recent acquisitions of cable business from Pricol and Phoenix Lamps are steadily integrated.
- Continued outperformance compared to the Industry.

Global concerns continue with minimal growth, conflicts at various parts of the world, economic slowdown in China and currency related issues. While the domestic potential for growth is enormous, Government is yet to kick start economy through major reforms like GST and labour, without which robust growth is only a pipedream. However, reduction in interest rates and the downtrend in commodity rates are the positives for your Company's performance.

Team Suprajit's focused customer approach, close attention to operational efficiencies and cost management will ensure Suprajit to outperform its peers in its business.

You have been a valued shareholder and I seek your continued support and good wishes. I take this opportunity to wish you and every member of your family a Happy, Healthy and Prosperous New Year.

With warm regards,

Yours sincerely,

K. Ajith Kumar Rai,
Chairman & Managing Director.

MADE IN INDIA
MADE FOR THE WORLD