Placement Document
Not for Circulation
Serial Number [●]
Strictly Confidential

SUPRAJIT ENGINEERING LIMITED

(Incorporated in the Republic of India under the Companies Act, 1956, as a company with limited liability having corporate identity number L29199KA1985PLC006934)

Registered & Corporate Office: 100, Bommasandra Industrial Area, Anekal Taluk, Bengaluru - 560 099, Karnataka, India.
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Suprajit Engineering Limited (the "**Company**") is issuing up to 1,13,18,774 equity shares of face value Re. 1 each, (the "**Equity Shares**") at a price of Rs. 132.50 per Equity Share, including a premium of Rs. 131.50 per Equity Share, aggregating up to Rs. 149.97 crores (the "**Issue**").

ISSUE IN RELIANCE UPON SECTION 42 OF THE COMPANIES ACT, 2013, READ WITH RULE 14 OF THE COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014, AND CHAPTER VIII OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED

THE ISSUE AND THE DISTRIBUTION OF THIS PLACEMENT DOCUMENT IS BEING MADE TO QUALIFIED INSTITUTIONAL BUYERS ("QIB") AS DEFINED UNDER THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED (THE "ICDR REGULATIONS") IN RELIANCE UPON SECTION 42 OF THE COMPANIES ACT, 2013, READ WITH RULE 14 OF THE COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014, AND CHAPTER VIII OF THE ICDR REGULATIONS. THIS PLACEMENT DOCUMENT IS PERSONAL TO EACH PROSPECTIVE INVESTOR AND DOES NOT CONSTITUTE AN OFFER OR INVITATION OR SOLICITATION OF AN OFFER TO THE PUBLIC OR TO ANY OTHER PERSON OR CLASS OF INVESTORS WITHIN OR OUTSIDE INDIA OTHER THAN QIBs. THIS PLACEMENT DOCUMENT WILL BE CIRULATED ONLY TO SUCH QIBs WHOSE NAMES ARE RECORDED BY OUR COMPANY PRIOR TO MAKING AN INVITATION TO SUBSCRIBE TO EQUITY SHARES OFFERED IN THE ISSUE.

YOU ARE NOT AUTHORISED TO AND MAY NOT (1) DELIVER THIS PLACEMENT DOCUMENT TO ANY OTHER PERSON; (2) REPRODUCE THIS PLACEMENT DOCUMENT IN ANY MANNER WHATSOEVER; OR (3) RELEASE ANY PUBLIC ADVERTISMENT OR UTILIZE ANY MEDIA, MARKETING OR DISTRIBUTION CHANNELS OR AGENTS TO INFORM THE PUBLIC AT LARGE ABOUT THE ISSUE. ANY DISTRIBUTION OR REPRODUCTION OF THIS PLACEMENT DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS INSTRUCTION MAY RESULT IN A VIOLATION OF THE ICDR REGULATIONS OR OTHER APPLICABLE LAWS OF INDIA AND OTHER JURISDICTIONS.

INVESTMENTS IN EQUITY AND EQUITY-RELATED SECURITIES INVOLVE A HIGH DEGREE OF RISK AND PROSPECTIVE INVESTORS SHOULD NOT INVEST ANY AMOUNT IN THE ISSUE UNLESS THEY ARE PREPARED TO BEAR THE RISK OF LOSING ANY PART OR ALL OF THE AMOUNT INVESTED BY THEM. PROSPECTIVE INVESTORS ARE ADVISED TO CAREFULLY READ "*RISK FACTORS*" BEFORE MAKING AN INVESTMENT DECISION RELATING TO THE ISSUE. EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS ADVISORS ABOUT THE PARTICULAR CONSEQUENCES OF AN INVESTMENT IN THE EQUITY SHARES BEING ISSUED PURSUANT TO THE PRELIMINARY PLACEMENT DOCUMENT AND THIS PLACEMENT DOCUMENT.

All of our Company's outstanding Equity Shares, are listed on the BSE Limited (the "**BSE**") and the National Stock Exchange of India Limited (the "**NSE**", and together with the BSE, the "**Stock Exchanges**"). The closing price of the outstanding Equity Shares on the BSE and the NSE on February 19, 2016, was Rs. 139.10 and Rs. 139.45 per Equity Share, respectively. In-principle approvals under Regulation 28(1) of the Listing Regulations (as defined hereinafter) for listing of the Equity Shares have been received from the BSE and the NSE on February 17, 2016. Applications will be made to the Stock Exchanges for obtaining final listing and trading approvals for the Equity Shares offered through the Issue. The Stock Exchanges assume no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the Equity Shares to trading on the Stock Exchanges should not be taken as an indication of the merits of the business of our Company or the Equity Shares.

A copy of this Placement Document, which includes disclosures prescribed under Form PAS-4 (as defined hereinafter), has been delivered to the Stock Exchanges. This Placement Document has not been reviewed by the Securities and Exchange Board of India (the "**SEBI**"), the Reserve Bank of India (the "**RBI**"), the Stock Exchanges or any other regulatory or listing authority and is intended only for use by QIBs. A copy of the Placement Document (which will include disclosures prescribed under Form PAS-4) will be filed with the Stock Exchanges in accordance with the ICDR Regulations. Our Company shall make the requisite filings with the Registrar of Companies, Karnataka at Bangalore (the "**RoC**") and the SEBI within the stipulated period as required under the Companies Act, 2013 and the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended. This Placement Document has not been and will not be registered as a prospectus with the RoC, and will not be circulated or distributed to the public in India or any other jurisdiction and will not constitute a public offer in India or any other jurisdiction. The Issue is meant only for QIBs by way of a private placement and is not an offer to the public or to any other class of investors. This Placement Document has been prepared by our Company solely for providing information in connection with the Issue.

Invitations, offers and sales of the Equity Shares shall only be made pursuant to this Placement Document together with the respective Application Form (defined hereinafter) and the CAN (as defined hereinafter). The distribution of this Placement Document or the disclosure of its contents to any person, other than QIBs and persons retained by QIBs to advise them with respect to their purchase of the Equity Shares, is unauthorized and prohibited. Each prospective investor, by accepting delivery of this Placement Document, agrees to observe the foregoing restrictions and make no copies of this Placement Document or any documents referred to in this Placement Document. See "*Issue Procedure*".

The information contained in this Placement Document is not complete and may be changed. The information on our Company's website or any website directly or indirectly linked to our Company's website does not form part of this Placement Document and prospective investors should not rely on such information contained in, or available through, such websites.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or the laws of any state of the United States and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold outside the United States in "offshore transactions" (as defined in Regulation S under the U.S. Securities Act ("Regulation S")) in accordance with Regulation S and the applicable laws of the jurisdictions where those offers and sales occur. For further details, see "*Selling Restrictions*" and "*Transfer Restrictions*".

This Placement Document is dated February 22, 2016.

BOOK RUNNING LEAD MANAGER

JM Financial Institutional Securities Limited

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GLOSSARY OF TERMS / ABBREVIATIONS

The following list of certain capitalized terms used in this Placement Document is intended for the convenience of the reader/prospective investor only and is not exhaustive.

The terms defined in this Placement Document shall have the meaning set forth in this section and unless the context otherwise implies, references to any statute or regulations or policies shall include amendments thereto, from time to time.

Company Related Terms:

Term	Description
"Suprajit", "SEL", "Company", "Issuer"	Suprajit Engineering Limited, a public limited company incorporated under the Companies Act, 1956 and having CIN L29199KA1985PLC006934, on an unconsolidated basis It is clarified that references to "us", "we" or "our" are to our Company, together with its Subsidiaries, on a consolidated basis
"Articles" or "Articles of Association" or "AoA"	The articles of association of our Company, as amended from time to time
Auditors	The statutory auditors of our Company, namely Varma & Varma, Chartered Accountants
"Board" or "Board of Directors"	The board of directors of our Company or any duly constituted committee thereof
Registered & Corporate Office	The registered and corporate office of our Company is located at 100, Bommasandra Industrial Area, Anekal Taluk, Bengaluru – 560 099, Karnataka, India
Director(s)	The director(s) of our Company
Equity Share(s)	The equity share(s) of our Company having a face value of Re. 1 each
"Memorandum" or "Memorandum of Association" or "MoA"	The memorandum of association of our Company, as amended from time to time
Promoter	The promoters of our Company
Promoter Group	The promoter group of our Company as determined in terms of Regulation 2(1)(zb) of the ICDR Regulations
Shareholder(s)	Shareholders of our Company
Subsidiaries	The direct and indirect subsidiaries of our Company

Subsidiaries

Term	Description
ILHC	International Lamps Holding Company S.A. (Luxembourg)
Luxlite	Luxlite Lamps S.a.r.l. (Luxembourg)
Phoenix	Phoenix Lamps Limited
SAPL	Suprajit Automotive Private Limited
Suprajit Europe	Suprajit Europe Limited (UK)
Trifa	Trifa Lamps Germany GmbH (Germany)

Industry Related Terms

Term	Description
2W	Two-wheeler(s)
4W	Four-wheeler(s)
ACMA	Automotive Component Manufacturers Association of India
LCV	Light commercial vehicle(s)
MHCV	Medium-heavy commercial vehicle(s)
OEM	Original equipment manufacturer(s)
SIAM	Society of Indian Automobile Manufactures

Issue Related Terms

Term	Description
"Allocated" or "Allocation"	The allocation of the Equity Shares following the determination of the Issue Price to QIBs on the basis of the Application Form submitted by them, by our Company in consultation with the Book Running Lead Manager and in compliance with Chapter VIII of the ICDR Regulations
"Allot" or "Allotted" or "Allotment"	Unless the context otherwise requires, the issue and allotment of the Equity Shares to be issued pursuant to the Issue
Allottees	QIBs to whom the Equity Shares are issued and Allotted
"Application Form" or "Bid-Cum Application Form"	The form (including any revisions thereof) pursuant to which a QIB shall submit a Bid for the Equity Shares in the Issue
Application	An offer by a QIB pursuant to the Application Form for subscription of the Equity Shares under the Issue
Bid(s)	Indication of interest of a Bidder, including all revisions and modifications thereto, as provided in the Application Form, to subscribe for the Equity Shares in the Issue
Bid/Issue Closing Date	February 22, 2016, which is the last date up to which the Application Forms shall be accepted
Bid/Issue Opening Date	February 17, 2016
Bid/Issue Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days, during which prospective Bidders can submit their Bids
Bidder(s)	Any prospective investor, being a QIB, who makes a Bid by submitting an Application Form in accordance with the provisions of the Preliminary Placement Document
"Book Running Lead Manager" or "BRLM"	JM Financial Institutional Securities Limited
"Confirmation of Allocation Note" or "CAN"	The note or advice or intimation sent to QIBs confirming the Allocation to such QIBs after discovery of the Issue Price and requesting payment of the entire applicable Issue Price for the Equity Shares Allocated to such QIBs
Closing Date	The date on which Allotment shall be made, i.e. on or about February 24, 2016
Cut-off Price	The minimum price at which the Issue Price shall be determined by our Company in consultation with the Book Running Lead Manager
Designated Date	The date of credit of the Equity Shares to the Allottee's demat account, as applicable to the respective Allottees
Escrow Account	The bank account opened by our Company with the Escrow Collection Bank pursuant to the Escrow Agreement, into which the application monies received towards subscription of the Equity Shares shall be deposited by the QIBs
Escrow Collection Bank	Axis Bank Limited
Floor Price	The floor price for the Issue, as calculated in accordance with Regulation 85 of the ICDR Regulations, is Rs. 139.40 per Equity Share with reference to February 17, 2016, as the Relevant Date. In accordance with the Shareholders' special resolution dated March 23, 2015, and Regulation 85(1) of the ICDR Regulations, the Board may at its absolute discretion, offer a discount of up to 5.00% to the Floor Price.
Issue	The offer and placement of the Equity Shares to QIBs, pursuant to Section 42 of the Companies Act, 2013, read with Rule 14 of the PAS Rules, and Chapter VIII of the ICDR Regulations
Issue Price	Rs. 132.50 per Equity Share
Issue Size	The issue of up to 1,13,18,774 Equity Shares aggregating up to Rs. 149.97 crores
Mutual Fund	A mutual fund registered with the SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
Mutual Fund Portion	10% of the Equity Shares proposed to be Allotted in the Issue, which is

Term	Description
	available for Allocation to Mutual Funds
Pay-in Date	The last date specified in the CAN sent to the Bidders, by which the Issue Price for the Equity Shares Allocated has to be paid
Placement Agreement	The placement agreement dated February 17, 2016, between our Company and the Book Running Lead Manager
Placement Document	This placement document dated February 22, 2016, issued by our Company in accordance with the provisions of Section 42 of Companies Act, 2013, read with Rule 14 of the PAS Rules, and Chapter VIII of the ICDR Regulations
Preliminary Placement Document	The preliminary placement document dated February 17, 2016.
"QIB" or "Qualified Institutional Buyers"	A qualified institutional buyer as defined under Regulation 2(1)(zd) of the and not excluded pursuant to Regulation 86(1)(b) of the ICDR Regulations
QIP	Qualified institutions placement under Chapter VIII of the ICDR Regulations
Relevant Date	February 17, 2016, being the date of the meeting in which the Board, decided to open the Issue
Stock Exchanges	The BSE and NSE

Conventional and General Terms/Abbreviations

Term	Description
AGM	The annual general meeting of the Shareholders
AIF	Alternative investment funds as defined in the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
AS	Accounting standards issued by the Institute of Chartered Accountants of India
AY	Assessment year
BSE	BSE Limited
Calendar Year	Period of 12 months ended December 31 of that particular year
CARO	The Companies (Auditor's Report) Order, 2015
Category III FPIs	An FPI registered as a category III foreign portfolio investor under the FPI Regulations
Civil Code	The Code of Civil Procedure, 1908
CIN	Corporate identity number
CIT	Commissioner of Income Tax
Companies Act	The Companies Act, 2013 and the Companies Act, 1956, as the context requires
Companies Act, 1956	The Companies Act, 1956, to the extent not repealed
Companies Act, 2013	The Companies Act, 2013, as amended and the rules and clarifications thereunder, to the extent notified
Depositories Act	The Depositories Act, 1996
Depository	A depository registered with the SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996
Depository Participant	A depository participant as defined under the Depositories Act, 1996
DIN	Director identification number
EGM	An extraordinary general meeting of the shareholders
Equity Listing Agreement	The erstwhile listing agreement as had previously been entered into by our Company with each of the Stock Exchanges for the listing of the Equity Shares. In accordance with the requirements of Regulation 109 of the Listing Regulations, a listed entity which has previously entered into agreement(s) with recognised stock exchange(s)to list its securities is required to execute the Uniform Listing Agreement with such stock exchange(s) within six months of the date of notification of the Listing Regulations.

Term	Description
Eligible FPI	FPIs that are eligible to participate in the Issue and does not include Category III FPIs who are not allowed to participate in the Issue.
FDI	Foreign direct investment
FEMA	The Foreign Exchange Management Act, 1999 and the rules, regulations, notifications and circulars issued thereunder
FEMA Regulations	The Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
FII(s)	Foreign institutional investors as defined under the FPI Regulations
FII Regulations	The Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995
"Financial Year" or "Fiscal"	Period of 12 months ended March 31 of that particular year, unless otherwise stated
FPI(s)	Foreign portfolio investors as defined under the FPI Regulations and includes a person who has been registered under the FPI Regulations. Any FII who holds a valid certificate of registration is deemed to be an FPI till the expiry of the block of three years for which fees have been paid as per the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995
FPI Regulations	The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
Form PAS-4	The Form PAS-4 prescribed under the PAS Rules
FVCI	A foreign venture capital investor as defined and registered with the SEBI under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000 registered with the SEBI under the applicable laws in India
GAAP	Generally accepted accounting principles
GDP	Gross domestic product
"Government" or "GoI"	The Government of India, unless otherwise specified
ICAI	Institute of Chartered Accountants of India
ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
IFRS	International Financial Reporting Standards of the International Accounting Standards Board
IND AS	Indian Accounting Standards (Ind AS) 101 "First-time Adoption of Indian Accounting Standards" as notified by the Ministry of Corporate Affairs, Government, on February 25, 2011
India	The Republic of India
Indian GAAP	The generally accepted accounting principles followed in India
Insider Trading Regulations	Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
ISIN	International Securities Identification Number
IT	Information technology
IT Act	The Income Tax Act, 1961
ITAT	Income Tax Appelate Tribunal
Listing Regulations	The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as notified by the SEBI, on September 2, 2015.
MCA	Ministry of Corporate Affairs
MVAT	The Maharashtra Value Added Tax Act, 2002
NRI	Non-resident Indian, being an individual resident outside India who is a citizen of India or is an 'overseas citizen of India' cardholder, within the meaning of Section 7(A) of the Citizenship Act, 1955
NSE	National Stock Exchange of India Limited
p.a.	Per annum
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
PAS Rules	The Companies (Prospectus and Allotment of Securities) Rules, 2014

Term	Description
RBI	The Reserve Bank of India
Regulation S	Regulation S under the U.S. Securities Act
RoC	The Registrar of Companies, Karnataka at Bangalore
Re./ Rs./ Rupee(s)	The legal currency of India
RTGS	Real-Time Gross Settlement
R&D	Research and development
SC	Supreme Court of India
SCRA	The Securities Contracts (Regulation) Act, 1956
SCRR	The Securities Contracts (Regulation) Rules, 1957
SEBI	The Securities and Exchange Board of India
SEBI Act	The Securities and Exchange Board of India Act, 1992
STT	Securities transaction tax
Takeover Regulations	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
Uniform Listing Agreement	The uniform listing agreement as notified by the SEBI, on October 13, 2015. Our Company has entered into the uniform listing agreement for continuing the listing of its Equity Shares with each of the Stock Exchanges pursuant to requirements of Regulation 109 of the Listing Regulations.
Unpublished Price Sensitive Information	Unpublished price sensitive information as defined in the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
"USA" or "US"	United States of America
US$/U.S. dollar	United States Dollars
VCF	A Venture Capital Fund as defined and registered with SEBI under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996

NOTICE TO INVESTORS

Our Company has furnished and accepts full responsibility for all of the information contained in this Placement Document and having made all reasonable enquiries, confirms, to the best of its knowledge and belief, that this Placement Document contains all information with respect to our Company, its Subsidiaries and the Equity Shares, which is material in the context of the Issue. The statements contained in this Placement Document relating to our Company, its Subsidiaries and the Equity Shares are, in all material respects, true and accurate and not misleading. The opinions and intentions expressed in this Placement Document with regard to our Company, its Subsidiaries and the Equity Shares are honestly held, have been reached after considering all relevant circumstances, are based on information presently available to our Company and are based on reasonable assumptions. There are no other facts in relation to our Company, its Subsidiaries and the Equity Shares, the omission of which would, in the context of the Issue, make any statement in this Placement Document misleading in any material respect. Further, all reasonable enquiries have been made by our Company to ascertain such facts and to verify the accuracy of all such information and statements.

Each person receiving this Placement Document acknowledges that such person has neither relied on the Book Running Lead Manager nor on any of its shareholders, employees, counsels, officers, directors, representatives, agents or affiliates in connection with its investigation of the accuracy of such information or its investment decision, and each such person must rely on its own examination of our Company, its Subsidiaries and the merits and risks involved in investing in the Equity Shares. Any prospective investor should not construe anything in this Placement Document as legal, business, tax, accounting or investment advice.

No person is authorised to give any information or to make any representation not contained in this Placement Document and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of our Company or the Book Running Lead Manager. The delivery of this Placement Document at any time does not imply that the information contained in it is correct as at any time subsequent to its date.

The distribution of this Placement Document or the disclosure of its contents without the prior consent of our Company to any person, other than QIBs whose names are recorded by our Company prior to the invitation to subscribe to the Issue (in consultation with the Book Running Lead Manager or its representatives) and those retained by QIBs to advise them with respect to their purchase of the Equity Shares is unauthorized and prohibited. Each prospective investor, by accepting delivery of this Placement Document, agrees to observe the foregoing restrictions and to make no copies of this Placement Document or any documents referred to in this Placement Document.

The Equity Shares have not been and will not be registered under the U.S. Securities Act or the laws of any state of the United States, and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. The Equity Shares are being offered and sold only outside the United States in "offshore transactions" (as defined in Regulation S) in accordance with Regulation S and the applicable laws of the jurisdictions where those offers and sales occur. The Equity Shares are transferable only in accordance with the restrictions described in the sections titled "*Selling Restrictions"* and "*Transfer Restrictions*". Purchasers of the Equity Shares will be deemed to make the representations set forth in the sections titled "*Representations by Investors*" and "*Transfer Restrictions*".

The distribution of this Placement Document and the issue of the Equity Shares in certain jurisdictions may be restricted by law. As such, this Placement Document does not constitute, and may not be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. In particular, no action has been taken by our Company or the Book Running Lead Manager which would permit an Issue of the Equity Shares or distribution of this Placement Document in any jurisdiction, other than India. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Placement Document nor any Issue materials in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction that would require registration of the Equity Shares in such country or jurisdiction. See the sections titled "*Selling Restrictions"* and "*Transfer Restrictions*".

In making an investment decision, investors must rely on their own examination of our Company and the terms of the Issue, including the merits and risks involved. Investors should not construe the contents of this

Placement Document as legal, tax, accounting or investment advice. Investors should consult their own counsel and advisors as to investment, legal, tax, accounting and related matters concerning the Issue. In addition, neither our Company nor the Book Running Lead Manager is making any representation to any offeree or purchaser of the Equity Shares regarding the legality of an investment in the Equity Shares by such offeree or purchaser under applicable legal, investment or similar laws or regulations. Each purchaser of the Equity Shares is deemed to have acknowledged, represented and agreed that it is eligible to invest in India and in our Company under Chapter VIII of the ICDR Regulations and is not prohibited by SEBI or any other regulatory authority from buying, selling or dealing in securities. Each purchaser of the Equity Shares also acknowledges that it has been afforded an opportunity to request from our Company and review information pertaining to our Company and the Equity Shares.

Each subscriber of the Equity Shares in the Issue is deemed to have acknowledged, represented and agreed that it is eligible to invest in India and in our Company under Indian law, including Section 42 of the Companies Act 2013, read with Rule 14 of the PAS Rules, and Chapter VIII of the ICDR Regulations and that they are not prohibited by the SEBI or any other statutory authority from buying, selling or dealing in securities including the Equity Shares. The information on our Company's website or any website directly or indirectly linked to our Company's website i.e www.suprajit.com or the website of the Book Running Lead Manager or its affiliates, does not constitute or form part of this Placement Document. Prospective investors should not rely on the information contained in, or available through such websites. This Placement Document contains summaries of certain terms of certain documents, which summaries are qualified in their entirety by the terms and conditions of such documents.

REPRESENTATIONS BY INVESTORS

By Bidding for and/or subscribing to any Equity Shares offered in the Issue, you are deemed to have represented, warranted, acknowledged and agreed with/to the Company and the Book Running Lead Manager as follows:

1. you are an eligible QIB, as defined in Regulation 2(1)(zd) of the ICDR Regulations and not excluded pursuant to Regulation 86 of the ICDR Regulations, having a valid and existing registration under the applicable laws and regulations of India and undertake to acquire, hold, manage or dispose of any Equity Shares that are Allocated to you in accordance with Chapter VIII of the ICDR Regulations;

2. you undertake to comply with the ICDR Regulations, the Companies Act and all other applicable laws, including any reporting requirements prescribed under such laws;

3. if you are not a resident of India, you are an eligible QIB, and (i) you are an FPI including an FII (including a sub-account other than a sub-account which is a foreign corporate or a foreign individual) and (ii) have a valid and existing registration with SEBI under the applicable laws in India and (iii) or a multilateral or bilateral development financial institution or an FVCI. You are investing in this Issue under the portfolio investment scheme and will make all necessary filings with the appropriate regulatory authorities, as required, pursuant to applicable laws;

4. you are eligible to invest in India under applicable laws, including the FEMA Regulations, and any notifications, circulars or clarifications issued thereunder, and have not been prohibited by the SEBI or any other regulatory authority, from buying, selling or dealing in securities;

5. you will make all necessary filings with appropriate regulatory authorities, including the RBI, as maybe required under applicable laws;

6. you confirm that if you are Allotted the Equity Shares pursuant to the Issue, you shall not, for a period of one year from the date of Allotment, sell the Equity Shares so acquired except on a recognised stock exchange;

7. you are aware that the Equity Shares have not been and will not be offered and/or sold through a prospectus under the Companies Act, the ICDR Regulations or under any other law in force in India. Further, you are aware that this Placement Document has not been verified or affirmed by the RBI, the SEBI, the RoC, the Stock Exchanges or any other regulatory or statutory authority and is intended only for use by QIBs;

8. you are aware that this Placement Document has been filed with the Stock Exchanges for record purposes only and has been displayed on the websites of our Company and the Stock Exchanges. Further, you are aware that the Company is required to make the requisite filings in relation to the Issue with the RoC and the SEBI within the time periods prescribed under the Companies Act and the PAS Rules;

9. you have fully observed such laws and obtained all such governmental and other consents which may be required thereunder and complied with all necessary requirements;

10. you are aware that additional requirements are applicable to you if are any jurisdiction other than India. For details, see the section titled "*Selling Restrictions"* and *"Transfer Restrictions*". You are able to purchase the Equity Shares in compliance with the legal requirements described in the section titled *"Selling Restrictions"*.

11. you are entitled to acquire the Equity Shares under the laws of all relevant jurisdictions that apply to you and that you have all necessary capacity and have obtained all necessary consents and authorities to enable you to commit to this participation in the Issue and to perform your obligations in relation thereto (including, without limitation, in the case of any person on whose behalf you are acting, all necessary consents and authorities to agree to the terms set out or referred to in this Placement Document), and will honour such obligations;

12. you confirm that, either: (i) you have not participated in or attended any investor meetings or presentations by our Company or its agents ("**Company's Presentations**") with regard to our Company or the Issue; or (ii) if you have participated in or attended any Company's Presentations: (a) you understand and acknowledge that the Book Running Lead Manager may not have knowledge of any information, answers, materials, documents and statements that our Company or its agents may have made at such Company's Presentations and are therefore unable to determine whether the information provided to you at such Company's Presentations may have included any material misstatements or omissions, and, accordingly you acknowledge that the Book Running Lead Manager has advised you not to rely in any way on any information that was provided to you at such Company's Presentations, and (b) confirm that you have not been provided any material information that was not publicly available;

13. neither our Company nor the Book Running Lead Manager nor any of its shareholders, directors, officers, employees, counsels, representatives, agents or affiliates is making any recommendations to you or advising you regarding the suitability of an investment in the Equity Shares offered in the Issue and that participation in the Issue is on the basis that you are not and will not, up to the Allotment, be a client of the Book Running Lead Manager and that the Book Running Lead Manager or any of its shareholders, employees, counsels, officers, directors, representatives, agents or affiliates have no duties or responsibilities to you for providing the protection afforded to their clients or for providing advice in relation to the Issue and are in no way acting in a fiduciary capacity to you;

14. you are aware that our Company is required to disclose details such as your name, address and the number of Equity Shares Allotted to you to the RoC and the SEBI in accordance with applicable laws, and you consent to such disclosures. Further, if you are one of the top ten shareholders of our Company, our Company will be required to make a filing with the RoC within 15 days of the Allotment as per Section 93 of the Companies Act, 2013;

15. you are aware that if you are Allotted more than 5% of the Equity Shares in the Issue, our Company shall be required to disclose your name and the number of Equity Shares Allotted to you to the Stock Exchange, and they will make the same available on their websites and you consent to such disclosures;

16. you understand that all statements other than statements of historical fact included in this Placement Document, including, without limitation, those regarding our Company's financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to our Company's business), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our Company's present and future business strategies and environment in which our Company will operate in the future. Thus, you understand that you should not place undue reliance on forward-looking statements, which speak only as of the date of this Placement Document. You understand and acknowledge that the Company and the Book Running Lead Manager assume no responsibility to update any of the forward-looking statements contained in this Placement Document;

17. you have been provided a serially numbered copy of this Placement Document and have read this Placement Document in its entirety, including, in particular, the sections titled "*Risk Factors*" and *"Forward-Looking Statements"*;

18. you are aware and understand that the Equity Shares are being offered only to QIBs and are not being offered to the general public and the Allotment of the same shall be on a discretionary basis;

19. that in making your investment decision, (i) you have relied on your own examination of our Company, its Subsidiaries and the terms of the Issue, including the merits and risks involved, (ii) you have consulted your own independent advisors or otherwise have satisfied yourself concerning without limitation, the effects of local laws and taxation matters, (iii) you have relied solely on the information contained in this Placement Document, which has been independently prepared and provided solely by our Company, and no other disclosure or representation by our Company or any other party; (iv) you have received all information that you believe is necessary or appropriate in order to make an

investment decision in respect of the Equity Shares; (v) you have made your own assessment of us, the Equity Shares and the terms of the Issue; and (vi) you have relied upon your own investigation and resources in deciding to invest in this Issue;

20. you are a sophisticated investor and have such knowledge and experience in financial investment and business matters as to be capable of evaluating the merits and risks of the investment in the Equity Shares. You and any accounts for which you are subscribing the Equity Shares (i) are each able to bear the economic risk of the investment in the Equity Shares; (ii) will not look to our Company and/or the Book Running Lead Manager or any of their respective shareholders, employees, counsel, officers, directors, representatives, agents or affiliates for all or part of any such loss or losses that may be suffered; (iii) are able to sustain a complete loss on the investment in the Equity Shares; (iv) you have sufficient knowledge, sophistication and experience in financial and business matters so as to be capable of evaluating the merits and risk of the purchase of the Equity Shares; (v) have no need for liquidity with respect to the investment in the Equity Shares, and (vi) have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by you or them of all or any part of the Equity Shares. You seek to purchase the Equity Shares in the Issue for your investment purposes and not with a view for resale or distribution;

21. you understand that our Company or the Book Running Lead Manager or any of its shareholders, directors, officers, employees, counsels, representatives, agents or affiliates have not provided you with any tax advice or otherwise made any representations regarding the tax consequences of subscription, ownership or disposal of the Equity Shares (including but not limited to the Issue and the use of the proceeds from the Equity Shares). You will obtain your own independent tax advice and will not rely on the Book Running Lead Manager or any of its shareholders, employees, counsels, officers, directors, representatives, agents or affiliates or our Company when evaluating the tax consequences in relation to the Equity Shares (including but not limited to the Issue and the use of the proceeds from the Issue). You waive and agree not to assert any claim against the Book Running Lead Manager or any of their shareholders, employees, counsels, officers, directors, representatives, agents or affiliates or our Company with respect to the tax aspects of the Equity Shares or as a result of any tax audits by tax authorities, wherever situated;

22. that where you are acquiring the Equity Shares for one or more managed accounts, you represent and warrant that you are authorised in writing by each such managed account to acquire the Equity Shares for each managed account and to make (and you hereby make) the representations, acknowledgements and agreements herein for and on behalf of each such account, reading the reference to "you" to include such accounts;

23. you are not a 'promoter' (as defined under the ICDR Regulations) of the Company or a person related to any 'promoter', either directly or indirectly, and your Application does not directly or indirectly represent the Promoter(s) or Promoter Group or group companies of the Promoter(s) of our Company;

24. you have no rights under any shareholders' agreement or voting agreement with the 'promoter' (as defined under the ICDR Regulations) or a person related to any 'promoter', nor any veto right or right to appoint any nominee director on the Board of Directors other than the rights you may have acquired in the capacity of a lender, and where such acquisition has not and will not result in you being deemed to be a 'promoter', a person related to the Promoter(s) or Promoter Group or group companies of the Promoter(s) of our Company;

25. you are aware, understand and agree that you have no right to withdraw your Application after the Bid/Issue Closing Date;

26. you are eligible, including without limitation under applicable law, to apply for and hold the Equity Shares so Allotted and together with any securities of our Company held by you prior to the Issue. You further confirm that your aggregate holding in our Company upon the issue and Allotment shall not exceed the level permissible as per any applicable laws;

27. that the Application Form submitted by you would not at any stage result, directly or indirectly, in triggering any requirement to make a public announcement to acquire Equity Shares in accordance with the Takeover Regulations;

28. to the best of your knowledge and belief, your aggregate holding together with other Allottees belonging to the same group or are under common control as you, pursuant to the Allotment shall not exceed 50% of the Issue Size. For the purposes of this representation:

- the expression 'belonging to the same group' shall have the same meaning as derived from sub-section (11) of Section 372 of the Companies Act, 1956; and
- 'control' shall have the same meaning as is assigned to it by clause 1(e) of Regulation 2 of the Takeover Regulations.

29. you understand that the Equity Shares will, when issued, be credited as fully paid and will rank *pari passu* in all respects with the existing Equity Shares including the right to receive all dividends and other distributions declared, made or paid in respect of the Equity Shares after the date of issue of the Equity Shares;

30. you are aware that (i) applications for in-principle approval, in terms of Regulation 28(1) of the Listing Regulations, for listing and admission of the Equity Shares and for trading on the Stock Exchanges, were made and such approval has been received from the Stock Exchanges, and (ii) the application for the final listing and trading approval will be made only after Allotment. Our Company shall not be responsible for any delay or non-receipt of such final approvals or any loss arising from such delay or non-receipt;

31. you shall not undertake any trade in the Equity Shares credited to your beneficiary account until such time that the final listing and trading approval for the Equity Shares are issued by the Stock Exchanges;

32. you are aware and understand that the Book Running Lead Manager has entered into the Placement Agreement with our Company whereby the Book Running Lead Manager has, subject to the satisfaction of certain conditions set out therein, undertaken to use its reasonable endeavours to seek to procure subscription for the Equity Shares on the terms and conditions set forth therein;

33. you understand that the contents of this Placement Document are exclusively the responsibility of our Company and that neither the Book Running Lead Manager nor any person acting on its behalf has or shall have any liability for any information, representation or statement contained in this Placement Document or any information previously published by or on behalf of our Company and will not be liable for your decision to participate in the Issue based on any information, representation or statement contained in this Placement Document or otherwise. By participating in the Issue, you agree to the same and confirm that the only information you are entitled to rely on, and on which you have relied in committing yourself to acquire the Equity Shares is contained in this Placement Document, such information being all that you deem necessary to make an investment decision in respect of the Equity Shares and you have neither received nor relied on any other information, representation, warranty or statement made by or on behalf of the Book Running Lead Manager or our Company or any other person and neither the Book Running Lead Manager nor our Company nor any other person will be liable for your decision to participate in the Issue based on any other information, representation, warranty or statement that you may have obtained or received;

34. you understand that the Book Running Lead Manager does not have any obligation to purchase or acquire all or any part of the Equity Shares purchased by you in the Issue or to support any losses directly or indirectly sustained or incurred by you for any reason whatsoever in connection with the Issue, including non-performance by us of any of our respective obligations or any breach of any representations or warranties by us, whether to you or otherwise;

35. any dispute arising in connection with the Issue will be governed by and construed in accordance with the laws of the Republic of India and the courts at Bengaluru, India, India shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Issue;

36. that each of the representations, warranties, acknowledgements and agreements set forth above shall continue to be true and accurate at all times up to and including the Allotment, listing and trading of the Equity Shares in the Issue;

37. you agree to indemnify and hold our Company and the Book Running Lead Manager harmless from

any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, undertakings, and agreements in this section. You agree that the indemnity set forth in this section shall survive the resale of the Equity Shares by or on behalf of the managed accounts;

38. you understand that our Company, the Book Running Lead Manager, its respective affiliates and others will rely on the truth and accuracy of the foregoing representations, agreements, warranties, acknowledgements and undertakings, which are given to the Book Running Lead Manager on its own behalf and on behalf of our Company and are irrevocable and it is agreed that if any of such representations, warranties, acknowledgements and undertakings are no longer accurate, you will promptly notify our Company and the Book Running Lead Manager; and

39. you have made, or been deemed to have made, as applicable, the representations set forth in this section, namely "*Representations By Investors*".

OFFSHORE DERIVATIVE INSTRUMENTS

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 22 of the FPI Regulations, FPIs (other than Category III FPIs, as defined in the FPI Regulations, and unregulated broad based funds, which are classified as Category II FPIs (as defined in the FPI Regulations) by virtue of their investment manager being appropriately regulated unless such FPIs have entered into an offshore derivative instrument with an FII prior to January 7, 2014 or were registered as clients of an FII prior to January 7, 2014), including the affiliates of the Book Running Lead Manager, may issue or otherwise deal in offshore derivative instruments such as participatory notes, equity-linked notes or any other similar instruments against underlying securities, listed or proposed to be listed on any recognized stock exchange in India, such as the Equity Shares (all such offshore derivative instruments are referred to herein as **"P-Notes"**), for which they may receive compensation from the purchasers of such instruments. P-Notes may be issued only in favor of those entities which are regulated by any appropriate foreign regulatory authorities in the countries of their incorporation or establishment subject to compliance with "know your client" requirements. An FPI shall also ensure that further issue or transfer of any P-Note issued by or on behalf of it, is made only to persons who are regulated by appropriate foreign regulatory authorities. P-Notes have not been and are not being offered or sold pursuant to this Placement Document. This Placement Document does not contain any information concerning P-Notes, including, without limitation, any information regarding any risk factors relating thereto.

In terms of the FPI Regulations, the issue of equity shares to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) is not permitted to be 10% or above of the total issued capital of a company. As per the circular issued by SEBI on November 24, 2014, these investment restrictions shall also apply to subscribers of offshore derivative instruments. Two or more subscribers of offshore derivative instruments having a common beneficial owner shall be considered together as a single subscriber of the offshore derivative instruments. In the event an investor has investments as a FPI and as a subscriber of offshore derivative instruments, these investment restrictions shall apply on the aggregate of the FPI and offshore derivative instruments investments held in the underlying company.

Any P-Notes that may be issued are not securities of our Company and do not constitute any obligation of, claims on or interests in our Company. Our Company has not participated in any offer of any P-Notes, or in the establishment of the terms of any P-Notes, or in the preparation of any disclosure related to the P-Notes. Any P-Notes that may be offered are issued by, and are the sole obligations of, third parties that are unrelated to our Company. Our Company and the Book Running Lead Manager does not make any recommendation as to any investment in P-Notes and does not accept any responsibility whatsoever in connection with the P-Notes. Any P-Notes that may be issued are not securities of the Book Running Lead Manager and do not constitute any obligations of or claims on the Book Running Lead Manager. FII of FPI affiliates of the Book Running Lead Manager may purchase, the Equity Shares to the extent permissible under law and may issue P-Notes in respect thereof.

Prospective investors interested in purchasing any P-Notes have the responsibility to obtain adequate disclosures as to the issuers of such P-Notes and the terms and conditions of any such P-Notes. Neither the SEBI nor any other regulatory authority has reviewed or approved any P-Notes or any disclosure related thereto. Prospective investors are urged to consult their own financial, legal, accounting and tax advisors regarding any contemplated investment in P-Notes, including whether P-Notes are issued in compliance with applicable laws and regulations.

DISCLAIMER CLAUSE OF THE STOCK EXCHANGES

As required, a copy of this Placement Document has been submitted to the Stock Exchanges. The Stock Exchanges do not in any manner:

1. warrant, certify or endorse the correctness or completeness of any of the contents of this Placement Document; or

2. warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges; or

3. take any responsibility for the financial or other soundness of the Company, its Promoters, its management or any scheme or project of the Company;

and it should not for any reason be deemed or construed to mean that this Placement Document has been cleared or approved by the Stock Exchanges. Every person who desires to apply for or otherwise acquire any Equity Shares may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the Stock Exchanges whatsoever, by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition, whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

DISCLOSURE REQUIREMENTS UNDER THE COMPANIES ACT

The table below sets out the disclosure requirements as provided in Form PAS-4 under the PAS Rules and the relevant pages in this Placement Document where these disclosures, to the extent applicable, have been provided.

#	Disclosure Requirement	Relevant Page of This Document
1.	**GENERAL INFORMATION**	
a.	Name, address, website and other contact details of the company indicating both registered office and corporate office;	Cover Page
b.	Date of incorporation of the company;	61
c.	Business carried on by the company and its subsidiaries with the details of branches or units, if any;	61 - 81
d.	Brief particulars of the management of the company;	123 - 127
e.	Names, addresses, DIN and occupations of the directors;	123 - 124
f.	Management's perception of risk factors;	23 - 43
g.	Details of default, if any, including therein the amount involved, duration of default and present status, in repayment of –	
(i)	statutory dues;	141
(ii)	debentures and interest thereon;	141
(iii)	deposits and interest thereon;	141
(iv)	loan from any bank or financial institution and interest thereon.	141
h.	Names, designation, address and phone number, email ID of the nodal / compliance officer of the company, if any, for the private placement offer process;	162
2.	**PARTICULARS OF THE OFFER**	
a.	Date of passing of board resolution;	159
b.	Date of passing of resolution in the general meeting, authorizing the offer of securities;	159
c.	Kinds of securities offered (i.e. whether share or debenture) and class of security;	159
d.	Price at which the security is being offered including the premium, if any, along with justification of the price;	159
e.	Name and address of the valuer who performed valuation of the security offered;	*Not Applicable*
f.	Amount which the company intends to raise by way of securities;	59
g.	Terms of raising of securities:	
(i)	Duration, if applicable;	*Not Applicable*
(ii)	Rate of dividend; or	*Not Applicable*
(iii)	Rate of interest;	*Not Applicable*
(iv)	Mode of payment; and	*Not Applicable*
(v)	Repayment;	*Not Applicable*
h.	Proposed time schedule for which the offer letter is valid;	59
i.	Purposes and objects of the offer;	60
j.	Contribution being made by the promoters or directors either as part of the offer or separately in furtherance of such objects;	60
k.	Principle terms of assets charged as security, if applicable;	*Not Applicable*
3.	**DISCLOSURES WITH REGARD TO INTEREST OF DIRECTORS, LITIGATION ETC.**	
i.	Any financial or other material interest of the directors, promoters or key managerial personnel in the offer and the effect of such interest in so far as it is different from the interests of other persons.	60
ii.	Details of any litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against any promoter of the offeree company during the last three years immediately preceding the year of the circulation of the offer letter and any direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action shall be disclosed.	141
iii.	Remuneration of directors (during the current year and last three financial years).	125
iv.	Related party transactions entered during the last three financial years immediately preceding the year of circulation of offer letter including with regard to loans made or, guarantees given or securities provided.	95
v.	Summary of reservations or qualifications or adverse remarks of auditors in the last five financial years immediately preceding the year of circulation of offer letter and of their impact on the financial statements and financial position of the company and the corrective steps taken and proposed to be taken by the company for each of the said	141

#	Disclosure Requirement	Relevant Page of This Document
	reservations or qualifications or adverse remark.	
vi.	Details of any inquiry, inspections or investigations initiated or conducted under the Companies Act, 2013 or any previous company law in the last three years immediately preceding the year of circulation of offer letter in the case of company and all of its subsidiaries. Also if there were any prosecutions filed (whether pending or not) fines imposed, compounding of offences in the last three years immediately preceding the year of the offer letter and if so, section- wise details thereof for the company and all of its subsidiaries.	141
vii.	Details of acts of material frauds committed against the company in the last three years, if any, and if so, the action taken by the company.	141
4.	**FINANCIAL POSITION OF THE COMPANY**	
a.	the capital structure of the company in the following manner in a tabular form-	
(i)(a)	the authorized, issued, subscribed and paid up capital (number of securities, description and aggregate nominal value);	83
(b)	size of the present offer;	83
(c)	paid up capital: (A) after the offer; (B) after conversion of convertible instruments (if applicable).	83
(d)	share premium account (before and after the offer).	83
(ii)	the details of the existing share capital of the issuer company in a tabular form, indicating therein with regard to each allotment, the date of allotment, the number of shares allotted, the face value of the shares allotted, the price and the form of consideration.	83
	Provided that the issuer company shall also disclose the number and price at which each of the allotments were made in the last one year preceding the date of the offer letter separately indicating the allotments made for considerations other than cash and the details of the consideration in each case.	83
b.	Profits of the company, before and after making provision for tax, for the three financial years immediately preceding the date of circulation of offer letter.	96
c.	Dividends declared by the company in respect of the said three financial years; interest coverage ratio for last three years (Cash profit after tax plus interest paid/interest paid).	93
d.	A summary of the financial position of the company as in the three audited balance sheets immediately preceding the date of circulation of offer letter.	96
e.	Audited Cash Flow Statement for the three years immediately preceding the date of circulation of offer letter.	96
f.	Any change in accounting policies during the last three years and their effect on the profits and the reserves of the company.	117
5.	**A DECLARATION BY THE DIRECTORS THAT**	
a.	the company has complied with the provisions of the Act and the rules made thereunder.	161
b.	the compliance with the Act and the rules does not imply that payment of dividend or interest or repayment of debentures, if applicable, is guaranteed by the Central Government.	161
c.	the monies received under the offer shall be used only for the purposes and objects indicated in the Offer letter.	161

PRESENTATION OF FINANCIAL, INDUSTRY, MARKET AND OTHER DATA

Certain Conventions

In this Placement Document, unless otherwise specified or the context otherwise indicates or implies, references to "you", "your", "offeree", "purchaser", "subscriber", "recipient", "investors", "prospective investors" and "potential investor" are to the prospective investors of Equity Shares in the Issue and references to the "Issuer", "our Company" or "Suprajit", are to the Suprajit Engineering Limited, and references to "we", "us", or "our", or similar terms are to Suprajit Engineering Limited and its Subsidiaries unless the context otherwise requires.

References in this Placement Document to "India" are to the Republic of India and its territories and possessions and the "Government" or the "central government" or the "state government" are to the Government of India, central or state, as applicable. References to the singular also refer to the plural and one gender also refers to any other gender, wherever applicable.

Financial and Other Information

The audited consolidated financial statements of the Company for the Fiscals 2015, 2014 and 2013 (collectively, the "**Audited Consolidated Financial Statements**") and the audited standalone financial statements of the Company for the Fiscals 2015, 2014 and 2013 (collectively, the "**Audited Standalone Financial Statements**", and together with the Audited Consolidated Financial Statements, the "**Audited Financial Statements**"), have been included in this Placement Document. See *"Financial Statements"*.

Pursuant to a meeting of its Board on November 9, 2015, our Company has adopted and filed with the Stock Exchanges, the unaudited standalone financial results for the quarter and six-months ended September 30, 2015 in accordance with the provisions of clause 41 the erstwhile Equity Listing Agreement (the "**SEL's Unaudited Standalone September Financial Results**"). Further, pursuant to a meeting of its Board on February 9, 2016, our Company has adopted and filed with the Stock Exchanges, the unaudited standalone financial results for the quarter and nine-months ended December 31, 2015 in accordance with the provisions of the Listing Regulations (the "**SEL's Unaudited Standalone December Financial Results**", collectively with the SEL's Unaudited Standalone September Financial Results, "**SEL's Unaudited Standalone Interim Financial Results**". SEL's Unaudited Standalone Interim Financial Results, together with the Audited Financial Statements, are referred to hereinafter as the "**Financial Statements**"). The Auditors have conducted a limited review of the SEL's Unaudited Standalone Interim Financial Results and have also been included in this Placement Document. For further information, please refer to SEL's Unaudited Standalone Interim Financial Results included in the section titled "*Financial Statements*" in this Placement Document. SEL's Unaudited Standalone Interim Financial Results are presented in a form specified under the requirements of the erstwhile Equity Listing Agreement and the Listing Regulations, as applicable, and are not comparable to the presentation of our Audited Financial Statements, included elsewhere in this Placement Document. Accordingly, investors are cautioned against placing undue reliance on the SEL's Unaudited Standalone Interim Financial Results for their investment decision.

Our Company has prepared its Financial Statements in Rupees in accordance with Indian GAAP, the Companies Act and the guidelines issued by the RBI, as applicable and have been audited or reviewed, as applicable, by the Auditors in accordance with the applicable generally accepted auditing standards in India prescribed by the ICAI. The Financial Statements prepared in accordance with Indian GAAP differ in certain important aspects from U.S. GAAP and other accounting principles with which prospective investors may be familiar in other countries. We have not attempted to quantify the impact of U.S. GAAP on the financial data included in this Placement Document, nor do we provide a reconciliation of our Financial Statements to those of U.S. GAAP. Accordingly, the degree to which the Financial Statements prepared in accordance with Indian GAAP included in this Placement Document will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian GAAP. Any reliance by persons not familiar with Indian GAAP on the financial disclosures presented in this Placement Document should accordingly be limited. In this Placement Document, references to "US$" and "U.S. dollars" are to the legal currency of the United States and references to, "Rs." and "Rupees" are to the legal currency of India.

The financial information relating to our Company herein have been converted from crores, lakhs or thousands, as the case may be, into millions and shown to the nearest two decimal places. References to "lakhs" and "crores" in this Placement Document are to the following:

- one lakh represents 100,000 (one hundred thousand); and
- one crore represents 10,000,000 (ten million).

In this Placement Document, certain monetary thresholds have been subjected to rounding adjustments; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

The fiscal year of our Company commences on April 1 of each calendar year and ends on March 31 of the succeeding calendar year. Unless otherwise stated, references in this Placement Document to a particular year are to the calendar year ended on December 31, and to a particular "fiscal year" or "financial year" are to the 12 months ended on March 31.

Industry and Market Data

Information regarding market position, growth rates, other industry data and certain industry forecasts pertaining to the businesses of our Company contained in this Placement Document consists of estimates based on data reports compiled by government bodies, data reports compiled by professional organisations and analysts, data from other external sources and knowledge of the markets in which we compete. Unless stated otherwise, the statistical information included in this Placement Document relating to the industry in which we operate has been reproduced from various trade, industry and government publications and websites. This data is subject to change and cannot be verified with certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey. Neither our Company nor the Book Running Lead Manager has independently verified this data and do not make any representation regarding accuracy or completeness of such data. Our Company takes responsibility for accurately reproducing such information but accept no further responsibility in respect of such information and data. In many cases, there is no readily available external information (whether from trade or industry associations, government bodies or other organizations) to validate market-related analyses and estimates, so our Company has relied on internally developed estimates.

The information and publications used to prepare the Industry section in this Placement Document is based on information as of a specific date and may no longer be current or reflect current trends. Finally, the sources and publications used to prepare this information may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Accordingly, investors should not place undue reliance on, or base their investment decision on, any such information included in this Placement Document.

The extent to which the market and industry data used in this Placement Document is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data.

Exchange Rate Information

Fluctuations in the exchange rate between the Rupee and foreign currency will affect the foreign currency equivalent of the Rupee price of the Equity Shares on the Stock Exchanges. These fluctuations will also affect the conversion into foreign currency of any cash dividends paid in Rupees on the Equity Shares.

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Rupee and the U.S. dollar (in Rupees per U.S. dollar), for the periods indicated.

(Rs. per US$)

Period	Period End	Average*	High*	Low*
Fiscal				
2015	62.59	61.15	63.75	58.43
2014	60.10	60.50	68.36	53.74
2013	54.39	54.45	57.22	50.56
Month Ended				
January 31, 2016	67.88	67.25	68.09	66.18
December 31, 2015	66.33	66.60	67.04	66.13
November 30, 2015	66.81	66.12	66.81	65.45
October 31, 2015	65.22	65.06	65.55	64.73

Period	Period End	Average*	High*	Low*
September 30, 2015	65.74	66.22	66.74	65.63
August 31, 2015	66.31	65.07	66.71	63.76

Source: www.rbi.org.in
**Note: High, low and average are based on the RBI reference rates*

The exchange rate on February 18, 2016 was Rs. 68.49 per US$ 1.

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Rupee and the Euro (in Rupees per Euro 1), for the periods indicated.

(Rs. per Euro 1)

Period	Period End	Average*	High*	Low*
Fiscal				
2015	67.51	77.47	84.52	65.94
2014	82.58	81.14	91.47	69.59
2013	69.54	70.07	73.13	67.01
Month Ended				
January 31, 2016	74.07	73.08	74.48	71.70
December 31, 2015	72.50	72.46	73.93	70.44
November 30, 2015	70.68	71.09	72.22	70.35
October 31, 2015	71.67	73.06	74.50	71.25
September 30, 2015	73.80	74.39	75.32	73.26
August 31, 2015	74.50	72.51	77.11	69.31

Source: www.rbi.org.in
**Note: High, low and average are based on the RBI reference rates*

The exchange rate on February 18, 2016 was Rs. 76.32 per Euro 1.

FORWARD-LOOKING STATEMENTS

All statements contained in this Placement Document that are not statements of historical fact constitute 'forward-looking statements'. Investors can generally identify forward-looking statements by terminology such as 'aim', 'anticipate', 'are likely' 'believe', 'continue', 'can', 'could', 'estimate', 'expect', 'expected to', 'intend', 'is likely', 'may', 'objective', 'plan', 'potential', 'project', 'pursue', 'shall', 'should', 'will', 'will achieve', 'will continue', 'will likely result', 'would', or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of our Company are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements.

All statements regarding our Company's expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our Company's business strategy, planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Placement Document that are not historical facts. These forward-looking statements contained in this Placement Document (whether made by our Company or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about our Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause the actual results, performances and achievements of our Company to be materially different from any of the forward-looking statements include, among others:

- dependence on a limited number of clients, and a loss of or significant decrease in business from them;
- fluctuation in the prices of raw materials;
- slowdown in end-user industries;
- failure in implementing our strategies;
- difficulty in integrating and managing strategic investments and alliances, acquisitions and mergers in the future;
- inability to accurately forecast demand for our products and plan production schedules in advance;
- volatility in the cost and availability of raw materials;
- interruptions at our manufacturing facilities;
- general, political, social and economic conditions in India and elsewhere;
- inability to attract or retain senior management and key managerial personnel;
- exchange rate fluctuation;
- changing laws, rules, regulations, Government policies and legal uncertainties; and
- slowdown in economic growth in India or the other countries in which we operate.

Additional factors that could cause actual results, performance or achievements of our Company to differ materially include, but are not limited to, those discussed under the sections titled "*Risk Factors*", "*Industry Overview*", "*Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*". By their nature, market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains, losses or impact or net interest income and net income could materially differ from those that have been estimated, expressed or implied by such forward-looking statements or other projections. The forward-looking statements contained in this Placement Document are based on the beliefs of the management, as well as the assumptions made by, and information currently available to, the management of our Company. Although our Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of the date of this Placement Document or the respective dates indicated in this Placement Document, and our Company undertakes no obligation to update or revise any of them, whether as a result of new information, future events or otherwise. If any of these risks and uncertainties materialize, or if any of our Company's underlying assumptions prove to be incorrect, the actual results of operations or financial condition of our Company could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements.

ENFORCEMENT OF CIVIL LIABILITIES

Our Company is a limited liability public company incorporated under the laws of India. The majority of our Company's Directors and key managerial personnel are residents of India and all or a substantial portion of the assets of our Company and such persons are located in India. As a result, it may not be possible for investors to affect service of process upon our Company or such persons in India, or to enforce judgments obtained against such parties in courts outside of India.

Recognition and enforcement of foreign judgments are provided for under Section 13 and Section 44A of the Civil Code on a statutory basis. Section 13 of the Civil Code provides that foreign judgments shall be conclusive as to any matter thereby directly adjudicated upon between the same parties or between parties under whom they or any of them claim litigating under the same title except where:

(a) the judgement has not been pronounced by a court of competent jurisdiction;
(b) the judgement has not been given on the merits of the case;
(c) it appears on the face of the proceedings to be founded on an incorrect view of international law or a refusal to recognise the law of India in cases in which such law is applicable;
(d) the proceedings in which the judgment was obtained are opposed to natural justice;
(e) the judgement has been obtained by fraud; and
(f) the judgement sustains a claim founded on a breach of any law in force in India.

Under the Civil Code, a court in India shall presume, upon the production of any document purporting to be a certified copy of a foreign judgment, that such judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on the record; but such presumption may be displaced by proving want of jurisdiction.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. However, Section 44A of the Civil Code provides that where a foreign judgment has been rendered by a superior court, within the meaning of that Section, in any country or territory outside India which the Government has by notification declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44A of the Civil Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty and does not include arbitration awards.

The United Kingdom, Singapore and Hong Kong, amongst others have been declared by the Government to be a "reciprocating territory" for the purposes of Section 44A of the Civil Code, but the United States of America has not been so declared. A judgment of a court of a country which is not a reciprocating territory may be enforced only by a fresh suit upon the judgment and not by proceedings in execution. Such a suit has to be filed in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. A judgment of a superior court of a country which is a reciprocating territory may be enforced by proceedings in execution, and a judgment not of a superior court, by a fresh suit resulting in a judgment or order. The latter suit has to be filed in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action were to be brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if that court was of the view that the amount of damages awarded was excessive or inconsistent with public policy, and is uncertain whether an Indian court would enforce foreign judgments that would contravene or violate Indian law. Further, any judgment or award in a foreign currency would be converted into Rupees on the date of such judgment or award and not on the date of payment. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered, and any such amount may be subject to income tax in accordance with applicable laws. Our Company cannot predict whether a suit brought in an Indian court will be disposed of in a timely manner or be subject to considerable delays.

RISK FACTORS

This offering and an investment in Equity Shares involve a high degree of risk. This section describes the risks that we currently believe may materially affect our business and operations. You should carefully consider the following, in addition to any forward-looking statements and the cautionary statements in this Placement Document and the other information contained in this Placement Document, before making any investment decision relating to the Equity Shares. Prospective investors should read this section in conjunction with the sections 'Business', 'Industry Overview' and 'Management's Discussion and Analysis of Financial Condition and Results of Operations' as well as other financial and statistical information contained in this Placement Document. Prospective investors should carefully consider the risks and uncertainties described below, in addition to the other information contained in this Placement Document before making any investment decision relating to our Equity Shares. The occurrence of any of the following events, or the occurrence of other risks that are not currently known or are now deemed immaterial, could cause our business, results of operations, cash flows, financial condition and prospects to suffer and could cause the market price of our Equity Shares to decline or fall significantly and you may lose all or part of your investment.

The risks described below are not the only ones relevant to us or the Equity Shares. Additional risks that may be unknown to us and some risks that we do not currently believe to be material could subsequently turn out to be material. Although we seek to mitigate or minimize these risks, one or more of a combination of these risks could materially and adversely impact our business, financial condition and results of operations. Investors should pay particular attention to the fact that our Company is an Indian company and is subject to a legal and regulatory regime which in some respects may be different from that applicable in other countries. Investors should consult tax, financial and legal advisors about the particular consequences of an investment in the Issue.

Unless otherwise indicated, all financial information included in this section has been derived from our Audited Consolidated Financial Statements for the Fiscals 2013, 2014 and 2015, and the Unaudited Standalone Interim Financial Information for the quarter and nine-months ended December 31, 2015, included elsewhere in this Placement Document.

Risks relating to our Business Operations

Our business is dependent on our manufacturing facilities, and the loss or shutdown of operations at any of our manufacturing facilities may have a material adverse effect on our business, financial condition, results of operations and cash flows.

Our manufacturing facilities and product development centers are subject to operating risks, such as (i) the risk of substantial disruption or shutdown due to breakdowns or failure of equipment, natural disasters, storms, fires, explosions, earthquakes, floods and other catastrophic events, which could cause power interruptions and water shortages, actual, potential or suspected epidemic outbreaks, terrorist attacks and wars, labor disputes, strikes, lock-outs, loss of services of our external contractors, and industrial accidents, (ii) performance below expected levels of output or efficiency, and (iii) obsolescence. Our manufacturing facilities are also subject to operating risk arising from any failure to comply with the directives of relevant government authorities or any changes in governmental regulations affecting our business and our facilities, such as any change in the zoning of the land on which our manufacturing facilities are located into a residential or other non-industrial use, which could lead to a loss of licenses, certifications, permits and the ability to continue operating our current manufacturing facilities. Furthermore, because a number of our manufacturing facilities are located in Bengaluru, the risk of substantial disruption or shutdown of multiple facilities due to a single significant natural calamity or other catastrophic event is more pronounced. Our facilities and equipment would be difficult and costly to replace on a timely basis. Moreover, catastrophic events could also destroy any inventory located at our facilities. If there is any prolonged disruption or shutdown of operations at our manufacturing facilities, we may not be able to replace the equipment or inventories, or use different facilities to continue our operations in a timely and cost-effective manner or at all. We may not be able to recover from damages or interruptions caused to our manufacturing facilities in a timely manner or at all. Further, our manufacturing facilities contain both locally procured and imported machinery and equipment. Any non-availability and/or delay of spare parts or skilled personnel to maintain aforesaid machinery and equipment could result in disruptions to our production processes. Further, as part of our strategic expansion, we have recently acquired Phoenix, an entity that is engaged in the manufacture of products that are distinct from the mechanical cables that we have developed an expertise in producing. As such, we may not be aware of all the intrinsic and extrinsic risks associated with Phoenix's manufacturing facilities. The occurrence of any such event could result in the temporary or long-term

closure of any of our manufacturing facilities, severely disrupt our business operations and materially and adversely affect our business, results of operations, financial condition and cash flows.

Our continued success depends on our ability to offer quality products on a timely basis and at competitive prices, which meet technological advances, satisfy changing customer demands and achieve market acceptance.

The quality, supply stability and timely delivery of our products at competitive prices are essential to customer satisfaction and retention. Unanticipated delays or cost overruns in developing new products, failure to launch a new product or failure in utilize our production capacities to meet customer requirements could materially and adversely impact our results of operations and financial condition. The capital investment in plant and machinery, in addition to product development costs, associated with the development of new products may result in higher levels of depreciation and amortization, and may have an adverse impact on the profitability of the Company.

In addition, our customers' industries are characterized by technological advances, evolving industry standards, changing customer preferences and the constant introduction of new products. Our future success will depend in part on our ability to develop and introduce new products that keep pace with changes in these standards and preferences, our ability to enhance our existing range of products, and our ability to achieve market acceptance. There can be no assurance that we will be successful in developing new products or incorporating evolving technologies into our products on a timely or cost-effective basis or at all, or if these products, services and solutions will be developed by us at our own product development facilities, or that we will be successful in marketing and selling them and achieving market acceptance for such products.

We rely on our raw material suppliers for our business, which exposes us to risks associated with volatility or fluctuations in prices of raw materials, and reductions in the availability of raw material supplies could materially disrupt our operations and financial position.

Production of our cables requires substantial amounts of raw materials, including steel wire, inner wire, bend tube assembly and PVC compound. These raw materials have historically been available from a number of independent suppliers, although we cannot assure you that this will continue to be the case in the future. Pricing volatility for raw materials or commodities or an increase in the price of key raw materials could result in increased costs and may significantly affect our financial condition, results of operations and cash flows.

In the recent past, India has experienced fluctuating wholesale price inflation as compared to historical levels due to the global economic downturn. An increase in inflation in India could cause a rise in the price of raw materials and wages, or any other expenses that we incur. If this trend continues, we may be unable to accurately estimate or control our costs of production and this could have an adverse effect on our business and results of operations. While we continue to pursue global sourcing and cost-reduction initiatives, any further increase in the prices of raw materials, to the extent that such increases cannot be passed on to our customers through vehicle price increases, could severely impact demand and affect our financial condition.

We may be adversely affected by fluctuations in the price of any of the aforesaid or other raw materials that have been subject to historical periods of rapid and significant price movements. Price volatility for steel, zinc, various plastics and other raw materials contributes to a difficulty in managing the costs of raw materials. Increasing costs for raw material supplies will increase our production costs and affect our margins if we are unable to pass the higher production costs on to our customers in the form of price increases. A reduction in, or lack of availability of, raw materials or interruptions in the supply chain could also impact our profitability to the extent we are required to pay higher prices for, or are unable to secure adequate supplies of, the necessary raw materials. If we are unable to manage price volatility of raw materials or are unable to obtain adequate supplies of raw materials in a timely manner or at prices that we can pass on to our customers, our business could be interrupted and our results of operations and cash flows could be materially and adversely affected. Furthermore, the ability of suppliers to deliver raw materials in a timely manner and in sufficient quantities could be restricted, in part due to certain industry issues faced by suppliers.

A significant portion of our products are sold to OEMs and any failure to maintain the relationship with these OEMs or find competent replacements could affect the sales of our products.

The OEM channel accounted for a significant portion our consolidated gross revenues in Fiscals 2015 and our standalone gross revenue in the nine-month period ended December 31, 2015. We may be unable to maintain or

renew relationships with our OEMs or we may not be able to obtain orders from our OEMs at the current levels. We may also be unsuccessful in competing for desired OEMs to promote and sell our products. If any of these relationships were to be so altered or terminated and we are unable to obtain sufficient replacement orders on comparable terms, our business, financial condition, results of operations, cash flows and business prospects could be materially and adversely affected.

As a manufacturing business, our success depends on the smooth supply and transportation of raw materials from our suppliers to our plants and from our plants to our customers, which is subject to various uncertainties and risks.

We procure our raw materials from domestic as well as international suppliers. Any disruption of our suppliers' operations and/or inadequate or interrupted transportation of raw materials and products to our facilities could adversely affect our business, financial condition, results of operations and cash flows. We depend principally on trucking for the delivery of raw materials to our manufacturing facilities and the delivery of our products from our manufacturing facilities to our customers, dealers and distributors. We rely on third parties to provide such services. These transportation providers may not be adequate to support our existing and future operations. Further, disruptions of transportation services because of weather-related problems, strikes, lock-outs, inadequacies in the road infrastructure and port facilities, geopolitical events, or other events could impair our ability to supply our products to our dealers and distributors. In the event of any of the foregoing, we may be required to buy raw materials in the spot market at unfavorable prices, which could materially and adversely affect our business and results of operations and cash flows.

We are subject to risks associated with product liability, warranty and recall due to defects in our products or related services, which could generate adverse publicity and adversely affect our business, results of operations and financial condition.

Warranty claims reduce our profitability. Our products are subject to warranties against manufacturing defects. In the event of claimed defects or non-performance of our products, our practice is to accept such genuine claims and to replace such products on a proportionate basis. In the future, we might also experience recalls or a material number of warranty claims due to defects in our products. Defects, if any, in our products could adversely affect our reputation and demand for our products. In the event that defects, product recalls, or warranty claims become more frequent, there may be an adverse effect on our operating results and financial condition.

If estimates or assumptions used in developing our strategic plan are inaccurate or we are unable to execute our strategic plan effectively, our profitability and financial position could be negatively impacted.

If the estimates or assumptions used in developing our strategic plan vary significantly from actual conditions, our sales, margins and profitability could be harmed. For instance, sales of 2Ws and 4Ws may not grow as quickly as we currently expect, and we may be incorrect in our assumptions and expectations regarding consumer preferences when researching, developing and introducing new products. Also, the fund requirement and deployment for our projects are based purely on management estimates and assumptions, considering the current market scenario and are subject to revision in the light of changes in external circumstances or costs. We have not yet determined all of our expected expenditures, and we, therefore, cannot estimate the exact amounts to be used for our expansion projects and implementation of other aspects of our strategy. The amounts and timing of any expenditure will depend on, among other factors, the amount of cash generated by our operations, competitive and market developments. If we are unsuccessful in implementing the tactics necessary to execute our strategic plan, or if the underlying estimates or assumptions used to develop our strategic plan are materially inaccurate, our business can also be negatively impacted.

If purchases of new vehicles decline, it could significantly decrease the demand for our products.

The demand for our products is dependent, among other things, on the conditions of the global and, in particular, the Indian economy. For instance, the demand for our cable products is significantly affected by the number of 2Ws, 4Ws and other vehicles in India and elsewhere. A decline in economic activity in India or in international markets may have an adverse effect on consumer and industrial demand for new vehicles. Sales of new vehicles in India are affected by the time of year, weather, interest rates, fuel prices and the overall economic environment. If industrial or consumer demand for new vehicles decreases, it would have a corresponding impact on the demand for our products and may materially and adversely affect our business, financial condition, results of operations, cash flows and business prospects.

Our success depends on our ability to manage our growth, which could disrupt our business and reduce our profitability.

Our revenue and our business operations have grown in recent years. Our consolidated gross revenue from operations was Rs. 50,798.62 lakhs, Rs. 59,697.58 lakhs, and Rs. 66,774.34 lakhs, respectively, for Fiscals 2013, 2014 and 2015, representing a CAGR of 14.65% over such period. We may not be able to sustain these rates of growth in future periods due to a number of factors, including, among others, our execution capability, our ability to maintain customer satisfaction, macroeconomic factors out of our control, competition within India's automotive components industry, the greater difficulty of growing at sustained rates from a larger revenue base, our inability to control our expenses and the availability of resources for our growth. In addition, our anticipated expansion will place a significant strain on our management, systems and resources. Our development and expansion strategies will require substantial managerial efforts and skills and the incurrence of additional expenditures and may subject us to new or increased risks. Further, pursuing these strategies may require us to expand our operations through internal development efforts as well as partnerships, joint ventures, investments and acquisitions. We may not be able to efficiently or effectively implement our growth strategies or manage the growth of our operations, and any failure to do so may limit future growth and hamper our business strategies.

We depend significantly on sales in India, any decrease in which will adversely affect our business, revenue, results of operations and cash flows.

For Fiscals 2013, 2014 and 2015, we derived 85.88%, 82.28%, and 80.30%, respectively, of our consolidated revenue from operations (net) from our sales in India. Existing and potential competitors may increase their focus on India, which could reduce our market share. For example, our competitors may intensify their efforts to capture a larger market share by incurring higher promotional expenses and launching aggressive promotional campaigns. If we are unable to compete effectively in India, it could adversely affect our sales volumes and pricing levels for cable products in India, as well as erode our market share. In the event that we experience adverse effects on our sales volumes or pricing levels, or loss of market share, due to increased competition or otherwise, it could adversely affect our business, revenue, results of operations and cash flows.

We are subject to risks associated with growing the business through mergers and acquisitions.

We believe that mergers and acquisitions may in future provide us with opportunities to grow and diversify our business. Any such acquisitions may provide us with access to products, brands, technology, services and additional capabilities while also offering potential synergies. However, the scale, scope and nature of the integration that may be required in connection with mergers or acquisitions might pose significant challenges. We may not be able to integrate the merged or acquired entities effectively. The merger or acquisition may not meet expectations and the realization of the anticipated benefits may be blocked, delayed or reduced as a result of numerous factors, some of which may be outside our control.

We will continue to evaluate growth opportunities through suitable mergers and acquisitions in the future. However, growth through mergers and acquisitions involves business risks, including unforeseen contingent risks or latent business liabilities, that may only become apparent after the merger or acquisition is completed. Some of the key factors will be the integration and management of the merged or acquired entity with us, as well as the retention of key personnel and utilization of synergies in design engineering, sourcing, sales and marketing. If any of these factors fails to materialize, our results of operations and financial condition could be adversely affected.

Our business depends heavily on our reputation and consumer perception of our brand, and any negative publicity or other harm to our brand or failure to maintain and enhance our brand recognition may materially and adversely affect our business, financial condition, results of operations and cash flows.

We believe that our reputation and consumer perception of our brand are critical to our business. Maintaining and enhancing our reputation and brand recognition depends primarily on the quality and consistency of our products and services, as well as the success of our marketing and promotional efforts. We believe that maintaining and enhancing our brand is essential to our efforts to maintain and expand our customer base. If customers do not perceive our products or services to be of high quality, our brand image may be harmed, thereby decreasing the attractiveness of our products. While we have devoted significant resources to brand promotion efforts in recent years, our ongoing marketing efforts may not be successful in further promoting our

brand. In addition, our brand image may be harmed by negative publicity relating to us or India's automotive components manufacturing industry regardless of its veracity. If we are unable to maintain and further enhance our brand recognition and increase market awareness for us and our products, our ability to attract and retain customers may be impeded and our business prospects may be materially and adversely affected.

We are dependent on our supply chains, the underperformance of which may adversely affect our sales and results of operations.

We depend on external suppliers for the supply of raw materials and components for our products. In India some of our suppliers are our affiliates and some of the suppliers may be our sole supplier of such parts or components in India. Any failure on the part of these suppliers to supply raw materials or components could have a significant adverse impact on our manufacturing process. We may not have any formal agreements with some of these suppliers in connection with the supply of such raw materials. All these factors may have an adverse effect on our operations and business. Any failure by any of our suppliers to adhere to our technical specifications, quality requirements and production and delivery schedules could disrupt our manufacturing process, which could have a material adverse effect on our results of operations and financial condition.

Our ability to reduce our cost of production and thereby increase our operational efficiency is an essential part of our business strategy and we cannot assure you that our cost reduction measures will achieve the planned operational efficiencies we seek.

Reducing our cost of production is essential to our business strategy in a highly competitive market environment. Our cost reduction efforts focus on a combination of measures such as the effective management of our supply chain, the use of third-party logistics providers, value engineering, process and productivity improvements, and establishing a strategic sourcing group to consolidate, strategize and monitor our supply chain activities with respect to major items of purchase. Our measures to increase our operational efficiency may not yield similar results in the future, which may adversely affect our results of operations.

The loss of major customers or a significant reduction in purchases by them could adversely affect our business, results of operations and financial condition.

Our Company's top 5 customers represented a significant portion of our revenues for the Fiscals 2013, 2014 and 2015. Although we have long-standing relationships with these customers, failure to meet customer requirements could lead to penalties, damages and cancellation/ non-renewal of purchase orders that could result in the loss of any of these customers or a significant reduction in demand which could have an adverse effect on our business, results of operations and financial condition. In addition, as a consequence of our reliance on these customers, any adverse change in their financial condition may also have an adverse effect on our business.

Our business is seasonal and cyclical in nature and a substantial decrease in sales during certain quarters could have a material adverse impact on financial performance.

The sales volumes and prices for vehicles, in particular for 2Ws and 4Ws, are influenced by cyclicality and seasonality of demand. In addition, it is observed that consumer demand for vehicles is generally depressed towards the end of a calendar year as customers seek to avoid vehicles purchased being classified as older models based on the year of manufacture. As a result, consumers prefer to delay the acquisition of a vehicle to January of the next calendar year. For further details, see *"Management's Discussions and Analysis of Financial Condition and Results of Operations"*. This seasonality and cyclicality of the demand for our products may cause a substantial decrease in sales during certain periods, thereby adversely affecting our results of operations and financial condition. Due to the seasonality of our business, our quarterly financial results may not be comparable on a quarter to quarter basis.

We are dependent on our distribution channels, the underperformance of which may adversely affect our sales and results of operations.

We rely on a network of stockists and distributors for the marketing, sale and distribution of our products, payment collection and maintaining day-to-day contact with our customers and providing related services. Any failure of our stockists or distributors to perform their functions and adhere to high quality standards of service or continue their relationship with us could adversely affect our brand and products and as a result also adversely affect our results of operations. There can be no assurance that they will meet the desired standards of

service levels. Any failure of our distribution channels may have an adverse effect on our business, operations and financial condition.

If we do not compete successfully against existing and new competitors, we may lose customers and market share.

We compete with multinational as well as Indian companies in our industry and procure new businesses from our dealers and customers. An inability to procure new businesses or to retain or increase our existing businesses may adversely affect our financial performance. In addition, there can be no assurance that we will remain competitive with respect to the technology, design and quality of our products. Some of our competitors may have certain operational advantages, which may enable them to better respond to customer demands.

We may incur significant expenses in preparing to meet anticipated customer requirements which may not be recovered. Any major expansion of business and/or technological upgradation by our competitors may require us to incur additional expenditure to keep pace with the growing competition and to meet dealer and customer requirements.

The discontinuation of, or the loss of business with respect to, or a lack of commercial success of, particular customer programs for which we are a significant supplier could affect our business, results of operations and financial conditions.

Our Company has purchase orders from all of our customers. These purchase orders generally provide for supply of customer's requirements, for a particular customer program. Therefore, the discontinuation of or loss of business with respect to, or a lack of commercial success of, a particular customer program for which we are a significant supplier could reduce our sales and affect our estimates of anticipated sales, which could have an adverse effect on our business, results of operations and financial conditions.

Any inability to manage our export business may adversely affect our results of operations. Further, we are also subject to risks associated with expansion into new segments and geographies.

Our growth strategy relies on leveraging the expanded reach of our consolidated operations. The costs associated with entering into and establishing in new markets, and expanding such operations, may be higher than expected, and we may face significant competition in these regions. Our products may not be accepted or we may not be successful in capturing market share in any of the new product segments that we enter into which could adversely impact our results of operations. In addition, our international business is subject to many actual and potential risks, including language barriers, cultural differences and other difficulties in staffing and managing overseas operations. Further, there are inherent difficulties and delays in contract enforcement and the collection of receivables under the legal systems of some foreign countries, the risk of non-tariff barriers, other restrictions on foreign trade or investment sanctions, and the burdens of complying with a wide variety of foreign laws and regulations. If we are unable to manage risks related to our expansion and growth, our business, returns on investment, results of operations and financial condition could be adversely affected.

Our products are exported to a number of geographical markets and we plan to expand our international operations further in the future. Consequently, we are subject to various risks associated with conducting our business outside domestic markets and our operations may be subject to political instability, wars, terrorism, regional and/or multinational conflicts, natural disasters, fuel shortages, epidemics and labor strikes in international markets. Any significant or prolonged disruptions or delays in the operations due to these risks could adversely impact our results of operations and financial condition.

We conduct manufacturing, sales and distribution operations on a worldwide basis and are subject to risks associated with doing business internationally.

Our ability to continue to generate revenue and increase demand for our products outside of India depends significantly on our Subsidiaries. There are a number of risks in doing business abroad, where we have less experience, including dealing with political and economic uncertainty, social unrest, sudden changes in laws and regulations, shortages of trained labor and the uncertainties associated with our subsidiaries that are located in foreign countries. These risks may impact our ability to expand our operations in different regions and otherwise achieve our objectives relating to our foreign operations, including utilizing these locations as suppliers to other markets. In addition, compliance with multiple and potentially conflicting foreign laws and regulations, import and export limitations and exchange controls is burdensome and expensive. Our foreign operations also subject

it to the risks of international terrorism and hostilities and to foreign currency risks, including exchange rate fluctuations and limits on the repatriation of funds. Our international expansion plans may require significant investment but may fail to generate the level of returns we expect. If we are unable to expand our international business effectively or at all, our business, financial conditions, results of operation, cash flows and business prospects may be adversely affected.

Our reputation would also be damaged if our Subsidiaries fail to provide an adequate level and quality of service to our customers. In addition, our Subsidiaries may misuse, infringe or violate our intellectual properties to their advantage, adopt or implement unsuccessful marketing strategies for our products or fail to devote the necessary resources to successfully operate the subsidiary company, the occurrence of any of which could damage our brand, business, financial condition, results of operations, cash flows and business prospects.

Our indebtedness and the conditions and restrictions imposed by our financing agreements could adversely affect our ability to conduct our business and operations

Our indebtedness and the restrictive covenants imposed upon us with certain debt facilities could restrict our ability to conduct our business and grow our operations, which would adversely affect our financial condition and results of operations. We may in the future incur additional indebtedness in connection with our operations.

Our indebtedness could have several important consequences on our future financial results and business prospects, including but not limited to the following:

- a substantial portion of our cash flow will be used towards servicing and repayment of our existing debt, which will reduce the availability of cash flow to fund working capital, capital expenditures, acquisitions and other general corporate requirements;
- our ability to obtain additional financing in the future or renegotiate or refinance our existing indebtedness on terms favorable to us may be limited;
- fluctuations in market interest rates will affect the cost of our borrowings;
- we may be more vulnerable to economic downturns, may be limited in our ability to withstand competitive pressures and may have reduced flexibility in responding to changing business, regulatory and economic conditions;
- we may have difficulty satisfying payment and other obligations under our existing financing arrangements and an inability to comply with these requirements could result in an event of default, acceleration of our repayment obligations and enforcement of related security interests over our assets; and
- we may be restricted from making dividend payments to our shareholders under certain circumstances.

There are certain restrictive covenants in the arrangement we have entered into with our lenders. Under the terms of certain of our Company's debt agreements, we are required to send an intimation to our lenders for creating, assuming or incurring any additional long-term indebtedness. There can be no assurance that we have, or will, at all times, complied with all of the terms of the said financing documents. Any failure to service our Company's indebtedness and/or to comply with all of the terms of the said financing documents could have an adverse effect on our results of operations and/or profitability.

Our Company is dependent on the continued efforts of our senior management team and the loss of key members or failure to attract skilled personnel may adversely affect our business.

Our future success depends on the continued services and performance of the members of our management team and other key employees. Competition for senior management in the industry is intense, and we may not be able to retain our existing senior management or attract and retain new senior management in the future. The loss of the services of key persons in the organization could seriously impair our ability to continue to manage and expand our business. Further, the loss of any other member of our senior management or other key personnel may adversely affect our business, results of operations, financial condition and cash flows. We do not maintain 'key man' life insurance for our promoter, senior members of our management team or other key personnel.

The success of our business will also depend on our ability to identify, attract, hire, train, retain and motivate skilled personnel. Demand for qualified professional personnel is high and these personnel are in limited supply. Our professionals are highly sought after by our competitors as well as other Indian companies, particularly as India's economy continues to grow and mature. If we fail to hire and retain sufficient numbers of qualified personnel for functions such as manufacturing, technical, finance, marketing, sales, operations and research and development, our business operating results and financial condition could be adversely affected.

If we are subject to product liability claims, it could expose us to costs and liabilities and adversely affect our reputation, revenues and profitability.

We are exposed to risks associated with product liability claims as a result of developing, producing, marketing, promoting and selling our products in India and other jurisdictions in which our products are marketed and sold. Such claims may arise if any of our products are deemed or proven to be unsafe, ineffective or defective or if we are alleged to have engaged in practices such as improper, insufficient or improper labeling of products or providing inadequate warnings. There can be no assurances that we will not become subject to product liabilities claims or that we will be able to successful defend ourselves against any such claims. If we are unable to defend ourselves against such claims, among other things, we may be subject to civil liability for physical injury, death or other losses caused by our products and to criminal liability and the revocation of our business licenses if our products are found to be defective. In addition, we may be required to recall the relevant products, suspend sales or cease sales. Other jurisdictions in which our products are, or may in the future be, sold, may have similar or more onerous product liability and regulatory regimes, as well as more litigious environments that may further expose us to the risk of product liability claims. Even if we are able to successfully defend ourselves against any such product liability claims, doing so may require significant financial resources and the time and attention of our management. Moreover, even the allegation that our products are harmful, whether or not ultimately proven, may adversely affect our reputation and sales volumes.

Any slowdown in the automotive sector or any adverse changes in the conditions affecting the growth of transportation sector could adversely impact our business, results of operations, financial condition and cash flows.

Our business is heavily dependent on the performance and market trends of the automotive sector, particularly the 2W and other spaces within the automotive markets. Automotive sales and production are historically cyclical and exhibit fluctuations from year to year and are subject to many factors beyond our control, including, but not limited to, economic growth rates, consumer confidence, employment levels, risk of equipment failure, fuel prices, interest rates, labor relations issues, technological developments, regulatory requirements and trade agreements, which are not within our control. Any economic downturn in the manufacture and sale of vehicles, whether in India or any other geography in which we operate, may significantly affect our business, financial condition, results of operations, cash flows and growth.

If we fail to develop technologies, processes or products needed to support consumer demand, we may lose significant market share or be unable to recover associated costs.

Our ability to sell our products to OEMs or in the replacement market may be significantly impacted if we do not develop or make available technologies, processes, or products according to consumer demand or which might be developed by our competitors. This includes but is not limited to changes in the design of and materials used to manufacture our products. Additionally, developing new products and technologies requires significant investment and capital expenditures and is technologically challenging and requires extensive testing and accurate anticipation of technological and market trends. If we fail to develop new products that are appealing to our customers, or fail to develop products on time and within budgeted amounts, we may be unable to recover our product development and testing costs. If we cannot successfully use new production or equipment methodologies we invest in, we may also not be able to recover those costs, whether because we lose market share in the replacement market or in sales to original equipment manufacturers and in our export markets.

Subsidiaries that are not wholly owned by us present risks that we would not otherwise face.

Our business and our strategy involves the use of subsidiaries, which we do not own 100%, such as, Phoenix, Luxlite and Trifa, which bring risks that we would not otherwise face. Subsidiaries that are not wholly owned by us are generally less well-capitalized than we are. In addition, there are specific risks applicable to these Subsidiaries and these risks, in turn, add potential risks to us and which could lead to resource demands on us in order to maintain or advance our strategy. We cannot assure that in future the business of these Subsidiaries will be in line with our estimates or that there will not be any material adverse change in their financial condition or results of operations. Any breach or contravention by these companies of financial covenants or licenses or any applicable laws may adversely affect our results of operations and financial condition.

We have recently acquired certain of our Subsidiaries and may not be aware of all the risks associated with such acquisitions.

In Fiscal 2016, we acquired a majority stake in Phoenix and consequently, Phoenix and its subsidiaries, have become our Subsidiaries. While we believe that we have exercised reasonable due diligence whilst undertaking the aforesaid acquisition, we may not be aware of all the past, present and future risks associated with such entities. Further, we may not be aware of all past non-compliances of any applicable laws by any such entity before the acquisition. Thus, we cannot assure you that each such entity has conducted it business in accordance with applicable laws or that there will not be any adverse legal or statutory proceedings against such entities on account of any past non-compliance that we may not yet be aware of. Any adverse action on account of any past non-compliance by these companies may adversely affect our reputation, results of operations and financial condition.

Our ability to invest in overseas subsidiaries and joint ventures may be constrained by Indian and foreign laws, which may adversely affect our growth strategy and business prospects.

Under Indian foreign investment laws, with effect from July 3, 2014, an Indian company is permitted to invest in its overseas joint ventures or subsidiaries up to 400% of its net worth as on the date of its last audited balance sheet. This limit also applies to any other form of financial commitment by such Indian company, including in terms of a loan, guarantee or counter guarantee. However, any financial commitment exceeding US$1 billion (or its equivalent) in a financial year would require prior approval of the Reserve Bank of India, even when the total financial commitment of the Indian company is within the eligible limit as mentioned above.

Other restrictions include the restriction on an Indian company providing an "open ended" guarantee for an overseas entity (i.e., not specifying the amount and period of the guarantee, upfront). Investment or financial commitment not complying with the stipulated requirements is permitted with the RBI's prior approval. In addition, there are certain routine procedural and disclosure requirements in relation to any such overseas direct investment. These limitations on overseas direct investment may constrain our ability to acquire interests or increase our stakes in overseas entities as well as to provide other forms of financial support to such entities, which may adversely affect our growth strategy and business prospects.

We own certain intellectual property rights and any failure to enforce our rights could have an adverse effect on our business prospects.

We own certain intellectual property in relation to our logo and our products. Our ability to enforce our trademark and other intellectual property is subject to general litigation risks. If we are not ultimately successful in enforcing our intellectual property rights for any reason, we may experience a material adverse effect on our competitive position and our business.

We also rely in part on mutual trust for protection of our product designs, trade secrets and confidential information relating to our production processes. We also have written confidentiality agreements with each of our managerial employees. While it is our policy to take precautions to protect our product designs, trade secrets and confidential information against breach of trust by our employees, consultants, customers and suppliers, it is possible that unauthorized disclosure of our product designs, trade secrets or confidential information may occur. We cannot assure you that we will be successful in protecting our product designs, trade secrets and confidential information.

Erosion of the reputation of our brand name or failure to protect our brands from counterfeiting or imitation could adversely impact our sales and results of operations.

Our failure to detect counterfeiting or imitation of our own brand products and trademarks and to mitigate the adverse impact from such counterfeiting and imitation could result in a decrease in our sales volume or market share. Furthermore, we cannot guarantee that the use of our brand and trademarks will not infringe the intellectual property rights of any third party or otherwise violate any applicable laws. Any liability or claim in relation to our use of such brands and trademarks made or threatened to be made against us in the future, regardless of its merits, could result in costly litigation and strain our administrative and financial resources. If we fail to effectively protect our brand and trademarks, our reputation could suffer severe damage, which in turn could have a material adverse effect on our business, financial condition and results of operations.

Our Company was unable to trace certain company records, which may prove to be inconvenient.

The Company is unable to locate certain corporate records, which include copies of certain filings made by the Company with the registrar of companies in India. These filings include, *inter alia*, certain filings made with the registrar of companies in relation to certain allotments of Equity Shares in the years 1986 and 2010. While the Company believes that these forms were duly filed with the relevant registrar of companies, it has been unable to obtain copies of these documents from the RoC as well. The Company can provide no assurance that all such filings were in fact made or that these filings will be available in the future or that it will not be subject to any penalty imposed by the competent regulatory authority in connection with these filing requirements.

We will continue to be controlled by our Promoters after the completion of the Issue

After the completion of the Issue, our Promoter and Promoter Group will continue to exercise control over us, including being able to influence the composition of our Board and influence matters requiring shareholder approval. Our Promoter and Promoter Group may take or block actions with respect to our business, which may conflict with our interests or the interests of our minority shareholders. Through their influence, our Promoter and Promoter Group may be in a position to delay, defer or cause a change of our control or a change in our capital structure, delay, defer or cause a merger, consolidation, takeover or other business combination involving us, discourage or encourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of us.

Our products are subject to continued pricing pressure, which may materially and adversely affect our profits, results of operations and cash flows.

Pricing pressure has generally been a characteristic of the Indian automotive components industry. In addition, estimating the impact of such pricing pressure is subject to a host of uncertainties as any price reductions are a result of negotiations and other factors. Accordingly, cable and automotive component manufacturers must be able to reduce their operating costs in order to maintain profitability. Such price reductions may affect our revenues and profit margins. If we are unable to offset such price reductions in the future through improved operating efficiencies and other cost reduction initiatives, our business, financial condition and results of operations may be adversely affected.

Any failures to obtain adequate and timely price increases or any adverse changes to the terms of sale of our products could materially and adversely affect our sales and profit margins. If we are unable to offset these price pressures through improved operating efficiencies and reduced expenditures, we may suffer declining profit margins and our results of operations and cash flows would suffer.

If the price of energy sources increases, our operating expenses could increase significantly and our results of operations and cash flows could be materially and adversely affected.

Our manufacturing facilities rely principally on electrical power and other energy sources. High demand and limited availability of such energy sources can result in significant increases in energy costs, which could materially increase our operating expenses at our manufacturing facilities. Increased fuel costs would also increase our costs to transport our products from our manufacturing facilities to our distribution network. There is no assurance that we will be able to secure stable supplies of energy at favorable terms, or at all, to maintain our manufacturing operations or sustain our future expansion. Higher energy costs would increase our production and logistics costs and could materially and adversely affect our profits, results of operations and cash flows.

Moreover, increases in energy costs could impact consumer and industrial behavior. For instance, if the price of gasoline increases significantly for consumers, it can cause a decrease in driving and purchasing habits. General increases in energy costs could also cause businesses to decrease investment and slow down overall economic activity. The occurrence of any of the foregoing could negatively impact demand for our cables products.

We have entered into certain transactions with related parties in the past and may continue to do so in the future. These transactions or any future transactions with our related parties could potentially involve conflicts of interest.

Our Company has entered into transactions with several related parties, including our Promoters, Directors and Subsidiaries, which were conducted in compliance with applicable laws and on arm's length basis. Furthermore, it is likely that our Company will enter into related party transactions in the future. There can be no assurance

that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations. The transactions that the Company has entered into and any future transactions with our related parties have involved or could potentially involve conflicts of interest.

There are outstanding legal proceedings against us, which if determined adversely, could affect our business, results of operations and financial condition.

There are certain outstanding legal proceedings initiated against us. These proceedings are pending at different levels of adjudication, before various courts and tribunals. The amounts claimed in these proceedings have been disclosed to the extent ascertainable as on the date of this Placement Document and includes the amounts claimed jointly and severally from us and other parties. Should there be any new developments, such as any change in applicable laws or, any rulings against us by appellate courts or tribunals, we may need to make provisions in our financial statements that could increase expenses and current liabilities. There can be no assurance that these proceedings will be determined against our favor or that penal or other action will not be taken against us. Any adverse decision in such proceedings may have an adverse effect on our business, results of operations and financial condition. For further information, along with the disclosures including, inter alia, the amount involved, period for which such demands or claims are outstanding, financial implications and the status of the proceedings, see the section titled "*Legal Proceedings*" of this Placement Document.

Sales of our products are further dependent on the availability of financing to the ultimate buyers of such vehicle.

A large number of vehicle purchasers finance their purchases through third party financing. The recent economic downturn has led to a decline in the availability of consumer credit, increased consumer borrowing costs and increased default rates as a result of the financial crisis. Such factors have negatively affected global automotive sales and the continuation or worsening of these difficulties may lead to lower production volumes beyond the reductions we have anticipated in our planning and budgeting process. Further, volatility in interest rates affects the ability and willingness of prospective vehicle purchasers to obtain financing for the purchase of vehicles manufactured by us. These factors may adversely affect our business and results of operations.

We may be subject to claims of infringement of third-party intellectual property rights, which could adversely affect our business.

While we take care to ensure that we comply with the intellectual property rights of third parties and that there are no pending claims against us for infringement of third party intellectual property rights, we cannot determine with certainty whether we are infringing upon any existing third-party intellectual property rights. Any claims of infringement, regardless of merit or resolution of such claims, could force us to incur significant costs in responding to, defending and resolving such claims, and may divert the efforts and attention of our management and technical personnel away from our business. As a result of such infringement claims, we could be required to pay third party infringement claims, alter our technologies, obtain licenses or cease some portions of our operations. The occurrence of any of the foregoing could result in unexpected expenses. In addition, if we alter our technologies or cease production of affected items, our revenue could be adversely affected.

We rely on our IT systems in managing our supply chain, production process, logistics and other integral parts of our business.

We rely on our information technology systems in connection with order booking, dealer management, material procurement, accounting and production. Therefore, the reliability of our network infrastructure is critical to our business. Any failure in our information technology systems could result in business interruptions, including disruption in our supply management, the loss of buyers, damaged reputation and weakening of our competitive position, any of which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We are required to comply with environmental laws and regulations that could cause us to incur significant costs.

Our manufacturing facilities are subject to numerous laws and regulations designed to protect the environment, and we expect that additional requirements with respect to environmental matters will be imposed in the future. Material future expenditures may be necessary if compliance standards change, if material unknown conditions that require remediation are discovered or if required remediation of known conditions becomes more extensive

than expected. If we fail to comply with present and future environmental laws and regulations, we could be subject to future liabilities or the suspension of production, which could harm our business, results of operations or cash flows. Environmental laws could also restrict our ability to expand our facilities or could require us to acquire costly equipment or to incur other significant expenses in connection with our manufacturing processes.

Because we generate revenue and incur expenses in multiple currencies, exchange rate movements may have an adverse effect on our results of operations, financial condition

We have foreign currency exposure related to foreign-denominated revenues, including export sales and costs of imported raw materials and equipment. We expect that our foreign currency exposure will increase as our business grows. Significant currency exchange rate fluctuations and currency devaluations could have an adverse effect on our results of operations and cash flows from period to period.

We require certain regulatory approvals and licenses in the ordinary course of our business, and the failure to obtain, maintain and renew these approvals and licenses necessary for carrying out our business, in a timely manner or at all, may adversely affect our operations.

We are subject to various environmental, health and safety, employee-related and other laws and regulations applicable to our business operations, including laws and regulations governing our relationship with our employees in areas such as minimum wages, maximum working hours, overtime, working conditions, hiring and terminating employees, contract labor and work permits, as well as other local laws or regulations in the countries in which we operate. The success of our strategy to modernize, optimize and expand our existing operations in the sectors in which we operate is contingent upon, among other factors, receipt of all required licenses, permits and authorizations, including local land use permits, building and zoning permits, environmental permits, and health and safety permits.

Although we believe that we are in compliance with all environmental, health and safety, employee-related and other applicable laws and regulations currently in force, changes in laws or regulations in the countries in which we operate may result in us incurring significant costs in order to maintain compliance with such laws and regulations and may delay or prevent project completion. There can be no assurances that the legal framework, licensing and other regulatory requirements or enforcement trends in our industry will not further change in a manner that does not result in increased costs of compliance, or that we will be successful in responding to such changes. Moreover, as we grow our business, the potential for violating these laws and regulations may also increase.

If we fail to comply with any existing laws and regulations, or fail to obtain, maintain or renew any of the required licenses or approvals, the relevant regulatory authorities may impose fines and penalties on us, revoke our business licenses and approvals and/or require us to discontinue our business or impose restrictions on the affected portion of our business. Any action brought against us for alleged violations of laws or regulations, even if our defense thereof is successful, could cause us to incur significant legal expenses and divert our management's attention from the operation of our business. Any determination that we have violated, or the public announcement that we are being investigated for possible violations, of these laws or regulations, could harm our reputation, operating results and financial condition. If we are found in violation, we may be subject to any applicable penalties associated with such violations, including civil and criminal penalties, damages and fines, loss of various licenses, certificates, accreditations or authorizations, orders to refund payments received by us, and orders to curtail or cease our operations. If we lose or otherwise are unable to maintain any of our required licenses and approvals under applicable laws and regulations, our business operations will be materially and adversely affected.

Increased staff costs could negatively affect our ability to operate efficiently and adversely affect our profitability, results of operations and cash flows.

The cost of labor in India has been increasing over the past years due to increasing competition for quality employees among manufacturing companies well as growth in inflation and general wage increases. Many aspects of our strategies and business growth may require us to hire additional employees. Due to the nature of our operations, a significant proportion of our employees are contract labor, which is more cost-efficient for us and provides us with some flexibility in managing our labor pool as. If competitive forces require us to hire proportions of permanent, full-time employees and/or convert existing contract employees into permanent, full-time employees, our staff costs could increase without corresponding increases in our revenue, which could adversely affect our profitability, results of operations and cash flows.

We appoint contract labour for carrying out certain of our operations and we may be held responsible for paying the wages of such workers, if the independent contractors through whom such workers are hired default on their obligations, and such obligations could have an adverse effect on our results of operations and financial condition.

In order to retain flexibility and control costs, we appoint independent contractors who in turn engage on-site contract labor for performance of certain of our operations. Although we do not engage these laborers directly, we may be held responsible for any wage payments to be made to such laborers in the event of default by such independent contractor. Any requirement to fund their wage requirements may have an adverse impact on our results of operations and financial condition. In addition, under the Contract Labor (Regulation and Abolition) Act, 1970, as amended, we may be required to absorb a number of such contract laborers as permanent employees. Thus, any such order from a regulatory body or court may have an adverse effect on our business, results of operations and financial condition.

Our results of operations could be adversely affected by strikes, work stoppages or increased wage demands by our employees.

While we have not experienced any significant employee related issues in the past, there can be no assurance that we will not experience any strikes, work stoppages or other industrial actions or that these situations will not disrupt our business and operations in the future. In the event that we are unable to manage any employee related issues or negotiate any settlement with our workers on acceptable terms, it could result in strikes, work stoppages or increased operating costs as a result of higher than anticipated wages or benefits. In addition, such industrial disruptions or work stoppages may result in production losses and delays in delivery of products, which may adversely affect our business prospects, reputation, and results of operations.

Our insurance coverage may not be sufficient to cover all of our potential losses.

Our business may involve risks and hazards which could adversely affect our profitability, including natural calamities, breakdowns, failure or substandard performance of equipment, third party liability claims, labor disturbances, employee fraud and infrastructure failure. Our Company cannot assure you that the operation of our business will not be affected by any such incidents or hazards. In addition, our insurance may not provide adequate coverage in such circumstances including those involving claims by third parties and is subject to certain deductibles, exclusions and limits on coverage. If our arrangements for insurance or indemnification are not adequate to cover claims, including those exceeding policy aggregate limitations or exceeding the resources of the indemnifying party, our Company may be required to make substantial payments and our results of operations and financial condition may be adversely affected.

Our ability to pay dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirements, capital expenditures and restrictive covenants in our financing arrangements.

The amount of our future dividend payments, if any, will depend upon various factors including our future earnings, financial condition, cash flows, working capital requirements, capital expenditures and restrictive covenants in our financing arrangements. There can be no assurance that we will be able to declare dividends. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board of Directors and will depend on various factors. Accordingly, realization of a gain on shareholder investments will depend on the appreciation of the price of the Equity Shares. There is no assurance that the Equity Shares will appreciate in value. We cannot assure you that we will be able to pay dividends in the future. For details of dividend paid by our Company in the past, see "*Dividends*".

Any damages caused by fraud, theft or other misconduct by our employees could adversely affect our profitability, results of operations and cash flows.

We are exposed to operational risk arising from inadequacy or failure of internal processes or systems or from fraud or theft. We are susceptible to fraud or misappropriation by our employees or outsiders. Our management information systems and internal control procedures are designed to monitor our operations and overall compliance. However, they may not be able to identify non-compliance and/or suspicious transactions in a timely manner or at all. As a result, we may suffer monetary losses, which may not be covered by our insurance and may thereby adversely affect our profitability, results of operations and cash flows. Such a result may also adversely affect our reputation.

We are exposed to market risks from our hedging activities, and the use of hedging instruments could result in financial losses that may adversely affect our results of operations, financial condition and cash flows.

We currently hold, and have in the past held, derivative contracts, including forward exchange contracts and interest rate swaps. We believe that these forward exchange contracts, and cross currency swaps, generally speaking, have the effect of reducing the volatility of our profit and reducing our exposure to foreign exchange and interest rate risk. If, in the future, foreign exchange rates or interest rates move contrary to our expectations, or if our risk management procedures prove to be inadequate, we could incur derivative related or other charges and opportunity losses independent of the relative strength of our business, which could affect our results of operations, financial condition and cash flows.

Increases in interest rates may materially impact our results of operations.

As our business is capital intensive, we are exposed to interest rate risks. Interest rates for borrowings have been volatile in India in recent periods. Some of our current debt facilities carry interest at variable rates as well as fixed rates with periodic resets of interest rates. Although we may decide to engage in interest rate hedging transactions or exercise any right available to us under our financing arrangements to terminate the existing debt financing arrangement on the respective interest rate reset dates and enter into new financing arrangements, there can be no assurance that we will be able to do so on commercially reasonable terms, that our counterparties in hedging transactions will perform their obligations, or that such agreements, if entered into, will protect us adequately against interest rate risks. Accordingly, the increase of our interest expense may have an adverse effect on the cost of our debt funding and our results operations and financial condition may be adversely affected.

The central or state governments in India may exercise rights of eminent domain in respect of the land on which our units are situated.

The central or state governments in India may exercise their rights of eminent domain, or compulsory acquisition, in respect of our units. The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 permits the central and state governments to exercise rights of eminent domain or, compulsory acquisition. If such right is used in respect of the land on which any of our units is located, we may be required to relinquish the land along with the relevant unit. Whilst we may be compensated for such acquisition in accordance with the relevant legislation, the compensation may not reflect the market value of the properties being acquired. The likelihood of such actions may increase as the central and state governments seek to acquire or re-zone land for the development of infrastructure projects such as roads, airports, railways and any other public purpose. Any such action in respect of one or more of our existing, or future, units may adversely affect our business, financial condition or results of operations.

Statistical and industry data in this Placement Document may be incomplete or unreliable.

We have not independently verified data obtained from industry publications and other sources referred to in this Placement Document and therefore, while we believe them to be true, we cannot assure you that they are complete or reliable. Such data may also be produced on different bases from those used in the industry publications we have referenced. Therefore, discussions of matters relating to India, its economy and the automotive industry are subject to the caveat that the statistical and other data upon which such discussions are based may be incomplete or unreliable. For more details, see "*Industry Overview*"

Risks Relating to India

A slowdown in economic growth in India could cause our business to suffer.

Our results of operations are dependent on, and have been adversely affected by, economic and market conditions in India. The Indian market and the Indian economy are influenced by economic and market conditions in other countries, including, but not limited to, the conditions in the United States of America, in Europe and in certain emerging economies in Asia. Financial turmoil in Asia and elsewhere in the world in recent years has affected the Indian economy. Any worldwide financial instability may cause increased volatility in the Indian financial markets and, directly or indirectly, adversely affect the Indian economy and financial services sector and its business, which could adversely affect our business, results of operations and cash flows.

Increases in the prices of crude oil could adversely affect the Indian economy, which could adversely affect our business, financial condition, results of operations and cash flows.

India imports a substantial portion of its crude oil requirement. While oil prices have declined from their peak levels, any sharp increase in oil prices and the pass-through of such increases to Indian consumers could have a material negative impact on the Indian economy and on the Indian financial system in particular, including through a rise in inflation and market interest rates and a higher trade deficit, which could adversely affect our business, financial condition, results of operations and cash flows.

A significant change in the Government's economic liberalization and deregulation policies could disrupt our business.

We are incorporated in India and derive a substantial part of our revenues from India. Consequently, our performance and liquidity of the Equity Shares is affected by changes in exchange rates and controls, interest rates, Government policies, taxation, social and ethnic instability and other political and economic developments affecting India. The Government has traditionally exercised and continues to exercise a dominant influence over many aspects of the economy. Our business and the market price and liquidity of the Equity Shares may be affected by changes in exchange rates and controls, interest rates, changes in Government policy, taxation, social and civil unrest and political, economic or other developments in or affecting India. In recent years, India has been following a course of economic liberalization and our business could be significantly influenced by economic policies followed by the Government. Further, our businesses are also impacted by regulation and conditions in the various states in India where we operate. There can be no assurance as to the policies a new elected government will follow or that it will continue the policies of the outgoing government. The rate of economic liberalization could change, and specific laws and policies affecting foreign investment, currency exchange rates and other matters affecting investment in India could change as well. A significant change in India's economic liberalization and deregulation policies, in particular, those relating to our business, could disrupt business and economic conditions in India generally and our business in particular.

If acts of terrorism and other similar threats to security, communal disturbances or riots erupt in India, or if regional hostilities increase, this would adversely affect the Indian economy, and our business, results of operations and cash flows.

India has experienced communal disturbances, terrorist attacks and riots in the past. If such events recur, our operational and marketing activities may be adversely affected, resulting in a decline in our income. The Asian region has from time to time experienced instances of civil unrest and hostilities among neighboring countries, including those between India and Pakistan. Hostilities and tensions may occur in the future and on a wider scale. Military activity or terrorist attacks in India, as well as other acts of violence or war could influence the Indian economy by creating a perception that investments in India involve higher degrees of risk. Events of this nature in the future, as well as social and civil unrest within other countries in Asia, could influence the Indian economy and could have an adverse effect on the market for securities of Indian companies, including our Equity Shares.

Natural disasters and other calamities could have a negative impact on the Indian economy and could cause our business to suffer and the trading price of our Equity Shares to decline.

India has experienced natural disasters like earthquakes, floods, tsunamis and drought in recent years. The extent and severity of these natural disasters determine their impact on the Indian economy. Health epidemics could also disrupt our business, including the most highly pathogenic strains of avian and swine influenza, H5N1 and H1N1. Certain countries in Southeast Asia have reported cases of bird to human transmission of avian and swine influenza resulting in numerous human deaths. Moreover, certain areas of India have experienced outbreaks of H5N1 among livestock. The World Health Organization and other agencies have issued warnings on a potential avian or swine influenza pandemic if there is sustained human to human transmission. Future outbreaks of avian or swine influenza or a similar contagious disease could adversely affect the Indian economy and economic activity in the region. As a result, any present or future outbreak of avian or swine influenza or other contagious disease could adversely affect our business.

A decline in India's foreign exchange reserves may affect liquidity and interest rates in the Indian economy, which could adversely impact us. A rapid decrease in reserves would also create risk of higher interest rates and a consequent slowdown in growth.

Flows to foreign exchange reserves can be volatile, and past declines may have adversely affected the valuation of the Rupee. There can be no assurance that India's foreign exchange reserves will not decrease in the future. Further, a decline in foreign exchange reserves, as well as other factors, could adversely affect the valuation of the Rupee and could result in reduced liquidity and higher interest rates, which could adversely affect our business, financial condition, results of operations and cash flows.

Significant differences exist between Indian GAAP and other accounting principles, such as U.S. GAAP and IFRS, which investors may be more familiar with and may consider material to their assessment of our financial condition, cash flows and results of operations.

Our financial statements, including the financial statements included in this Placement Document, were prepared in accordance with Indian GAAP. No attempt has been made to reconcile any of the information given in this Placement Document to any other principles or to base it on any other standards. Indian GAAP differs in certain significant respects from IFRS, U.S. GAAP and other accounting principles with which prospective investors may be familiar in other countries.

If our financial statements were to be prepared in accordance with such other accounting principles, our results of operations, cash flows and financial position may be substantially different. Prospective investors should review the accounting policies applied in the preparation of our financial statements, and consult their own professional advisers for an understanding of the differences between these accounting principles and those with which they may be more familiar. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Placement Document should accordingly be limited. In making an investment decision, investors must rely upon their own examination of us, the terms of this Issue and the financial information contained in this Placement Document.

Certain companies in India, including us, may be required to prepare financial statements under IFRS or a variation thereof, IND-AS. We may be adversely affected by the transition to IFRS or IND-AS in India.

Ministry of Corporate Affairs, Government of India (the "**MCA**") on February 16, 2015 notified the Companies (Indian Accounting Standards) Rules, 2015, (the "**Rules**") laying down the road map for the implementation of IND-AS in a phased manner. We have not determined with any degree of certainty the impact that such adoption IND-AS, if the aforesaid exemption is lifted, will have on our financial reporting. Therefore, there can be no assurance that our financial condition, results of operations, cash flows or changes in shareholders' equity will not appear materially worse under IND-AS than under Indian GAAP. In our transition to IND-AS reporting, we may encounter difficulties in the ongoing process of implementing and enhancing our management information systems. Moreover, there is increasing competition for the small number of IFRS-experienced accounting personnel available as more Indian companies begin to prepare IND-AS financial statements. Further, there is no significant body of established practice on which to draw in forming judgments regarding the new system's implementation and application. There can be no assurance that our adoption of IND-AS, if mandated by law, will not adversely affect our reported results of operations or financial condition and any failure to successfully adopt IND-AS could adversely affect our financial condition, results of operations and cash flows.

Financial difficulty and other problems in certain long-term lending institutions and investment institutions in India could have a negative impact on our business.

We are exposed to the risks of the Indian financial system which may be affected by the financial difficulties faced by certain Indian financial institutions because the commercial soundness of many financial institutions may be closely related as a result of credit, trading, clearing or other relationships. This risk, which is referred to as "systemic risk," may adversely affect financial intermediaries, such as clearing agencies, banks, securities firms and exchanges with whom we interact on a daily basis. Our transactions with these financial institutions expose us to credit risk in the event of default by the counter party, which can be exacerbated during periods of market illiquidity. As the Indian financial system operates within an emerging market, we face risks of a nature and extent not typically faced in more developed economies, including the risk of deposit runs notwithstanding the existence of a national deposit insurance scheme. The problems faced by individual Indian financial institutions and any instability in or difficulties faced by the Indian financial system generally could create adverse market perception about Indian financial institutions and banks. This in turn could adversely affect our business, financial condition, results of operations and cash flows.

Companies operating in India are subject to a variety of central and state government taxes and surcharges.

Tax and other levies imposed by the central and state governments in India that affect our tax liability include central and state taxes and other levies, income tax, value added tax, turnover tax, service tax, stamp duty, tax on dividends and other special taxes and surcharges which are introduced on a temporary or permanent basis from time to time. Moreover, the central and state tax scheme in India is extensive and subject to change from time to time. The central or state government may in the future increase the corporate income tax it imposes. Any such future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. Additional tax exposure could adversely affect our business, cash flows and results of operations.

The proposed new taxation system in India could adversely affect our business and the trading price of the Equity Shares.

The Government of India had proposed three major reforms in Indian tax laws, namely the goods and services tax, the direct taxes code and provisions relating to the General Anti-Avoidance Rules ("**GAAR**"). The goods and services tax would replace the indirect taxes on goods and services such as central excise duty, service tax, customs duty, central sales tax, octroi and entry tax, purchase tax, luxury tax, state VAT, surcharge and excise currently being collected by the central and state governments. In the Union Budget of India for the financial year 2016 (the "**Budget**") it was reaffirmed that the goods and services tax will be implemented from April 1, 2016.

The direct taxes code (the "**Code**") was aimed to replace the IT Act and other direct tax legislations like the Wealth Tax Act, 1957. However, it was announced in the Budget that there was no merit in continuing with the same as most of the provisions of the Code had been already included under the IT Act and that the jurisprudence under the same is sufficiently evolved. As regards GAAR, the provisions have been introduced in the Finance Act, 2012 and were scheduled to come into effect from April 1, 2015. However, it was announced in the Budget, that the applicability of GAAR has been deferred by a period of two years and consequently, will apply prospectively to investments made on or after April 1, 2017. The GAAR provisions intend to catch arrangements declared as "impermissible avoidance arrangements", which is any arrangement, the main purpose or one of the main purposes of which is to obtain a tax benefit and which satisfy at least one of the following tests (a) creates rights, or obligations, which are not ordinarily created between persons dealing at arm's length; (b) results, directly or indirectly, in misuse, or abuse, of the provisions of the Income Tax Act, 1961; (c) lacks commercial substance or is deemed to lack commercial substance, in whole or in part; or (d) is entered into, or carried out, by means, or in a manner, which are not ordinarily employed for bona fide purposes. If GAAR provisions are invoked, then the tax authorities have wide powers, including denial of tax benefit or of benefit under a tax treaty. As the taxation system is intended to undergo significant overhaul, its consequent effects on the financial system cannot be determined at present and there can be no assurance that such effects would not adversely affect our business, results of operations and cash flows.

The Companies Act, 2013 has effected significant changes to the existing Indian company law framework, which may subject us to higher compliance requirements and increase our compliance costs.

The Companies Act, 2013 has brought into effect significant changes to the Indian company law framework, such as the provisions related to issue of capital, disclosures, corporate governance norms, audit matters, and related party transactions. Further, the Companies Act, 2013 has also introduced additional requirements which do not have corresponding equivalents under the Companies Act, 1956, including the introduction of a provision allowing the initiation of class action suits in India against companies by shareholders or depositors, a restriction on investment by an Indian company through more than two layers of subsidiary investment companies (subject to certain permitted exceptions), and prohibitions on advances to directors. The Companies Act, 2013, also mandates that the directors' responsibility statement inter alia includes that the directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and are operating effectively. We are also required to spend 2.0% of our average net profits during three immediately preceding financial years on corporate social responsibility activities. Further, the Companies Act, 2013 imposes greater monetary and other liability on us, Directors and officers in default, for any non-compliance. To ensure compliance with the requirements of the Companies Act, 2013, we may need to allocate additional resources, which may increase our regulatory compliance costs and divert management attention.

On May 25, 2015, the Companies (Amendment) Act, 2015 (the "**Amendment Act**"), received the assent of the President. The Amendment Act provides for, inter alia, relaxation from the requirement of a special resolution

for the approval of related party transactions, reporting of fraud by the auditor to the Central Government, empowerment of the audit committee to give omnibus approvals for related party transactions on an annual basis and for specific punishment for deposits accepted in violation of the provisions of the Companies Act, 2013. Additionally, we may face challenges in interpreting and complying with such provisions due to limited jurisprudence on them. In the event, our interpretation of such provisions of the Bill differs from, or contradicts with, any judicial pronouncements or clarifications issued by the Government in the future, we may face regulatory actions or we may be required to undertake remedial steps.

Our ability to raise foreign capital may be constrained by Indian law, which may adversely affect our business, financial condition, cash flows and results of operations.

As an Indian company, we are subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions limit our financing sources and hence could constrain our ability to obtain financing on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that the required approvals will be granted to us without onerous conditions, if at all. Limitations on raising foreign debt may have an adverse effect on our business, financial condition, cash flows and results of operations.

Investors in the Equity Shares may not be able to enforce a judgment of a foreign court against us, our directors or executive officers.

We are a limited liability company incorporated under the laws of India. Almost all of our Directors and key managerial personnel are residents of India and all of our assets and such persons are located in India. As a result, it may not be possible for investors to effect service of process upon us or such persons outside India, or to enforce judgments obtained against such parties in courts outside of India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if that court was of the view that the amount of damages awarded was excessive or inconsistent with public policy. For details, see "*Enforcement of Civil Liabilities*". A party seeking to enforce a foreign judgment in India is required to obtain approval from RBI to execute such a judgment or to repatriate outside India any amount recovered. It is uncertain as to whether an Indian court would enforce foreign judgments that would contravene or violate Indian law

A third party could be prevented from acquiring control of us because of anti-takeover provisions under Indian law.

Indian law and regulations applicable to us may delay, deter or prevent a future takeover or change in control of us, even if a change in control would result in the purchase of your Equity Shares at a premium to the market price or would otherwise be beneficial to you. These provisions may discourage or prevent certain types of transactions involving actual or threatened change in control of us. Under the Takeover Regulations, an acquirer has been defined as any person who, directly or indirectly, acquires or agrees to acquire shares or voting rights or control over a company, whether individually or acting in concert with others. Although these provisions have been formulated to ensure that interests of investors/shareholders are protected, these provisions may also discourage a third party from attempting to take control of us. Consequently, even if a potential takeover of us would result in the purchase of our Equity Shares at a premium to their market price or would otherwise be beneficial to its stakeholders, it is possible that such a takeover would not be attempted or consummated because of Indian takeover regulations. For more information, see "*The Securities Market of India*".

Rights of shareholders under Indian law may be more limited than under the laws of other jurisdictions.

Our Articles and applicable Indian law govern our corporate affairs. Legal principles relating to these matters and the validity of corporate procedures, Directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a financial institution or corporate entity in another jurisdiction. Shareholders' rights under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as one of our shareholders than as a shareholder of a financial institution or corporate entity in another jurisdiction.

Risks Relating to the Issue

We cannot guarantee that our Equity Shares issued pursuant to the Issue will be listed on the Stock Exchanges in a timely manner, or at all.

In accordance with Indian law and practice, permission for listing and trading of the Equity Shares issued

pursuant to this Issue will not be granted until after the Equity Shares have been issued and allotted. Approval for listing and trading will require all relevant documents authorizing the issuing of the Equity Shares to be submitted. There could be a failure or delay in obtaining these approvals from the Stock Exchanges, which in turn could delay the listing of our Equity Shares on the Stock Exchanges. Any failure or delay in obtaining these approvals would restrict an investor's ability to dispose of the Equity Shares.

An investor will not be able to sell any of the Equity Shares subscribed in this Issue other than on a recognized Indian stock exchange for a period of 12 months from the date of the issue of the Equity Shares.

The Equity Shares in this Issue are subject to restrictions on transfers. Pursuant to the ICDR Regulations, for a period of 12 months from the date of the issue of Equity Shares in the Issue, QIBs subscribing to the Equity Shares in the Issue may only sell their Equity Shares on the Stock Exchanges and may not enter into any off market trading in respect of these Equity Shares. We cannot be certain that these restrictions will not have an impact on the price of the Equity Shares. Further, allotments made to FVCIs, VCFs and AIFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirements. This may affect the liquidity of the Equity Shares purchased by investors and it is uncertain whether these restrictions will adversely impact the market price of the Equity Shares purchased by investors.

After this Issue, the price of our Equity Shares may be volatile.

The Issue Price will be determined by us in consultation with the Book Running Lead Manager, based on Bids received in compliance with Chapter VIII of the ICDR Regulations, and it may not necessarily be indicative of the market price of the Equity Shares after this Issue is completed. The trading price of our Equity Shares may fluctuate after this Issue due to a variety of factors, including our results of operations and the performance of our business, competitive conditions, general economic, political and social factors, the performance of the Indian and global economy and significant developments in India's fiscal regime, volatility in the Indian and global securities market, performance of our competitors, the Indian financial services industry and the perception in the market about investments in the financial services industry, changes in the estimates of our performance or recommendations by financial analysts and announcements by us or others regarding contracts, acquisitions, strategic partnerships, joint ventures, or capital commitments.

In addition, if the stock markets in general experience a loss of investor confidence, the trading price of our Equity Shares could decline for reasons unrelated to our business, financial condition or operating results. The trading price of our Equity Shares might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. Each of these factors, among others, could adversely affect the price of our Equity Shares. There can be no assurance that an active trading market for the Equity Shares will be sustained after this Issue, or that the price at which the Equity Shares have historically traded will correspond to the price at which the Equity Shares are offered in this Issue or the price at which the Equity Shares will trade in the market subsequent to this Issue.

Fluctuations in the exchange rate between the Indian Rupee and other currencies could have an adverse effect on the value of our Equity Shares in those currencies, independent of our operating results.

Our Equity Shares are quoted in Rupees on the Stock Exchanges. Any dividends in respect of our Equity Shares will be paid in Rupees. Any adverse movement in currency exchange rates during the time it takes to undertake such conversion may reduce the net dividend to investors. In addition, any adverse movement in currency exchange rates during a delay in repatriating the proceeds from a sale of Equity Shares outside India, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares, may reduce the net proceeds received by investors. The exchange rate between the Indian Rupee and other currencies (such as, the U.S. dollar, the Euro, the pound sterling and the Singapore dollar) has changed substantially in the last two decades and could fluctuate substantially in the future, which may have an adverse effect on the value of our Equity Shares and returns from our Equity Shares in foreign currency terms, independent of our operating results.

Any future issuance of the Equity Shares by us or sales of the Equity Shares by any of our significant shareholders may adversely affect the trading price of the Equity Shares.

Any future issuance of Equity Shares by us, such as a primary offering or pursuant to a preferential allotment, may dilute your shareholding in us, adversely affect the trading price of our Equity Shares and could affect our ability to raise capital through an issuance of our securities. In addition, any perception by investors that such

issuances or sales might occur could also affect the trading price of our Equity Shares. Additionally, the disposal of Equity Shares by any of our significant shareholders or our promoters, any future issuance of Equity Shares by any of our significant shareholders or Promoters, any future issuance of Equity Shares by us or the perception that such issuances or sales may occur may significantly affect the trading price of the Equity Shares. Except for the customary lock-up on the Company's ability to issue equity or equity linked securities discussed in "*Placement*", there is no restriction on our ability to issue Equity Shares or our major shareholders' ability to dispose of their Equity Shares, and we cannot assure you that we will not issue Equity Shares or that any major shareholder will not dispose of, encumber, or pledge, its Equity Shares. Such securities may also be issued at prices below the then current trading price of our Equity Shares. Sales of Equity Shares by our major shareholders may also adversely affect the trading price of our Equity Shares.

Investors may be subject to Indian taxes arising out of capital gains on the sale of our Equity Shares.

Under current Indian tax laws and regulations, capital gains arising from the sale of shares in an Indian company are generally taxable in India. Any gain realized on the sale of listed equity shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if Securities Transaction Tax ("STT") has been paid on the transaction. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold. Any gain realized on the sale of equity shares held for more than 12 months to an Indian resident, which are sold other than on a recognized stock exchange and on which no STT has been paid, will be subject to long term capital gains tax in India. Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short term capital gains tax in India. Capital gains arising from the sale of the Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares.

Foreign investors are subject to foreign investment restrictions under Indian law that limit our ability to attract foreign investors, which may adversely impact the market price of the Equity Shares.

Under the foreign exchange regulations currently in force in India, transfers of the Equity Shares between non-residents and residents are freely permitted (subject to certain exceptions) if they comply with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of the Equity Shares is not in compliance with such pricing guidelines or reporting requirements and does not fall under any of the specified exceptions, then the prior approval of the RBI will be required. Additionally, shareholders who seek to convert the Rupee proceeds from a sale of the Equity Shares in India into foreign currency and repatriate that foreign currency from India will require a no-objection or a tax clearance certificate from the income tax authority. We cannot assure you that any required approval from the RBI or any other Government agency can be obtained on any particular terms or at all. These foreign investment restrictions may adversely affect the liquidity and free transferability of the Equity Shares and could result in an adverse effect on the price of the Equity Shares.

There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect a shareholder's ability to sell, or the price at which it can sell the Equity Shares at a particular point in time.

We are subject to a daily "circuit breaker" imposed by the Stock Exchanges, which does not allow transactions beyond certain specified increases or decreases in the price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breaker generally imposed by the SEBI on Indian stock exchanges. The maximum movement allowed in the price of the Equity Shares before the circuit breaker is triggered is determined by the Stock Exchanges based on the historical volatility in the price and trading volume of the Equity Shares. The Stock Exchanges will inform us of the triggering point of the circuit breaker in effect from time to time, but it may change without our knowledge. This circuit break will limit the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, there can be no assurance that shareholders will be able to sell the Equity Shares at their preferred price or at all at any particular point in time.

Conditions in the Stock Exchanges may affect the price and liquidity of the Equity Shares.

Indian stock exchanges are smaller than stock markets in developed economies and have in the past experienced substantial fluctuations in the prices of listed securities. Indian stock exchanges have also experienced problems that have affected the market price and liquidity of the securities of Indian companies. These problems have

included temporary closure of the stock exchanges to manage extreme market volatility, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of Indian stock exchanges have from time to time restricted securities from trading, limited price movements and imposed margin requirements. For more information on the securities market of India, see "*The Securities Market of India*"

Applicants to the Issue are not allowed to withdraw their Bids after the Bid/Issue Closing Date.

In terms of the ICDR Regulations, applicants in the Issue are not allowed to withdraw their Bids after the Bid/Issue Closing Date. The Allotment of the Equity Shares in this Issue and the credit of such Equity Shares to the applicant's demat account with depository participant could take approximately seven days and up to 10 days from the Bid/Issue Closing Date. However, there is no assurance that material adverse changes in the international or national monetary, financial, political or economic conditions or other events in the nature of force majeure, material adverse changes in our business, results of operation or financial condition, or other events affecting the applicant's decision to invest in the Equity Shares, would not arise between the Bid/Issue Closing Date and the date of Allotment of Equity Shares in the Issue. Occurrence of any such events after the Bid/Issue Closing Date could also impact the market price of the Equity Shares. The applicants shall not have the right to withdraw their Bids in the event of any such occurrence. We may complete the Allotment of the Equity Shares even if such events may limit the applicants' ability to sell the Equity Shares after the Issue or cause the trading price of the Equity Shares to decline.

Investors will be subject to market risks until the Equity Shares credited to the investor's demat account are listed and permitted to trade.

Investors can start trading the Equity Shares allotted to them only after they have been credited to an investor's demat account, are listed and permitted to trade. Since the Equity Shares are currently traded on the Stock Exchanges, investors will be subject to market risk from the date they pay for the Equity Shares to the date when trading approval is granted for the same. Further, there can be no assurance that the Equity Shares allocated to an investor will be credited to the investor's demat account or that trading in the Equity Shares will commence in a timely manner.

SUMMARY OF THE BUSINESS

Overview

We are one of India's leading manufacturers of automotive mechanical cables and light sources. Having commenced of our operations as a single client, single product manufacturer in 1985, we have significantly diversified and de-risked our client, segment and product profile over the years. Today, we stand as one of India's leading 2W mechanical cable manufacturers, with a global presence and an installed capacity of producing 175 million cables per year as at the end of Fiscal 2015. We sell a wide range of cables directly to original equipment manufacturers ("**OEMs**") in India and overseas, while servicing the replacement market for automotive cables through OEMs and otherwise. We believe our size and scale of operations makes us one of the leading players in the Indian 2W mechanical cables space, with an increasing market presence in the other automotive spaces within which we operate. While we have continued to manufacture cables from the year of commencement of our operations, we began manufacturing speedometers, and over the years, have increased our product profile to include a variety of products such as tachometers, fuel sender/tanks, moulded parts, etc.

In Fiscal 2016, we acquired Phoenix Lamps Limited (formerly Halonix Limited) ("**Phoenix**"), one of India's leading manufacturers of automotive halogen bulbs, with years of manufacturing experience and technical knowledge. Over the years, it has established relationships with leading Japanese, Korean, European and Indian OEMs. In Fiscal 2016, Phoenix exported to more than 90 countries. It has three manufacturing plants at Noida National Capital Region in India with an aggregate installed capacity of 87 million lamps per year as of Fiscal 2015. Our acquisition of Phoenix resulted in its direct and indirect subsidiaries, namely International Lamps Holding Company S.A. (Luxembourg), Luxlite Lamp S.a.r.l. (Luxembourg) and Trifa Lamps Germany GmbH (Germany), becoming our Subsidiaries. As the acquisition of Phoenix was undertaken in Fiscal 2016, the Audited Consolidated Financial Statements do not reflect the details of the financial performance of Phoenix.

Apart from Phoenix's manufacturing facilities, we have 15 manufacturing facilities in India, the oldest being our facilities in Bommasandra, Bengaluru, where we commenced our operations in 1985. Our manufacturing plants are set up in close proximity to major auto producing hubs of India, which include Haryana, Uttarakhand, Maharashtra, Gujarat, Rajasthan, Karnataka and Tamil Nadu. Further, our plants are typically designed to manufacture end products customized to our clients operating in the geographic vicinity. We also operate two 100% export-oriented units in Bengaluru, which cater to the demand for our products from international clients. Our focus on quality, cost, delivery and development ("**QCDD**") is evidenced by the fact that almost all of our plants have received the prestigious automotive-specific TS 16949 quality management system certificate. We have also received and maintain other prestigious quality management system certificates for each of our facilities in line with industry standards.

Our products include mechanical cables, speedometers, tachometers, fuel sender/tank, moulded parts, turn parts, mirror assembly, insta-colour lamps assembler, extruded rubber parts for 2W, automotive, aftermarket and the non-automotive segments. Our sales of products used in 2W space constitute the largest portion of products sold, both in value and volume. However, one of our key strategies going forward is to grow our business in the other automotive spaces and the export segment. Revenue from sales of 2W products accounted for approximately 59%, 55% and 53% of our consolidated sales revenue in Fiscals 2013, 2014 and 2015, respectively.

We believe that the long-standing relationships that we have with our customers are critical to our success and continued growth. In recent years, we have won several awards from our customers including but not limited to the Volkswagen – "A" Grade Supplier Award and Quality Performance Award, the General Motors Supplier Quality Excellence Award, the Bajaj Auto Limited TPM Excellence Award and the Bajaj Auto Limited Quality Consistency Gold award, the Mahindra Alfa Quality award, the Tata Motors Green Card for '0'PPM Award, the John Deere Accelerated Sourcing Award and the Honda Motorcycle and Scooter Quality and Delivery Achievement Award, amongst others.

In India, we sell our cables through OEMs and also, directly to consumers through a pan-India network of distributors. As of December 31, 2015, we had five warehouses, two in India and three in US, that helped us supply our products to our OEM customers and our distribution network. Further, our independent distribution network comprised of over 300 distributors across India as of December 31, 2015. We also cater to the OEM replacement market by supplying cables directly to OEMs, who brand and sell such products as "made for" or "genuine" OEM parts in the replacement market. As of December 31, 2015, our dedicated pan-India sales team

comprised of over 35 professionals.

In addition to our domestic sales, we are also one of the leading exporters of mechanical cables and lamps to marquee OEMs globally. We focus on certain key international clusters, which include the USA, Germany and other European countries, Southeast Asia, the Middle East and Africa. We have set-up sales offices in what we believe to be key international clusters to enable us to market our products as well as understanding customer needs and developing products to service such requirements. We plan on expanding our reach to include offices located in such key international clusters. In addition to us supplying mechanical cables to certain marquee OEMs such as Volkswagen and a distinguished luxury automobile manufacturer based in Munich, we have gained a strong foothold in the major automobile manufacturing hubs and the replacement markets in Europe through our acquisition of Phoenix and consequently, Trifa (Germany) and Luxlite (Luxembourg).

Some of our major customers are:

Products	Customer
2W	Bajaj Auto Limited, Hero Motor Corp. Limited, TVS Motor Company Limited, Royal Enfield (Eicher Motors Limited), etc.
Automotive	Atul Auto Limited, Brose India Automotive Systems Private Limited, General Motors India Private Limited, Lear Automotive India Private Limited, Mahindra & Mahindra, Mahle Bear India Private Limited, Piaggio Vehicles Private Limited, Renault Nissan, SML Isuzu Limited, Tata Motors Limited, VE Commercial Vehicles Limited (Volvo Eicher), Volkswagen India Private Limited, etc.
Non-Automotive	John Deere, Kubota Corporation, etc.

In Fiscals 2015, 2014 and 2013, our consolidated net revenue from operations was Rs. 61,180.21 lakhs, Rs. 54,523.66 lakhs and Rs. 46,253.61 lakhs, respectively. We had a consolidated net profit of Rs. 5.029.49 lakhs, Rs. 5,080.98 lakhs and Rs. 4,712.43 lakhs in Fiscals 2015, 2014 and 2013, respectively. As at March 31, 2015, we had consolidated total assets of Rs. 52,861.05 lakhs and consolidated total liabilities of Rs. 28,780.01 lakhs. In the nine-month period ended December 31, 2015, our standalone net revenue from operations was Rs. 43,069.93 lakhs and our standalone net profit was Rs. 3,987.21 lakhs.

In Fiscals 2015, 2014 and 2013, Phoenix's consolidated net revenue from operations was Rs. 36,513.65 lakhs, Rs. 49,402.69 lakhs and Rs. 48,314.20 lakhs, respectively. Phoenix had a consolidated net profit of Rs. 1,957.25 lakhs and Rs. 6,639.31 lakhs in Fiscals 2015 and 2014, respectively, and a consolidated net loss of Rs. 2,407.41 lakhs in Fiscal 2013. As at March 31, 2015, Phoenix had consolidated total assets of Rs. 23,798.01 lakhs and consolidated total liabilities of Rs. 12,079.82 lakhs. In the nine-month period ended December 31, 2015, Phoenix's standalone net revenue from operations was Rs. 15,999.63 lakhs and its standalone net profit was Rs. 1,453.19 lakhs.

Our Strengths

We believe that our business has the following key competitive strengths.

Established Presence in the Indian 2W OEM Space and Gaining Traction in Other Spaces

We are one of the leading players in the mechanical cables industry, with production capacities spread across India. Further, we believe that our focus on quality, technological upgradation and competitive pricing has helped in strengthening our relationships with most of the OEMs that operate in the 2W space in India. We believe that awards and accolades that we have received from most of the major Indian 2W OEMs is an indicator of our reputation and position in this space. Further, we are gaining traction amongst the global 2W OEMs that have entered India in recent times.

While we continue to consolidate our position in the 2W space, we have gradually built our presence within the other spaces within which we operate, namely the automotive space, comprising 3Ws, 4Ws, LCVs and MHCVs and the non-automotive space. In line with our product and segment risk diversification strategy, we believe that our presence in the Indian 4W OEM cable space has grown significantly over the past five years. Consequently, revenues from 2W product sales, which once accounted for almost all of our revenues, today account for about 53% of our consolidated revenues in Fiscal 2015.

Expanding OEM clientele

From being a company with a single product designed for a single client, we have strategically enhanced our product portfolio and diversified our customer base. We work closely with our OEM customers to develop products to match their requirements. Today, we supply mechanical cables to a number of major Indian 2W OEMs such as Bajaj Auto Limited, Hero Moto Corp. Limited and TVS Motor Company Limited, amongst others. We are also the single source supplier of control cables and speedo cables to Royal Enfield. In the 4W space, we supply mechanical cables to marquee global OEMs such as General Motors India Private Limited, Renault Nissan, Volkswagen India Private Limited, a German luxury automobile manufacturer based in Munich and a British sports car manufacturer based in Warwick. We supply our products to Piaggio Vehicles Private Limited, amongst others in the 3W space. Further, we have gained significant traction in the non-automotive space in recent years and have added amongst others, John Deere, a leading global manufacturer of agricultural, construction, forestry and turf care equipment, and the Kubota Corporation to our customer base. Our OEM segment accounted for a significant portion of our consolidated gross sales revenue in Fiscals 2013, 2014 and 2015, and continues to be a significant contributor to our consolidated gross sales revenue as of the nine-months ended December 31, 2015.

We believe that our strong OEM presence also helps generate a steady replacement demand, gives us access to latest technological development and learnings in the industry, creates significant entry barrier for new entrants and enhances our brand equity. Going forth, we believe that our acquisition of Phoenix will present significant cross-selling opportunities across our fast-growing OEM customer base while also enabling us to leverage Phoenix's market presence and distribution network.

Strong Design and Development Focus

We believe that our focus on product development significantly contributes to our ability to meet customer needs in an ever-evolving and competitive market. Further, we believe that our product development processes have been a catalyst for the growth of businesses with most of our production facilities being located in close proximity to our OEM customers and manned with a dedicated on-site design and development teams to address the customization requirements of our customers. This enables our OEM customers to easily interact and work closely with our on-site design and development teams. To control and advise the individual production facilities, we have established a Tech Centre in Bommasandra, Bengaluru. The aforesaid on-site teams report to the Tech Centre. Further, our other internal departments such as Marketing, Quality Control and Production interact with both the on-site teams and the Tech Centre to ensure that customers' requirements are met on ongoing basis. We also operate a design and development center in Tamworth, UK.

Our design and development facilities are equipped with advanced machinery and software that makes them capable of performance testing, modeling, prototyping and reverse engineering. We believe that our prototyping abilities enable shorter response times for sample development and give us a competitive edge in the industry within which we operate. Our design and development facilities also research and focus on alternate materials and designs to improve product performance and reduce costs.

Pan India Coverage Through a Strong Distribution Network

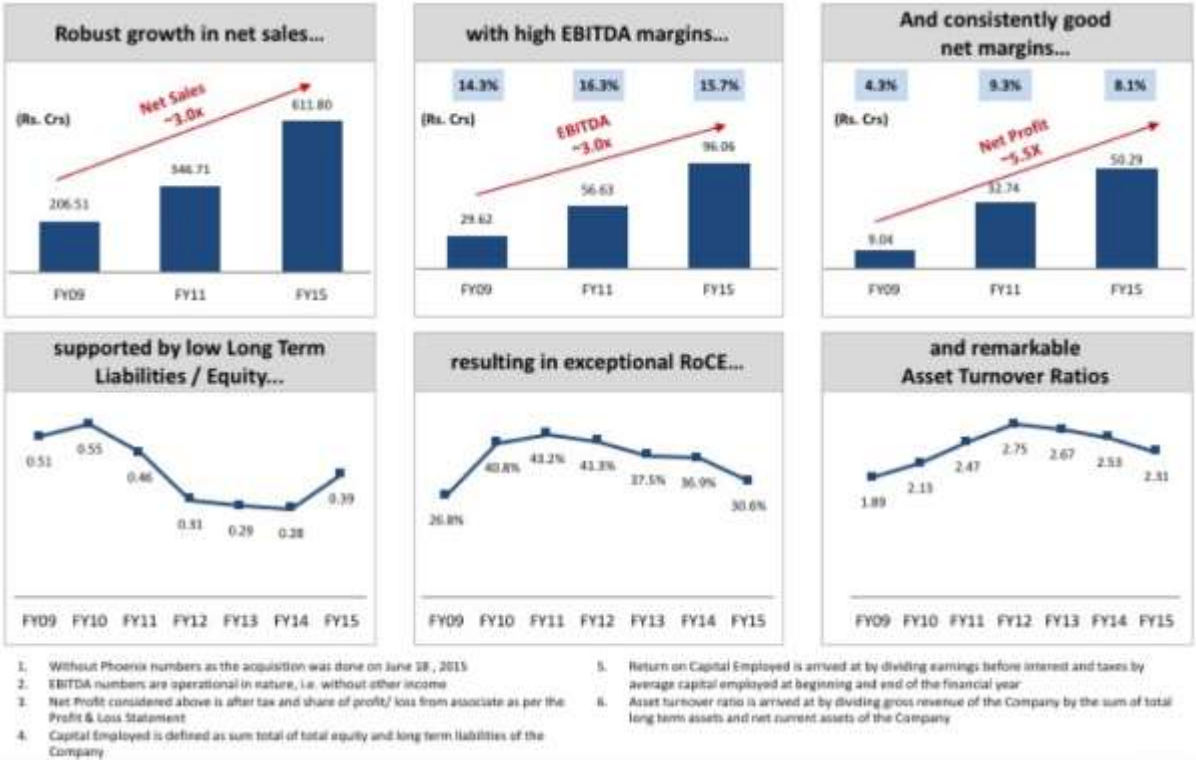
We maintain a broad sales and distribution network that allows us to efficiently sell our goods across India and abroad. In India, we sell our cables through OEMs and also, directly to consumers through a pan-India network of dealers. As of December 31, 2015, we had five warehouses, two in India and three in US, that helped us supply our products to our OEM customers and our distribution network. Further, our independent distribution network comprised of over 300 distributors across India as of December 31, 2015. We also cater to the OEM replacement market by supplying cables directly to OEMs, who brand and sell such products as "made for" or "genuine" OEM parts in the replacement market. Additionally, Phoenix has a strong pan-India network of over 190 dealers as of December 31, 2015, with a significant presence across the aftermarket segment. We also have dedicated sales teams in India and in select international geographies to cater to both the domestic and global demand for our products. As of December 31, 2015, our dedicated pan-India sales team comprised of over 35 professionals.

Going forth, we believe that the aftermarket presents significant growth opportunities, given the volume growth, increased awareness amongst end-users and an increasing feature list (both in 2W and 4W spaces). Further, our long-standing relationships with OEMs have helped ensure that our products have been and are currently being factory fitted into a sizeable number of 2Ws and 4Ws, which creates a natural aftermarket at the latter stages of the product life-cycle of these vehicles. We believe that the aftermarket segment will continue to outpace

automobile growth and therefore, in addition to focusing on our domestic aftermarket sales, we also intend to aggressively target the export aftermarket segment.

Robust Financial Performance

We believe that our focus on operational excellence, financial prudence and strategic growth has helped in maintaining our strong financial performance. Over the preceding six Fiscals, on a consolidated basis, we have consistently recorded a robust growth in sales, and our EBITDA margins and net margins while maintaining relatively low debt/equity ratios. Further, we have been able to maintain a consistent track record of paying dividends to our Shareholders.



1. Without Phoenix numbers as the acquisition was done on June 18 , 2015
2. EBITDA numbers are operational in nature, i.e. without other income
3. Net Profit considered above is after tax and share of profit/ loss from associate as per the Profit & Loss Statement
4. Capital Employed is defined as sum total of total equity and long term liabilities of the Company
5. Return on Capital Employed is arrived at by dividing earnings before interest and taxes by average capital employed at beginning and end of the financial year
6. Asset turnover ratio is arrived at by dividing gross revenue of the Company by the sum of total long term assets and net current assets of the Company

Growth from Inorganic Expansion

Having commenced our operations as a single client, single product manufacturer in 1985, we have significantly diversified and de-risked our client, segment and product profile over the years. We believe that one of the major catalysts for this gradual risk diversification has been our ability to identify inorganic expansion opportunities. In Fiscal 2003, we acquired Shah Concabs Private Limited, which gave us access to OEMs operating within the domestic LCV and MHCV space. In Fiscal 2007, we acquired the business of CTP Gills Cables Limited, UK, which gave us access to passenger vehicle markets in Europe and the US. Our acquisition of the Speedo Cable Business on a slump sale basis in Fiscal 2015, helped us further entrench our relationships with certain existing OEMs customers while also increasing our presence in the aftermarket.

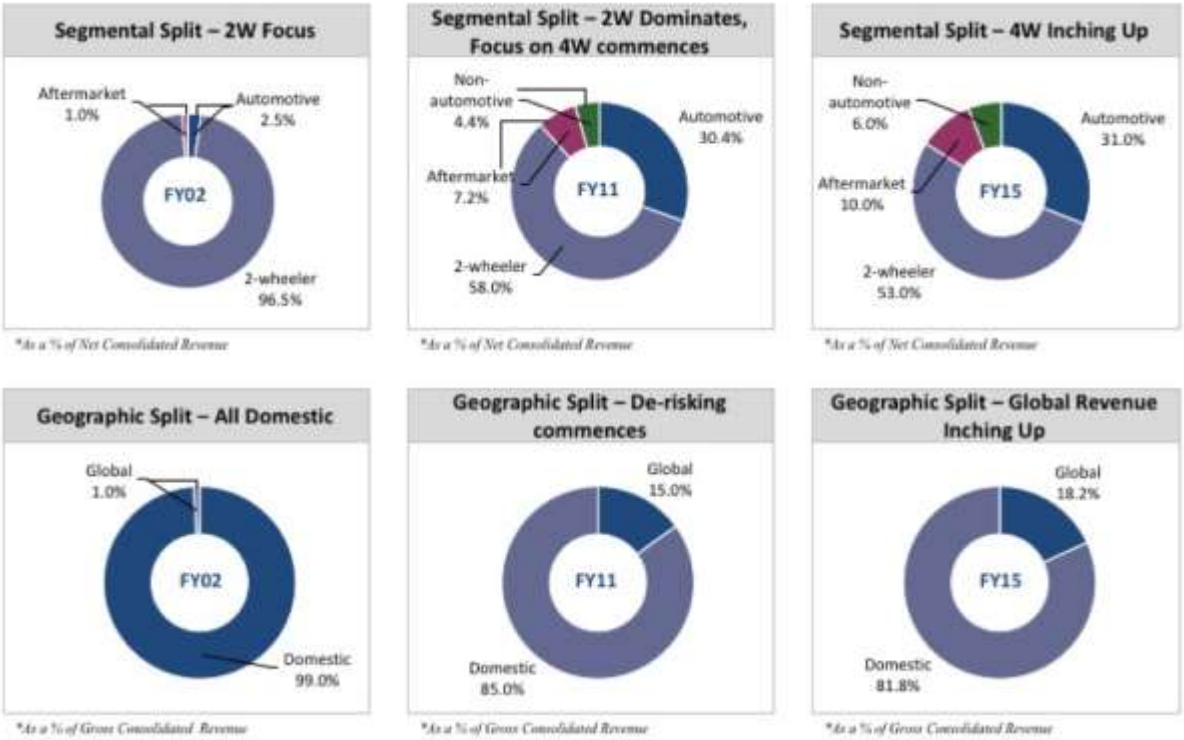
In Fiscal 2016, we completed the acquisition of Phoenix, our largest acquisition targeted at (a) diversifying our product profile and diversifying revenue segment risks, (b) consolidating business with existing OEM customers and establishing ties with new ones, (c) cross-selling products, and (d) increasing traction in exports. We believe there are significant synergies between the companies and that we will be able to successfully integrate and grow Phoenix's business as we have done in our past acquisitions. Further, we believe that Phoenix's pan-India presence and reach in the Indian aftermarket and international presence through Luxlite (Luxembourg) and Trifa (Germany), present us with opportunities to leverage its platform to continue to grow our business.

Diversified Revenue Mix

Over the years, we have continuously strived to diversify our product portfolio and segment exposure by way of organic growth and inorganic expansion. Currently, we have a sales in the OEM, replacement and export

markets, which helps balance our operational revenues. We also benefit from a diverse geographic spread of operations with consolidated exports to over 90 countries in Fiscal 2016. This helps in reducing our dependence on any single customer, product or geography. As part of the aforementioned goal of diversifying our risk profile, we have consciously attempted to change our product mix by focusing on growing our non-2W segments such as the automotive and non-automotive spaces.

A breakdown of our consolidated revenues for certain past periods, by segment and geography, is represented in the charts below:



Our Strategies

We intend to grow our businesses by implementing the following strategies:

Focus on Consolidating Position and Outperforming Industry Growth

We are one of the leading players in the mechanical cables industry, with production capacities spread across India. We believe that the awards and accolades that we have received from most of the major Indian 2W OEMs is an indicator of our reputation and position in the 2W space. Further, we believe that our focus on QCDD is admired by our OEMs customers and is a cornerstone of our growth. Typically, our growth in 2W OEM space has outperformed the historical growth of the 2W space itself, primarily on account of new customer acquisition and an increase in penetration within our existing customer base. Having established our presence in the 2W Indian OEMs segment, we have embarked on our journey to increase our reach and sales to some of the global 2W OEMs that have recently entered India. We believe that our existing relationships coupled with increased sales to fast growing global OEMs, will help us to continue to grow in a manner consistent with our past performance. Further, we intend to leverage the proximity of our strategically-located existing facilities to cater to the demand of other 4W, LCV and MHCV OEMs that have set-up or are in the process of setting-up their facilities in the vicinity.

Increasing our Market Share in the Automotive Space

One of the reasons for our growth in revenue has been the increase in our sales to automotive OEMs. In terms of unit value, a 4W, LCV or MHCV would typically require significantly more cable than a 2W. We believe that there are various factors that might support the automotive growth story in India and expect that the demand for 3Ws, 4Ws, LCVs and MHCVs will be robust in the years to come. Over the recent years, we have made significant progress in upgrading our capabilities to be able to service the growing demand of automotive

OEMs.

We expect that our focus on quality, operational efficiencies and client servicing capabilities will help us increase our market share in the automotive space, which we believe will be an important growth driver for both our domestic and global operations in the coming years. Hence, we intend to focus on increasing market penetration by establishing relationships with new automotive OEMs coupled with an increase in business from existing customers.

Focus on Higher Margin Aftermarket Sales

The aftermarket segment in India continues to be predominantly serviced primarily by the unorganized sector and by OEMs through their dealer and service networks. At an approximate useful life of between 2-4 years for 2W cables and 5-8 years for automotive cables, we expect the replacement market for 2Ws to generate a significant recurring demand for our products during the life-cycle of the vehicles. We began to increase our focus on the aftermarket in India's northern, western and eastern regions through the sale of "*Suprajit*" branded cables in Fiscal 2006. In Fiscal 2015, revenue from aftermarket sales contributed approximately 10% of our consolidated sales revenue. Since our foray into the aftermarket segment, we have also ramped up our distributor network over the years and have over 300 distributors across India as of December 31, 2015. We believe that the aftermarket segment also helps us balance the cyclicality in sales to OEMs.

We intend to focus on generating additional sales from the aftermarket segment in both our cables and lamps businesses in the years to come. We believe that leveraging our existing cable distribution network for our lamps business, and vice versa, might help us realize gains in the replacement market in a relatively shorter timeframe. We also believe that there are opportunities that are waiting to be tapped in the export replacement market, and we will continue to evaluate opportunities to increase our presence in this market as well.

Enhancement of Product Portfolio

We believe that significant opportunities will emerge in both the global and Indian automotive component market for consolidation. In the past we have followed a policy of continuous diversification in terms of product profile, client distribution, geographic concentration and manufacturing. Having established ourselves in the cable business, we have commenced our journey into the automotive lighting source business through the acquisition of Phoenix. Our experience in integrating and growing from acquisitions in the past coupled with our learnings from our integration of Phoenix's operations with ours, gives us the confidence to continue and explore such opportunities in the future. While we will continue to evaluate such opportunities for growth and diversification, our aim will be to continue to consolidate our product profile, optimally use our distribution network and further maximize returns to our shareholders through "Profitable Growth". We believe that opportunities exist globally for the consolidation of our current businesses, which we are keen to pursue.

Value Creation through Selective Strategic Acquisitions

We have made four strategic acquisitions till date and believe that we have integrated such businesses successfully within our business operations. These acquisitions, besides adding to our product portfolio, diversifying our risk profile, enhancing our technology and distribution network, have also helped us in the cross-selling of our existing products to newly expanded customer base. We believe that we have demonstrated a track record of identifying strategically attractive assets for acquisition, which can be utilized to create synergies and value for our business through measures such as restructuring operations, addressing bottlenecks, allocating required capital, etc. In Fiscal 2016, we acquired Phoenix and believe that this acquisition allows both parties to benefit from their complimentary geographically spread dealer network, OEM relationships and international presence. Going forth, we intend to continue to evaluate our business profile and consolidate it with both internal growth and strategic inorganic expansion.

INDUSTRY OVERVIEW

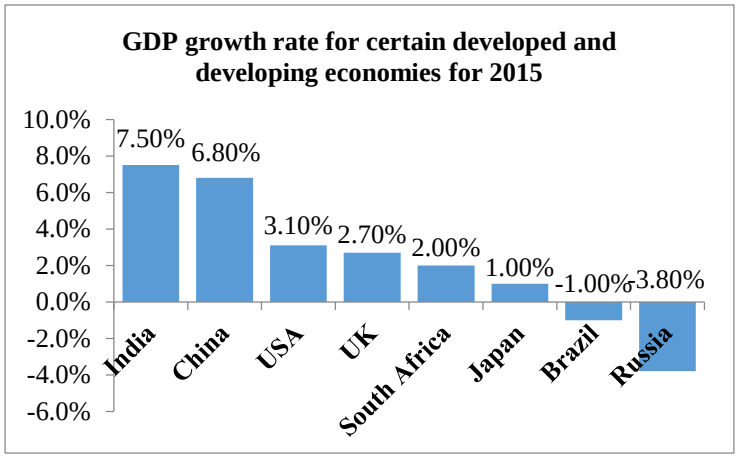
The information in this section includes extracts from publicly available information, data and statistics and has been derived from various government publications and industry sources such as the SIAM and ACMA. Neither the Company, nor the BRLM or any other person connected with the Issue has independently verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Accordingly, investors should not place undue reliance on, or base their investment decision on this information.

I. Overview of Global Economy

In emerging market economies, there has been a slowdown from 5% in 2013 to 4.6% in 2014. This continued slowdown reflects several factors, including lower commodity price and tighter external financial conditions, structural bottlenecks, rebalancing in China and economic distress related to geopolitical factors. A rebound activity in a number of distressed economies is expected to result in a pickup in growth in 2016. *(Source: ACMA Annual Report 2014-15)*

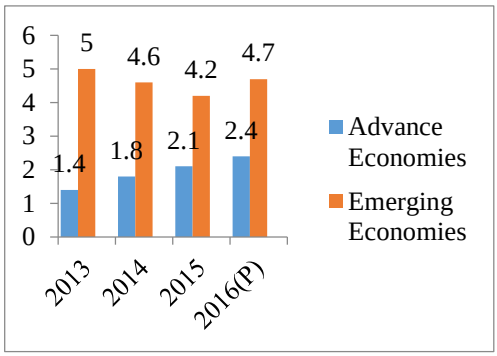
In 2016, growth is expected to strengthen to 3.8 percent. A setback to activity in the first quarter of 2015, mostly in North America, has resulted in a small downward revision to global growth for 2015 relative to the April 2015 World Economic Outlook (WEO). Nevertheless, the underlying drivers for a gradual acceleration in economic activity in advanced economies easy financial conditions, more neutral fiscal policy in the euro area, lower fuel prices, and improving confidence and labor market conditions remain intact. *(Source: Indian Monetary Foundation- World Economic Outlook Update – July, 2015)*

In emerging market economies, the continued growth slowdown reflects several factors, including lower commodity prices and tighter external financial conditions, structural bottlenecks, rebalancing in China and economic distress related to geopolitical factors. A rebound in activity in a number of distressed economies is expected to result in a pickup in growth in 2016. The distribution of risks to global economic activity is still tilted to the downside. Near-term risks include increased financial market volatility and disruptive asset price shifts, while lower potential output growth remains an important medium-term risk in both advanced and emerging market economies. Lower commodity prices also pose risks to the outlook in low-income developing economies after many years of strong growth. *(Source: Indian Monetary Foundation- World Economic Outlook Update – July, 2015)*

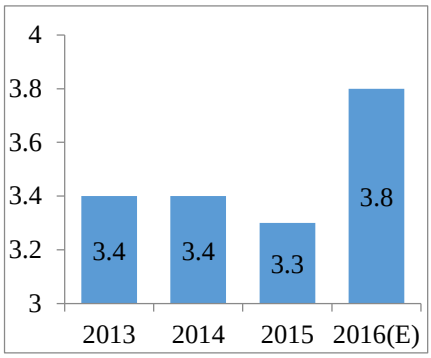


(*Source: International Monetary Fund World Economic Outlook Database, April, 2015)*

Output Growth in various economies (in %)



World Output Growth(in %)



(*Source: International Monetary Fund World Economic Outlook Database, April, 2015)*

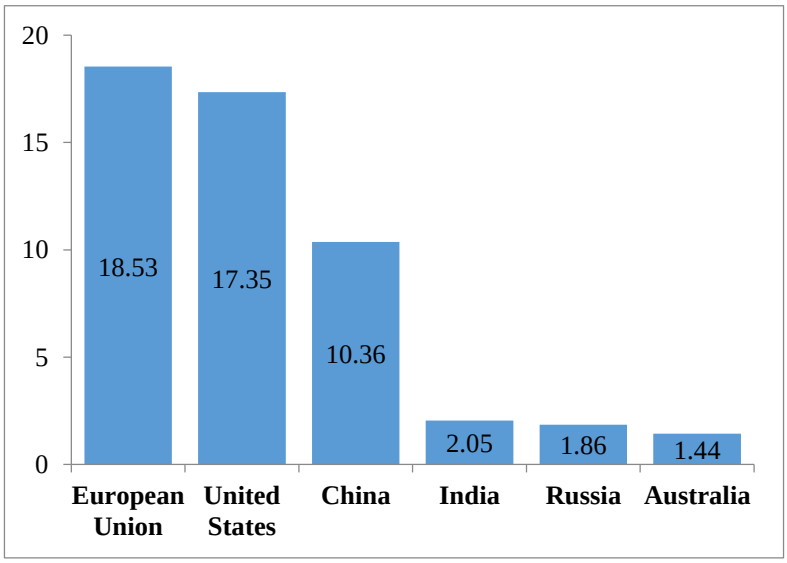
II. Overview of the Indian Economy

In advanced economies, growth is expected to remain robust and above trend through 2016 and contribute to narrowing the output gap. The growth recovery in the Euro area is projected to be broad based. Growth in India is expected to rise above the rates in other major emerging market economies. India's growth is expected to strengthen from 7.3% in 2014 and 2015 to 7.5% in 2016. Growth will benefit from recent policy reforms, a consequent pickup in investment, and lower commodity prices. In India, inflation is expected to decline further in 2016, reflecting the fall in global oil and agricultural commodity prices. *(Source: Indian Monetary Foundation- World Economic Outlook Update – July, 2015)*

1. GDP and Disposable Income

The Indian economy is one of the largest economies in the world. Despite the global financial crisis in late 2008, India continued to show one of the highest annual real GDP growths in the world. India's GDP for the years 2014, 2013 and 2012 was estimated at $7.411 trillion, $6.908 trillion and $6.462 trillion respectively. India's GDP is currently ranked 4th in the world. The per capita GDP of India, is however, extremely low and is ranked 160th in the world. *(Source: CIA World Factbook)*

Nominal GDP of Major Economies for 2014 (in trillion USD)



(Source: IMF World Economic Outlook)

2. Population Growth

India had an estimated population of 1.25 billion (July 2015), according to the World Bank. Approximately 67.3% and 32.7% of the entire population in India in 2015 lived in rural and urban areas, respectively. India has a young population. The median age of its population is 27.3 years as of the year 2015. Population growth rate is at 1.22% per year and the corresponding rate of urbanization is 2.38%. *(Source: CIA World Factbook)*

3. Road Network

The Indian road network of 33 lakh kilometers is second largest in the world. About 65% of freight and 80% passenger traffic is carried by the roads. National Highways constitute only about 1.7% of the road network but carry about 40% of the total road traffic. Number of vehicles has been growing at an average pace of 10.16% per annum over the last five years.

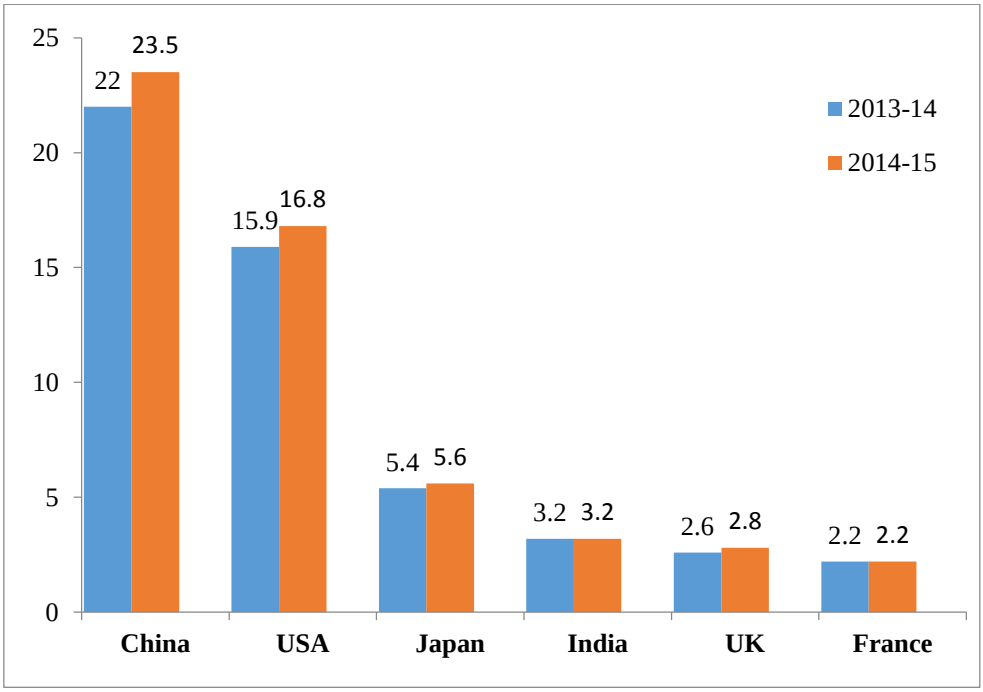
The Government of India has recognized the need to upgrade India's road infrastructure. The National Highways Authority of India ("NHAI") is mandated to implement National Highways Development Project ("NHDP"), which is India's largest ever highways project. It is expected that infrastructure development will provide a boost to the growth of the automobile sector and hence the cables industry. *(Source: National Highway Authorities of India)*

4. Automobile Production

The Indian automobile industry is gradually and steadily coming out of the slump witnessed in the last couple of years. Total vehicle production growth, excluding tractors was 8.7%. The tractor segment had a challenging year with total production reducing by (-) 12% in 2014-15. FDI inflow in the automobile sector increased by 75% from INR 9,027 crores in 2013-14 to INR 15,794 crore in 2014-15.

Within automobiles, total passenger vehicles production was up 4.3% with passenger cars growing by 4.1% and utility vehicles growing by 10.7%, while vans production reduced by (-) 11.5%. Total commercial vehicle production was down by (-) 0.3% with contrasting performance from the sub-segments- on the one hand, M&HCVs recorded a strong 21.2& growth, on the other hand LCVs production reduced by (-) 10.3% thereby bringing down the entire CV segment. *(Source: ACMA Annual Report 2014-15)*

Vehicle Sales of major economies (in millions)



(Source: ACMA Annual Report 2014-15)

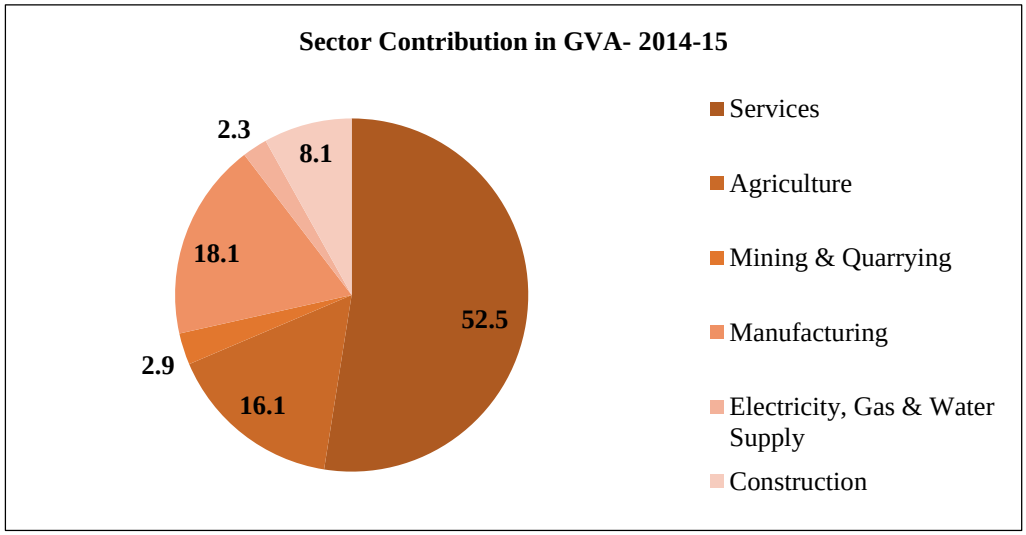
5. Limited Economic Growth

The macroeconomic environment in 2014-15 was marked by a modest pick-up in activity amidst building internal and external stability, against the backdrop of a tepid and multi-speed global recovery across regions. Going forward, the economy needs to grapple with significant challenges in the path towards realizing its potential and sustaining the growth process. *(Source: RBI Annual Report 2014-15)*

Growth, picked up in 2014, inflation markedly declined, and the external position was comfortable, helped by positive policies and lower global oil prices. The government underscored its intention to move steadily to tackle politically difficult structural issues that have stalled investment and limited economic performance in recent years. *(Source: ACMA Annual Report 2014-15)*

6. Section Contribution

The growth rate of Gross Domestic Product (GDP) at constant (2011-12) market prices is estimated at 7.3% in 2014-15 (Provisional Estimates). The growth of Gross Value Added (GVA) at basic prices for different sectors is as under:



(Source: ACMA Annual Report 2014-15)

III. The Indian Automobile Industry

1. Industry performance in 2014-15

The industry produced a total of 23,366,246 vehicles including passenger vehicles, commercial vehicles, three wheelers and two wheelers in April-March 2015 as against 21,500,165 in April-March 2014, registering a growth of 8.68% over the same period last year.

The sales of Passenger Vehicles grew by 3.90% in April-March 2015 over the same period last year. Within the Passenger Vehicles segment, Passenger Cars and Utility Vehicles grew by 4.99% and 5.30% respectively, while Vans declined by (-)10.19% in April-March 2015 over the same period last year. The overall Commercial Vehicles segment registered a de-growth of (-) 2.83% in April-March 2015 as compared to same period last year. Medium & Heavy Commercial Vehicles (M&HCVs) grew by 16.02% and Light Commercial Vehicles declined by (-) 11.57%. Three Wheelers sales grew by 10.80% in April-March 2015 over the same period last year. Passenger Carriers and Goods Carriers grew by 12.16% and 5.27% respectively in April-March 2015 over April-March 2014. Two Wheelers sales registered growth of 8.09% in April-March 2015 over April-March 2014. Within the Two Wheelers segment, Scooters, Motorcycles and Mopeds grew by 25.06%, 2.50% and 4.51% respectively in April-March 2015 over April-March 2014.

In April-March 2015, overall automobile exports grew by 14.89% over the same period last year. Passenger Vehicles, Commercial Vehicles, Three Wheelers and Two Wheelers grew by 4.42%, 11.33%, 15.44% and 17.93% respectively during April-March 2015 over the same period last year. *(Source: siamindia.com)*

2. *Projected capacity and Production of the Automobile Industry by 2016-17*

According to the Report of the Working Group on Automotive Sector for the 12th Five Year Plan (2012-2017) the projected capacity and production of passenger vehicles and commercial vehicles in the automobile sector for the 12th plan period 2012-17 is as follows:

Segment	Projected Capacity (Units)	Projected Production (Units)
Passenger vehicles	93,72,838	69,09,797
Commercial vehicles	23,97,257	17,41,122

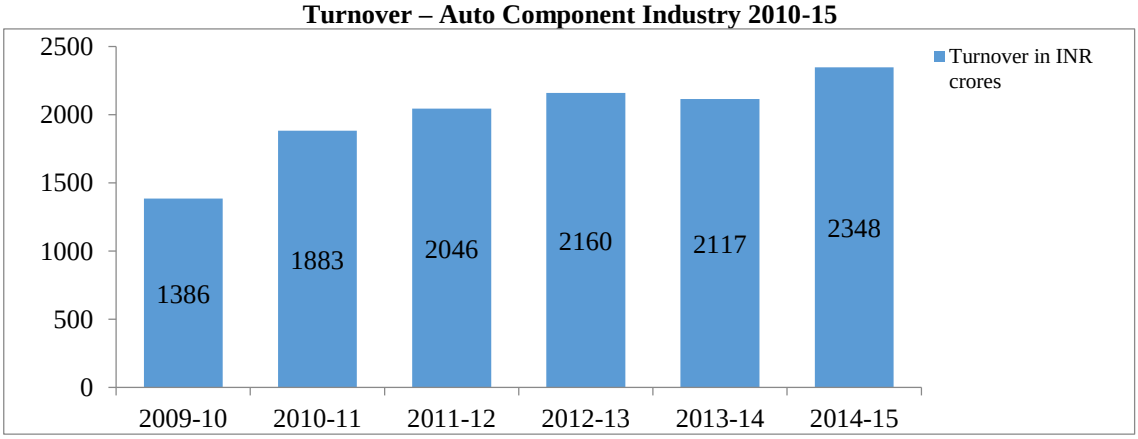
The Automotive Mission Plan (2006-2016) also envisaged doubling the contribution of the automotive sector to the National GDP from around 5% in 2006 to 10% in 2016 and increasing exports to USD 35 billion by 2016. *(Source: Automotive Mission Plan 2006-16, Department of Heavy Industry, Ministry of Heavy Industries and Public Enterprises, Government of India)*

3. *The Indian Auto Component Industry*

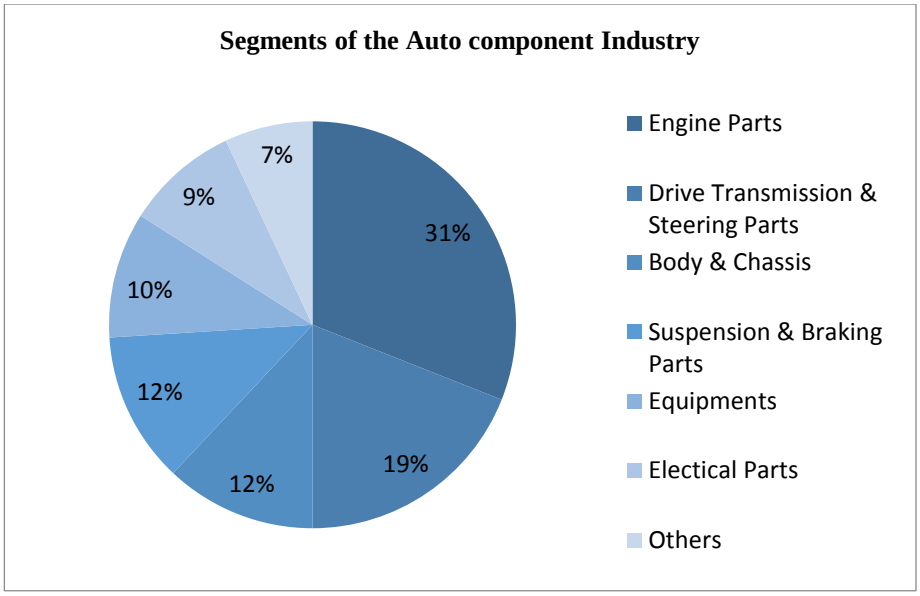
The automotive industry produced a total 1,990,010 vehicles in May 2014 including passenger vehicles, commercial vehicles, three wheelers and two wheelers as against 1,742,939 in May 2013, registering a growth of 14.18% compared to the corresponding period in the previous year. The export of commercial vehicles also registered growth of 20.80% in May 2014 compared to May 2013. Currently the Auto Component Industry manufactures a wide range of products in India for both domestic consumption and exports. The total size of the component industry is close to USD 14 billion out of which USD 9.4 billion is the domestic OEM market, USD 2.6 billion is the domestic aftermarket and USD 2.0 billion are the direct exports of components. More than 60% of the exports of auto components are to Europe and USA. More than 70% of the exports go to the OEMs and Tier I suppliers and only 30% to the global aftermarket, indicating the high level of maturity in quality and technology that has been achieved by the component industry. *(Source: siamindia.com)*

The growth in production was 15%. India is the second largest market for two wheelers in the world. However, in value terms, the value of the market for passenger cars and CVs is higher than the market size for two wheelers. *(Source: Automotive Mission Plan 2006-16, Department of Heavy Industry, Ministry of Heavy Industries and Public Enterprises, Government of India)*

Turnover – Auto Component Industry 2010-15

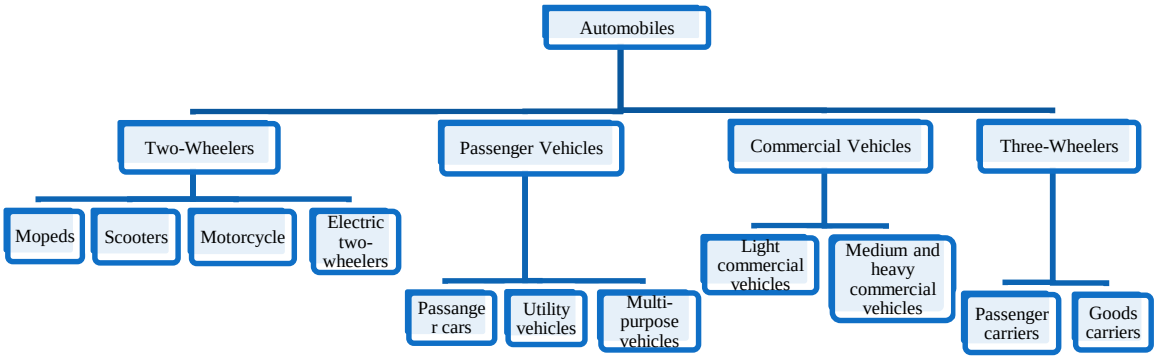


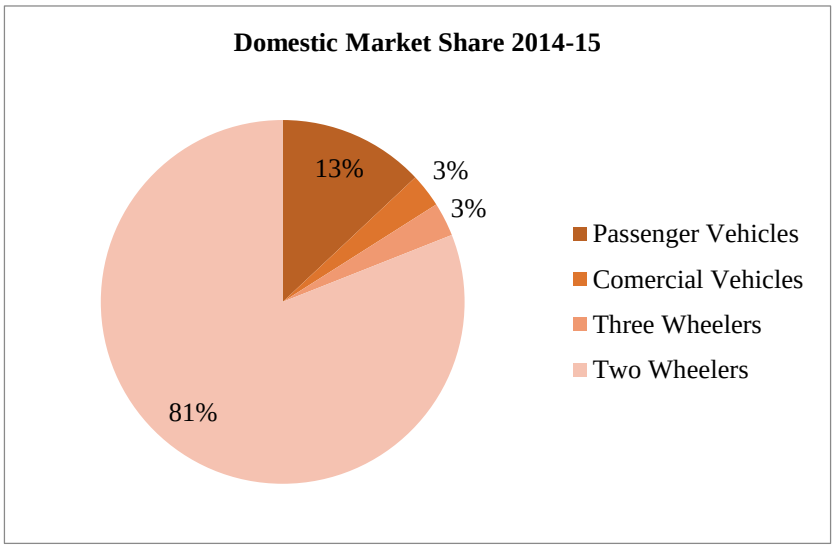
(Source: ACMA- Industry Statistics)



(Source: ACMA Presentation)

4. Segments of the Automobile Industry:



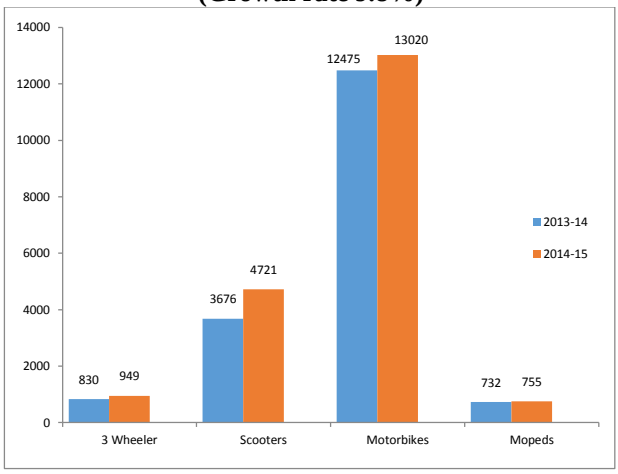


(Source: siamindia.com)

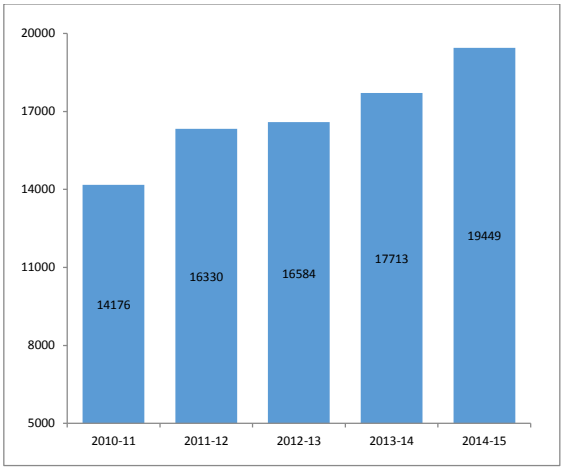
Automobile Production Trends

Category	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Two Wheelers	1,05,12,903	1,33,49,349	1,54,27,532	1,57,44,156	1,68,83,049	1,84,99,970
Passenger Vehicles	23,57,411	29,82,772	31,46,069	32,31,058	30,87,973	32,20,172
Commercial Vehicles	5,67,556	7,60,735	9,29,136	8,32,649	6,99,035	6,97,083
Three Wheelers	6,19,194	7,99,553	8,79,289	8,39,748	8,30,108	9,49,021
Grand Total	**1,40,57,064**	**1,78,92,409**	**2,03,82,026**	**2,06,47,611**	**2,15,00,165**	**2,33,66,246**

Two-Three Wheeler Production 2013-15 (in thousands) (Growth rate 9.8%)

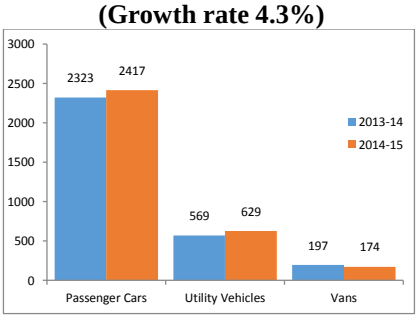


Two-Three Wheeler Production FY 2010-11 – FY 2014-15 *(in thousands)* CAGR 2011-2015 – 8%



(Source: ACMA Annual Report 2014-15)

Total Passenger Vehicles Production 2013-15 (in thousands) (Growth rate 4.3%)



(Source: ACMA Annual Report 2014-15)

5. ***Challenges faced:*** In India, the automotive segment faces heavy challenges like – high cost of capital, capacity utilization, infrastructure challenges & cost, imports- higher than exports, combating counterfeit parts, skilled manpower and building research & development competence. *(Source: ACMA Presentation).*

IV. Key Drivers for the Automobile Industry

1. Road Network and Investment in Infrastructure

In the commercial vehicle segment, increased investment in road infrastructure and availability of cheaper finance has led to a growth in multi-axle vehicles. This is expected to be followed by a shift to tractor-trailer combinations on account of operating economics of higher power-to-weight ratio vehicles. Growth in the demand for pick-up trucks has coincided with the growth in multi-axle vehicles. The next growth driver for LCVs is expected to be the introduction of lighter pick-ups. *(Source: Automotive Mission Plan 2006-16)*

2. Economy Growth

Rising per capita income and the changing demographic distribution are conducive for growth. India has the highest proportion of population below 35 years, 70%, (potential buyers), which means that 130 million people will get added to the working population between 2010 and 2016. The trends indicate that small and medium cars would remain dominant and a shift towards high end cars is expected at a faster rate. The SUV market is expected to develop rapidly in future. Higher disposable incomes coupled with availability of easy finance options have driven the Passenger vehicle segment. *(Source: Automotive Mission Plan 2006-16)*

3. Urbanization

The two wheeler segment growth is led by rapid urbanization and resultant rise in demand from semi-urban and rural areas, increasing income levels, wider product range available to customers, and easy finance options. 2.4.4 The growth in tractor industry is linked with the growth in agricultural output and exports to neighboring countries. *(Source: Automotive Mission Plan 2006-16)*

4. Government Support

The Government is currently taking initiatives like to set up manufacturing plants though 'Make in India'. The Government also aims to develop India as a global manufacturing as well as a R&D hub. There has been wide policy support by the Government in the form of SOPs, taxes and FDI encouragement. (*Source: Automotive Mission Plan 2006-16)*

5. Easy Access to credit

Easier availability of credit is a key determinant of growth in the automotive industry. Greater access to credit eases the purchase of passenger and commercial vehicles. Major market players have started providing customized finance to customers, dealers and suppliers through dedicated Non-Banking Finance Companies (NBFCs).

V. Government Schemes

1. The Automotive Mission Plan 2016-26

The Automotive Mission Plan 2016-26 is the collective vision of Government of India and the Indian Automotive Industry on where the vehicles, auto components, and tractor industries should reach over the next ten years in terms of size, contribution to India's development, global footprint, technological maturity, competitiveness, and institutional structure and capabilities. This plan also seeks to define the trajectory of evolution of the automotive ecosystem in India including the glide path of specific regulations and policies that govern research, design, technology, testing, manufacturing, import/ export, sale, use, repair, and recycling of automotive vehicles, components and services. It is a document that is aimed at multiple stakeholders in India and overseas, and seeks to communicate the Government and industry's intent and objectives pertaining to the Indian Automotive industry, comprising the automotive vehicle manufacturers, the auto-component manufacturers and tractor manufacturers who operate in India. *(Source: www.siamindia.com)*

2. Auto Policy 2002

This policy aims to promote integrated, phased, enduring and self-sustained growth of the Indian automotive industry. The scheme aims to make the automobile sector a lever of industrial growth and employment and to achieve a high degree of value addition in the country. It aims at promoting a globally competitive automotive industry and emerging as a global source for auto components. It throws light on development of domestic safety and environmental standards, and bringing them at par with international standards. The Auto Policy 2002 also approved Foreign Equity Investment up to 100% and now there is no minimum investment criterion. *(Source: www.siamindia.com)*

3. Automotive Mission Plan 2006-16

The opportunity landscape for the Indian auto industry would encompass manufacture of vehicles and components for domestic sales, manufacture for exports (both vehicles and components), and exports of services in areas such as design, engineering, and back office operations. The vision of the Automotive Mission Plan 2006-16 is to emerge as the destination of choice in the world for design and manufacture of automobiles and auto components with output reaching a level of USD 145 billion, accounting for more than 10% of the GDP and providing additional employment to 25 million people by 2016. (*Source: Automotive Mission Plan 2006-16)*

4. National Automotive Testing and R&D Infrastructure Project (NATRiP)

This project set up a total cost of USD 388.5 million to enable the industry to be on par with global standards. The project has initiated various research & development centers with focus on low-cost manufacturing and product development solutions.

5. National Electric Mobility Mission Plan 2020

This scheme has been formulated by the Government of India for the faster adoption and manufacturing of Electric and Hybrid Vehicles in India, to encourage the progressive induction of reliable, affordable and efficient electric and hybrid vehicles in the country.

SUMMARY OF THE ISSUE

The following is a general summary of the terms of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Placement Document, including under the sections titled "Risk Factors", "Use of Proceeds", "Issue Procedure", "Description of Equity Shares" and "Placement and Lock-Up".

Issuer	Suprajit Engineering Limited
Issue Size	Up to 1,13,18,774 Equity Shares aggregating up to Rs. 149.97 crores A minimum of 10% of the Issue Size, or at least 11,31,877 Equity Shares, shall be available for allocation to Mutual Funds only, and the balance 1,01,86,897 Equity Shares shall be available for allocation to all QIBs, including Mutual Funds
Floor Price	Rs. 139.40 per Equity Share
Issue Price	Rs. 132.50 per Equity Share
Date of Board Resolution	February 3, 2015
Date of Shareholders approval	March 23, 2015
Equity Shares issued and outstanding immediately before the issue	12,00,20,000 Equity Shares
Equity Shares issued and outstanding immediately after the issue	13,13,38,774 Equity Shares
Listing	The Company has received in-principle approval from the Stock Exchanges under Regulation 28(1) of the Listing Regulations on February 17, 2016
Dividend	For more information, see the sections titled *"Description of Equity Shares"*, *"Dividends"* and *"Taxation"*
Taxation	See the section titled *"Taxation"*
Transfer Restrictions	The Equity Shares being Allotted shall not be sold for a period of one year from the date of Allotment except on the floor of the Stock Exchanges. The Equity Shares are subject to certain selling and transfer restrictions. For details, see the sections titled *"Selling Restrictions"* and *"Transfer Restrictions"*
Use of Proceeds	Net proceeds of the Issue (after deduction of fees, commissions and expenses in relation to the Issue) are expected to total approximately Rs. 146.47 crores
Lock-up	See the section titled *"Placement and Lock-up"*
Risk Factors	See the section titled *"Risk Factors"* for a discussion of factors you should consider before deciding whether to subscribe to the Equity Shares
Pay-in Date	Last date specified in the CAN for payment of Bid monies by the QIBs
Closing Date	The allotment of the Equity Shares offered pursuant to the Issue is expected to be made on or about February 24, 2016
Status and Ranking	Equity Shares being issued shall be subject to the provisions of our Company's Memorandum and Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares, including rights in respect of dividends. The Shareholders will be entitled to participate in dividends and other corporate benefits, if any, declared by our Company after the Closing Date, in compliance with the Companies Act, the Listing Regulations and other applicable laws and regulations. See the section titled *"Description of Equity Shares"*
Security Codes for the Equity Shares	**ISIN** INE399C01030 **BSE Code** 532509 **NSE Symbol** SUPRAJIT

USE OF PROCEEDS

The total proceeds of the Issue will be Rs. 149.97 crores. After deducting the Issue expenses of approximately Rs. 3.50 crores, the net proceeds of the Issue will be approximately Rs. 146.47 crores.

Subject to compliance with applicable laws and regulations, our Company intends to use the net proceeds of the Issue for optimising the mix of debt and equity to meet the needs of its growing business.

As on date of this Placement Document, neither the Promoters nor the Directors are making any contribution either as part of the Issue or separately in furtherance of the use of the proceeds. Further, none of the Directors, Promoters or key managerial personnel of our Company have any financial or other material interest in the Issue.

CORPORATE INFORMATION AND ORGANIZATIONAL STRUCTURE

Corporate History

Our Company was incorporated as '*Suprajit Engineering Private Limited*', a private company with limited liability under the Companies Act, 1956, pursuant to a certificate of incorporation dated May 24, 1985. Consequent to a fresh certificate of incorporation consequent upon change of name dated June 15, 1995, the name of our Company was changed to '*Suprajit Engineering Limited*' pursuant to its conversion into a public company with limited liability under the Companies Act, 1956.

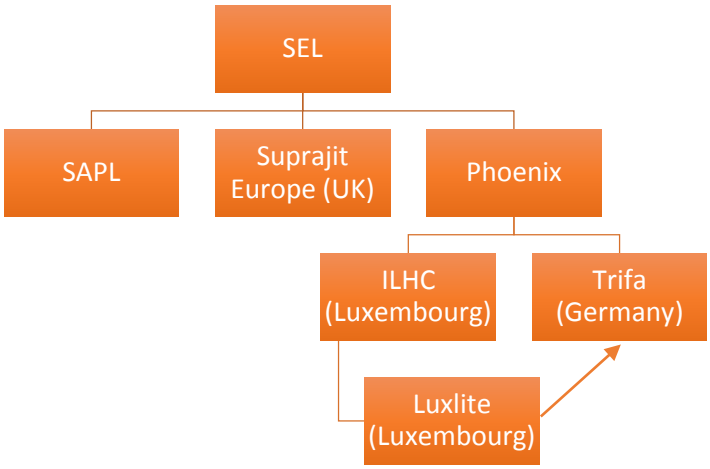
Our Registered & Corporate Office is situated at 100, Bommasandra Industrial Area, Anekal Taluk, Bengaluru - 560 099, Karnataka, India.

Main objects

The main objects contained in the Memorandum are as follows:

"
1. *To carry on in India or elsewhere the business of trading and manufacturing control cables, speedometer & tachometer cables, twisted or standard type of ropes, coil and leaf springs, extruded pipes, sleeves, diecasted components, whether made of metal, plastic, glass or otherwise for automobile manufacturers or not.*
2. *To carry on the business of manufacturing, trading, repairing, altering, converting, reconditioning, assembling, processing, developing, marketing, exporting, importing, dealing in machine tools, ancillary equipments, accessories, spares, apparatuses, instruments and other related products to be used in engineering, steel, automobile, heavy and light machine building industries.*
3. *To carry on in India as manufacturers, dealers, fabricators, repairers, agents, erectors, installers, service agents of all types of tools, implements, equipments, instruments whether manufactured by the Company or not.*
4. *To manufacture and or deal in all types of electronic computers & accessories, electric equipments, machines appliances, compressors, generators, consumer and or industrial components for home and or industrial use.*
5. *To carry in India or elsewhere the business of importers, exporters, indentors, buyers, sellers, commission agents, brokers and dealers in all kinds of articles, commodities, raw materials or manufactured items, whether in a finished or semi-finished state and also to manufacture or process any type of article, product, commodity and to import, export, buy, sell, barter, exchange, pledge, mortgage, advance upon or otherwise, trade and deal in goods and produce articles or merchandise of any kind whatsoever.*"

Organizational Structure



Subsidiaries

Currently, our Company has three direct Subsidiaries, namely:
1. Suprajit Automotive Private Limited;
2. Suprajit Europe Limited, UK; and
3. Phoenix Lamps Limited.

Currently, our Company has three indirect Subsidiaries, namely:
1. International Lamps Holding Company S.A. (Luxembourg);
2. Luxlite Lamps S.a.r.l. (Luxembourg); and
3. Trifa Lamps Germany GmbH (Germany).

Details of our Subsidiaries

Suprajit Automotive Private Limited

SAPL was incorporated as '*CTP Suprajit Automotive Private Limited*', a private company with limited liability under the Companies Act, 1956, pursuant to a certificate of incorporation dated December 21, 2004. Consequent to a fresh certificate of incorporation upon change of name dated February 2, 2007, its name was changed to '*Suprajit Automotive Private Limited*'. SAPL's registered office is situate at No. 100, Bommasandra Industrial Area, Bengaluru - 560 099, Karnataka, India.

While it was initially set-up to be a joint-venture that would function as a 100% export-oriented unit, we acquired the entire shareholding of our joint-venture partner in the entity in Fiscal 2007. Consequently, SAPL became, and remains our wholly-owned Subsidiary. Currently, we own 100% of the share capital of SAPL.

Suprajit Europe Limited (UK)

Suprajit Europe was first incorporated as *'COBCO 750 Limited'*, pursuant to a certificate of incorporation dated, February 2, 2006. Its name was subsequently changed to *'Gills Cables Limited'* pursuant to a certificate of incorporation on change of name dated March 22, 2006. Its name was changed to *'Suprajit Europe Limited'* pusuant to a certificate of incorporation on change of name dated June 1, 2011. Suprajit Europe's registered office is situate in UK.

Suprajit Europe was set-up to acquire the business of CTP Gills Cables Limited, UK, which we completed in Fiscal 2007. Currently, we own 100% of the share capital of Suprajit Europe.

Phoenix Lamps Limited

Phoenix was incorporated as '*Phoenix Lamps India Limited*', a public company with limited liability under the Companies Act, 1956, pursuant to a certificate of incorporation dated March 26, 1991. It underwent several changes in its name between the years 2003 and 2009. Eventually, consequent to a fresh certificate of incorporation consequent upon change of name dated September 6, 2013, its name was changed from '*HALONIX LIMITED*' to '*Phoenix Lamps Limited*'. Phoenix's equity shares are listing on the Stock Exchanges. Its registered office is situate at 59 – A, Noida Special Economic Zone Phase II, Gautam Budh Nagar, Noida, Uttar Pradesh – 201305, India.

On May 6, 2015, the Company entered into a share purchase agreement ("**SPA**") with Argon India Limited and Argon South Asia Limited, the erstwhile promoters of the Phoenix, to acquire equity shares of Phoenix. Pursuant to the aforesaid SPA, the Company also made an open offer to the shareholders of Phoenix in accordance with the Takeover Regulations. Consequent to the acquisition of the majority of the equity share capital and voting capital of Phoenix, it became our Subsidiary with effect from June 18, 2015. As of December 31, 2015, the Company held 61.93% of Phoenix's equity share capital.

International Lamps Holding Company S.A. (Luxembourg)

ILHC was registered in Luxembourg as a public limited liabiltiy company B154647 on August 4, 2010. The registered office of ILHC is situate in Luxembourg. ILHC is a wholly-owned subsidiary of Phoenix, and accordingly, it became our indirect Subsidiary upon our acquisition of Phoenix in Fiscal 2016.

Luxlite Lamps S.a.r.l. (Luxembourg)

Luxlite was registered in Luxembourg as a limited liability company B155027 on July 26, 2010. The registered office of Luxlite is situate in Luxembourg. Luxlite is a wholly-owned subsidiary of ILHC, and accordingly, it became our indirect Subsidiary upon our acquisition of Phoenix in Fiscal 2016.

Trifa Lamps Germany GmbH (Germany)

Trifa was registered in Germany as a limited liability company on October, 22, 2012. The registered office of Trifa is situate in Germany. Luxlite holds 83.33% of the equity share capital of Trifa, while Phoenix holds the remaining 16.67%. Accordingly, Trifa became our indirect Subsidiary upon our acquisition of Phoenix in Fiscal 2016.

BUSINESS

Overview

We are one of India's leading manufacturers of automotive mechanical cables and light sources. Having commenced of our operations as a single client, single product manufacturer in 1985, we have significantly diversified and de-risked our client, segment and product profile over the years. Today, we stand as one of India's leading 2W mechanical cable manufacturers, with a global presence and an installed capacity of producing 175 million cables per year as at the end of Fiscal 2015. We sell a wide range of cables directly to original equipment manufacturers ("**OEMs**") in India and overseas, while servicing the replacement market for automotive cables through OEMs and otherwise. We believe our size and scale of operations makes us one of the leading players in the Indian 2W mechanical cables space, with an increasing market presence in the other automotive spaces within which we operate. While we have continued to manufacture cables from the year of commencement of our operations, we began manufacturing speedometers, and over the years, have increased our product profile to include a variety of products such as tachometers, fuel sender/tanks, moulded parts, etc.

In Fiscal 2016, we acquired Phoenix Lamps Limited (formerly Halonix Limited) ("**Phoenix**"), one of India's leading manufacturers of automotive halogen bulbs, with years of manufacturing experience and technical knowledge. Over the years, it has established relationships with leading Japanese, Korean, European and Indian OEMs. In Fiscal 2016, Phoenix exported to more than 90 countries. It has three manufacturing plants at Noida National Capital Region in India with an aggregate installed capacity of 87 million lamps per year as of Fiscal 2015. Our acquisition of Phoenix resulted in its direct and indirect subsidiaries, namely International Lamps Holding Company S.A. (Luxembourg), Luxlite Lamp S.a.r.l. (Luxembourg) and Trifa Lamps Germany GmbH (Germany), becoming our Subsidiaries. As the acquisition of Phoenix was undertaken in Fiscal 2016, the Audited Consolidated Financial Statements do not reflect the details of the financial performance of Phoenix.

Apart from Phoenix's manufacturing facilities, we have 15 manufacturing facilities in India, the oldest being our facilities in Bommasandra, Bengaluru, where we commenced our operations in 1985. Our manufacturing plants are set up in close proximity to major auto producing hubs of India, which include Haryana, Uttarakhand, Maharashtra, Gujarat, Rajasthan, Karnataka and Tamil Nadu. Further, our plants are typically designed to manufacture end products customized to our clients operating in the geographic vicinity. We also operate two 100% export-oriented units in Bengaluru, which cater to the demand for our products from international clients. Our focus on quality, cost, delivery and development ("**QCDD**") is evidenced by the fact that almost all of our plants have received the prestigious automotive-specific TS 16949 quality management system certificate. We have also received and maintain other prestigious quality management system certificates for each of our facilities in line with industry standards.

Our products include mechanical cables, speedometers, tachometers, fuel sender/tank, moulded parts, turn parts, mirror assembly, insta-colour lamps assembler, extruded rubber parts for 2W, automotive, aftermarket and the non-automotive segments. Our sales of products used in 2W space constitute the largest portion of products sold, both in value and volume. However, one of our key strategies going forward is to grow our business in the other automotive spaces and the export segment. Revenue from sales of 2W products accounted for approximately 59%, 55% and 53% of our consolidated sales revenue in Fiscals 2013, 2014 and 2015, respectively.

We believe that the long-standing relationships that we have with our customers are critical to our success and continued growth. In recent years, we have won several awards from our customers including but not limited to the Volkswagen – "A" Grade Supplier Award and Quality Performance Award, the General Motors Supplier Quality Excellence Award, the Bajaj Auto Limited TPM Excellence Award and the Bajaj Auto Limited Quality Consistency Gold award, the Mahindra Alfa Quality award, the Tata Motors Green Card for '0'PPM Award, the John Deere Accelerated Sourcing Award and the Honda Motorcycle and Scooter Quality and Delivery Achievement Award, amongst others.

In India, we sell our cables through OEMs and also, directly to consumers through a pan-India network of distributors. As of December 31, 2015, we had five warehouses, two in India and three in US, that helped us supply our products to our OEM customers and our distribution network. Further, our independent distribution network comprised of over 300 distributors across India as of December 31, 2015. We also cater to the OEM replacement market by supplying cables directly to OEMs, who brand and sell such products as "made for" or "genuine" OEM parts in the replacement market. As of December 31, 2015, our dedicated pan-India sales team

comprised of over 35 professionals.

In addition to our domestic sales, we are also one of the leading exporters of mechanical cables and lamps to marquee OEMs globally. We focus on certain key international clusters, which include the USA, Germany and other European countries, Southeast Asia, the Middle East and Africa. We have set-up sales offices in what we believe to be key international clusters to enable us to market our products as well as understanding customer needs and developing products to service such requirements. We plan on expanding our reach to include offices located in such key international clusters. In addition to us supplying mechanical cables to certain marquee OEMs such as Volkswagen and a distinguished luxury automobile manufacturer based in Munich, we have gained a strong foothold in the major automobile manufacturing hubs and the replacement markets in Europe through our acquisition of Phoenix and consequently, Trifa (Germany) and Luxlite (Luxembourg).

Some of our major customers are:

Products	Customer
2W	Bajaj Auto Limited, Hero Motor Corp. Limited, TVS Motor Company Limited, Royal Enfield (Eicher Motors Limited), etc.
Automotive	Atul Auto Limited, Brose India Automotive Systems Private Limited, General Motors India Private Limited, Lear Automotive India Private Limited, Mahindra & Mahindra, Mahle Bear India Private Limited, Piaggio Vehicles Private Limited, Renault Nissan, SML Isuzu Limited, Tata Motors Limited, VE Commercial Vehicles Limited (Volvo Eicher), Volkswagen India Private Limited, etc.
Non-Automotive	John Deere, Kubota Corporation, etc.

In Fiscals 2015, 2014 and 2013, our consolidated net revenue from operations was Rs. 61,180.21 lakhs, Rs. 54,523.66 lakhs and Rs. 46,253.61 lakhs, respectively. We had a consolidated net profit of Rs. 5.029.49 lakhs, Rs. 5,080.98 lakhs and Rs. 4,712.43 lakhs in Fiscals 2015, 2014 and 2013, respectively. As at March 31, 2015, we had consolidated total assets of Rs. 52,861.05 lakhs and consolidated total liabilities of Rs. 28,780.01 lakhs. In the nine-month period ended December 31, 2015, our standalone net revenue from operations was Rs. 43,069.93 lakhs and our standalone net profit was Rs. 3,987.21 lakhs.

In Fiscals 2015, 2014 and 2013, Phoenix's consolidated net revenue from operations was Rs. 36,513.65 lakhs, Rs. 49,402.69 lakhs and Rs. 48,314.20 lakhs, respectively. Phoenix had a consolidated net profit of Rs. 1,957.25 lakhs and Rs. 6,639.31 lakhs in Fiscals 2015 and 2014, respectively, and a consolidated net loss of Rs. 2,407.41 lakhs in Fiscal 2013. As at March 31, 2015, Phoenix had consolidated total assets of Rs. 23,798.01 lakhs and consolidated total liabilities of Rs. 12,079.82 lakhs. In the nine-month period ended December 31, 2015, Phoenix's standalone net revenue from operations was Rs. 15,999.63 lakhs and its standalone net profit was Rs. 1,453.19 lakhs.

Our Strengths

We believe that our business has the following key competitive strengths.

Established Presence in the Indian 2W OEM Space and Gaining Traction in Other Spaces

We are one of the leading players in the mechanical cables industry, with production capacities spread across India. Further, we believe that our focus on quality, technological upgradation and competitive pricing has helped in strengthening our relationships with most of the OEMs that operate in the 2W space in India. We believe that awards and accolades that we have received from most of the major Indian 2W OEMs is an indicator of our reputation and position in this space. Further, we are gaining traction amongst the global 2W OEMs that have entered India in recent times.

While we continue to consolidate our position in the 2W space, we have gradually built our presence within the other spaces within which we operate, namely the automotive space, comprising 3Ws, 4Ws, LCVs and MHCVs and the non-automotive space. In line with our product and segment risk diversification strategy, we believe that our presence in the Indian 4W OEM cable space has grown significantly over the past five years. Consequently, revenues from 2W product sales, which once accounted for almost all of our revenues, today account for about 53% of our consolidated revenues in Fiscal 2015.

Expanding OEM clientele

From being a company with a single product designed for a single client, we have strategically enhanced our product portfolio and diversified our customer base. We work closely with our OEM customers to develop products to match their requirements. Today, we supply mechanical cables to a number of major Indian 2W OEMs such as Bajaj Auto Limited, Hero Moto Corp. Limited and TVS Motor Company Limited, amongst others. We are also the single source supplier of control cables and speedo cables to Royal Enfield. In the 4W space, we supply mechanical cables to marquee global OEMs such as General Motors India Private Limited, Renault Nissan, Volkswagen India Private Limited, a German luxury automobile manufacturer based in Munich and a British sports car manufacturer based in Warwick. We supply our products to Piaggio Vehicles Private Limited, amongst others in the 3W space. Further, we have gained significant traction in the non-automotive space in recent years and have added amongst others, John Deere, a leading global manufacturer of agricultural, construction, forestry and turf care equipment, and the Kubota Corporation to our customer base. Our OEM segment accounted for a significant portion of our consolidated gross sales revenue in Fiscals 2013, 2014 and 2015, and continues to be a significant contributor to our consolidated gross sales revenue as of the nine-months ended December 31, 2015.

We believe that our strong OEM presence also helps generate a steady replacement demand, gives us access to latest technological development and learnings in the industry, creates significant entry barrier for new entrants and enhances our brand equity. Going forth, we believe that our acquisition of Phoenix will present significant cross-selling opportunities across our fast-growing OEM customer base while also enabling us to leverage Phoenix's market presence and distribution network.

Strong Design and Development Focus

We believe that our focus on product development significantly contributes to our ability to meet customer needs in an ever-evolving and competitive market. Further, we believe that our product development processes have been a catalyst for the growth of businesses with most of our production facilities being located in close proximity to our OEM customers and manned with a dedicated on-site design and development teams to address the customization requirements of our customers. This enables our OEM customers to easily interact and work closely with our on-site design and development teams. To control and advise the individual production facilities, we have established a Tech Centre in Bommasandra, Bengaluru. The aforesaid on-site teams report to the Tech Centre. Further, our other internal departments such as Marketing, Quality Control and Production interact with both the on-site teams and the Tech Centre to ensure that customers' requirements are met on ongoing basis. We also operate a design and development center in Tamworth, UK.

Our design and development facilities are equipped with advanced machinery and software that makes them capable of performance testing, modeling, prototyping and reverse engineering. We believe that our prototyping abilities enable shorter response times for sample development and give us a competitive edge in the industry within which we operate. Our design and development facilities also research and focus on alternate materials and designs to improve product performance and reduce costs.

Pan India Coverage Through a Strong Distribution Network

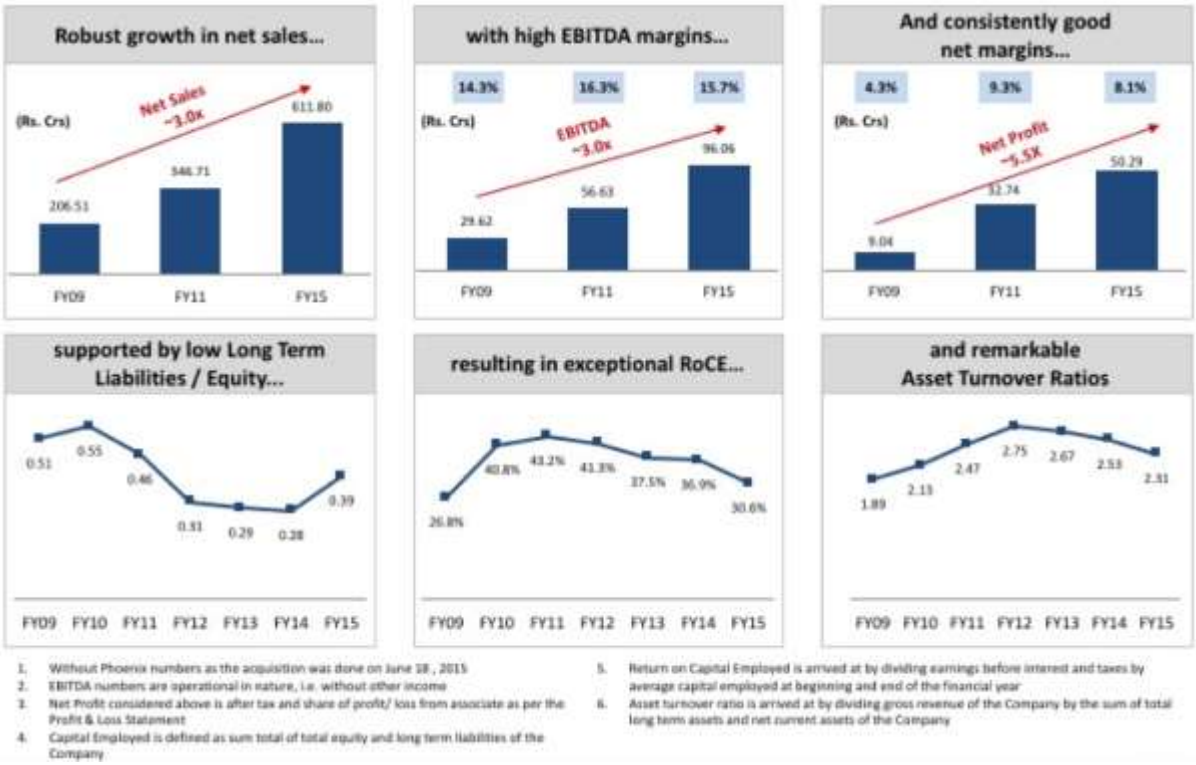
We maintain a broad sales and distribution network that allows us to efficiently sell our goods across India and abroad. In India, we sell our cables through OEMs and also, directly to consumers through a pan-India network of dealers. As of December 31, 2015, we had five warehouses, two in India and three in US, that helped us supply our products to our OEM customers and our distribution network. Further, our independent distribution network comprised of over 300 distributors across India as of December 31, 2015. We also cater to the OEM replacement market by supplying cables directly to OEMs, who brand and sell such products as "made for" or "genuine" OEM parts in the replacement market. Additionally, Phoenix has a strong pan-India network of over 190 dealers as of December 31, 2015, with a significant presence across the aftermarket segment. We also have dedicated sales teams in India and in select international geographies to cater to both the domestic and global demand for our products. As of December 31, 2015, our dedicated pan-India sales team comprised of over 35 professionals.

Going forth, we believe that the aftermarket presents significant growth opportunities, given the volume growth, increased awareness amongst end-users and an increasing feature list (both in 2W and 4W spaces). Further, our long-standing relationships with OEMs have helped ensure that our products have been and are currently being factory fitted into a sizeable number of 2Ws and 4Ws, which creates a natural aftermarket at the latter stages of the product life-cycle of these vehicles. We believe that the aftermarket segment will continue to outpace

automobile growth and therefore, in addition to focusing on our domestic aftermarket sales, we also intend to aggressively target the export aftermarket segment.

Robust Financial Performance

We believe that our focus on operational excellence, financial prudence and strategic growth has helped in maintaining our strong financial performance. Over the preceding six Fiscals, on a consolidated basis, we have consistently recorded a robust growth in sales, and our EBITDA margins and net margins while maintaining relatively low debt/equity ratios. Further, we have been able to maintain a consistent track record of paying dividends to our Shareholders.



1. Without Phoenix numbers as the acquisition was done on June 18 , 2015
2. EBITDA numbers are operational in nature, i.e. without other income
3. Net Profit considered above is after tax and share of profit/ loss from associate as per the Profit & Loss Statement
4. Capital Employed is defined as sum total of total equity and long term liabilities of the Company
5. Return on Capital Employed is arrived at by dividing earnings before interest and taxes by average capital employed at beginning and end of the financial year
6. Asset turnover ratio is arrived at by dividing gross revenue of the Company by the sum of total long term assets and net current assets of the Company

Growth from Inorganic Expansion

Having commenced our operations as a single client, single product manufacturer in 1985, we have significantly diversified and de-risked our client, segment and product profile over the years. We believe that one of the major catalysts for this gradual risk diversification has been our ability to identify inorganic expansion opportunities. In Fiscal 2003, we acquired Shah Concabs Private Limited, which gave us access to OEMs operating within the domestic LCV and MHCV space. In Fiscal 2007, we acquired the business of CTP Gills Cables Limited, UK, which gave us access to passenger vehicle markets in Europe and the US. Our acquisition of the Speedo Cable Business on a slump sale basis in Fiscal 2015, helped us further entrench our relationships with certain existing OEMs customers while also increasing our presence in the aftermarket.

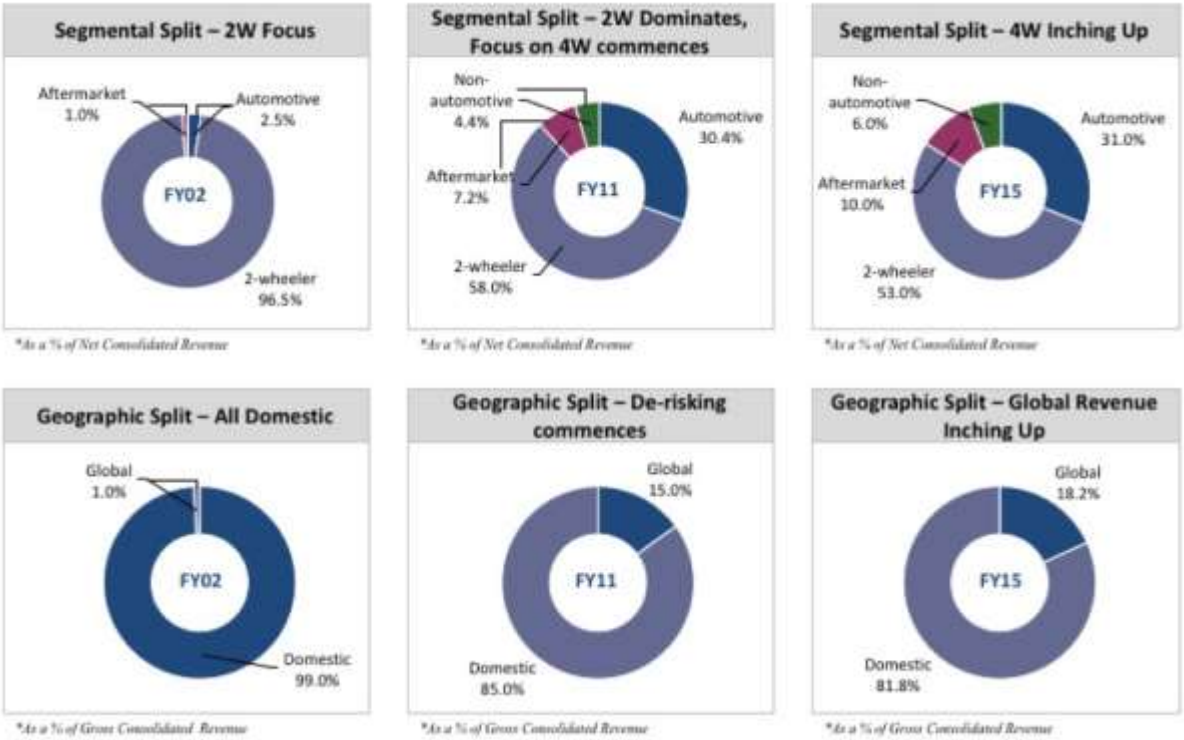
In Fiscal 2016, we completed the acquisition of Phoenix, our largest acquisition targeted at (a) diversifying our product profile and diversifying revenue segment risks, (b) consolidating business with existing OEM customers and establishing ties with new ones, (c) cross-selling products, and (d) increasing traction in exports. We believe there are significant synergies between the companies and that we will be able to successfully integrate and grow Phoenix's business as we have done in our past acquisitions. Further, we believe that Phoenix's pan-India presence and reach in the Indian aftermarket and international presence through Luxlite (Luxembourg) and Trifa (Germany), present us with opportunities to leverage its platform to continue to grow our business.

Diversified Revenue Mix

Over the years, we have continuously strived to diversify our product portfolio and segment exposure by way of organic growth and inorganic expansion. Currently, we have a sales in the OEM, replacement and export

markets, which helps balance our operational revenues. We also benefit from a diverse geographic spread of operations with consolidated exports to over 90 countries in Fiscal 2016. This helps in reducing our dependence on any single customer, product or geography. As part of the aforementioned goal of diversifying our risk profile, we have consciously attempted to change our product mix by focusing on growing our non-2W segments such as the automotive and non-automotive spaces.

A breakdown of our consolidated revenues for certain past periods, by segment and geography, is represented in the charts below:



Our Strategies

We intend to grow our businesses by implementing the following strategies:

Focus on Consolidating Position and Outperforming Industry Growth

We are one of the leading players in the mechanical cables industry, with production capacities spread across India. We believe that the awards and accolades that we have received from most of the major Indian 2W OEMs is an indicator of our reputation and position in the 2W space. Further, we believe that our focus on QCDD is admired by our OEMs customers and is a cornerstone of our growth. Typically, our growth in 2W OEM space has outperformed the historical growth of the 2W space itself, primarily on account of new customer acquisition and an increase in penetration within our existing customer base. Having established our presence in the 2W Indian OEMs segment, we have embarked on our journey to increase our reach and sales to some of the global 2W OEMs that have recently entered India. We believe that our existing relationships coupled with increased sales to fast growing global OEMs, will help us to continue to grow in a manner consistent with our past performance. Further, we intend to leverage the proximity of our strategically-located existing facilities to cater to the demand of other 4W, LCV and MHCV OEMs that have set-up or are in the process of setting-up their facilities in the vicinity.

Increasing our Market Share in the Automotive Space

One of the reasons for our growth in revenue has been the increase in our sales to automotive OEMs. In terms of unit value, a 4W, LCV or MHCV would typically require significantly more cable than a 2W. We believe that there are various factors that might support the automotive growth story in India and expect that the demand for 3Ws, 4Ws, LCVs and MHCVs will be robust in the years to come. Over the recent years, we have made significant progress in upgrading our capabilities to be able to service the growing demand of automotive

OEMs.

We expect that our focus on quality, operational efficiencies and client servicing capabilities will help us increase our market share in the automotive space, which we believe will be an important growth driver for both our domestic and global operations in the coming years. Hence, we intend to focus on increasing market penetration by establishing relationships with new automotive OEMs coupled with an increase in business from existing customers.

Focus on Higher Margin Aftermarket Sales

The aftermarket segment in India continues to be predominantly serviced primarily by the unorganized sector and by OEMs through their dealer and service networks. At an approximate useful life of between 2-4 years for 2W cables and 5-8 years for automotive cables, we expect the replacement market for 2Ws to generate a significant recurring demand for our products during the life-cycle of the vehicles. We began to increase our focus on the aftermarket in India's northern, western and eastern regions through the sale of "*Suprajit*" branded cables in Fiscal 2006. In Fiscal 2015, revenue from aftermarket sales contributed approximately 10% of our consolidated sales revenue. Since our foray into the aftermarket segment, we have also ramped up our distributor network over the years and have over 300 distributors across India as of December 31, 2015. We believe that the aftermarket segment also helps us balance the cyclicality in sales to OEMs.

We intend to focus on generating additional sales from the aftermarket segment in both our cables and lamps businesses in the years to come. We believe that leveraging our existing cable distribution network for our lamps business, and vice versa, might help us realize gains in the replacement market in a relatively shorter timeframe. We also believe that there are opportunities that are waiting to be tapped in the export replacement market, and we will continue to evaluate opportunities to increase our presence in this market as well.

Enhancement of Product Portfolio

We believe that significant opportunities will emerge in both the global and Indian automotive component market for consolidation. In the past we have followed a policy of continuous diversification in terms of product profile, client distribution, geographic concentration and manufacturing. Having established ourselves in the cable business, we have commenced our journey into the automotive lighting source business through the acquisition of Phoenix. Our experience in integrating and growing from acquisitions in the past coupled with our learnings from our integration of Phoenix's operations with ours, gives us the confidence to continue and explore such opportunities in the future. While we will continue to evaluate such opportunities for growth and diversification, our aim will be to continue to consolidate our product profile, optimally use our distribution network and further maximize returns to our shareholders through "Profitable Growth". We believe that opportunities exist globally for the consolidation of our current businesses, which we are keen to pursue.

Value Creation through Selective Strategic Acquisitions

We have made four strategic acquisitions till date and believe that we have integrated such businesses successfully within our business operations. These acquisitions, besides adding to our product portfolio, diversifying our risk profile, enhancing our technology and distribution network, have also helped us in the cross-selling of our existing products to newly expanded customer base. We believe that we have demonstrated a track record of identifying strategically attractive assets for acquisition, which can be utilized to create synergies and value for our business through measures such as restructuring operations, addressing bottlenecks, allocating required capital, etc. In Fiscal 2016, we acquired Phoenix and believe that this acquisition allows both parties to benefit from their complimentary geographically spread dealer network, OEM relationships and international presence. Going forth, we intend to continue to evaluate our business profile and consolidate it with both internal growth and strategic inorganic expansion.

Our Products

We commenced our operations as a single client, single product manufacturer in 1985. As at the end of Fiscal 2015, we had an installed capacity of producing 175 million cables per year. In our cable business, we manufacture mechanical cables for 2Ws, 3Ws, 4Ws, LCVs, MHCVs as well as for the non-automotive segment. While we have continued to manufacture cables from the year of commencement of our operations, we began manufacturing speedometers, and over the years, have increased our product profile to include a variety of products such as tachometers, fuel sender/tanks, moulded parts, etc.

Herein below is a table detailing the segment-wise distribution of our consolidated gross sales revenues for the Fiscals 2013, 2014 and 2015:

Segment	Fiscal		
	2013	2014	2015
2W	59%	55%	53%
Automotive	27%	29%	31%
Aftermarket	9%	10%	10%
Non-automotive	5%	6%	6%
Total	**100%**	**100%**	**100%**

Herein below is a table detailing the various products that we manufacture:

Products	Range
2W	Front Brake Cables, Rear Brake Cables, Throttle Cables, Choke Cables, Gear Cables, Clutch Cables, Speedometer Cables, Open-Close Throttle Cables, Three Piece Throttle Cable, Seat Lock Cable, Other Cables, etc.
Automotive	Throttle Cables, Clutch Cables, Parking Brake Cables, Gear Shift Cables Assemblies, Gear Shift Mechanisms, Transmission Shifter Cables, Seat Recliner Cables, Door Cables, etc.
Aftermarket	Control and Speedometer Cables, Speedometers and Parts, Tank Units, Mirror Assemblies, Indicator Assemblies, etc.
Non-automotive	Throttle Cables, Clutch Cables, Brake Cables, Lever Control Throttle Cable, Parking Brake Cables, Gear Shifting Cable Assemblies, Transmission Shifter Cables, Push Pull Cables, Sling Cables, Tyre Lock Cables, PTO Cables, Other Cables, etc.
Instruments	Speedometers, Tachometers, etc.
Others	Fuel Sender/Tank, Moulded Parts, Press Parts, etc.

2W Products

Mechanical cables for 2Ws are one of the primary products of our Company. We work closely with our OEM customers to develop products to match their requirements. Today, we supply mechanical cables to a number of major Indian 2W OEMs such as Bajaj Auto Limited, Hero Moto Corp. Limited and TVS Motor Company Limited, amongst others. We are also the single source supplier of control cables and speedo cables to Royal Enfield. Certain varieties of 2W cables manufactured by us are as follows:

Front Brake Cable

Rear Brake Cable

Throttle Cable

Choke Cables

Gear Cables

Clutch Cables

Speedometer Cables

Open-Close Throttle Cables

Three Piece Throttle Cables

Seat Lock Cable

Other Cables

Automotive Products

We are one of the leading manufacturers of automotive cables in India and supply mechanical cables to marquee global OEMs such as Atul Auto Limited, Brose India Automotive Systems Private Limited, General Motors India Private Limited, Lear Automotive India Private Limited, Mahindra & Mahindra, Mahle Bear India Private Limited, Piaggio Vehicles Private Limited, Renault Nissan, SML Isuzu Limited, Tata Motors Limited, VE Commercial Vehicles Limited (Volvo Eicher), Volkswagen India Private Limited, a German luxury automobile manufacturer based in Munich and a British sports car manufacturer based in Warwick. The close proximity of our manufacturing plants to our OEM customers gives us a competitive-advantage in meeting demanding production schedules as well as cater to customer specific developmental needs. We manufacture cables for exports through our subsidiary, SAL. Certain varieties of automotive products manufactured by us are as follows:

Throttle Cables

Clutch Cables

Parking Brake Cables

Gear Shift Cable Assemblies

Gear Shift Mechanisms

Transmission Shifter Cables

Window Regulator Cables

Door Cables

Push Pull Cables

Hood Cables

Tailgate Cables

Fuel & Tailgate Assemblies

Tyre Lock Cables

Fuel Lid Cable Assemblies

Complete Brake Assemblies with Equalizer

Hood & Fuel Cable Assemblies

Non-automotive Products

Non-Automotive cables are manufactured in our 100% export-oriented manufacturing unit in Bommasandara, Bengaluru for our global customers. The marquee customers for our non-automotive products include John Deere, Kubota Corporation, etc. Certain varieties of non-automotive products manufactured and provided by us are as follows:

Throttle Cables

Brake Cables

Clutch Cables

Lever Control Throttle Cable

Parking Brake Cables

Gear Shift Cable Assemblies

Transmission Shifter Cables

Push Pull Cables

Sling Cables

Tyre Lock Cables

PTO Cables

Other Cables

Instruments

We specialize in the manufacture of mechanical gauges. The marquee customer for our instruments is TVS Motor Company Limited. Certain varieties of instruments manufactured by us are as follows:

Speedometers

Tachometers

Other Products

On account of the continued efforts of our product development cell, we have recently commenced the manufacture of an array of new products and specialized components. We primarily sell these products in the aftermarket. The other products manufactured by us are as follows:

Fuel Sender/Tank

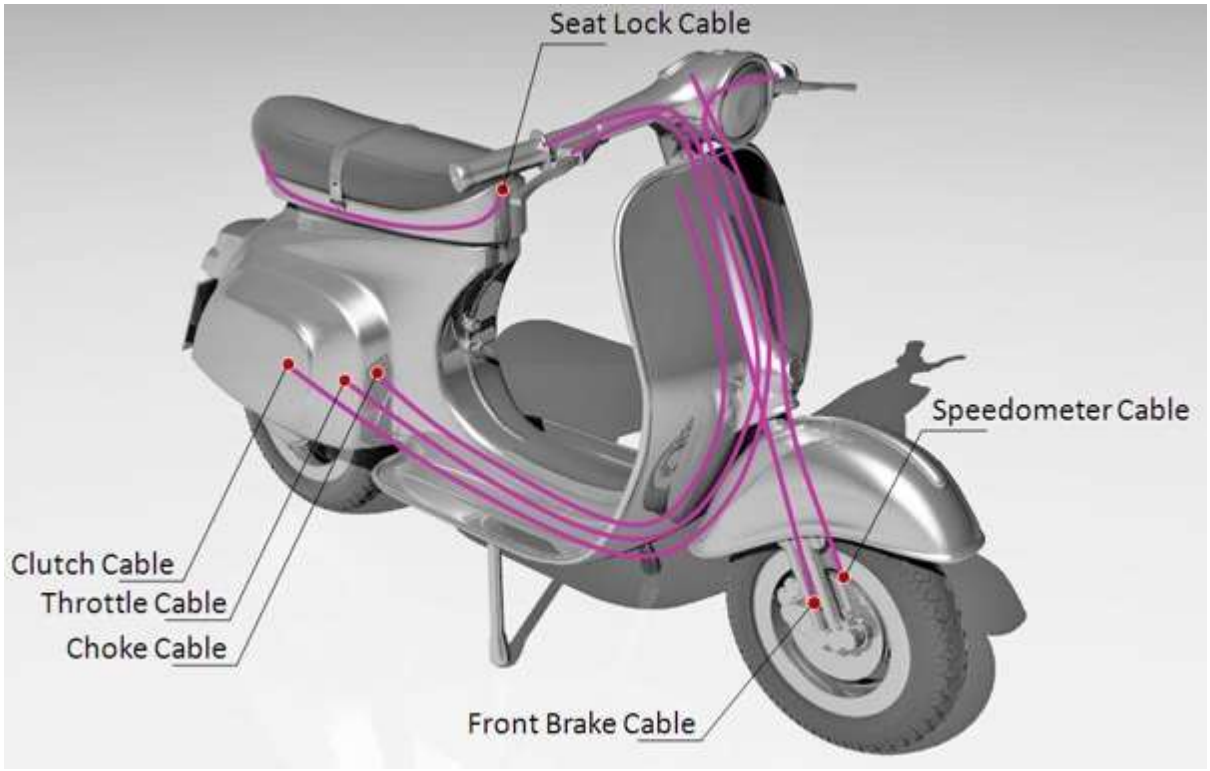
Moulded Parts

Turn Parts

Rubber Parts

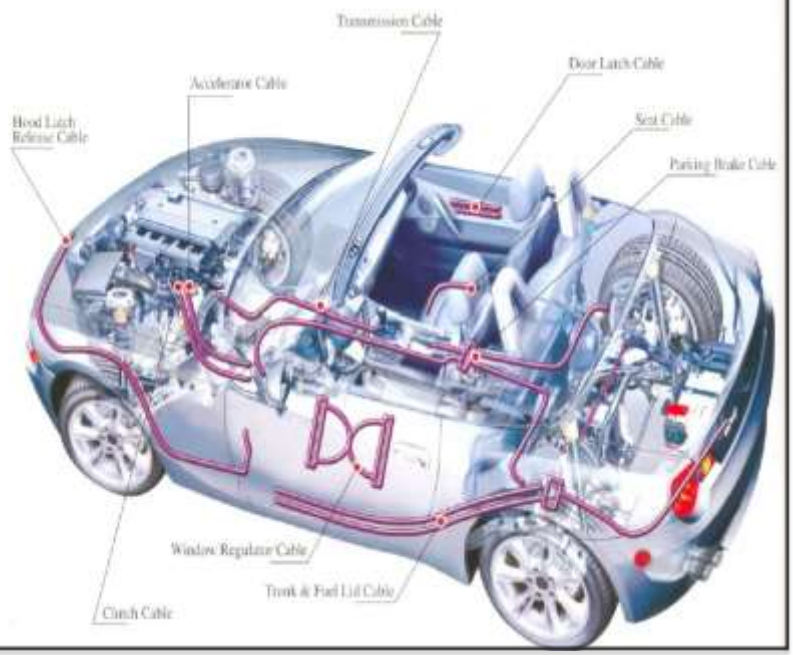
Press Parts

Herein below is an illustration of certain of products for a 2W in their typical applications:



Herein below is an illustration of certain of products for a 4W in their typical applications:

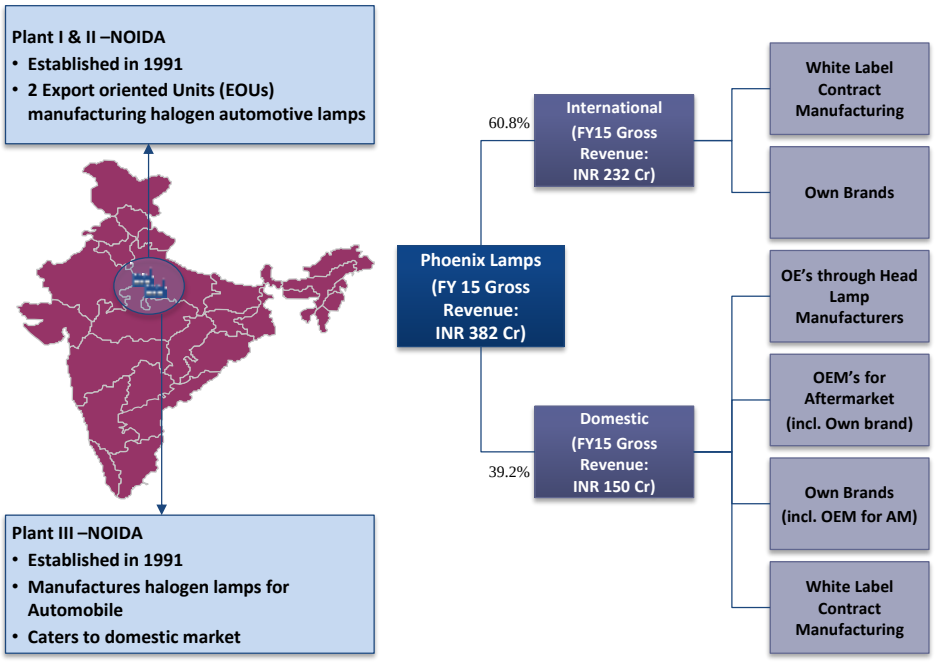
- ✓ Park Brake Cables
- ✓ Clutch Cables
- ✓ Starter Cables
- ✓ Throttle Cables
- ✓ Door Latch Cables
- ✓ Push-Pull Cables
- ✓ Mirror Cables
- ✓ Tail Gate Cables
- ✓ Gear Shifter Cables
- ✓ Tyre lifting Cables
- ✓ Fuel Filler cables
- ✓ Hood Lock & Release Cables
- ✓ Window Regulator Cables
- ✓ Cables for Seat Belts
- ✓ Seat Recliners & Seat Belt Cables.
- ✓ Speedometer & Tachometer Cables
- ✓ And many more…



Phoenix's Products

Our subsidiary, Phoenix Lamps Limited is one of the leading manufacturer of automotive halogen bulbs in India. A pictorial representation of its products is as shown below. The H1 to H7 series and the 9000 series of lamps are used in 4Ws as head lamp with the H8 to H11 series being used in 4W / 2W and HS and M5 series being specifically used in 2W / 3W products.

The business model of Phoenix allows it to de-risk revenues through a mix of exports and domestic revenues with further de-risking through end-use customer for its products. A snapshot of the operational profile for Phoenix with gross revenue split for Fiscal 2015 is as shown below:



Production Process

The following diagram sets forth the critical processes of cable manufacturing process:

Quality assurance in connection with production

Robust process and product audit and quality rating are being conducted on a monthly basis and quality check parameters are laid down to ensure adherence to defined process and product specifications. Audits for new products are also launched at each stage of production. We make use of visual aids, alarms and annunciators as aids to determine compliance with product specifications.

We have specialized tests to ensure the quality of raw materials used for production of our cables attain our standards. We also conduct a number of tests on the final product as part of our quality check exercise. These include endurance test on cable life and test on breaking load among others. We generally conduct random sample testing for our products. Our focus on quality, cost, delivery and development ("**QCDD**") is evidenced by the fact that almost all of our plants have received the prestigious automotive-specific TS 16949 quality management system certificate.

Logistics

As of December 31, 2015, we had five warehouses, two in India and three in US, that helped us supply our products to our OEM customers and our distribution network. The warehouses are responsible for receiving and dispatch of goods to all of our regional distributors. As of December 31, 2015, we had over 300 distributors which deliver our products to dealers and stockists catering to the end-use retail segment. Additionally, Phoenix Lamps Limited also has a network of over 190 distributors to market its products in the country. We also have agreements with several logistics providers in India who provide transportation of our products to our distribution network and customers. We are normally responsible for the loading and the unloading of our products. The transporters also collect defective goods from time to time that are returned to us.

Raw Materials

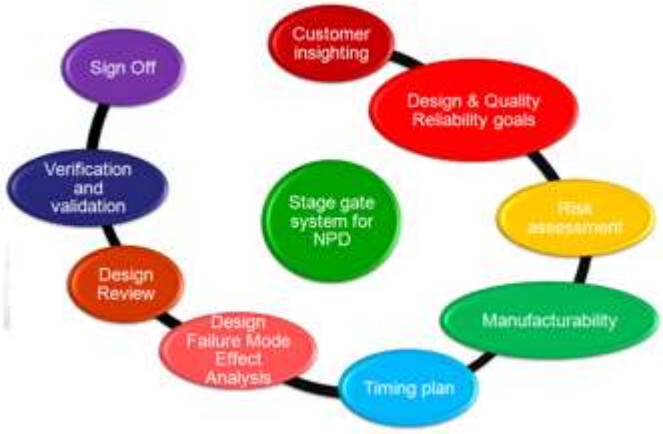
The principal raw materials we use to manufacture our products include steel wire, inner wire, bend tube accessory, PVC compound and other components. We source our raw materials from a wide pool of vendors in India and internationally. We believe that this helps us reduce our dependence on few large vendors and thereby minimize risks of supply disruption and price. The volume of our imported materials has reduced significantly over the past fiscal years. We engage in foreign currency hedging with banks by way of currency forward contracts in order to decrease our net foreign exchange exposure arising from our foreign-currency denominated

raw material purchases and borrowings. We only hedge a portion for foreign currency exposure, and our currency hedging policy does not protect us from all fluctuations in currency exchange rates.

New Product Development

We believe that our product development processes have been a catalyst for the growth of businesses with most of our production facilities being located in close proximity to our OEM customers and manned with a dedicated on-site design and development teams to address the customization requirements of our customers. This enables our OEM customers to easily interact and work closely with our on-site design and development teams. To control and advise the individual production facilities, we have established a Tech Centre in Bommasandra, Bengaluru. The aforesaid on-site teams report to the Tech Centre. Further, our other internal departments such as Marketing, Quality Control and Production interact with both the on-site teams and the Tech Centre to ensure that customers' requirements are met on ongoing basis. We also operate a design and development center in Tamworth, UK.

The following diagram illustrates our new product development system from initial customer insights to final sign-off for a new product:



Our design and development facilities are equipped with advanced machinery and software that makes them capable of performance testing, modeling, prototyping and reverse engineering. We believe that our prototyping abilities enable shorter response times for sample development and give us a competitive edge in the industry within which we operate. Our design and development facilities also research and focus on alternate materials and designs to improve product performance and reduce costs.

Awards and Accolades

Over the years, we have received numerous awards from our customers. Some of the prestigious awards and accolades that have been bestowed upon us in recent years are named below:

- Volkswagen - 'A' Grade Supplier Award, Quality Performance Award;
- General Motors - Supplier Quality Excellence Award;
- Bajaj Auto Limited - TPM Excellence Award;
- Mahindra - Alfa Quality Award;
- John Deere - Accelerated Global Sourcing Award;
- Tata Motors - Green Card for '0' PPM;
- Hero MotoCorp Limited - Direct Online Supply (DOL) Award;
- Bajaj Auto Limited - Quality Consistency Gold Award;
- Honda Motor Cycles and Scooters – Quality and Delivery Achievement Award;
- Yamaha - `Contribution to Cost Reduction & VA/VE activity' Award and A-grade excellence Award;
- Bajaj Auto Limited – Yamaguchi San Trophy (TPM); and
- TVS, Bajaj and Mahindra – KAIZEN Award.

Further, we have also received various other awards such as the "Small and Medium Enterprise of the Year" and the "Emerging India - Auto, Ancillaries and Engineering" award from CNBC-TV18/ICICI/CRISIL and other

accolades from the Karnataka State Financial Corporation.

Competition

The industry segments that we operate in are highly competitive and include a number of well-established manufacturers as well as several small players in the unbranded market. However, we believe that our significant presence and market share in direct OEM sales provides us with a strong advantage over competition, especially in the 2W market. Our principal competitors are Remsons, Hi-Lex, Acey and Madhusudan Auto amongst others. In international markets, we face a number of international competitors, including manufacturers from China. While in the cable business competition emanates from players making similar end-products, dynamics of the lamp business are slightly different. There are several players in the lamp business that are integrated to different levels across the value chain and compete with each other in this space.

Our position in relation to our competitors will depend upon our ability to anticipate and respond to various competitive factors facing the industry, including pricing strategies by competitors, our ability to source raw materials cost effectively, make required investments to improve our distribution network, eliminate redundancies and increase production at low-cost, high-quality supply sources. We also believe in investing in our brand equity consistently to build a differentiated value proposition. For further information, see the section titled "*Risk Factors*".

Insurance

We maintain insurance cover for our assets to cover all normal risks associated with operations of our business, including fire, accidents and other natural disasters. We typically maintain standard fire and special perils insurance policies for our plants and machineries and buildings at our manufacturing facilities to cover risks such as fire and other ancillary perils. These insurance policies are generally valid for a year and are renewed annually. Our operations are subject to hazards inherent in our industry and other force majeure events. This includes hazards that may cause injury and loss of life, damage and destruction of property, equipment and environmental damage. Not all risks associated with our business and operations may be insurable, on commercially reasonable terms, or at all. Although we believe that the amount of insurance currently maintained by us represents an appropriate level of coverage required to insure our business and operations, and is in accordance with industry standards in India, such insurance may not provide adequate coverage in certain circumstances and is subject to certain deductibles, exclusions and limits on coverage.

Human Capital

Our human capital contributes significantly to our business operations and we believe that employees are our valuable asset and core strength. To further support that strength, we have identified skill set building as one of key business drivers, and have focused our employee initiatives in that direction. We periodically organize various trainings for our employees to enhance their knowledge and skills. Our learning and development training programs are governed by quality business management principles adopted by us, which include a principle of in-depth identification of development needs and comprehensive structure of learning and development. We also recognize the importance of retaining critical talents and have introduced development action plans for our managers. We believe that our human resources initiatives led to positive trends in the production, quality, cost, delivery, safety and morale parameters in manufacturing, a higher level of engagement in workers, better working relationships between sales managers and reportees and a drop in front-line attrition. We also engage contract labor depending on our requirements from time to time, particularly at our manufacturing facilities. As of December 31, 2015, we had over 4,200 persons engaged in our operations.

Health, Safety and Environment

We are committed to complying with applicable occupational health, safety and environmental regulations and other requirements in relation to the conduct of our operations. We believe that accidents and occupational health illness cases and hazards can be significantly reduced through the proactive and systematic approach including risks and hazards identification, assessment, analysis and control and by providing appropriate training to employees and contractors. We work proactively towards minimizing or eliminating the impact of hazards to people and the environment. We have formed cross-functional teams to implement fatigue reduction projects to boost productivity and established occupational health centers manned by medical staff operating. Our Indian manufacturing plants are equipped with the first-aid medical facilities where we periodically carry out medical checkups of all our employees as well as our contractors' employees.

We also have implemented a periodic medical examination program to improve occupational health and safety. Safety induction training for new entrants and periodical trainings for all employees and contractors is a continuous activity, and this system is maintained through constant consultations and communication. Principles of our environment protection measures include reduction, reuse and recycle of waste and prevention of pollution instead of control over it. We have obtained environmental consents to operate our plants conditional upon fulfillment of certain ongoing requirements. We have implemented various projects to reduce green house gases emissions.

Our Properties

Our Registered & Corporate Office is situate at 100, Bommasandra Industrial Area, Anekal Taluk, Bengaluru - 560 099, Karnataka, India. As of December 31, 2015, we had five warehouses, two in India and three in US, that helped us supply our products to our OEM customers and our distribution network.

The following map details our global footprint as of December 31, 2015:

The following table details our manufacturing facilities as of December 31, 2015:

Entity	Unit	Location	Customer/Product Lines
Suprajit Engineering Limited	12A	Bommasandra, Bengaluru	Production and distribution centre for aftermarket cables
	2A	Bommasandra, Bengaluru	Supplies to TVS Motor Company, a prominent commercial vehicles OEM and others
	3	Doddaballapur, Bengaluru	Manufacture of speedometers, mechanical fuel gauges and distribution center for speedometers and other non-cable aftermarket products to customers such as TVS Motor Company Limited, etc.
	4	Manesar, Gurgaon	Range of customers in North India such as Hero Motor Corp. Limited, etc.
	5	Chakan, Pune	Specializes in manufacturing cables for our west zone customers such as Bajaj Auto Limited, etc.
	6	Vapi, Gujarat	Manufactures cables and acts as distribution center for our 4W customers such as Tata Motors Limited, Mahindra & Mahindra, etc. and for the aftermarket
	7	Pantnagar, Uttarakhand	Manufactures products for several customers in the region such as Bajaj Auto Limited, Mahindra & Mahindra, etc. and also acts as the distribution center for non-cable aftermarket products
	9	Bommasandra, Bengaluru	Specializes in the manufacture of cables for our non-automotive customers such as John Deere, Kubota Corporation, etc.
	10	Haridwar, Uttarakhand	Specializes in the manufacture of cables for Hero Motor Corp. Limited, etc.

Entity	Unit	Location	Customer/Product Lines
	11	Sanand, Gujarat	Specializes in the manufacture of cables for major Japanese OEM based in Tokyo, etc.
	14	Chakan, Pune	Manufactures products for several customers in the region such as Mahindra & Mahindra, Piaggio, etc.
	15	Pathredi, Rajasthan	Manufactures products for Hero Motor Corp. Limited and two major Japanese 2W OEMs
	16	Bengaluru	Speedometer cable production, storage and distribution center
	17	Vallam-Vadagal, Chennai	New facility that is being set-up for the manufacture of cables for major Japanese OEM based in Shizouka
Suprajit Automotive Limited	-	Doddaballapur, Bengaluru	100% export-oriented unit that specializes in the manufacture of cables for our marquee global OEM customers

Additionally, Phoenix operates three manufacturing facilities from Noida, National Capital Region in India, out of which two are in export oriented SEZs.

Corporate Social Responsibility

We have been actively undertaking corporate social responsibility ("**CSR**") activities even before the mandatory introduction of CSR activities under the Companies Act, 2013. The Board has constituted a CSR Committee to formulate our CSR Policy and to discuss and review CSR activities that we undertake pursuant to it. We take pride in undertaking sustainable CSR initiatives that could be vital towards fulfilling critical societal need gaps in the communities within which we operate. We also believe that we have a larger responsibility towards making a difference within our industry and also society at large and therefore we are undertaking several initiatives in this direction. Our aim is to drive "holistic empowerment" of our communities and we believe in implementing sustainable social development programs, which will have maximum societal impact mainly through enabling investments in education and rural development together with special focus on healthcare. Suprajit Foundation spearheads our CSR activities. Being a listed company, Phoenix is also actively engaged in CSR activities with a key focus on women empowerment and community development, promoting health care including preventive health care and promoting education and rural development.

CAPITALIZATION

The following table sets forth the Company's capitalization and total debt on a standalone basis as on December 31, 2015 and as adjusted to give effect to the Issue. This table should be read in conjunction with the sections titled "*Select Financial Information*", "*Risk Factors*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and other financial information contained in the section titled "*Financial Statements*".

Particulars	*(in Rs. Lakhs)*	
	As of December 31, 2015	**As Adjusted for the Issue***
Short term debt:		
Secured	15,163.31	15,163.31
Unsecured[#]	511.00	511.00
Long term debt:		
Secured	7,512.58	7,512.58
Unsecured	40.50	40.50
Current Maturities of Long Term Debt	3,428.61	3,428.61
Total debt	**26,656.00**	**26,656.00****
Shareholders' funds:		
Share capital	1200.20	1,313.39
Securities premium	-	14,884.19[##]
Reserves and Surplus	25,796.68	25,796.68
Total Shareholders' funds	26,996.88	41,994.26
Total capitalization	**53,652.88**	**68,650.26**

**This adjustment only includes the share premium due for 1,13,18,774 Equity Shares to be issued at Rs. 132.50 per Equity Share pursuant to the Issue.*

[#]Includes current maturities of deposit of Rs. 11.00 lakhs.

***This does not give effect to any long term or short term debt taken by the Company post December 31, 2015.*

[##]Calculated on the basis of gross proceeds from the Issue.

CAPITAL STRUCTURE

The details of the Equity Share capital of our Company is as set forth below:

	Particulars	Aggregate Nominal Value *(in Rs. Lakhs)*
A	**Authorized Share Capital**	
	15,00,00,000 Equity Shares	1,500.00
B	**Issued, Subscribed and Paid-Up Capital before the Issue**	
	12,00,20,000 Equity Shares	1,200.20
C	**Present Issue****	
	1,13,18,774 Equity Shares at a premium of Rs. 131.50 per Equity Share, aggregating up to Rs. 149.97 crores	113.19
D	**Paid-Up Equity Share Capital after the Issue**	
	13,13,38,774 Equity Shares	1,313.39
E	**Share Premium Account**	
	Before the Issue *(Securities premium capitalized by issuing bonus shares)*	-
	After the Issue**	14,884.19

***The present Issue has been authorized by the Board vide their resolution dated February 3, 2015 and by the Shareholders pursuant to their special resolution dated March 23, 2015.*
***Calculated on the basis of gross proceeds from the Issue*.

History of Equity Share Capital our Company

The history of the Equity Share capital of our Company is as set forth below:

Date of Allotment	No. of Equity Shares Allotted	No. of Equity Shares (Cumulative)	Face value per Equity Share (Rs.)	Issue price per Equity Share (Rs.)	Form of Consideration
May 23, 1985	2	2	100	100	Subscribers to Memorandum
April 24, 1986	6,248	6,250	100	100	Cash
August 1, 1992	6,250	12,500	100	100	Bonus Issue
February 19, 1993	6,250	18,750	100	100	Rights Issue
December 24, 1994	4,310	23,060	100	200	Rights Issue
April 14, 1995	2,30,600	2,30,600	10	-	Subdivision and Consolidation
May 11, 1995	6,91,800	9,22,400	10	-	Bonus Issue
June 7, 1995	4,61,200	13,83,600	10	15	Rights Issue
December 7, 1995	16,16,900	30,00,500	10	30	Cash
March 22, 1997	(2,09,600)	27,90,900	10	-	Forfeiture
February 27, 2003	2,09,600	30,00,500	10	10	Re-issue of Forfeited Shares
January 20, 2004	60,01,000	60,01,000	5	-	Subdivision and Consolidation
March 24, 2004	60,01,000	1,20,02,000	5	-	Bonus Issue
January 30, 2010	6,00,10,000	6,00,10,000	1	-	Subdivision and Consolidation
March 20, 2010	6,00,10,000	12,00,20,000	1	-	Bonus Issue

Our Company has not made any allotment of Equity Shares for consideration other than cash in the one year immediately preceding the date of filing of this Placement Document.

MARKET PRICE INFORMATION

As of the date of this Placement Document, 12,00,20,000 Equity Shares are issued, subscribed and paid up.

The following tables set forth the reported high, low and average closing prices of the Equity Shares and the number of Equity Shares traded on the days such high and low closing prices were recorded on Stock Exchanges during the Fiscals 2013, 2014 and 2015

A. The following tables set forth the reported high, low and average closing prices of the Equity Shares and the number of Equity Shares traded on the days such high and low closing prices were recorded on Stock Exchanges during the Fiscal 2013, 2014 and 2015

BSE

Fiscal Year	High (Rs.)	Date of High	Number of Equity Shares traded on date of high	Volume of Equity Shares traded on date of high (in Rs. Lakhs)	Low (Rs.)	Date of Low	Number of Equity Shares traded on date of low	Volume of Equity Shares traded on date of low (in Rs. Lakhs)	Average price for the period (Rs.)*
2015	158.70	January 21, 2015	1,41,308	226.65	67.85	April 1, 2014	4,003	2.70	115.51
2014	67.95	March 31, 2014	20,865	14.08	31.85	August 21, 2013	2,362	0.77	41.28
2013	36.15	January 4, 2013	1,27,510	45.74	19.80	April 4, 2012	13,267	2.64	26.81

Source: www.bseindia.com
** Average of the daily closing prices*
Note: *High and low prices are of the daily closing prices*

NSE

Fiscal Year	High (Rs.)	Date of High	Number of Equity Shares traded on date of high	Volume of Equity Shares traded on date of high (in Rs. Lakhs)	Low (Rs.)	Date of Low	Number of Equity Shares traded on date of low	Volume of Equity Shares traded on date of low (in Rs. Lakhs)	Average price for the period (Rs.)*
2015	159.05	January 21, 2015	6,25,938	1,000.58	67.50	April 1, 2014	42,967	29.07	115.60
2014	68.35	March 31, 2014	1,12,639	76.42	31.30	August 21, 2013	9,663	3.15	41.31
2013	36.35	January 4, 2013	2,72,187	98.07	19.90	May 14, 2012	32,353	6.52	26.81

Source: www.nseindia.com
** Average of the daily closing prices*
Note: *High and low prices are of the daily closing prices*

B. The following tables set forth the details of the Equity Shares traded and the volume of business transacted during the Fiscals 2013, 2014 and 2015

BSE

Fiscal Year	Number of Equity Shares traded	Volume of Equity Shares traded (in Rs. Lakhs)
2015	37,12,755	4,130.23
2014	39,23,810	1,752.75
2013	54,74,417	1,540.48

Source: www.bseindia.com

NSE

Fiscal Year	Number of Equity Shares traded	Volume of Equity Shares traded (in Rs. Lakhs)
2015	3,79,37,632	44,188.56
2014	1,30,09,775	6,269.46
2013	89,44,546	2,459.96

Source: www.nseindia.com

C. The following tables set forth the reported monthly high, low and average of the closing prices of the Equity Shares and the total trading volume on Stock Exchanges during the six months immediately preceding the date of filing of this Placement Document

BSE

Month, Year	High (Rs.)	Date of High	Number traded on date of high	Volume traded on date of high (in Rs. Lakhs)	Low (Rs.)	Date of Low	Number traded on date of low	Volume traded on date of low (in Rs. Lakhs)	Average price for the period (Rs.)*
January, 2016	144.30	January 4, 2016	6,784	9.74	125.10	January 18, 2016	2,217	2.77	137.73
December, 2015	148.60	December 2, 2015	24,240	36.20	137.50	December 11, 2015	1,645	2.27	142.14
November, 2015	144.50	November 16, 2015	5,997	8.51	133.90	November 10, 2015	930	1.24	138.59
October, 2015	140.80	October 30, 2015	8,997	12.65	131.70	October 9, 2015	1,164	1.54	135.47
September, 2015	136.50	September 1, 2015	72,382	102.97	128.70	September 29, 2015	2,870	3.73	133.01
August, 2015	146.90	August 25, 2015	31,443	44.37	136.30	August 24, 2015	8,141	11.25	142.44

Source: www.bseindia.com
** Average of the daily closing prices*
Note: High and low prices are of the daily closing prices.

NSE

Month, Year	High (Rs.)	Date of High	Number traded on date of high	Volume traded on date of high (in Rs. Lakhs)	Low (Rs.)	Date of Low	Number traded on date of low	Volume traded on date of low (in Rs. Lakhs)	Average price for period (Rs.)*
January, 2016	144.10	January 1, 2016	12,722	18.26	125.45	January 18, 2016	31,273	39.46	137.96
December, 2015	149.10	December 2, 2015	1,09,521	164.11	137.45	December 11, 2015	7,200	10.00	142.31
November, 2015	144.35	November 17, 2015	38,908	56.41	134.05	November 10, 2015	12,004	16.16	138.58
October, 2015	141.75	October 30, 2015	82,218	115.73	130.35	October 1, 2015	19,054	25.00	135.92
September, 2015	136.80	September 1, 2015	4,58,553	653.51	128.85	September 29, 2015	17,482	22.66	133.39
August, 2015	146.85	August 21, 2015	79,702	116.00	137.30	August 12, 2015	1,87,774	261.24	142.47

Source: www.nseindia.com
** Average of the daily closing prices*
Note: High and low prices are of the daily closing prices.

D. The following tables set forth the details of the Equity Shares traded and the volume of business transacted during the six months immediately preceding the date of filing of this Placement Document

BSE

Month, Year	Number of Equity Shares traded	Volume of Equity Shares traded (in Rs. Lakhs)
January, 2016	68,918	94.54
December, 2015	92,389	132.89
November, 2015	73,512	103.68
October, 2015	76,499	103.88
September, 2015	1,48,779	205.09
August, 2015	3,14,234	450.50

Source: www.bseindia.com

NSE

Month, Year	Number of Equity Shares traded	Volume of Equity Shares traded (in Rs. Lakhs)
January, 2016	4,28,976	591.49
December, 2015	6,31,134	909.82
November, 2015	5,54,806	779.42

Month, Year	Number of Equity Shares traded	Volume of Equity Shares traded (in Rs. Lakhs)
October, 2015	5,67,601	773.56
September, 2015	9,62,869	1,327.49
August, 2015	19,30,108	2,754.04

Source: www.nseindia.com

E. The following table sets forth the market price on the Stock Exchanges on February 4, 2015, the first working day following the approval of the Board of Directors for the Issue

BSE

Open (Rs.)	High (Rs.)	Low (Rs.)	Close (Rs.)	Number of Equity Shares traded	Volume of Equity Shares traded (in Rs. Lakhs)
139.50	139.70	135.60	136.00	1475	2.02

Source: www.bseindia.com

NSE

Open (Rs.)	High (Rs.)	Low (Rs.)	Close (Rs.)	Number of Equity Shares traded	Volume of Equity Shares traded (in Rs. Lakhs)
137.75	139.95	136.00	136.15	3,685	5.07

Source: www.nseindia.com

MAJOR SHAREHOLDERS

The summary statement showing holding of specified securities of our Company as of December 31, 2015, is herein below:

Category (I)	*Category of shareholder (II)*	*Nos. of shareholders (III)*	*No.of fully paid up equity shares held (IV)*	*No.of partly paid-up equity shares held(V)*	*No.of shares underlying Depository Receipts(VI)*	*Total Nos. shares held (VII)=(IV)+(V)+(VI)*	*Shareholding as a % of total no.of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)*	*Number of Voting Rights held in each class of securities(IX)*				*No.of Shares Underlying Outstanding convertible securities (including Warrants) (X)*	*Shareholding, as a% assuming full conversion of convertible securities (as a percentage of diluted share capital)(XI)=(VII)+(X) As a % of (A+B+C2)*	*Number of Locked in shares(XII)*		*Number of Shares pledged or otherwise encumbered(XIII)*		*Number of equity shares held in dematerialized form (XIV)*
								No of Voting Rights			*Total as a % of (A+B+C)*			*No. (a)*	*As a % of total Shares held (b)*	*No. (a)*	*As a % of total Shares held (b)*	
								Class eg: X	*Class eg: Y*	*Total*								
(A)	Promoter & Promoter Group	3*	6,22,13,157	0	0	6,22,13,157	51.84	6,22,13,157	0	6,22,13,157	51.84	0	0	0	0	0	0	6,22,13,157
(B)	Public	11,766	5,78,06,843	0	0	5,78,06,843	48.16	5,78,06,843	0	5,78,06,843	48.16	0	0	0	0	0	0	5,10,38,183
(C)	Non Promoter - Non Public	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(C1)	Shares underlying DRs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(C2)	Shares held by Employee Trusts	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total	11,769	12,00,20,000	0	0	12,00,20,000	100	12,00,20,000	0	12,00,20,000	100	0	0	0	0	0	0	11,32,51,340

** On January 8, 2016, Mr. Kula Ajith Kumar Rai and his wife, Dr. Supriya Ajith Rai, each gifted 12,81,600 Equity Shares (thus, 25,63,200 Equity Shares in aggregate) to their sons, namely Mr. Akhilesh Rai, Mr. Ashutosh Rai and Mr. Aashish Rai pursuant to an inter-se transfer between the members of the Promoter Group. Consequently, as on date, Mr. Kula Ajith Kumar Rai's shareholding in our Company is 4,42,66,799 Equity Shares, while Dr. Supriya Ajith Rai's shareholding in our Company is 1,43,46,358 Equity Shares, constituting 36.89% and 11.95% of the pre-Issue share capital of our Company, respectively. Consequently, as on date, Mr. Akhilesh Rai, Mr. Ashutosh Rai and Mr. Aashish Rai, each hold 12,00,000 Equity Shares, constituting 1.00%, 1.00% and 1.00% of the pre-Issue share capital of our Company, respectively. Accordingly, while the number of fully paid-up Equity Shares held by the shareholders that constitute the category "Promoter & Promoter Group" is still 6,22,13,157 Equity Shares, there are 5 (five) shareholders that constitute the category "Promoter & Promoter Group" as on date.*

The summary statement showing holding of specified securities of the Promoter and Promoter Group in our Company as of December 31, 2015, is herein below:

	Category& Name of the Shareholders (I)	Nos. of shareholders (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held(V)	No. of shares underlying Depository Receipts(VI)	Total Nos. shares held (VII)= (IV) + (V) + (VI)	Shareholding as a % of total no .of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities(IX)				No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding, as a% assuming full conversion of convertible securities (as a percentage of diluted share capital)(XI)=(VII)+(X) As a % of (A+B+C2)	Number of Locked in shares(XII)		Number of Shares pledged or otherwise encumbered(XIII)		Number of equity shares held in dematerialized form (XIV)
								No of Voting Rights			Total as a % of (A+B+C)			No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
								Class eg: X	Class eg: Y	Total								
(1)	Indian																	
(a)	Individuals/Hindu undivided Family	3*	6,22,13,157	0	0	6,22,13,157	51.84	6,22,13,157	0	6,22,13,157	51.84	0	0	0	0	0	0	6,22,13,157
	KULA AJITH KUMAR RAI*	1	4,55,48,399	0	0	4,55,48,399	37.95	4,55,48,399	0	4,55,48,399	37.95	0	0	0	0	0	0	4,55,48,399
	AKHILESH RAI*	1	10,36,800	0	0	10,36,800	0.86	10,36,800	0	10,36,800	0.86	0	0	0	0	0	0	10,36,800
	SUPRIYA AJITHKUMAR RAI*	1	1,56,27,958	0	0	1,56,27,958	13.02	1,56,27,958	0	1,56,27,958	13.02	0	0	0	0	0	0	1,56,27,958
(b)	Central Government/ State Government(s)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(c)	Financial Institutions/ Banks	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(d)	Any Other (specify)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Sub-Total (A)(1)	3	6,22,13,157	0	0	6,22,13,157	51.84	6,22,13,157		6,22,13,157	51.84	0	0	0	0	0	0	6,22,13,157
(2)	Foreign	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(b)	Government	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(c)	Institutions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(d)	Foreign Portfolio Investor	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(e)	Any Other (specify)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Sub-Total (A)(2)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	3	6,22,13,157	0	0	6,22,13,157	51.84	6,22,13,157		6,22,13,157	51.84	0	0	0	0	0	0	6,22,13,157
	Note: *The term "Encumbrance" has the same meaning as assigned under regulation 28(3) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.*																	

** On January 8, 2016, Mr. Kula Ajith Kumar Rai and his wife, Dr. Supriya Ajith Rai, each gifted 12,81,600 Equity Shares (thus, 25,63,200 Equity Shares in aggregate) to their sons, namely Mr. Akhilesh Rai, Mr. Ashutosh Rai and Mr. Aashish Rai pursuant to an inter-se transfer between the members of the Promoter Group. Consequently, as on date, Mr. Kula Ajith Kumar Rai's shareholding in our Company is 4,42,66,799 Equity Shares, while Dr. Supriya Ajith Rai's shareholding in our Company is 1,43,46,358 Equity Shares, constituting 36.89% and 11.95% of the pre-Issue share capital of our Company, respectively. Consequently, as on date, Mr. Akhilesh Rai, Mr. Ashutosh Rai and Mr. Aashish Rai, each hold 12,00,000 Equity Shares, constituting 1.00%, 1.00% and 1.00% of the pre-Issue share capital of our Company, respectively. Accordingly, while the number of fully paid-up Equity Shares held by the shareholders that constitute the category "Promoter & Promoter Group" is still 6,22,13,157 Equity Shares, there are 5 (five) shareholders that constitute the category "Promoter & Promoter Group" as on date.*

The summary statement showing holding of specified securities of public shareholders in our Company as of December 31, 2015, is herein below:

	Category& Name of the Shareholders (I)	Nos. of share holders (III)	No.of fully paid up equity shares held (IV)	Partly paid-up equity shares held(V)	No.of shares underlying Depository Receipts(VI)	Total Nos. shares held (VII)=(IV)+(V)+(VI)	Shareholding as a % of total no.of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities(IX)				No.of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding, as a% assuming full conversion of convertible securities (as a percentage of diluted share capital)(XI)=(VII)+(X) As a % of (A+B+C2)	Number of Locked in shares(XII)		Number of Shares pledged or otherwise encumbered(XIII)		Number of equity shares held in dematerialized form (XIV)
								No of Voting Rights			Total as a % of (A+B+C)			No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
								Class eg: X	Class eg: Y	Total								
(1)	**Institutions**																	
(a)	Mutual Funds/	15	32,85,526			32,85,526	2.74	32,85,526		32,85,526	2.74							32,85,526
(b)	Venture Capital Funds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(c)	Alternate Investment Funds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(d)	Foreign Venture Capital Investors	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(e)	Foreign Portfolio Investors	17	57,71,363	0	0	57,71,363	4.81	57,71,363		57,71,363	4.81	0	0	0	0	0	0	57,71,363
	MALABAR INDIA FUND LIMITED	1	18,50,817	0	0	18,50,817	1.54	18,50,817		18,50,817	1.54	0	0	0	0	0	0	18,50,817
	FIRST STATE INVESTMENTS (HONGKONG) LIMITED A/C FIRST STATE INDIAN SUBCONTINENT FUND	1	14,95,625	0	0	14,95,625	1.25	14,95,625		14,95,625	1.25	0	0	0	0	0	0	14,95,625
(f)	Financial Institutions/ Banks	2	24,481			24,481	0.02	24,481		24,481	0.02							24,481
(g)	Insurance Companies	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(h)	Provident Funds/ Pension Funds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(i)	Any Other (specify)																	
	Sub-Total (B)(1)	34	90,81,370			90,81,370	7.57	90,81,370		90,81,370	7.57							90,81,370

	Category& Name of the Shareholders (I)	Nos. of share holders (III)	No.of fully paid up equity shares held (IV)	Partly paid-up equity shares held(V)	No.of shares underlying Depository Receipts(VI)	Total Nos. shares held (VII)=(IV)+(V)+(VI)	Shareholding as a % of total no.of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities(IX)				No.of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding, as a% assuming full conversion of convertible securities (as a percentage of diluted share capital)(XI)=(VII)+(X) As a % of (A+B+C2)	Number of Locked in shares(XII)		Number of Shares pledged or otherwise encumbered(XIII)		Number of equity shares held in dematerialized form (XIV)
								No of Voting Rights			Total as a % of (A+B+C)			No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
								Class eg: X	Class eg: Y	Total								
(2)	**Central Government / State Government (s)/ President of India**	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Sub-Total (B)(2)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(3)	**Non-institutions**																	
(a)	Individuals - i. Individual shareholders holding nominal share capital up to Rs. 2 lakhs.	11,360	1,67,25,669	0	0	1,67,25,66	13.94	1,67,25,669	0	1,67,25,669	13.94	0	0	0	0	0	0	1,43,64,609
	ii. Individual shareholders holding nominal share capital in excess of Rs. 2 lakhs.	31	1,65,88,225	0	0	1,65,88,225	13.82	1,65,88,225	0	1,65,88,225	13.82	0	0	0	0	0	0	1,31,76,625
	SHOBITA PUNJA	1	18,20,500	0	0	18,20,500	1.52	18,20,500		18,20,500	1.52	0	0	0	0	0	0	18,20,500
	KULA RAMPRASAD RAI	1	18,00,000	0	0	18,00,000	1.5	18,00,000		18,00,000	1.5	0	0	0	0	0	0	18,00,000
	DEEPA RANJIT RAU	1	14,00,000	0	0	14,00,000	1.17	14,00,000		14,00,000	1.17	0	0	0	0	0	0	14,00,000
	ANINDA S SHETTY	1	14,00,000	0	0	14,00,000	0	0		14,00,000	1.17	0	0	0	0	0	0	0
(b)	NBFCs registered with RBI	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(c)	Employee Trusts	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(d)	Overseas Depositories (holding DRs) (balancing figure)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(e)	Any Other (specify)	341	1,54,11,579	0	0	1,54,11,579	12.84	1,54,11,579		1,54,11,579	12.84	0	0	0	0	0	0	1,44,15,579
	SUNDARA	1	57,72,000	0	0	57,72,000	4.81	57,72,000		57,72,000	4.81	0	0	0	0	0	0	57,72,000

	Category& Name of the Shareholders (I)	Nos. of share holders (III)	No.of fully paid up equity shares held (IV)	Partly paid-up equity shares held(V)	No.of shares underlying Depository Receipts(VI)	Total Nos. shares held (VII)=(IV)+(V)+(VI)	Shareholding as a % of total no.of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities(IX)				No.of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding, as a% assuming full conversion of convertible securities (as a percentage of diluted share capital)(XI)=(VII)+(X) As a % of (A+B+C2)	Number of Locked in shares(XII)		Number of Shares pledged or otherwise encumbered(XIII)		Number of equity shares held in dematerialized form (XIV)
								No of Voting Rights			Total as a % of (A+B+C)			No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
								Class eg: X	Class eg: Y	Total								
	M CLAYTON LIMITED																	
	TVS MOTOR COMPANY LIMITED	1	28,92,000	0	0	28,92,000	2.41	28,92,000		28,92,000	2.41	0	0	0	0	0	0	28,92,000
	EMERGING SECURITIES PVT LTD	1	17,31,223	0	0	17,31,223	1.44	17,31,223		17,31,223	1.44	0	0	0	0	0	0	17,31,223
	Sub-Total (B)(3)	11,732	4,87,25,473	0	0	4,87,25,473	40.6	4,87,25,473		4,87,25,473	40.6	0	0	0	0	0	0	**4,19,56,813**
	Total Public Shareholding (B)= (B)(1)+(B)(2)+(B)(3)	11,766	5,78,06,843	0	0	5,78,06,843	48.17	5,78,06,843		5,78,06,843	48.17	0	0	0	0	0	0	**5,10,38,183**
Details of the shareholders acting as persons in Concert including their Shareholding (No. and %):																		
Details of Shares which remain unclaimed may be given hear along with details such as number of shareholders, outstanding shares held in demat/unclaimed suspense account, voting rights which are frozen etc.																		
Note: *The term "Encumbrance" has the same meaning as assigned under regulation 28(3) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.*																		

DIVIDENDS

The declaration and payment of dividends by our Company will be recommended by our Board and approved by our Shareholders at their discretion, subject to the provisions of the Articles and Companies Act. The recommendation, declaration and payment of dividends will depend on a number of factors, including but not limited to our Company's profits, capital requirements and overall financial condition. The Board may also from time to time pay interim dividends.

The table below sets out the details of the dividends declared by our Company on its Equity Shares during the immediately preceding three Fiscals:

(in Rs. Lakhs, except where stated otherwise)

Particulars	Fiscal 2015	Fiscal 2014	Fiscal 2013
Face value of Equity Shares (*Rs. Per Equity Share*)	1.00	1.00	1.00
Dividend per share* (*in Rs.*)	0.95	0.95	0.75
Total amount of dividend	1,140.19	1,140.19	900.15
Dividend rate (*%*)	95%	95%	75%
Dividend distribution tax**	210.26	193.78	149.74

** Dividend proposed by the Board of Directors during the financial year 1st April to 31st March and declared after the year end after obtaining the approval of the Shareholders are considered as dividend for the year in which the dividend is proposed. Dividend includes interim dividend.*

*** Dividend distribution tax is considered on accrual basis on the amount of dividend proposed by the Board of Directors.*

Further, pursuant to its meeting on February 9, 2016, the Board has declared an interim dividend of Re. 0.50 per Equity Share (i.e. 50%) for the Fiscal 2016, and has fixed February 19, 2016, as the record date for the purpose of payment of interim dividend.

The amounts paid as dividends in the past are not necessarily indicative of the dividend policy of our Company or dividend amounts, if any, in the future. There is no guarantee that any dividends will be declared or paid or that the amount thereof will not be decreased in the future. Dividends are payable within 30 days of approval by the Shareholders in an AGM. The Articles grant discretion to the Board to declare and pay interim dividends as appear to it to be justified by the profits of our Company.

AUDITORS

Our statutory auditors are Varma & Varma, Chartered Accountants, who have audited the standalone and consolidated financial statements of our Company for the Fiscals 2015, 2014 and 2013, and are independent auditors with respect to our Company in accordance with the applicable guidelines issued by the ICAI.

Varma & Varma, Chartered Accountants, have also examined the Audited Financial Statements included in this Placement Document and their reports on the Audited Financial Statements are also included herein. Varma & Varma, Chartered Accountants, have also performed a limited review of our Unaudited Standalone Interim Financial Results as of and for the quarter and six-months ended September 30, 2015 and as of and for the quarter and nine-months ended December 31, 2015, and their limited review reports in relation to such Unaudited Standalone Interim Financial Results have been included in this Placement Document.

RELATED PARTY TRANSACTIONS

For details of the related party transactions entered into during the immediately preceding three fiscals, in accordance with the requirement under applicable accounting standards issued by the ICAI, see the section titled *"Financial Statements"*.

SELECT FINANCIAL INFORMATION

The following selected financial information is extracted from and should be read in conjunction with, the Audited Consolidated Financial Statements prepared in accordance with Indian GAAP, included elsewhere in this Placement Document. You should refer to the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations", for further discussion and analysis of the financial statements of our Company.

The financial information included in this Placement Document does not reflect our Company's results of operations, financial position and cash flows for the future and its past operating results are no guarantee of its future operating performance.

Summary Consolidated Balance Sheet as at March 31, 2015, 2014 and 2013

(Rupees in lakhs)

	As At 31 March		
Particulars	**2015**	**2014**	**2013**
EQUITY AND LIABILITIES			
Shareholders' funds			
Share Capital	1,200	1,200	1,200
Reserves & Surplus	22,881	19,270	15,474
	24,081	20,470	16,674
Minority Interest	-	-	-
Non- current Liabilities			
Long term Borrowings	6,550	4,241	3,917
Deferred Tax Liabilities (Net)	908	748	604
Other Long-term Liabilities	104	78	69
Long-term Provisions	321	254	139
	7,883	5,321	4,729
Current Liabilities			
Short-term Borrowings	10,047	9,974	6,375
Trade Payables	5,685	5,880	4,679
Other Current Liabilities	4,251	3,144	2,040
Short-term Provisions	914	822	691
	20,897	19,819	13,785
Total	**52,861**	**45,611**	**35,188**
ASSETS			
Non-current Assets			
Fixed Assets			
Tangible Assets	16,626	15,237	11,888
Intangible Assets	169	-	-
Capital work-in-Progress	1,704	73	1,758
Non-current Investments	-	50	50
Long-term Loans and Advances	678	637	1,043
Other non-current Assets	11	10	6
	19,187	16,007	14,745
Current Assets			
Current Investment	11,175	7,433	4,493
Inventories	7,993	7,737	4,860
Trade Receivables	12,505	11,887	9,284
Cash and Bank Balances	558	756	764
Short-Term Loans and Advances	1,321	1,763	1,021
Other Current Assets	123	28	22
	33,674	29,604	20,443
Total	**52,861**	**45,611**	**35,188**

Summary Consolidated Statement of Profit and Loss for the years ended March 31,2015, 2014 and 2013

(Rupees in lakhs)

Particulars	For the year ended March 31 2015	For the year ended March 31 2014	For the year ended March 31 2013
Revenue from Operations	61,180	54,524	46,254
Other Income	408	376	277
Total Revenue	61,588	54,900	46,531
Expenses:			
Cost of Materials Consumed	37,573	34,847	29,605
Purchases of Stock-in-Trade	-	-	-
Change in Inventories of Finished Goods,Work-in-progress and Stock-inTrade	(282)	(1,330)	(709)
Employee Benefit Expense	8,255	7,010	5,700
Finance Costs	1,640	1,340	1,017
Depreciation and Amortization Expense	899	836	815
Other Expenses	5,892	4,753	3,920
CSR Expenses	136	-	-
Total Expenses	54,113	47,456	40,348
Profit Before Exceptional and Extraordinary Items and Tax	7,475	7,444	6,183
Exceptional items (Net)	-	-	499
Profit before tax	7,475	7,444	6,683
Extraordinary Items	-	-	-
Profit before tax	7,475	7,444	6,683
Tax Expense:			
(1) Current tax	(2,278)	(2,217)	(1,816)
(2) Deferred tax charges/credit	(174)	(146)	(145)
(3) Tax for Earlier Year	6	-	(10)
Profit After Tax	5,029	5,081	4,712
Share in Profit of Associate	-	-	-
Profit after tax (including associate)	5,029	5,081	4,712
Minority Interest	-	-	-
Profit after tax and minority Interest	5,029	5,081	4,712
Earnings per Equity Share (Rs.)			
Basic	4.19	4.23	3.93
Diluted	4.19	4.23	3.93

Summary Consolidated Statement Of Cash Flow

(Rupees in lakhs)

Particulars	For the year ended March 31 2015	For the year ended March 31 2014	For the year ended March 31 2013
A.CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before tax for the year	7,475	7,444	6,683
Adjustment for:			
Depreciation and Amortisation	899	836	815
(Profit)/Loss on sale of Fixed assets	1	(4)	(521)
Provision for impairment of Fixed assets	-	-	14
(Profit)/Loss on sale of shares	-	-	(137)
(Profit)/Loss on sale of Mutual funds	(207)	(128)	(60)
Withdrawal of provision for diminution in value of investments	-	(9)	9
Interest income	(24)	(14)	(9)
Dividend received	-	(24)	(50)
Interest expense	1,640	1,340	1,017
Operating profit before working capital changes	**9,784**	**9,441**	**7,761**
(Increase)/ Decrease in			
- Inventories	(256)	(2,876)	(931)
- Trade Receivables	(618)	(2,603)	(354)
- Loans and advances (Long term and Short term)	427	(315)	(248)
- Other Non Current Assets & Current Assets	(28)	(64)	(76)
Increase/ (Decrease) in			
- Current Liabilities	(461)	2,293	198
- Long term Liabilities	26	10	15
- Provisions (Long term and Short term)	97	115	(51)
Cash generated from operations	**8,973**	**5,999**	**6,314**
Income taxes paid (net of refunds)	(2,257)	(2,247)	(1,802)
Net cash from operating activities	**6,717**	**3,752**	**4,512**
B.CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of fixed assets/ Capital work-in-progress	(4,126)	(2,530)	(3,312)
Sale of investments	2,680	3,103	2,174
Purchase of investments	(6,165)	(5,907)	(4,696)
Interest received	27	16	9
Dividend received	-	24	50
Proceeds from sale of fixed assets	7	34	703
Net cash from investing activities	**(7,577)**	**(5,260)**	**(5,072)**
C.CASH FLOWS FROM FINANCING ACTIVITIES:			
Interest paid	(1,633)	(1,335)	(1,017)
Proceeds/(repayments) from long term borrowings (net)	3,672	324	805
Proceeds/(repayments) from short term borrowings (net)	73	3,599	2,044
Dividend and dividend tax paid	(1,346)	(1,194)	(976)
Exchange Fluctuation reserve - foreign subsidiary (net)	(36)	48	84
Net cash from Financing activities	**730**	**1,442**	**940**
Net increase in cash and cash equivalents during the year	**(130)**	**(65)**	**380**
Cash and cash equivalents at beginning of the year	654	719	279
Cash and cash equivalents at end of the year	**523**	**654**	**659**
Reconciliation of Cash and cash equivalents with the Balance Sheet:			
Cash and bank balances as per the Balance Sheet	552	756	764
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3	29	102	105
Net Cash and cash equivalents	**523**	**654**	**659**

STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30TH SEPTEMBER 2015

(Rupees in lakhs)

	Particulars	Half Year Ended	
		30.09.2015	30.09.2014
		Un-Audited	
1.	**Income from Operations**		
	(a) Gross Sales/Income from Operations	29,959.93	27,181.34
	Less:Excise Duty	2,918.71	2,535.04
	Net Sales/ Income from Operations	27,041.22	24,646.30
	(b) Other Operating Income	121.63	139.70
	Total Income from operations (net)	**27,162.85**	**24,786.00**
2.	**Expenses**		
	(a) Cost of materials consumed	16,588.31	15,487.46
	(b) Purchases of stock-in-trade	-	-
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	400.19	259.01
	(d) Employee benefits expense	3,483.28	3,223.71
	(e) Depreciation and amortisation expense	408.02	400.24
	(f) Other expenses	2,037.58	1,997.45
	Total Expenses	**22,917.38**	**21,367.87**
3.	**Profit/(Loss) from operations before other income, finance costs and exceptional items (1-2)**	**4,245.47**	**3,418.13**
4.	Other Income	615.24	327.55
5.	**Profit/(Loss) from ordinary activities before finance costs and exceptional items (3 ±4)**	**4,860.71**	**3,745.68**
6.	Finance costs	837.86	670.53
7.	**Profit/(Loss) from ordinary activities after finance costs but before exceptional items (5 ±6)**	**4,022.85**	**3,075.15**
8.	Exceptional Items	(360.05)	-
9.	**Profit/(Loss) from ordinary activities before tax (7±8)**	**3,662.80**	**3,075.15**
10.	Tax expense	1,208.00	899.00
11.	**Net Profit/ (Loss) from ordinary activities after tax (9±10)**	**2,454.80**	**2,176.15**
12.	Extraordinary Items (net of tax expense)	-	-
13.	**Net Profit/ (Loss) for the period (11±12)**	**2,454.80**	**2,176.15**
14.	Share of Profit/(Loss) of associates	-	-
15	Minority interest	-	-
16	**Net Profit / (loss) after taxes, minority interest and Share of profit / (loss) of associates (13 ±14±15)**	**2,454.80**	**2,176.15**
17	Paid-up equity share capital [Face Value Re. 1/-Per Share] (Face Value of the Share shall be indicated)	1,200.20	1,200.20
18	Reserve excluding Revaluation Reserves as per balance sheet of previous accounting year	-	-
19.i	**Earnings per share (before extraordinary items)**		
	(of Re. 1/- each)(not annualised) (in Rs.):		
	(a) Basic	2.05	1.81
	(b) Diluted	2.05	1.81
19.ii	**Earnings per share (after extraordinary items)**		
	(of Re. 1/- each)(not annualised) (in Rs.):		
	(a) Basic	2.05	1.81
	(b) Diluted	2.05	1.81

STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE NINE MONTHS ENDED 31ST DECEMBER 2015			(Rupees in lakhs)
	Particulars	Nine Months Ended	
		31.12.2015	31.12.2014
		Un-Audited	
1.	**Income from Operations**		
	(a) Gross Sales/Income from Operations	47,643.35	42,749.21
	Less:Excise Duty	4,750.41	4,067.72
	Net Sales/ Income from Operations	42,892.94	38,681.49
	(b) Other Operating Income	176.99	213.47
	Total Income from operations (net)	**43,069.93**	**38,894.96**
2.	**Expenses**		
	(a) Cost of materials consumed	27,003.40	24,690.44
	(b) Purchases of stock-in-trade	-	-
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(201.57)	(45.14)
	(d) Employee benefits expense	5,408.21	5,015.85
	(e) Depreciation and amortisation expense	616.58	598.78
	(f) Other expenses	3,367.29	3,066.72
	Total Expenses	**36,193.91**	**33,326.65**
3.	**Profit/(Loss) from operations before other income, finance costs and exceptional items (1-2)**	**6,876.02**	**5,568.31**
4.	Other Income	911.32	430.67
5.	**Profit/(Loss) from ordinary activities before finance costs and exceptional items (3±4)**	**7,787.34**	**5,998.98**
6.	Finance costs	1,306.54	1,026.58
7.	**Profit/(Loss) from ordinary activities after finance costs but before exceptional items (5±6)**	**6,480.80**	**4,972.40**
8.	Exceptional Items	(460.59)	-
9.	**Profit/(Loss) from ordinary activities before tax (7±8)**	**6,020.21**	**4,972.40**
10.	Tax expense	2,033.00	1,590.00
11.	**Net Profit/ (Loss) from ordinary activities after tax (9±10)**	**3,987.21**	**3,382.40**
12.	Extraordinary Items (net of tax expense)	-	-
13.	**Net Profit/ (Loss) for the period (11±12)**	**3,987.21**	**3,382.40**
14.	Share of Profit/(Loss) of associates	-	-
15	Minority interest	-	-
16	**Net Profit / (loss) after taxes, minority interest and Share of profit / (loss) of associates (13±14±15)**	**3,987.21**	**3,382.40**
17	Paid-up equity share capital [Face Value Re. 1/-Per Share]	1,200.20	1,200.20
18	Reserve excluding Revaluation Reserves as per balance sheet of previous accounting year	-	-
19.i	**Earnings per share (before extraordinary items) (of Re. 1/- each)(not annualised) (in Rs.):**		
	(a) Basic	3.32	2.82
	(b) Diluted	3.32	2.82
19.ii	**Earnings per share (after extraordinary items) (of Re. 1/- each)(not annualised) (in Rs.):**		
	(a) Basic	3.32	2.82
	(b) Diluted	3.32	2.82

PHOENIX'S UNAUDITED STANDALONE INTERIM FINANCIAL RESULTS

Pursuant to a meeting of its board of directors on February 8, 2016, Phoenix has adopted and filed with the Stock Exchanges, the unaudited standalone financial results for the quarter and nine-months ended December 31, 2015, in accordance with the provisions of the Listing Regulations. Phoenix's statutory auditors have conducted a limited review of Phoenix's unaudited standalone interim financial results for the quarter and nine-months ended December 31, 2015.

(in Rs in Lakhs)

Particulars	Nine-months ended December 31, 2015	Nine-months ended December 31, 2014
Income from Operations		
Gross Sales	17,437.94	19,625.63
Less: Excise Duty	(1,438.31)	(1,273.96)
(a) **Net Sales**	**15,999.63**	**18,351.67**
(b) Other Operating Income	-	-
Total Income from Operations (net)	**15,999.63**	**18,351.67**
Expenses		
(a) Cost of materials consumed	8,832.23	10,054.21
(b) Purchases of stock-in-trade	50.83	33.36
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	1.80	(105.18)
(d) Employee benefits expense	2,458.21	2,565.13
(e) Depreciation and amortisation expense	470.29	463.62
(f) Provision for doubtful debts/advances/ (Reversal) of provision (net of write off)	7.86	(2.14)
(g) Foreign exchange variation (gain) / loss	(304.29)	154.85
(h) Provision for obsolete inventories / (Reversal) of provision	(8.19)	(128.25)
(i) Other expenses	2,175.94	1,929.89
Total	**13,684.68**	14,965.49
Profit from operations before other income, finance costs, exceptional item and tax	2,314.95	3,386.18
Other Income	132.62	38.45
Profit from ordinary activities before finance costs, exceptional item and tax	2,447.57	**3,424.63**
Finance costs	247.02	309.66
Profit from ordinary activities after finance costs but before exceptional item and tax	2,200.55	3,114.97
Exceptional item	-	-
Profit before tax	2,200.55	3,114.97
Tax charge/ (credit) (Net)	747.36	784.32
Net Profit after tax	**1,453.19**	**2,330.65**
Extraordinary item	-	-
Net Profit for the period /year	**1,453.19**	**2,330.65**
Paid-up equity share capital (Face Value Rs. 10 each/share)	2,801.93	2,801.93
Reserves excluding Revaluation Reserve	-	-
Earnings per share (of Rs. 10/- each)		
Basic & diluted (before extraordinary items)	5.19	8.32
Basic & diluted (after extraordinary items)	5.19	8.32

RECENT DEVELOPMENTS

Acquisition of Phoenix

On May 6, 2015, the Company entered into a share purchase agreement ("**SPA**") with Argon India Limited and Argon South Asia Limited, the erstwhile promoters of the Phoenix, to acquire equity shares of Phoenix. Pursuant to the aforesaid SPA, the Company also made an open offer to the shareholders of Phoenix in accordance with the Takeover Regulations. Consequent to the acquisition of the majority of the equity share capital and voting capital of Phoenix, it became our Subsidiary in June 2015. As of December 31, 2015, the Company held 61.93% of Phoenix's equity share capital. Our acquisition of Phoenix resulted in its direct and indirect subsidiaries, namely International Lamps Holding Company S.A. (Luxembourg), Luxlite Lamp S.a.r.l. (Luxembourg) and Trifa Lamps Germany GmbH (Germany), becoming our Subsidiaries. As the acquisition of Phoenix was undertaken in Fiscal 2016, the Audited Consolidated Financial Statements do not reflect the details of the financial performance of Phoenix.

SEL's Unaudited Standalone Interim Financial Results

Pursuant to a meeting of its Board on November 9, 2015, our Company has adopted and filed with the Stock Exchanges, SEL's Unaudited Standalone September Financial Results for the quarter and six-months ended September 30, 2015 in accordance with the provisions of clause 41 the erstwhile Equity Listing Agreement. Further, pursuant to a meeting of its Board on February 9, 2016, our Company has adopted and filed with the Stock Exchanges, SEL's Unaudited Standalone December Financial Results for the quarter and nine-months ended December 31, 2015 in accordance with the provisions of the Listing Regulations. SEL's Unaudited Standalone Interim Financial Results are presented in a form specified under the requirements of the erstwhile Equity Listing Agreement and the Listing Regulations, as applicable, and are not comparable to the presentation of our Audited Financial Statements, included elsewhere in this Placement Document. Accordingly, investors are cautioned against placing undue reliance on the SEL's Unaudited Standalone Interim Financial Results for their investment decision.

Phoenix's Unaudited Standalone Interim Financial Results

Pursuant to a meeting of its board of directors on February 8, 2016, Phoenix has adopted and filed with the Stock Exchanges, the unaudited standalone financial results for the quarter and nine-months ended December 31, 2015, in accordance with the provisions of the Listing Regulations. Phoenix's statutory auditors have conducted a limited review of Phoenix's unaudited standalone interim financial results for the quarter and nine-months ended December 31, 2015. For further information, please refer to Phoenix's unaudited standalone interim financial results for the quarter and nine-months ended December 31, 2015 in the section titled "*Select Financial Information*".

Declaration of interim dividend by the Board

Pursuant to its meeting on February 9, 2016, the Board has declared an interim dividend of Re. 0.50 per Equity Share (i.e. 50%) for the Fiscal 2016, and has fixed February 19, 2016, as the record date for the purpose of payment of interim dividend.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations together with our audited consolidated financial statements, the notes and the significant accounting policies thereto as at and for the financial years ended March 31, 2013, 2014 and 2015 and SEL's Unaudited Standalone December Financial Results as at and for the quarter and nine months ended December 31, 2015, included in this Placement Document. You should also read "Risk Factors" and "Forward Looking Statements", both of which discuss a number of factors and contingencies that could affect our financial condition, results of operations and cash flows

Except as noted or stated below, the financial statement amounts included herein are based on the numbers appearing in the corresponding period's audited financial statements and not on the amounts included for comparison purposes in the following period's financial statements, e.g., the financial statement amounts included herein as at and for the financial year ended March 31, 2014 are based on the audited consolidated financial statements as at and for the financial year ended March 31, 2014, and not on the numbers as at that date and for that period included for comparison purposes in the audited consolidated financial statements as at and for the financial year ended March 31, 2015.

Our financial statements included in this Placement Document are prepared in accordance with Indian GAAP, which differs in certain material respects from IFRS and U.S. GAAP. Accordingly, the degree to which the financial statements in this Placement Document will provide meaningful information to a prospective investor in countries other than India is entirely dependent on the reader's level of familiarity with Indian accounting processes. Our financial year ends on March 31 of each year. Accordingly, all references to a particular financial year are to the 12 months ended March 31 of that year.

Overview

We are one of India's leading manufacturers of automotive mechanical cables and light sources. Having commenced of our operations as a single client, single product manufacturer in 1985, we have significantly diversified and de-risked our client, segment and product profile over the years. Today, we stand as one of India's leading 2W mechanical cable manufacturers, with a global presence and an installed capacity of producing 175 million cables per year as at the end of Fiscal 2015. We sell a wide range of cables directly to original equipment manufacturers ("**OEMs**") in India and overseas, while servicing the replacement market for automotive cables through OEMs and otherwise. We believe our size and scale of operations makes us one of the leading players in the Indian 2W mechanical cables space, with an increasing market presence in the other automotive spaces within which we operate. While we have continued to manufacture cables from the year of commencement of our operations, we began manufacturing speedometers, and over the years, have increased our product profile to include a variety of products such as tachometers, fuel sender/tanks, moulded parts, etc.

In Fiscal 2016, we acquired Phoenix Lamps Limited (formerly Halonix Limited) ("**Phoenix**"), one of India's leading manufacturers of automotive halogen bulbs, with years of manufacturing experience and technical knowledge. Over the years, it has established relationships with leading Japanese, Korean, European and Indian OEMs. In Fiscal 2016, Phoenix exported to more than 90 countries. It has three manufacturing plants at Noida National Capital Region in India with an aggregate installed capacity of 87 million lamps per year as of Fiscal 2015. Our acquisition of Phoenix resulted in its direct and indirect subsidiaries, namely International Lamps Holding Company S.A. (Luxembourg), Luxlite Lamp S.a.r.l. (Luxembourg) and Trifa Lamps Germany GmbH (Germany), becoming our Subsidiaries. As the acquisition of Phoenix was undertaken in Fiscal 2016, the Audited Consolidated Financial Statements do not reflect the details of the financial performance of Phoenix.

Apart from Phoenix's manufacturing facilities, we have 15 manufacturing facilities in India, the oldest being our facilities in Bommasandra, Bengaluru, where we commenced our operations in 1985. Our manufacturing plants are set up in close proximity to major auto producing hubs of India, which include Haryana, Uttarakhand, Maharashtra, Gujarat, Rajasthan, Karnataka and Tamil Nadu. Further, our plants are typically designed to manufacture end products customized to our clients operating in the geographic vicinity. We also operate two 100% export-oriented units in Bengaluru, which cater to the demand for our products from international clients. Our focus on quality, cost, delivery and development ("**QCDD**") is evidenced by the fact that almost all of our plants have received the prestigious automotive-specific TS 16949 quality management system certificate. We have also received and maintain other prestigious quality management system certificates for each of our

facilities in line with industry standards.

Our products include mechanical cables, speedometers, tachometers, fuel sender/tank, moulded parts, turn parts, mirror assembly, insta-colour lamps assembler, extruded rubber parts for 2W, automotive, aftermarket and the non-automotive segments. Our sales of products used in 2W space constitute the largest portion of products sold, both in value and volume. However, one of our key strategies going forward is to grow our business in the other automotive spaces and the export segment. Revenue from sales of 2W products accounted for approximately 59%, 55% and 53% of our consolidated sales revenue in Fiscals 2013, 2014 and 2015, respectively.

We believe that the long-standing relationships that we have with our customers are critical to our success and continued growth. In recent years, we have won several awards from our customers including but not limited to the Volkswagen – "A" Grade Supplier Award and Quality Performance Award, the General Motors Supplier Quality Excellence Award, the Bajaj Auto Limited TPM Excellence Award and the Bajaj Auto Limited Quality Consistency Gold award, the Mahindra Alfa Quality award, the Tata Motors Green Card for '0'PPM Award, the John Deere Accelerated Sourcing Award and the Honda Motorcycle and Scooter Quality and Delivery Achievement Award, amongst others.

In India, we sell our cables through OEMs and also, directly to consumers through a pan-India network of distributors. As of December 31, 2015, we had five warehouses, two in India and three in US, that helped us supply our products to our OEM customers and our distribution network. Further, our independent distribution network comprised of over 300 distributors across India as of December 31, 2015. We also cater to the OEM replacement market by supplying cables directly to OEMs, who brand and sell such products as "made for" or "genuine" OEM parts in the replacement market. As of December 31, 2015, our dedicated pan-India sales team comprised of over 35 professionals.

In addition to our domestic sales, we are also one of the leading exporters of mechanical cables and lamps to marquee OEMs globally. We focus on certain key international clusters, which include the USA, Germany and other European countries, Southeast Asia, the Middle East and Africa. We have set-up sales offices in what we believe to be key international clusters to enable us to market our products as well as understanding customer needs and developing products to service such requirements. We plan on expanding our reach to include offices located in such key international clusters. In addition to us supplying mechanical cables to certain marquee OEMs such as Volkswagen and a distinguished luxury automobile manufacturer based in Munich, we have gained a strong foothold in the major automobile manufacturing hubs and the replacement markets in Europe through our acquisition of Phoenix and consequently, Trifa (Germany) and Luxlite (Luxembourg).

Some of our major customers are:

Products	Customer
2W	Bajaj Auto Limited, Hero Motor Corp. Limited, TVS Motor Company Limited, Royal Enfield (Eicher Motors Limited), etc.
Automotive	Atul Auto Limited, Brose India Automotive Systems Private Limited, General Motors India Private Limited, Lear Automotive India Private Limited, Mahindra & Mahindra, Mahle Bear India Private Limited, Piaggio Vehicles Private Limited, Renault Nissan, SML Isuzu Limited, Tata Motors Limited, VE Commercial Vehicles Limited (Volvo Eicher), Volkswagen India Private Limited, etc.
Non-Automotive	John Deere, Kubota Corporation, etc.

In Fiscals 2015, 2014 and 2013, our consolidated net revenue from operations was Rs. 61,180.21 lakhs, Rs. 54,523.66 lakhs and Rs. 46,253.61 lakhs, respectively. We had a consolidated net profit of Rs. 5.029.49 lakhs, Rs. 5,080.98 lakhs and Rs. 4,712.43 lakhs in Fiscals 2015, 2014 and 2013, respectively. As at March 31, 2015, we had consolidated total assets of Rs. 52,861.05 lakhs and consolidated total liabilities of Rs. 28,780.01 lakhs. In the nine-month period ended December 31, 2015, our standalone net revenue from operations was Rs. 43,069.93 lakhs and our standalone net profit was Rs. 3,987.21 lakhs.

In Fiscals 2015, 2014 and 2013, Phoenix's consolidated net revenue from operations was Rs. 36,513.65 lakhs, Rs. 49,402.69 lakhs and Rs. 48,314.20 lakhs, respectively. Phoenix had a consolidated net profit of Rs. 1,957.25 lakhs and Rs. 6,639.31 lakhs in Fiscals 2015 and 2014, respectively, and a consolidated net loss of Rs. 2,407.41 lakhs in Fiscal 2013. As at March 31, 2015, Phoenix had consolidated total assets of Rs. 23,798.01 lakhs and consolidated total liabilities of Rs. 12,079.82 lakhs. In the nine-month period ended December 31, 2015,

Phoenix's standalone net revenue from operations was Rs. 15,999.63 lakhs and its standalone net profit was Rs. 1,453.19 lakhs.

Presentation of Financial Information

In this Placement Document, we have included our Audited Consolidated Financial Statements for Fiscals 2013, 2014 and 2015, the Audited Standalone Financial Statements for Fiscals 2013, 2014 and 2015. We have also included SEL's Unaudited Standalone September Financial Results for the quarter and six-months ended September 30, 2015, and SEL's Unaudited Standalone December Financial Results for the quarter and nine-months ended December 31, 2015. As the acquisition of Phoenix was undertaken in Fiscal 2016, the Audited Consolidated Financial Statements do not reflect the details of the financial performance of Phoenix.

Principal Factors Affecting our Results of Operations and Financial Condition

Our business, results of operations and financial condition are affected by a number of factors, including:

Market Conditions Affecting the Automotive Industry

We derive a significant portion of our revenue from the sale of our products through our OEM channel. Accordingly, the sale of our products is directly related to the production and sale of vehicles by such customers. Production and sales of vehicles may be affected by changes in the general economic or industry conditions, including disposable income, volatility in fuel prices, evolving regulatory requirements, government initiatives, trade agreements and other factors. The cyclical nature of the industry, both globally and in regions in which we operate, may result in fluctuations in our revenues across periods.

Price of Raw Materials

The cost of raw materials represents a significant portion of our total expenses. In the event of an increase in the price of raw materials, we may be required to source such materials from other vendors at prices that may be less favourable to us, resulting in an increase in our operating costs. Commodity prices are also influenced by changes in global economic conditions, related industry cycles, demand-supply dynamics, attempts by individual producers to capture market share and by speculation in the market. At times, we may not be able to pass on any increase in commodity or raw material prices to our customers. Any volatility in the prices of raw materials could also affect our ability to price our products competitively.

Power and Fuel Expenses

Our manufacturing facilities require substantial amounts of power and fuel. Typically, we depend on power supplied by the state electricity boards, as well as power generated through power generators. Any major power interruptions that could occur in the future as a result of any natural calamity, technical fault or power shortages beyond our control may have an effect on our results of operations. Further, in the event that electricity supplied by the state electricity boards and from generators are insufficient to meet our requirements or we are unable to procure adequate and uninterrupted power supply in the future at a reasonable cost, our results of operations may be adversely affected. In addition, power and fuel prices are also influenced by changes in global economic conditions which will also have an effect on our results of our operations.

Capacity Utilization and Operating Efficiencies

Higher capacity utilization results in greater production volumes and higher sales, and allows us to spread our fixed costs over a higher number of units sold, thereby increasing our profit margins. Production in our manufacturing facilities is also affected by factors like the number of lost days due to scheduled and unscheduled plant shutdowns. While we continue to focus on improving our operational efficiencies and reducing operating costs, there are a number of factors that are beyond our control and that could impact our ability to effectively utilize our manufacturing facilities. Any inability to optimally utilize our existing manufacturing capacities or maintain operating efficiencies could impact our business and results of operations

Foreign Currency Fluctuations

Our financial information is presented in Indian Rupees. However, our revenues and operating expenses are influenced by the currencies of those countries where we sell our products for example, the USA and Europe.

The exchange rate between the Indian Rupee and these currencies has fluctuated in the past and our results of operations have been impacted by such fluctuations and may be impacted by such fluctuations in the future as well. For example, during times of strengthening of the Indian Rupee, we expect that our overseas sales and revenues will generally be negatively impacted, as foreign currency received will be translated into fewer Indian Rupees. However, the converse positive effect on depreciation of the Indian Rupee may not be sustained or may not show an appreciable impact in our results of operations in any given financial period due to other variables impacting our business and results of operations during the same period. Moreover, we expect that our cost of borrowing as well as our cost of imported raw materials, imported stores and spares, overseas professional costs, freight and overseas warehousing costs incurred by us may rise during a sustained depreciation of the Indian Rupee against the U.S. Dollar, the Pound Sterling or the Euro.

Macroeconomic Conditions

Our business depends substantially on global economic conditions. Macroeconomic factors, both in India and globally, such as economic instability, political uncertainty other force majeure events could influence our performance. In addition, fluctuations in interest rates, exchange rates and inflation rates have a material effect on key aspects of our operations, including the cost of our raw materials and the costs of borrowing required to fund our operations. Our business and results of operations are also affected by evolving regulatory requirements, government initiatives, trade agreements and other factors that affect the automobile and construction industries. We expect that macroeconomic conditions, particularly changes in consumer confidence, spending on commercial vehicles and interest rates will have a significant impact on our business and results of operations in future periods.

Ability to Meet Customer Expectations and Retain Business

We are significantly dependent on certain key customers for a significant portion of our sales. It is common for large commercial vehicle manufacturers to source their parts from relatively small numbers of vendors, and as a result, our customers often undertake vendor rationalisation to reduce costs related to procurement from multiple vendors. Additionally, our customers have high and exacting standards for product quantity and quality as well as delivery schedules. There are also a number of factors other than our performance that are beyond our control and that could cause the loss of a customer. Inability to meet customer expectation or loss of business from a customer for any reason could impact our business and results of operations.

Significant Accounting Policies

The preparation of our financial statements in conformity with Indian GAAP requires our management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the related disclosure of cash flows and contingent liabilities, among other items. The significant accounting policies relevant to our business and operations have been described below. For a detailed description of our significant accounting policies, please refer to the Audited Consolidated Financial Statements included in this Placement Document.

1.1 *Basis of preparation of Financial Statements*

The financial statements have been prepared and presented under the historical cost convention and in accordance with the provisions of the Companies Act, 2013 ('the Act') and the Accounting Standards specified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts Rules) 2014.

1.2 *Use of Estimates*

The preparation of the financial statements is in conformity with Indian GAAP, which requires that the management make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of financial statements and the reported amounts of revenue and expenses during the reporting period. Although such estimates are made on a reasonable and prudent basis taking into account all available information, actual results could differ from these estimates and such differences are recognized in the period in which the results are ascertained.

1.3 The financial statements of the subsidiary companies used in the consolidation are drawn up to the

same reporting date as that of the Parent.

The consolidated financial statements have been prepared on the following basis:

i) The financial statements of the parent and its subsidiary companies have been combined on a line by line basis by adding together like items of assets, liabilities, income and expenses. Inter-Company balances and transactions and unrealized profits or losses have been fully eliminated.

ii) In case of foreign subsidiaries, being non-integral foreign operations, revenue items are converted to rupees being the reporting currency at the average exchange rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognized in the exchange fluctuation reserve.

iii) Contingent liabilities in foreign currency are translated at the closing rate.

1.4 The subsidiaries considered in the consolidated financial statements are:

NAME OF THE COMPANY	COUNTRY OF INCORPORATION	% VOTING POWER AS AT 31.03.2015	% VOTING POWER AS AT 31.03.2014
SUPRAJIT AUTOMOTIVE PRIVATE LIMITED	INDIA	100	100
SUPRAJIT EUROPE LIMITED	UNITED KINGDOM	100	100

1.5 *Cash Flow Statement*

Cash flow statement is prepared in accordance with AS-3 specified under the Companies Act, 2013, using the indirect method to determine cash flows from operating activities. The cashflows of the Company are segregated into operating, investing and financing activities. Cash and cash equivalents for the purpose of cash flows statement comprise of cash on hand, demand deposit placed with banks and term deposits with banks (with an original maturity of three months or less)

1.6 *Revenue Recognition*

Sale of goods as well as revenue from processing of goods (services) is recognized at the time of transfer of property in goods, results in or coincides with the transfer of significant risks and rewards to the customers which is generally at the point of dispatch of goods to the customers. Gross sales are inclusive of applicable excise duty and exclusive of sales tax and are net of returns. Revenue from scrap is recognized on sale.

Export incentives are recognized when there is reasonable certainty as to realization and when they are quantifiable with a high degree of accuracy.

Dividend is recognized when declared and interest income is recognized on time proportion basis taking into account the amount outstanding and the applicable rate

1.7 *Tangible/ Intangible Assets*

Tangible Assets are stated at cost less accumulated depreciation and impairment losses, if any. The cost of an asset comprises of its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Until the fixed assets are ready for its intended use these costs are aggregated and classified and carried forward as 'Capital Work-In Progress'. Borrowing costs taken for the acquisition of qualifying assets upto the date of commissioning of assets is added to the cost of assets.

Intangible assets are carried at cost less amortization where it is probable that future economic benefits expected from it is not less than the carrying value.

1.8 *Depreciation/ amortization*

Pursuant to Companies Act 2013, with effect from 1st April, 2014, the Company has estimated useful life of the fixed assets and adopted the estimated useful life as prescribed under Part C of Schedule II of the Companies Act, 2013, for the purpose of computation of depreciation on such assets except in case of the fixed assets listed below in respect of which the estimated useful life has been ascertained which is different from the estimated useful life prescribed under Part C of Schedule II of the Companies Act, 2013, based on the independent technical evaluation carried out by the external valuers.

Plant and machinery (Identified specific Machinery)	-	360 months
Other Plant & machineries	-	270 months
Electrical Installations	-	252 months
Furniture & Fixtures	-	180 months
Office Equipments	-	120 months

Assets taken over by the Company has been depreciated over the remaining useful life based on the independent technical evaluation carried out by the external valuers.

Some of the assets in the Indian subsidiary are being depreciated @ 100% in the year of acquisition depending upon on the useful life of the assets as estimated by the management.

The Company provides additional depreciation @ 50% of the normal depreciation on all the plant & machinery for the period for which such plant & machinery was used for double shifts.

Intangible assets like brands and know how are amortized on a straight line basis over their estimated useful life of 10 years. Goodwill arising on acquisition / amalgamation is amortized over a period of 5 years. Business rights acquired is amortized over a period of 5 years, based on the assessment of future economic benefits that will flow to the Company.

Leasehold land is amortized over the period of lease.

The fixed assets of the foreign subsidiary are depreciated over the expected useful economic life of the asset that is different from that of the parent is as follows:

Leasehold improvements	-	5 years
Plant & Machinery	-	5 years
Fixtures & Fittings	-	5 years
Motor vehicles	-	3 years
Office equipment	-	2 years

Goodwill arising on acquisition/ amalgamation is amortized over the estimate of useful life. Leasehold land is amortized over the period of lease.

1.9 *Impairment of Assets*

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at appropriate rate. After impairment, depreciation is provided on revised carrying amount of the assets over its remaining useful life. Previously recognized impairment loss is further provided or reversed depending on changes in circumstances.

1.10 *Investments*

Investments that are readily realizable and intended to be held for not more than 12 months are classified as current investments. All other investments are classified as long-term investments. Long term investments are stated at cost. However, provision for diminution in value is made to recognize a

decline other than temporary in the value of the investments. Current investments are carried at lower of cost or fair value.

1.11 *Inventories*

Inventories are valued at lower of cost or net realizable value. Cost is ascertained on weighted average method. Conversion and other costs incurred for bringing the inventories to their present location and condition are allocated to the extent applicable.

1.12 *Foreign Currency Transactions*

The foreign currency transactions are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currency are restated at the applicable exchange rates prevailing as at the Balance Sheet date. Gain / loss arising from such restatement as also on settlement of the transactions are adjusted in the Profit and Loss Statement.

Premium or discount on forward exchange contracts which are not intended for trading or speculation purpose and is to establish the amount of reporting currency required on the settlement dates is recognized in the Profit and Loss Statement over the period of the contracts. The exchange differences on the contracts are recognized in the year in which the exchange rates change.

The Company enters into foreign currency forward exchange contracts to hedge its risks associated with foreign currency fluctuations in respect of highly probable forecast transactions. At the end of the reporting period these contracts are marked to market and the resultant loss, if any is recognized in the Profit and Loss Statement.

1.13 *Employee Benefits*

Short term employee benefits:

The amounts paid/payable on account of short term employee benefits, comprising largely of salaries & wages, short term compensated absences and annual bonus is valued on an undiscounted basis and charged to the Profit and Loss Statement for the year.

Defined contribution plans:

The Company has defined contribution plans for its employees comprising of Provident Fund and Employee's State Insurance. The contributions paid/payable to these plans during the year are charged to the Profit and Loss Statement for the year. The Company has no other obligation in this regard.

Defined benefit plans:

a) Gratuity

The Parent's Gratuity scheme is administered through the Employee's Group Gratuity-cum-Life Assurance Scheme of the Life Insurance Corporation of India. The net present value of the obligation for gratuity benefits as determined on actuarial valuation, conducted annually using the projected unit credit method, as adjusted for unrecognized past services cost if any and as reduced by the fair value of plan assets, is recognized in the accounts. Actuarial gains and losses are recognized in full in the Profit and Loss Statement for the period in which they occur.

b) Compensated Absences

The group has a scheme for compensated absences for employees', the liability other than for short term compensated absences is determined on the basis of an actuarial valuation carried out at the end of the year, using projected unit credit method. Actuarial gains and losses are recognized in full in the Profit and Loss Statement for the period in which they occur.

1.14 *Borrowing Costs*

Borrowing costs other than those attributable to qualifying assets are expensed as and when incurred. Borrowing costs attributable to qualifying assets are capitalized along with the cost of respective asset.

1.15 *Leases*

Operating Lease

Leases where the significant risks and rewards of ownership is with the lessor are classified as operating leases and payment under such leases are recognized as an expense in the Profit and Loss Statement on a systematic basis.

Finance Lease

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. The assets acquired on finance lease are capitalized as part of fixed assets and corresponding liability is recognized as term loans.

1.16 *Taxation*

Tax Expense comprising current tax and deferred tax are recognized in the Profit and Loss Statement for the year. Current tax is the amount of income tax determined to be payable in respect of taxable income as computed under the tax laws.

Certain items of income and expenditure are not reported in tax returns and financial statements in the same period for the purpose of determining the current tax. The net tax effect calculated at the current enacted tax rates of this timing difference is reported as deferred income tax asset/liability. The effect on deferred tax assets and liabilities due to change in such assets/liabilities as at the end of previous accounting period and due to a change in tax rates are recognized in the income statement of the period.

MAT credit is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Statement of Profit and Loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

1.17 *Government Grants and Subsidies*

Government grants and subsidies are recognized when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants/ subsidies will be received. Government grants and subsidies where no repayment is ordinarily expected in respect thereof and in the nature of promoter's contribution are credited to capital reserve and treated as a part of shareholders' funds.

1.18 *Research and Development*

Expenditure incurred during the research phase is charged off to the Profit and Loss Statement.

1.19 *Provisions and Contingencies*

Provision for losses and contingencies arising as a result of past event where management considers it probable that a liability may be incurred are made on the basis of reliable estimates of the expenditure required to settle the present obligation on the Balance Sheet date and are not discounted to its present value. Provisions are reviewed at each Balance Sheet date and adjusted to reflect the current best

estimates. Other contingent liabilities to the extent management is aware is disclosed by way of notes on financial statements.

Principal Components of Revenue and Expenditure

Income

Our income consists of revenue from operations and other income.

Revenue from operations

Revenue from operations comprises of revenue from the sale of products, sale of services and other operating revenue. Gross revenue from operations is adjusted for excise duty to arrive at net revenue from operations.

Sales of products represents revenue from the sale of cables, speedometers and others (including parts), while sale of services represents revenue from processing charges. Other operating revenue represents revenue from scrap sales and export benefit entitlements.

Other Income

Other income includes *inter alia*, interest income, provisions no longer required written back, net gain on sale of current investments, withdrawal of provision for diminution of value of current investments, rent received, net gain on foreign currency transactions and translations, profit on sale of fixed assets (net of loss), dividend income and other non-operating income.

Expenses

Our expenses include cost of materials consumed, changes in inventories of finished goods and work-in-progress, employee benefit expense, finance cost, depreciation and amortization expense, other expenses and CSR expenditure.

Cost of Materials Consumed

Cost of materials consumed represents the cost of raw materials (including components, packaging materials and stores and spares). The raw materials consumed comprise steel wire, inner wire, bend tube assembly, PVC compound, components and others.

Changes in Inventories of Finished Goods and Work-in-Progress

The changes in inventories of finished goods and work in progress represent the adjustment of the opening and closing stock of finished goods and work in progress at the end of the fiscal period.

Employee Benefits Expense

Employee benefit expenses include salaries, wages and bonus (including managerial remuneration), contribution to provident fund and other funds and staff welfare expenses.

Finance Cost

The finance costs incurred by us include interest expenses and loan processing charges.

Depreciation and Amortisation Expense

Depreciation and amortization expense represents depreciation on our tangible assets and amortization of intangible assets.

Other Expenses

Our other expenses include expenses in relation to, *inter alia*, increase/decrease of excise duty on inventory, stores and consumables, power and fuel, testing charges, labour charges, rent, repairs and maintenance,

insurance rates and taxes, bank charges, travelling and conveyance, professional charges, auditors' remuneration, freight outward and C&F charges, advertisement and sales promotion, discount, commission, directors' sitting fees and commission, bad debts/receivables written off, provision for doubtful debts, printing and stationery, security expenses, communication expenses, donation, research and development expenditure and general expenses.

CSR Expenses

CSR expenses include contributions made to the Suprajit Foundation.

Taxation

Provision for taxation comprises current tax, tax expense pertaining to earlier years and deferred tax.

Results of Operations and Financial Condition

The following table sets forth certain information relating to our consolidated results of operations in Fiscals 2015, 2014 and 2013:

Particulars	Fiscal 2015		Fiscal 2014		Fiscal 2013	
	(in Rs.)	As a % of Total Revenue	(in Rs.)	As a % of Total Revenue	(in Rs.)	As a % of Total Revenue
Revenue from operations (Gross)	**6,67,74,34,166**	108.42	**5,96,97,58,854**	108.76	**5,07,98,62,090**	109.17
Less: Excise duty	55,94,13,022	9.08	51,73,93,058	9.42	45,45,01,359	9.77
Revenue from Operations (Net)	**6,11,80,21,144**	99.34	**5,45,23,65,796**	99.32	**4,62,53,60,731**	99.40
Other Income	4,07,59,977	0.66	3,75,91,178	0.68	2,77,37,788	0.60
TOTAL	**6,15,87,81,121**	100.00	**5,48,99,56,974**	100.00	**4,65,30,98,519**	100.00
Expenses						
Cost of materials consumed	3,75,72,82,044	61.01	3,48,46,79,504	63.47	2,96,05,05,140	63.62
Changes in inventories of finished goods and work-in-progress	(2,82,24,834)	(0.46)	(13,29,97,051)	(2.42)	(7,09,04,893)	(1.52)
Employee benefit expense	82,55,46,167	13.40	70,09,87,288	12.77	56,99,65,492	12.25
Finance costs	16,39,92,161	2.66	13,40,22,437	2.44	10,17,23,843	2.19
Depreciation and amortization expense	8,99,29,728	1.46	8,35,62,633	1.52	8,14,67,336	1.75
Other expenses	58,91,51,685	9.57	47,53,21,390	8.66	39,20,01,853	8.42
CSR expenditure	1,36,18,394	0.22	-	-	-	-
TOTAL	**5,41,12,95,345**	87.86	**4,74,55,76,201**	86.44	**4,03,47,58,771**	86.71
Profit before prior period, exceptional items, share of profit from associate and tax for the year	**74,74,85,776**	12.14	**74,43,80,773**	13.56	**61,83,39,748**	13.29
Prior period expenses	-		-	-	(18,87,883)	(0.04)
Exceptional Items	-		-	-	5,18,35,587	1.11
Profit before tax for the year	**74,74,85,776**	**12.14**	**74,43,80,773**	**13.56**	**66,82,87,452**	**14.36**
Tax expense:						
(1) Current tax	(22,77,77,000)	(3.70)	(22,17,10,000)	(4.04)	(18,15,91,000)	(0.40)
Tax expense pertaining to earlier years	6,44,783	0.01	(10,955)	0.00	(10,00,000)	(0.02)
(2) Deferred tax	(1,74,04,982)	(0.28)	(1,45,61,834)	(0.27)	(1,44,53,031)	(0.31)
Profit after tax for the year	**50,29,48,577**	**8.17**	**50,80,97,984**	**9.26**	**47,12,43,421**	**10.13**

Fiscal 2015 compared to Fiscal 2014

Revenue

Total revenue increased by 12.18% from Rs. 54,899.57 lakhs in Fiscal 2014 to Rs. 61,587.81 lakhs in Fiscal 2015 reflecting the significant growth in our business operations. This increase was primarily on account of an increase in our share of business from existing customers and the acquisition of new customers.

Revenue from Operations

Gross revenue from operations increased by 11.85% from Rs. 59,697.59 lakhs in Fiscal 2014 to Rs. 66,774.34 lakhs in Fiscal 2015. This was primarily due to an increase in the sale of products.

Sale of products rose 11.90% to Rs. 66,514.43 lakhs in Fiscal 2015 from Rs. 59,443.42 lakhs in Fiscal 2014. There was also a 14.91% increase in other operating revenues, which grew from Rs. 145.23 lakhs in Fiscal 2014 to Rs. 166.89 lakhs in Fiscal 2015. This was marginally offset by a decrease in revenue from sale of services. Sale of services decreased by 14.62%, to Rs. 93.02 lakhs in Fiscal 2015 from Rs. 108.94 lakhs in Fiscal 2014.

Commensurate with the increase the aforesaid increase, excise duty paid increased by 8.12% from Rs. 5,173.93 lakhs in Fiscal 2014 to Rs. 5,594.13 lakhs in Fiscal 2015.

Based on the foregoing, net revenue from operations increased by 12.12% from Rs. 54,523.66 lakhs in Fiscal 2014 to Rs. 61,180.21 lakhs in Fiscal 2015.

Other Income

Other income increased by 8.43% from Rs. 375.91 lakhs in Fiscal 2014 to Rs. 407.60 lakhs in Fiscal 2015.

This was primarily due to a net gain on sale of current investments to the extent of Rs. 206.76 lakhs in Fiscal 2015. However, there was a relatively lesser net gain on foreign currency transactions and translations, from Rs. 174.42 lakhs in Fiscal 2014 to Rs. 74.54 lakhs in Fiscal 2015. Further, we did not earn any interest income on mutual funds in Fiscal 2015, as compared to Rs. 24.39 lakhs earned by way of dividend income on mutual funds in Fiscal 2014.

Expenses

Total expenses increased by 14.03% from Rs. 47,455.76 lakhs in Fiscal 2014 to Rs. 54,112.95 lakhs in Fiscal 2015. This was primarily due to an increase in the cost of materials consumed, employee benefit expense, finance cost and other expenses in Fiscal 2015 as compared to Fiscal 2014 and changes in inventories of finished goods and work-in-progress. Further, in line with the requirements of Companies Act, 2013, we encountered a new expense in the form of CSR expenditure in Fiscal 2015.

Cost of Materials Consumed

The cost of materials and components consumed increased by 7.82% from Rs. 34,846.79 lakhs in Fiscal 2014 to Rs. 37,572.82 lakhs in Fiscal 2015.

Change in Inventories of Finished Goods and Work-in-Progress

There was an increase in the inventories of finished goods and work-in-progress aggregating to Rs. 282.25 lakhs in Fiscal 2015, as compared to an increase in the inventories of finished goods and work in progress aggregating to Rs. 1,329.97 lakhs in Fiscal 2014. This was primarily on account of an increase in the stock of finished goods as we anticipated an increase in the purchases by our major customers.

Employee Benefit Expense

Employee benefit expense increased by 17.77% from Rs. 7,009.87 lakhs in Fiscal 2014 to Rs. 8,255.46 lakhs in Fiscal 2015.

Salary, wages and bonus (including managerial remuneration) increased by 17.49% from Rs. 6,464.83 lakhs to Rs. 7,595.68 lakhs, while staff welfare expenses increased by 23.75% from Rs. 304.02 lakhs to Rs. 376.22 lakhs in Fiscal 2015 as compared to Fiscal 2014. There was an increase of 17.87% in contribution to provident fund and other funds, from Rs. 241.01 lakhs in Fiscal 2014 to Rs. 284.09 lakhs in Fiscal 2015.

Finance Costs

Finance costs increased by 23.36% from Rs. 1,340.22 lakhs in Fiscal 2014 to Rs. 1,639.92 lakhs in Fiscal 2015 primarily due to an increase in interest expenses on account of increased borrowings.

There was an increase in interest expense of 27.71% from Rs. 1,301.13 lakhs in Fiscal 2014 to Rs. 1,661.74 lakhs in Fiscal 2015 primarily due to an increase in long term and short term secured borrowings. Further, Rs. 50.05 lakhs of expenditure incurred during the construction period in Fiscal 2015 was transferred to capital work-in-progress.

Depreciation and Amortization Expenses

Depreciation and amortization expenses increased by 7.63% from Rs. 835.63 lakhs in Fiscal 2014 to Rs. 899.30 lakhs in Fiscal 2015.

Other Expenses

Other expenses increased by 23.95% from Rs. 4,753.21 lakhs in Fiscal 2014 to Rs. 5,891.52 lakhs in Fiscal 2015. This increase was primarily on account of corresponding increases in expenses in relation to power and fuel, labor charges, travelling and conveyance, freight outward and C&F charges and discount.

There was a 12.61% increase in expenses in relation to power and fuel, from Rs. 879.72 lakhs in Fiscal 2014 to Rs. 990.65 lakhs in Fiscal 2015. Further, labour charges increased by 28.94% i.e. from Rs. 379.93 lakhs in Fiscal 2014 to Rs. 489.90 lakhs in Fiscal 2015. There was also a 38.00% increase in travelling and conveyance expenses, from Rs. 380.22 lakhs in Fiscal 2014 to Rs. 524.72 lakhs in Fiscal 2015, while discounts increased by 40.24%, from Rs. 486.53 lakhs in Fiscal 2014 to Rs. 682.30 lakhs in Fiscal 2015. Additionally, expenses in relation to freight outward and C&F charges increased by 33.38%, from Rs. 925.25 lakhs in Fiscal 2014 to Rs. 1,234.08 lakhs in Fiscal 2015, primarily on account of an increase in imports, production and distribution.

CSR Expenditure

We incurred Rs. 136.18 lakhs on CSR Expenditure on account of contributions made to the Suprajit Foundation in Fiscal 2015.

Profit before Tax

Profit before exceptional items and tax increased by 0.42% from Rs. 7,443.81 lakhs in Fiscal 2014 to Rs. 7,474.86 lakhs in Fiscal 2015.

Tax Expenses

Tax expenses were Rs. 2,445.37 lakhs in Fiscal 2015, as compared to Rs. 2,362.83 lakhs incurred by way of tax expenses in Fiscal 2014. This primary reason for the increase was a corresponding increase in tax expenses for the current period and deferred tax expenses.

Profit After Tax for the Year

Profit after tax for the year decreased marginally by 1.01%, from Rs. 5,080.98 lakhs in Fiscal 2014 to Rs. 5,029.49 lakhs in Fiscal 2015. This was primarily on account of the aforesaid increase in tax expenses in Fiscal 2015, as compared to Fiscal 2014.

Fiscal 2014 compared to Fiscal 2013

Revenue

Total revenue increased by 17.98% from Rs. 46,530.99 lakhs in Fiscal 2013 to Rs. 54,899.57 lakhs in Fiscal 2014. This significant increase in total revenue was due to an increase in our customer base and additional business from our existing 2W and 4W customers.

Revenue from Operations

Gross revenue from operations increased by 17.52% from Rs. 50,798.62 lakhs in Fiscal 2013 to Rs. 59,697.59lakhs in Fiscal 2014, on account of a 17.76% increase in the sale of products in the period.

Sale of products increased from Rs. 50,478.26 lakhs in Fiscal 2013 to Rs. 59,443.42 lakhs in Fiscal 2014, while other operating revenues grew 29.80% from Rs. 111.89 lakhs in Fiscal 2013 to Rs. 145.23 lakhs in Fiscal 2014. However, revenue from the sale of services decreased from Rs. 208.47 lakhs in Fiscal 2013 to Rs. 108.94 lakhs in Fiscal 2014. Accordingly, excise duty paid increased by 13.84% from Rs. 4,545.01 lakhs in Fiscal 2013 to Rs. 5,173.93 lakhs in Fiscal 2014.

There was a significant improvement in net revenue from operations, which increased by 17.88% from Rs. 46,253.61 lakhs in Fiscal 2013 to Rs. 54,523.66 lakhs in Fiscal 2014.

Other Income

Other income increased by 35.52% from Rs. 277.38 lakhs in Fiscal 2013 to Rs. 375.91 lakhs in Fiscal 2014, primarily due to a gain on foreign currency transactions and translations to the extent of Rs. 174.25 lakhs in Fiscal 2014.

Expenses

Total expenses increased by 17.62% from Rs. 40,347.59 lakhs in Fiscal 2013 to Rs. 47,455.76 lakhs in Fiscal 2014. This was mainly on account of an increase in the cost of materials consumed, employee benefit expense, finance cost and other expenses in Fiscal 2014 and changes in inventories of finished goods and work-in-progress.

Cost of Materials Consumed

The cost of materials and components consumed increased by 17.70% from Rs. 29,605.05 lakhs in Fiscal 2013 to Rs.34,846.79 lakhs in Fiscal 2014.

Change in Inventories of Finished Goods and Work-in-Progress

There was an increase in the inventories of finished goods and work-in-progress aggregating to Rs. 1,329.97 lakhs in Fiscal 2014, as compared to an increase in the inventories of finished goods and work in progress aggregating to Rs. 709.05 lakhs in Fiscal 2013. This change was in line with our customer production schedules during that period.

Employee Benefit Expense

Employee benefit expense increased by 22.99% from Rs. 5,699.65 lakhs in Fiscal 2013 to Rs. 7,009.87 lakhs in Fiscal 2014. This was primarily on account of an increase in salary, wages and bonus (including managerial remuneration) and staff welfare expenses in Fiscal 2014.

Salary, wages and bonus (including managerial remuneration) increased by 22.75% from Rs. 5,266.45 lakhs in Fiscal 2013 to Rs.6,464.83 lakhs in Fiscal 2014, while staff welfare expenses increased by 47.32% from Rs. 206.37 lakhs in Fiscal 2013 to Rs.304.02 lakhs in Fiscal 2014.

Finance Costs

Finance costs increased by 31.75% from Rs. 1,017.24 lakhs in Fiscal 2013 to Rs. 1,340.22 lakhs in Fiscal 2014. This increase was on account of the increased interest expenses in relation to additional borrowings availed by the Company.

Depreciation and Amortization Expenses

Depreciation and amortization expenses marginally increased by 2.59% from Rs. 814.67 lakhs in Fiscal 2013 to Rs. 835.63 lakhs in Fiscal 2014.

Other Expenses

Other expenses increased by 17.53% from Rs. 3,920.01 lakhs in Fiscal 2013 to Rs. 4,753.21 lakhs in Fiscal 2014. This increase was primarily on account of corresponding increases in excise duty on inventory, expenses in relation to power and fuel, labor charges, freight outward and C&F charges, security expenses and donations.

Profit before prior period, exceptional items, share of profit from associate and tax for the year

Profit before prior period, exceptional items, share of profit from associate and tax for the year, increased by 20.38% from Rs. 6,183.40 lakhs in Fiscal 2013 to Rs. 7,443.81 lakhs in Fiscal 2014.

Exceptional Items

While we had recorded additional revenue to the extent of Rs. 518.36 lakhs in the form of an exceptional item in Fiscal 2013, there was no such exceptional item in Fiscal 2014.

Profit before Tax

Profit before exceptional items and tax increased by 11.39% from Rs. 6,682.87 lakhs in Fiscal 2013 to Rs. 7,443.81 lakhs in Fiscal 2014. The primary reasons for this increase was the increase in our revenues from operations and other income.

Tax Expenses

Tax expenses in Fiscal 2013 amounted to Rs. 2,362.83 lakhs, as compared to Rs. 1,970.44 lakhs in tax expenses in Fiscal 2013, on account of a significant increase in current taxes.

Profit After Tax for the Year

Profit after tax for the year increased 7.82%, from Rs. 4,712.43 lakhs in Fiscal 2013 to Rs. 5,080.98 lakhs in Fiscal 2014. This was reflective of the continued growth in our operations.

Liquidity and Capital Resources

Historically, our primary liquidity requirements have been to finance our working capital needs, loan repayments, and our capital expenditures. To fund these requirements we have relied on short-term and long-term borrowings and cash flows from operations.

The following table sets forth cash flows with respect to operating activities, investing activities and financing activities for the periods indicated:

(Rs.)

Particulars	Fiscal		
	2015	2014	2013
Net cash from / (used in) operating activities	67,16,70,519	37,52,15,452	45,12,06,473
Net cash from / (used in) investing activities	(75,76,80,313)	(52,59,50,722)	(50,71,80,792)
Net cash from / (used in) financing activities	7,29,89,028	14,42,12,637	9,39,58,309
Net increase / (decrease) in cash and cash equivalents	(1,30,20,766)	(65,22,633)	3,79,83,990

Operating Activities

Net cash flows from operating activities for Fiscal 2015 consisted of profit before tax for the year of Rs. 7,474.86 lakhs, as (i) adjusted for non-cash items namely depreciation and amortization of Rs. 899.30 lakhs, (ii) increased by interest expense of Rs. 1,639.92 lakhs and loss on sale of fixed assets of Rs. 0.58 lakhs, (iii) decreased by profit on sale of mutual funds to the extent of Rs. 206.76 lakhs and interest income of Rs. 23.74 lakhs, and (iv) further adjusted for changes in working capital amounting to Rs. 810.74 lakhs and decreased by income taxes paid (net of refunds) amounting to Rs. 2,256.71 lakhs.

Net cash flows from operating activities for Fiscal 2014 consisted of profit before tax for the year of Rs. 7,443.80 lakhs, as (i) adjusted for non-cash items namely depreciation and amortization of Rs. 835.63 lakhs, (ii) increased by interest expense of Rs. 1,340.22 lakhs, (iii) decreased by profit on sale of mutual funds to the extent of Rs. 128.00 lakhs, interest income of Rs. 14.20 lakhs, dividend received to the extent of Rs. 24.39 lakhs, withdrawal of provision for diminution in value of investments to the extent of Rs. 8.55 lakhs and profit on sale of fixed assets to the extent of Rs. 3.67 lakhs, and (iv) further adjusted for changes in working capital amounting to Rs. 3,441.59 lakhs and decreased by income taxes paid (net of refunds) amounting to Rs. 2,247.11 lakhs.

Net cash flows from operating activities for Fiscal 2013 consisted of profit before tax for the year of Rs. 6,682.87 lakhs, as (i) adjusted for non-cash items namely depreciation and amortization of Rs. 814.67 lakhs, (ii) increased by interest expense of Rs. 1,017.23 lakhs, provision for impairment of fixed assets of Rs. 14.35 lakhs and provision for diminution in value of investments of Rs. 8.54 lakhs, (iii) decreased by profit on sale of mutual funds to the extent of Rs. 136.53 lakhs, profit on sale of fixed assets of Rs. 520.62 lakhs, interest income of Rs. 8.58 lakhs, dividend received to the extent of Rs. 50.49 lakhs, profit on sale of shares to the extent of Rs. 60.36 lakhs, and (iv) further adjusted for changes in working capital amounting to Rs. 1,446.84 lakhs and decreased by income taxes paid (net of refunds) amounting to Rs. 1,802.18 lakhs.

Investing Activities

Net cash flows from investing activities for Fiscal 2015 consisted of outflows in the form of purchase of fixed assets/capital work-in-progress to the extent of Rs. 4,126.38 lakhs and purchase of investments of Rs. 6,165.00 lakhs. Inflows from investing activities consisted of proceeds from the sale of fixed assets of Rs. 7.40 lakhs, interest received to the extent of Rs. 27.29 lakhs and proceeds from the sale of investments to the extent of Rs. 2,679.88 lakhs.

Net cash flows from investing activities for Fiscal 2014 consisted of outflows on account of the purchase of fixed assets/capital work-in-progress of Rs. 2,529.64 lakhs and purchase of investments of Rs. 5,907.01 lakhs. Inflows from investing activities consisted of proceeds from the sale of fixed assets of Rs. 34.00 lakhs, interest received amounting to Rs. 15.76 lakhs, dividend received amounting to Rs. 24.39 lakhs and proceeds from the sale of investments aggregating to Rs. 3,103.00 lakhs.

Net cash flows from investing activities for Fiscal 2013 consisted of outflows from the purchase of fixed assets/capital work-in-progress amounting to Rs. 3,311.70 lakhs and purchase of investments of Rs. 4,695.63 lakhs. Inflows from investing activities comprised of proceeds from the sale of fixed assets amounting to Rs. 702.81 lakhs, interest received of Rs. 8.58 lakhs, dividends received amounting to Rs. 50.49 lakhs and proceeds from the sale of investments to the extent of Rs. 2,173.65 lakhs.

Financing Activities

Net cash flows from financing activities for Fiscal 2015 consisted of outflows in the form of interest paid to the extent of Rs. 1,632.88 lakhs, dividend and dividend tax paid to the extent of Rs. 1,346.41 lakhs and net of changes to exchange fluctuation reserve on account of foreign subsidiaries to the extent of Rs. 36.03 lakhs. Inflows from financing activities consisted of proceeds from long term borrowings of Rs. 3,672.31 lakhs, proceeds from short term borrowings of Rs. 72.90 lakhs.

Net cash flows from financing activities for Fiscal 2014 consisted of outflows in the form of interest paid to the extent of Rs. 1,334.73 lakhs and dividend and dividend tax paid to the extent of Rs. 1,193.55 lakhs. Inflows from financing activities consisted of proceeds from long term borrowings of Rs. 323.57 lakhs, proceeds from short term borrowings of Rs. 3,599.01 lakhs and net of changes to exchange fluctuation reserve on account of foreign subsidiaries to the extent of Rs. 47.82 lakhs.

Net cash flows from financing activities for Fiscal 2013 consisted of outflows in the form of interest paid to the extent of Rs. 1,017.24 lakhs and dividend and dividend tax paid to the extent of Rs. 975.54 lakhs. Inflows from financing activities consisted of proceeds from long term borrowings of Rs. 804.87 lakhs, proceeds from short term borrowings of Rs. 2,043.39 lakhs and net of changes to exchange fluctuation reserve on account of foreign subsidiaries to the extent of Rs. 84.11 lakhs.

Fixed Assets

Our tangible assets are comprised of land, land on lease, buildings, electrical installations, plant and machinery, dies and moulds, furniture and fixtures, vehicles, office equipment, containers, computers (including software). Our intangible assets are comprised of goodwill, business rights, brands and technical knowhow.

As of March 31, 2015, we had tangible assets of Rs. 16,625.87 lakhs, intangible assets of Rs. 169.20 lakhs and capital work in progress of Rs. 1,703.56 lakhs.

Indebtedness

As of March 31, 2015, our consolidated borrowings (long term and short term) aggregated to Rs. 19,322.12 lakhs, which consisted of long term borrowings amounting to Rs. 6,549.77 lakhs and short term borrowings amounting to Rs. 10,046.80 lakhs. As of March 31, 2015, the total current portion of our long term borrowings was Rs. 2,726.47 lakhs.

(in Rs. lakhs)

Particulars	As on March 31, 2015	As on March 31, 2014	As on March 31, 2013
Long Term Borrowings			
Secured	6,543.77	4,198.19	3,774.52
Unsecured	6.00	42.50	142.60
Short Term Borrowings			
Secured	10,046.80	9,973.90	6,374.89
Unsecured	-	-	-
Total Borrowings	16,596.57	14,214.59	10,292.01

Most of our loans are secured by way of equitable mortgage of fixed assets and hypothecation of other present and future assets of the Company on a pari-passu first charge basis. Some of these loans are further secured by pari-passu second charge on the current assets of the Company. Many of our financing agreements include various conditions and covenants restricting certain activities and certain transactions. Specifically, we may require, and may be unable to obtain, lender consents to sell or dispose assets charged, effect any major change in capital structure, undertake guarantee obligations, undertake new project or expansion, effecting any consolidations or mergers, make any significant change in management and permit any transfer of controlling interest. Any failure to comply with the requirement to obtain a consent, or other condition or covenant under our financing agreements that is not waived by our lenders or is not otherwise cured by us, may lead to a termination of our credit facilities, acceleration of all amounts due under such facilities and trigger cross default provisions under certain of our other financing agreements and may adversely affect our ability to conduct our business and operations or implement our business plans. Failure to meet our obligations under the debt financing arrangements could have an adverse effect on our cash flows, business and results of operations.

Contingent Liabilities and Commitments

The following table sets forth certain information relating to our contingent liabilities as of March 31, 2015:

(in Rs.)

Particulars	Amount
Corporate Guarantees issued on behalf of subsidiaries to their bankers (GBP 500,000 (PY: GBP 500,000)).	4,67,45000
Bond Executed in favor of customs	1,50,00,000
Bank Guarantee furnished to Tax Authorities for availing concessions	7,50,000
Statutory on account of -	
- Excise and Service Tax matters	56,42,685
Disputed Sales tax/VAT matters in respect of the following years pending in appeal against which amounts mentioned in Note No 8.3 as 'Value Added Tax paid under protest' is paid	

Particulars	Amount
under protest, disclosed under the head Long term advances-Others and stay has been granted by the authorities in respect of payment of balance demand.*	
- In respect of FY 2006-07, the amount paid under protest against the demand is Rs. 800,000/-.	3,37,50,469
- In respect of FY 2008-09, the amount paid under protest against the demand is Rs. 2,000,000/-.	3,10,85,990
In respect of FY 2009-10, the amount paid under protest against the demand is Rs. 800,000/-.	2.86,67,182
Disputed Income tax matters pending before Commissioner of Income Tax (Appeals) in respect of which amounts mentioned in Note no 8.3 as 'Income tax paid under protest' is paid under protest, disclosed under the head Long term advances-others*	
- In respect of AY 2009-10 (FY 2008-09), the amount paid under protest against the demand is Rs. 903,430/-.	9,03,430
- In respect of AY 2010-11 (FY 2009-10)	45,15,160
- In respect of AY 2013-14 (FY 2012-13)	4,21,460
Total	16,74,81,376
** No provision has been made in these accounts for these disputed duty, tax demands as the management is confident that the matter will be ultimately decided in favour of the Company.*	

The following table sets forth certain information relating to our commitments as of March 31, 2015:

(in Rs.)

Particulars	Amount
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	26,46,44,150

Interest Service Coverage Ratio

The following table details the Company's interest coverage ratio as per its standalone financial statements as of March 31, 2015, 2014 and 2013:

(In Rs. Lakhs)

Particulars	Fiscal 2015	Fiscal 2014	Fiscal 2013
Earnings Before Interest and Tax (including prior period and exceptional items)	7,998.50	8,103.31	7,531.13
Interest Expense*	1,351.52	1,181.67	958.61
Interest Coverage Ratio**	5.92	6.86	7.86

**Finance Costs as per Profit & Loss Statement is considered Interest Expense. This will include loan processing charges.*

*** Interest Coverage Ratio = Earnings Before Interest and Tax/Interest Expense.*

Quantitative and Qualitative Disclosures about Market Risk

Interest Rate Risk

Interest rates for borrowings have been volatile in India in recent periods. Our operations are funded to a certain extent by debt and increases in interest expense may have an adverse effect on our results of operations and financial condition. Our current debt facilities carry interest at variable rates as well as fixed rates. Although we may in the future engage in interest rate hedging transactions or exercise any right available to us under our financing arrangements to terminate the existing debt financing arrangement on the respective reset dates and enter into new financing arrangements, there can be no assurance that we will be able to do so on commercially reasonable terms, that our counterparties will perform their obligations, or that these agreements, if entered into, will protect us adequately against interest rate risks.

Credit Risk

We are exposed to credit risk on amounts owed to us by our distributors or customers. If they do not pay us promptly, or at all, it may impact our working capital cycle and/or we may have to make provisions for or write-off on such amounts.

Commodity Price Risk

We are exposed to the price risk associated with purchasing our key raw materials. We generally do not enter into long-term firm price contracts for the supply of our key raw materials. Therefore fluctuations in the price and availability of these raw materials may adversely affect our business and results of operations.

Related Party Transactions

We have entered into and expect to continue to enter into transactions with our related parties. For details, see the section titled *"Related Party Transactions"*.

Changes in Accounting Policies

There have been no changes in accounting policies during the preceding three fiscal years.

However, pursuant to the introduction of Schedule II under the Companies Act, 2013, the Company has computed depreciation on a straight line basis for the year ended March 31, 2015, in respect of fixed assets based on the useful lives estimated by the Company relying on the independent technical evaluation carried out by the external valuers and such estimated lives of the assets are different from the useful lives prescribed under Schedule II. As per Accounting Standard 5 - Net Profit or Loss for the Period, Changes in Accounting Policies notified under the Companies Act 2013, such change in useful life of fixed assets is considered as change in accounting estimates and not a change in accounting policies

Off-Balance Sheet Arrangements

Except as disclosed in this Placement Document, we do not have any material off-balance sheet arrangements, derivative instruments, swap transactions or relationships with unconsolidated entities or financial partnerships established or contemplated for the purpose of facilitating off-balance sheet transactions. Save as disclosed in the section titled "*Legal Proceedings*", we are currently not involved in any material legal proceedings, nor are we aware of any pending or potential material legal proceedings involving us.

Unusual or Infrequent Events or Transactions

Except as described in this Placement Document, there have been no other events or transactions to the best of our knowledge which may be described as 'unusual' or 'infrequent'.

Future Relationship between Cost and Income

Except as described in the sections titled *"Risk Factors"*, *"Business"* and this section, to the best of our knowledge there are no known factors that will have a material adverse impact on our operations and finances.

Known Trends or Uncertainties

Our business has been impacted and we expect will continue to be impacted by the trends identified above under *'Factors Affecting our Results of Operations'* and the uncertainties described in the section titled *"Risk Factors"*. Except as described in this Placement Document, including in the section titled *"Risk Factors"* and in this section in particular, to our knowledge, there are no trends or uncertainties that have or had or are expected to have any material adverse impact on our results of operations.

Seasonality of Business

The sales volumes and prices for vehicles, in particular for 2Ws and automotive space, are influenced by cyclicality and seasonality of demand. In addition, it is observed that consumer demand for vehicles is generally depressed towards the end of a calendar year as customers seek to avoid vehicles purchased being classified as older models based on the year of manufacture. As a result, consumers prefer to delay the acquisition of a vehicle to January of the next calendar year.

Dependence on a Few Customers and Suppliers

A significant portion of our sales depend on certain key customers, and we depend on certain suppliers for particular products. For further details, please refer to the sections titled *"Risk Factors"*, *"Business"*.

Competitive Conditions

We operate in a competitive environment. For further details, please refer to the discussions regarding our competition in sections titled *"Risk Factors"*, *"Forward Looking Statements"* and *"Business"*.

Significant Developments That May Affect our Future Results of Operations

In the opinion of our Board, except as disclosed in this Placement Document, no circumstances have arisen since March 31, 2015, which materially affect or are likely to affect, the trading and profitability of our Company, or the value of our assets or our ability to pay material liabilities within the next 12 months.

Results of Operations of the Company as a standalone entity for the nine-months ended December 31, 2015

Pursuant to a meeting of its Board on February 9, 2016, our Company has adopted and filed with the Stock Exchanges, SEL's Unaudited Standalone December Financial Results for the quarter and nine-months ended December 31, 2015 in accordance with the provisions of the Listing Regulations.

The following discussion of our results of operations should be read in conjunction with the SEL's Unaudited Standalone December Financial Results for the quarter and nine-months ended December 31, 2015 included in the section titled "*Financial Statements*". SEL's Unaudited Standalone December Financial Results are not presented in a manner that is comparable to the form in which the Audited Consolidated Financial Statements have been presented. Accordingly, investors are cautioned against placing undue reliance on the SEL's Unaudited Standalone December Financial Results for their investment decision.

Particulars	Nine-months ended December 31, 2015		Nine-months ended December 31, 2014	
	(in Rs. Lakhs)	As a % of Total Income from Operations (net)	(in Rs. Lakhs)	As a % of Total Income from Operations (net)
Income from Operations				
(a) Gross Sales/Income from Operations	47,643.35	110.62	42,749.21	109.91
Less: Excise duty	4,750.41	11.03	4,067.72	10.46
Net Sales/income from Operations	42,892.94	99.59	38,681.49	99.45
(b) Other Operating Income	176.99	0.41	213.47	0.55
Total Income from Operations (net)	**43,069.93**	**100.00**	**38,894.96**	**100.00**
Expenses				
(a) Cost of materials consumed	27,003.40	62.70	24,690.44	63.48
(b) Purchases of stock-in-trade	-	-	-	-
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(201.57)	(0.47)	(45.14)	(0.12)
(d) Employee benefit expense	5,408.21	12.56	5,015.85	12.90
(e) Depreciation and amortization expense	616.58	1.43	598.78	1.54
(f) Other expenses	3,367.29	7.82	3,066.72	7.88
Total Expenses	**36,193.92**	**84.04**	**33,326.65**	**85.68**
Profit/(Loss) from operations before other income, finance costs and exceptional items	6,876.01	15.96	5,568.31	14.32
Other Income	911.32	2.12	430.67	1.11
Profit/(Loss) from ordinary activities before finance costs and exceptional items	7,787.33	18.08	5,998.98	15.42
Finance Costs	1,306.54	3.03	1,026.58	2.64
Profit/(Loss) from ordinary activities but before exceptional items	6,480.79	15.05	4,972.40	12.78
Exceptional Items	(460.59)	(1.07)	-	-
Profit/(Loss) from ordinary activities before tax	6,020.20	13.98	4,972.40	12.78
Tax Expense	2,033.00.	4.72	1,590.00	4.09
Profit/(Loss) from ordinary activities after tax	3,987.20	9.26	3,382.40	8.70
Extraordinary Items (net of tax expenses)	-	-	-	-
Net Profit/(Loss) for the Period	**3,987.20**	**9.26**	**3,382.40**	**8.70**

Income from Operations

Total income from operations (net) increased by 10.73% from Rs. 38,894.96 lakhs in the nine-months ended December 31, 2014, to Rs. 43,069.93 lakhs in the nine-months ended December 31, 2015. Gross sales/income from operations increased by 11.45% from Rs. 42,749.21 lakhs in the nine-months ended December 31, 2014, to Rs. 47,643.35 lakhs in the nine-months ended December 31, 2015. Corresponding with the increase in gross sales, excise duty paid increased by 16.78% from Rs. 4,067.72 lakhs in the nine-months ended December 31, 2014, to Rs. 4,750.41 lakhs in the nine-months ended December 31, 2015. As a result of the foregoing, net sales/income from operations increased by 10.89% from Rs. 38,681.49 lakhs in the nine-months ended December 31, 2014, to Rs. 42,892.94 lakhs in the nine-months ended December 31, 2015. However, other operating income decreased by 17.09% from Rs. 213.47 lakhs in the nine-months ended December 31, 2014, to Rs. 176.99 lakhs in the nine-months ended December 31, 2015.

Expenses

Total expenses increased by 8.60% from Rs. 33,326.65 lakhs in the nine-months ended December 31, 2014, to Rs. 36,193.91 lakhs in the nine-months ended December 31, 2015. This was primarily on account of an increase in the cost of materials consumed, employee benefit expenses and other expenses.

Cost of materials consumed increased by 9.37% from Rs. 24,690.44 lakhs in the nine-months ended December 31, 2014, to Rs. 27,003.40 lakhs in the nine-months ended December 31, 2015. This was in line with our increased production. Employee benefit expenses increased by 7.82% from Rs. 5,015.85 lakhs in the nine-months ended December 31, 2014, to Rs. 5,408.21 lakhs in the nine-months ended December 31, 2015, while other expenses increased by 9.80% from Rs. 3,066.72 lakhs in the nine-months ended December 31, 2014, to Rs. 3,367.29 lakhs in the nine-months ended December 31, 2015. There was an increase in the inventories of finished goods, work-in-progress and stock-in-trade of Rs. 201.57 lakhs in the nine-months ended December 31, 2015, as compared to an increase in the inventories of finished goods, work-in-progress and stock-in-trade of Rs. 45.14 lakhs in the nine-months ended December 31, 2014.

Profit from operations before other income, finance costs and exceptional items

Based on the foregoing, profit from operations before other income, finance costs and exceptional items increased by 23.48% from Rs. 5,568.31 lakhs in the nine-months ended December 31, 2014, to Rs. 6,876.02 lakhs in the nine-months ended December 31, 2015.

Other Income, Finance Costs and Exceptional Items

Other income increased by 111.61% from Rs. 430.67 lakhs in the nine-months ended December 31, 2014, to Rs. 911.32 lakhs in the nine-months ended December 31, 2015. Finance costs increased by 27.27% from Rs. 1,026.58 lakhs in the nine-months ended December 31, 2014, to Rs. 1,306.54 lakhs in the nine-months ended December 31, 2015. In the nine-months ended December 31, 2015, we incurred expenses in relation to an exception item to the extent of Rs. 460.59 lakhs.

Profit from operations before tax

After making adjustments for the aforesaid other income, finance costs and exceptional items, profit from operations before tax increased by 21.07% from Rs. 4,972.40 lakhs in the nine-months ended December 31, 2014, to Rs. 6,020.21 lakhs in the nine-months ended December 31, 2015.

Tax Expense

Corresponding with the increase in profit before tax, tax expenses increased by 27.86% from Rs. 1,590.00 lakhs in the nine-months ended December 31, 2014, to Rs. 2,033.00 lakhs in the nine-months ended December 31, 2015.

Net profit for the Period

Based on the foregoing, net profit for the period increased by 17.88% from Rs. 3,382.40 lakhs in the nine-months ended December 31, 2014, to Rs. 3,987.21 lakhs in the nine-months ended December 31, 2015. This is indicative of the continued growth in our business.

FINANCIAL STATEMENTS

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INDEPENDENT AUDITORS' REPORT

The Members
SUPRAJIT ENGINEERING LIMITED
Bangalore

Report on the Financial Statements

We have audited the accompanying financial statements of **Suprajit Engineering Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2013, and the Profit and Loss Statement and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

a. In the case of the Balance Sheet, of the state of affairs of the Company as at March 31st, 2013;

b. In the case of the Profit and Loss Statement, of the profit for the year ended on that date; and

c. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227 (4A) of the Act, we enclose in the Annexure a statement on the matters specified in Paragraphs 4 and 5 of the said Order;

2. As required by section 227(3) of the Act, we report that:

   a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   c. the Balance Sheet, Profit and Loss Statement, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

   d. in our opinion, the Balance Sheet, Profit and Loss Statement, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Act;

   e. on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For **VARMA & VARMA**
Chartered Accountants
FRN 004532S

R KESAVADAS
Partner
M. No. 23862

Place : Bangalore
Date : 25th May, 2013

ANNEXURE REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR INDEPENDENT AUDIT REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF SUPRAJIT ENGINEERING LIMITED FOR THE YEAR ENDED 31ST MARCH 2013

1. (a) As stated in Note No. 21.4, the full quantitative particulars giving item wise/location wise details of fixed assets are maintained in the ERP system in respect of additions made after 1.4.2008. The particulars of fixed assets acquired prior to this date have been updated in the ERP system in a summarized format. However, item wise particulars are available for major assets in manual form.

   (b) We are informed by the management that most of the fixed assets of the Company are being physically verified in accordance with a programme. According to the information and explanations given to us no material discrepancies were identified on such verification when compared with available records.

   (c) The Company has not disposed off substantial part of fixed assets during the year.

2. (a) We are informed that the inventory of raw materials, stores and spares in the custody of the Company are physically verified by the management on a continuing basis as per a programme of perpetual inventory and inventories of other items have been physically verified at the year-end, the frequency of which, in our opinion is reasonable, having regard to the size of the Company and the nature of its business;

   (b) In our opinion and according to the explanations given to us, the procedures of physical verification of inventory followed by the management are fairly reasonable and adequate in relation to the size of the Company and the nature of its business;

   (c) The Company is maintaining proper records of inventory and as informed to us, discrepancies of material nature noticed on physical verification, by the management, have been adequately adjusted in the books of account during the year.

3. According to the information and explanations given to us, the Company had not granted or taken loans, secured or unsecured, to/ from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956 except the fixed deposits accepted from relatives of directors in accordance with the fixed deposit scheme of the Company, the terms and conditions of which are prima facie not prejudicial to the interests of the Company and there are no arrears of principal or interest due. The payment of principal amount and interest in respect of such deposits are regular.

4. In our opinion and according to the information and explanations given to us, there are fairly adequate internal control systems commensurate with the size of the Company and nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. We have not noted any continuing failure to correct major weaknesses in internal control systems.

5. According to the information and explanations given to us, all transactions which require to be entered in a register maintained pursuant to Section 301 of the Companies Act, 1956 have been so entered. Where each such transaction is in excess of ₹ 5 lakhs in respect of any party, they have been made at cost/ negotiated prices and they either compare favourably with market prices or there are no comparable prices.

6. The Company has accepted deposits from the public and the provisions of sections 58A and 58AA of the Companies Act, 1956 and the rules framed there under have been complied with.

7. In our opinion, the Company has a fairly adequate internal audit system commensurate with the size of the Company and the nature of its business.

8. We have broadly reviewed the books of account and records maintained by the Company relating to the manufacture of auto components, pursuant to the order made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.

9. (a) According to the information and explanations given to us and as per our verification of the records of the Company, the Company has been fairly regular in depositing undisputed statutory dues including Provident fund, Employee's State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Service Tax, Cess and other statutory dues with the appropriate authorities during the year to the extent applicable. There are no arrears of undisputed statutory dues of a material nature outstanding for a period of more than six months from the date on which they became payable.

(b) According to the information and explanations given to us and as per our verification of the records of the Company, the following disputed amounts of tax/duty have not been deposited with appropriate authorities as at 31st March 2013:

Name of the Statute	Nature of the dues	Amount (₹ in lakhs)	Period to which the amount relates	Forum where dispute is pending
Karnataka Value Added Tax Act, 2003	Value Added Tax	131.59	FY 2010-11	Joint Commissioner of Commercial Taxes (Appeals)
Income Tax Act 1961	Income Tax	2.00	FY 2001-02 (AY 2002-03)	Hon'ble Karnataka High Court

10. There are no accumulated losses at the end of the financial year. The Company has also not incurred cash losses during the year and in the immediately preceding financial year.

11. According to the information and explanations given to us and as per our verification of the records of the Company, the Company has not defaulted in repayment of dues to the financial institutions and banks.

12. The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.

13. Since the Company is not a chit fund/nidhi/mutual benefit fund/society, the relative reporting requirements are not applicable.

14. Since the Company is not dealing or trading in shares, securities, debentures or other investments, the relative reporting requirements are not applicable.

15. According to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by the subsidiaries from bank, are not prima facie prejudicial to the interests of the Company.

16. According to the information and explanations given to us, in our opinion, term loans availed by the Company were, prima facie, applied by the Company during the year for the purposes for which the loans were obtained.

17. According to the information and explanations given to us and as per our verification of the records of the Company, on an overall basis, at the year end, the Company has not utilized funds raised on short-term basis for long term purposes.

18. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Act.

19. The Company has not issued any debentures during the year.

20. The Company has not raised any money by public issues during the year.

21. According to the information and explanations given to us and as per our verification of the records of the Company, no material fraud either on or by the Company has been noticed or reported during the year.

For **VARMA & VARMA**
Chartered Accountants
FRN 004532S

R KESAVADAS
Partner
M. No. 23862

Place : Bangalore
Date : 25th May, 2013

BALANCE SHEET AS AT 31ST MARCH

(Amounts in ₹)

Particulars	Note No.	2013	2012
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	1	120,020,000	120,020,000
Reserves & Surplus	2	1,529,355,734	1,159,826,908
Non-Current Liabilities	3		
Long-term borrowings		357,962,854	311,226,164
Deferred tax liabilities (Net)		52,906,000	41,170,000
Other long term liabilities		6,860,815	5,398,486
Long term Provisions		6,063,407	4,393,605
Current Liabilities	4		
Short-term borrowings		518,356,090	359,885,282
Trade payables		450,260,543	426,483,629
Other current liabilities		180,190,783	150,224,052
Short-term provisions		66,380,011	64,771,235
TOTAL		**3,288,356,237**	**2,643,399,361**
ASSETS			
Non-Current Assets	5		
Fixed Assets			
(i) Tangible Assets		1,089,005,554	896,653,779
(ii) Intangible Assets		-	238,154
(iii) Capital Work-in-progress		115,890,633	120,451,186
Non-current Investments	6	210,897,286	207,897,286
Long-term Loans and Advances	7	72,730,147	43,811,821
Other Non-current Assets	8	620,250	573,243
Current Assets			
Current Investments	9	449,256,123	179,024,003
Inventories	10	369,559,200	323,871,286
Trade Receivables	11	844,045,856	755,604,517
Cash and bank balances	12	59,789,199	29,043,562
Short-term Loans and Advances	13	74,421,661	84,065,952
Other Current Assets	14	2,140,328	2,164,572
TOTAL		**3,288,356,237**	**2,643,399,361**
Significant Accounting Policies	20		
Other Notes to Accounts	21		

As per our report of even date attached

For Varma & Varma
Chartered Accountants
FRN 004532S

R Kesavadas
Partner
M. No. 23862

K Ajith Kumar Rai
Chairman & Managing Director

Diwakar S Shetty
Director

Medappa Gowda J
Company Secretary

Place : Bangalore
Date : 25th May, 2013

PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH

(Amounts in ₹)

Particulars	Note No.	2013	2012
Revenue from operations			
Sale of products		4,634,215,588	4,107,370,792
Sale of services		13,230,243	10,571,299
Other operating revenues		10,285,898	10,067,564
Total		**4,657,731,729**	**4,128,009,655**
Less: Excise duty		447,914,818	340,824,822
Revenue from Operations		**4,209,816,911**	**3,787,184,833**
Other Income	15	**31,431,591**	**21,825,575**
TOTAL		**4,241,248,502**	**3,809,010,408**
Expenses			
Cost of materials consumed		2,739,631,321	2,530,458,960
Changes in inventories of Finished Goods and Work-in-progress	16	(35,627,495)	(47,020,637)
Employee Benefit Expense	17	467,682,304	401,808,553
Finance Costs	18	95,860,619	86,363,650
Depreciation and Amortization Expense	5	56,714,757	51,175,545
Other Expenses	19	309,681,328	236,654,883
TOTAL		**3,633,942,834**	**3,259,440,954**
Profit before prior period, exceptional items and tax for the year		**607,305,668**	**549,569,454**
Prior period expenses		(1,887,883)	-
Exceptional Item [Refer Note no. 21.5]		51,835,587	-
Profit Before Tax for the year		**657,253,372**	**549,569,454**
Tax Expense:			
(1) Current Tax		(170,000,000)	(150,000,000)
Tax Expense pertaining to earlier years		(1,000,000)	(903,430)
Fringe Benefit Tax relating to prior years		-	(115,920)
(2) Deferred tax		(11,736,000)	(6,336,000)
Profit after tax for the year		**474,517,372**	**392,214,104**
Earnings per equity share:			
Equity shares of par value ₹ 1/- each			
Basic & Diluted (excluding prior period and exceptional items)		3.54	3.27
Basic & Diluted (including prior period and exceptional items)		3.95	3.27
Number of shares used in computing earnings per share		120,020,000	120,020,000
Significant Accounting Policies	**20**		
Notes to Accounts	**21**		

As per our report of even date attached

For Varma & Varma
Chartered Accountants
FRN 004532S

K Ajith Kumar Rai
Chairman & Managing Director

Diwakar S Shetty
Director

Medappa Gowda J
Company Secretary

R Kesavadas
Partner
M. No. 23862

Place : Bangalore
Date : 25th May, 2013

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH

(Amounts in ₹)

Particulars	2013		2012	
A. **CASH FLOWS FROM OPERATING ACTIVITIES:**				
Profit before tax for the year		657,253,372		549,569,454
Adjustment for:				
Depreciation	56,714,757		51,175,545	
(Profit)/Loss on sale of fixed assets	(52,061,493)		443,486	
Provision for impairment of fixed assets	1,435,254		-	
(Profit)/Loss on sale of shares	(8,234,000)		-	
(Profit)/Loss on sale of Mutual funds	(13,613,267)		(7,904,937)	
Provision for diminution in value of investments	853,788		(4,767)	
Interest income	(767,585)		(866,594)	
Dividend received	(4,721,604)		(4,009,338)	
Interest expense	95,860,619	75,466,469	86,363,650	125,197,045
Operating profit before working capital changes		**732,719,841**		**674,766,499**
(Increase)/ Decrease in				
- Inventories	(45,687,914)		(75,005,901)	
- Trade Receivables	(88,441,339)		(156,247,438)	
- Loans and advances (Long term & Shot term)	(19,867,679)		(30,016,727)	
- Other Non-Current Assets & Current Assets	(2,522,763)		(851,644)	
Increase/ (Decrease) in				
- Current Liabilities	54,129,279		(24,155,895)	
- Other Long term Liabilities	1,462,329		659,554	
- Provisions (long term and short term)	(5,025,195)	(105,953,282)	4,535,897	(281,082,154)
Cash generated from operations		**626,766,559**		**393,684,345**
Income taxes paid (net of refunds)		(169,447,957)		(157,237,420)
Net cash from operating activities		**457,318,602**		**236,446,925**
B. **CASH FLOWS FROM INVESTING ACTIVITIES :**				
Purchase of fixed assets/ Capital work in progress	(263,811,834)		(285,649,728)	
Sale of investments	212,324,539		212,920,677	
Purchase of investments	(464,563,180)		(305,019,005)	
Interest received	767,585		866,594	
Dividend received	4,721,604		4,009,338	
Proceeds from sale of fixed assets	70,170,248		860,265	
Net cash from investing activities		**(440,391,038)**		**(372,011,859)**
C. **CASH FLOWS FROM FINANCING ACTIVITIES :**				
Interest paid	(95,860,619)		(86,363,650)	
Proceeds/(repayments) from long term borrowings (net)	46,736,690		146,194,559	
Proceeds/(repayments) from short term borrowings (net)	158,470,808		161,065,750	
Dividend and dividend tax paid	(97,554,473)		(75,428,325)	
Net cash from financing activities		**11,792,406**		**145,468,334**
Net increase in cash and cash equivalents during the year		**28,719,970**		**9,903,400**
Cash and cash equivalents at beginning of the year		27,288,926		17,385,526
Cash and cash equivalents at end of the year		**56,008,896**		**27,288,926**

(Figures in brackets indicate outflows)

As per our report of even date attached

For Varma & Varma
Chartered Accountants
FRN 004532S

R Kesavadas
Partner
M. No. 23862

K Ajith Kumar Rai
Chairman & Managing Director

Diwakar S Shetty
Director

Medappa Gowda J
Company Secretary

Place : Bangalore
Date : 25th May, 2013

NOTES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH

(Amounts in ₹)

Particulars		2013		2012	
1 SHARE CAPTAL		**No. of Shares**	**Amount**	**No. of Shares**	**Amount**
1.1 Equity Share Capital					
1.1.1	Authorised Equity Share Capital:- [Equity shares of ₹ 1/- each]	**125,000,000**	**125,000,000**	**125,000,000**	**125,000,000**
1.1.2	**Issued, Subscribed and Fully Paid Up:-**				
	Equity Shares of ₹ 1/- each fully paid	120,020,000	120,020,000	120,020,000	120,020,000
TOTAL			**120,020,000**		**120,020,000**
1.1.3	There are no shares that have been issued, subscribed and not fully paid up				
1.1.4	There are no Forfeited Shares				
1.1.5	There are no shares reserved for issue under options and contracts/ commitments for the sale of shares/ disinvestment				
1.1.6	**The reconciliation of the number of equity shares outstanding and the amount of share capital as at March 31, 2013 and March 31, 2012:**				
	Shares outstanding as at the beginning of the year	120,020,000		120,020,000	
	Shares issued during the year	-		-	
	Shares outstanding as at the end of the year	120,020,000		120,020,000	
1.1.7	**Details of shareholders holding more than 5% shares in the company:**		**%**		**%**
	Equity Shares of ₹ 1/- each fully paid				
	K Ajith Kumar Rai	45,548,399	37.95%	45,548,399	37.95%
	Supriya A Rai	15,627,958	13.02%	15,627,958	13.02%
		61,176,357	**50.97%**	**61,176,357**	**50.97%**
1.1.8	The Company has not issued any securities convertible into equity/ preference shares.				
1.1.9	Each holder of equity shares is entitled to one vote per share and there are no preferences or restrictions attaching to class of shares mentioned above.				
1.1.10	**During the last five years ending from 31 Mar 2008 :-**				
	(i) No shares were allotted as fully paid up pursuant to contract(s) without payment being received in cash.				
	(ii) During the year ended 31.03.2010 company has issued 90,015,000 equity shares of ₹1 each as fully paid up bonus shares by way of capitalisation of Securities Premium and General Reserve.				
	(iii) No shares were bought back.				
1.1.11	In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company after payment of all liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.				

NOTES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH

(Amounts in ₹)

Particulars	2013	2012
2 RESERVES AND SURPLUS		
2.1 Reserves		
2.1.1 **Capital Reserve**		
(State Investment Subsidy and surplus on reissue of Forfeited Shares)		
Opening balance	1,127,150	1,127,150
Add: Additions during the year	-	-
Closing Balance	**1,127,150**	**1,127,150**
2.1.2 **General Reserve**		
Opening balance	915,062,311	635,062,311
Add: Transfer from the Profit & Loss Statement	330,000,000	280,000,000
Closing Balance	**1,245,062,311**	**915,062,311**
2.2 Surplus		
2.2.1 **Surplus in the Profit & Loss Statement**		
Opening Balance	243,637,447	222,092,003
Add:		
Profit for the year as per Profit and Loss Statement	474,517,372	392,214,104
Less:-		
Interim Dividend	42,007,000	36,006,000
Final Dividend	48,008,000	42,007,000
Tax on dividend	14,973,546	12,655,660
Transfer to General Reserve	330,000,000	280,000,000
Closing Balance	**283,166,273**	**243,637,447**
TOTAL	**1,529,355,734**	**1,159,826,908**
3 NON CURRENT LIABILITIES		
3.1 Long Term Borrowings:		
3.1.1 **Secured:**		
Term Loans from Banks (Refer Note 3.1.3 below)	343,702,641	288,135,150
Total	**343,702,641**	**288,135,150**
3.1.2 **Unsecured:**		
Deferred Payment Liabilities - lease obligations (Refer Note 3.1.6 below)	12,889,170	20,836,748
Deposits from		
- related parties	971,043	1,854,266
- other than related parties	400,000	400,000
	14,260,213	**23,091,014**
	357,962,854	**311,226,164**
Notes on Long Term Borrowings:		
3.1.3 Term Loans availed from various Banks for capacity expansions are secured by Equitable Mortgage of land and buildings and hypothecation of other present and future fixed assets of the Company on pari-passu first charge basis. Some of these loans are further secured by pari-passu second charge on the current assets of the Company.		
3.1.4 Term loans from banks are repayable in quarterly instalments over the agreed repayment period, together with interest @ 11.85% p.a. (PY - 12.75% p.a.).		
3.1.5 There has been no continuing default as on Balance Sheet date in repayment of loans and interest.		
3.1.6 In respect of land referred in Note no. 5.4 (1), the balance consideration is payable in 19 quarterly installments out of which 12 (PY-16) installments are pending. Such amount relating to the lease payable after 12 months is disclosed in note no. 3.1.2 above and current maturities of this liability is disclosed under Note No. 4.3.		

NOTES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH

(Amounts in ₹)

Particulars	2013	2012
3.2 DEFERRED TAX LIABILITIES (NET)		
3.2.1 **Liability:**		
On timing differences of depreciation between Companies Act 1956 and Income Tax Act 1961	60,418,000	49,193,000
Gross deferred tax liability	**60,418,000**	**49,193,000**
3.2.2 **Asset:**		
On timing differences of expenditure allowed only on payment basis for Income tax	6,205,000	6,905,000
Provision for doubtful debts	1,307,000	1,118,000
Gross deferred tax asset	**7,512,000**	**8,023,000**
	52,906,000	**41,170,000**
3.3 OTHER LONG TERM LIABILITIES:		
3.3.1 Other Long Term Liabilities- Dealer Deposits	6,860,815	5,398,486
	6,860,815	**5,398,486**
3.4 LONG TERM PROVISIONS:		
3.4.1 **Provision for employee benefits [Refer Note no. 21.9(b)]**		
- Provision for leave encashment	6,063,407	4,393,605
	6,063,407	**4,393,605**
TOTAL	**416,932,261**	**356,789,769**
4 CURRENT LIABILITIES		
4.1 SHORT TERM BORROWINGS		
4.1.1 **Secured:**		
Working capital facilities from banks repayable on demand from banks (Refer Note 4.1.2 below)	518,356,090	359,885,282
	518,356,090	**359,885,282**
4.1.2 Working Capital facilities availed from various banks are secured by pari-passu first charge on stock of raw materials, semi-finished goods, stores, consumables, book-debts, other current assets and pari-passu second charge on Land and Buildings, Plant and Machinery and present and future fixed assets.		
4.2 TRADE PAYABLES		
4.2.1 Due to Micro & Small Enterprises [Refer Note No.21.7]	4,446,692	9,651,150
4.2.2 Due to Others	445,813,851	416,832,479
	450,260,543	**426,483,629**
4.3 OTHER CURRENT LIABILITIES		
4.3.1 Current maturities of long term debt (Refer Note 3.1.3 and 3.1.6)	77,521,456	63,497,762
4.3.2 Current maturities of vehicle loan	-	48,126
4.3.3 Current maturities of deposits from		
- related parties	4,459,400	3,300,000
- other than related parties	750,000	750,000
4.3.4 Interest accrued but not due on borrowings/ deposits	550,769	268,984
4.3.5 Unclaimed dividend	1,280,303	1,665,938
4.3.6 Due to Investor Education & Protection Fund	-	88,698
4.3.7 Other Payables		
- Rent Deposit	-	585,900
- Creditors for purchase of fixed assets	10,607,458	12,551,322
- Statutory Liabilities	29,094,122	25,610,046
- Payable to Employees	31,427,638	18,075,713
- Payable to directors towards commission & sitting fees	24,499,637	23,781,564
	180,190,783	**150,224,052**

NOTES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH

(Amounts in ₹)

Particulars	2013	2012
4.4 SHORT TERM PROVISIONS		
4.4.1 **Provision for employee benefits [Refer Note no. 21.9(b)]**		
- Provision for Gratuity	4,741,601	10,728,696
- Provision for Leave Encashment	689,104	682,035
4.4.2 Dividend Payable (Proposed Dividend)	48,008,000	42,007,000
4.4.3 Provision for Corporate Dividend Tax	8,158,960	6,814,586
4.4.4 Provision for loss on forward contracts	-	806,841
4.4.5 Provision for Income Tax (Net of Advance Tax)	4,586,580	3,628,181
4.4.6 Provision for Wealth Tax	195,766	103,896
	66,380,011	**64,771,235**
TOTAL	**1,215,187,427**	**1,001,364,198**

NOTES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH

5 FIXED ASSETS

(Amounts in ₹)

	Description	Gross Block at Cost				Depreciation/Amortisation				Accumulated Impairment	Net Block	
		As at 01.04.2012	Additions / Adjustments	Disposals / Adjustment	As at 31.03.2013	Upto 01.04.2012	For the year	Disposals/ Adjustment	As at 31.03.2013	For the year [Refer Note 5.4.(4) below]	As at 31.03.2013	As at 31.03.2012
5.1	**Tangible assets**											
	Land	167,991,729	-	2,032,761	165,958,968	-	-	-	-	-	165,958,968	167,991,729
	Land on lease	71,867,842	1,422,788	1,553,472	71,737,158	2,164,064	745,844	-	2,909,908	-	68,827,250	69,703,778
	Buildings	424,676,795	171,681,590	12,698,759	583,659,626	69,628,239	16,444,554	559,819	85,512,974	-	498,146,652	355,048,556
	Electrical Installations	63,055,567	20,968,102	2,651,405	81,372,264	16,526,434	3,437,341	290,463	19,673,312	-	61,698,952	46,529,133
	Plant and Machinery	407,267,194	54,249,125	-	461,516,319	202,631,245	25,988,264	-	228,619,509	1,432,423	231,464,387	204,635,949
	Dies & Moulds	29,180,830	1,724,267	-	30,905,097	17,139,832	1,564,311	-	18,704,143	-	12,200,954	12,040,998
	Furniture and Fixtures	25,515,366	2,661,535	-	28,176,901	9,977,857	1,918,769	-	11,896,626	-	16,280,275	15,537,509
	Vehicles	20,129,558	4,962,692	2,710,392	22,381,858	8,638,576	1,680,229	2,687,752	7,631,053	-	14,750,805	11,490,982
	Office equipment	10,425,091	4,401,528	-	14,826,619	5,598,329	1,077,336	-	6,675,665	2,831	8,148,123	4,826,762
	Containers	1,462,144	276,089	-	1,738,233	1,462,144	276,089	-	1,738,233	-	-	-
	Computers	33,927,228	6,024,671	-	39,951,899	25,078,845	3,343,866	-	28,422,711	-	11,529,188	8,848,383
5.2	**Intangible assets**											
	Goodwill	24,105,251	-	-	24,105,251	24,105,251	-	-	24,105,251	-	-	-
	Brands	5,100,000	-	-	5,100,000	4,861,846	238,154	-	5,100,000	-	-	238,154
	Technical Know-how	195,127	-	-	195,127	195,127	-	-	195,127	-	-	-
	Total	**1,284,899,722**	**268,372,387**	**21,646,789**	**1,531,625,320**	**388,007,789**	**56,714,757**	**3,538,034**	**441,184,512**	**1,435,254**	**1,089,005,554**	**896,891,933**
	Previous year	**1,083,132,023**	**204,430,536**	**2,662,837**	**1,284,899,722**	**338,191,330**	**51,175,545**	**1,359,086**	**388,007,789**	**-**	**896,891,933**	**744,940,693**
5.3	**Capital Work in Progress**										**115,890,633**	**120,451,186**
	TOTAL										**1,204,896,187**	**1,017,343,119**

5.4 Note:-

1. Land on lease includes land at Bhiwadi, Rajasthan registered in the name of the company for a value of ₹ 45,462,101/- (PY - Nil), payment towards this land has been agreed upon to be made in instalments and outstanding liability is disclosed in Note no. 3.1.2 and Note no. 4.3.
2. During the last five years ended 31st March, 2008, there was no write off of any of the tangible or intangible assets due to reduction of capital.
3. During the last five years ended 31st March, 2008, there was no write off / reduction of any of the tangible or intangible assets due to revaluation.
4. During the year, the management has identified certain individual assets to be impaired based on their condition and usage. The provision for impairment in respect of these assets amounting to ₹ 1,435,254/- have been made after considering an amount of ₹ 806,300/- towards the net realisable value of these assets. Estimated Net Book value of these assets as on 31st March, 2013 is ₹ 2,241,554/-.
5. Borrowing costs capitalised during the year is ₹ 8,485,237/- (₹ 4,746,315/-).

NOTES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH

(Amounts in ₹)

Particulars	2013		2012	
6 NON CURRENT INVESTMENTS	**No. of shares**	**Amount**	**No. of shares**	**Amount**
6.1 TRADE INVESTMENTS (AT COST)				
6.1.1 **Subsidiary Companies**				
Equity Instruments - Fully Paid - Unquoted				
Suprajit Automotive Private Limited 100% Holding (PY - 100% Holding) [Equity Shares of ₹10/- each including beneficial holding of 1 equity share]	1,990,000	19,900,000	1,990,000	19,900,000
Suprajit Europe Limited 100% Holding (PY - 100% Holding) [Ordinary Shares of GBP 1/- each] (Refer Note 21.3)	2,200,000	185,997,286	2,200,000	185,997,286
		205,897,286		**205,897,286**
6.1.2 **Associate Companies**				
Equity Instruments - Fully Paid - Unquoted				
Suprajit Chemicals Private Limited Nil (PY - 27.32%) Holding [Equity Shares of ₹ 100/- each]	-	-	20,000	2,000,000
		-		**2,000,000**
6.1.3 **Others (In Limited Companies)**				
Equity Instruments - Fully Paid - Unquoted				
Suprawin Technologies Limited - Nil (PY - 12.89%) Holding [Equity Shares of ₹ 10/- each]	-	-	540,000	7,164,070
Less: Provision for diminution in value of Investment		-		7,164,070
		-		-
6.2 OTHER INVESTMENTS (NON-TRADE) (AT COST)				
Investments in debentures or bonds				
Investments in National Highways Authority of India Bonds (500 Non-convertible Redeemable bonds of face value ₹ 10,000/- each carrying interest @ 6% p.a. payable annually. Date of maturity - 30th September 2015)		5,000,000		-
		5,000,000		**-**
TOTAL		**210,897,286**		**207,897,286**
6.3 General Information				
Aggregate value of Investments:				
Unquoted - At Cost		210,897,286		215,061,356
Provision for diminution in value of investments		-		7,164,070

6.4 During the year, the Company has sold the investment in shares as given below to Mr. K. Ajith Kumar Rai, Managing Director after obtaining approval from the Central Government under Section 297 of the Companies Act, 1956 at a fair value based on the share valuation report from an independent valuer:

(i) Shares in Suprajit Chemicals Private Limited have been sold at a fair value of ₹ 509/- per share and the Company has made a profit of ₹ 8,180,000/- which is included in the Profit & Loss Statement [Refer Note no.15].

(ii) Shares in Suprawin Technologies Private Limited have been sold at a fair value of ₹ 0.10/- per share and the Company has incurred a loss of ₹ 7,110,070/-. Since the investment had eroded, the Company had already fully provided for this investment in the earlier year and there is no further loss to be recognised in the Profit and Loss Statement of the year. In view of this transaction, since the provision for diminution in the value of this investment is no longer required, such provision is reversed to the credit of the Profit & Loss Statement [Refer Note no. 15].

NOTES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH

(Amounts in ₹)

Particulars	2013	2012
7 LONG TERM LOANS AND ADVANCES		
7.1 Capital Advances		
(Unsecured, considered good)		
Advance paid for leasehold land	17,042,120	3,430,000
Capital advances towards other fixed assets	32,769,678	32,018,448
	49,811,798	35,448,448
7.2 Security Deposits		
(Unsecured, considered good)		
Electricity Deposits	5,082,753	3,165,117
Other Deposits	1,273,332	1,201,182
	6,356,085	**4,366,299**
7.3 Others		
(Unsecured, considered good)		
Advance tax [including tax deducted at source (Net of Provisions)]	-	1,045,359
Income tax paid under protest	903,430	451,715
Value Added Tax paid under protest [Refer Note no. 21.6.1]	15,658,834	2,500,000
	16,562,264	**3,997,074**
TOTAL	**72,730,147**	**43,811,821**
8 OTHER NON CURRENT ASSETS		
(Unsecured, considered good)		
Non-current bank deposit (held against public deposits)	564,151	534,226
Interest accrued on the above non-current bank deposit	56,099	39,017
TOTAL	**620,250**	573,243

NOTES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH

(Amounts in ₹)

Particulars	2013	2012
9 CURRENT INVESTMENTS		
9.1 Other Investments (Non-trade)		
Investments in Mutual Funds (at lower of cost or fair value)	449,256,123	179,024,003
TOTAL	**449,256,123**	**179,024,003**
9.2 Details of Other Investments (Non-trade)		
9.2.1 **General Information**		
Aggregate value of Investments:		
Quoted		
At Market Value	481,484,021	185,358,056
9.2.2 **Details of Mutual Funds held at the end of the year**		

Particulars	31.03.2013	31.03.2012
HDFC Monthly Income Plan - 619,472.60 (510,907.92) units of ₹ 10/- each	14,500,000	11,842,601
HDFC MIP -Saving Plan - Nil (204,304.71) units of ₹10/- each	-	2,612,465
Reliance Monthly Income Plan - 768,456.43 (510,911.62) units of ₹10/- each	17,000,000	11,000,000
Birla MIP II Wealth 25 Plan - Nil (606,193.00) units of ₹10/- each	-	11,000,000
HDFC Prudence Fund - Growth - 96,764.49 (60,708.12) units of ₹10/- each	20,111,073	12,568,937
Kotak Bond Regular Growth - 1,489,020.07 (248,249.63) units of ₹10/- each	46,000,000	7,500,000
IDFC Super Saver Income Fund - Short Term Plan A- Growth - 224,624.20(1,414,697.23) units of ₹10/- each	5,000,000	30,000,000
IDFC Dynamic Bond Fund Growth - 2,227,216.62 (477,293.84)units of ₹10/- each	47,500,000	10,000,000
DSP BlackRock STP Growth - 269,990.06 (1,715,100.87)units of ₹10/- each	5,000,000	30,000,000
Birla Dynamic Bond Fund Retail Plan-Growth - 1,939,435.01 (421,963.91) units of ₹10/- each	35,000,000	7,500,000
Templeton India Short Term Income Retail Growth Plan- 2,298.49 (14,671.39) units of ₹10/- each	5,000,000	30,000,000
UTI Bond Fund Growth - 1,110,261.30 (241,120.58) units of ₹10/- each	35,000,000	7,500,000
Birla Sunlife 95 Fund Growth - Nil (25,160.12) units of ₹10/- each	-	7,500,000
Birla Sun Life Short Term Fund - 476,536.53(Nil) units of ₹10/- each	20,000,000	-
Brila Sun Life Dynamic Bond Fund- Retail -Growth-1,079,445.67(Nil) units of ₹10/- each	20,000,000	-
Brila Sun Life Dynamic Bond Fund - Retail -Quarterly Dividend- 875,679.75(Nil) units of ₹10/- each	9,992,644	-
HDFC High Interest Fund-Short Term Plan- Growth - 465,432.34 (Nil) units of ₹ 10/- each	10,000,000	-
IDFC Dynamic Bond Fund - 1,501,670.60(Nil) units of ₹10/- each	20,000,000	-
IDFC Dynamic Bond QDP - 2,913,460.25(Nil) units of ₹10/- each	29,672,427	-
Kotak Bond QDP - 2,800,123.52(Nil) units of ₹10/- each	29,479,980	-
Pru ICICI Short Term Plan - Cumulative Option - 442,883.53(Nil) units of ₹10/- each	10,000,000	-
Reliance Dynamic Bond QDP - 2,945,816.50(Nil) units of ₹10/- each	30,000,000	-
SBI Dynamic Bond Fund-Growth - 2,937,530.09(Nil) units of ₹10/- each	40,000,000	-
TOTAL	**449,256,123**	**179,024,003**

NOTES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH

(Amounts in ₹)

Particulars	2013	2012
10 INVENTORIES		
Valued at Lower of Cost or Net Realisable value		
Raw materials (including components, packing materials and stores & spares)	200,256,353	191,996,513
Raw materials in-transit	12,069,220	6,872,530
Work-in-Progress	34,420,860	30,803,806
Finished Goods	122,812,767	94,198,437
TOTAL	**369,559,200**	**323,871,286**
11 TRADE RECEIVABLES		
11.1 Outstanding for a period more than six months from the due date of payment		
Unsecured, considered doubtful	5,205,655	2,691,828
Less:- Provision for Doubtful receivables	5,205,655	2,691,828
	-	-
11.2 Other Trade Receivables		
Unsecured, considered good	844,045,856	755,604,517
Unsecured, considered doubtful	2,268,523	754,871
Less:- Provision for Doubtful receivables	2,268,523	754,871
TOTAL	**844,045,856**	**755,604,517**

11.3 Other Trade Receivables stated in Note No. 11.2 above include debts due from:

Particulars	31.03.2013	31.03.2012
Private Company in which director is a member & director	4,841,339	983,511
Total	**4,841,339**	**983,511**

12 CASH AND BANK BALANCES		
12.1 Cash and Cash Equivalents		
Balances with Banks	55,284,015	26,294,811
Cash on hand	634,881	613,840
Cheques, drafts on hand	90,000	380,275
	56,008,896	**27,288,926**
12.2 Other Bank balances		
Earmarked balances for Unclaimed Dividend accounts	1,280,303	1,754,636
Bank deposit held as margin money against bank guarantees [Refer Note 21.6.1]	2,500,000	-
	3,780,303	**1,754,636**
	59,789,199	**29,043,562**
13 SHORT TERM LOANS AND ADVANCES		
Others		
(Unsecured, considered good)		
Advance to Suppliers	48,771,601	69,038,247
Advances to Employees	3,257,169	4,040,086
Balance with Central Excise Customs & other authorities	14,348,978	3,585,706
Prepaid Expenses	7,869,140	4,004,115
Others	174,773	3,397,798
TOTAL	**74,421,661**	**84,065,952**
14 OTHER CURRENT ASSETS		
(Unsecured, considered good)		
Export benefit entitlements	1,872,941	2,154,572
Matured National Savings Certificates	-	10,000
Interest accrued on non-current investment in bonds	170,959	-
Interest accrued on current bank deposits	96,428	-
TOTAL	**2,140,328**	**2,164,572**

NOTES FORMING PART OF PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH

(Amounts in ₹)

Particulars		2013		2012
15 OTHER INCOME				
Interest Income		767,585		866,594
Dividend Income from Mutual funds		4,721,604		4,009,338
Net gain on foreign currency transactions and translations		1,956,465		4,521,213
Net gain on sale of non-current investments [Refer Note No. 6.4]	1,069,930			
Reversal of provision relating to above investments	7,164,070	8,234,000		-
Net gain on sale of current investments		13,613,267		7,904,937
Rent Received		262,230		3,665,870
Discount Received		750,534		857,623
Profit on sale of fixed assets (net)		225,906		-
Other non-operating income		900,000		-
TOTAL		**31,431,591**		**21,825,575**
16 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS				
Opening Stock				
Finished Goods		94,198,437		62,860,334
Work-in-Progress		30,803,806		18,801,121
		125,002,243		**81,661,455**
Excise Duty on stocks		(3,396,111)		(3,679,849)
		121,606,132		**77,981,606**
Less: Closing Stock				
Finished Goods		122,812,767		94,198,437
Work-in-progress		34,420,860		30,803,806
		157,233,627		**125,002,243**
TOTAL		**(35,627,495)**		**(47,020,637)**
17 EMPLOYEE BENEFIT EXPENSE				
Salaries and Wages (including managerial remuneration)		428,558,387		374,260,882
Contribution to Provident fund and other funds		20,537,107		13,491,458
Staff welfare expenses		18,586,810		14,056,213
TOTAL		**467,682,304**		**401,808,553**
18 FINANCE COSTS				
Interest expense		102,949,594		89,296,150
Loan processing charges		1,396,262		1,813,815
		104,345,856		**91,109,965**
Less: Expenditure incurred during the construction period				
- Capitalised during the year		(3,623,146)		(774,779)
- Added to Capital Work-in-progress		(4,862,091)		(3,971,536)
TOTAL		**95,860,619**		**86,363,650**

NOTES FORMING PART OF PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH

(Amounts in ₹)

Particulars		2013		2012
19 OTHER EXPENSES				
Power and fuel		64,199,349		57,279,366
Rent		594,100		556,770
Repairs & Maintenance:				
Buildings		1,508,873		3,951,484
Machinery		22,693,689		24,050,481
Others		14,171,237		11,637,139
Insurance		9,061,879		7,391,774
Rates and taxes		4,577,332		3,798,254
Bank Charges		4,078,251		3,048,659
Travelling and Conveyance		24,531,898		23,718,531
Professional Charges (Refer Note 19.1 below)		6,478,551		4,148,879
Freight Outward and C & F Charges		51,966,973		36,875,105
Advertisement and Sales Promotion		11,610,214		2,777,412
Discount		48,079,179		28,126,020
Sales Commission		4,077,637		2,520,932
Directors' Sitting Fees & Commission		800,000		820,000
Bad debts written off	3,305,405		2,201,653	
Reversal of earlier year provisions	2,949,352	356,053	1,956,758	244,895
Provision for Doubtful debts		6,976,832		(1,451,505)
Printing & Stationery		4,297,933		4,256,039
Security Expenses		10,504,043		7,013,558
Communication Expenses		5,182,982		5,077,331
Research & Development expenses (Refer Note 21.12)		1,767,577		1,590,359
Loss on Sale of fixed assets (net)		-		443,486
Provision for diminution in value of Investments (net)		853,788		(4,767)
Provision for impairment of fixed assets [Refer Note no. 5.4.(4)]		1,435,254		-
General Expenses		9,877,704		8,784,681
TOTAL		**309,681,328**		**236,654,883**
19.1 Auditors' Remuneration				
a. As Auditor (including limited review, consolidated accounts)		865,000		865,000
b. For Certification		30,500		15,000
c. Service Tax and reimbursement of expenses		313,138		206,891
		1,208,638		**1,086,891**

Significant Accounting Policies and Notes to Accounts forming part of the accounts for the year ended 31st March 2013

20 SIGNIFICANT ACCOUNTING POLICIES

20.1 Basis of preparation of Financial Statements

The financial statements have been prepared and presented under the historical cost convention and in accordance with the provisions of the Companies Act, 1956 and the Companies (Accounting Standards) Rules, 2006 (Indian GAAP) as adopted consistently by the Company.

20.2 Use of Estimates

The preparation of the financial statements is in conformity with Indian GAAP, which requires that the management make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of financial statements and the reported amounts of revenue and expenses during the reporting period. Although such estimates are made on a reasonable and prudent basis taking into account all available information, actual results could differ from these estimates and such differences are recognised in the period in which the results are ascertained.

20.3 Cash Flow Statement

Cash Flow Statement is prepared in accordance with AS-3 of Companies (Accounting Standards) Rules, 2006, using the indirect method to determine cash flow from operating activities.

20.4 Revenue Recognition

Sale of goods as well as revenue from processing of goods (services) is recognised at the point of dispatch of goods to the customers. Gross sales are inclusive of applicable excise duty and exclusive of sales tax. Revenue from scrap is recognised on sale.

Export incentives are recognised when there is reasonable certainty as to realisation and when they are quantifiable with a high degree of accuracy.

Dividend is recognized when declared and interest income is recognised on time proportion basis taking into account the amount outstanding and the applicable rate.

20.5 Tangible/Intangible Assets

Fixed Assets are stated at cost less accumulated depreciation and impairment losses, if any. The cost of an asset comprises of its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Until the fixed assets are ready for its commercial use these costs are aggregated and classified and carried forward as 'Capital Work In-Progress'. Interest on loan taken for the acquisition of qualifying assets up to the date of commissioning of assets is added to the cost of assets.

Intangible assets are carried at cost less amortization where it is probable that future economic benefits expected from it is not less than the carrying value.

20.6 Depreciation/amortization

Depreciation is provided on straight line method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956. Assets individually costing less than or equal to ₹ 5,000/- are fully depreciated in the year of acquisition.

Intangible assets like brands and know how are amortized on a straight line basis over their estimated useful life of 10 years. Goodwill arising on acquisition/ amalgamation is amortized over a period of 5 years. Leasehold land is amortised over the period of lease.

20.7 Impairment of Assets

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at appropriate rate. After impairment, depreciation is provided on revised carrying amount of the assets over its remaining useful life. Previously recognised impairment loss is further provided or reversed depending on changes in circumstances.

20.8 Investments

Investments that are readily realisable and intended to be held for not more than 12 months are classified as current investments. All other investments are classified as long-term investments. Long term investments are stated at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments. Current investments are carried at lower of cost or fair value.

20.9 Inventories

Inventories are valued at lower of cost or net realizable value. Cost is ascertained on weighted average method. Conversion and other costs incurred for bringing the inventories to their present location and condition are allocated to the extent applicable.

20.10 Foreign Currency Transactions

The foreign currency transactions are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currency are restated at the applicable exchange rates prevailing as at the Balance Sheet date. Gain/ loss arising from such restatement as also on settlement of the transactions are adjusted in the Profit and Loss Statement.

Premium or discount on forward exchange contracts which are not intended for trading or speculation purpose and is to establish the amount of reporting currency required on the settlement dates is recognized in the Profit and Loss Statement over the period of the contracts. The exchange differences on the contracts are recognized in the year in which the exchange rates change.

The Company enters into foreign currency forward exchange contracts to hedge its risks associated with foreign currency fluctuations in respect of highly probable forecast transactions. At the end of the reporting period these contracts are marked to market and the resultant loss, if any is recognised in the Profit and Loss Statement.

Significant Accounting Policies and Notes to Accounts forming part of the accounts for the year ended 31st March 2013

20.11 Employee Benefits

Short term employee benefits

The amounts paid/payable on account of short term employee benefits, comprising largely of salaries & wages, short term compensated absences and annual bonus is valued on an undiscounted basis and charged to the Profit and Loss Statement for the year.

Defined Contribution plans:

The company has defined contribution plans for its employees comprising of Provident Fund and Employee's State Insurance. The contributions paid/payable to these plans during the year are charged to the Profit and Loss Statement for the year. The Company has no other obligation in this regard.

Defined benefit plans:

a. Gratuity

The Company's Gratuity Scheme is administered through the Employee's Group Gratuity-cum-Life Assurance Scheme of the Life Insurance Corporation of India. The net present value of the obligation for gratuity benefits as determined on actuarial valuation, conducted annually using the projected unit credit method, as adjusted for unrecognized past services cost if any and as reduced by the fair value of plan assets, is recognised in the accounts. Actuarial gains and losses are recognised in full in the Profit and Loss Statement for the period in which they occur.

b. Compensated Absences (Earned Leave Encashment)

The Company has a scheme for compensated absences for employees, the liability other than for short term compensated absences is determined on the basis of an actuarial valuation carried out at the end of the year, using projected unit credit method. Actuarial gains and losses are recognised in full in the Profit and Loss Statement for the period in which they occur.

20.12 Borrowing Costs

Borrowing costs other than those attributable to qualifying assets are expensed as and when incurred. Borrowing costs attributable to qualifying assets are capitalised under relevant asset class.

20.13 Leases

Operating Lease:

Leases where the significant risks and rewards of ownership is with the lessor are classified as operating leases and payment under such leases are recognized as an expense in the Profit and Loss Statement on a systematic basis.

Finance Lease:

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. The assets acquired on finance lease are capitalized as part of fixed assets and corresponding liability is recognized as term loans.

20.14 Taxation

Tax Expense comprising current tax, Fringe Benefit Tax and Deferred Tax are recognised in the Profit and Loss Statement for the year. Current tax is the amount of income tax determined to be payable in respect of taxable income as computed under the tax laws. Fringe Benefit Tax is a presumptive tax on the deemed fringe benefit to employees payable by the company, presently stands withdrawn.

Certain items of income and expenditure are not reported in tax returns and financial statements in the same period for the purpose of determining the current tax. The net tax effect calculated at the current enacted tax rates of this timing difference is reported as deferred income tax asset/liability. The effect on Deferred Tax Assets and liabilities due to change in such assets/liabilities as at the end of previous accounting period and due to a change in tax rates are recognised in the income statement of the period.

20.15 Research and Development Expenditure

Expenditure incurred during the research phase is charged off to the Profit and Loss Statement.

20.16 Provisions and Contingencies

Provision for losses and contingencies arising as a result of past event where management considers it probable that a liability may be incurred are made on the basis of reliable estimates of the expenditure required to settle the present obligation on the Balance Sheet date and are not discounted to its present value. Provisions are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Other contingent liabilities to the extent management is aware is disclosed by way of notes to accounts.

21 OTHER NOTES ON ACCOUNTS

21.1 In the opinion of the Board, none of the assets have a value lower on realization in the ordinary course of business than the amount at which they are stated in the Balance Sheet.

21.2 Some of the trade receivables, trade payables, loans and advances are subject to confirmation/ reconciliation.

21.3 Suprajit Europe Limited (formerly Gills Cables Limited), a wholly owned Subsidiary (WOS) was established in 2006 and has accumulated losses of ₹ 157,903,679/- (PY: ₹ 135,775,985/-) as at the year ended March 31st, 2013. The WOS is near the cash break even level if exceptional items are excluded and the management expects the operations to be cash positive in the foreseeable future. Hence in the opinion of the management there is no permanent diminution in the value of the investment. The Company has provided a Corporate guarantee to the bankers of the WOS to fund its operations if required.

21.4 Full quantitative particulars giving item wise and location wise details of fixed assets are maintained in the ERP system in respect of additions made after 1.4.2008. The particulars of fixed assets acquired prior to this date have been updated in the ERP system in a summarized format. However, item wise particulars are maintained for major assets in manual form.

21.5 Exceptional item in the Profit & Loss Statement represents profit on sale of land and building situated at Doddaballapur.

Significant Accounting Policies and Notes to Accounts forming part of the accounts for the year ended 31st March 2013

(Amounts in ₹)

		31.03.2013	31.03.2012
21.6	**Contingent Liabilities and Commitments**		
	21.6.1 Contingent Liabilities		
	Corporate Guarantees issued on behalf of a subsidiary to their bankers [GBP 500,000 (PY: GBP 500,000)].	41,160,000	41,290,000
	B-17 Bond Executed in favour of customs	15,000,000	15,000,000
	Bank Guarantee furnished to Tax Authorities for availing concessions.	750,000	750,000
	Disputed Excise/ service tax dues pending in appeal *	544,160	1,434,040
	Demand raised by VAT authorities disputed with Joint Commissioner of Commercial Taxes - Appeals (JCCT - Appeals).* [Against this a bank guarantee amount of ₹13,158,834/- (PY- Nil) is furnished	28,817,668	-
	Other sums for which the Company is contingently liable	NIL	3,921,851
	Total	**86,271,828**	**62,395,891**
	* No provision has been made in these accounts for these disputed duty, tax demands as the management is confident that the matter will be ultimately decided in favour of the company.		
	21.6.2 Commitments		
	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	16,558,382	95,051,147
	Total Contingent Liabilities and Commitments	**102,830,210**	**157,447,038**

21.7 The Company has identified Micro and Small Enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006. Particulars of dues to these parties are as under:

Particulars	31.03.2013	31.03.2012
Principal amount (including overdue amount) outstanding at the beginning of the year	9,651,150	23,960,782
Interest amount outstanding at the beginning of the year	126,710	268,950
Interest (out of the above) paid during the year	-	268,950
Amount paid after the due date during the year	16,452,741	36,664,512
Interest paid on the amount paid after due date during the year	-	-
Overdue amount outstanding at the end of the year	1,137,643	7,134,082
Principal amount (other than overdue amount) outstanding at the end of the year	3,309,049	2,517,068
Interest amount accrued and remaining unpaid at the end of the year	219,047	126,710

21.8 Foreign Exchange exposure

The details of foreign currency exposure as at the year end is given below:

Particulars	31.03.2013		31.03.2012	
	Foreign currency	Equivalent ₹	Foreign currency	Equivalent ₹
Forward contract to hedge highly probable forecast receivables				
Euro	-	-	175,000	11,885,750
GBP	-	-	175,000	13,661,500
Not hedged by derivative instruments (net)				
USD Receivable	634,660	34,116,793	482,725	24,467,373
Euro Receivable	74,731	5,133,301	73,282	4,941,179
GBP Receivable	70,284	5,728,819	74,401	6,008,238

Significant Accounting Policies and Notes to Accounts forming part of the accounts for the year ended 31st March 2013

(Amounts in ₹)

21.9 Employee Benefits:

Details of the employee benefits are given below.

a. Defined Contribution Plans:

During the year the following amounts have been recognised in the Profit and Loss Statement on account of defined contribution plans.

Particulars	31.03.2013	31.03.2012
Employers contribution to Provident Fund (incl. admin. charges)	11,117,146	8,563,886
Employers contribution to Employee State Insurance	2,407,056	2,127,977

b. Defined Benefit Plans:

Gratuity - Funded

Compensated absences - Unfunded

Gratuity is a funded obligation and leave encashment is an unfunded obligation of the Company. The Company has provided for liability of gratuity and leave encashment based on an actuarial valuation under the projected unit credit method. Actuarial assumptions in determining such liability are given below:

Particulars	Gratuity		Compensated Absences	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
Discount Rate (per annum)	8.0%	8.5%	8.0%	8.5%
Expected return on plan assets	9.0%	8.5%	-	-
Salary escalation rate*	7.0%	7.0%	7.0%	7.0%

* The assumption of future salary increases takes into account inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market.

Particulars	2012-13		2011-12	
	Funded Scheme	Unfunded Scheme	Funded Scheme	Unfunded Scheme
I. Reconciliation of present value of obligation:				
Present value of obligation at beginning of the year	16,654,773	5,075,640	14,683,405	3,404,097
Current Service Cost	7,435,061	1,810,864	3,420,175	2,406,425
Interest Cost	1,312,621	364,138	1,211,187	250,009
Actuarial (gain)/loss	(152,978)	549,703	(1,791,700)	(59,273)
Benefits Paid	(494,010)	(1,047,834)	(868,294)	(925,618)
Present value of obligation at end of the year	24,755,467	6,752,511	16,654,773	5,075,640

Particulars	2012-13	2011-12
	Funded Scheme	Funded Scheme
II. Reconciliation of fair value of plan assets:		
Fair value of plan assets beginning of the year	5,926,077	6,254,303
Expected return on plan assets	1,109,581	494,713
Actuarial gain/(loss)	172,997	45,355
Contributions	13,299,221	-
Benefits paid	(494,010)	(868,294)
Fair value of plan assets at end of the year	20,013,866	5,926,077

Particulars	2012-13	2011-12
	Funded Scheme	Funded Scheme
III. Description of Plan Assets:		
Insurer Managed Funds	20,013,866	5,926,077

Significant Accounting Policies and Notes to Accounts forming part of the accounts for the year ended 31st March 2013

(Amounts in ₹)

Particulars	2012-13		2011-12	
	Funded Scheme	Unfunded Scheme	Funded Scheme	Unfunded Scheme
IV. Net (Asset)/Liability recognized in the Balance Sheet as at year end:				
Present value of obligation at end of the year	24,755,467	6,752,511	16,654,773	5,075,640
Fair value of plan assets at end of the year	20,013,866	-	5,926,077	-
Net present value of unfunded obligation recognized as (asset)/liability in the Balance Sheet	4,741,601	6,752,511	10,728,696	5,075,640

21.10 Segment Reporting:

The Company has classified its products as Auto Components and hence operates in only one primary segment (business). Secondary segmental reporting is based on the geographical location of customers. The following is the distribution of the Company's sale by geographical markets and segment assets which can be attributed to customers in such markets.

Particulars	2012-13	2011-12
Sales/Operating income		
- India	4,019,263,232	3,643,048,657
- Rest of the world	190,553,679	144,136,176
Segment Assets		
- India	3,233,876,454	2,605,703,008
- Rest of the world	54,479,783	37,696,353

21.11 Related Party Disclosures

Party	Relationship
Suprajit Automotive Private Limited	Wholly owned subsidiary
Suprajit Europe Limited, U.K.	Wholly owned subsidiary
Suprajit Chemicals Private Limited	Associate
K Ajith Kumar Rai (Chairman & Managing Director)	Key Management Personnel
Mohan Chelliah (Executive Director)	Key Management Personnel
Jayarama M Shetty (Director)	Relative of Key Management Personnel
Akhilesh Rai	Relative of Key Management Personnel
Manjunath Rai K	Relative of Key Management Personnel
Hemavathi M Rai	Relative of Key Management Personnel
Ashok Kumar Rai	Relative of Key Management Personnel
Arathi Shetty	Relative of Key Management Personnel
Shobha Mani	Relative of Key Management Personnel
Lakshmi A Rai	Relative of Key Management Personnel
Greeshma Shetty	Relative of Key Management Personnel
Suprajit Foundation	Trust Setup with effect from 31.03.2011

Nature of Transaction and Related Party	2012-13	2011-12
Remuneration/Commission		
K Ajith Kumar Rai	29,775,637	28,385,564
Jayarama M Shetty	100,000	100,000
Mohan Chelliah	4,551,600	244,709
Akhilesh Rai	652,893	-
Sale of Investments		
K Ajith Kumar Rai - Shares in Suprajit Chemicals Private Limited	10,180,000	-
K Ajith Kumar Rai - Shares in Suprawin Technologies Limited	54,000	-
Sitting Fee:		
M Jayarama Shetty	80,000	80,000
Sales		
Suprajit Automotive Private Limited	14,214,309	7,758,490

Significant Accounting Policies and Notes to Accounts forming part of the accounts for the year ended 31st March 2013

(Amounts in ₹)

Nature of Transaction and Related Party	2012-13	2011-12
Conversion charges		
Suprajit Automotive Private Limited	987,113	674,308
Marketing Expenses		
Suprajit Europe Limited	8,220,000	-
Purchase of Materials		
Suprajit Automotive Private Limited	4,541,514	1,319,365
Suprajit Europe Limited	-	15,727
Interest Paid:		
Suprajit Automotive Private Limited	-	59,606
M Jayarama Shetty	-	10,383
Manjunath Rai K	23,750	78,173
Hemavathi M Rai	42,945	75,479
Ashok Kumar Rai	95,000	95,260
Arathi Shetty	-	10,383
Shobha Mani	79,904	-
Lakshmi A Rai	90,895	-
Greeshma Shetty	9,664	-
Donation:		
Suprajit Foundation	5,950,000	5,475,000
Purchase of fixed assets		
Suprajit Automotive Private Limited	150,000	-
Reimbursements		
K Ajith Kumar Rai	2,294,011	1,886,130
Mohan Chelliah	550,073	-
Akhilesh Rai	46,636	-
Advances Received		
Suprajit Automotive Private Limited	-	7,500,000
Repayments of Advance		
Suprajit Automotive Private Limited	-	7,500,000
Fixed Deposits Accepted		
Manjunath Rai K	1,000,000	1,000,000
Hemavathi M Rai	1,000,000	1,000,000
Ashok Kumar Rai	1,000,000	-
Shobha Mani	1,000,000	-
Lakshmi A Rai	521,043	-
Greeshma Shetty	250,000	-
Fixed Deposits Refunded on Closure		
Manjunath Rai K	1,000,000	1,000,000
Hemavathi M Rai	1,000,000	1,000,000
Arathi Shetty	-	200,000
M Jayarama Shetty	-	200,000
Lakshmi A Rai	444,866	-
Greeshma Shetty	250,000	-

Significant Accounting Policies and Notes to Accounts forming part of the accounts for the year ended 31st March 2013

(Amounts in ₹)

Balances outstanding (net)	31.03.2013	31.03.2012
Suprajit Automotive Private Limited (Dr.) (net)	4,841,339	890,198
Suprajit Europe Limited (Cr.)	8,220,000	14,982
Manjunath Rai K (Cr.)	1,000,000	1,000,000
Hemavathi M Rai (Cr.)	1,000,000	1,000,000
Ashok Kumar Rai (Cr.)	1,000,000	1,000,000
Shobha Mani (Cr.)	1,000,000	-
Lakshmi A Rai (Cr.)	1,180,443	-
Greeshma Shetty (Cr.)	250,000	-
Suprajit Foundation (Cr)	5,950,000	5,475,000
Corporate Guarantee Furnished		
Suprajit Europe Limited [GBP 500,000 (PY: GBP 500,000)]	41,160,000	41,290,000

Notes:

1. Dr. Mohan Chelliah has been appointed by the Board of Directors as an Additional Director in the capacity of an Executive Director with effect from 12th March, 2012 and related party figures are post this date. Further he was appointed as an Executive Director at the Annual General Meeting held on 31st July, 2012.

2. Amounts shown as outstanding at the year end in relation to fixed deposits accepted represent only the principal amount as there is no interest due but not paid at the year end.

21.12 Research & Development Expenditure:

Particulars	2012-13	2011-12
Salaries & Wages	9,386,404	6,451,642
Materials, Consumables & Stores	1,938,945	2,668,519
Other Direct Expenditure	660,602	232,022
TOTAL	**11,985,951**	**9,352,183**

The expenses such as Salaries, Wages, Materials and Consumables are included in the respective head of accounts and direct expenditure is disclosed under Research & Development Expenditure in the Profit and Loss Statement.

21.13 Additional information:

21.13.1 Turnover of Goods (Major Products)

Particulars	2012-13	2011-12
Control cables	2,921,460,189	2,846,002,135
Speedo Cables	578,812,863	546,149,166
Speedometers	128,734,334	180,281,101
Others	557,293,384	194,113,568
Total	**4,186,300,770**	**3,766,545,970**

21.13.2 Raw materials consumed/sold:

Particulars	2012-13	2011-12
Steel Wire	385,629,658	382,419,582
Inner Meter	419,191,631	402,547,305
Bend Tube Assy	232,042,921	221,439,643
PVC Compound	110,969,113	104,217,873
Component and Others	1,591,797,998	1,425,372,383
Total	**2,739,631,321**	**2,535,996,786**

Significant Accounting Policies and Notes to Accounts forming part of the accounts for the year ended 31st March 2013

(Amounts in ₹)

	Particulars	2012-13	2011-12
21.13.3	**CIF Value of Imports:**		
	I. Raw materials;	456,414,932	417,113,681
	II. Capital goods;	921,780	908,978

	Particulars	2012-13	2011-12
21.13.4	**Earnings in Foreign Currency:**		
	Export of goods calculated on F.O.B. basis;	190,553,679	144,136,176

	Particulars	2012-13	2011-12
21.13.5	**Expenditure in Foreign Currency:**		
	Export commission	4,077,637	2,520,932
	Marketing expenses	8,220,000	-
	Travelling expenses	2,392,053	3,475,175

	Particulars	2012-13	2011-12
21.13.6	**Raw Materials Consumed:**		
	Imported	421,358,418	417,113,681
	Imported % to total	15.38%	16.45%
	Indigenous	2,318,272,903	2,118,883,105
	Indigenous % to total	84.62%	83.55%
	Total	**2,739,631,321**	**2,535,996,786**
	Total %	**100%**	**100%**

21.14 Previous period figures have been re-arranged / re-classified where required to confirm to current years' classification.

(Signatures to Notes 1 to 21)

As per our report of even date attached

For Varma & Varma
Chartered Accountants
FRN 004532S

K Ajith Kumar Rai
Chairman & Managing Director

Diwakar S Shetty
Director

Medappa Gowda J
Company Secretary

R Kesavadas
Partner
M. No. 23862

Place : Bangalore
Date : 25th May, 2013

INDEPENDENT AUDITORS' REPORT

The Members
SUPRAJIT ENGINEERING LIMITED
Bangalore

Report on the Financial Statements

We have audited the accompanying financial statements of Suprajit Engineering Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2014, the Profit and Loss Statement and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies, notes on financial statements and other explanatory information.

Management's Responsibility for the Financial Statements

The Management of the Company is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Companies Act, 1956 ("the Act") and the Accounting Standards referred to in sub-section (3C) of section 211 of the Act, read with the general circular 15/2013 dated 13.09.2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with significant accounting policies and notes on financial statements attached thereto, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

a. In the case of the Balance Sheet, of the state of affairs of the Company as at March 31st, 2014;
b. In the case of the Profit and Loss Statement, of the profit for the year ended on that date; and
c. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227 (4A) of the Act, we enclose in the Annexure a statement on the matters specified in Paragraphs 4 and 5 of the said Order;

2. As required by section 227(3) of the Act, we report that:
   a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
   b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
   c. the Balance Sheet, Profit and Loss Statement and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
   d. in our opinion, the Balance Sheet, Profit and Loss Statement and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Act read with the general circular 15/2013 dated 13.09.2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013;
   e. on the basis of written representations received from the directors, and taken on record by the Board of Directors, we report that none of the directors of the company is disqualified as on 31st March, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For **VARMA & VARMA**
Chartered Accountants
FRN 004532S

R KESAVADAS
Partner
M. No. 23862

Place : Bangalore
Date : 30.05.2014

ANNEXURE TO INDEPENDENT AUDITORS' REPORT
ANNEXURE REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR INDEPENDENT AUDIT REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF SUPRAJIT ENGINEERING LIMITED FOR THE YEAR ENDED 31ST MARCH 2014

1. (a) As stated in Note No. 22.4, the full quantitative particulars giving item wise/location wise details of fixed assets are maintained in the ERP system in respect of additions made after 1.4.2008. The particulars of fixed assets acquired prior to this date have been updated in the ERP system in a summarized format. However, item wise particulars are available for major assets in manual form.

   (b) We are informed by the management that most of the fixed assets of the Company are being physically verified in accordance with a programme. According to the information and explanations given to us no material discrepancies were identified on such verification when compared with available records.

   (c) The Company has not disposed off substantial part of fixed assets during the year.

2. (a) We are informed that the inventory of raw materials, stores and spares, work-in-progress and finished goods in the custody of the Company are physically verified by the management on a quarterly basis as per a programme of perpetual inventory, the frequency of which, in our opinion is reasonable, having regard to the size of the Company and the nature of its business;

   (b) In our opinion and according to the explanations given to us, the procedures of physical verification of inventory followed by the management are fairly reasonable and adequate in relation to the size of the Company and the nature of its business;

   (c) The Company is maintaining proper records of inventory and as informed to us, discrepancies of material nature noticed on physical verification, by the management, have been adequately adjusted in the books of account during the year.

3. According to the information and explanations given to us, the Company had not granted or taken loans, secured or unsecured, to/ from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956 except the fixed deposits accepted from relatives of directors in accordance with the fixed deposit scheme of the Company, the terms and conditions of which are prima facie not prejudicial to the interests of the Company and there are no arrears of principal or interest due. The payment of principal amount and interest in respect of such deposits are regular.

4. In our opinion and according to the information and explanations given to us, there are fairly adequate internal control systems commensurate with the size of the Company and nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. We have not noted any continuing failure to correct major weaknesses in internal control systems, subject to Auditor's Responsibility paragraph mentioned in the Independent Auditor's Report above.

5. According to the information and explanations given to us, all transactions which require to be entered in a register maintained pursuant to Section 301 of the Companies Act, 1956 have been so entered. Where each such transaction is in excess of ₹ 5 lakhs in respect of any party, they have been made at cost/ negotiated prices and they either compare favorably with market prices or there are no comparable prices.

6. The Company has accepted deposits from the public and the provisions of sections 58A and 58AA of the Companies Act, 1956 and the rules framed thereunder have been complied with.

7. In our opinion, the Company has a fairly adequate internal audit system commensurate with the size of the Company and the nature of its business.

8. We have broadly reviewed the books of account and records maintained by the Company relating to the manufacture of auto components, pursuant to the order made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.

9. (a) According to the information and explanations given to us and as per our verification of the records of the Company, the Company has been fairly regular in depositing undisputed statutory dues including Provident fund, Employee's State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Service Tax, Cess, Investor Education and Protection Fund and other statutory dues with the appropriate authorities during the year to the extent applicable. There are no arrears of undisputed statutory dues of a material nature outstanding for a period of more than six months from the date on which they became payable.

(b) According to the information and explanations given to us and as per our verification of the records of the Company, the following disputed amounts of tax/duty have not been deposited with appropriate authorities as at 31st March 2014:

Name of the Statute	Nature of the dues	Amount (₹)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Service Tax	4,32,920	FY 2009-10	Customs Excise & Service Tax Appellate Tribunal

10. There are no accumulated losses at the end of the financial year. The Company has also not incurred cash losses during the year and in the immediately preceding financial year.

11. According to the information and explanations given to us and as per our verification of the records of the Company, the Company has not defaulted in repayment of dues to the financial institutions and banks.

12. The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.

13. Since the Company is not a chit fund/nidhi/mutual benefit fund/society, the related reporting requirements are not applicable.

14. Since the Company is not dealing or trading in shares, securities, debentures or other investments, the related reporting requirements are not applicable.

15. According to the information and explanations given to us, the terms and conditions of the guarantee given by the Company for loan taken by the subsidiary company from its banker, are not prima facie prejudicial to the interests of the Company.

16. According to the information and explanations given to us, and as per our verification of the records of the company, the term loans availed and to the extent utilised during the year by the Company were, prima facie, applied by the Company for the purposes for which such loans were obtained.

17. According to the information and explanations given to us and as per our verification of the records of the Company, on an overall basis, at the year end, the Company has not utilised funds raised on short-term basis for long term purposes.

18. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Act.

19. The Company has not issued any debentures during the year.

20. The Company has not raised any money by public issues during the year.

21. According to the information and explanations given to us and as per our verification of the records of the Company, no material fraud either on or by the Company has been noticed or reported during the year.

For **VARMA & VARMA**
Chartered Accountants
FRN 004532S

R KESAVADAS
Partner
M. No. 23862

Place : Bangalore
Date : 30.05.2014

BALANCE SHEET AS AT 31ST MARCH

(Amounts in ₹)

Particulars	Note No.	2014	2013
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	120,020,000	120,020,000
Reserves and Surplus	3	1,872,513,234	1,529,355,734
Non-Current Liabilities	4		
Long-term borrowings		367,750,003	357,962,854
Deferred tax liabilities (Net)		65,806,000	52,906,000
Other long term liabilities		7,821,961	6,860,815
Long term Provisions		15,678,707	6,063,407
Current Liabilities	5		
Short-term borrowings		790,223,732	518,356,090
Trade payables		505,443,207	443,277,364
Other current liabilities		273,365,936	187,173,962
Short-term Provisions		80,182,465	66,380,011
TOTAL		**4,098,805,245**	**3,288,356,237**
ASSETS			
Non-Current Assets	6		
Fixed Assets			
(i) Tangible Assets		1,333,182,679	1,089,005,554
(ii) Intangible Assets		-	-
(iii) Capital Work-in-progress		7,185,072	115,890,633
Non-current investments	7	210,897,286	210,897,286
Long term loans and advances	8	51,431,345	72,730,147
Other Non-current assets	9	1,002,544	620,250
Current Assets			
Current investments	10	743,312,565	449,256,123
Inventories	11	585,190,741	369,559,200
Trade receivables	12	1,008,976,989	844,045,856
Cash and bank balances	13	40,027,512	59,789,199
Short-term loans and advances	14	114,877,892	74,421,661
Other current assets	15	2,720,620	2,140,328
TOTAL		**4,098,805,245**	**3,288,356,237**
Significant Accounting Policies	1		
Other Notes on Financial Statements	22		

As per our report of even date attached

For Varma & Varma
Chartered Accountants
FRN 004532S

K Ajith Kumar Rai
Chairman & Managing Director

Diwakar S Shetty
Director

Medappa Gowda J
Company Secretary

R Kesavadas
Partner
M. No. 23862

Place : Bangalore
Date : 30th May, 2014

PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH

(Amounts in ₹)

Particulars	Note No.	2014	2013
Revenue from operations (Gross)	16	5,332,241,224	4,657,731,729
Less: Excise duty		509,283,610	447,914,818
Revenue from Operations (Net)		**4,822,957,614**	**4,209,816,911**
Other Income	17	28,340,024	31,431,591
TOTAL		**4,851,297,638**	**4,241,248,502**
Expenses			
Cost of materials consumed		3,118,238,911	2,739,631,321
Changes in inventories of finished goods and work-in-progress	18	(84,176,409)	(32,231,384)
Employee benefit expense	19	567,913,580	467,682,304
Finance costs	20	118,166,928	95,860,619
Depreciation and amortisation expense	6	69,451,766	56,714,757
Other expenses	21	369,538,832	306,285,217
TOTAL		**4,159,133,608**	**3,633,942,834**
Profit before prior period, exceptional items and tax for the year		**692,164,030**	**607,305,668**
Prior period expenses		-	(1,887,883)
Exceptional Item [Refer Note no. 22.5]		-	51,835,587
Profit before tax for the year		**692,164,030**	**657,253,372**
Tax expense:			
(1) Current Tax		(202,710,000)	(170,000,000)
Tax Expense pertaining to earlier years		-	(1,000,000)
(2) Deferred tax		(12,900,000)	(11,736,000)
Profit after tax for the year		**476,554,030**	**474,517,372**
Earnings per equity share:			
Equity shares of par value ₹ 1/- each			
Basic & Diluted (excluding prior period and exceptional items)		3.97	3.54
Basic & Diluted (including prior period and exceptional items)		3.97	3.95
Number of shares used in computing earnings per share		120,020,000	120,020,000

Significant Accounting Policies **1**

Other Notes on Financial Statements **22**

As per our report of even date attached

For Varma & Varma
Chartered Accountants
FRN 004532S

K Ajith Kumar Rai
Chairman & Managing Director

Diwakar S Shetty
Director

Medappa Gowda J
Company Secretary

R Kesavadas
Partner
M. No. 23862

Place : Bangalore
Date : 30th May, 2014

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH

(Amounts in ₹)

Particulars	2014	2013
A. **CASH FLOWS FROM OPERATING ACTIVITIES:**		
Profit before tax for the year	692,164,030	657,253,372
Adjustment for:		
Depreciation and amortisation	69,451,766	56,714,757
(Profit)/Loss on sale of fixed assets	(21,991)	(52,061,493)
Provision for impairment of fixed assets	-	1,435,254
(Profit)/Loss on sale of shares	-	(8,234,000)
(Profit)/Loss on sale of Mutual funds	(12,799,826)	(13,613,267)
Provision for diminution in value of investments	-	853,788
Withdrawal of provision for diminution in value of investments	(854,949)	-
Interest income	(1,325,489)	(767,585)
Dividend received	(2,439,176)	(4,721,604)
Interest expense	118,166,928	95,860,619
Operating profit before working capital changes	**862,341,293**	**732,719,841**
(Increase)/ Decrease in		
- Inventories	(215,631,541)	(45,687,914)
- Trade Receivables	(164,931,133)	(88,441,339)
- Loans and advances (Long term & Short term)	(17,046,001)	(19,867,679)
- Other Non-Current Assets & Current Assets	(6,247,379)	(2,807,232)
Increase/ (Decrease) in		
- Current Liabilities	148,035,318	53,440,075
- Other Long term Liabilities	961,146	1,462,329
- Provisions (long term and short term)	9,394,069	(5,025,195)
Cash generated from operations	**616,875,772**	**625,792,886**
Income taxes paid (net of refunds)	(204,839,483)	(169,447,957)
Net cash from operating activities	**412,036,289**	**456,344,929**
B. **CASH FLOWS FROM INVESTING ACTIVITIES:**		
Purchase of fixed assets/ Capital work-in-progress	(205,646,981)	(263,811,834)
Sale of current investments	310,299,826	202,090,539
Purchase of current investments	(590,701,493)	(459,563,180)
Sale of long-term investments	-	10,234,000
Purchase of long-term investments	-	(5,000,000)
Interest received	1,429,145	1,052,054
Dividend received	2,439,176	4,721,604
Proceeds from sale of fixed assets	745,642	70,170,248
Net cash from investing activities	**(481,434,685)**	**(440,106,569)**
C. **CASH FLOWS FROM FINANCING ACTIVITIES**		
Interest paid	(118,364,171)	(95,171,415)
Proceeds/(repayments) from long term borrowings (net)	9,787,149	46,736,690
Proceeds/(repayments) from short term borrowings (net)	271,867,642	158,470,808
Dividend and dividend tax paid	(119,354,790)	(97,554,473)
Net cash from financing activities	**43,935,830**	**12,481,610**
Net increase in cash and cash equivalents during the year	**(25,462,566)**	**28,719,970**
Cash and cash equivalents at beginning of the year	56,008,896	27,288,926
Cash and cash equivalents at end of the year	**30,546,330**	**56,008,896**

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH

(Amounts in ₹)

Particulars	2014	2013
Reconciliation of Cash and cash equivalents with the Balance Sheet:		
Cash and bank balances as per the Balance Sheet (Refer Note No. 13)	40,027,512	59,789,199
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements (Refer 'Other bank balances' in Note No. 13)	9,481,182	3,780,303
Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) included in Note 13*	**30,546,330**	**56,008,896**
* Comprises:		
- Cash on hand	819,988	634,881
- Cheques, drafts on hand	150,000	90,000
- Balances with banks		
- In current accounts	24,926,031	54,907,411
- In EEFC accounts	4,586,160	376,604
- In deposit accounts	64,151	-
	30,546,330	**56,008,896**

(Figures in brackets indicate outflows)

As per our report of even date attached

For Varma & Varma
Chartered Accountants
FRN 004532S

K Ajith Kumar Rai	**Diwakar S Shetty**	**Medappa Gowda J**	**R Kesavadas**
Chairman & Managing Director	Director	Company Secretary	Partner
			M. No. 23862

Place : Bangalore
Date : 30th May, 2014

Significant Accounting Policies forming part of the Financial Statements for the year ended 31st March, 2014

CORPORATE INFORMATION

Suprajit Engineering Limited ('the Company') is a public limited Company and is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). The Company is engaged interalia in the business of manufacturing of auto components consisting mainly control cables, speedo cables and other components for automobiles.

1 SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of preparation of Financial Statements

The financial statements have been prepared and presented under the historical cost convention and in accordance with the provisions of the Companies Act, 1956, Companies Act, 2013 (to the extent applicable) and the Companies (Accounting Standards) Rules, 2006 (Indian GAAP) as adopted consistently by the Company.

1.2 Use of Estimates

The preparation of the financial statements is in conformity with Indian GAAP, which requires that the management make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of financial statements and the reported amounts of revenue and expenses during the reporting period. Although such estimates are made on a reasonable and prudent basis taking into account all available information, actual results could differ from these estimates and such differences are recognised in the period in which the results are ascertained.

1.3 Cash Flow Statement

Cash flow statement is prepared in accordance with AS-3 of Companies (Accounting Standards) Rules, 2006, using the indirect method to determine cash flow from operating activities.

1.4 Revenue Recognition

Sale of goods as well as revenue from processing of goods (services) is recognised at the point of dispatch of goods to the customers. Gross sales are inclusive of applicable excise duty and exclusive of sales tax. Revenue from scrap is recognised on sale.

Export incentives are recognised when there is reasonable certainty as to realisation and when they are quantifiable with a high degree of accuracy.

Dividend is recognised when declared and interest income is recognised on time proportion basis taking into account the amount outstanding and the applicable rate.

1.5 Tangible/ Intangible Assets

Fixed Assets are stated at cost less accumulated depreciation and impairment losses, if any. The cost of an asset comprises of its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Until the fixed assets are ready for its commercial use these costs are aggregated and classified and carried forward as 'Capital Work-In-Progress'. Interest on loan taken for the acquisition of qualifying assets upto the date of commissioning of assets is added to the cost of assets.

Intangible assets are carried at cost less amortisation where it is probable that future economic benefits expected from it is not less than the carrying value.

1.6 Depreciation/amortization

Depreciation is provided on straight line method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956. Assets individually costing less than or equal to ₹ 5,000/- are fully depreciated in the year of acquisition.

Intangible assets like brands and know how are amortised on a straight line basis over their estimated useful life of 10 years. Goodwill arising on acquisition/ amalgamation is amortised over a period of 5 years.

Leasehold land is amortised over the period of lease.

1.7 Impairment of Assets

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at appropriate rate. After impairment, depreciation is provided on revised carrying amount of the assets over its remaining useful life. Previously recognised impairment loss is further provided or reversed depending on changes in circumstances.

1.8 Investments

Investments that are readily realisable and intended to be held for not more than 12 months are classified as current investments. All other investments are classified as long-term investments. Long term investments are stated at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments. Current investments are carried at lower of cost or fair value.

1.9 Inventories

Inventories are valued at lower of cost or net realisable value. Cost is ascertained on weighted average method. Conversion and other costs incurred for bringing the inventories to their present location and condition are allocated to the extent applicable.

1.10 Foreign Currency Transactions

The foreign currency transactions are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currency are restated at the applicable exchange rates prevailing as at the Balance Sheet date. Gain/ loss arising from such restatement as also on settlement of the transactions are adjusted in the Profit and Loss Statement

Premium or discount on forward exchange contracts which are not intended for trading or speculation purpose and is to establish the amount of reporting currency required on the settlement dates is recognised in the Profit and Loss Statement over the period of the contracts. The exchange differences on

Significant Accounting Policies forming part of the Financial Statements for the year ended 31st March, 2014

the contracts are recognised in the year in which the exchange rates change.

The Company enters into foreign currency forward exchange contracts to hedge its risks associated with foreign currency fluctuations in respect of highly probable forecast transactions. At the end of the reporting period these contracts are marked to market and the resultant loss, if any is recognised in the Profit and Loss Statement.

1.11 Employee Benefits

Short term employee benefits

The amounts paid/payable on account of short term employee benefits, comprising largely of salaries & wages, short term compensated absences and annual bonus is valued on an undiscounted basis and charged to the Profit and Loss Statement for the year.

Defined Contribution plans:

The Company has defined contribution plans for its employees comprising of Provident Fund and Employee's State Insurance. The contributions paid/ payable to these plans during the year are charged to the Profit and Loss Statement for the year. The Company has no other obligation in this regard.

Defined benefit plans:

a. Gratuity

The Company's Gratuity scheme is administered through the Employee's Group Gratuity-cum-Life Assurance Scheme of the Life Insurance Corporation of India. The net present value of the obligation for gratuity benefits as determined on actuarial valuation, conducted annually using the projected unit credit method, as adjusted for unrecognised past services cost, if any and as reduced by the fair value of plan assets, is recognised in the accounts. Actuarial gains and losses are recognised in full in the Profit and Loss Statement for the period in which they occur.

b. Compensated Absences

The Company has a scheme for compensated absences for employees, the liability other than for short term compensated absences is determined on the basis of an actuarial valuation carried out at the end of the year, using projected unit credit method. Actuarial gains and losses are recognised in full in the Profit and Loss Statement for the period in which they occur.

1.12 Borrowing Costs

Borrowing costs other than those attributable to qualifying assets are expensed as and when incurred. Borrowing costs attributable to qualifying assets are capitalised along with the cost of respective asset.

1.13 Leases

Operating Lease:

Leases where the significant risks and rewards of ownership is with the lessor are classified as operating leases and payment under such leases are recognised as an expense in the Profit and Loss Statement on a systematic basis.

Finance Lease:

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. The assets acquired on finance lease are capitalised as part of fixed assets and corresponding liability is recognised as term loans.

1.14 Taxation

Tax Expense comprising current tax and deferred tax are recognised in the Profit and Loss Statement for the year. Current tax is the amount of income tax determined to be payable in respect of taxable income as computed under the tax laws.

Certain items of income and expenditure are not reported in tax returns and financial statements in the same period for the purpose of determining the current tax. The net tax effect calculated at the current enacted tax rates of this timing difference is reported as deferred income tax asset/liability. The effect on deferred tax assets and liabilities due to change in such assets/liabilities as at the end of previous accounting period and due to a change in tax rates are recognised in the income statement of the period.

1.15 Government Grants and Subsidies

Government grants and subsidies are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants/ subsidies will be received. Government grants and subsidies where no repayment is ordinarily expected in respect thereof and in the nature of promoter's contribution are credited to capital reserve and treated as a part of shareholders' funds.

1.16 Research and Development Expenditure

Expenditure incurred during the research phase is charged off to the Profit and Loss Statement.

1.17 Provisions and Contingencies

Provision for losses and contingencies arising as a result of past event where management considers it probable that a liability may be incurred are made on the basis of reliable estimates of the expenditure required to settle the present obligation on the Balance Sheet date and are not discounted to its present value. Provisions are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Other contingent liabilities to the extent management is aware is disclosed by way of notes on financial statements.

NOTES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH

(Amounts in ₹)

Particulars	2014	2013
2 SHARE CAPITAL		
2.1 Equity Share Capital		
2.1.1 **Authorised Equity Share Capital**		
Equity shares of ₹ 1/- each	**125,000,000**	**125,000,000**
125,000,000 (PY - 125,000,000) equity shares		
2.1.2 **Issued, Subscribed and Fully Paid Up**		
Equity Shares of ₹ 1/- each fully paid		
120,020,000 (PY - 120,020,000) equity shares	120,020,000	120,020,000
TOTAL	**120,020,000**	**120,020,000**

Notes on Share Capital

2.1.3 **The reconciliation of the number of equity shares outstanding and the amount of share capital as at March 31, 2014 and March 31, 2013:**

Equity Shares of ₹ 1 each fully paid	No. of shares	No. of shares
Shares outstanding as at the beginning of the year	120,020,000	120,020,000
Shares issued during the year	-	-
Shares outstanding as at the end of the year	120,020,000	120,020,000

2.1.4 **Details of shareholders holding more than 5% shares in the Company:**

Equity Shares of ₹ 1/- each fully paid	No. of shares	%age	No. of shares	%age
K Ajith Kumar Rai	45,548,399	37.95%	45,548,399	37.95%
Supriya A Rai	15,627,958	13.02%	15,627,958	13.02%
	61,176,357	**50.97%**	**61,176,357**	**50.97%**

2.1.5 There are no shares that have been issued, subscribed and not fully paid up.

2.1.6 There are no forfeited shares.

2.1.7 There are no shares reserved for issue under options and contracts/ commitments for the sale of shares/ disinvestment.

2.1.8 The Company has not issued any securities convertible into equity/ preference shares.

2.1.9 Each holder of equity shares is entitled to one vote per share and there are no preferences or restrictions attaching to shares mentioned above.

The Company declares and pays dividend in Indian Rupees. The dividend proposed/declared by the Board of Directors is subject to approval/regularisation of the shareholders in the ensuing Annual General Meeting.

2.1.10 In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company after payment of all liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.

2.1.11 **During the last five years ending from 31 Mar 2009 :**

(i) No shares were allotted as fully paid up pursuant to contract(s) without payment being received in cash.

(ii) During the year ended 31.03.2010, the Company has issued 90,015,000 equity shares of ₹ 1 each as fully paid up bonus shares by way of capitalisation of Securities Premium and General Reserve.

(iii) No shares were bought back.

NOTES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH

(Amounts in ₹)

Particulars	2014	2013
3 RESERVES AND SURPLUS		
3.1 Reserves		
3.1.1 **Capital Reserve**		
(State Investment Subsidy and surplus on reissue of forfeited shares) [Refer Note 3.3. below]		
Opening balance	1,127,150	1,127,150
Add: Additions during the year	-	-
Closing Balance	**1,127,150**	**1,127,150**
3.1.2 **General Reserve**		
Opening balance	1,245,062,311	915,062,311
Add: Transfer from the Profit & Loss Statement	340,000,000	330,000,000
Closing Balance	**1,585,062,311**	**1,245,062,311**
3.2 Surplus		
3.2.1 **Surplus in the Profit & Loss Statement**		
Opening balance	283,166,273	243,637,447
Add:		
Profit for the year as per the Profit and Loss Statement	476,554,030	474,517,372
Less:		
Interim Dividend	54,009,000	42,007,000
Proposed Final Dividend	60,010,000	48,008,000
Tax on dividend	19,377,530	14,973,546
Transfer to General Reserve	340,000,000	330,000,000
Closing Balance	**286,323,773**	**283,166,273**
TOTAL	**1,872,513,234**	**1,529,355,734**
Notes on Reserves & Surplus		
3.3 Includes ₹ 581,650/- (PY - ₹ 581,650/-) State Investment Subsidy credited to capital reserve.		
3.4 During the year, the Board of Directors have declared interim dividend of ₹ 0.45/- (PY: ₹ 0.35/-) per share, which is subject to regularisation of the shareholders in the ensuing Annual General Meeting.		
3.5 Final dividend of ₹ 0.50/- (PY: ₹ 0.40/-) per share proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting.		
4 NON CURRENT LIABILITIES		
4.1 Long Term Borrowings:		
4.1.1 **Secured**		
Term Loans from Banks (Refer Note 4.1.3 below)	363,500,003	343,702,641
	363,500,003	**343,702,641**
4.1.2 **Unsecured**		
Deferred Payment Liabilities - lease obligations (Refer Note 4.1.6 below)	-	12,889,170
Deposits from		
- related parties	3,500,000	721,043
- other than related parties	750,000	650,000
	4,250,000	**14,260,213**
	367,750,003	**357,962,854**

NOTES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH

(Amounts in ₹)

Particulars			2014	2013
	Notes on Long Term Borrowings:			
	4.1.3	Term Loans availed from various Banks for capacity expansions are secured by Equitable Mortgage of land and buildings and hypothecation of other present and future fixed assets of the Company on pari-passu first charge basis. Some of these loans are further secured by pari-passu second charge on the current assets of the Company.		
	4.1.4	None of the above borrowings have been guaranteed by any Directors or others.		
	4.1.5	Term loan from banks are repayable in quarterly instalments over the agreed repayment period, ranging between September 2016 to December 2018 together with interest rate ranging between 10.90% to 11.65% (PY - 11.65% to 11.85%) p.a.		
	4.1.6	In respect of land referred in Note no. 6.4 (2), the balance consideration was payable in 19 quarterly installments which was fully paid during the year. Such amount as at 31st March 2013 relating to the lease payable after 12 months is disclosed in note no. 4.1.2 above and current maturities of this liability is disclosed under note no. 5.3.		
	4.1.7	There has been no continuing default as on Balance Sheet date in repayment of loans and interest.		
4.2	**DEFERRED TAX LIABILITIES (NET)**			
	4.2.1	**Liability**		
		On timing differences of depreciation	79,947,000	60,418,000
		Gross deferred tax liability	**79,947,000**	**60,418,000**
	4.2.2	**Asset**		
		On timing differences of expenditure allowable for tax purposes when paid	11,252,000	6,205,000
		Provision for doubtful debts	2,889,000	1,307,000
		Gross deferred tax asset	**14,141,000**	**7,512,000**
		Net deferred tax	**65,806,000**	**52,906,000**
4.3	**OTHER LONG TERM LIABILITIES**			
	4.3.1	Dealer Deposits	7,821,961	6,860,815
			7,821,961	**6,860,815**
4.4	**LONG TERM PROVISIONS:**			
	4.4.1	**Provision for employee benefits [Refer Note no. 22.9(b)]**		
		- Provision for Gratuity (Unfunded)	6,993,043	-
		- Provision for Compensated Absences	8,685,664	6,063,407
			15,678,707	**6,063,407**
	TOTAL		**457,056,671**	**423,793,076**

NOTES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH

(Amounts in ₹)

Particulars	2014	2013
5 CURRENT LIABILITIES		
5.1 SHORT TERM BORROWINGS		
5.1.1 **Secured:**		
Working capital facilities from banks repayable on demand from banks (Refer Note 5.1.2 below)	790,223,732	518,356,090
	790,223,732	**518,356,090**
Notes on Short Term Borrowings		
5.1.2 Working Capital facilities availed from various banks are secured by pari-passu first charge on stock of raw materials, semi-finished goods, stores, consumables, book-debts, other current assets and pari-passu second charge on Land and Buildings, Plant and Machinery and present and future fixed assets.		
5.1.3 None of the above borrowings have been guaranteed by any Directors or others.		
5.2 TRADE PAYABLES		
5.2.1 Due to Micro & Small Enterprises [Refer Note No. 22.7]	4,113,651	4,446,692
5.2.2 Due to Others	501,329,556	438,830,672
	505,443,207	**443,277,364**
5.3 OTHER CURRENT LIABILITIES		
5.3.1 Current maturities of long term debt (Refer Note 4.1.3 and 4.1.6)	121,000,000	77,521,456
5.3.2 Current maturities of deposits from		
- related parties	1,793,355	4,209,400
- other than related parties	650,000	1,000,000
5.3.3 Interest accrued but not due		
- on borrowings	1,016,836	1,033,179
- on deposits	369,869	550,769
5.3.4 Advances received from customers	1,710,000	-
5.3.5 Unclaimed dividend [Refer Note. No. 5.3.7]	1,800,045	1,280,303
5.3.6 Other Payables		
- Payable towards cost of land [Refer Note. No. 6.4 (3) & (4)]	22,147,265	-
- Creditors for purchase of fixed assets	9,352,064	10,607,458
- Statutory Liabilities	44,954,163	29,094,122
- Payable to Employees	26,694,940	31,427,638
- Payable to directors towards commission & sitting fees	28,303,399	24,499,637
- Others [Refer Note. No. 5.3.8]	13,574,000	5,950,000
	273,365,936	**187,173,962**
5.3.7 There are no amounts outstanding for more than 7 years to be deposited in the Investor Education and Protection Fund.		
5.3.8 As decided by the Board of Directors, a provision of ₹ 13,574,000/- (PY-₹ 5,950,000/-) being 2% (PY - 1%) of the net profits, is made towards Suprajit Foundation, a trust set up for charitable purposes.		
5.4 SHORT TERM PROVISIONS		
5.4.1 **Provision for employee benefits [Refer Note no. 22.9(b)]**		
- Provision for Gratuity (Funded)	4,507,434	4,741,601
- Provision for Compensated Absences	802,830	689,104
5.4.2 Provision for Proposed Dividend	60,010,000	48,008,000
5.4.3 Provision for Corporate Dividend Tax	10,198,700	8,158,960
5.4.4 Provision for Income Tax (Net of Advance Tax and Tax Deducted at Source)	4,568,525	4,586,580
5.4.5 Provision for Wealth Tax	94,976	195,766
	80,182,465	**66,380,011**
TOTAL	**1,649,215,340**	**1,215,187,427**

NOTES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH

6 FIXED ASSETS

(Amounts in ₹)

	Description	Gross Block At Cost				Depreciation/ Amortisation				Accumulated Impairment Provision		Net Block - At WDV	
		As at 01.04.2013	Additions / Adjustments	Disposals / Adjustment	As at 31.03.2014	Upto 01.04.2013	For the year	Disposals/ Adjustment	As at 31.03.2014	As at 31.03.2013	As at 31.03.2014	As at 31.03.2014	As at 31.03.2013
6.1	Tangible assets												
	Land	165,958,968	20,693,190	-	186,652,158	-	-	-	-	-	-	186,652,158	165,958,968
	Land on lease	71,737,158	26,773,471	-	98,510,629	2,909,908	759,289	-	3,669,197	-	-	94,841,432	68,827,250
	Buildings	583,659,626	154,125,027	-	737,784,653	85,512,974	22,194,608	-	107,707,582	-	-	630,077,071	498,146,652
	Electrical Installations	81,372,264	15,513,726	-	96,885,990	19,673,312	4,147,968	-	23,821,280	-	-	73,064,710	61,698,952
	Plant and Machinery	461,516,319	74,689,622	4,447,513	531,758,428	228,619,509	30,312,038	3,836,297	255,095,250	1,432,423	1,432,423	275,230,755	231,464,387
	Dies & Moulds	30,905,097	6,257,616	-	37,162,713	18,704,143	2,142,597	-	20,846,740	-	-	16,315,973	12,200,954
	Furniture and Fixtures	28,176,901	4,536,986	-	32,713,887	11,896,626	2,177,040	-	14,073,666	-	-	18,640,221	16,280,275
	Vehicles	22,381,858	2,351,536	583,963	24,149,431	7,631,053	1,978,102	471,528	9,137,627	-	-	15,011,804	14,750,805
	Office equipment	14,826,619	3,060,903	-	17,887,522	6,675,665	1,233,724	-	7,909,389	2,831	2,831	9,975,302	8,148,123
	Containers	1,738,233	1,008,063	-	2,746,296	1,738,233	1,008,063	-	2,746,296	-	-	-	-
	Computers (Including Computer Software)	39,951,899	5,342,402	-	45,294,301	28,422,711	3,498,337	-	31,921,048	-	-	13,373,253	11,529,188
6.2	Intangible assets												
	Goodwill	24,105,251	-	-	24,105,251	24,105,251	-	-	24,105,251	-	-	-	-
	Brands	5,100,000	-	-	5,100,000	5,100,000	-	-	5,100,000	-	-	-	-
	Technical Knowhow	195,127	-	-	195,127	195,127	-	-	195,127	-	-	-	-
	Total	**1,531,625,320**	**314,352,542**	**5,031,476**	**1,840,946,386**	**441,184,512**	**69,451,766**	**4,307,825**	**506,328,453**	**1,435,254**	**1,435,254**	**1,333,182,679**	**1,089,005,554**
	Previous year	***1,284,899,722***	***268,372,387***	***21,646,789***	***1,531,625,320***	***388,007,789***	***56,714,757***	***3,538,034***	***441,184,512***	**-**	***1,435,254***	***1,089,005,554***	***896,891,933***
6.3	**Capital Work-in-Progress**											**7,185,072**	**115,890,633**
	TOTAL											**1,340,367,751**	**1,204,896,187**

6.4 Notes on Fixed Assets

1. All the fixed assets except the land on lease are owned by the Company.
2. Land on lease includes land at Bhiwadi, Rajasthan registered in the name of the Company for a value of ₹ 45,462,101/- (PY - ₹ 45,462,101/-), payment towards this land, which was agreed upon to be made in instalments during the previous year, has been repaid in entirety during the year.
3. Additions to land ₹ 20,693,190/- (PY - Nil) represents additional consideration paid to Haryana State Industrial Development Corporation Limited (HSIDC) in respect of Company's land at Manesar, Haryana. The unpaid balance consideration of ₹ 12,415,914/- (PY - Nil) has been disclosed under Note 5.3.6.
4. Additions to land on lease, ₹ 26,773,471/- (PY - Nil) represents land allotted at Narasapura, Kolar Dist., Karnataka by the Karnataka Industrial Area Development Board (KIADB) under a lease cum sale arrangement with a right to purchase on fulfilment of certain conditions after the period of 10 years and the consideration towards such land and hence has not been amortised over the lease period. The Company has obtained possession of the land in May 2013. The lease deed is pending execution and the unpaid balance consideration of ₹ 9,731,351/- (PY - Nil) has been disclosed under Note 5.3.6.
5. Land on lease at various locations except as mentioned in Note No. 4 above are held on long term lease without right to acquire at the end of the lease period and the cost of such land is amortised over the period of the lease.
6. During the previous year, the management had identified certain individual assets to be impaired based on their condition and usage. The provision for impairment in respect of these assets amounting to ₹ 1,435,254/- made after considering an amount of ₹ 806,300/-towards the net realisable value of these assets. Estimated Net Book value of these assets as on 31st March, 2014 is ₹ 2,241,554/-.
7. Borrowing costs capitalised during the year is Nil (PY:₹ 8,485,237/-).

NOTES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH

(Amounts in ₹)

Particulars	2014		2013	
7 NON CURRENT INVESTMENTS	**No. of shares**	**Amount**	**No. of shares**	**Amount**
7.1 TRADE INVESTMENTS (AT COST)				
7.1.1 **Subsidiary Companies**				
Equity Instruments - Fully Paid - Unquoted				
M/s. Suprajit Automotive Private Limited 100% Holding (PY-100% Holding) [Equity Shares of ₹10/- each including beneficial holding of 1 equity share]	1,990,000	19,900,000	1,990,000	19,900,000
M/s. Suprajit Europe Limited 100% Holding (PY - 100% Holding) [Ordinary Shares of GBP 1/- each] (Refer Note 22.3)	2,200,000	185,997,286	2,200,000	185,997,286
		205,897,286		**205,897,286**
7.2 OTHER INVESTMENTS (NON-TRADE) (AT COST)				
Investments in bonds				
Investments in National Highway Authority of India Bonds (500 Non-convertible Redeemable bonds of face value ₹ 10,000/- each carrying interest @ 6% p.a. payable annually. Date of maturity - 30th September 2015)		5,000,000		5,000,000
		5,000,000		**5,000,000**
TOTAL		**210,897,286**		**210,897,286**
7.3 General Information				
Aggregate value of Investments:				
Unquoted - At Cost		210,897,286		210,897,286

NOTES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH

(Amounts in ₹)

Particulars	2014	2013
8 LONG TERM LOANS AND ADVANCES		
8.1 Capital Advances		
(Unsecured, considered good)		
Advance paid for leasehold land	-	17,042,120
Capital advances towards fixed assets	16,492,104	32,769,678
	16,492,104	49,811,798
8.2 Deposits		
(Unsecured, considered good)		
Electricity Deposits	6,373,164	5,082,753
Rental Deposits	3,500,000	-
Other Deposits	3,892,385	1,273,332
	13,765,549	**6,356,085**
8.3 Others		
(Unsecured, considered good)		
Advance tax [including Tax deducted at source (Net of Provisions)]	2,111,428	-
Income tax paid under protest	903,430	903,430
Value Added Tax paid under protest [Refer Note no. 22.6.1]	-	15,658,834
Value Added Tax refundable	18,158,834	-
	21,173,692	**16,562,264**
TOTAL	**51,431,345**	**72,730,147**
9 OTHER NON CURRENT ASSETS		
(Unsecured, considered good)		
Non-current bank deposits *	1,000,000	564,151
Interest accrued on the above non-current bank deposit	2,544	56,099
TOTAL	**1,002,544**	620,250

* Held against public deposits in pursuance of the requirements of applicable Rules.

NOTES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH

(Amounts in ₹)

Particulars	2014	2013
10 CURRENT INVESTMENTS		
10.1 Other Investments (Non-trade)		
Investments in Mutual Funds (at lower of cost or fair value)	743,312,565	449,256,123
TOTAL	**743,312,565**	**449,256,123**
10.2 Details of Other Investments (Non-trade)		
10.2.1 **General Information**		
Aggregate market value (Net Asset Value) of quoted Investments	788,695,414	481,484,021
Aggregate provision for diminution in the value of above investments	-	854,949
10.2.2 **Details of Mutual Funds held at the end of the year**		

Particulars	31.03.2014	31.03.2013
Birla Dynamic Bond fund retail plan growth -1,939,435.01 (1,939,435.01) units of ₹ 10/- each	35,000,000	35,000,000
Birla Sun Life Short Term Fund - Nil (476,536.53) units of ₹ 10/- each	-	20,000,000
Brila Sun Life Dynamic Bond Fund- Retail - Growth 1,079,445.67 (1,079,445.67) units of ₹ 10/- each	20,000,000	20,000,000
Birla Sun Life Dynamic Bond Fund - Retail - Nil (875,679.75) units of ₹ 10/- each	-	9,992,644
DSP BlackRock STP Growth - Nil (269,990.06) units of ₹ 10/- each	-	5,000,000
HDFC High Interest Fund-Growth- 17,71,778.05 (Nil) units of ₹ 10/ each	70,000,000	-
HDFC High Interest Fund-Short Term Plan- Growth- Nil (465,432.34) units of ₹ 10/- each	-	10,000,000
HDFC Monthly Income Plan - Nil (619,472.60) units of ₹10/- each	-	14,500,000
HDFC Prudence Fund - Growth - Nil (96,764.49) units of ₹ 10/- each	-	20,111,073
HSBC Flexi Debt Growth 3,020,019.66 (Nil) units of ₹ 10/- each	50,000,000	-
HSBC Income Fund STP Growth 3,433,773.94 (Nil) units of ₹ 10/- each	70,000,000	-
IDFC Dynamic Bond Fund - 1,501,670.60 (1,501,670.60) units of ₹ 10/- each	20,000,000	20,000,000
IDFC Dynamic Bond Fund Growth - 7,191,316.27 (2,227,216.62) units of ₹ 10/- each	117,500,000	47,500,000
IDFC Dynamic Bond Fund Plan B 2,108,042.17 (Nil) units of ₹ 10/- each	29,812,565	-
IDFC Dynamic Bond QDP - Nil (2,913,460.25) units of ₹ 10/- each	-	29,672,427
IDFC SSIF STP Regular – 793,603.56 (Nil) units of ₹ 10/- each	20,000,000	-
IDFC Super Saver Income Fund - Short Term Plan A Growth Nil (224,624.20) units of ₹ 10/- each	-	5,000,000
IDFC Super Saver Income Fund 1,993,419.99 (Nil) units of ₹ 10/- each	50,000,000	-
Kotak Bond QDP - Nil (2,800,123.52) units of ₹ 10/- each	-	29,479,980
Kotak Bond Regular Growth - Nil (1,489,020.07) units of ₹ 10/- each	-	46,000,000
Pru ICICI Short term Plan - Cumulative Option - Nil (442,883.53) units of ₹ 10/- each	-	10,000,000
Reliance Dynamic Bond Growth 3,808,213.18 (Nil) units of ₹ 10/- each	60,000,000	-
Reliance Dynamic Bond QDP- Nil (2,945,816.50) units of ₹ 10/- each	-	30,000,000
Reliance Monthly Income Plan - Nil (768,456.43) units of ₹ 10/- each	-	17,000,000
SBI Dynamic Bond Fund 2,023,637.75 (Nil) units of ₹ 10/-each	30,000,000	-
SBI Dynamic Bond Fund-Growth -2,937,530.09 (2,937,530.09) units of ₹ 10/- each	40,000,000	40,000,000
SBI Magnum Income Fund - 686,040.45 (Nil) units of ₹ 10/- each	20,000,000	-
Templeton India short term Income Retail growth plan - 14,415.83 (2,298.49) units of ₹ 10/- each	35,000,000	5,000,000
UTI Bond Fund growth - 1,708,364.46 (1,110,261.30) units of ₹ 10/- each	56,000,000	35,000,000
UTI Bond Fund Growth 560,887.07 (Nil) units of ₹ 10/- each	20,000,000	-
TOTAL	**743,312,565**	**449,256,123**

NOTES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH

(Amounts in ₹)

Particulars	2014	2013
11 INVENTORIES		
(Valued at Lower of Cost or Net Realisable value)		
Raw materials (including components, packing materials and stores & spares)	285,698,852	200,256,353
Raw materials in transit (including at customs bonded warehouse)	58,081,853	12,069,220
Work-in-Progress	52,083,135	34,420,860
Finished Goods	189,326,901	122,812,767
TOTAL	**585,190,741**	**369,559,200**
12 TRADE RECEIVABLES		
12.1 Outstanding for a period more than six months from the due date of payment		
Unsecured, considered doubtful	4,995,875	5,205,655
Less: Provision for Doubtful receivables	4,995,875	5,205,655
	-	-
12.2 Other Trade Receivables		
Unsecured, considered good	1,008,976,989	844,045,856
Unsecured, considered doubtful	3,504,497	2,268,523
Less: Provision for Doubtful receivables	3,504,497	2,268,523
TOTAL	**1,008,976,989**	**844,045,856**

12.3 Other Trade Receivables in Note no.12.2 above include debts due from:

Particulars	31.03.2014	31.03.2013
Private Company in which director is a member & director	Nil	4,841,339
Total	**Nil**	**4,841,339**

13 CASH AND BANK BALANCES		
13.1 Cash and Cash Equivalents		
Balances with Banks		
- in Current Accounts	24,926,031	54,907,411
- in EEFC Accounts	4,586,160	376,604
- in Deposit Accounts	64,151	-
Cash on hand	819,988	634,881
Cheques, drafts on hand	150,000	90,000
	30,546,330	**56,008,896**
13.2 Other Bank balances		
Earmarked balances for Unclaimed Dividend accounts	1,800,045	1,280,303
Bank deposit held as margin money against bank guarantees [Refer Note 22.6.1]	7,681,137	2,500,000
	9,481,182	**3,780,303**
Total	**40,027,512**	**59,789,199**
14 SHORT TERM LOANS AND ADVANCES		
Others		
(Unsecured, considered good)		
Advance to Suppliers	84,851,960	48,771,601
Advances to Employees	3,591,091	3,257,169
Balance with Central excise, customs & other authorities	17,315,559	14,348,978
Prepaid Expenses	4,624,514	7,869,140
Others	4,494,768	174,773
TOTAL	**114,877,892**	**74,421,661**
15 OTHER CURRENT ASSETS		
(Unsecured, considered good)		
Export benefit entitlements	2,296,022	1,872,941
Interest accrued on non-current investment in bonds	300,000	170,959
Interest accrued on current bank deposits	124,598	96,428
TOTAL	**2,720,620**	**2,140,328**

NOTES FORMING PART OF PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH

(Amounts in ₹)

Particulars	2014		2013
16 REVENUE FROM OPERATIONS (GROSS)			
Sale of Products (Refer Note 16.1 below)	5,306,580,321		4,634,215,588
Sale of Services (Refer Note 16.2 below)	12,798,179		13,230,243
Other operating revenue (Refer Note 16.3 below)	12,862,724		10,285,898
TOTAL	**5,332,241,224**		**4,657,731,729**
16.1 Particulars of Revenue from Operations			
Sale of Products (Gross)			
Manufactured Goods			
Domestic			
Cables (Control & Speedo)	4,723,125,975		4,264,156,213
Speedo Meters	173,480,828		127,803,916
Others (including parts)	65,739,520		35,167,560
Sub-Total	**4,962,346,323**		**4,427,127,689**
Exports (Including deemed exports)			
Cables (Control & Speedo)	311,106,996		164,866,498
Speedo Meters	990,266		930,418
Others (including parts)	32,136,736		41,290,983
Sub-Total	**344,233,998**		**207,087,899**
TOTAL	**5,306,580,321**		**4,634,215,588**
16.2 Sale of Services			
Processing Charges	12,798,179		13,230,243
16.3 Other Operating Revenue			
Scrap Sales	12,207,347		10,340,708
Export benefit entitlements (Net)	655,377		(54,810)
TOTAL	**12,862,724**		**10,285,898**
17 OTHER INCOME			
Interest Income			
- On bank deposits	777,299		747,745
- On advances to suppliers	532,918		-
- On employee loans & advances	15,272		19,840
Dividend Income from Mutual funds	2,439,176		4,721,604
Net gain on sale of non-current investments	-	1,069,930	
Withdrawal of provision relating to above investments	-	7,164,070	8,234,000
Net gain on sale of current investments	12,799,826		13,613,267
Withdrawal of provision for diminution of value of Current Investments	854,949		-
Rent Received	17,263		262,230
Discount Received	1,253,497		750,534
Net gain on foreign currency transactions and translations	8,813,727		1,956,465
Profit on sale of fixed assets [net of loss of ₹ 676,183/- (PY: ₹ 22,010/-)]	21,991		225,906
Other non-operating income	814,106		900,000
TOTAL	**28,340,024**		**31,431,591**

NOTES FORMING PART OF PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH

(Amounts in ₹)

Particulars	2014	2013
18 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS		
Opening Stock		
Finished Goods	122,812,767	94,198,437
Work-in-Progress	34,420,860	30,803,806
	157,233,627	**125,002,243**
Less:		
Finished Goods	189,326,901	122,812,767
Work-in-Progress	52,083,135	34,420,860
	241,410,036	**157,233,627**
TOTAL	**(84,176,409)**	**(32,231,384)**
19 EMPLOYEE BENEFIT EXPENSE		
Salaries, Wages and bonus (including managerial remuneration)	520,033,475	427,918,798
Contribution to Provident fund and other funds	20,720,607	18,741,770
Staff welfare expenses	27,159,498	21,021,736
TOTAL	**567,913,580**	**467,682,304**
20 FINANCE COSTS		
Interest expense:		
- Borrowings	114,399,099	101,769,501
- Deposits	638,174	641,041
- Others	1,641,930	539,052
Loan processing charges	1,487,725	1,396,262
	118,166,928	**104,345,856**
Less: Expenditure incurred during the construction period		
- Capitalised during the year	-	(3,623,146)
- Added to capital work-in-progress	-	(4,862,091)
TOTAL	**118,166,928**	**95,860,619**

NOTES FORMING PART OF PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH

(Amounts in ₹)

Particularas	2014		2013	
21 OTHER EXPENSES				
Increase/ (Decrease) of excise duty on Inventory		14,741,181		(3,396,111)
Power and fuel		78,433,352		64,199,349
Rent		1,980,635		594,100
Repairs & Maintenance:				
- Buildings		8,619,402		1,508,873
- Machinery		26,255,844		22,693,689
- Others		15,225,830		14,171,237
Insurance		8,416,270		9,061,879
Rates and taxes		6,685,276		4,577,332
Bank Charges		4,134,857		4,078,251
Travelling and Conveyance		28,517,839		24,531,898
Professional Charges (Refer Note No. 21.1 below)		7,264,691		6,478,551
Freight Outward and C & F Charges		58,413,652		51,966,973
Advertisement and Sales Promotion		6,838,948		11,610,214
Discount		48,652,632		48,079,179
Commission:				
- Sales Commission		7,461,904		4,077,637
- Others		250,000		-
Directors' Sitting Fees & Commission		850,000		800,000
Bad debts written off	1,621,475		3,305,405	
Less: Withdrawal of earlier year provisions	461,715	1,159,760	2,949,352	356,053
Provision for Doubtful debts		1,487,908		6,976,832
Printing & Stationery		5,596,159		4,297,933
Security Expenses		13,418,222		10,504,043
Communication Expenses		5,194,724		5,182,982
Provision for diminution in value of Current Investments (net)		-		853,788
Provision for impairment of fixed assets [Refer Note No.6.4.(6)]		-		1,435,254
Donation [Refer Note No. 5.3.8]		13,914,805		5,984,156
General Expenses		6,024,941		5,661,125
TOTAL		**369,538,832**		**306,285,217**
21.1 Auditors' Remuneration (excluding service tax)				
a. As auditor (including limited review, consolidated accounts)		1,000,000		865,000
b. For certification		20,000		30,500
c. Reimbursement of expenses		90,783		121,665
		1,110,783		**1,017,165**

OTHER NOTES ON FINANCIAL STATEMENTS FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

22 OTHER NOTES ON FINANCIAL STATEMENTS

22.1 In the opinion of the Board, none of the assets other than fixed assets and non-current investments have a value lower on realisation in the ordinary course of business than the amount at which they are stated in the Balance Sheet.

22.2 Some of the trade receivables, trade payables, loans and advances are subject to confirmation/ reconciliation.

22.3 Suprajit Europe Limited (formerly Gills Cables Limited), a Wholly Owned Subsidiary (WOS) was established in 2006 and has accumulated losses of ₹191,982,094/- (PY: ₹ 157,903,679/-) as at the year ended March 31st, 2014. The WOS has earned profits before tax during the year and the management expects to have a sustained growth in revenue and profits in the forseeable future. Hence in the opinion of the management there is no permanent diminution in the value of the investment. The Company has provided a Corporate guarantee of GBP. 500,000 (PY: GBP.500,000) to the bankers of the WOS to fund its operations if required.

22.4 Full quantitative particulars giving item wise and location wise details of fixed assets are maintained in the ERP system in respect of additions made after 1.4.2008. The particulars of fixed assets acquired prior to this date have been updated in the ERP system in a summarised format. However, item wise particulars are maintained for major assets in manual form.

22.5 Exceptional item in the Profit & Loss Statement of the previous year represents Profit on sale of land and building situated at Doddaballapur, Karnataka.

(Amounts in ₹)

		31.03.2014	31.03.2013
22.6	**Contingent Liabilities and Commitments**		
22.6.1	**Contingent Liabilities**		
	Corporate Guarantees issued on behalf of a subsidiary to their bankers [GBP 500,000 (PY: GBP 500,000)]	50,425,000	41,160,000
	B-17 Bond Executed in favour of customs	15,000,000	15,000,000
	Bank Guarantee furnished to Tax Authorities for availing concessions.	750,000	750,000
	Other Bank Guarantees	7,181,137	-
	Disputed Excise/ service tax dues pending in appeal *	432,920	544,160
	Demand raised by VAT authorities disputed with Joint Commissioner of Commercial Taxes - Appeals (JCCT - Appeals) * [Against this demand, a bank guarantee of amount of Nil (PY- ₹ 13,158,834/-) is furnished].	-	28,817,668
	Other sums the Company is contingently liable *	1,200,000	-
	Total	**74,989,057**	**86,271,828**
	* No provision has been made in these accounts for these disputed duty, tax demands as the management is confident that the matter will be ultimately decided in favour of the Company.		
22.6.2	**Commitments**		
	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	14,902,726	16,558,382
	Total Contingent Liabilities and Commitments	**89,891,783**	**102,830,210**

OTHER NOTES ON FINANCIAL STATEMENTS FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

(Amounts in ₹)

22.7 The Company has identified Micro and Small Enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006. Particulars of dues to these parties are as under:

Particulars	31.03.2014	31.03.2013
Principal amount (including overdue amount) outstanding at the beginning of the year	4,446,692	9,651,150
Interest amount outstanding at the beginning of the year	219,047	126,710
Interest (out of the above) paid during the year	219,047	-
Amount paid after the due date during the year	4,429,561	16,452,741
Interest paid on the amount paid after due date during the year	-	-
Overdue amount outstanding at the end of the year	47,838	1,137,643
Principal amount (other than overdue amount) outstanding at the end of the year	4,065,813	3,309,049
Interest amount accrued and remaining unpaid at the end of the year	27,040	219,047

22.8 Foreign Exchange exposure

The details of foreign currency exposure as at the year end is given below:

Particulars	31.03.2014		31.03.2013	
	Foreign currency	Equivalent ₹	Foreign currency	Equivalent ₹
Forward contract to hedge highly probable forecast receivables				
Not hedged by derivative instruments				
USD Receivable @	1,696,331	101,169,188	820,206	44,284,715
Euro Receivable	124,295	10,156,170	74,731	5,133,301
GBP Receivable	135,294	13,373,839	70,284	5,728,819
USD Payable	599,240	36,242,035	185,546	10,167,922

@ Above figures does not include advances paid against goods/ services as it is adjustable against future supplies/ services.

22.9 Employee Benefits:

Details of the employee benefits are given below.

a. Defined Contribution Plans:

During the year the following amounts have been recognised in the Profit and Loss Statement on account of defined contribution plans.

Particulars	31.03.2014	31.03.2013
Employers contribution to Provident Fund (incl. admin. charges)	13,277,510	11,117,146
Employers contribution to Employee State Insurance	3,086,461	2,407,056

b. Defined Benefit Plans:

Gratuity - Funded & Unfunded

Compensated absences - Unfunded

Gratuity is a funded obligation except to the extent of liability not eligible to be covered by the Gratuity Scheme, which is unfunded. Compensated Absences is an unfunded obligation of the Company. The Company has provided for liability of gratuity and compensated absences based on an actuarial valuation under the projected unit credit method. Actuarial assumptions in determining such liability are given below:

Particulars	Gratuity		Compensated Absences	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
Discount Rate (per annum)*	9.12%	8.00%	9.12%	8.00%
Expected return on plan assets	6.75%	9.00%	-	-
Salary escalation rate**	10.00%	7.00%	10.00%	7.00%

* The discount rate is based on the prevailing market yields of Government of India services as at the Balance Sheet date for the estimated term of the obligations.

** The assumption of future salary increases takes into account inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market.

OTHER NOTES ON FINANCIAL STATEMENTS FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

(Amounts in ₹)

Particulars	2013-14		2012-13	
	Gratuity	Compensated Absences	Gratuity	Compensated Absences
I. Reconciliation of present value of obligation				
Present value of obligation at beginning of the year	24,755,468	6,752,511	16,654,773	5,075,640
Current Service Cost	6,452,507	2,564,038	7,435,061	1,810,864
Interest Cost	2,240,440	578,257	1,312,622	364,138
Actuarial (gain)/loss	(597,951)	417,629	(152,978)	549,703
Benefits Paid	(378,479)	(823,941)	(494,010)	(1,047,834)
Present value of obligation at end of the year #	**32,471,985**	**9,488,494**	**24,755,468**	**6,752,511**

Present Value of Obligation towards Gratuity as at 31.03.2014 includes liability not eligible to be covered by the clauses governing the Group Gratuity Scheme and is disclosed as an unfunded obligation in Note no. 4.4.1.

Particulars	2013-14		2012-13	
	Gratuity	Compensated Absences	Gratuity	Compensated Absences
II. Reconciliation of fair value of plan assets:				
Fair value of plan assets at beginning of the year	20,013,867	-	5,926,077	-
Expected return on plan assets	1,338,162	-	1,109,581	-
Actuarial gain/(loss)	(2,042)	-	172,997	-
Contributions	-	-	13,299,222	-
Benefits paid	(378,479)	-	(494,010)	-
Fair value of plan assets at end of the year	**20,971,508**	**-**	**20,013,867**	**-**

Particulars	2013-14	2012-13
	Gratuity	Gratuity
III. Description of Plan Assets:		
Insurer Managed Funds##	20,971,508	20,013,867

##The fund is maintained with the Life Insurance Corporation of India under the Group Gratuity Scheme administered through trustees.

Particulars	2013-14		2012-13	
	Gratuity	Compensated Absences	Gratuity	Compensated Absences
IV. Expenses recognised in the Profit & Loss Statement				
Current Service Cost	6,452,507	2,564,038	7,435,061	1,810,864
Interest Cost	2,240,440	578,257	1,312,621	364,138
Expected return on plan assets	(1,338,162)	-	(1,109,581)	-
Actuarial (gain)/loss	(595,909)	417,629	(325,975)	549,703
Net Expense recognised in the Profit & Loss Statement	**6,758,876**	**3,559,924**	**7,312,126**	**2,724,705**

OTHER NOTES ON FINANCIAL STATEMENTS FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

(Amounts in ₹)

Particulars	2013-14		2012-13	
	Gratuity	Compensated Absences	Gratuity	Compensated Absences
V. Net (Asset)/ Liability recognised in the Balance Sheet as at year end				
Present value of obligation at end of the year	32,471,985	9,488,494	24,755,467	6,752,511
Fair value of plan assets at end of the year	20,971,508	-	20,013,866	-
Net present value of unfunded obligation recognised as (asset)/liability in the Balance Sheet	**11,500,477**	**9,488,494**	**4,741,601**	**6,752,511**

Particulars	2014	2013	2012	2011	2010
VI. Experience Adjustments Gratuity - Funded & Unfunded					
Present value of obligations	32,471,985	24,755,467	16,654,773	14,683,405	8,773,677
Fair value of plan assets	20,971,508	20,013,866	5,926,077	6,254,303	4,396,313
Funded Status [(Surplus)/Deficit]	11,500,477	4,741,601	10,728,696	8,429,102	4,377,364
Experience [Gain/(Loss)] adjustment on plan liabilities	(597,951)	(152,978)	(1,791,700)	(252,589)	(1,566,399)
Experience [Gain/(Loss)] adjustment on plan assets	2,042	(172,997)	45,355	59,788	(6,565)
Compensated Absences - Unfunded					
Present value of obligations	9,488,494	6,752,511	5,075,640	3,404,097	3,020,761
Experience [Gain/(Loss)] adjustment on plan liabilities	(417,629)	(549,703)	(59,273)	(167,501)	(223,246)

22.10 Research & Development Expenditure

Particulars	2013-14	2012-13
Salaries & Wages	12,441,768	9,386,404
Materials, Consumables & Stores	2,226,803	1,938,945
Other Direct Expenditure	1,484,535	660,602
TOTAL	**16,153,106**	**11,985,951**

The expenses such as Salaries &Wages, Materials, Consumables & Stores are included under Note no. 19 & 18 respectively and direct expenditure is disclosed under General expenses under Note no. 21 in the Profit and Loss Statement.

22.11 Segment Reporting

The Company has classified its products as Auto Components and hence operates in only one primary segment (business). Secondary segmental reporting is based on the geographical location of customers. The following is the distribution of the Company's sale by geographical markets and segment assets which can be attributed to customers in such markets.

Particulars	2013-14	2012-13
Sales/ Operating income		
- India	4,505,909,491	4,019,263,232
- Rest of the world	317,048,123	190,553,679
Segment Assets		
- India	3,974,106,048	3,233,876,454
- Rest of the world	124,699,197	54,479,783

OTHER NOTES ON FINANCIAL STATEMENTS FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

(Amounts in ₹)

22.12 Related Party Disclosures

Party	Relationship
Suprajit Automotive Private Limited	Wholly owned subsidiary
Suprajit Europe Limited, United Kingdom	Wholly owned subsidiary
K Ajith Kumar Rai (Chairman & Managing Director)	Key Management Personnel
Mohan Chelliah (Executive Director)	Key Management Personnel
Jayarama M Shetty (Director)	Relative of Key Management Personnel
Akhilesh Rai	Relative of Key Management Personnel
Manjunath Rai K	Relative of Key Management Personnel
Hemavathi M Rai	Relative of Key Management Personnel
Ashok Kumar Rai	Relative of Key Management Personnel
Shobha Mani	Relative of Key Management Personnel
Lakshmi A Rai	Relative of Key Management Personnel
Suprajit Foundation	Controlled Trust

Nature of Transaction and Related Party	2013-14	2012-13
Remuneration/ Commission		
K Ajith Kumar Rai	34,320,646	29,775,637
Jayarama M Shetty	100,000	100,000
Mohan Chelliah	6,049,471	4,551,600
Akhilesh Rai	690,850	652,893
Sale of Investments		
K Ajith Kumar Rai - Shares in Suprajit Chemicals Private Limited	-	10,180,000
K Ajith Kumar Rai - Shares in Suprawin Technologies Limited	-	54,000
Sitting Fees		
M Jayarama Shetty	100,000	80,000
Sale of Goods		
Suprajit Automotive Private Limited	19,165,069	14,214,309
Processing charges (Income)		
Suprajit Automotive Private Limited	1,904,088	987,113
Marketing Expenses		
Suprajit Europe Limited	-	8,220,000
Purchase of Materials		
Suprajit Automotive Private Limited	3,296,844	4,541,514
Interest Paid during the year		
Manjunath Rai K	94,792	23,750
Hemavathi M Rai	95,000	42,945
Ashok Kumar Rai	95,000	95,000
Shobha Mani	95,000	79,904
Lakshmi A Rai	125,458	90,895
Interest accrued but not due on deposits and outstanding		
Manjunath Rai K	35,319	71,250
Hemavathi M Rai	32,378	52,055
Lakshmi A Rai	139,278	16,409
Donation		
Suprajit Foundation	13,574,000	5,950,000
Purchase of fixed assets		
Suprajit Automotive Private Limited	-	150,000

OTHER NOTES ON FINANCIAL STATEMENTS FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

(Amounts in ₹)

Nature of Transaction and Related Party	2013-14	2012-13
Reimbursements		
K Ajith Kumar Rai	1,343,593	2,294,011
Mohan Chelliah	722,349	550,073
Akhilesh Rai	60,977	46,636
Fixed Deposits Accepted		
Manjunath Rai K	1,000,000	1,000,000
Hemavathi M Rai	1,000,000	1,000,000
Ashok Kumar Rai	1,000,000	1,000,000
Shobha Mani	800,000	1,000,000
Lakshmi A Rai	772,312	521,043
Fixed Deposits Refunded on Closure		
Manjunath Rai K	500,000	1,000,000
Hemavathi M Rai	1,000,000	1,000,000
Lakshmi A Rai	-	444,866
Shobha Mani	800,000	-
Ashok Kumar Rai	1,000,000	-
Balances outstanding	**31.03.2014**	**31.03.2013**
Suprajit Automotive Private Limited (Dr.) (net)	-	4,841,339
Suprajit Europe Limited (Cr.)	-	8,220,000
Manjunath Rai K (Cr.)	1,000,000	1,000,000
Hemavathi M Rai (Cr.)	1,000,000	1,000,000
Ashok Kumar Rai (Cr.)	1,000,000	1,000,000
Shobha Mani (Cr.)	1,000,000	1,000,000
Lakshmi A Rai (Cr.)	1,293,355	1,180,443
Suprajit Foundation (Cr)	13,574,000	5,950,000
Interest accrued but not due on total outstanding deposits (Cr.)	206,975	139,714
Corporate Guarantee Furnished		
Suprajit Europe Limited [GBP 500,000 (PY: GBP 500,000)]	50,425,000	41,160,000

Notes:

Amounts shown as outstanding at the year end in relation to fixed deposits accepted represent only the principal amount and the accumulated amount of interest accrued but not due is disclosed above.

22.13 Additional information:

(i) Raw materials consumed:

Particulars	2013-14	2012-13
Steel Wire	455,033,315	385,629,658
Inner	476,738,758	419,191,631
Bend Tube Assy.	258,933,300	232,042,921
PVC Compound	131,159,299	110,969,113
Component and Others*	1,796,374,239	1,591,797,998
Total	**3,118,238,911**	**2,739,631,321**

* No single material amounts for 10% or more of total value of materials consumed.

OTHER NOTES ON FINANCIAL STATEMENTS FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

(Amounts in ₹)

	Particulars	2013-14	2012-13
(ii)	**Raw Materials Consumed - Imported & Indigenous**		
	Imported	561,216,972	421,358,418
	Imported % to total	18.41%	15.38%
	Indigenous	2,557,021,939	2,318,272,903
	Indigenous % to total	81.59%	84.62%
	Total	**3,118,238,911**	**2,739,631,321**
	Total %	**100%**	**100%**
(iii)	**CIF Value of Imports:**		
	Raw materials (Including goods in transit)	619,308,825	456,414,932
	Capital goods	-	921,780
(iv)	**Earnings in Foreign Currency:**		
	Export of goods on F.O.B. basis	334,209,208	190,553,679
(v)	**Expenditure in Foreign Currency:**		
	Export commission	7,461,904	4,077,637
	Marketing expenses	-	8,220,000
	Travelling expenses	2,452,167	2,392,053

(vi) There are no amounts remitted in foreign currency during the current year and the previous year on account of dividend to non-resident shareholders. Amount of dividends to non-resident shareholders have been deposited into their designated Indian rupee accounts maintained with the banks in India.

22.14 Previous period figures have been rearranged/ reclassified where required to confirm to current year's classification.

(Signatures to Notes 1 to 22)

As per our report of even date attached

For Varma & Varma
Chartered Accountants
FRN 004532S

K Ajith Kumar Rai
Chairman & Managing Director

Diwakar S Shetty
Director

Medappa Gowda J
Company Secretary

R Kesavadas
Partner
M. No. 23862

Place : Bangalore
Date : 30th May, 2014

INDEPENDENT AUDITORS' REPORT

To

The Members of **SUPRAJIT ENGINEERING LIMITED**

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Suprajit Engineering Limited ('the Company'), which comprise the Balance Sheet as at 31st March, 2015, the Profit and Loss Statement and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other notes on financial statements.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements read together with significant accounting policies and other notes on financial statements attached thereto, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure a statement on the matters specified in the paragraph 3 and 4 of the said Order, to the extent Applicable.
2. As required by Section 143 (3) of the Act, we report that:
   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   c. The Balance Sheet, the Profit and Loss Statement, and the Cash Flow Statement dealt with by this Report are in agreement with the books of accounts.
   d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
   e. On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
   f. With respect to the other matters to be included in the Auditor's report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us :
      i. the Company has pending litigations disclosed as contingent liabilities in its Note No.23.6.1 to the financial statements, the impact if any on the final settlement of these litigations is not ascertainable at this stage;
      ii. the Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses; and
      iii. there were no delays in transferring undisputed amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year.

For **VARMA & VARMA**
Chartered Accountants
FRN 004532S

R KESAVADAS
Partner
M. No. 23862

Place: Bangalore
Date : 29.05.2015

ANNEXURE TO INDEPENDENT AUDITORS' REPORT
ANNEXURE REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING 'REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS' OF OUR INDEPENDENT AUDIT REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF SUPRAJIT ENGINEERING LIMITED FOR THE YEAR ENDED 31ST MARCH 2015

(i) (a) As stated in Note No. 23.4, the full quantitative particulars giving item wise/ location wise details of fixed assets are maintained in the ERP system in respect of additions made after 1.4.2008. The particulars of fixed assets acquired prior to this date have been updated in the ERP system in a summarised format. However, item wise particulars are available for major assets in manual form.

(b) We are informed by the management that most of the fixed assets of the Company are being physically verified in accordance with a programme which however requires to be streamlined. According to the information and explanations given to us no material discrepancies were identified on such verification when compared with available records.

(ii) (a) We are informed that the inventory of raw materials, stores and spares, work-in-progress and finished goods in the custody of the Company are physically verified by the management on a quarterly basis as per a programme of perpetual inventory, the frequency of which, in our opinion is reasonable, having regard to the size of the Company and the nature of its business;

(b) In our opinion and according to the explanations given to us, the procedures of physical verification of inventory followed by the management are fairly reasonable and adequate in relation to the size of the Company and the nature of its business;

(c) The Company is maintaining proper records of inventory and as informed to us, discrepancies of material nature noticed on physical verification, by the management, have been properly dealt with in the books of account during the year.

(iii) According to the information and explanations given to us, the Company had not granted loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act 2013.

(iv) In our opinion and according to the information and explanations given to us, there are fairly adequate internal control systems commensurate with the size of the Company and nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. We have not noted any continuing failure to correct major weaknesses in internal control systems, subject to Auditor's Responsibility paragraph mentioned in the Independent Auditor's Report above.

(v) The Company has complied with the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder, applicable to the Company.

(vi) We have broadly reviewed the books of account and records maintained by the Company relating to the manufacture of auto components, for the maintenance of cost records under Section 148(1) of the Companies Act, 2013 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.

(vii) (a) According to the information and explanations given to us and as per our verification of the records of the Company, the Company has been fairly regular in depositing undisputed statutory dues including Provident fund, Employee's State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Service Tax, Cess, Investor Education and Protection Fund and other statutory dues with the appropriate authorities during the year to the extent applicable. There are no arrears of undisputed statutory dues of a material nature outstanding as at the last day of the financial year for a period of more than six months from the date on which they became payable.

(b) According to the information and explanations given to us and as per our verification of the records of the Company, the following disputed amounts of tax/ duty have not been deposited with appropriate authorities as at 31st March 2015:

Name of the Statute	Nature of the dues	Amount (Rs.)	Period (financial year) to which the amount relates to	Forum where dispute is pending
Maharashtra VAT Act, 2002 #	Value Added Tax	31,148,407*	2006-07	Joint Commissioner of Sales Tax (Appeals)
Central Sales Tax Act,1956 #	Central Sales Tax	1,802,062*	2006-07	Joint Commissioner of Sales Tax (Appeals)
Maharashtra VAT Act, 2002 #	Value Added Tax	29,085,990*	2008-09	Deputy Commissioner of Sales Tax (Appeals)
Maharashtra VAT Act, 2002 #	Value Added Tax	24,474,972*	2009-10	Joint Commissioner of Sales Tax (Appeals)
Central Sales Tax Act,1956 #	Central Sales Tax	3,392,210*	2009-10	Joint Commissioner of Sales Tax (Appeals)
Income Tax Act,1961	Income Tax	4,515,160	2009-10 (AY 2010-11)	Commissioner of Income Tax (Appeals)
Finance Act, 1994	Service Tax	432,920	2009-10	Customs Excise & Service tax Appellate Tribunal

* net of Rs. 3,600,000/- paid under protest.
# a stay order has been received against the amount disputed and not deposited.

ANNEXURE TO INDEPENDENT AUDITORS' REPORT
ANNEXURE REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING 'REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS' OF OUR INDEPENDENT AUDIT REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF SUPRAJIT ENGINEERING LIMITED FOR THE YEAR ENDED 31ST MARCH 2015

(c) According to the information and explanations given to us, the amounts which were required to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules there under has been transferred to such fund within time.

(viii) There are no accumulated losses at the end of the financial year. The Company has also not incurred cash losses in the financial year and in the immediately preceding financial year.

(ix) According to the information and explanations given to us and as per our verification of the records of the Company, the Company has not defaulted in repayment of its dues to the financial institutions and banks.

(x) According to the information and explanations given to us, the terms and conditions of the guarantee given by the Company for loan taken by the subsidiary company from its banker, are not prima facie prejudicial to the interest of the Company.

(xi) According to the information and explanations given to us, and as per our verification of the records of the Company, it has availed a term loan in respect of capital projects under progress of ` 50 crores during the year out of which as at 31st March 2015 ` 32.56 crores were, prima facie, utilised by the Company for the purposes for which the loan was obtained and the balance of ` 17.44 crores, as informed by the management of the Company, will be utilised towards the capital projects under progress.

(xii) According to the information and explanations given to us and the records of the Company examined by us, no material fraud either on or by the Company has been noticed or reported during the year.

For **VARMA & VARMA**
Chartered Accountants
FRN 004532S

R KESAVADAS
Partner
M. No. 23862

Place: Bangalore
Date : 29.05.2015

BALANCE SHEET AS AT 31ST MARCH

(Amounts in `)

Particulars	Note No.	2015	2014
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	120,020,000	120,020,000
Reserves and Surplus	3	2,180,947,397	1,872,513,234
Non-Current Liabilities	4		
Long-term borrowings		620,877,788	367,750,003
Deferred tax liabilities (Net)		79,997,000	65,806,000
Other long term liabilities		10,432,617	7,821,961
Long term Provisions		28,252,841	15,678,707
Current Liabilities	5		
Short-term borrowings		796,845,980	790,223,732
Trade payables		450,381,040	505,443,207
Other current liabilities		386,360,322	273,365,936
Short-term Provisions		90,730,811	80,182,465
TOTAL		**4,764,845,796**	**4,098,805,245**
ASSETS			
Non-Current Assets			
Fixed Assets	6		
(i) Tangible Assets	6.1	1,454,302,488	1,333,182,679
(ii) Intangible Assets	6.2	16,920,000	-
(iii) Capital Work-in-progress	6.3	169,738,278	7,185,072
Non-current investments	7	205,897,286	210,897,286
Long term loans and advances	8	62,460,723	51,431,345
Other Non-current assets	9	1,086,314	1,002,544
Current Assets			
Current investments	10	1,117,500,000	743,312,565
Inventories	11	574,564,739	585,190,741
Trade receivables	12	1,058,149,170	1,008,976,989
Cash and bank balances	13	45,274,455	40,027,512
Short-term loans and advances	14	57,718,582	114,877,892
Other current assets	15	1,233,761	2,720,620
TOTAL		**4,764,845,796**	**4,098,805,245**
Significant Accounting Policies	1		
Other Notes on Financial Statements	23		

As per our report of even date attached

For and on behalf of the Board of Directors

For Varma & Varma

Chartered Accountants
FRN 004532S

K Ajith Kumar Rai	**Diwakar S Shetty**	**Medappa Gowda J**	**R Kesavadas**
Chairman & Managing Director & Chief Executive Officer	Director	Company Secretary & Chief Financial Officer	Partner M. No. 23862

Place : Bangalore
Date : 29th May, 2015

PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH

(Amounts in `)

Particulars	Note No.	2015	2014
Revenue from operations (Gross)	16	5,771,001,740	5,332,241,224
Less: Excise duty		548,721,664	509,283,610
Revenue from Operations (Net)		**5,222,280,076**	**4,822,957,614**
Other Income	17	35,352,461	27,086,527
TOTAL		**5,257,632,537**	**4,850,044,141**
Expenses			
Cost of materials consumed		3,309,280,048	3,116,985,414
Changes in inventories of finished goods and work-in-progress	18	823,082	(84,176,409)
Employee benefit expense	19	659,023,347	567,913,580
Finance costs	20	135,152,296	118,166,928
Depreciation and amortisation expense	6	74,976,640	69,451,766
Other expenses	21	400,921,095	369,538,832
CSR Expenditure [Refer Note no 5.3.8(a)]	22	12,758,000	-
TOTAL		**4,592,934,508**	**4,157,880,111**
Profit before tax for the year		**664,698,029**	**692,164,030**
Tax expense:			
(1) Current Tax		(203,000,000)	(202,710,000)
(2) Deferred tax		(15,560,128)	(12,900,000)
Profit after tax for the year		**446,137,901**	**476,554,030**
Earnings per equity share:			
Equity shares of par value ` 1/- each			
Basic & Diluted (in `)		3.72	3.97
Number of shares used in computing earnings per share		120,020,000	120,020,000

Significant Accounting Policies **1**
Other Notes on Financial Statements **23**

As per our report of even date attached

For and on behalf of the Board of Directors

For Varma & Varma

Chartered Accountants
FRN 004532S

K Ajith Kumar Rai
Chairman & Managing Director &
Chief Executive Officer

Diwakar S Shetty
Director

Medappa Gowda J
Company Secretary &
Chief Financial Officer

R Kesavadas
Partner
M. No. 23862

Place : Bangalore
Date : 29th May, 2015

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH

(Amounts in `)

Particulars	2015	2014
A. **CASH FLOWS FROM OPERATING ACTIVITIES:**		
Profit before tax for the year	664,698,029	692,164,030
Adjustment for:		
Depreciation	74,976,640	69,451,766
(Profit)/Loss on sale of fixed assets	58,168	(21,991)
(Profit)/Loss on sale of Mutual funds	(20,676,211)	(12,799,826)
Withdrawal of provision for diminution in value of investments	-	(854,949)
Interest income	(2,280,382)	(1,325,489)
Dividend received	(9,950,000)	(2,439,176)
Interest expense	135,152,296	118,166,928
Operating profit before working capital changes	**841,978,540**	**862,341,293**
(Increase)/ Decrease in		
- Inventories	10,626,002	(215,631,541)
- Trade Receivables	(49,172,181)	(164,931,133)
- Loans and advances (Long term & Short term)	46,319,183	(17,046,001)
- Other Non-Current Assets & Current Assets	8,180,376	(6,247,378)
Increase/ (Decrease) in		
- Current Liabilities	(72,622,729)	148,035,318
- Other Long term Liabilities	2,610,656	961,146
- Provisions (Long term and Short term)	15,862,183	9,394,068
Cash generated from operations	**803,782,030**	**616,875,772**
Income taxes paid (net of refunds)	(197,946,878)	(204,839,483)
Net cash from operating activities	**605,835,152**	**412,036,289**
B. **CASH FLOWS FROM INVESTING ACTIVITIES:**		
Purchase of fixed assets/ Capital work-in-progress	(380,395,760)	(205,646,981)
Sale of current investments	267,988,776	310,299,826
Purchase of current investments	(616,500,000)	(590,701,493)
Interest received	2,684,232	1,429,144
Dividend received	9,950,000	2,439,176
Proceeds from sale of fixed assets	739,902	745,642
Net cash from investing activities	**(715,532,850)**	**(481,434,686)**
C. **CASH FLOWS FROM FINANCING ACTIVITIES**		
Interest paid	(135,131,242)	(118,364,170)
Proceeds/(repayments) from Long term borrowings (net)	383,315,442	9,787,149
Proceeds/(repayments) from Short term borrowings (net)	6,622,248	271,867,642
Dividend and dividend tax paid	(133,026,908)	(119,354,790)
Net cash from financing activities	**121,779,540**	**43,935,831**
Net increase in cash and cash equivalents during the year	**12,081,842**	**(25,462,566)**
Cash and cash equivalents at beginning of the year	30,546,330	56,008,896
Cash and cash equivalents at end of the year	**42,628,172**	**30,546,330**

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH

(Amounts in `)

Particulars	2015	2014
Reconciliation of Cash and cash equivalents with the Balance Sheet:		
Cash and bank balances as per the Balance Sheet (Refer Note No. 13)	45,274,455	40,027,512
Less: Bank balances not considered as cash and cash equivalents as defined in AS 3 Cash Flow Statements (Refer 'Other bank balances' in Note No. 13)	2,646,283	9,481,182
Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) included in Note 13*	**42,628,172**	**30,546,330**
* Comprises:		
- Cash on hand	1,025,444	819,988
- Cheques, drafts on hand	-	150,000
- Balances with banks		
- In current accounts	34,055,401	24,926,031
- In EEFC accounts	7,483,176	4,586,160
- In deposit accounts	64,151	64,151
	42,628,172	**30,546,330**

(Figures in brackets indicate outflows)

As per our report of even date attached

For and on behalf of the Board of Directors

For Varma & Varma

Chartered Accountants
FRN 004532S

K Ajith Kumar Rai
Chairman & Managing Director &
Chief Executive Officer

Diwakar S Shetty
Director

Medappa Gowda J
Company Secretary &
Chief Financial Officer

R Kesavadas
Partner
M. No. 23862

Place : Bangalore
Date : 29th May, 2015

Significant Accounting Policies forming part of the Financial Statements for the year ended 31st March, 2015

CORPORATE INFORMATION

Suprajit Engineering Limited ('the Company') is a public limited company and is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). The Company is engaged interalia in the business of manufacturing of auto components consisting mainly control cables, speedo cables and other components for automobiles.

1 SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of preparation of Financial Statements

The financial statements have been prepared and presented under the historical cost convention and in accordance with the provisions of the Companies Act, 2013 ('the Act') and the Accounting Standards specified under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts Rules) 2014.

1.2 Use of Estimates

The preparation of the financial statements is in conformity with Indian GAAP, which requires that the management make estimates and assumptions that affect the reported amounts of assets and liabilities disclosure of contingent liabilities as at the date of financial statements and the reported amounts of revenue and expenses during the reporting period. Although such estimates are made on a reasonable and prudent basis taking into account all available information, actual results could differ from these estimates and such differences are recognised in the period in which the results are ascertained.

1.3 Cash Flow Statement

Cash flow statement is prepared in accordance with AS-3 specified under the Companies Act, 2013 using the indirect method to determine cash flows from operating activities. The cashflows of the Company are segregated into operating, investing and financing activities. Cash and cash equivalents for the purpose of Cash flows statement comprise of cash on hand, demand deposit placed with banks and term deposits with banks (with an original maturity of three months or less).

1.4 Revenue Recognition

Sale of goods as well as revenue from processing of goods (services) is recognised at the time of transfer of property in goods, results in or concides with the transfer of significant risks and rewards to the customers which is generally at the point of dispatch of goods to the customers. Gross sales are inclusive of applicable excise duty and exclusive of sales tax and are net of returns. Revenue from scrap is recognised on sale.

Export incentives are recognised when there is reasonable certainty as to realisation and when they are quantifiable with a high degree of accuracy.

Dividend is recognised when declared and interest income is recognised on time proportion basis taking into account the amount outstanding and the applicable rate.

1.5 Tangible/ Intangible Assets

Tangible Assets are stated at cost less accumulated depreciation and impairment losses, if any. The cost of an asset comprises of its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Until the fixed assets are ready for its intended use these costs are aggregated and classified and carried forward as 'Capital Work-In-Progress'. Borrowing costs taken for the acquisition of qualifying assets upto the date of commissioning of assets is added to the cost of assets.

Intangible assets are carried at cost less amortisation where it is probable that future economic benefits expected from it is not less than the carrying value.

1.6 Depreciation/amortization

Pursuant to Companies Act, 2013, with effect from 1st April, 2014 the Company has estimated useful life of the fixed assets and adopted the estimated useful life on straight line basis as prescribed under Part C of Schedule II of the Companies Act, 2013, for the purpose of computation of depreciation on such assets except in case of the fixed assets listed below in respect of which the estimated useful life has been ascertained which is different from the estimated useful life prescribed under Part C of Schedule II of the Companies Act, 2013, based on the independent technical evaluation carried out by the external valuers.

Plant and machinery (Identified specific machinery)	360 months
Other Plant & machineries	270 months
Electrical Installations	252 months
Furniture & Fixtures	180 months
Office Equipments	120 months

Assets taken over by the Company has been depreciated over the remaining useful life based on the independent technical evaluation carried out by the external valuers.

The Company provides additional depreciation @ 50% of the normal depreciation on all the plant & machinery for the period for which such plant & machinery was used for double shifts.

Intangible assets like brands and know how are amortised on a straight line basis over their estimated useful life of 10 years. Goodwill arising on acquisition/ amalgamation is amortised over a period of 5 years. Business rights acquired is amortised over a period of 5 years, based on the assessment of future economic benefits that will flow to the Company.

Leasehold land is amortised over the period of lease.

1.7 Impairment of Assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at appropriate rate. After impairment, depreciation is provided on revised carrying amount of the assets over its remaining useful life. Previously recognised impairment loss is further provided or reversed depending on changes in circumstances.

1.8 Investments

Investments that are readily realisable and intended to be held for not more than 12 months are classified as current investments. All other investments are classified as long-term investments. Long term investments are stated at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments. Current investments are carried at lower of cost or fair value.

Significant Accounting Policies forming part of the Financial Statements for the year ended 31st March, 2015

1.9 Inventories

Inventories are valued at lower of cost or net realisable value. Cost is ascertained on weighted average method. Conversion and other costs incurred for bringing the inventories to their present location and condition are allocated to the extent applicable.

1.10 Foreign Currency Transactions

The foreign currency transactions are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currency are restated at the applicable exchange rates prevailing as at the Balance Sheet date. Gain/ loss arising from such restatement as also on settlement of the transactions are adjusted in the Profit and Loss Statement.

Premium or discount on forward exchange contracts which are not intended for trading or speculation purpose and is to establish the amount of reporting currency required on the settlement dates is recognised in the Profit and Loss Statement over the period of the contracts. The exchange differences on the contracts are recognised in the year in which the exchange rates change.

The Company enters into foreign currency forward exchange contracts to hedge its risks associated with foreign currency fluctuations in respect of highly probable forecast transactions. At the end of the reporting period these contracts are marked to market and the resultant loss, if any is recognised in the Profit and Loss Statement.

1.11 Employee Benefits

Short term employee benefits:

The amounts paid/payable on account of short term employee benefits, comprising largely of salaries & wages, short term compensated absences and annual bonus is valued on an undiscounted basis and charged to the Profit and Loss Statement for the year.

Defined Contribution plans:

The Company has defined contribution plans for its employees comprising of Provident Fund and Employee's State Insurance. The contributions paid/ payable to these plans during the year are charged to the Profit and Loss Statement for the year. The Company has no other obligation in this regard.

Defined benefit plans:

a. Gratuity

The Company's Gratuity scheme is administered through the Employee's Group Gratuity-cum-Life Assurance Scheme of the Life Insurance Corporation of India. The net present value of the obligation for gratuity benefits as determined on actuarial valuation, conducted annually using the projected unit credit method, as adjusted for unrecognised past services cost, if any and as reduced by the fair value of plan assets, is recognised in the accounts. Actuarial gains and losses are recognised in full in the Profit and Loss Statement for the period in which they occur.

b. Compensated Absences

The Company has a scheme for compensated absences for employees, the liability other than for short term compensated absences is determined on the basis of an actuarial valuation carried out at the end of the year, using projected unit credit method. Actuarial gains and losses are recognised in full in the Profit and Loss Statement for the period in which they occur.

1.12 Borrowing Costs

Borrowing costs other than those attributable to qualifying assets are expensed as and when incurred. Borrowing costs attributable to qualifying assets are capitalised along with the cost of respective asset.

1.13 Leases

Operating Lease:

Leases where the significant risks and rewards of ownership is with the lessor are classified as operating leases and payment under such leases are recognised as an expense in the Profit and Loss Statement on a systematic basis.

Finance Lease:

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. The assets acquired on finance lease are capitalised as part of fixed assets and corresponding liability is recognised as term loans.

1.14 Taxation

Tax Expense comprising current tax and deferred tax are recognised in the Profit and Loss Statement for the year. Current tax is the amount of income tax determined to be payable in respect of taxable income as computed under the tax laws.

Certain items of income and expenditure are not reported in tax returns and financial statements in the same period for the purpose of determining the current tax. The net tax effect calculated at the current enacted tax rates of this timing difference is reported as deferred income tax asset/liability. The effect on deferred tax assets and liabilities due to change in such assets/ liabilities as at the end of previous accounting period and due to a change in tax rates are recognised in the income statement of the period.

1.15 Government Grants and Subsidies

Government grants and subsidies are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants/ subsidies will be received. Government grants and subsidies where no repayment is ordinarily expected in respect thereof in the nature of promoter's contribution are credited to capital reserve and treated as a part of shareholders' funds.

1.16 Research and Development Expenditure

Expenditure incurred during the research phase is charged off to the Profit and Loss Statement.

1.17 Provisions and Contingencies

Provision for losses and contingencies arising as a result of past event where management considers it probable that a liability may be incurred are made on the basis of reliable estimates of the expenditure required to settle the present obligation on the Balance Sheet date and are not discounted to its present value. Provisions are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Other contingent liabilities to the extent management is aware is disclosed by way of notes on financial statements.

NOTES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH

(Amounts in `)

Particulars	2015	2014
2 SHARE CAPITAL		
2.1 Equity Share Capital		
2.1.1 **Authorised :-**		
Equity Shares of ` 1/- each	**150,000,000**	**125,000,000**
150,000,000 (PY - 125,000,000) equity shares		
2.1.2 **Issued, Subscribed and Fully Paid Up**		
Equity Shares of ` 1/- each fully paid		
120,020,000 (PY - 120,020,000) equity shares	120,020,000	120,020,000
TOTAL	**120,020,000**	**120,020,000**

Notes on Share Capital

2.1.3 **The reconciliation of the number of equity shares outstanding and the amount of share capital as at March 31, 2015 and March 31, 2014:**

Equity Shares of ` 1 each fully paid	No. of shares	No. of shares
Shares outstanding as at the beginning of the year	120,020,000	120,020,000
Shares issued during the year	-	-
Shares outstanding as at the end of the year	120,020,000	120,020,000

2.1.4 **Details of shareholders holding more than 5% shares in the Company:**

Equity Shares of ` 1/- each fully paid	2015	2014
K Ajith Kumar Rai		
No. of Shares	45,548,399	45,548,399
% age of Shareholding	37.95%	37.95%
Supriya A Rai		
No. of Shares	15,627,958	15,627,958
% age of Shareholding	13.02%	13.02%

2.1.5 There are no shares that have been issued, subscribed and not fully paid up.

2.1.6 There are no forfeited shares.

2.1.7 There are no shares reserved for issue under options and contracts/ commitments for the sale of shares/ disinvestment.

2.1.8 The Company has not issued any securities convertible into equity/ preference shares.

2.1.9 Each holder of equity shares is entitled to one vote per share and there are no preferences or restrictions attaching to shares mentioned above.

The Company declares and pays dividend in Indian Rupees. The dividend proposed/declared by the Board of Directors is subject to approval/regularisation of the shareholders in the ensuing Annual General Meeting.

2.1.10 In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company after payment of all liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.

2.1.11 **During the last five years ending on 31st March, 2015:**

(i) No shares were allotted as fully paid up pursuant to contract(s) without payment being received in cash.

(ii) No bonus shares were alloted.

(iii) No shares were bought back.

NOTES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH

(Amounts in `)

Particulars	2015	2014
3 RESERVES AND SURPLUS		
3.1 Reserves		
3.1.1 **Capital Reserve**		
(State Investment Subsidy and surplus on reissue of forfeited shares) (Refer Note 3.3. below)		
Opening balance	1,127,150	1,127,150
Add: Additions during the year	-	-
Closing Balance	**1,127,150**	**1,127,150**
3.1.2 **General Reserve**		
Opening balance	1,585,062,311	1,245,062,311
Add: Transfer from the Profit & Loss Statement	280,000,000	340,000,000
Closing Balance	**1,865,062,311**	**1,585,062,311**
3.2 Surplus		
3.2.1 **Surplus in the Profit & Loss Statement**		
Opening balance	286,323,773	283,166,273
Add:		
Profit for the year as per the Profit and Loss Statement	446,137,901	476,554,030
Less:		
Interim Dividend	54,009,000	54,009,000
Proposed Final Dividend	60,010,000	60,010,000
Tax on dividend	21,025,833	19,377,530
Transfer to General Reserve	280,000,000	340,000,000
Additional depreciation on opening WDV of fixed assets consequent to application of Schedule II of Companies Act, 2013 [Refer note 6.4.7 (net of deferred tax of ` 1,369,128/-)]	2,658,905	-
Closing Balance	**314,757,936**	**286,323,773**
TOTAL	**2,180,947,397**	**1,872,513,234**
Notes on Reserves & Surplus		
3.3 Includes ` 581,650/- (PY: ` 581,650/-) State Investment Subsidy credited to capital reserve.		
3.4 During the year, the Board of Directors have declared interim dividend of ` 0.45 (PY: ` 0.45) per share, which is subject to regularisation of the shareholders in the ensuing Annual General Meeting.		
3.5 Final dividend of ` 0.50 (PY: ` 0.50) per share proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting.		
4 NON CURRENT LIABILITIES		
4.1 Long Term Borrowings:		
4.1.1 **Secured**		
Term Loans from Banks (Refer Note 4.1.3 below)	620,277,788	363,500,003
	620,277,788	**363,500,003**
4.1.2 **Unsecured**		
Deposits from		
- related parties	200,000	3,500,000
- other than related parties	400,000	750,000
	600,000	**4,250,000**
TOTAL	**620,877,788**	**367,750,003**

NOTES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH

(Amounts in `)

Particulars	2015	2014
Notes on Long Term Borrowings:		
4.1.3 Term Loans availed from various banks for capacity expansions are secured by Equitable Mortgage of land and buildings and hypothecation of other present and future fixed assets of the Company on pari-passu first charge basis. Some of these loans are further secured by pari-passu second charge on the current assets of the Company.		
4.1.4 None of the above borrowings have been guaranteed by any Directors or others.		
4.1.5 Term loan from banks are repayable in quarterly instalments over the agreed repayment period, ranging between September 2016 to March 2020 together with interest rate ranging between 10.40% to 12.15% (PY - 10.90% to 11.65%) p.a.		
4.1.6 There has been no continuing default as on Balance Sheet date in repayment of loans and interest.		
4.2 DEFERRED TAX LIABILITIES (NET) :		
4.2.1 **Liability**		
On timing differences of depreciation	97,261,000	79,947,000
Gross deferred tax liability	**97,261,000**	**79,947,000**
4.2.2 **Asset**		
On timing differences of expenditure allowable for tax purposes when paid	14,278,000	11,252,000
Provision for doubtful debts	2,986,000	2,889,000
Gross deferred tax asset	**17,264,000**	**14,141,000**
Net deferred tax	**79,997,000**	**65,806,000**
4.3 OTHER LONG TERM LIABILITIES:		
4.3.1 Dealer Deposits	10,432,617	7,821,961
	10,432,617	**7,821,961**
4.4 LONG TERM PROVISIONS:		
4.4.1 **Provision for employee benefits [Refer Note no. 23.9(b)]**		
- Provision for Gratuity (Unfunded)	16,069,834	6,993,043
- Provision for Compensated Absences	12,183,007	8,685,664
	28,252,841	**15,678,707**
TOTAL	**739,560,246**	**457,056,671**
5 CURRENT LIABILITIES		
5.1 SHORT TERM BORROWINGS:		
5.1.1 **Secured**		
Working capital facilities from banks repayable on demand from banks (Refer Note 5.1.2 below)	796,845,980	790,223,732
	796,845,980	**790,223,732**
Notes on Short Term Borrowings		
5.1.2 Working Capital facilities availed from various banks are secured by pari-passu first charge on stock of raw materials, semi-finished goods, stores, consumables, book-debts, other current assets and pari-passu second charge on Land and Buildings, Plant and Machinery and present and future fixed assets.		
5.1.3 None of the above borrowings have been guaranteed by any Directors or others.		

NOTES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH

(Amounts in `)

Particulars	2015	2014
5.2 TRADE PAYABLES:		
5.2.1 Due to Micro & Small Enterprises (Refer Note No.23.7)	10,698,301	4,113,651
5.2.2 Due to Others	439,682,739	501,329,556
	450,381,040	**505,443,207**
5.3 OTHER CURRENT LIABILITIES:		
5.3.1 Current maturities of long term debt (including interest accrued and due) (Refer Note 4.1.3)	249,081,012	121,000,000
5.3.2 Current maturities of deposits from		
- related parties	2,800,000	1,793,355
- other than related parties	1,750,000	650,000
5.3.3 Interest accrued but not due		
- on borrowings	499,675	1,016,836
- on deposits	908,083	369,869
5.3.4 Advances received from customers	2,085,100	1,710,000
5.3.5 Unclaimed dividend (Refer Note. No. 5.3.7)	2,146,283	1,800,045
5.3.6 Other Payables		
- Payable towards cost of land [Refer Note. No. 6.4 (2) & (3)]	4,660,390	22,147,265
- Creditors for purchase of fixed assets	24,742,704	9,352,064
- Statutory Liabilities	39,807,230	44,954,163
- Payable to Employees	31,681,683	26,694,940
- Payable to directors towards commission	13,440,162	28,303,399
- Others [Refer Note.No. 5.3.8(a) & (b)]	12,758,000	13,574,000
	386,360,322	**273,365,936**
5.3.7 As at the year end, there are no amounts outstanding for more than 7 years to be deposited in the Investor Education and Protection Fund.		
5.3.8 (a) As per Section 135 of the Companies Act, 2013, a CSR Committee has been formed by the Company. The committee has approved the contribution to Suprajit Foundation engaged in the activities listed under Schedule VII of the Companies Act, 2013. During the year, the Company has accrued an amount of ` 12,758,000/- as contribution to Suprajit Foundation in compliance with the provisions of Section 135 of the Companies Act, 2013.		
(b) The Company has paid ` 13,574,000/- by way of contribution to Suprajit Foundation, accrued in the previous year @ 2% of net profits of the previous year.		
5.4 SHORT TERM PROVISIONS:		
5.4.1 **Provision for employee benefits [Refer Note no.23.9(b)]**		
- Provision for Gratuity (Funded) (Refer note 5.4.6 below)	7,465,200	4,507,434
- Provision for Compensated Absences	1,037,099	802,830
5.4.2 Provision for Proposed Dividend	60,010,000	60,010,000
5.4.3 Provision for Corporate Dividend Tax	12,216,624	10,198,700
5.4.4 Provision for Income Tax (Net of Advance Tax and Tax Deducted at Source)	9,810,898	4,568,525
5.4.5 Provision for Wealth Tax	190,990	94,976
	90,730,811	**80,182,465**
TOTAL	**1,724,318,153**	**1,649,215,340**
Note :		
5.4.6 Amount of contribution payable to the fund maintained with the Life Insurance Corporation of India is disclosed as current liability and the balance as non-current under note 4.4.1.		

NOTES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH

6 FIXED ASSETS

(Amounts in `)

	Description	Gross Block At Cost				Depreciation/ Amortisation					Accumulated Impairment Provision		Net Block - At WDV	
		As at 01.04.2014	Additions / Adjustments	Disposals / Adjustment	As at 31.03.2015	Upto 01.04.2014	For the year	Disposals/ Adjustment	Adjustment (Refer Note 6.4.7)	As at 31.03.2015	As at 31.03.2015	As at 31.03.2014	As at 31.03.2015	As at 31.03.2014
6.1	**Tangible assets**													
	Land	186,652,158	1,598,400	-	188,250,558	-	-	-	-	-	-	-	188,250,558	186,652,158
		(165,958,968)	*(20,693,190)*	-	*(186,652,158)*	-	-	-	-	-	-	-	*(186,652,158)*	*(165,958,968)*
	Land on lease	98,510,629	90,719,884	-	189,230,513	3,669,197	2,971,110	-	-	6,640,307	-	-	182,590,206	94,841,432
		(71,737,158)	*(26,773,471)*	-	*(98,510,629)*	*(2,909,908)*	*(759,289)*	-	-	*(3,669,197)*	-	-	*(94,841,432)*	*(68,827,250)*
	Buildings	737,784,653	16,478,913	-	754,263,566	107,707,582	25,025,743	-	154,057	132,887,383	-	-	621,376,183	630,077,071
		(583,659,626)	*(154,125,027)*	-	*(737,784,653)*	*(85,512,974)*	*(22,194,608)*	-	-	*(107,707,582)*	-	-	*(630,077,071)*	*(498,146,652)*
	Electrical Installations	96,885,990	15,972,531	-	112,858,521	23,821,280	5,371,394	-	-	29,192,674	-	-	83,665,847	73,064,710
		(81,372,264)	*(15,513,726)*	-	*(96,885,990)*	*(19,673,312)*	*(4,147,968)*	-	-	*(23,821,280)*	-	-	*(73,064,710)*	*(61,698,952)*
	Plant and Machinery (Refer note. 23.5)	531,758,428	52,331,547	974,360	583,115,615	255,095,250	24,465,024	225,104	995,353	280,330,524	1,432,423	1,432,423	301,352,668	275,230,755
		(461,516,319)	*(74,689,622)*	*(4,447,513)*	*(531,758,428)*	*(228,619,509)*	*(30,312,038)*	*(3,836,297)*	-	*(255,095,250)*	*(1,432,423)*	*(1,432,423)*	*(275,230,755)*	*(231,464,387)*
	Dies & Moulds	37,162,713	2,216,803	-	39,379,516	20,846,740	1,549,457	-	-	22,396,197	-	-	16,983,319	16,315,973
		(30,905,097)	*(6,257,616)*	-	*(37,162,713)*	*(18,704,143)*	*(2,142,597)*	-	-	*(20,846,740)*	-	-	*(16,315,973)*	*(12,200,954)*
	Furniture and Fixtures	32,713,887	9,878,179	-	42,592,066	14,073,666	1,817,406	-	1,216,920	17,107,992	-	-	25,484,074	18,640,221
		(28,176,901)	*(4,536,986)*	-	*(32,713,887)*	*(11,896,626)*	*(2,177,040)*	-	-	*(14,073,666)*	-	-	*(18,640,221)*	*(16,280,275)*
	Vehicles	24,149,431	2,528,349	96,965	26,580,815	9,137,627	3,314,766	48,151	155,094	12,559,336	-	-	14,021,479	15,011,804
		(22,381,858)	*(2,351,536)*	*(583,963)*	*(24,149,431)*	*(7,631,053)*	*(1,978,102)*	*(471,528)*	-	*(9,137,627)*	-	-	*(15,011,804)*	*(14,750,805)*
	Office equipment	17,887,522	3,097,048	-	20,984,570	7,909,389	2,217,394	-	395,332	10,522,115	2,831	2,831	10,459,624	9,975,302
		(14,826,619)	*(3,060,903)*	-	*(17,887,522)*	*(6,675,665)*	*(1,233,724)*	-	-	*(7,909,389)*	*(2,831)*	*(2,831)*	*(9,975,302)*	*(8,148,123)*
	Containers (Refer note. 23.5)	2,746,296	631,418	-	3,377,714	2,746,296	631,418	-	-	3,377,714	-	-	-	-
		(1,738,233)	*(1,008,063)*	-	*(2,746,296)*	*(1,738,233)*	*(1,008,063)*	-	-	*(2,746,296)*	-	-	-	-
	Computers (Including Computer Software) (Refer note. 23.5)	45,294,301	3,589,481	-	48,883,782	31,921,048	5,732,927	-	1,111,277	38,765,252	-	-	10,118,530	13,373,253
		(39,951,899)	*(5,342,402)*	-	*(45,294,301)*	*(28,422,711)*	*(3,498,337)*	-	-	*(31,921,048)*	-	-	*(13,373,253)*	*(11,529,188)*
6.2	**Intangible assets**													
	Goodwill	24,105,251	-	-	24,105,251	24,105,251	-	-	-	24,105,251	-	-	-	-
		(24,105,251)	-	-	*(24,105,251)*	*(24,105,251)*	-	-	-	*(24,105,251)*	-	-	-	-
	Business Rights (Refer note. 23.5)	-	18,800,000	-	18,800,000	-	1,880,000	-	-	1,880,000	-	-	16,920,000	-
		-	-	-	-	-	-	-	-	-	-	-	-	-
	Brands	5,100,000	-	-	5,100,000	5,100,000	-	-	-	5,100,000	-	-	-	-
		(5,100,000)	-	-	*(5,100,000)*	*(5,100,000)*	-	-	-	*(5,100,000)*	-	-	-	-
	Technical Knowhow	195,127	-	-	195,127	195,127	-	-	-	195,127	-	-	-	-
		(195,127)	-	-	*(195,127)*	*(195,127)*	-	-	-	*(195,127)*	-	-	-	-
	Total	**1,840,946,386**	**217,842,554**	**1,071,325**	**2,057,717,614**	**506,328,453**	**74,976,640**	**273,255**	**4,028,033**	**585,059,872**	**1,435,254**	**1,435,254**	**1,471,222,488**	**1,333,182,679**
	Previous year	***1,531,625,320***	***314,352,542***	***5,031,476***	***1,840,946,386***	***441,184,512***	***69,451,766***	***4,307,825***	-	***506,328,453***	***1,435,254***	***1,435,254***	***1,333,182,679***	***1,089,005,554***

Previous year figures are given in brackets.

NOTES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH

(Amounts in `)

Particulars	2015	2014
6.3 Capital Work-in-Progress		
Building under construction	152,142,939	5,841,902
Machinery pending installation	1,987,178	-
Electrical work-in-progress	9,635,064	336,103
Other assets pending capitalisation	824,486	1,007,067
Borrowing cost pending allocation	5,004,778	-
Expenditure pending capitalisation	143,833	-
TOTAL	**169,738,278**	**7,185,072**

6.4 Notes on Fixed Assets

1. All the fixed assets except the land on lease are owned by the Company.
2. Additions to land Nil (PY - ` 20,693,190/-) represents additional consideration paid to Haryana State Industrial Development Corporation Limited (HSIDC) in respect of Company's land at Manesar, Haryana. The unpaid balance consideration of ` 4,660,390/- (PY - ` 12,415,914/-) has been disclosed under Note 5.3.6.
3. Additions to land on lease, Nil (PY - ` 26,773,471/-) represents land allotted at Narasapura, Kolar Dist., Karnataka by the Karnataka Industrial Area Development Board (KIADB) under a lease cum sale arrangement with a right to purchase on fulfilment of certain conditions after the period of 10 years and the consideration towards such land and hence has not been amortised over the lease period. The Company has obtained possession of the land in May 2013. The lease deed is pending execution and the unpaid balance consideration of Nil (PY - ` 9,731,351/-) has been disclosed under Note 5.3.6.
4. Additions to land on lease, ` 91,360,180/- (PY - ` Nil) represents:
   a) Land allotted at Sanand, Charal Industrial Area, Ahmedabad, Gujarat by the Gujarat Industrial Development Corporation (GIDC) for a period of 99 years and registered in the name of the Company. Total consideration (including stamp duty and other charges) of ` 53,358,560/- has been paid during the year.
   b) Land allotted at Chennai, SIPCOT Industrial Area, Tamilnadu by the State Industries Promotion Corporation of Tamilnadu (SIPCOT) for a period of 99 years and registered in the name of the Company. Total consideration (including stamp duty and other charges) of ` 38,001,620/- has been paid during the year.
5. Land on lease at various locations except as mentioned in Note No. 3 above are held on long term lease without right to acquire at the end of the lease period and the cost of such land is amortised over the period of the lease.
6. Borrowing costs capitalised during the year as per Note no. 20 is ` 5,041,938/- (PY: Nil).
7. Consequent to introduction of the Companies Act, 2013 ('Act) w.e.f. 1st April, 2014, the Company has computed depreciation for the period 1st April, 2014, to 31st March, 2015, as required under the Schedule II of the Act and the depreciation of ` 4,028,033/- relating to assets where the remaining useful life of the assets as on 1st April, 2014, is Nil has been recognised in the opening balance of Surplus in Note 3.2.1 net of deferred tax asset of ` 1,369,128/-.
8. Depreciation computed for the period 1st April, 2014, to 31st March, 2015, in respect of fixed assets existing on 1st April, 2014 and debited to the Profit & Loss Statement in accordance with Schedule II of the Act is ` 67,073,900/-. In case the Company had continued the depreciation as per the Companies Act 1956, the amount of depreciation debited to the Profit & Loss Statement would have been ` 67,967,260/-. Hence the amount of depreciation debited to the Profit & Loss Statement for the current year is lower by ` 893,360/- and the Net Written Down Value of fixed assets as at 31st March, 2015 and the profits for the year is higher by the same amount.

NOTES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH

(Amounts in `)

Particulars	2015	2014
7 NON CURRENT INVESTMENTS		
7.1 TRADE INVESTMENTS (AT COST)		
7.1.1 **Subsidiary Companies**		
Equity Instruments - Fully Paid - Unquoted		
M/s. Suprajit Automotive Private Limited - 100% Holding (PY - 100% Holding) [1,990,000 (PY - 1,990,000) Equity Shares of ` 10/- each including beneficial holding of 1 equity share]	19,900,000	19,900,000
M/s. Suprajit Europe Limited - 100% Holding (PY - 100% Holding) [2,200,000 (PY - 2,200,000) Ordinary Shares of GBP 1/- each] (Refer Note 23.3)	185,997,286	185,997,286
	205,897,286	**205,897,286**
7.2 OTHER INVESTMENTS (NON-TRADE) (AT COST)		
Investments in bonds		
Investments in National Highway Authority of India Bonds (500 Non-convertible Redeemable bonds of face value ` 10,000/- each carrying interest @ 6% p.a. payable annually. Date of maturity - 30th September, 2015) (Refer Note 7.4 below)	-	5,000,000
	-	**5,000,000**
TOTAL	**205,897,286**	**210,897,286**
Note :		
7.3 General Information		
Aggregate value of Investments:		
Unquoted - At Cost	**205,897,286**	**210,897,286**

7.4 The investment in National Highway Authority of India bonds is maturing on 30th September, 2015 and is expected to be realized on maturity date and hence classified under current investments.

NOTES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH

(Amounts in `)

Particulars	2015	2014
8 LONG TERM LOANS AND ADVANCES		
8.1 Capital Advances		
(Unsecured, considered good)		
Capital advances towards fixed assets	28,775,273	16,492,104
	28,775,273	**16,492,104**
8.2 Deposits		
(Unsecured, considered good)		
Electricity Deposits	7,949,214	6,373,164
Refundable deposit towards leasehold land	8,800,000	-
Rental Deposits	3,570,000	3,500,000
Other Deposits	4,024,885	3,892,385
	24,344,099	**13,765,549**
8.3 Others		
(Unsecured, considered good)		
Advance tax [including Tax deducted at source (Net of Provisions)]	2,300,679	2,111,428
Income tax paid under protest (Refer Note no. 23.6.1)	903,430	903,430
Value Added Tax paid under protest (Refer Note no. 23.6.1)	3,600,000	-
Value Added Tax refundable	2,537,242	18,158,834
	9,341,351	**21,173,692**
TOTAL	**62,460,723**	**51,431,345**
9 OTHER NON-CURRENT ASSETS		
(Unsecured, considered good)		
Non-current bank deposits *	1,000,000	1,000,000
Interest accrued on the above non-current bank deposit	86,314	2,544
TOTAL	**1,086,314**	**1,002,544**

* Held against public deposits in pursuance of the requirements of applicable Rules.

NOTES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH

(Amounts in `)

Particulars	2015	2014
10 CURRENT INVESTMENTS		
10.1 Investments in bonds (Long term at cost)		
Investments in National Highway Authority of India Bonds (Refer note 7.4)	5,000,000	-
10.2 Other Investments (Non-trade)		
Investments in Mutual Funds (at lower of cost or fair value) (Refer Note 10.3.1 and 10.3.2)	1,112,500,000	743,312,565
TOTAL	**1,117,500,000**	**743,312,565**
10.3 Details of Other Investments (Non-trade)		
10.3.1 **General Information (Refer Note 10.2)**		
Aggregate market value (Net Asset Value) of quoted Investments	1,242,708,014	788,695,414
10.3.2 **Details of Mutual Funds held at the end of the year (Refer Note 10.2)**		

Particulars	31.03.2015	31.03.2014
Birla Sun Life Dynamic Bond Fund-Retail-Growth 1,079,445.67 (1,079,445.67) units of ` 10/- each	20,000,000	20,000,000
Birla Dynamic Bond fund retail plan growth -1,939,435.01(1,939,435.01) units of ` 10/- each	35,000,000	35,000,000
Birla Sun Life Treasury Optimizer Plan Growth 3,44,566.41 (Nil) units ` 10/- each	54,000,000	-
Franklin India short term Income plan-Retail Plan 14,415.83 (14,415.83) units of ` 10/- each	35,000,000	35,000,000
Franklin India Short Term Income Plan Retail Plan 38,048.02 (Nil) units ` 10/- each	100,000,000	-
Franklin India Short Term Income Plan Retail Plan 7,558.37 (Nil) units ` 10/- each	20,000,000	-
Franklin India Ultra Short Bond Fund-Super Institutional Plan 42,08,874.08 (Nil) units ` 10/- each	72,500,000	-
HDFC Floating Rate Income Fund Short Term Plan Growth Option 83,58,443.49 (Nil) units ` 10/- each	200,000,000	-
HDFC High Interest Fund-Growth-17,71,778.05 (17,71,778.05) units ` 10/ each	70,000,000	70,000,000
HSBC Flexi Debt Growth Nil (3,020,019.66) units ` 10/- each	-	50,000,000
HSBC Income Fund STP Growth 3,433,773.94 (3,433,773.94) units ` 10/- each	70,000,000	70,000,000
ICICI Pre Flexible Income Plan Regular Growth 5,71,288.85 (Nil) units ` 10/- each	150,000,000	-
IDFC Dynamic Bond Fund - Nil (1,501,670.60) units of ` 10/- each	-	20,000,000
IDFC Dynamic Bond Fund Growth - Nil (7,191,316.27) units of ` 10/- each	-	117,500,000
IDFC Dynamic Bond Fund Growth Regular Plan 28,37,676.73 (Nil) units ` 10/- each	40,000,000	-
IDFC Dynamic Bond Fund Plan B Nil (2,108,042.17) units ` 10/- each	-	29,812,565
IDFC SSIF STP Regular – 793,603.56 (793,603.56) untis ` 10/- each	20,000,000	20,000,000
IDFC Super Saver Income Fund 1,993,419.99 (1,993,419.99) units ` 10/- each	50,000,000	50,000,000
IDFC Super Saver Income Fund Short Term Plan Growth Direct Plan 7,55,038.94 (Nil) units ` 10/- each	20,000,000	-
Reliance Dynamic Bond Growth 3,808,213.18 (3,808,213.18) units ` 10/- each	60,000,000	60,000,000
SBI Dynamic Bond Fund Nil (2,023,637.75) units ` 10/-each	-	30,000,000
SBI Dynamic Bond Fund Regular Plan Growth 1,377,421.67 (Nil) units ` 10/- each	20,000,000	-
SBI Dynamic Bond Fund-Growth - Nil (2,937,530.09) units of ` 10/- each	-	40,000,000
SBI Magnum Income Fund - Nil (686,040.45) units ` 10/- each	-	20,000,000
UTI Bond Fund growth - 1,708,364.46 (1,708,364.46) units of ` 10/- each	56,000,000	56,000,000
UTI Bond Fund Growth 560,887.07 (560,887.07) units ` 10/- each	20,000,000	20,000,000
TOTAL	**1,112,500,000**	**743,312,565**

NOTES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH

(Amounts in `)

Particulars	2015	2014
11 INVENTORIES		
(Valued at Lower of Cost or Net Realisable value)		
Raw materials (including components, packing materials and stores & spares)	295,809,385	285,698,852
Raw materials in transit (including at customs bonded warehouse)	38,168,400	58,081,853
Work-in-Progress	67,327,774	52,083,135
Finished Goods	173,259,180	189,326,901
TOTAL	**574,564,739**	**585,190,741**
12 TRADE RECEIVABLES		
12.1 Outstanding for a period more than six months from the due date of payment		
Unsecured, considered doubtful	5,067,767	4,995,875
Less: Provision for Doubtful receivables	5,067,767	4,995,875
	-	-
12.2 Other Trade Receivables		
Unsecured, considered good	1,058,149,170	1,008,976,989
Unsecured, considered doubtful	3,560,828	3,504,497
Less: Provision for Doubtful receivables	3,560,828	3,504,497
TOTAL	**1,058,149,170**	**1,008,976,989**
13 CASH AND BANK BALANCES		
13.1 Cash and Cash Equivalents		
Balances with Banks		
- in Current Accounts	34,055,401	24,926,031
- in EEFC Accounts	7,483,176	4,586,160
- in Deposit Accounts	64,151	64,151
Cash on hand	1,025,444	819,988
Cheques, drafts on hand	-	150,000
	42,628,172	**30,546,330**
13.2 Other Bank balances		
Earmarked balances for Unclaimed Dividend accounts	2,146,283	1,800,045
Bank deposit held as margin money against bank guarantees (Refer Note 23.6.1)	500,000	7,681,137
	2,646,283	**9,481,182**
Total	**45,274,455**	**40,027,512**
14 SHORT TERM LOANS AND ADVANCES		
Others		
(Unsecured, considered good)		
Advance to Suppliers	30,980,520	84,851,960
Advance to Employees	3,591,920	3,591,091
Advance for Expenses	7,498,633	4,494,768
Balance with Central excise, customs & other authorities	12,299,387	17,315,559
Prepaid Expenses	3,348,122	4,624,514
TOTAL	**57,718,582**	**114,877,892**
15 OTHER CURRENT ASSETS		
(Unsecured, considered good)		
Export benefit entitlements	489,083	2,296,022
Interest accrued on bonds	300,000	300,000
Interest accrued on current bank deposits	444,678	124,598
TOTAL	**1,233,761**	**2,720,620**

NOTES FORMING PART OF PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH

(Amounts in `)

Particulars	2015	2014
16 REVENUE FROM OPERATIONS (GROSS)		
Sale of Products (Refer Note 16.1 below)	5,741,747,143	5,306,580,321
Sale of Services (Refer Note 16.2 below)	15,598,366	12,798,179
Other operating revenue (Refer Note 16.3 below)	13,656,231	12,862,724
TOTAL	**5,771,001,740**	**5,332,241,224**
Particulars of Revenue from Operations		
16.1 Sale of Products (Gross)		
16.1.1 **Manufactured Goods**		
Domestic	5,378,405,855	4,962,346,323
Exports (Including deemed exports)	363,341,288	344,233,998
	5,741,747,143	**5,306,580,321**
16.1.2 Manufactured Goods (Product wise)		
Cables (Control and Speedo)	5,422,199,693	5,034,232,971
Speedo Meters	245,326,869	174,471,094
Others (including parts)	74,220,581	97,876,256
	5,741,747,143	**5,306,580,321**
16.2 Sale of Services		
Processing Charges	15,598,366	12,798,179
	15,598,366	**12,798,179**
16.3 Other Operating Revenue		
Scrap Sales	13,029,487	12,207,347
Export benefit entitlements (Net)	626,744	655,377
	13,656,231	**12,862,724**
17 OTHER INCOME		
Interest Income		
- On bank deposits	1,057,829	777,299
- On advance to suppliers	1,215,160	532,918
- On employee loans & advances	7,393	15,272
Dividend Income		
- From Subsidiaries	9,950,000	-
- From Mutual funds	-	2,439,176
Net gain on sale of current investments	20,676,211	12,799,826
Withdrawal of provision for diminution of value of current investments	-	854,949
Rent Received	50,000	17,263
Net gain on foreign currency transactions and translations	1,806,227	8,813,727
Profit on sale of fixed assets (net of loss of PY - ` 676,183/)	-	21,991
Other non-operating income	589,641	814,106
TOTAL	**35,352,461**	**27,086,527**

NOTES FORMING PART OF PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH

(Amounts in `)

Particulars	2015	2014
18 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS		
Opening Stock		
Finished Goods	189,326,901	122,812,767
Work-in-Progress	52,083,135	34,420,860
	241,410,036	**157,233,627**
Less:		
Finished Goods	173,259,180	189,326,901
Work-in-Progress	67,327,774	52,083,135
	240,586,954	**241,410,036**
TOTAL	**823,082**	**(84,176,409)**
19 EMPLOYEE BENEFIT EXPENSE		
Salaries, Wages and bonus (including managerial remuneration)	604,495,487	520,033,475
Contribution to Provident Fund and other funds	23,886,961	20,720,607
Staff welfare expenses	30,693,999	27,159,498
	659,076,447	**567,913,580**
Less: Expenditure incurred during the construction period		
- Transferred to capital work-in-progress	53,100	-
TOTAL	**659,023,347**	**567,913,580**
20 FINANCE COSTS		
Interest expense:		
- Borrowings	137,515,599	114,399,099
- Deposits	606,510	638,174
- Others	1,218,599	1,641,930
Loan processing charges	853,526	1,487,725
	140,194,234	**118,166,928**
Less: Expenditure incurred during the construction period		
- Capitalised during the year	37,160	-
- Transferred to capital work-in-progress	5,004,778	-
TOTAL	**135,152,296**	**118,166,928**

NOTES FORMING PART OF PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH

(Amounts in `)

Particulars	2015		2014	
21 OTHER EXPENSES				
Increase/ (Decrease) of excise duty on Inventory		(7,880,431)		14,741,181
Power and fuel		86,934,855		78,433,352
Rent		6,496,016		1,980,635
Repairs & Maintenance:				
- Buildings		7,075,456		8,619,402
- Machinery		30,831,562		26,255,844
- Others		22,212,615		15,225,830
Insurance		11,391,690		8,416,270
Rates and taxes		10,469,815		6,685,276
Bank Charges		2,959,493		4,134,857
Travelling and Conveyance		36,547,054		28,517,839
Professional Charges (Refer Note No. 21.1 below)		6,485,558		7,264,691
Freight Outward and C & F Charges		69,320,977		58,413,652
Advertisement and Sales Promotion		3,758,978		6,838,948
Discount		68,229,667		48,652,632
Commission:				
- Sales Commission		8,580,591		7,461,904
- Others		7,990		250,000
Directors' Sitting Fees & Commission		1,510,000		850,000
Bad debts/ receivables written off	3,855,318		1,621,475	
Less: Withdrawal of earlier year provisions	1,738,851	2,116,467	461,715	1,159,760
Provision for Doubtful debts		1,867,073		1,487,908
Printing & Stationery		5,754,275		5,596,159
Security Expenses		15,412,106		13,418,222
Communication Expenses		5,304,286		5,194,724
Profit on sale of fixed assets (net of profit of ` 25,450/-)		58,168		-
Research & Development expenses (Refer Note No. 23.12)		1,560,172		2,037,550
Donation [Refer Note No. 5.3.8(b)]		-		13,914,805
General Expenses		4,007,395		3,987,391
		401,011,828		**369,538,832**
Less: Expenditure incurred during the construction period				
- Transferred to capital work-in-progress		90,733		-
TOTAL		**400,921,095**		**369,538,832**
21.1 Auditors' Remuneration (excluding service tax)				
a. As auditor (including limited review, consolidated accounts)		1,250,000		1,000,000
b. For certification		30,510		20,000
c. Reimbursement of expenses		98,013		90,783
		1,378,523		**1,110,783**
22 CSR EXPENDITURE				
Contribution to Suprajit Foundation [Refer Note No. 5.3.8(a)]		12,758,000		-
TOTAL		**12,758,000**		**-**

OTHER NOTES ON FINANCIAL STATEMENTS FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

23 OTHER NOTES ON FINANCIAL STATEMENTS

23.1 In the opinion of the Board, none of the assets other than fixed assets and non-current investments have a value lower on realisation in the ordinary course of business than the amount at which they are stated in the Balance Sheet.

23.2 Some of the trade receivables, trade payables, loans and advances are subject to confirmation/ reconciliation.

23.3 Suprajit Europe Limited, a Wholly Owned Subsidiary (WOS) was established in 2006 and has accumulated losses of ` 177,615,198/- (PY: ` 191,982,094/-) as at the year ended March 31st, 2015. During the year, the WOS has earned net profits and the management expects to have a sustained growth in revenue and profits in the forseeable future. Hence in the opinion of the management there is no permanent diminution in the value of the investment. The Company has provided a Corporate guarantee of GBP. 500,000 (PY: GBP.500,000) to the bankers of the WOS to fund its operations if required.

23.4 Full quantitative particulars giving item wise and location wise details of fixed assets are maintained in the ERP system in respect of additions made after 1.4.2008. The particulars of fixed assets acquired prior to this date have been updated in the ERP system in a summarised format. However, item wise particulars are maintained for major assets in manual form.

23.5 During the year, the Company has acquired the assets and liabiliities of the automotive speedo cable division of M/s. Pricol Limited pursuant to a business transfer agreement on a slump sale basis for a total consideration of ` 51,532,822/- (PY - Nil).

Breakup of the assets and liabilities acquired is given below : (Amounts in `)

Particulars	2015	2014
Tangible Assets (included in additions in Note 6.1)		
Used Plant & Machinery	4,667,690	-
Used Computers	35,125	-
Used Containers	13,100	-
Intangible Assets (included in additions in Note 6.2)		
Business Rights	18,800,000	-
Inventories		
Raw Materials	9,499,297	-
Finished Goods	7,288,885	-
Other tools and consumables	309,172	-
Trade Receivables	11,130,209	-
CENVAT Credit	2,637,630	-
Trade Payables	(2,848,286)	-
Total Consideration	**51,532,822**	**-**

(Amounts in `)

		31.03.2015	31.03.2014
23.6	**Contingent Liabilities and Commitments**		
23.6.1	**Contingent Liabilities**		
	Corporate Guarantees issued on behalf of a subsidiary to their bankers [GBP 500,000 (PY: GBP 500,000)]	46,745,000	50,425,000
	B-17 Bond Executed in favour of customs	15,000,000	15,000,000
	Bank Guarantee furnished to Tax Authorities for availing concessions	750,000	750,000
	Other Bank Guarantees	-	7,181,137
	Disputed Excise/Service Tax dues pending in appeal *	432,920	432,920
	Disputed Sales Tax/VAT matters in respect of the following years pending in appeal against which amounts mentioned in Note No 8.3 as 'Value Added Tax paid under protest' is paid under protest, disclosed under the head Long term advances - Others and stay has been granted by the authorities in respect of payment of balance demand*		
	- In respect of FY 2006-07, the amount paid under protest against the demand is ` 800,000/-	33,750,469	-
	- In respect of FY 2008-09, the amount paid under protest against the demand is ` 2,000,000/-	31,085,990	-
	- In respect of FY 2009-10, the amount paid under protest against the demand is ` 800,000/-	28,667,182	-

OTHER NOTES ON FINANCIAL STATEMENTS FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

(Amounts in `)

		31.03.2015	31.03.2014
23.6.1	**Contingent Liabilities**		
	Disputed Income tax matters pending before Commissioner of Income Tax (Appeals) in respect of which amounts mentioned in Note no 8.3 as 'Income tax paid under protest' is paid under protest, disclosed under the head Long term advances-others*		
	- In respect of AY 2009-10 (FY 2008-09), the amount paid under protest against the demand is ` 903,430/-	903,430	-
	- In respect of AY 2010-11 (FY 2009-10)	4,515,160	-
	Other sums for which the Company is contingently liable	-	1,200,000
	Total	**161,850,151**	**74,989,057**
	* No provision has been made in these accounts for the above disputed duty, tax demands as the management is confident that the matter will be ultimately decided in favour of the Company.		
		31.03.2015	**31.03.2014**
23.6.2	**Commitments**		
	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	2,646,44,150	14,902,726
	Total Contingent Liabilities and Commitments	**426,494,301**	**89,891,783**

23.7 The Company has identified Micro and Small Enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006. Particulars of dues to these parties are as under:

Particulars	31.03.2015	31.03.2014
Principal amount (including overdue amount) outstanding at the beginning of the year	4,113,651	4,446,692
Interest amount outstanding at the beginning of the year	144,432	336,438
Interest (out of the above) paid during the year	27,040	219,047
Amount paid after the due date during the year	3,702,523	4,429,561
Overdue amount outstanding at the end of the year	2,610,574	47,838
Principal amount (other than overdue amount) outstanding at the end of the year	8,087,727	4,065,813
Interest amount accrued and remaining unpaid at the end of the year	145,044	144,432

23.8 Foreign Exchange exposure

The details of foreign currency exposure as at the year end is given below:

Particulars	31.03.2015		31.03.2014	
	Foreign currency	Equivalent `	Foreign currency	Equivalent `
Not hedged by derivative instruments (net)				
USD Receivable@	1,669,562	103,880,144	1,696,331	101,169,188
Euro Receivable	144,715	9,679,974	124,295	10,156,170
GBP Receivable	133,842	12,262,613	135,294	13,373,839
USD Payable	8,435	531,927	599,240	36,242,035
Euro Payable	2,115	144,716	-	-

@ Above figures does not include advances paid against goods/ services as it is adjustable against future supplies/ services.

OTHER NOTES ON FINANCIAL STATEMENTS FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

(Amounts in `)

23.9 Employee Benefits

Details of the employee benefits are given below.

a. Defined Contribution Plans:
During the year the following amounts have been recognised in the Profit and Loss Statement on account of defined contribution plans.

Particulars	31.03.2015	31.03.2014
Employers contribution to Provident Fund (incl. admin. charges)	17,446,941	13,277,510
Employers contribution to Employee State Insurance	3,544,537	3,086,461

b. Defined Benefit Plans:
Gratuity - Funded
Compensated absences - Unfunded

Gratuity is a funded obligation and leave encashment is an unfunded obligation of the Company. The Company has provided for liability of gratuity and leave encashment based on an actuarial valuation under the projected unit credit method. Actuarial assumptions in determining such liability are given below:

Particulars	Gratuity		Compensated Absences	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Discount Rate (per annum)*	7.81%	9.12%	7.81%	9.12%
Expected return on plan assets	8.75%	6.75%	-	-
Salary escalation rate**	10.00%	10.00%	10.00%	10.00%

* The discount rate is based on the prevailing market yields of Government of India services as at the Balance Sheet date for the estimated term of the obligations.

** The assumption of future salary increases takes into account inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market.

	Particulars	2014-15		2013-14	
		Gratuity	Compensated Absences	Gratuity	Compensated Absences
I.	**Reconciliation of present value of obligation**				
	Present value of obligation at beginning of the year	32,471,985	9,488,494	24,755,468	6,752,511
	Current Service Cost	15,234,065	3,897,025	6,452,507	2,564,038
	Interest Cost	2,493,171	695,548	2,240,440	578,257
	Actuarial (gain)/loss	(37,318)	304,303	(597,951)	417,629
	Benefits Paid	(1,098,356)	(1,165,264)	(378,479)	(823,941)
	Present value of obligation at end of the year#	**49,063,547**	**13,220,106**	**32,471,985**	**9,488,494**

Present Value of Obligation towards Gratuity as at 31.03.2015 includes liability not eligible to be covered by the clauses governing the Group Gratuity Scheme and is disclosed as an unfunded obligation in Note no. 4.4.1.

	Particulars	2014-15		2013-14	
		Gratuity	Compensated Absences	Gratuity	Compensated Absences
II.	**Reconciliation of fair value of plan assets**				
	Fair value of plan assets at beginning of the year	20,971,507	-	20,013,867	-
	Expected return on plan assets	1,786,954	-	1,338,162	-
	Actuarial gain/(loss)	182,904	-	(2,042)	-
	Contributions	3,685,503	1,165,264	-	-
	Benefits paid	(1,098,356)	(1,165,264)	(378,479)	-
	Fair value of plan assets at end of the year	**25,528,512**	**-**	**20,971,508**	**-**

OTHER NOTES ON FINANCIAL STATEMENTS FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

(Amounts in `)

	Particulars	2014-15	2013-14
		Gratuity	Gratuity
III.	**Description of Plan Assets**		
	Insurer Managed Funds	**25,528,512**	**20,971,508**

The fund is maintained with the Life Insurance Corporation of India under the Group Gratuity Scheme administered through trustees.

	Particulars	2014-15		2013-14	
		Gratuity	Compensated Absences	Gratuity	Compensated Absences
IV.	**Expenses recognised in the Profit & Loss Statement**				
	Current Service Cost	15,234,065	3,897,025	6,452,507	2,564,038
	Interest Cost	2,493,171	695,548	2,240,440	578,257
	Expected return on plan assets	(1,786,954)	-	(1,338,162)	-
	Actuarial (gain)/loss	(3,720,222)	304,302	(595,909)	417,629
	Net Expense recognised in the Profit & Loss Statement	**12,220,060**	**4,896,875**	**6,758,876**	**3,559,924**

	Particulars	2014-15		2013-14	
		Gratuity	Compensated Absences	Gratuity	Compensated Absences
V.	**Net (Asset)/ Liability recognized in the Balance Sheet as at year end**				
	Present value of obligation at end of the year	49,063,547	13,220,106	32,471,985	9,488,494
	Fair value of plan assets at end of the year	25,528,512	-	20,971,508	-
	Net present value of unfunded obligation recognized as (asset)/liability in the Balance Sheet	**23,535,036**	**13,220,106**	**11,500,477**	**9,488,494**

	Particulars	2015	2014	2013	2012	2011
VI.	**Experience Adjustments :** **Gratuity - Funded & Unfunded**					
	Present value of obligations	49,063,547	32,471,985	24,755,467	16,654,773	14,683,405
	Fair value of plan assets	25,528,512	20,971,508	20,013,866	5,926,077	6,254,303
	Funded Status [(Surplus)/Deficit]	7,465,201	11,500,477	4,741,601	10,728,696	8,429,102
	Experience [Gain/(Loss)] adjustment on plan liabilities	(37,318)	(597,951)	(152,978)	(1,791,700)	(252,589)
	Experience [Gain/(Loss)] adjustment on plan assets	182,904	(2,042)	(172,997)	(45,355)	(59,788)
	Compensated Absences-Unfunded					
	Present value of obligations	13,220,105	9,488,494	6,752,511	5,075,640	3,404,097
	Experience [Gain/(Loss)] adjustment on plan liabilities	304,302	(417,629)	(549,703)	(59,273)	(167,501)

OTHER NOTES ON FINANCIAL STATEMENTS FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

(Amounts in `)

23.10 Segment Reporting

The Company has classified its products as Auto Components and hence operates in only one primary segment (business). Secondary segmental reporting is based on the geographical location of customers. The following is the distribution of the Company's sale by geographical markets and segment assets which can be attributed to customers in such markets.

Particulars	2014-15	2013-14
Sales/Operating income		
- India	4,879,780,663	4,505,909,491
- Rest of the world	342,499,413	317,048,123
Segment Assets		
- India	4,639,023,065	3,974,106,048
- Rest of the world	125,822,731	124,699,197

23.11 Related Party Disclosures

Party	Relationship
Suprajit Automotive Private Limited	Wholly owned subsidiary
Suprajit Europe Limited, U.K.	Wholly owned subsidiary
K Ajith Kumar Rai (Chairman & Managing Director)	Key Management Personnel
Mohan Chelliah (Executive Director)	Key Management Personnel
Akhilesh Rai	Relative of Key Management Personnel
Ashutosh Rai	Relative of Key Management Personnel
M Jayarama Shetty*	Relative of Key Management Personnel
Shobha Mani*	Relative of Key Management Personnel
Lakshmi A Rai*	Relative of Key Management Personnel
Manjunath Rai K	Relative of Key Management Personnel
Hemavathi M Rai	Relative of Key Management Personnel
Ashok Kumar Rai	Relative of Key Management Personnel
Suprajit Foundation	Controlled Trust

Nature of Transaction and Related Party	2014-15	2013-14
Remuneration/Commission		
K Ajith Kumar Rai	26,149,410	34,320,646
M Jayarama Shetty*	-	100,000
Mohan Chelliah	8,082,450	6,049,471
Akhilesh Rai	817,386	690,852
Ashutosh Rai	271,314	-
Sitting Fee		
M Jayarama Shetty*	-	100,000
Sales		
Suprajit Automotive Private Limited	30,043,068	19,165,069
Dividend Received		
Suprajit Automotive Private Limited	9,950,000	-
Sale of Assets		
Suprajit Automotive Private Limited	383,011	-
Conversion charges		
Suprajit Automotive Private Limited	2,700,257	1,904,088
Purchase of Materials		
Suprajit Automotive Private Limited	4,213,980	3,296,844
Interest Paid		
Manjunath Rai K	95,000	94,792
Hemavathi M Rai	76,052	95,000
Ashok Kumar Rai	95,000	95,000
Shobha Mani*	-	95,000
Lakshmi A Rai*	-	125,458

OTHER NOTES ON FINANCIAL STATEMENTS FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

(Amounts in `)

Nature of Transaction and Related Party	2014-15	2013-14
Interest accrued but not due on deposits and outstanding		
Manjunath Rai K	13,065	35,319
Hemavathi M Rai	32,273	32,378
Ashok Kumar Rai	8,068	-
Lakshmi A Rai*	-	139,278
CSR Expenditure (PY - Donation)		
Suprajit Foundation	12,758,000	13,574,000
Reimbursements paid		
K Ajith Kumar Rai	1,181,651	1,343,593
Mohan Chelliah	1,228,592	722,349
Akhilesh Rai	400,378	60,977
Reimbursements received		
Suprajit Automotive Private Limited	460,098	-
Fixed Deposits Accepted		
Manjunath Rai K	-	1,000,000
Hemavathi M Rai	-	1,000,000
Ashok Kumar Rai	-	1,000,000
Shobha Mani*	-	800,000
Lakshmi A Rai*	-	772,312
Fixed Deposits Refunded on Closure		
Manjunath Rai K	-	500,000
Hemavathi M Rai	-	1,000,000
Shobha Mani*	-	800,000
Ashok Kumar Rai	-	1,000,000

Balances outstanding (net)	31.03.2015	31.03.2014
Suprajit Automotive Private Limited (Dr.) (net)	-	-
Suprajit Europe Limited (Cr.)	-	-
Manjunath Rai K (Cr.)	1,000,000	1,000,000
Hemavathi M Rai (Cr.)	1,000,000	1,000,000
Ashok Kumar Rai (Cr.)	1,000,000	1,000,000
Shobha Mani (Cr.)*	-	1,000,000
Lakshmi A Rai (Cr.)*	-	1,293,355
Suprajit Foundation (Cr)	12,758,000	13,574,000
Interest accrued but not due on total outstanding deposits (Cr.)	53,406	206,975
Corporate Guarantee Furnished		
Suprajit Europe Limited [GBP 500,000 (PY: GBP 500,000)]	46,745,000	50,425,000

Notes:

Amounts shown as outstanding at the year end in relation to fixed deposits accepted represent only the principal amount and the accumulated amount of interest accrued but not due is disclosed above.

* These parties are not relatives as per AS-18 and under the definition of Companies Act,2013. Hence Current year related party transaction figures are not disclosed.

23.12 Research & Development Expenditure

Particulars	2014-15	2013-14
Salaries & Wages	13,341,512	12,441,768
Materials, Consumables & Stores	2,205,070	2,226,803
Other Direct Expenditure	1,470,046	1,484,535
TOTAL	**17,016,628**	**16,153,106**

The expenses such as Salaries, Wages (included in Note no. 19), Materials Consumables & Stores are included in the respective head of accounts and direct expenditure (Note no. 21) is disclosed under Research & Development Expenditure in the Profit and Loss Statement.

OTHER NOTES ON FINANCIAL STATEMENTS FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

(Amounts in `)

23.13 Additional information

	Particulars	2014-15	2013-14
(i)	**Raw materials consumed/sold**		
	Steel Wire	477,127,159	455,033,315
	Inner Meter	584,871,118	476,738,758
	Bend Tube Assy.	285,773,423	258,933,300
	PVC Compound	157,204,477	131,159,299
	Component and Others	1,804,303,871	1,795,120,742
	Total	**3,309,280,048**	**3,116,985,414**
(ii)	**Raw Materials Consumed**		
	Imported	527,604,724	561,216,972
	Imported % to total	15.94%	18.01%
	Indigenous	2,781,675,324	2,555,768,442
	Indigenous % to total	84.06%	81.59%
	Total	**3,309,280,048**	**3,116,985,414**
	Total %	100%	100%
(iii)	**CIF Value of Imports**		
	Raw materials (including goods in transit)	536,536,367	619,308,825
(iv)	**Earnings in Foreign Currency**		
	Export of goods calculated on F.O.B. basis	342,499,413	317,048,123
(v)	**Expenditure in foreign currency**		
	Export commission	8,580,591	7,461,904
	Travelling expenses	4,446,837	2,452,167

(vi) There are no amounts remitted in foreign currency during the current year and the previous year on account of dividend to non-resident shareholders. Amount of dividends to non-resident shareholders have been deposited into their designated Indian rupee accounts maintained with the banks in India.

23.14 Previous period figures have been rearranged/ reclassified where required to confirm to current year's classification.

(Signatures to Notes 1 to 23)

As per our report of even date attached

For and on behalf of the Board of Directors

For Varma & Varma

Chartered Accountants
FRN 004532S

K Ajith Kumar Rai
Chairman & Managing Director &
Chief Executive Officer

Diwakar S Shetty
Director

Medappa Gowda J
Company Secretary &
Chief Financial Officer

R Kesavadas
Partner
M. No. 23862

Place : Bangalore
Date : 29th May, 2015

INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To
The Board of Directors
Suprajit Engineering Limited
Bangalore

Report on the Consolidated Financial Statements

1. We have audited the accompanying Consolidated Financial Statements of **Suprajit Engineering Limited** ('the Company') and its two wholly owned subsidiaries (collectively referred as 'the Group') which comprise the Consolidated Balance Sheet as at March 31, 2013, the Consolidated Profit and Loss Statement and the Consolidated Cash Flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

2. Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India including Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

5. In our opinion and to the best of our information and according to the explanations given to us, and based on consideration of the reports of the other auditors on the financial statements of the two subsidiaries as noted below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   a. in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2013;

   b. in the case of the Consolidated Profit and Loss Statement, of the profit of the Group for the year ended on that date; and

   c. in the case of Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Other Matters

6. We did not audit the financial statements of the two subsidiaries whose financial statements reflect total assets of ₹ 50.01 crores as at March 31, 2013, total revenues of ₹ 59.94 crores and net cash inflows amounting to ₹ 0.93 crores for the year ended on that date. The financial statements and other financial information of the subsidiaries have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors. One of these being a foreign subsidiary, the financial statements have not been prepared and audited under the applicable Indian laws and regulations.

For **Varma & Varma**
Chartered Accountants
FRN 004532S

R Kesavadas
Partner
M. No. 23862

Place : Bangalore
Date : 25th May, 2013

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH

(Amounts in ₹)

Particulars	Note No	2013	2012
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	1	120,020,000	120,020,000
Reserves and Surplus	2	1,547,388,083	1,171,861,057
Non-Current Liabilities	3		
Long-term borrowings		391,712,854	311,226,164
Deferred tax liabilities (Net)		60,374,429	46,025,862
Other Long term liabilities		6,860,815	5,398,486
Long term Provisions		13,921,119	12,366,881
Current Liabilities	4		
Short-term borrowings		637,489,371	433,150,551
Trade payables		467,910,294	481,667,711
Other current liabilities		204,025,544	170,804,066
Short-term provisions		69,051,237	65,012,246
TOTAL		**3,518,753,746**	**2,817,533,024**
ASSETS			
Non-Current Assets			
Fixed assets	5		
(i) Tangible Assets		1,188,799,027	992,194,938
(ii) Intangible Assets		-	14,277,137
(iii) Capital Work-in-progress		175,760,208	127,281,466
Non-current investments	6	5,000,000	4,197,723
Long term loans and advances	7	104,298,173	69,376,551
Other Non-current assets	8	630,250	583,243
Current Assets			
Current investments	9	449,256,123	179,024,003
Inventories	10	486,027,232	392,900,742
Trade receivables	11	928,374,111	892,986,471
Cash and Bank Balances	12	76,357,644	31,230,251
Short-term loans and advances	13	102,056,283	111,250,524
Other current assets	14	2,194,695	2,229,975
TOTAL		**3,518,753,746**	**2,817,533,024**
Significant Accounting Policies	20		
Other Notes to Accounts	21		

As per our report of even date attached

For Varma & Varma
Chartered Accountants
FRN 004532S

K Ajith Kumar Rai
Chairman & Managing Director

Diwakar S Shetty
Director

Medappa Gowda J
Company Secretary

R Kesavadas
Partner
M. No. 23862

Place : Bangalore
Date : 25th May, 2013

CONSOLIDATED PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH

(Amounts in ₹)

Particulars	Note No	2013	2012
Revenue from operations			
Sale of products		5,047,825,717	4,561,925,464
Sale of services		20,847,130	9,902,293
Other operating revenues		11,189,243	11,309,661
Total		**5,079,862,090**	**4,583,137,418**
Less: Excise duty		454,501,359	345,613,423
Revenue from Operations		**4,625,360,731**	**4,237,523,995**
Other Income	**15**	27,737,788	29,406,956
TOTAL		**4,653,098,519**	**4,266,930,951**
Expenses			
Cost of materials consumed		2,960,505,140	2,784,706,806
Changes in inventories of finished goods and work-in-progress	**16**	(70,904,893)	(25,733,509)
Employee benefit expense	**17**	569,965,492	487,139,125
Finance costs	**18**	101,723,843	93,098,780
Depreciation and amortization expense	**5**	81,467,336	74,741,646
Other expenses	**19**	392,001,853	305,093,160
TOTAL		**4,034,758,771**	**3,719,046,008**
Profit before prior period, exceptional items, share of profit from associate and tax for the year		**618,339,748**	**547,884,943**
Prior period expenses		(1,887,883)	-
Exceptional Items [Refer Note no. 21.4]		51,835,587	-
Share of Profit/(Loss) from Associate [Refer Note 20.3 & 6.5]		-	22,160
Profit before tax for the year		**668,287,452**	**547,907,103**
Tax expense:			
(1) Current tax		(181,591,000)	(159,600,000)
Tax expense pertaining to earlier years		(1,000,000)	(1,003,017)
MAT credit entitlement		-	19,641,551
Fringe Benefit Tax relating to earlier years		-	(115,920)
(2) Deferred tax		(14,453,031)	(8,671,698)
Profit after tax for the year		**471,243,421**	**398,158,019**
Earnings per equity share:			
Equity shares of par value ₹ 1/- each			
Basic & Diluted (excluding prior period and exceptional items)		3.51	3.32
Basic & Diluted (including prior period and exceptional items)		3.93	3.32
Number of shares used in computing earnings per share		120,020,000	120,020,000

Significant Accounting Policies **20**
Other Notes to Accounts **21**

As per our report of even date attached

For Varma & Varma
Chartered Accountants
FRN 004532S

K Ajith Kumar Rai
Chairman & Managing Director

Diwakar S Shetty
Director

Medappa Gowda J
Company Secretary

R Kesavadas
Partner
M. No. 23862

Place : Bangalore
Date : 25th May, 2013

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH

(Amounts in ₹)

Particulars	2013		2012	
A. **CASH FLOWS FROM OPERATING ACTIVITIES:**				
Profit before tax for the year		668,287,452		547,884,943
Adjustment for:				
Depreciation	81,467,336		74,741,646	
(Profit)/Loss on sale of fixed assets	(52,062,236)		141,079	
Provision for impairment of fixed assets	1,435,254		-	
(Profit)/Loss on sale of shares	(13,653,240)		(7,904,937)	
(Profit)/Loss on sale of Mutual funds	(6,036,277)		-	
Provision for diminution in value of investments	853,788		(4,767)	
Interest income	(857,925)		(952,609)	
Dividend received	(5,049,428)		(4,009,338)	
Interest expense	101,723,843	107,821,115	93,098,780	155,109,854
Operating profit before working capital changes		**776,108,567**		**702,994,797**
(Increase)/ Decrease in				
- Inventories	(93,126,490)		(67,211,280)	
- Trade Receivables	(35,387,640)		(159,347,518)	
- Loans and advances (Long term & Shot term)	(24,759,917)		(56,661,808)	
- Other Non-Current Assets & Current Assets	(7,629,462)		(519,958)	
Increase/ (Decrease) in				
- Current Liabilities	19,849,695		(18,534,367)	
- Other Long term Liabilities	1,462,329		659,554	
- Provisions (long term and short term)	(5,092,634)	(144,684,119)	2,659,291	(298,956,086)
Cash generated from operations		**631,424,448**		**404,038,711**
Income taxes paid (net of refunds)		(180,217,975)		(141,077,386)
Net cash from operating activities		**451,206,473**		**262,961,325**
B. **CASH FLOWS FROM INVESTING ACTIVITIES:**				
Purchase of fixed assets/ Capital work in progress	(331,170,495)		(299,904,272)	
Sale of investments	217,364,512		212,920,677	
Purchase of investments	(469,563,180)		(305,019,005)	
Interest received	857,925		952,609	
Dividend received	5,049,428		4,009,338	
Proceeds from sale of fixed assets	70,281,018		1,210,745	
Net cash from investing activities		**(507,180,792)**		**(385,829,908)**
C. **CASH FLOWS FROM FINANCING ACTIVITIES**				
Interest paid	(101,723,843)		(93,098,780)	
Proceeds/(repayments) from long term borrowings (net)	80,486,690		129,527,892	
Proceeds/(repayments) from short term borrowings (net)	204,338,820		155,965,982	
Dividend and dividend tax paid	(97,554,474)		(75,428,325)	
Exchange fluctuation reserve - foreign subsidiary (net)	8,411,116		11,004,117	
Net cash from financing activities		**93,958,309**		**127,970,886**
Net increase in cash and cash equivalents during the year		**37,983,990**		**5,102,303**
Cash and cash equivalents at beginning of the year		27,921,985		22,819,682
Cash and cash equivalents at end of the year		**65,905,975**		**27,921,985**

(Figures in brackets indicate outflows)

As per our report of even date attached

For Varma & Varma
Chartered Accountants
FRN 004532S

K Ajith Kumar Rai
Chairman & Managing Director

Diwakar S Shetty
Director

Medappa Gowda J
Company Secretary

R Kesavadas
Partner
M. No. 23862

Place : Bangalore
Date : 25th May, 2013

NOTES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH

(Amounts in ₹)

Particulars	2013		2012	
1 SHARE CAPITAL	**No. of Shares**	**Amount**	**No. of Shares**	**Amount**
1.1 Equity Share Capital				
1.1.1 **Authorised Equity Share Capital**				
Equity Shares of ₹ 1/- each	**125,000,000**	**125,000,000**	**125,000,000**	**125,000,000**
1.1.2 **Issued, Subscribed and Fully Paid Up**				
Equity Shares of ₹ 1/- each fully paid	120,020,000	120,020,000	120,020,000	120,020,000
TOTAL		**120,020,000**		**120,020,000**
1.1.3 There are no shares that have been issued, subscribed and not fully paid up				
1.1.4 There are no forfeited shares				
1.1.5 There are no shares reserved for issue under options and contracts/ commitments for the sale of shares/ disinvestment.				
1.1.6 **The reconciliation of the number of equity shares outstanding and the amount of share capital as at March 31, 2013 and March 31, 2012:**				
Shares outstanding as at the beginning of the year	120,020,000		120,020,000	
Shares issued during the year	-		-	
Shares outstanding as at the end of the year	120,020,000		120,020,000	
1.1.7 **Details of shareholders holding more than 5% shares in the company:**				
Equity Shares of ₹ 1/- each fully paid				
K Ajith Kumar Rai	45,548,399	37.95%	45,548,399	37.95%
Supriya A Rai	15,627,958	13.02%	15,627,958	13.02%
	61,176,357	**50.97%**	**61,176,357**	**50.97%**
1.1.8 The Company has not issued any securities convertible into equity/ preference shares.				
1.1.9 Each holder of equity shares is entitled to one vote per share and there are no preferences or restrictions attaching to class of shares mentioned above.				
1.1.10 **During the last five years ending from 31 Mar 2008 :-**				
(i) No shares were allotted as fully paid up pursuant to contract(s) without payment being received in cash.				
(ii) During the year ended 31.03.2010 company has issued 90,015,000 equity shares of ₹ 1/- each as fully paid up bonus shares by way of capitalisation of Securities Premium and General Reserve.				
(iii) No shares were bought back.				
1.1.11 In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company after payment of all liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.				

NOTES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH

(Amounts in ₹)

Particulars	2013	2012
2 RESERVES & SURPLUS		
2.1 Reserves		
2.1.1 **Capital Reserve**		
(State Investment Subsidy and surplus on reissue of forfeited shares)		
Opening balance	1,127,150	1,127,150
Add: Additions during the year	-	-
Closing Balance	**1,127,150**	**1,127,150**
2.1.2 **General Reserve**		
Opening balance	1,019,725,831	737,225,831
Add: Transferred from the Profit & Loss Statement	332,500,000	282,500,000
Closing Balance	**1,352,225,831**	**1,019,725,831**
2.2 Surplus		
2.2.1 **Surplus in the Profit & Loss Statement**		
Opening balance	158,855,124	133,865,765
Add:		
Profit for the year as per Profit and Loss Statement	471,243,421	398,158,019
Less:		
Interim Dividend	42,007,000	36,006,000
Final Dividend	48,008,000	42,007,000
Tax on dividend	14,973,546	12,655,660
Transfer to General Reserve	332,500,000	282,500,000
Closing Balance	**192,609,999**	**158,855,124**
Foreign Exchange Fluctuation Reserve	1,425,103	(7,847,048)
TOTAL	**1,547,388,083**	**1,171,861,057**
3 NON CURRENT LIABILITIES		
3.1 LONG TERM BORROWINGS		
3.1.1 **Secured**		
Term Loans from Banks (Refer Note 3.1.3 below)	377,452,641	288,135,150
	377,452,641	**288,135,150**
3.1.2 **Unsecured**		
Deferred Payment Liabilities - lease obligations (Refer Note 3.1.6 below)	12,889,170	20,836,748
Deposits from		
- related parties	971,043	1,854,266
- other than related parties	400,000	400,000
	14,260,213	**23,091,014**
TOTAL	**391,712,854**	**311,226,164**

3.1.3 **Notes on Long Term Borrowings**

Term Loans availed from various Banks for capacity expansions are secured by Equitable Mortgage of land and buildings and hypothecation of other present and future fixed assets of the company on pari-passu first charge basis. Some of these loans are further secured by pari-passu second charge on the current assets of the company.

3.1.4 Term loan from banks are repayable in quarterly instalments over the agreed repayment period, together with interest @11.85% (PY-12.75%) p.a.

3.1.5 There has been no continuing default as on Balance Sheet date in repayment of loans and interest.

3.1.6 In respect of land referred in Note no. 5.4 (1), the balance consideration is payable in 19 quarterly installments out of which 12 (PY-16) installments are pending. Such amount relating to the lease payable after 12 months is disclosed in note no. 3.1.2 above and current maturities of this liability is disclosed under note no. 4.3.

NOTES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH

(Amounts in ₹)

Particulars	2013	2012
3.2 DEFERRED TAX LIABILITIES (NET)		
3.2.1 **Liability**		
On timing differences of depreciation between Companies Act 1956 and Income Tax Act 1961	69,757,004	58,073,232
Gross deferred tax liability	**69,757,004**	**58,073,232**
3.2.2 **Asset**		
On timing differences of expenditure allowed only on payment basis for Income tax	6,760,085	8,385,635
Accelarated Capital Allowance	606,040	842,704
Timing difference on purchase of goodwill	-	1,701,031
Provision for doubtful debts	2,016,450	1,118,000
Gross deferred tax asset	**9,382,575**	**12,047,370**
	60,374,429	**46,025,862**
3.3 OTHER LONG TERM LIABILITIES		
3.3.1 Other Long Term Liabilities - Dealer Deposits	6,860,815	5,398,486
	6,860,815	**5,398,486**
3.4 LONG TERM PROVISIONS		
3.4.1 **Provision for employee benefits [Refer Note no. 21.7(b)]**		
- Provision for Gratuity	156,774	571,972
- Provision for Leave Encashment	6,993,345	5,023,909
3.4.2 Provision for Rework charges	6,771,000	6,771,000
	13,921,119	**12,366,881**
TOTAL	**466,008,402**	**369,618,907**

NOTES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH

(Amounts in ₹)

Particulars	2013	2012
4 CURRENT LIABILITIES		
4.1 SHORT TERM BORROWINGS		
4.1.1 **Secured**		
Working capital facilities from banks repayable on demand from banks (Refer Note 4.1.2 below)	637,489,371	433,150,551
	637,489,371	**433,150,551**
4.1.2 Working Capital facilities availed from various banks are secured by pari-passu first charge on stock of raw materials, semi-finished goods, stores, consumables, book-debts, other current assets and pari-passu second charge on Land and Buildings, Plant and Machinery and present and future fixed assets.		
4.2 TRADE PAYABLES		
4.2.1 Due to Micro & Small Enterprises	5,965,019	9,651,150
4.2.2 Due to Others	461,945,275	472,016,561
	467,910,294	**481,667,711**
4.3 OTHER CURRENT LIABILITIES		
4.3.1 Current maturities of long term debt (Refer Note 3.1.3 and 3.1.6)	83,771,456	80,164,429
4.3.2 Current maturities of vehicle loan	-	48,126
4.3.3 Current maturities of deposits from		
- related parties	4,459,400	3,300,000
- other than related parties	750,000	750,000
4.3.4 Interest accrued but not due on borrowings/deposits	1,125,176	435,972
4.3.5 Advance from Customers	4,366,512	-
4.3.6 Unclaimed dividend	1,280,303	1,665,938
4.3.7 Due to Investor Education & Protection Fund	-	88,698
4.3.8 Other Payables		
- Rent Deposit	-	585,900
- For purchase of Fixed Assets	14,669,966	12,594,493
- Statutory liabilities	33,584,175	26,909,958
- To Employees	35,518,919	20,478,988
- To directors towards commission & sitting fees	24,499,637	23,781,564
	204,025,544	**170,804,066**
4.4 SHORT TERM PROVISIONS		
4.4.1 **Provision for employee benefits [Refer Note no. 21.7(b)]**		
- Provision for Gratuity	4,928,306	10,879,439
- Provision for Leave Encashment	791,535	772,303
4.4.2 Dividend Payable (Proposed Dividend)	48,008,000	42,007,000
4.4.3 Provision for Corporate Dividend Tax	8,158,960	6,814,586
4.4.4 Provision for loss on forward contracts	-	806,841
4.4.5 Provision for Income Tax (Net of Advance Tax)	6,968,670	3,628,181
4.4.6 Provision for Wealth Tax	195,766	103,896
	69,051,237	**65,012,246**
TOTAL	**1,378,476,446**	**1,150,634,574**

NOTES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH

5 FIXED ASSETS

(Amounts in ₹)

	Description	Gross Block					Depreciation/Amortisation					Accumulated Impairment	Net Block	
		As at 01.04.2012	Additions	Disposals / Adjustment	Currency Fluctuation arising on consolidation [Refer Note no. 20.3]	As at 31.03.2013	Upto 01.04.2012	For the year	Disposals/ Adjustment	Currency Fluctuation arising on consolidation [Refer Note no.20.3]	As at 31.03.2013	For the year [Refer Note No 5.4.(4) below]	As at 31.03.2013	As at 31.03.2012
5.1	Tangible assets													
	Freehold Land	177,230,614	-	2,032,761	-	175,197,853	-	-	-	-	-	-	175,197,853	177,230,614
	Leasehold Land	75,523,440	1,422,788	1,553,472	23,238	75,415,994	5,727,805	783,529	-	21,025	6,532,359	-	68,883,635	69,795,635
	Buildings	464,157,149	171,681,590	12,698,759	-	623,139,980	76,892,175	17,771,625	559,819	-	94,103,981	-	529,035,999	387,264,974
	Electrical Installations	69,966,098	20,968,102	2,651,405	-	88,282,795	18,903,542	3,766,377	290,463	-	22,379,456	-	65,903,339	51,062,556
	Plant and Machinery	478,288,891	63,933,783	167,660	122,655	542,177,669	240,258,819	31,094,450	57,633	100,281	272,828,340	1,432,423	267,916,906	238,030,073
	Dies & Moulds	46,508,450	5,082,682	-	-	51,591,132	24,338,539	3,331,235	-	-	27,669,774	-	23,921,358	22,169,911
	Furniture and Fixtures	32,344,409	3,079,774	-	11,046	35,435,230	13,986,203	2,463,936	-	4,250	16,454,388	-	18,980,842	18,358,206
	Vehicles	21,575,435	5,149,141	2,710,392	(5,461)	24,008,723	9,010,826	1,985,320	2,687,752	(8,020)	8,300,373	-	15,708,350	12,564,609
	Office equipment	12,027,350	4,810,299	-	(10,133)	16,827,515	6,111,320	1,324,313	-	(5,130)	7,433,334	2,831	9,391,350	5,916,030
	Containers	1,462,144	276,089	-	-	1,738,233	1,462,144	276,089	-	-	1,738,233	-	-	-
	Computers (including Software)	36,291,128	6,287,506	-	-	42,578,634	26,488,799	3,665,694	-	-	30,154,493	-	12,424,141	9,802,329
5.2	Intangible assets													
	Goodwill	122,714,309	-	-	626,855	123,341,164	108,675,326	14,766,615	-	(100,777)	123,341,164	-	-	14,038,983
	Brands	5,100,000	-	-	-	5,100,000	4,861,846	238,154	-	-	5,100,000	-	-	238,154
	Technical Knowhow	195,127	-	-	-	195,127	195,127	-	-	-	195,127	-	-	-
	Total	**1,543,384,545**	**282,691,753**	**21,814,449**	**768,200**	**1,805,030,049**	**536,912,470**	**81,467,336**	**3,595,667**	**11,629**	**616,231,022**	**1,435,254**	**1,187,363,773**	**1,006,472,075**
	Previous year	**1,319,776,706**	**211,854,799**	**3,558,737**	**15,311,776**	**1,543,384,545**	**451,736,266**	**74,741,646**	**2,206,913**	**12,641,470**	**536,912,470**	**-**	**1,006,472,075**	**866,938,114**
5.3	Capital Work in Progress												175,760,208	127,281,466
	TOTAL												**1,363,123,981**	**1,133,753,541**

5.4 Note:

1. Land on lease includes land at Bhiwadi, Rajasthan registered in the name of the company for a value of ₹ 45,462,101/- (PY - Nil), payment towards this land has been agreed upon to be made in instalments and outstanding liability is disclosed in Note no. 3.1.2 and Note no. 4.3.
2. During the last five years ended 31st March, 2008, there was no write off of any of the tangible or intangible assets due to reduction of capital.
3. During the last five years ended 31st March, 2008, there was no write off / reduction of any of the tangible or intangible assets due to revaluation.
4. During the year, the management has identified certain individual assets to be impaired based on their condition and usage. The provision for impairment in respect of these assets amounting to ₹ 1,435,254/- have been made after considering an amount of ₹ 806,300/- towards the net realisable value of these assets. Estimated Net Book value of these assets as on 31st March, 2013 is ₹ 2,241,554/-.
5. Borrowing costs capitalised during the year is ₹ 8,485,237/- (₹ 4,746,315/-).

NOTES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH

(Amounts in ₹)

Particulars	2013		2012	
6 NON CURRENT INVESTMENTS	**No. of shares**	**Amount**	**No. of shares**	**Amount**
6.1 TRADE INVESTMENTS (AT COST)				
6.1.1 **Associate Companies**				
Equity Instruments - Fully Paid - Unquoted				
Suprajit Chemicals Private Limited Nil (PY - 27.32%) Holding [Equity Shares of ₹ 100/- each]	-	-	20,000	4,197,723
		-		**4,197,723**
6.1.2 **Others (In Limited Companies)**				
Equity Instruments - Fully Paid - Unquoted				
Suprawin Technologies Limited - Nil (PY - 12.89%) Holding [Equity Shares of ₹ 10/- each]	-	-	540,000	7,164,070
Less: Provision for dimunition in value of Investment		-		7,164,070
		-		**-**
6.2 OTHER INVESTMENTS (NON-TRADE) - (AT COST)				
Investments in National Highways Authority of India Bonds. (500 Non-convertible Redeemable bonds of face value ₹ 10,000/- each carrying interest @ 6% p.a. payable annually. Date of maturity - 30th September, 2015)		5,000,000		-
		5,000,000		**-**
TOTAL		**5,000,000**		4,197,723
6.3 General Information				
Aggregate value of Investments:				
Unquoted		5,000,000		11,361,793
Provision for diminution in value of investments		-		7,164,070

6.4 During the year, the Parent has sold the investment in shares as given below to Mr. K. Ajith Kumar Rai, Managing Director after obtaining approval from the Central Government under Section 297 of the Companies Act, 1956 at a fair value based on the share valuation report from an independent valuer:

(i) Shares in M/s. Suprajit Chemicals Private Limited has been sold at a fair value of ₹ 509/- per share and the excess of the sale proceeds over the carrying value of investments ₹ 5,982,277/- has been credited to the Consolidated Profit & Loss Statement [Refer Note no.15].

(ii) Shares in M/s. Suprawin Technologies Private Limited has been sold at a fair value of ₹ 0.10/- per share and has incurred a loss of ₹ 7,110,070/-. Since the investment had eroded, the Parent had already fully provided for this investment in the earlier year and there is no further loss to be recognised in the Consolidated Profit and Loss Statement of the year. In view of this transaction, since the provision for diminution in the value of this invesment is no longer required, such provision is reversed to the credit of the Consolidated Profit & Loss Statement [Refer Note no.15].

6.5 Since the investment in the Associate company has been sold during the year, income, if any for the year has not been considered for the purpose of consolidation.

NOTES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH

(Amounts in ₹)

Particulars	2013	2012
7 LONG TERM LOANS AND ADVANCES		
7.1 Capital Advances		
(Unsecured, considered good)		
Advance paid for leasehold land	17,042,120	3,430,000
Capital advances towards other fixed assets	50,425,210	40,284,805
	67,467,330	**43,714,805**
7.2 Security Deposits		
(Unsecured, considered good)		
Electricity Deposits	5,653,958	3,680,670
Other Deposits	1,644,982	1,317,832
	7,298,940	**4,998,502**
7.3 Others		
(Unsecured, considered good)		
Advance tax [including Tax deducted at source (Net of Provisions)]	-	1,419,179
Income tax paid under protest	903,430	451,715
MAT credit entitlement	12,969,639	16,292,350
Value Added Tax paid under protest [Refer Note no. 21.5.1]	15,658,834	2,500,000
	29,531,903	**20,663,244**
TOTAL	**104,298,173**	**69,376,551**
8 OTHER NON-CURRENT ASSETS		
(Unsecured, considered good)		
Non-current bank deposit (held against public deposits)	564,151	534,226
Interest accrued on the above non-current bank deposit	56,099	39,017
Advance to gratuity trust	10,000	10,000
TOTAL	**630,250**	583,243

NOTES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH

(Amounts in ₹)

Particulars	2013	2012
9 CURRENT INVESTMENTS		
9.1 Other Investments (Non-trade, Quoted)		
Investments in Mutual Funds (at lower of cost or fair value)	449,256,123	179,024,003
TOTAL	**449,256,123**	**179,024,003**
9.2 Details of Other Investments (Non-trade, Quoted)		
9.2.1 **General Information**		
Aggregate market value of quoted investments:		
Market Value	481,484,021	185,358,056
9.2.2 **Details of Mutual Funds held at the end of the year:**		
Particulars	**31.03.2013**	**31.03.2012**
HDFC Monthly Income Plan - 619,472.60 (510,907.92) units of ₹10/- each	14,500,000	11,842,601
HDFC MIP -Saving Plan - Nil (204,304.71) units of ₹10/- each	-	2,612,465
Reliance Monthly Income Plan - 768,456.43 (510,911.62) units of ₹ 10/- each	17,000,000	11,000,000
Birla MIP II Wealth 25 Plan - Nil (606,193.00) units of ₹ 10/- each	-	11,000,000
HDFC Prudence Fund - Growth - 96,764.49 (60,708.12) units of ₹10/- each	20,111,073	12,568,937
Kotak Bond Regular Growth - 1,489,020.07 (248,249.63) units of ₹ 10/- each	46,000,000	7,500,000
IDFC Super Saver Income Fund - Short Term Plan A- Growth - 224,624.20(1,414,697.23) units of ₹10/- each	5,000,000	30,000,000
IDFC Dynamic Bond Fund Growth - 2,227,216.62 (477,293.84) units of ₹10/- each	47,500,000	10,000,000
DSP BlackRock STP Growth - 269,990.06 (1,715,100.87)units of ₹10/- each	5,000,000	30,000,000
Birla Dynamic Bond Fund Retail Plan - Growth -1,939,435.01 (421,963.91) units of ₹ 10/- each	35,000,000	7,500,000
Templeton India Short Term Income Retail Growth Plan- 2,298.49(14,671.39) units of ₹10/- each	5,000,000	30,000,000
UTI Bond Fund Growth - 1,110,261.30 (241,120.58) units of ₹ 10/- each	35,000,000	7,500,000
Birla Sunlife 95 Fund growth - Nil (25,160.12) units of ₹ 10/- each.	-	7,500,000
Birla Sun Life Short Term Fund - 476,536.53(Nil) units of ₹10/- each	20,000,000	-
Brila Sun Life Dynamic Bond Fund- Retail -Growth- 1,079,445.67(Nil) units of ₹10/- each	20,000,000	-
Brila Sun Life Dynamic Bond Fund-Retail -Quarterly Dividend- 875,679.75(Nil) units of ₹ 10/- each	9,992,644	-
HDFC High Interest Fund-Short Term Plan- Growth- 465,432.34 (Nil) units of ₹10/- each	10,000,000	-
IDFC Dynamic Bond Fund - 1,501,670.60 (Nil) units of ₹10/- each	20,000,000	-
IDFC Dynamic Bond QDP- 2,913,460.25 (Nil) units of ₹ 10/- each	29,672,427	-
Kotak Bond QDP - 2,800,123.52 (Nil) units of ₹ 10/- each	29,479,980	-
Pru ICICI Short Term Plan - Cumulative Option- 442,883.53 (Nil) units of ₹10/- each	10,000,000	-
Reliance Dynamic Bond QDP - 2,945,816.50 (Nil) units of ₹ 10/- each	30,000,000	-
SBI Dynamic Bond Fund-Growth - 2,937,530.09 (Nil) units of ₹ 10/- each	40,000,000	-
TOTAL	**449,256,123**	**179,024,003**

NOTES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH

(Amounts in ₹)

Particulars	2013	2012
10 INVENTORIES		
(Valued at Lower of Cost or Net Realisable Value)		
Raw materials (including components, packing materials and stores & spares)	232,599,591	224,072,720
Raw materials in transit	12,069,220	7,056,070
Work in Progress	35,137,945	31,497,289
Finished Goods	190,600,120	121,253,891
Finished Goods in Transit	10,346,224	7,951,778
Tools	5,274,132	1,068,994
TOTAL	**486,027,232**	**392,900,742**
11 TRADE RECEIVABLES		
11.1 Outstanding for a period more than six months from the due date of payment		
Unsecured, considered good	4,681,338	-
Unsecured, considered doubtful	5,205,655	2,691,828
Less:- Provision for Doubtful receivables	5,205,655	2,691,828
	4,681,338	**-**
11.2 Other Trade Receivables		
Unsecured, considered good	923,692,773	892,986,471
Unsecured, considered doubtful	4,455,148	754,871
Less:- Provision for Doubtful receivables	4,455,148	754,871
	923,692,773	**892,986,471**
TOTAL	**928,374,111**	**892,986,471**
12 CASH AND BANK BALANCES		
12.1 Cash and Cash Equivalents		
Balances with Banks	65,105,449	26,733,072
Cash on hand	710,526	808,638
Cheques, drafts on hand	90,000	380,275
	65,905,975	**27,921,985**
12.2 Other Bank balances		
Earmarked balances for Unclaimed Dividend accounts	1,280,303	1,754,636
Bank deposit held as margin money against bank guarantees [Refer Note 21.5.1]	3,202,836	653,012
Other Bank Deposits	5,968,529	900,618
	10,451,669	**3,308,266**
TOTAL	**76,357,644**	**31,230,251**
13 SHORT TERM LOANS AND ADVANCES		
Others		
(Unsecured, considered good)		
Advance to Suppliers	51,955,819	70,626,025
Advances to Employees	3,422,269	4,182,236
Balance with Central Excise Customs & other authorities	33,336,009	19,692,719
Prepaid Expenses	13,167,412	13,351,747
Others	174,774	3,397,797
TOTAL	**102,056,283**	**111,250,524**
14 OTHER CURRENT ASSETS		
(Unsecured, considered good)		
Export benefit entitlements	1,872,941	2,154,572
Matured National Savings Certificates	-	10,000
Interest accrued on non-current investment in bonds	170,959	-
Interest accrued on bank deposits	150,795	65,403
TOTAL	**2,194,695**	**2,229,975**

NOTES FORMING PART OF CONSOLIDATED PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH

(Amounts in ₹)

Particulars	2013		2012	
15 OTHER INCOME				
Interest Income		857,925		952,609
Dividend Income from Mutual funds		5,049,428		4,009,338
Net gain on foreign currency transactions and translations		-		10,580,341
Gain on sale of investments in associate company [Refer note no. 6.4]		5,982,277		-
Reversal of provision relating to sale of other non-current investment [Refer note no. 6.4]	7,164,070			
Loss on sale of above non current investment	(7,110,070)	54,000		-
Net gain on sale of current investments		13,653,240		7,904,937
Rent Received		262,230		3,665,870
Discount Received		750,534		857,623
Profit on sale of fixed assets (net)		226,649		-
Other non-operating income		901,505		318,776
Excess provisions written back		-		1,117,462
TOTAL		**27,737,788**		**29,406,956**
16 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS				
Opening Stock				
Finished Goods		129,205,669		101,022,131
Work in Progress		31,497,289		24,095,045
		160,702,958		**125,117,176**
Excise Duty on stocks		(3,396,111)		(3,686,919)
		157,306,847		**121,430,257**
Less: Closing Stock				
Finished Goods		200,946,345		129,205,669
Work in Progress		35,137,945		31,497,289
		236,084,290		**160,702,958**
Add: Currency Fluctuation arising on consolidation [Refer Note no. 20.3]		7,872,550		13,539,192
TOTAL		**(70,904,893)**		**(25,733,509)**
17 EMPLOYEE BENEFIT EXPENSE				
Salaries and Wages (including managerial remuneration)		526,645,020		456,187,310
Contribution to Provident Fund and other funds		22,683,458		15,350,739
Staff welfare expenses		20,637,014		15,601,076
TOTAL		**569,965,492**		**487,139,125**
18 FINANCE COSTS				
Interest expense		108,810,818		94,966,657
Loan processing charges		1,398,262		2,878,438
		110,209,080		**97,845,095**
Less: Expenditure incurred during the construction period				
- Capitalised during the year		(3,623,146)		(774,779)
- Added to capital work in progress		(4,862,091)		(3,971,536)
TOTAL		**101,723,843**		**93,098,780**

NOTES FORMING PART OF CONSOLIDATED PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH

(Amounts in ₹)

Particulars	2013		2012	
19 OTHER EXPENSES				
Power and fuel		71,149,513		63,131,799
Testing charges		6,687,221		2,745,979
Labour charges		614,435		534,942
Rent		6,616,900		4,871,842
Repairs & Maintenance:				
Buildings		1,716,624		4,636,552
Machinery		24,859,823		25,395,750
Others		17,370,364		14,771,183
Insurance		12,643,524		11,194,541
Rates and taxes		7,952,599		6,714,948
Bank Charges		6,339,517		5,004,139
Travelling and Conveyance		31,456,246		31,055,125
Professional Charges		10,224,962		8,594,674
Auditors Remuneration		3,327,826		2,381,503
Freight Outward and C & F Charges		68,728,134		54,997,978
Advertisement and Sales Promotion		11,613,914		2,799,785
Discount		48,079,179		28,126,020
Sales Commission		7,796,974		7,051,834
Directors' Sitting Fees & Commission		800,000		820,000
Bad debts written off	5,350,381		2,201,653	
Reversal of earlier year provisions	2,949,352	2,401,029	1,956,758	244,895
Provision for Doubtful debts		9,343,711		(1,043,453)
Printing & Stationery		5,331,224		5,360,579
Security Expenses		11,577,313		7,777,136
Communication Expenses		6,941,751		6,544,900
Research & Development expenses (Refer Note No. 21.11)		1,792,232		1,693,266
Loss on Sale of fixed assets (net)		-		141,079
Foreign Exchange Loss (net)		3,500,360		-
Provision for diminution in value of Investments (net)		853,788		(4,767)
Provision for impairment of fixed assets [Refer Note no.5.4.(4)]		1,435,254		-
General Expenses		10,847,437		9,550,930
TOTAL		**392,001,853**		**305,093,160**

Significant Accounting Policies and Notes to Accounts forming part of the consolidated accounts for the year ended 31st March 2013

20 SIGNIFICANT ACCOUNTING POLICIES

20.1 Basis of preparation of Financial Statements

The consolidated financial statements have been prepared on accrual basis of accounting under the historical cost convention in accordance with generally accepted accounting principles in India and the relevant provisions of the Companies Act, 1956 including accounting standards notified there under.

20.2 Use of Estimates

The preparation of financial statements requires estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses during the reporting period. Although such estimates and assumptions are made on a reasonable and prudent basis taking into account all available information, actual results could differ from these estimates and assumptions and such differences are recognized in the period in which the results are crystallized.

20.3 The financial statements of the subsidiary companies used in the consolidation are drawn up to the same reporting date as that of the Parent.

The consolidated financial statements have been prepared on the following basis:

i) The financial statements of the parent and its subsidiary companies have been combined on a line by line basis by adding together like items of assets, liabilities, income and expenses. Inter-Company balances and transactions and unrealised profits or losses have been fully eliminated.

ii) In case of foreign subsidiaries, being non-integral foreign operations, revenue items are converted to rupees being the reporting currency at the average exchange rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the exchange fluctuation reserve.

iii) The consolidated financial statements include share of profit/ loss of associate companies, which are accounted under the 'Equity method' as per which the share of profit of the Associate Company has been included in the Profit and Loss Statement and added to the cost of investment in the Balance Sheet. An Associate is an enterprise in which the investor has significant influence and which is neither a subsidiary nor a joint venture.

iv) Contingent liabilities in foreign currency are translated at the closing rate.

20.4 The two wholly owned subsidiaries i.e. Suprajit Automotive Private Limited, India and Suprajit Europe Limited, UK have been considered for consolidation.

20.5 Cash Flow Statement

Cash flow statement is prepared in accordance with AS-3 of Companies (Accounting Standards) Rules, 2006, using the indirect method to determine cash flow from operating activities.

20.6 Revenue Recognition

Sale of goods as well as revenue from processing of goods (services) is recognized at the point of dispatch of goods to the customers. Gross sales are inclusive of applicable excise duty and exclusive of sales tax. Revenue from scrap is recognised on sale.

Export incentives are recognised when there is reasonable certainty as to realisation and when they are quantifiable with a high degree of accuracy.

Dividend is recognized when declared and interest income is recognised on time proportion basis taking into account the amount outstanding and the applicable rate.

20.7 Tangible/ Intangible Assets

Fixed Assets are stated at cost less accumulated depreciation and provision for impairment. The cost of an asset comprises of its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Until the fixed assets are ready for its commercial use these costs are aggregated and classified and carried forward as 'Capital Work-In-Progress'. Interest on loan taken for the acquisition of qualifying assets up to the date of commissioning of assets is added to the cost of assets.

Intangible assets are carried at cost less amortization where it is probable that future economic benefits expected from it is not less than the carrying value.

20.8 Depreciation/ Amortisation

Depreciation is provided on straight line method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956. Assets individually costing less than or equal to ₹ 5,000/- are fully depreciated in the year of acquisition. The fixed assets of the foreign subsidiary are depreciated over the estimated useful economic life of the asset, as:

Leasehold improvements	- 5 years or lease period if shorter
Plant & Machinery	- 5 -10 years
Fixtures & Fittings	- 3 - 5 years

Intangible assets like brands and know how are amortized on a straight line basis over their estimated useful life of 10 years. Goodwill arising on acquisition / amalgamation is amortized over the estimate of useful life. Leasehold land is amortised over the period of lease.

20.9 Impairment of Assets

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at appropriate rate. After impairment, depreciation is provided on revised carrying amount of the assets over its remaining useful life. Previously recognised impairment loss is further provided or reversed depending on changes in circumstances.

Significant Accounting Policies and Notes to Accounts forming part of the consolidated accounts for the year ended 31st March 2013

20.10 Investments

Investments that are readily realisable and intended to be held for not more than 12 months are classified as current investments. All other investments are classified as long-term investments. Long term investments are stated at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments. Current investments are carried at lower of cost or fair value.

20.11 Inventories

Inventories are valued at lower of cost or net realizable value. Cost is ascertained on weighted average method. Conversion and other costs incurred for bringing the inventories to their present location and condition are allocated to the extent applicable.

20.12 Foreign Currency Transactions

The foreign currency transactions are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currency are restated at the applicable exchange rates prevailing as at the Balance Sheet date. Gain / loss arising from such restatement as also on settlement of the transactions are adjusted in the Profit and Loss Statement.

Premium or discount on forward exchange contracts which are not intended for trading or speculation purpose and is to establish the amount of reporting currency required on the settlement dates is recognized in the Profit and Loss Statement over the period of the contracts. The exchange differences on the contracts are recognized in the year in which the exchange rates change.

The Company enters into foreign currency forward exchange contracts to hedge its risks associated with foreign currency fluctuations in respect of highly probable forecast transactions. At the end of the reporting period these contracts are marked to market and the resultant loss, if any is recognised in the Profit and Loss Statement.

20.13 Employee Benefits

Short term employee benefits:

The amounts paid/payable on account of short term employee benefits, comprising largely of salaries & wages, short term compensated absences and annual bonus is valued on an undiscounted basis and charged to the Profit and Loss Statement for the year.

Defined contribution plans:

The Company has defined contribution plans for its employees comprising of Provident Fund and Employee's State Insurance. The contributions paid/ payable to these plans during the year are charged to the Profit and Loss Statement for the year. The Company has no other obligation in this regard.

Defined benefit plans:

Gratuity

The Parent's Gratuity scheme is administered through the Employee's Group Gratuity-cum-Life Assurance Scheme of the Life Insurance Corporation of India. The net present value of the obligation for gratuity benefits as determined on actuarial valuation, conducted annually using the projected unit credit method, as adjusted for unrecognized past services cost if any and as reduced by the fair value of plan assets, is recognised in the accounts. Actuarial gains and losses are recognised in full in the Profit and Loss Statement for the period in which they occur.

Compensated Absences

The group has a scheme for compensated absences for employees', the liability other than for short term compensated absences is determined on the basis of an actuarial valuation carried out at the end of the year, using projected unit credit method. Actuarial gains and losses are recognised in full in the Profit and Loss Statement for the period in which they occur.

20.14 Borrowing Costs

Borrowing costs other than those attributable to qualifying assets are expensed as and when incurred. Borrowing costs attributable to qualifying assets are capitalised under relevant asset class.

20.15 Leases:

Operating Lease

Leases where the significant risks and rewards of ownership is with the lessor are classified as operating leases and payment under such leases are recognized as an expense in the Profit and Loss Statement on a systematic basis.

Finance Lease

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. The assets acquired on finance lease are capitalized as part of fixed assets and corresponding liability is recognized as term loans.

20.16 Taxation

Tax Expense comprising Current Tax, Fringe Benefit Tax and Deferred Tax are recognised in the Profit and Loss Statement for the year. Current Tax is the amount of income tax determined to be payable in respect of taxable income as computed under the tax laws. Fringe Benefit Tax is a presumptive tax on the deemed fringe benefit to employees payable by the Parent and its Indian Subsidiary, presently stands withdrawn.

Significant Accounting Policies and Notes to Accounts forming part of the consolidated accounts for the year ended 31st March 2013

Certain items of income and expenditure are not reported in tax returns and financial statements in the same period for the purpose of determining the current tax. The net tax effect calculated at the current enacted tax rates of this timing difference is reported as deferred income tax asset/liability. The effect on deferred tax assets and liabilities due to change in such assets/ liabilities as at the end of previous accounting period and due to a change in tax rates are recognised in the income statement of the period.

Minimum Alternative Tax (MAT) credit is recognised as an asset to the extent there is convincing evidence that the Company will pay normal income tax during/ within the specified period. Such asset is reviewed at each Balance Sheet date for availing the set off with in specified period and is written down when there is no longer a scope for the Company to avail such set off during the specified period.

20.17 Research and Development Expenditure

Expenditure incurred during the research phase is charged off to the Profit and Loss Statement.

20.18 Provisions and Contingencies

Provision for losses and contingencies arising as a result of past event where management considers it probable that a liability may be incurred are made on the basis of reliable estimates of the expenditure required to settle the present obligation on the Balance Sheet date and are not discounted to its present value. Provisions are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Other contingent liabilities to the extent management is aware is disclosed by way of notes to accounts.

21 OTHER NOTES ON ACCOUNTS

21.1 In the opinion of the Board, none of the assets have a value lower on realization in the ordinary course of business than the amount at which they are stated in the Balance Sheet.

21.2 Some of the trade receivables, trade payables, loans and advances are subject to confirmation/ reconciliation.

21.3 Full quantitative particulars giving item wise and location wise details of fixed assets are maintained in the ERP system in respect of additions made after 1.4.2008. The particulars of fixed assets acquired prior to this date have been updated in the ERP system in a summarized format. However, item wise particulars are maintained for major assets in manual form.

21.4 Exceptional item in the Profit & Loss Statement represents Profit on sale of land and building of the Parent situated at Doddaballapur.

Significant Accounting Policies and Notes to Accounts forming part of the consolidated accounts for the year ended 31st March 2013

(Amounts in ₹)

Particulars	31.03.2013	31.03.2012
21.5 Contingent Liabilities and Commitments		
21.5.1 Contingent Liabilities		
Corporate Guarantees issued on behalf of subsidiaries to their bankers [GBP 500,000 (PY: GBP 500,000)]	41,160,000	41,290,000
Letter of credit outstanding	-	727,513
Bond executed in favour of Customs	20,000,000	20,000,000
Bank Guarantee furnished to Tax Authorities for availing concessions	750,000	750,000
Disputed Excise/ Service Tax dues pending in appeal *	544,160	1,434,040
Demand raised by VAT authorities disputed with Joint Commissioner of Commercial Taxes - Appeals (JCCT - Appeals).* [Against this a bank guarantee amount of ₹13,158,834/- (PY- Nil) is furnished].	28,817,668	-
Other sums for which the Company is contingently liable	-	3,921,851
Total	**91,271,828**	**68,123,404**
21.5.2 Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	33,560,183	126,534,919
Total Contingent Liabilities and Commitments	**124,832,011**	**194,658,323**

* No provision has been made in these accounts for these disputed duty, tax demands as the management is confident that the matter will be ultimately decided in favour of the Company.

21.6 Foreign Exchange exposure

The detail of foreign currency exposure as at the year end is given below:

Particulars	31.03.2013		31.03.2012	
	Foreign currency	Equivalent ₹	Foreign currency	Equivalent ₹
Hedged by derivative instruments (Converted at committed exchange rates)				
USD Receivable	225,000	12,961,750	1,303,866	66,087,680
Euro Receivable	454,000	33,751,730	1,127,000	76,544,230
GBP Receivable	-	-	50,000	3,903,286
Forward contract to hedge highly probable forecast receivable				
Euro	-	-	175,000	11,885,750
GBP	-	-	175,000	13,661,500
Not hedged by derivative instruments (net)				
USD Receivable	877,797	46,634,440	925,967	46,933,512
Euro Receivable	388,381	26,650,611	474,194	31,973,622
Euro Payable	-	-	179,000	12,069,500
GBP Receivable	63,719	5,195,453	133,756	10,801,440

21.7 Employee Benefits

The foreign subsidiary has provided for retirement plans in accordance with their local laws.

a. Defined Contribution Plans:

During the year the following amounts have been recognised in the Profit and Loss Statement on account of defined contribution plans.

Particulars	31.03.2013	31.03.2012
Employer's contribution to Provident Fund (incl. admin charges)	12,624,704	9,782,630
Employer's contribution to Employee State Insurance	3,045,849	2,768,514
Employer's contribution to other Social Security Schemes	10,460,829	7,869,200

Significant Accounting Policies and Notes to Accounts forming part of the consolidated accounts for the year ended 31st March 2013

(Amounts in ₹)

b. Defined Benefit Plans:

Gratuity - Funded

Compensated absences - Unfunded

Gratuity is a funded obligation and leave encashment is an unfunded obligation of the Parent and the Indian subsidiary. The Parent and the Indian subsidiary has provided for liability of gratuity and leave encashment based on an actuarial valuation under the projected unit credit method. Actuarial assumptions in determining such liability are given below:

Particulars	Gratuity		Compensated Absences	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
Discount Rate (per annum)	8.0%	8.5%	8.0%	8.5%
Expected return on plan assets	9.0%	8.5%	0.0%	0.0%
Salary escalation rate*	7.0%	7.0%	7.0%	7.0%

* The assumption of future salary increases takes into account inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market.

Particulars	2012-13		2011-12	
	Funded Scheme	Unfunded Scheme	Funded Scheme	Unfunded Scheme
I. Reconciliation of present value of obligation				
Present value of obligation at beginning of the year	18,464,045	5,796,212	16,264,586	4,087,648
Current Service Cost	8,100,468	2,147,323	3,740,820	2,578,488
Interest Cost	1,456,779	417,038	1,344,609	302,987
Actuarial (gain)/loss	(205,608)	590,779	(1,994,657)	(126,735)
Benefits Paid	(508,606)	(1,166,472)	(891,313)	(1,046,176)
Present value of obligation at end of the year	27,307,078	7,784,880	18,464,045	5,796,212

Particulars	2012-13	2011-12
	Funded Scheme	Funded Scheme
II. Reconciliation of fair value of plan assets		
Fair value of plan assets at beginning of the year	7,012,634	6,992,965
Expected return on plan assets	1,250,504	569,369
Actuarial gain/(loss)	195,133	39,298
Contributions	14,272,333	302,315
Benefits paid	(508,606)	(891,313)
Fair value of plan assets at end of the year	22,221,998	7,012,634

Particulars	2012-13	2011-12
	Funded Scheme	Funded Scheme
III. Description of Plan Assets		
Insurer Managed Funds	22,221,998	7,012,634

Particulars	2012-13		2011-12	
	Funded Scheme	Unfunded Scheme	Funded Scheme	Unfunded Scheme
IV. Net (Asset)/Liability recognized in the Balance Sheet as at year end				
Present value of obligation at the end of the year	27,307,078	7,784,880	18,464,045	5,796,212
Fair value of plan assets at the end of the year	22,221,998	-	7,012,634	-
Net present value of unfunded obligation recognized as (asset)/liability in the Balance Sheet	5,085,080	7,784,880	9,342,422	5,796,212

Significant Accounting Policies and Notes to Accounts forming part of the consolidated accounts for the year ended 31st March 2013

(Amounts in ₹)

21.8 Segment Reporting

The Company has classified its products as Auto Components and hence operates in only one primary segment (business). Secondary segmental reporting is based on the geographical location of customers. The following is the distribution of the Company's sale by geographical markets and segment assets which can be attributed to customers in such markets.

Particulars	2012-13	2011-12
Sales/Operating income		
- India	3,972,292,067	3,694,605,530
- Rest of the world	653,068,664	542,918,465
Segment Assets		
- India	3,379,226,756	2,649,828,410
- Rest of the world	139,526,990	167,704,614

21.9 Related Party Disclosures

Party	Relationship
K Ajith Kumar Rai (Chairman & Managing Director)	Key Management Personnel
Peter Greensmith	Key Management Personnel
Mohan Chelliah (Executive Director)	Key Management Personnel
Suprajit Chemicals Private Limited	Associate
Akhilesh Rai	Relative of Key Management Personnel
Jayarama M Shetty	Relative of Key Management Personnel
Manjunath Rai K	Relative of Key Management Personnel
Hemavathi M Rai	Relative of Key Management Personnel
Ashok Kumar Rai	Relative of Key Management Personnel
Arathi Shetty	Relative of Key Management Personnel
Shobha Mani	Relative of Key Management Personnel
Lakshmi A Rai	Relative of Key Management Personnel
Greeshma Shetty	Relative of Key Management Personnel
Suprajit Foundation	Trust Setup with effect from 31.03.2011

Nature of Transaction and Related Party	2012-13	2011-12
Remuneration/ Commission		
Key Management Personnel	41,198,736	34,441,639
Relative of Key Management Personnel	821,943	364,000
Sale of Investments		
K Ajith Kumar Rai - Shares in Suprajit Chemicals Private Limited	10,180,000	-
K Ajith Kumar Rai - Shares in Suprawin Technologies Limited	54,000	-
Sitting Fees		
Relative of Key Management Personnel	80,000	80,000
Interest Paid		
Relative of Key Management Personnel	342,158	269,677
Donation		
Trust	5,950,000	5,475,000
Reimbursements		
Key Management Personnel	2,844,084	1,886,130
Relative of Key Management Personnel	46,636	-
Fixed Deposits Accepted		
Relative of Key Management Personnel	4,771,043	2,000,000
Fixed Deposits Refunded on Closure		
Relative of Key Management Personnel	2,694,866	2,400,000
Balances outstanding (net)	**31.03.2013**	**31.03.2012**
Relative of Key Management Personnel (Cr.)	5,430,443	3,000,000
Trust (Cr.)	5,950,000	5,475,000

Notes:

1. Dr. Mohan Chelliah has been appointed by the Board of Directors as an Additional Director in the capacity of an Executive Director with effect from 12th March, 2012 and related party figures are post this date. Further he was appointed as an Executive Director at the Annual General Meeting held on 31st July, 2012.
2. Amounts shown as outstanding at the year end in relation to fixed deposits accepted represent only the principal amount as there is no interest due but not paid at the year end.

Significant Accounting Policies and Notes to Accounts forming part of the consolidated accounts for the year ended 31st March 2013

(Amounts in ₹)

21.10 Operating Lease commitments:

The Foreign subsidiary has annual commitments under non cancelable operating leases for land & building and other assets as follows:

Particulars	Amount as on 31.03.2013	Amount as on 31.03.2012
Due within one year	266,470	-
Due between two to five years	6,773,784	6,501,791

21.11 Research & Development Expenditure

Particulars	2012-13	2011-12
Salaries & Wages	24,003,701	18,981,463
Materials, Consumables & Stores	1,938,945	2,668,519
Other Direct Expenditure	943,377	640,528
Total	**26,886,023**	**22,290,510**

The expenses such as Salaries, Wages, Materials and Consumables are included in the respective head of accounts and direct expenditure is disclosed under Research & Development Expenditure in the Profit and Loss Statement.

21.12 Previous period figures have been rearranged/ reclassified where required to confirm to current year's classification.

(Signatures to Notes 1 to 21)

As per our report of even date attached

For Varma & Varma
Chartered Accountants
FRN 004532S

K Ajith Kumar Rai
Chairman & Managing Director

Diwakar S Shetty
Director

Medappa Gowda J
Company Secretary

R Kesavadas
Partner
M. No. 23862

Place : Bangalore
Date : 25th May, 2013

INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To
The Board of Directors
Suprajit Engineering Limited
Bangalore

Report on the Consolidated Financial Statements

We have audited the accompanying Consolidated Financial Statements of Suprajit Engineering Limited ('the Company') and its two wholly owned subsidiaries (collectively referred as 'the Group') which comprise the Consolidated Balance Sheet as at March 31, 2014, the Consolidated Profit and Loss Statement and the Consolidated Cash Flow statement for the year then ended and a summary of significant accounting policies, notes on consolidated financial statements and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India including Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act,1956 ("the Act"), read with the general circular 15/2013 dated 13.09.2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on consideration of the reports of the other auditors on the financial statements of the two subsidiaries as noted below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

a. in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2014;

b. in the case of the Consolidated Profit and Loss Statement, of the profit of the Group for the year ended on that date; and

c. in the case of Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Other Matters

We did not audit the financial statements of the two subsidiaries whose financial statements reflect total assets of ₹ 83.71 crores as at March 31, 2014, total revenues of ₹ 92.02 crores and net cash inflows amounting to ₹ 1.89 crores for the year ended on that date. The financial statements and other financial information of the subsidiaries have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors. One of these being a foreign subsidiary, the financial statements have not been prepared and audited under the applicable Indian laws and regulations.

For **Varma & Varma**
Chartered Accountants
FRN 004532S

R Kesavadas
Partner
M. No. 23862

Place : Bangalore
Date : 30.05.2014

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH

(Amounts in ₹)

Particulars	Note No	2014	2013
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	120,020,000	120,020,000
Reserves and Surplus	3	1,927,007,085	1,547,388,083
Non-Current Liabilities	4		
Long-term borrowings		424,069,933	391,712,854
Deferred tax liabilities (Net)		74,825,256	60,374,429
Other Long term liabilities		7,821,961	6,860,815
Long term Provisions		25,428,802	13,921,119
Current Liabilities	5		
Short-term borrowings		997,390,911	637,489,371
Trade payables		587,951,321	460,927,115
Other current liabilities		314,351,216	211,008,723
Short-term provisions		82,200,918	69,051,237
TOTAL		**4,561,067,403**	**3,518,753,746**
ASSETS			
Non-Current Assets			
Fixed assets	6		
(i) Tangible Assets		1,523,664,696	1,188,799,027
(ii) Intangible Assets		-	-
(iii) Capital Work-in-progress		7,287,269	175,760,208
Non-current investments	7	5,000,000	5,000,000
Long term loans and advances	8	63,737,843	104,298,173
Other Non-current assets	9	1,002,544	630,250
Current Assets			
Current investments	10	743,312,565	449,256,123
Inventories	11	773,673,097	486,027,233
Trade receivables	12	1,188,730,568	928,374,111
Cash and Bank Balances	13	75,568,407	76,357,643
Short-term loans and advances	14	176,262,995	102,056,283
Other current assets	15	2,827,419	2,194,695
TOTAL		**4,561,067,403**	**3,518,753,746**
Significant Accounting Policies	1		
Other Notes on Financial Statements	22		

As per our report of even date attached

For Varma & Varma
Chartered Accountants
FRN 004532S

R Kesavadas
Partner
M. No. 23862

K Ajith Kumar Rai
Chairman & Managing Director

Diwakar S Shetty
Director

Medappa Gowda J
Company Secretary

Place : Bangalore
Date : 30th May, 2014

CONSOLIDATED PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH

(Amounts in ₹)

Particulars	Note No	2014	2013
Revenue from operations (Gross)	**16**	**5,969,758,854**	**5,079,862,090**
Less: Excise duty		517,393,058	454,501,359
Revenue from Operations (Net)		**5,452,365,796**	**4,625,360,731**
Other Income	**17**	37,591,178	27,737,788
TOTAL		**5,489,956,974**	**4,653,098,519**
Expenses			
Cost of materials consumed		3,484,679,504	2,960,505,140
Changes in inventories of finished goods and work-in-progress	**18**	(132,997,051)	(67,508,782)
Employee benefit expense	**19**	700,987,288	569,965,492
Finance costs	**20**	134,022,437	101,723,844
Depreciation and amortization expense	**6**	83,562,633	81,467,336
Other expenses	**21**	475,321,390	388,605,741
TOTAL		**4,745,576,201**	**4,034,758,771**
Profit before prior period, exceptional items, share of profit from associates and tax for the year		**744,380,773**	**618,339,748**
Prior period expenses		-	(1,887,883)
Exceptional Items [Refer Note no. 22.4]		-	51,835,587
Profit before tax for the year		**744,380,773**	**668,287,452**
Tax expense:			
(1) Current tax		(221,710,000)	(181,591,000)
Tax expense pertaining to earlier years		(10,955)	(1,000,000)
(2) Deferred tax		(14,561,834)	(14,453,031)
Profit after tax for the year		**508,097,984**	**471,243,421**
Earnings per equity share:			
Equity shares of par value ₹ 1/- each			
Basic & Diluted (excluding prior period and exceptional items)		4.23	3.51
Basic & Diluted (including prior period and exceptional items)		4.23	3.93
Number of shares used in computing earnings per share		120,020,000	120,020,000
Significant Accounting Policies	**1**		
Other Notes on Financial Statements	**22**		

As per our report of even date attached

For Varma & Varma
Chartered Accountants
FRN 004532S

K Ajith Kumar Rai
Chairman & Managing Director

Diwakar S Shetty
Director

Medappa Gowda J
Company Secretary

R Kesavadas
Partner
M. No. 23862

Place : Bangalore
Date : 30th May, 2014

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH

(Amounts in ₹)

Particulars	2014	2013
A. **CASH FLOWS FROM OPERATING ACTIVITIES:**		
Profit before tax for the year	744,380,773	668,287,452
Adjustment for:		
Depreciation and amortisation	83,562,633	81,467,336
(Profit)/Loss on sale of fixed assets	(366,783)	(52,062,236)
Provision for impairment of fixed assets	-	1,435,254
(Profit)/Loss on sale of Mutual funds	(12,799,826)	(13,653,240)
(Profit)/Loss on sale of shares	-	(6,036,277)
Provision for diminution in value of investments	-	853,788
Withdrawal of provision for diminution in value of investments	(854,949)	-
Interest income	(1,419,697)	(857,925)
Dividend received	(2,439,176)	(5,049,428)
Interest expense	134,022,437	101,723,843
Operating profit before working capital changes	**944,085,412**	**776,108,567**
(Increase)/ Decrease in		
- Inventories	(287,645,864)	(93,126,490)
- Trade Receivables	(260,356,457)	(35,387,640)
- Loans and advances (Long term and short term)	(31,534,954)	(24,759,917)
- Other Non Current Assets & Current Assets	(6,374,761)	(1,660,933)
Increase/ (Decrease) in		
- Current Liabilities	229,297,689	19,849,695
- Long term Liabilities	961,146	1,462,329
- Provisions (long term and short term)	11,494,621	(5,092,634)
Cash generated from operations	**599,926,832**	**637,392,977**
Income taxes paid (net of refunds)	(224,711,380)	(180,217,975)
Net cash from operating activities	**375,215,452**	**457,175,002**
B. **CASH FLOWS FROM INVESTING ACTIVITIES:**		
Purchase of fixed assets/ Capital work-in-progress	(252,963,970)	(331,170,495)
Sale of investments	310,299,826	217,364,512
Purchase of investments	(590,701,493)	(469,563,180)
Interest received	1,575,785	857,925
Dividend received	2,439,176	5,049,428
Proceeds from sale of fixed assets	3,399,954	70,281,018
Net cash from investing activities	**(525,950,722)**	**(507,180,792)**

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH

(Amounts in ₹)

Particulars	2014	2013
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(133,473,169)	(101,723,843)
Proceeds/(repayments) from long term borrowings (net)	32,357,079	80,486,690
Proceeds/(repayments) from short term borrowings (net)	359,901,540	204,338,820
Dividend and dividend tax paid	(119,354,790)	(97,554,474)
Exchange fluctuation reserve - foreign subsidiary (net)	4,781,977	8,411,116
Net cash from financing activities	**144,212,637**	**93,958,309**
Net increase in cash and cash equivalents during the year	**(6,522,633)**	**43,952,519**
Cash and cash equivalents at beginning of the year	71,874,504	27,921,985
Cash and cash equivalents at end of the year	**65,351,871**	**71,874,504**
Reconciliation of cash and cash equivalents with the Balance Sheet:		
Cash and bank balances as per the Balance Sheet (Refer Note No. 13)	**75,568,407**	**76,357,643**
Less: Bank balances not considered as cash and cash equivalents as defined in AS 3 Cash Flow Statements (Refer 'Other bank balances' in Note No. 13)	10,216,536	4,483,139
Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) included in Note 13 *	**65,351,871**	**71,874,504**
* Comprises:		
- Cash on hand	953,166	710,526
- Cheques, drafts on hand	150,000	90,000
- Balances with banks		
- In current accounts	59,313,149	64,710,883
- In EEFC accounts	343,332	394,566
- In deposit accounts	4,592,224	5,968,529
	65,351,871	**71,874,504**

(Figures in brackets indicate outflows)

As per our report of even date attached

For Varma & Varma
Chartered Accountants
FRN 004532S

K Ajith Kumar Rai
Chairman & Managing Director

Diwakar S Shetty
Director

Medappa Gowda J
Company Secretary

R Kesavadas
Partner
M. No. 23862

Place : Bangalore
Date : 30th May, 2014

Significant Accounting Policies forming part of the consolidated financial statements for the year ended 31st March 2014

GROUP INFORMATION

Suprajit Engineering Limited ('the Company') is a public limited company and is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). The Company and its subsidiaries (jointly referred to as the 'Group' hereunder) are engaged interalia, in the business of manufacturing of auto components consisting mainly control cables, speedo cables and other components for automobiles.

1 **SIGNIFICANT ACCOUNTING POLICIES**

1.1 Basis of preparation of Financial Statements

The Consolidated financial statements have been prepared and presented under the historical cost convention and in accordance with the provisions of the Companies Act, 1956, Companies Act, 2013 (to the extent applicable) and the Companies (Accounting Standards) Rules, 2006 (Indian GAAP) as adopted consistently by the Company.

1.2 Use of Estimates

The preparation of financial statements requires estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses during the reporting period. Although such estimates and assumptions are made on a reasonable and prudent basis taking into account all available information, actual results could differ from these estimates and assumptions and such differences are recognised in the period in which the results are crystallised.

1.3 The financial statements of the subsidiary companies used in the consolidation are drawn up to the same reporting date as that of the Parent.

The consolidated financial statements have been prepared on the following basis:

i) The financial statements of the parent and its subsidiary companies have been combined on a line by line basis by adding together like items of assets, liabilities, income and expenses. Inter-Company balances and transactions and unrealised profits or losses have been fully eliminated.

ii) In case of foreign subsidiaries, being non-integral foreign operations, revenue items are converted to rupees being the reporting currency at the average exchange rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the exchange fluctuation reserve.

iii) Contingent liabilities in foreign currency are translated at the closing rate.

1.4 The subsidiaries considered in the consolidated financial statements are:

NAME OF THE COMPANY	COUNTRY OF INCORPORATION	% VOTING POWER	
		AS AT 31.03.2014	AS AT 31.03.2013
SUPRAJIT AUTOMOTIVE PRIVATE LIMITED	INDIA	100	100
SUPRAJIT EUROPE LIMITED	UNITED KINGDOM	100	100

1.5 Cash Flow Statement

Cash flow statement is prepared in accordance with AS-3 of Companies (Accounting Standards) Rules, 2006, using the indirect method to determine cash flow from operating activities.

1.6 Revenue Recognition

Sale of goods as well as revenue from processing of goods (services) is recognised at the point of dispatch of goods to the customers. Gross sales are inclusive of applicable excise duty and exclusive of sales tax. Revenue from scrap is recognised on sale.

Export incentives are recognised when there is reasonable certainty as to realisation and when they are quantifiable with a high degree of accuracy.

Dividend is recognised when declared and interest income is recognised on time proportion basis taking into account the amount outstanding and the applicable rate.

1.7 Tangible/ Intangible Assets

Fixed Assets are stated at cost less accumulated depreciation and provision for impairment. The cost of an asset comprises of its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Until the fixed assets are ready for its commercial use these costs are aggregated and classified and carried forward as 'Capital Work-In-Progress'. Interest on loan taken for the acquisition of qualifying assets up to the date of commissioning of assets is added to the cost of assets.

Intangible assets are carried at cost less amortisation where it is probable that future economic benefits expected from it is not less than the carrying value.

1.8 Depreciation/ amortisation

Depreciation is provided on straight line method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956. Assets individually costing less than or equal to ₹ 5,000/- are fully depreciated in the year of acquisition.The fixed assets of the foreign subsidiary are depreciated over the estimated useful economic life of the asset, as follows:

Leasehold improvements	- 5 years or lease period if shorter
Plant & Machinery	- 5 -10 years
Fixtures & Fittings	- 3 - 5 years

Intangible assets like brands and know how are amortised on a straight line basis over their estimated useful life of 10 years. Goodwill arising on acquisition / amalgamation is amortised over the estimate of useful life.

Leasehold land is amortised over the period of lease.

1.9 Impairment of Assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in

Significant Accounting Policies forming part of the consolidated financial statements for the year ended 31st March 2014

use. In assessing value in use, the estimated future cash flows are discounted to their present value at appropriate rate. After impairment, depreciation is provided on revised carrying amount of the assets over its remaining useful life. Previously recognised impairment loss is further provided or reversed depending on changes in circumstances.

1.10 Investments

Investments that are readily realisable and intended to be held for not more than 12 months are classified as current investments. All other investments are classified as long-term investments. Long term investments are stated at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments. Current investments are carried at lower of cost or fair value.

1.11 Inventories

Inventories are valued at lower of cost or net realisable value. Cost is ascertained on weighted average method. Conversion and other costs incurred for bringing the inventories to their present location and condition are allocated to the extent applicable.

1.12 Foreign Currency Transactions

The foreign currency transactions are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currency are restated at the applicable exchange rates prevailing as at the Balance Sheet date. Gain / loss arising from such restatement as also on settlement of the transactions are adjusted in the Profit and Loss Statement.

Premium or discount on forward exchange contracts which are not intended for trading or speculation purpose and is to establish the amount of reporting currency required on the settlement dates is recognised in the Profit and Loss Statement over the period of the contracts. The exchange differences on the contracts are recognised in the year in which the exchange rates change.

The Company enters into foreign currency forward exchange contracts to hedge its risks associated with foreign currency fluctuations in respect of highly probable forecast transactions. At the end of the reporting period these contracts are marked to market and the resultant loss, if any is recognised in the Profit and Loss Statement.

1.13 Employee Benefits

Short term employee benefits:

The amounts paid/payable on account of short term employee benefits, comprising largely of salaries & wages, short term compensated absences and annual bonus is valued on an undiscounted basis and charged to the Profit and Loss Statement for the year.

Defined contribution plans:

The Company has defined contribution plans for its employees comprising of Provident Fund and Employee's State Insurance. The contributions paid/payable to these plans during the year are charged to the Profit and Loss Statement for the year. The Company has no other obligation in this regard.

Defined benefit plans:

a) Gratuity
The Parent's Gratuity Scheme is administered through the Employee's Group Gratuity-cum-Life Assurance Scheme of the Life Insurance Corporation of India. The net present value of the obligation for gratuity benefits as determined on actuarial valuation, conducted annually using the projected unit credit method, as adjusted for unrecognised past services cost if any and as reduced by the fair value of plan assets, is recognised in the accounts. Actuarial gains and losses are recognised in full in the Profit and Loss Statement for the period in which they occur.

b) Compensated Absences
The group has a scheme for compensated absences for employees', the liability other than for short term compensated absences is determined on the basis of an actuarial valuation carried out at the end of the year, using projected unit credit method. Actuarial gains and losses are recognised in full in the Profit and Loss Statement for the period in which they occur.

1.14 Borrowing Costs

Borrowing costs other than those attributable to qualifying assets are expensed as and when incurred. Borrowing costs attributable to qualifying assets are capitalised along with the cost of respective asset.

1.15 Leases

Operating Lease

Leases where the significant risks and rewards of ownership is with the lessor are classified as operating leases and payment under such leases are recognised as an expense in the Profit and Loss Statement on a systematic basis.

Finance Lease

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. The assets acquired on finance lease are capitalised as part of fixed assets and corresponding liability is recognised as term loans.

1.16 Taxation

Tax Expense comprising current tax and deferred tax are recognised in the Profit and Loss Statement for the year. Current tax is the amount of income tax determined to be payable in respect of taxable income as computed under the tax laws.

Significant Accounting Policies forming part of the consolidated financial statements for the year ended 31st March 2014

Certain items of income and expenditure are not reported in tax returns and financial statements in the same period for the purpose of determining the current tax. The net tax effect calculated at the current enacted tax rates of this timing difference is reported as deferred income tax asset/liability. The effect on deferred tax assets and liabilities due to change in such assets/liabilities as at the end of previous accounting period and due to a change in tax rates are recognised in the income statement of the period.

Minimum alternative tax (MAT) credit is recognised as an asset to the extent there is convincing evidence that the Company will pay normal income tax during/ within the specified period. Such asset is reviewed at each Balance Sheet date for availing the set off with in specified period and is written down when there is no longer a scope for the Company to avail such set off during the specified period.

1.17 Government Grants and Subsidies

Government grants and subsidies are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants/ subsidies will be received. Government grants and subsidies where no repayment is ordinarily expected in respect thereof and in the nature of promoter's contribution are credited to capital reserve and treated as a part of shareholders' funds.

1.18 Research and Development Expenditure

Expenditure incurred during the research phase is charged off to the Profit and Loss Statement.

1.19 Provisions and Contingencies

Provision for losses and contingencies arising as a result of past event where management considers it probable that a liability may be incurred are made on the basis of reliable estimates of the expenditure required to settle the present obligation on the Balance Sheet date and are not discounted to its present value. Provisions are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Other contingent liabilities to the extent management is aware is disclosed by way of notes on financial statements.

NOTES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH

(Amounts in ₹)

Particulars	2014	2013
2 SHARE CAPITAL		
2.1 Equity Share Capital		
2.1.1 **Authorised Equity Share Capital** [Equity shares of ₹ 1/- each] 125,000,000 (PY - 125,000,000) equity shares	**125,000,000**	**125,000,000**
2.1.2 **Issued, Subscribed and Fully Paid Up**		
Equity Shares of ₹ 1/- each fully paid 120,020,000 (PY - 120,020,000) equity shares	120,020,000	120,020,000
TOTAL	**120,020,000**	**120,020,000**

Notes on Share Capital

2.1.3 **The reconciliation of the number of equity shares outstanding and the amount of share capital as at March 31, 2014 and March 31, 2013:**

Equity Shares of ₹ 1/- each fully paid	No. of shares	No. of shares
Shares outstanding as at the beginning of the year	120,020,000	120,020,000
Shares issued during the year	-	-
Shares outstanding as at the end of the year	120,020,000	120,020,000

2.1.4 **Details of shareholders holding more than 5% shares in the Company:**

Equity Shares of ₹ 1/- each fully paid	No. of shares	%age	No. of shares	%age
K Ajith Kumar Rai	45,548,399	37.95%	45,548,399	37.95%
Supriya A Rai	15,627,958	13.02%	15,627,958	13.02%
	61,176,357	**50.97%**	**61,176,357**	**50.97%**

2.1.5 There are no shares that have been issued, subscribed and not fully paid up.

2.1.6 There are no forfeited shares.

2.1.7 There are no shares reserved for issue under options and contracts/ commitments for the sale of shares/ disinvestment.

2.1.8 The Company has not issued any securities convertible into equity/ preference shares.

2.1.9 Each holder of equity shares is entitled to one vote per share and there are no preferences or restrictions attaching to class of shares mentioned above.

2.1.10 The Company declares and pays dividend in Indian Rupees. The dividend proposed/declared by the Board of Directors is subject to approval/regularisation of the shareholders in the ensuing Annual General Meeting.

2.1.11 In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company after payment of all liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.

2.1.12 **During the last five years ending from 31 Mar 2009 :-**

(i) No shares were allotted as fully paid up pursuant to contract(s) without payment being received in cash.

(ii) During the year ended 31.03.2010 Company has issued 90,015,000 equity shares of Re.1 each as fully paid up bonus shares by way of capitalisation of Securities Premium and General Reserve.

(iii) No shares were bought back.

NOTES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH

(Amounts in ₹)

Particulars	2014	2013
3 RESERVES & SURPLUS		
3.1 Reserves		
3.1.1 **Capital Reserve**		
(State Investment Subsidy and surplus on reissue of forfeited shares) [Refer Note 3.3. below]		
Opening balance	1,127,150	1,127,150
Add: Additions during the year	-	-
Closing Balance	**1,127,150**	**1,127,150**
3.1.2 **General Reserve**		
Opening balance	1,352,225,831	1,019,725,831
Add: Transferred from the Profit & Loss Statement	342,500,000	332,500,000
Closing Balance	**1,694,725,831**	**1,352,225,831**
3.2 Surplus		
3.2.1 **Surplus in the Profit & Loss Statement**		
Opening balance	192,609,999	158,855,124
Add:		
Profit for the year as per Profit and Loss Statement	508,097,984	471,243,421
Less:		
Interim Dividend	54,009,000	42,007,000
Proposed Final Dividend	60,010,000	48,008,000
Tax on dividend	19,377,530	14,973,546
Transfer to General Reserve	342,500,000	332,500,000
Closing Balance	**224,811,453**	**192,609,999**
Foreign Exchange Fluctuation Reserve	6,342,651	1,425,103
TOTAL	**1,927,007,085**	**1,547,388,083**
Notes on Reserves & Surplus		
3.3 Includes ₹ 581,650/- (PY - ₹ 581,650/-) State Investment Subsidy credited to capital reserve.		
3.4 During the year, the Board of Directors have declared interim dividend of ₹ 0.45/- (PY: ₹ 0.35/-) per share, which is subject to regularisation of the shareholders in the ensuing Annual General Meeting.		
3.5 Final dividend of ₹ 0.50/- (PY: ₹ 0.40/-) per share proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting.		
4 NON CURRENT LIABILITIES		
4.1 LONG TERM BORROWINGS		
4.1.1 **Secured**		
Term Loans from Banks (Refer Note 4.1.3 below)	419,819,933	377,452,641
	419,819,933	**377,452,641**
4.1.2 **Unsecured**		
Deferred Payment Liabilities - lease obligations (Refer Note 4.1.6 below)	-	12,889,170
Deposits		
- related parties	3,500,000	971,043
- other than related parties	750,000	400,000
	4,250,000	**14,260,213**
TOTAL	**424,069,933**	**391,712,854**

NOTES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH

(Amounts in ₹)

Particulars	2014	2013
4.1.3 Notes on Long Term Borrowings Term Loans availed from various Banks for capacity expansions are secured by Equitable Mortgage of land and buildings and hypothecation of other present and future fixed assets of the Company on pari-passu first charge basis. Some of these loans are further secured by pari-passu second charge on the current assets of the Company. **4.1.4** None of the above borrowings have been guaranteed by any Directors or others. **4.1.5** In respect of land referred in Note no. 6.4 (2), the balance consideration was payable in 19 quarterly installments which was fully paid during the year. Such amount as at 31st March 2013 relating to the lease payable after 12 months is disclosed in note no. 4.1.2 above and current maturities of this liability is disclosed under note no. 5.3. **4.1.6** There has been no continuing default as on Balance Sheet date in repayment of loans and interest.		
4.2 DEFERRED TAX LIABILITIES (NET)		
4.2.1 Liability		
On timing differences of depreciation	91,946,727	69,757,004
Gross deferred tax liability	**91,946,727**	**69,757,004**
4.2.2 Asset		
On timing differences of expenditure allowable for tax purposes when paid	13,285,777	6,760,085
Accelarated Capital Allowance	237,244	606,040
Provision for doubtful debts	3,598,450	2,016,450
Gross deferred tax asset	**17,121,471**	**9,382,575**
Net deferred tax asset	**74,825,256**	**60,374,429**
4.3 OTHER LONG TERM LIABILITIES		
4.3.1 Dealer Deposits	7,821,961	6,860,815
	7,821,961	**6,860,815**
4.4 LONG TERM PROVISIONS		
4.4.1 Provision for employee benefits [Refer Note no. 22.7(b)]		
- Provision for Gratuity (Unfunded)	8,291,600	156,774
- Provision for Compensated Absences	10,366,196	6,993,345
4.4.2 Provision for Rework charges *	6,771,000	6,771,000
	25,428,796	**13,921,119**
TOTAL	**532,145,946**	**472,869,217**

* There are no movements in the provision for rework charges for the year ended 31.03.2014 and 31.03.2013.

NOTES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH

(Amounts in ₹)

Particulars	2014	2013
5 CURRENT LIABILITIES		
5.1 SHORT TERM BORROWINGS		
5.1.1 **Secured**		
Working capital facilities from banks repayable on demand from banks (Refer Note 5.1.2 below)	997,390,911	637,489,371
	997,390,911	**637,489,371**
Notes on Short Term Borrowings		
5.1.2 Working Capital facilities availed from various banks are secured by pari-passu first charge on stock of raw materials, semi-finished goods, stores, consumables, book-debts, other current assets and pari-passu second charge on Land and Buildings, Plant and Machinery and present and future fixed assets.		
5.1.3 None of the above loans have been guaranteed by any Directors or others		
5.2 TRADE PAYABLES		
5.2.1 Due to Micro & Small Enterprises	5,307,852	5,965,019
5.2.2 Due to Others	582,643,469	454,962,096
	587,951,321	**460,927,115**
5.3 OTHER CURRENT LIABILITIES		
5.3.1 Current maturities of long term debt (Refer Note 4.1.3 and 4.1.6)	138,430,070	83,771,456
5.3.2 Current maturities of deposits from		
- related parties	1,793,355	4,209,400
- other than related parties	650,000	1,000,000
5.3.3 Interest accrued but not due		
- on borrowings	2,337,754	1,607,586
- on deposits	369,869	550,769
5.3.4 Advance from Customers	6,516,395	4,366,512
5.3.5 Unclaimed dividend*	1,800,045	1,280,303
5.3.6 Other Payables		
- Payable towards cost of land [Refer Note. No. 6.4 (3) & (4)]	22,147,265	-
- Creditors for purchase of fixed assets	14,526,083	14,669,966
- Statutory liabilities	53,212,227	33,584,175
- Payable to Employees	30,690,754	35,518,919
- Payable to directors towards commission & sitting fees	28,303,399	24,499,637
- Others [Refer Note. No. 5.3.8]	13,574,000	5,950,000
	314,351,216	**211,008,723**
5.3.7 There are no amounts outstanding for more than 7 years to be deposited in the Investor Education and Protection Fund.		
5.3.8 As decided by the Board of Directors, a provision of ₹ 13,574,000/- (PY- ₹ 5,950,000/-) being 2% (PY - 1%) of the net profits, is made towards Suprajit Foundation, a trust set up for charitable purposes.		
5.4 SHORT TERM PROVISIONS		
5.4.1 **Provision for employee benefits [Refer Note no. 22.7(b)]**		
- Provision for Gratuity (Funded)	4,864,158	4,928,306
- Provision for Compensated Absences	943,411	791,535
5.4.2 Provision for Proposed Dividend	60,010,000	48,008,000
5.4.3 Provision for Corporate Dividend Tax	10,198,700	8,158,960
5.4.4 Provision for Income Tax (Net of Advance Tax and Tax Deducted at Source)	6,089,673	6,968,670
5.4.5 Provision for Wealth Tax	94,976	195,766
	82,200,918	**69,051,237**
TOTAL	**1,981,894,366**	**1,378,476,446**

NOTES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH

6 FIXED ASSETS

(Amounts in ₹)

	Description	Gross Block					Depreciation/Amortisation					Accumulated Impairment		Net Block	
		As at 01.04.2013	Additions	Disposals / Adjustment	Currency Fluctuation arising on consolidation [Refer Note no. 1.3]	As at 31.03.2014	Upto 01.04.2013	For the year	Disposals/ Adjustment	Currency Fluctuation arising on consolidation [Refer Note no.1.3]	As at 31.03.2014	As at 31.03.2013	As at 31.03.2014	As at 31.03.2014	As at 31.03.2013
6.1	**Tangible assets**														
	Land	175,197,853	20,693,190	-	-	195,891,043	-	-	-	-	-	-	-	195,891,043	175,197,853
	Land on lease	75,415,994	26,773,471	-	783,398	102,972,863	6,532,359	781,229	-	772,233	8,085,862	-	-	94,887,001	68,883,635
	Buildings	623,139,980	229,597,651	-	-	852,737,631	94,103,981	25,155,296	-	-	119,259,277	-	-	733,478,354	529,035,999
	Electrical Installations	88,282,795	21,114,799	-	-	109,397,594	22,379,456	4,649,246	-	-	27,028,702	-	-	82,368,892	65,903,339
	Plant and Machinery	542,177,669	90,075,562	6,275,883	1,234,051	630,868,221	272,828,340	37,397,066	3,836,297	2,798,833	307,755,435	1,432,423	1,432,423	321,680,363	269,349,329
	Dies & Moulds	51,591,132	9,141,108	-	-	60,732,240	27,669,774	3,768,391	-	-	31,438,165	-	-	29,294,061	23,921,358
	Furniture and Fixtures	35,435,230	5,626,190	-	948,846	42,010,266	16,454,388	2,824,034	-	770,816	20,049,238	-	-	21,961,028	18,980,842
	Vehicles	24,008,723	2,467,012	1,065,113	(850,418)	25,522,503	8,300,373	2,212,364	471,528	(284,389)	9,756,847	-	-	15,765,656	15,708,350
	Office equipment	16,827,515	6,338,237	-	55,701	23,221,453	7,433,334	1,862,360	-	33,079	9,325,942	2,831	2,831	13,892,680	9,394,181
	Containers	1,738,233	1,008,063	-	-	2,746,296	1,738,233	1,008,063	-	-	2,746,296	-	-	-	-
	Computers (including Software)	42,578,634	5,926,061	-	-	48,504,695	30,154,493	3,904,584	-	-	34,059,077	-	-	14,445,618	12,424,141
6.2	**Intangible assets**														
	Goodwill	123,341,164	-	-	21,132,240	144,473,404	123,341,164	-	-	21,132,240	144,473,404	-	-	-	-
	Brands	5,100,000	-	-	-	5,100,000	5,100,000	-	-	-	5,100,000	-	-	-	-
	Technical Knowhow	195,127	-	-	-	195,127	195,127	-	-	-	195,127	-	-	-	-
	Total	**1,805,030,049**	**418,761,344**	**7,340,996**	**23,303,818**	**2,244,373,336**	**616,231,022**	**83,562,633**	**4,307,825**	**25,222,812**	**719,273,372**	**1,435,254**	**1,435,254**	**1,523,664,696**	**1,188,799,027**
	Previous year	***1,543,384,545***	***282,691,753***	***21,814,449***	***768,200***	***1,805,030,049***	***536,912,470***	***81,467,336***	***3,595,667***	***11,629***	***616,231,022***	**-**	***1,435,254***	***1,187,363,773***	***1,006,472,075***
6.3	Capital Work-in-Progress													**7,287,269**	**175,760,208**
	TOTAL													**1,530,951,965**	**1,364,559,235**

6.4 Notes on Fixed Assets

1. All the fixed assets except the land on lease are owned by the Company.
2. Land on lease includes land at Bhiwadi, Rajasthan registered in the name of the Company for a value of ₹ 45,462,101/- (PY - ₹ 45,462,101/-), payment towards this land, which was agreed upon to be made in instalments during the previous year, has been repaid in entirety during the year.
3. Additions to land ₹ 20,693,190/- (PY - Nil) represents additional consideration paid to Haryana State Industrial Development Corporation Limited (HSIDC) in respect of Company's land at Manesar, Haryana. The unpaid balance consideration of ₹ 12,415,914/- (PY - Nil) has been disclosed under Note 5.3.6.
4. Additions to land on lease, ₹ 26,773,471/- (PY - Nil) represents land allotted at Narasapura, Kolar Dist., Karnataka by the Karnataka Industrial Area Development Board (KIADB) under a lease cum sale arrangement with a right to purchase on fulfilment of certain conditions after the period of 10 years and the consideration towards such land and hence has not been amortised over the lease period. The Company has obtained possession of the land in May 2013. The lease deed is pending execution and the unpaid balance consideration of ₹ 9,731,351/- (PY - Nil) has been disclosed under Note 5.3.6.
5. Land on lease at various locations except as mentioned in Note No. 4 above are held on long term lease without right to acquire at the end of the lease period and the cost of such land is amortised over the period of the lease.
6. During the previous year, the management has identified certain individual assets to be impaired based on their condition and usage. The provision for impairment in respect of these assets amounting to ₹ 1,435,254/- made after considering an amount of ₹ 806,300/- towards the net realisable value of these assets. Estimated Net Book value of these assets as on 31st March, 2014 is ₹ 2,241,554/-.
7. Borrowing costs capitalised during the year is Nil (PY: ₹ 8,485,237/-).

NOTES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH

(Amounts in ₹)

Particulars	2014	2013
7 NON CURRENT INVESTMENTS		
7.1 **TRADE INVESTMENTS**	-	-
7.2 **OTHER INVESTMENTS (NON-TRADE)**		
(AT COST)		
Investments in National Highway Authority of India Bonds. (500 Non-convertible Redeemable bonds of face value ₹ 10,000/- each carrying interest @ 6% p.a. payable annually. Date of maturity - 30th September 2015)	5,000,000	5,000,000
TOTAL	**5,000,000**	**5,000,000**
7.3 **General Information**		
Aggregate value of Investments:		
Unquoted - At Cost	5,000,000	5,000,000
8 LONG TERM LOANS AND ADVANCES		
8.1 Capital Advances		
(Unsecured, considered good)		
Advance paid for leasehold land	-	17,042,120
Capital advances towards fixed assets	21,053,026	50,425,210
	21,053,026	**67,467,330**
8.2 Deposits		
(Unsecured, considered good)		
Electricity Deposits	6,978,009	5,653,958
Rental Deposits	3,500,000	-
Other Deposits	4,094,035	1,644,982
	14,572,044	**7,298,940**
8.3 Others		
(Unsecured, considered good)		
Advance tax [including Tax deducted at source (Net of Provisions)]	2,111,428	-
Income tax paid under protest	903,430	903,430
MAT credit entitlement	6,939,081	12,969,639
Value Added Tax paid under protest [Refer Note no. 22.5.1]	-	15,658,834
Value added tax refundable	18,158,834	-
	28,112,773	**29,531,903**
TOTAL	**63,737,843**	**104,298,173**
9 OTHER NON-CURRENT ASSETS		
(Unsecured, considered good)		
Non-current bank deposits *	1,000,000	564,151
Interest accrued on the above non-current bank deposit	2,544	56,099
Advance to gratuity trust	-	10,000
TOTAL	**1,002,544**	**630,250**

* Held against public deposits in pursuance of the requirements of applicable Rules.

NOTES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH

(Amounts in ₹)

Particulars	2014	2013
10 CURRENT INVESTMENTS		
10.1 Other Investments (Non-trade)		
Investments in Mutual Funds (at lower of cost or fair value)	743,312,565	449,256,123
TOTAL	**743,312,565**	**449,256,123**
10.2 Details of Other Investments (Non-trade)		
10.2.1 **General Information**		
Aggregate market value (Net Asset Value) of quoted Investments	788,695,414	481,484,021
Aggregate provision for diminution in the value of above investments	-	854,949
10.2.2 **Details of Mutual Funds held at the end of the year:**		

Particulars	31.03.2014	31.03.2013
Birla Dynamic Bond fund retail plan growth - 1,939,435.01(1,939,435.01) units of ₹ 10/- each	35,000,000	35,000,000
Birla Sun Life Short Term Fund - Nil (476,536.53) units of ₹10/- each	-	20,000,000
Brila Sun Life Dynamic Bond Fund- Retail - Growth 1,079,445.67(1,079,445.67) units of ₹10/- each	20,000,000	20,000,000
Birla Sun Life Dynamic Bond Fund - Retail - Nil (875,679.75) units of ₹10/- each	-	9,992,644
DSP BlackRock STP Growth - Nil (269,990.06) units of ₹10/- each	-	5,000,000
HDFC High Interest Fund-Growth - 17,71,778.05 (Nil) units of ₹10/ each	70,000,000	-
HDFC High Interest Fund-Short Term Plan- Growth - Nil (465,432.34) units of ₹10/- each	-	10,000,000
HDFC Monthly Income Plan - Nil (619,472.60) units of ₹ 10/- each	-	14,500,000
HDFC Prudence Fund - Growth - Nil (96,764.49) units of ₹ 10/- each	-	20,111,073
HSBC Flexi Debt Growth 3,020,019.66 (Nil) units of ₹ 10/- each	50,000,000	-
HSBC Income Fund STP Growth 3,433,773.94 (Nil) units of ₹ 10/- each	70,000,000	-
IDFC Dynamic Bond Fund - 1,501,670.60 (1,501,670.60) units of ₹ 10/- each	20,000,000	20,000,000
IDFC Dynamic Bond Fund Growth - 7,191,316.27 (2,227,216.62) units of ₹ 10/- each	117,500,000	47,500,000
IDFC Dynamic Bond Fund Plan B 2,108,042.17 (Nil) units of ₹ 10/- each	29,812,565	-
IDFC Dynamic Bond QDP - Nil (2,913,460.25) units of ₹ 10/- each	-	29,672,427
IDFC SSIF STP Regular – 793,603.56 (Nil) units of ₹ 10/- each	20,000,000	-
IDFC Super Saver Income Fund - Short Term Plan A Growth Nil (224,624.20) units of ₹ 10/- each	-	5,000,000
IDFC Super Saver Income Fund 1,993,419.99 (Nil) units of ₹ 10/- each	50,000,000	-
Kotak Bond QDP - Nil (2,800,123.52) units of ₹ 10/- each	-	29,479,980
Kotak Bond Regular Growth -Nil (1,489,020.07) units of ₹ 10/- each	-	46,000,000
Pru ICICI Short term Plan - Cumulative Option - Nil (442,883.53) units of ₹10/- each	-	10,000,000
Reliance Dynamic Bond Growth 3,808,213.18 (Nil) units of ₹ 10/- each	60,000,000	-
Reliance Dynamic Bond QDP - Nil (2,945,816.50) units of ₹ 10/- each	-	30,000,000
Reliance Monthly Income Plan - Nil (768,456.43) units of ₹ 10/- each	-	17,000,000
SBI Dynamic Bond Fund 2,023,637.75 (Nil) units of ₹ 10/-each	30,000,000	-
SBI Dynamic Bond Fund-Growth - 2,937,530.09 (2,937,530.09) units of ₹ 10/- each	40,000,000	40,000,000
SBI Magnum Income Fund - 686,040.45 (Nil) units of ₹ 10/- each	20,000,000	-
Templeton India short term Income Retail growth plan - 14,415.83 (2,298.49) units of ₹ 10/- each	35,000,000	5,000,000
UTI Bond Fund growth - 1,708,364.46 (1,110,261.30) units of ₹ 10/- each	56,000,000	35,000,000
UTI Bond Fund Growth 560,887.07 (Nil) units of ₹ 10/- each	20,000,000	-
TOTAL	**743,312,565**	**449,256,123**

NOTES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH

(Amounts in ₹)

Particulars	2014	2013
11 INVENTORIES		
(Valued at Lower of Cost or Net Realisable value)		
Raw materials (including components, packing materials and stores & spares)	329,304,512	232,599,591
Raw materials in transit (including in custom bonded warehouse)	60,541,205	12,069,220
Work-in-Progress	52,954,200	35,137,945
Finished Goods	290,785,405	190,600,120
Finished Goods-in-Transit	37,802,611	10,346,225
Tools	2,285,164	5,274,132
TOTAL	**773,673,097**	**486,027,233**
12 TRADE RECEIVABLES		
12.1 Outstanding for a period more than six months from the due date of payment		
Unsecured, considered good	3,245,172	4,681,338
Unsecured, considered doubtful	7,182,500	7,392,280
Less:- Provision for Doubtful receivables	7,182,500	7,392,280
	3,245,172	**4,681,338**
12.2 Other Trade Receivables		
Unsecured, considered good	1,185,485,396	923,692,773
Unsecured, considered doubtful	3,504,497	2,268,523
Less:- Provision for Doubtful receivables	3,504,497	2,268,523
	1,185,485,396	**923,692,773**
TOTAL	**1,188,730,568**	**928,374,111**
13 CASH AND BANK BALANCES		
13.1 Cash and Cash Equivalents		
Balances with Banks		
- in Current Accounts	59,313,149	64,710,883
- in EEFC Accounts	4,592,224	394,566
- in Deposit Accounts	343,332	5,968,529
Cash on hand	953,166	710,526
Cheques, drafts on hand	150,000	90,000
	65,351,871	**71,874,504**
13.2 Other Bank balances		
Earmarked balances for Unclaimed Dividend accounts	1,800,045	1,280,303
Bank deposit held as margin money against bank guarantees [Refer Note 22.6.1]	8,416,491	3,202,836
	10,216,536	**4,483,139**
TOTAL	**75,568,407**	**76,357,643**
14 SHORT TERM LOANS AND ADVANCES		
Others		
(Unsecured, considered good)		
Advance to Suppliers	96,883,939	51,955,819
Advance to Employees	3,859,191	3,422,269
Balance with Central excise customs & other authorities	51,502,030	33,336,009
Prepaid Expenses	19,523,067	13,167,412
Others	4,494,768	174,774
TOTAL	**176,262,995**	**102,056,283**
15 OTHER CURRENT ASSETS		
(Unsecured, considered good)		
Export benefit entitlements	2,296,022	1,872,941
Interest accrued on non-current investment in bonds	300,000	170,959
Interest accrued on bank deposits	231,397	150,795
TOTAL	**2,827,419**	**2,194,695**

NOTES FORMING PART OF CONSOLIDATED PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH

(Amounts in ₹)

Particulars	2014		2013
16 REVENUE FROM OPERATIONS (GROSS)			
Sale of Products (Refer Note 16.1 below)	5,944,341,617		5,047,825,717
Sale of Services (Refer Note 16.2 below)	10,894,091		20,847,130
Other operating revenue (Refer Note 16.3 below)	14,523,146		11,189,243
TOTAL	**5,969,758,854**		**5,079,862,090**
Particulars of Revenue from Operations			
16.1 Sale of Products (Gross)			
Manufactured Goods			
Domestic			
Cables (Control & Speedo)	4,792,514,193		4,322,560,976
Speedo Meters	173,480,828		127,803,916
Others (including parts)	65,739,521		35,167,559
Sub-Total	**5,031,734,542**		**4,485,532,451**
Exports (Including deemed exports)			
Cables (Control & Speedo)	879,480,073		520,071,865
Speedo Meters	990,266		930,418
Others (including parts)	32,136,736		41,290,983
Sub-Total	**912,607,075**		**562,293,266**
TOTAL	**5,944,341,617**		**5,047,825,717**
16.2 Sale of Services			
Processing Charges	10,894,091		20,847,130
16.3 Other Operating Revenue			
Scrap Sales	13,867,769		11,244,053
Export benefit entitlements (Net)	655,377		(54,810)
TOTAL	**14,523,146**		**11,189,243**
17 OTHER INCOME			
Interest Income			
- On bank deposits	871,507		857,925
- On advance to suppliers	532,918		-
- On employee loans & advances	15,272		-
Dividend Income from Mutual funds	2,439,176		5,049,428
Gain on sale of investment in Associate Company	-		5,982,277
Withdrawal of provision relating to sale of other Non-Current Investment	-	7,164,070	
Loss on sale of above non-current investment	-	(7,110,070)	54,000
Net gain on sale of current investments	12,799,826		13,653,240
Withdrawal of provision for diminution of value of Current Investments	854,949		-
Rent Received	17,263		262,230
Discount Received	1,253,497		750,534
Net gain on foreign currency transactions and translations	17,424,660		-
Profit on sale of fixed assets [net of loss]	366,783		226,649
Other non-operating income	1,015,327		901,505
TOTAL	**37,591,178**		**27,737,788**

NOTES FORMING PART OF CONSOLIDATED PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH

(Amounts in ₹)

Particulars	2014	2013
18 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS		
Opening Stock		
Finished Goods	200,946,345	129,205,669
Work-in-Progress	35,137,945	31,497,289
	236,084,290	**160,702,958**
Less: Closing Stock		
Finished Goods	328,588,016	200,946,345
Work-in-Progress	52,954,200	35,137,945
	381,542,216	**236,084,290**
Add: Currency Fluctuation arising on consolidation [Refer Note no. 1.3]	12,460,875	7,872,550
TOTAL	**(132,997,051)**	**(67,508,782)**
19 EMPLOYEE BENEFIT EXPENSE		
Salaries, Wages and bonus (including managerial remuneration)	646,483,280	526,645,020
Contribution to Provident fund and other funds	24,101,435	22,683,458
Staff welfare expenses	30,402,573	20,637,014
TOTAL	**700,987,288**	**569,965,492**
20 FINANCE COSTS		
Interest expense		
- Borrowings	130,112,608	107,618,364
- Deposits	638,174	641,041
- Others	1,641,930	551,414
Loan processing charges	1,629,725	1,398,262
	134,022,437	**110,209,081**
Less: Expenditure incurred during the construction period		
- Capitalised during the year	-	(3,623,146)
- Added to capital work-in-progress	-	(4,862,091)
TOTAL	**134,022,437**	**101,723,844**

NOTES FORMING PART OF CONSOLIDATED PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH

(Amounts in ₹)

Particulars	2014		2013	
21 OTHER EXPENSES				
Increase/(Decrease) of excise duty on Inventory		14,741,181		(3,396,111)
Power and fuel		87,971,893		71,149,513
Testing charges		752,503		6,687,221
Labour charges		11,534,915		614,435
Rent		8,775,435		6,616,900
Repairs & Maintenance:				
Buildings		8,865,773		1,716,624
Machinery		29,105,326		24,859,823
Others		20,659,991		17,370,364
Insurance		12,568,828		12,643,524
Rates and taxes		11,322,923		7,952,599
Bank Charges		6,470,700		6,339,517
Travelling and Conveyance		38,022,153		31,456,246
Professional Charges		10,115,781		10,416,435
Auditors' Remuneration		2,311,799		3,136,353
Freight Outward and C & F Charges		92,525,450		68,728,134
Advertisement and Sales Promotion		6,838,948		11,613,914
Discount		48,652,632		48,079,179
Commission				
- Sales Commission		9,260,539		7,796,974
- Others		250,000		-
Directors' Sitting Fees & Commission		850,000		800,000
Bad debts written off	1,621,475		5,350,381	
Withdrawal of earlier year provisions	461,715	1,159,760	2,949,352	2,401,029
Provision for Doubtful debts		2,249,376		9,343,711
Printing & Stationery		7,048,588		5,331,224
Security Expenses		14,689,612		11,577,313
Communication Expenses		6,571,489		6,941,751
Foreign Exchange Loss (net)		-		3,500,360
Provision for diminution in value of Current Investments (net)		-		853,788
Provision for impairment of fixed assets [Refer Note no.6.4.(6)]		-		1,435,254
Donation [Refer Note No. 5.3.8]		13,914,805		5,984,156
General Expenses		8,090,990		6,655,511
TOTAL		**475,321,390**		**388,605,741**

OTHER NOTES ON FINANCIAL STATEMENTS FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

(Amounts in ₹)

22 OTHER NOTES ON FINANCIAL STATEMENTS

22.1 In the opinion of the Board, none of the assets other than fixed assets and non-current investments have a value lower on realisation in the ordinary course of business than the amount at which they are stated in the Balance Sheet.

22.2 Some of the trade receivables, trade payables, loans and advances are subject to confirmation/ reconciliation.

22.3 Full quantitative particulars giving item wise and location wise details of fixed assets are maintained in the ERP system in respect of additions made after 1.4.2008. The particulars of fixed assets acquired prior to this date have been updated in the ERP system in a summarised format. However, item wise particulars are maintained for major assets in manual form.

22.4 Exceptional item in the Profit & Loss Statement of the previous year represents profit on sale of land and building situated at Doddaballapur, Karnataka.

Particulars	31.03.2014	31.03.2013
22.5 Contingent Liabilities and Commitments		
22.5.1 Contingent Liabilities		
Corporate Guarantees issued on behalf of subsidiaries to their bankers [GBP 500,000 (PY: GBP 500,000)].	50,425,000	41,160,000
Letter of credit outstanding	105,598	-
Bond Executed in favour of customs	19,000,000	20,000,000
Bank Guarantee furnished to Tax Authorities for availing concessions	750,000	750,000
Other Bank Guarantees	7,181,137	-
Disputed Excise/ Service Tax dues pending in appeal *	432,920	544,160
Demand raised by VAT authorities disputed with Joint Commissioner of Commercial Taxes - Appeals (JCCT - Appeals) * [Against this demand, a bank guarantee of amount of Nil (PY- ₹ 13,158,834/-) is furnished].	-	28,817,668
Other sums the Company is contingently liable*	1,200,000	-
Total	**79,094,655**	**91,271,828**
* No provision has been made in these accounts for these disputed duty, tax demands as the management is confident that the matter will be ultimately decided in favour of the Company.		
22.5.2 Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	17,220,823	33,560,183
Total Contingent Liabilities and Commitments	**96,315,478**	**124,832,011**

22.6 Foreign Exchange exposure

The detail of foreign currency exposure as at the year end is given below:

Particulars	31.03.2014		31.03.2013	
	Foreign currency	Equivalent ₹	Foreign currency	Equivalent ₹
Hedged by derivative instruments (Converted at committed exchange rates)				
USD Receivable	-	-	225,000	12,961,750
Euro Receivable	375,000	30,641,250	454,000	33,751,730
Not hedged by derivative instruments				
USD Receivable	3,210,216	191,555,121	1,036,072	56,802,362
USD Payable	735,831	43,990,188	185,546	10,167,922
Euro Receivable	385,306	31,520,991	388,381	26,650,611
Euro Payable	23,150	1,932,135	-	-
GBP Receivable	935,919	93,297,894	387,236	31,827,372
GBP Payable	253,942	25,356,208	182,529	15,025,787

OTHER NOTES ON FINANCIAL STATEMENTS FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

(Amounts in ₹)

22.7 Employee Benefits

The foreign subsidiary has provided for retirement plans in accordance with their local laws.

a. Defined Contribution Plans:

During the year the following amounts have been recognised in the Profit and Loss Statement on account of defined contribution plans.

Particulars	31.03.2014	31.03.2013
Employers contribution to Provident Fund (incl. admin. charges)	15,674,399	12,624,704
Employers contribution to Employee State Insurance	4,070,400	3,045,849
Employers contribution to other Social Security Schemes	13,054,504	10,410,840

b. Defined Benefit Plans:

Gratuity - Funded & Unfunded

Compensated absences - Unfunded

Gratuity is a funded obligation of the Company and the Indian subsidiary except to the extent of liability of the Parent not eligible to be covered by the Gratuity Scheme, which is unfunded. Compensated Absences is an unfunded obligation of the Company. The Parent and the Indian subsidiary has provided for liability of gratuity and compensated absences based on an actuarial valuation under the projected unit credit method. Actuarial assumptions in determining such liability are given below:

Particulars	Gratuity		Compensated Absences	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
Discount Rate (per annum)*	9.12%	8.00%	9.12%	8.00%
Expected return on plan assets	6.75%	9.00%	-	-
Salary escalation rate**	10.00%	7.00%	10.00%	7.00%

* The discount rate is based on the prevailing market yields of Government of India services as at the Balance Sheet date for the estimated term of the obligations.

** The assumption of future salary increases takes into account inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market.

	Particulars	2013-14		2012-13	
		Gratuity	Compensated Absences	Gratuity	Compensated Absences
I.	**Reconciliation of present value of obligation**				
	Present value of obligation at beginning of the year	27,307,079	7,784,880	18,464,045	5,796,212
	Current Service Cost	8,016,544	3,398,643	8,100,468	2,147,323
	Interest Cost	2,473,147	658,999	1,456,779	417,038
	Actuarial (gain)/loss	(655,499)	585,097	(205,608)	590,779
	Benefits Paid	(378,479)	(1,118,012)	(508,606)	(1,166,472)
	Present value of obligation at end of the year#	**36,762,792**	**11,309,607**	**27,307,078**	**7,784,880**

\# Present Value of Obligation towards Gratuity as at 31.03.2014 includes liability not eligible to be covered by the clauses governing the Group Gratuity Scheme and is disclosed as an unfunded obligation in Note no. 4.4.1.

	Particulars	2013-14		2012-13	
		Gratuity	Compensated Absences	Gratuity	Compensated Absences
II.	**Reconciliation of fair value of plan assets**				
	Fair value of plan assets at beginning of the year	22,221,999	-	7,012,634	-
	Expected return on plan assets	1,540,747	-	1,250,504	-
	Actuarial gain/(loss)	8,513	294,071	195,133	(118,638)
	Contributions	214,254	(294,071)	14,272,333	118,638
	Benefits paid	(378,479)	-	(508,606)	-
	Fair value of plan assets at end of the year	**23,607,034**	**-**	**22,221,998**	**-**

OTHER NOTES ON FINANCIAL STATEMENTS FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

(Amounts in ₹)

	Particulars	2013-14 Gratuity	2012-13 Gratuity
III.	**Description of Plan Assets**		
	Insurer Managed Funds##	23,607,034	22,221,998

The fund is maintained with the Life Insurance Corporation of India under the Group Gratuity Scheme administered through trustees

	Particulars	2013-14 Gratuity	2013-14 Compensated Absences	2012-13 Gratuity	2012-13 Compensated Absences
IV.	**Expenses recognised in the Profit & Loss Statement**				
	Current Service Cost	8,016,544	3,398,643	8,100,468	2,147,323
	Interest Cost	2,473,147	658,999	1,456,779	417,038
	Expected Return on Plan Assets	(1,135,577)	-	(1,250,504)	-
	Actuarial gain/(loss)	(1,069,182)	585,097	(400,741)	590,779
	Net Expense recognised in the Profit & Loss Statement	**8,284,932**	**4,642,739**	**7,906,002**	**3,155,140**

	Particulars	2013-14 Gratuity	2013-14 Compensated Absences	2012-13 Gratuity	2012-13 Compensated Absences
V.	**Net (Asset)/ Liability recognised in the Balance Sheet as at year end**				
	Present value of obligation at end of the year	36,762,792	11,309,607	27,307,078	7,784,880
	Fair value of plan assets at end of the year	22,221,998	-	22,221,998	-
	Net present value of unfunded obligation recognised as (asset)/ liability in the Balance Sheet	**14,540,794**	**11,309,607**	**5,085,080**	**7,784,880**

	Particulars	2014	2013	2012	2011	2010
VI.	**Experience Adjustments**					
	Gratuity - Funded & Unfunded					
	Present value of obligations	36,762,791	27,307,078	18,464,045	16,264,586	9,854,472
	Fair value of plan assets	23,607,033	22,221,998	7,012,634	6,992,965	5,080,259
	Funded Status [(Surplus)/Deficit]	13,155,758	5,085,080	11,451,411	9,271,621	4,774,213
	Experience [Gain/(Loss)] adjustment on plan liabilities	(597,951)	(152,978)	(1,791,700)	(252,589)	(1,566,399)
	Experience [Gain/(Loss)] adjustment on plan assets	(471,231)	(247,763)	(151,545)	38,103	(104,805)
	Compensated Absences - Unfunded					
	Present value of obligations	11,309,607	7,784,880	5,796,212	4,087,648	3,574,007
	Experience [Gain/(Loss)] adjustment on plan liabilities	(250,161)	(508,627)	(126,735)	(183,671)	(268,728)

22.8 Research & Development Expenditure

Particulars	2013-14	2012-13
Salaries & Wages	29,827,627	24,003,701
Materials, Consumables & Stores	2,226,803	1,938,945
Other Direct Expenditure	1,908,150	943,377
TOTAL	**33,962,579**	**26,886,023**

The expenses such as Salaries & Wages, Materials, Consumables & Stores are included under Note no. 19 & 18 respectively and direct expenditure is disclosed under General expenses under Note no. 21 in the Profit and Loss Statement.

OTHER NOTES ON FINANCIAL STATEMENTS FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

(Amounts in ₹)

22.9 Segment Reporting

The Group has classified its products as Auto Components and hence operates in only one primary segment (business). Secondary segmental reporting is based on the geographical location of customers. The following is the distribution of the Group's sale by geographical markets and segment assets which can be attributed to customers in such markets.

Particulars	2013-14	2012-13
Sales/Operating income		
- India	4,485,939,233	4,053,020,964
- Rest of the world	966,426,561	572,339,766
Segment Assets		
- India	4,303,627,832	3,486,465,989
- Rest of the world	257,439,571	32,287,757

22.10 Related Party Disclosures

Party	Relationship
K Ajith Kumar Rai (Chairman & Managing Director)	Key Management Personnel
Mohan Chelliah (Executive Director)	Key Management Personnel
Peter Greensmith	Key Management Personnel
Akhilesh Rai	Relative of Key Management Personnel
Jayarama M Shetty (Director)	Relative of Key Management Personnel
Manjunath Rai K	Relative of Key Management Personnel
Hemavathi M Rai	Relative of Key Management Personnel
Ashok Kumar Rai	Relative of Key Management Personnel
Shobha Mani	Relative of Key Management Personnel
Lakshmi A Rai	Relative of Key Management Personnel
Suprajit Foundation	Controlled Trust

Nature of Transaction and Related Party	2013-14	2012-13
Remuneration/ Commission		
Key Management Personnel	47,421,755	41,198,736
Relative of Key Management Personnel	790,850	821,943
Sitting Fees		
Relative of Key Management Personnel	100,000	80,000
Interest Paid		
Relative of Key Management Personnel	505,250	332,494
Interest accrued but not due on deposits and outstanding		
Relative of Key Management Personnel	206,975	139,714
Donation		
Controlled Trust	13,574,000	5,950,000
Reimbursements		
Key Management Personnel	2,065,942	2,844,084
Relative of Key Management Personnel	60,977	46,636
Fixed Deposits Accepted		
Relative of Key Management Personnel	4,572,312	4,771,043
Fixed Deposits Refunded on Closure		
Relative of Key Management Personnel	3,300,000	2,444,866
Balances outstanding	**31.03.2014**	**31.03.2013**
Relative of Key Management Personnel (Cr.)	5,293,355	5,180,443
Interest accrued but not yet due on total outstanding deposits*	206,975	139,714
Controlled Trust (Cr.)	13,574,000	5,950,000

Notes:
Amounts shown as outstanding at the year end in relation to fixed deposits accepted represent only the principal amount and the accumulated amount of interest accrued but not due is disclosed above.

OTHER NOTES ON FINANCIAL STATEMENTS FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

(Amounts in ₹)

22.11 Operating Lease commitments:

The Foreign subsidiary has annual commitments under non cancelable operating leases for land & building and other assets as follows:

Particulars	31.03.2014	31.03.2013
Due within one year	623,763	266,470
Due between two to five years	7,935,479	6,773,784

22.12 Previous period figures have been rearranged/ reclassified where required to confirm to current year's classification.

(Signatures to Notes 1 to 22)

As per our report of even date attached

For Varma & Varma
Chartered Accountants
FRN 004532S

K Ajith Kumar Rai	**Diwakar S Shetty**	**Medappa Gowda J**	**R Kesavadas**
Chairman & Managing Director	Director	Company Secretary	Partner
			M. No. 23862

Place : Bangalore
Date : 30th May, 2014

INDEPENDENT AUDITORS' REPORT

To

The Members of **SUPRAJIT ENGINEERING LIMITED**

Report on the Consolidated Financial Statements

We have audited the accompanying Consolidated Financial Statements of Suprajit Engineering Limited (hereinafter referred to as 'the Holding Company') and its two subsidiaries (the Holding Company and its two subsidiaries together referred as 'the Group') comprising of the Consolidated Balance Sheet as at 31st March, 2015, the Consolidated Profit and Loss Statement and the Consolidated Cash Flow statement for the year then ended and a summary of the significant accounting policies, notes on consolidated financial statements and other explanatory information ("herein after referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2015, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matters

We did not audit the financial statements of the two subsidiaries whose financial statements reflect total assets of ` 86.95 crores as at March 31, 2015, total revenues of ` 135.53 crores and net cash outflows amounting to ` 2.51 crores for the year ended on that date, as considered in the consolidated financial statements. These financial statements and other financial information of the two subsidiaries have been audited

by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries, is based solely on the report of other auditors. One of these being a foreign subsidiary, the financial statements have been prepared and audited under the laws applicable in that Country.

Our opinion on the consolidated financial statements and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditors' report issued in respect of the Holding company and based on the report of the statutory auditors of one subsidiary company incorporated in India, we give in the Annexure a statement on the matter specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act and on the consideration of the report of the other auditors on separate financial statements and other financial information of two subsidiaries, as noted in the 'Other Matter' paragraph, we report, to the extent applicable, that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

   (b) In our opinion, proper books of account/records as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

   (c) The Consolidated Balance Sheet, the Consolidated Profit and Loss Statement, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account/records maintained for the purpose of preparation of the consolidated financial statements.

   (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2015 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of one of its subsidiary company incorporated in India, none of the directors of the Holding Company and one of its subsidiary company incorporated in India is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

   (f) With respect to the other matter to be included in the Auditor's report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and on the consideration of the report of the other auditors on separate financial statements and other financial information of two subsidiaries, as noted in the 'Other Matter' paragraph:

      i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group– Refer Note 23.5.1 to the consolidated financial statements;

      ii. The group has made provision, as required under the applicable law or accounting standards, if any, on long term contracts including derivative contracts for which there were material foreseeable losses; and

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the subsidiary company incorporated in India.

For **Varma & Varma**
Chartered Accountants
FRN 004532S

R Kesavadas
Partner
M. No. 23862

Place : Bangalore
Date : 29.05.2015

ANNEXURE TO INDEPENDENT AUDITORS' REPORT
ANNEXURE REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING 'REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS' OF OUR INDEPENDENT AUDIT REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF SUPRAJIT ENGINEERING LIMITED FOR THE YEAR ENDED 31ST MARCH 2015

Following statement is based on the comments in the Independent Auditors' report on the standalone financial statements of the Holding Company and its subsidiary company incorporated in India.

(i) (a) The Holding Company and its subsidiary company incorporated in India have maintained proper records showing full particulars including quantitative details and situation of fixed assets. However, in respect of the Holding Company as stated in Note No. 23.3, the full quantitative particulars giving item wise/ location wise details of fixed assets are maintained in the ERP system in respect of additions made after 1.4.2008. The particulars of such fixed assets acquired prior to this date have been updated in the ERP system in a summarised format and the item wise particulars are available for major assets in manual form.

(b) The fixed assets of the Holding Company and its subsidiary company incorporated in India have been physically verified by the respective management during the year in accordance with a programme and in respect of the Holding Company such verification programme requires to be streamlined. According to the information and explanations given to us no material discrepancies were identified on such verification when compared with available records.

(ii) (a) We are informed that the inventory of raw materials, stores and spares, work-in-progress and finished goods in the custody of the Holding Company and its subsidiary company incorporated in India are physically verified by the respective management during the year, the frequency of which, in our opinion is reasonable, having regard to the size and the nature of their business. In respect of the subsidiary company incorporated in India, stocks lying with the third parties have not been verified by its management during the year and direct confirmation has been received in respect of substantial part of inventories lying with the third parties;

(b) In our opinion and according to the information and explanations given to us and based on the report of the statutory auditors of its subsidiary company incorporated in India, the procedures for physical verification of inventory followed by the respective managements as referred to in clause (ii)(a) above in respect of the Holding Company and its subsidiary company incorporated in India are generally reasonable and adequate in relation to the size of the respective companies and the nature of their business;

(c) The Holding Company is maintaining proper records of inventory and as informed to us, discrepancies of material nature noticed on physical verification, by the management, have been properly dealt with in the books of account during the year. Based on the report of the statutory auditors of the subsidiary company incorporated in India, it is maintaining proper records of inventory and no material discrepancies were noticed on physical verification carried out during the year.

(iii) The Holding Company and its subsidiary company incorporated in India have not granted any loans, secured or unsecured to companies, firms or other parties requiring to be entered in the register in terms of Section 189 of the Companies Act, 2013. Accordingly, the reporting requirements under clauses (iii) (a) and (iii) (b) of the paragraph 3 of the Order are not applicable.

(iv) In our opinion and according to the information and explanations given to us and based on the report of the statutory auditors of its subsidiary company incorporated in India, the internal control system in the Holding Company and its subsidiary company incorporated in India are adequate and commensurate with the size of the respective companies and nature of their business for the purchase of inventory and fixed assets and for sale of goods and services. We have not noted any continuing failure to correct major weaknesses in internal control systems, subject to Auditor's Responsibility paragraph mentioned in the Independent Auditor's Report above.

(v) According to the information and explanations given to us, the Holding Company has complied with the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder. As per the report of the statutory auditors of its subsidiary company incorporated in India, it has not accepted any deposits from the public during the year and hence, the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under are not applicable to the said subsidiary company.

(vi) We have broadly reviewed the books of account and records maintained by the Holding company relating to the manufacture of auto components, for the maintenance of cost records under Section 148(1) of the Companies Act, 2013 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records with a view to determining whether they are accurate or complete. As per the report of the statutory auditors of the subsidiary company incorporated in India, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the products and services of the said subsidiary company.

(vii) (a) According to the information and explanations given to us and on the basis of examination of the

records of the Holding Company and the reports of the statutory auditors of its subsidiary company incorporated in India, these companies have been fairly regular in depositing undisputed statutory dues including Provident fund, Employee's State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Service Tax, Cess, Investor Education and Protection Fund and other statutory dues with the appropriate authorities during the year to the extent applicable.

According to the information and explanations given to us and based on the report of the statutory auditors of its subsidiary company incorporated in India, there was no arrears of undisputed statutory dues of a material nature outstanding as at the last day of the financial year for a period of more than six months from the date on which they became payable.

(b) According to the information and explanations given to us and as per the verification of the records of the Holding Company, the following disputed amounts of tax/ duty have not been deposited with appropriate authorities as at 31st March 2015:

Name of the Statute	Nature of the dues	Amount (`)	Period (financial year) to which the amount relates to	Forum where dispute is pending
Maharashtra VAT Act, 2002 #	Value Added Tax	31,148,407*	2006-07	Joint Commissioner of Sales Tax (Appeals)
Central Sales Tax Act,1956 #	Central Sales Tax	1,802,062*	2006-07	Joint Commissioner of Sales Tax (Appeals)
Maharashtra VAT Act, 2002 #	Value Added Tax	29,085,990*	2008-09	Deputy Commissioner of Sales Tax(Appeals)
Maharashtra VAT Act, 2002 #	Value Added Tax	24,474,972*	2009-10	Joint Commissioner of Sales Tax (Appeals)
Central Sales Tax Act,1956 #	Central Sales Tax	3,392,210*	2009-10	Joint Commissioner of Sales Tax (Appeals)
Income Tax Act,1961	Income Tax	4,515,160	2009-10 (AY 2010-11)	Commissioner of Income Tax (Appeals)
Finance Act, 1994	Service Tax	432,920	2009-10	Customs Excise & Service tax Appellate Tribunal

* net of ` 3,600,000/- paid under protest.

\# a stay order has been received against the amount disputed and not deposited.

Based on the report of the statutory auditors of its subsidiary company incorporated in India, there are no dues with respect to income tax, sales tax, wealth tax, service tax, value added tax, customs duty, excise duty, cess and any other material statutory dues applicable to it, which have not been deposited on account of any dispute.

(c) According to the information and explanations given to us and on the basis of examination of the records of the Holding Company, the amounts required to be transferred to Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 and rules made thereunder have been transferred to such fund within time.

Based on the report of the statutory auditors of its subsidiary company incorporated in India, there are no amounts required to be transferred to Investor Education and Protection Fund.

(viii) The Holding Company and its subsidiary company incorporated in India does not have any accumulated losses as at the end of the financial year on a standalone basis as well as consolidated basis and these companies have not incurred cash losses on a standalone basis as well as consolidated basis in the current financial year and in the immediately preceding financial year.

(ix) According to the information and explanations given to us and as per the verification of the records of the Holding Company and based on the report of the statutory auditors of its subsidiary company incorporated in India, the Holding Company has not defaulted in repayment of their dues to the financial institutions and banks and its subsidiary company incorporated in India has not defaulted in repayment of their dues to the banks. Further the subsidiary company incorporated in India did not have dues to financial institutions or debenture holders.

(x) According to the information and explanations given us, the terms and conditions of the guarantee given by the Holding Company for loan taken by its foreign subsidiary company from the banker of such foreign subsidiary, are not prima facie prejudicial to the interest of the Holding company. Based on the report of the statutory auditors of its subsidiary company incorporated in India, the clause relating to guarantees given for loans taken by others is not applicable to the said subsidiary company.

(xi) According to the information and explanations given to us and as per the verification of the records of the Holding Company, during the year, the Holding Company has availed a term loan of ` 50 crores in respect of capital projects under progress out of which as at 31st March 2015 ` 32.56 crores were, prima facie, utilised by the Holding Company for the purposes for which the loan was obtained and the balance of ` 17.44 crores, as informed by the management of the Holding Company, will be utilised towards the capital projects under progress. Based on the report of the statutory auditors of its subsidiary company, the term loans of the Subsidiary company incorporated in India have been applied for the purpose for which the loans were obtained.

(xii) According to the information and explanations given to us and the records of the Holding Company examined by us, and based on the report of the statutory auditors of its subsidiary company, no material fraud either on or by the Company has been noticed or reported during the year.

For **Varma & Varma**
Chartered Accountants
FRN 004532S

R Kesavadas
Partner
M. No. 23862

Place : Bangalore
Date : 29.05.2015

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH

(Amounts in `)

Particulars	Note No	2015	2014
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	120,020,000	120,020,000
Reserves and Surplus	3	2,288,083,331	1,927,007,086
Non-Current Liabilities	4		
Long-term borrowings		654,977,439	425,416,087
Deferred tax liabilities (Net)		90,841,556	74,825,256
Other Long term liabilities		10,432,617	7,821,961
Long term Provisions		32,069,031	25,428,802
Current Liabilities	5		
Short-term borrowings		1,004,680,572	997,390,911
Trade payables		568,485,393	587,951,320
Other current liabilities		425,103,452	313,005,062
Short-term provisions		91,410,786	82,640,812
TOTAL		**5,286,104,177**	**4,561,507,297**
ASSETS			
Non-Current Assets			
Fixed assets	6		
(i) Tangible Assets		1,662,587,148	1,523,664,696
(ii) Intangible Assets		16,920,000	-
(iii) Capital Work-in-progress		170,356,434	7,287,269
Non-current investments	7	-	5,000,000
Long term loans and advances	8	67,789,676	64,177,737
Other Non-current assets	9	1,086,314	1,002,544
Current Assets			
Current investments	10	1,117,500,000	743,312,565
Inventories	11	799,253,405	773,673,097
Trade receivables	12	1,250,489,993	1,188,730,568
Cash and Bank Balances	13	55,753,732	75,568,406
Short-term loans and advances	14	132,083,254	176,262,995
Other current assets	15	12,284,221	2,827,419
TOTAL		**5,286,104,177**	**4,561,507,297**
Significant Accounting Policies	1		
Other Notes on Financial Statements	23		

As per our report of even date attached

For and on behalf of the Board of Directors

For Varma & Varma
Chartered Accountants
FRN 004532S

K Ajith Kumar Rai
Chairman & Managing Director
& Chief Executive Officer

Diwakar S Shetty
Director

Medappa Gowda J
Company Secretary
& Chief Financial Officer

R Kesavadas
Partner
M. No. 23862

Place : Bangalore
Date : 29.05.2015

CONSOLIDATED PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH

(Amounts in `)

Particulars	Note No	2015	2014
Revenue from operations (Gross)	**16**	**6,677,434,166**	**5,969,758,854**
Less: Excise duty		559,413,022	517,393,058
Revenue from Operations (Net)		**6,118,021,144**	**5,452,365,796**
Other Income	**17**	40,759,977	36,337,681
TOTAL		**6,158,781,121**	**5,488,703,477**
Expenses			
Cost of materials consumed		3,757,282,044	3,445,936,217
Changes in inventories of finished goods and work-in-progress	**18**	(28,224,834)	(133,036,651)
Employee benefit expense	**19**	825,546,167	700,987,288
Finance costs	**20**	163,992,161	134,022,437
Depreciation and amortization expense	**6**	89,929,728	83,562,633
Other expenses	**21**	589,151,685	512,850,780
CSR expenditure [Refer Note no 5.3.8 (a)]	**22**	13,618,394	-
TOTAL		**5,411,295,345**	**4,744,322,704**
Profit before tax for the year		**747,485,776**	**744,380,773**
Tax expense:			
(1) Current tax		(227,777,000)	(221,710,000)
Tax expense pertaining to earlier years		644,783	(10,955)
(2) Deferred tax		(17,404,982)	(14,561,834)
Profit after tax for the year		**502,948,577**	**508,097,984**
Earnings per equity share:			
Equity shares of par value ` 1/- each			
Basic & Diluted		4.19	4.23
Number of shares used in computing earnings per share		120,020,000	120,020,000
Significant Accounting Policies	**1**		
Other Notes on Financial Statements	**23**		

As per our report of even date attached

For and on behalf of the Board of Directors

For Varma & Varma
Chartered Accountants
FRN 004532S

K Ajith Kumar Rai
Chairman & Managing Director
& Chief Executive Officer

Diwakar S Shetty
Director

Medappa Gowda J
Company Secretary
& Chief Financial Officer

R Kesavadas
Partner
M. No. 23862

Place : Bangalore
Date : 29.05.2015

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH

(Amounts in `)

Particulars	2015	2014
A. **CASH FLOWS FROM OPERATING ACTIVITIES:**		
Profit before tax for the year	747,485,776	744,380,773
Adjustment for:		
Depreciation and Amortisation	89,929,728	83,562,633
(Profit)/Loss on sale of fixed assets	58,168	(366,783)
(Profit)/Loss on sale of Mutual funds	(20,676,211)	(12,799,826)
Withdrawal of provision for diminution in value of investments	-	(854,949)
Interest income	(2,374,257)	(1,419,697)
Dividend received	-	(2,439,176)
Interest expense	163,992,161	134,022,437
Operating profit before working capital changes	**978,415,365**	**944,085,412**
(Increase)/ Decrease in		
- Inventories	(25,580,308)	(287,645,864)
- Trade Receivables	(61,759,425)	(260,356,457)
- Loans and advances (Long term and Short term)	42,749,503	(31,534,954)
- Other Non Current Assets & Current Assets	(2,755,436)	(6,374,761)
Increase/ (Decrease) in		
- Current Liabilities	(46,088,198)	229,297,689
- Long term Liabilities	2,610,656	961,146
- Provisions (Long term and Short term)	9,748,948	11,494,621
Cash generated from operations	**897,341,105**	**599,926,832**
Income taxes paid (net of refunds)	(225,670,586)	(224,711,380)
Net cash from operating activities	**671,670,519**	**375,215,452**
B. **CASH FLOWS FROM INVESTING ACTIVITIES:**		
Purchase of fixed assets/ Capital work-in-progress	(412,638,259)	(252,963,970)
Sale of investments	267,988,776	310,299,826
Purchase of investments	(616,500,000)	(590,701,493)
Interest received	2,729,268	1,575,785
Dividend received	-	2,439,176
Proceeds from sale of fixed assets	739,902	3,399,954
Net cash from investing activities	**(757,680,313)**	**(525,950,722)**

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH

(Amounts in `)

Particulars	2015	2014
C. CASH FLOWS FROM FINANCING ACTIVITIES:		
Interest paid	(163,287,911)	(133,473,169)
Proceeds/(repayments) from long term borrowings (net)	367,231,526	32,357,079
Proceeds/(repayments) from short term borrowings (net)	7,289,661	359,901,540
Dividend and dividend tax paid	(134,641,049)	(119,354,790)
Exchange fluctuation reserve - foreign subsidiary (net)	(3,603,199)	4,781,977
Net cash from financing activities	**72,989,028**	**144,212,637**
Net increase in cash and cash equivalents during the year	**(13,020,766)**	**(6,522,633)**
Cash and cash equivalents at beginning of the year	65,351,871	71,874,504
Cash and cash equivalents at end of the year	**5,23,31,105**	**6,53,51,871**
Reconciliation of Cash and cash equivalents with the Balance Sheet:		
Cash and bank balances as per the Balance Sheet (Refer Note No. 13)	55,189,581	75,568,407
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements (Refer 'Other bank balances' in Note No. 13)	2,858,476	10,216,536
Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) included in Note 13 *	**52,331,105**	**65,351,871**
* Comprises:		
- Cash on hand	1,229,188	953,166
- Cheques, drafts on hand	755,360	150,000
- Balances with banks		
- In current accounts	42,596,267	59,313,149
- In EEFC accounts	267,008	343,332
- In deposit accounts	7,483,282	4,592,224
	52,331,105	**65,351,871**

(Figures in brackets indicate outflows)

As per our report of even date attached

For and on behalf of the Board of Directors

For Varma & Varma
Chartered Accountants
FRN 004532S

K Ajith Kumar Rai
Chairman & Managing Director
& Chief Executive Officer

Diwakar S Shetty
Director

Medappa Gowda J
Company Secretary
& Chief Financial Officer

R Kesavadas
Partner
M. No. 23862

Place : Bangalore
Date : 29.05.2015

Significant Accounting Policies forming part of the consolidated financial statements for the year ended 31st March 2015

GROUP INFORMATION

Suprajit Engineering Limited ('the Company') is a public limited company and is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). The Company and its subsidiaries (jointly referred to as the 'Group' hereunder) are engaged interalia, in the business of manufacturing of auto components consisting mainly control cables, speedo cables and other components for automobiles.

1 **SIGNIFICANT ACCOUNTING POLICIES**

1.1 Basis of preparation of Financial Statements

The financial statements have been prepared and presented under the historical cost convention and in accordance with the provisions of the Companies Act, 2013 ('the Act') and the Accounting Standards specified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts Rules) 2014.

1.2 Use of Estimates

The preparation of the financial statements is in conformity with Indian GAAP, which requires that the management make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of financial statements and the reported amounts of revenue and expenses during the reporting period. Although such estimates are made on a reasonable and prudent basis taking into account all available information, actual results could differ from these estimates and such differences are recognised in the period in which the results are ascertained.

1.3 The financial statements of the subsidiary companies used in the consolidation are drawn up to the same reporting date as that of the Parent.

The consolidated financial statements have been prepared on the following basis:

i) The financial statements of the parent and its subsidiary companies have been combined on a line by line basis by adding together like items of assets, liabilities, income and expenses. Inter-Company balances and transactions and unrealised profits or losses have been fully eliminated.

ii) In case of foreign subsidiaries, being non-integral foreign operations, revenue items are converted to rupees being the reporting currency at the average exchange rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the exchange fluctuation reserve.

iii) Contingent liabilities in foreign currency are translated at the closing rate.

1.4 The subsidiaries considered in the consolidated financial statements are:

NAME OF THE COMPANY	COUNTRY OF INCORPORATION	% VOTING POWER	
		AS AT 31.03.2015	AS AT 31.03.2014
SUPRAJIT AUTOMOTIVE PRIVATE LIMITED	INDIA	100	100
SUPRAJIT EUROPE LIMITED	UNITED KINGDOM	100	100

1.5 Cash Flow Statement

Cash flow statement is prepared in accordance with AS-3 specified under the Companies Act, 2013, using the indirect method to determine cash flows from operating activities. The cashflows of the Company are segregated into operating, investing and financing activities. Cash and cash equivalents for the purpose of cash flows statement comprise of cash on hand, demand deposit placed with banks and term deposits with banks (with an original maturity of three months or less)

1.6 Revenue Recognition

Sale of goods as well as revenue from processing of goods (services) is recognised at the time of transfer of property in goods, results in or concides with the transfer of significant risks and rewards to the customers which is generally at the point of dispatch of goods to the customers. Gross sales are inclusive of applicable excise duty and exclusive of sales tax and are net of returns. Revenue from scrap is recognised on sale.

Export incentives are recognised when there is reasonable certainty as to realisation and when they are quantifiable with a high degree of accuracy.

Dividend is recognised when declared and interest income is recognised on time proportion basis taking into account the amount outstanding and the applicable rate.

1.7 Tangible/ Intangible Assets

Tangible Assets are stated at cost less accumulated depreciation and impairment losses, if any. The cost of an asset comprises of its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Until the fixed assets are ready for its intended use these costs are aggregated and classified and carried forward as 'Capital Work-In-Progress'. Borrowing costs taken for the acquisition of qualifying assets upto the date of commissioning of assets is added to the cost of assets.

Intangible assets are carried at cost less amortisation where it is probable that future economic benefits expected from it is not less than the carrying value.

Significant Accounting Policies forming part of the consolidated financial statements for the year ended 31st March 2015

1.8 Depreciation/ amortisation

Pursuant to Companies Act 2013, with effect from 1st April, 2014, the Company has estimated useful life of the fixed assets and adopted the estimated useful life as prescribed under Part C of Schedule II of the Companies Act, 2013, for the purpose of computation of depreciation on such assets except in case of the fixed assets listed below in respect of which the estimated useful life has been ascertained which is different from the estimated useful life prescribed under Part C of Schedule II of the Companies Act, 2013, based on the independent technical evaluation carried out by the external valuers.

Plant and machinery (Identified specific Machinery)	-	360 months
Other Plant & machineries	-	270 months
Electrical Installations	-	252 months
Furniture & Fixtures	-	180 months
Office Equipments	-	120 months

Assets taken over by the Company has been depreciated over the remaining useful life based on the independent technical evaluation carried out by the external valuers.

Some of the assets in the Indian subsidiary are being depreciated @ 100% in the year of acquisition depending upon on the useful life of the assets as estimated by the management.

The Company provides additional depreciation @ 50% of the normal depreciation on all the plant & machinery for the period for which such plant & machinery was used for double shifts.

Intangible assets like brands and know how are amortised on a straight line basis over their estimated useful life of 10 years. Goodwill arising on acquisition / amalgamation is amortised over a period of 5 years. Business rights acquired is amortised over a period of 5 years, based on the assessment of future economic benefits that will flow to the Company.

Leasehold land is amortised over the period of lease.

The fixed assets of the foreign subsidiary are depreciated over the expected useful economic life of the asset that is different from that of the parent is as follows:

Leasehold improvements	5 years
Plant & Machinery	5 years
Fixtures & Fittings	5 years
Motor vehicles	3 years
Office equipment	2 years

Goodwill arising on acquisition/ amalgamation is amortised over the estimate of useful life. Leasehold land is amortised over the period of lease.

1.9 Impairment of Assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at appropriate rate. After impairment, depreciation is provided on revised carrying amount of the assets over its remaining useful life. Previously recognised impairment loss is further provided or reversed depending on changes in circumstances.

1.10 Investments

Investments that are readily realisable and intended to be held for not more than 12 months are classified as current investments. All other investments are classified as long-term investments. Long term investments are stated at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments. Current investments are carried at lower of cost or fair value.

1.11 Inventories

Inventories are valued at lower of cost or net realisable value. Cost is ascertained on weighted average method. Conversion and other costs incurred for bringing the inventories to their present location and condition are allocated to the extent applicable.

1.12 Foreign Currency Transactions

The foreign currency transactions are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currency are restated at the applicable exchange rates prevailing as at the Balance Sheet date. Gain / loss arising from such restatement as also on settlement of the transactions are adjusted in the Profit and Loss Statement.

Premium or discount on forward exchange contracts which are not intended for trading or speculation purpose and is to establish the amount of reporting currency required on the settlement dates is recognised in the Profit and Loss Statement over the period of the contracts. The exchange differences on the contracts are recognised in the year in which the exchange rates change.

The Company enters into foreign currency forward exchange contracts to hedge its risks associated with foreign currency fluctuations in respect of highly probable forecast transactions. At the end of the reporting period these contracts are marked to market and the resultant loss, if any is recognised in the Profit and Loss Statement.

Significant Accounting Policies forming part of the consolidated financial statements for the year ended 31st March 2015

1.13 Employee Benefits

Short term employee benefits:

The amounts paid/payable on account of short term employee benefits, comprising largely of salaries & wages, short term compensated absences and annual bonus is valued on an undiscounted basis and charged to the Profit and Loss Statement for the year.

Defined contribution plans:

The Company has defined contribution plans for its employees comprising of Provident Fund and Employee's State Insurance. The contributions paid/payable to these plans during the year are charged to the Profit and Loss Statement for the year. The Company has no other obligation in this regard.

Defined benefit plans:

a) Gratuity
The Parent's Gratuity scheme is administered through the Employee's Group Gratuity-cum-Life Assurance Scheme of the Life Insurance Corporation of India. The net present value of the obligation for gratuity benefits as determined on actuarial valuation, conducted annually using the projected unit credit method, as adjusted for unrecognised past services cost if any and as reduced by the fair value of plan assets, is recognised in the accounts. Actuarial gains and losses are recognised in full in the Profit and Loss Statement for the period in which they occur.

b) Compensated Absences
The group has a scheme for compensated absences for employees', the liability other than for short term compensated absences is determined on the basis of an actuarial valuation carried out at the end of the year, using projected unit credit method. Actuarial gains and losses are recognised in full in the Profit and Loss Statement for the period in which they occur.

1.14 Borrowing Costs

Borrowing costs other than those attributable to qualifying assets are expensed as and when incurred. Borrowing costs attributable to qualifying assets are capitalised along with the cost of respective asset.

1.15 Leases

Operating Lease

Leases where the significant risks and rewards of ownership is with the lessor are classified as operating leases and payment under such leases are recognised as an expense in the Profit and Loss Statement on a systematic basis.

Finance Lease

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. The assets acquired on finance lease are capitalised as part of fixed assets and corresponding liability is recognised as term loans.

1.16 Taxation

Tax Expense comprising current tax and deferred tax are recognised in the Profit and Loss Statement for the year. Current tax is the amount of income tax determined to be payable in respect of taxable income as computed under the tax laws.

Certain items of income and expenditure are not reported in tax returns and financial statements in the same period for the purpose of determining the current tax. The net tax effect calculated at the current enacted tax rates of this timing difference is reported as deferred income tax asset/liability. The effect on deferred tax assets and liabilities due to change in such assets/liabilities as at the end of previous accounting period and due to a change in tax rates are recognised in the income statement of the period.

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Statement of Profit and Loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

1.17 Government Grants and Subsidies

Government grants and subsidies are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants/ subsidies will be received. Government grants and subsidies where no repayment is ordinarily expected in respect thereof and in the nature of promoter's contribution are credited to capital reserve and treated as a part of shareholders' funds.

1.18 Research and Development Expenditure

Expenditure incurred during the research phase is charged off to the Profit and Loss Statement.

1.19 Provisions and Contingencies

Provision for losses and contingencies arising as a result of past event where management considers it probable that a liability may be incurred are made on the basis of reliable estimates of the expenditure required to settle the present obligation on the Balance Sheet date and are not discounted to its present value. Provisions are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Other contingent liabilities to the extent management is aware is disclosed by way of notes on financial statements.

NOTES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH

(Amounts in `)

Particulars	2015	2014
2 SHARE CAPITAL		
2.1 Equity Share Capital		
2.1.1 **Authorised :-**		
Equity Shares of ` 1 each	**150,000,000**	**125,000,000**
150,000,000 (PY - 125,000,000) equity shares		
2.1.2 **Issued, Subscribed and Fully Paid Up:-**		
Equity Shares of ` 1 each fully paid	120,020,000	120,020,000
120,020,000 (PY - 120,020,000) equity shares		
TOTAL	**120,020,000**	**120,020,000**

Notes on Share Capital

2.1.3 **The reconciliation of the number of equity shares outstanding and the amount of share capital as at March 31, 2015 and March 31, 2014:**

Equity Shares of ` 1/- each fully paid	No. of shares	No. of shares
Shares outstanding as at the beginning of the year	120,020,000	120,020,000
Shares issued during the year	-	-
Shares outstanding as at the end of the year	120,020,000	120,020,000

2.1.4 **Details of shareholders holding more than 5% shares in the Company:**

Equity Shares of ` 1/- each fully paid	2015	2014
Mr. K Ajith Kumar Rai		
No. of Shares	45,548,399	45,548,399
% age of Shareholding	37.95%	37.95%
Dr. Supriya A Rai		
No. of Shares	15,627,958	15,627,958
% age of Shareholding	13.02%	13.02%

2.1.5 There are no shares that have been issued, subscribed and not fully paid up.

2.1.6 There are no forfeited shares.

2.1.7 There are no shares reserved for issue under options and contracts / commitments for the sale of shares/ disinvestment.

2.1.8 The Company has not issued any securities convertible into equity / preference shares.

2.1.9 Each holder of equity shares is entitled to one vote per share and there are no preferences or restrictions attaching to class of shares mentioned above.

The Company declares and pays dividend in Indian Rupees. The dividend proposed/declared by the Board of Directors is subject to approval/regularisation of the shareholders in the ensuing Annual General Meeting.

2.1.10 In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company after payment of all liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.

2.1.11 **During the last five years ending on 31st March, 2015 :**

(i) No shares were allotted as fully paid up pursuant to contract(s) without payment being received in cash.

(ii) No bonus shares were alloted.

(iii) No shares were bought back.

NOTES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH

(Amounts in `)

Particulars	2015	2014
3 RESERVES & SURPLUS		
3.1 Reserves		
3.1.1 **Capital Reserve**		
(State Investment Subsidy and surplus on reissue of forfeited shares) (Refer Note 3.3. below)		
Opening balance	1,127,150	1,127,150
Add: Additions during the year	-	-
Closing Balance	**1,127,150**	**1,127,150**
3.1.2 **General Reserve**		
Opening balance	1,694,725,831	1,352,225,831
Add: Transferred from the Profit & Loss Statement	320,000,000	342,500,000
Closing Balance	**2,014,725,831**	**1,694,725,831**
3.2 Surplus		
3.2.1 **Surplus in the Profit & Loss Statement**		
Opening balance	224,811,453	192,609,999
Add:		
Profit for the year as per Profit and Loss Statement	502,948,577	508,097,984
Less:		
Interim Dividend	54,009,000	54,009,000
Proposed Final Dividend	60,010,000	60,010,000
Tax on dividend	22,639,973	19,377,530
Transfer to General Reserve	320,000,000	342,500,000
Additional depreciation on opening WDV of fixed assets consequent to application of Schedule II of Companies Act, 2013 [Refer note 6.4.7(net of deferred tax of ` 1,609,920/-)]	3,160,267	-
Closing Balance	**267,940,790**	**224,811,453**
Foreign Exchange Fluctuation Reserve	4,289,560	6,342,651
TOTAL	**2,288,083,331**	**1,927,007,085**
Notes on Reserves & Surplus		
3.3 Includes ` 581,650/- (PY - ` 581,650/-) State Investment Subsidy credited to capital reserve.		
3.4 During the year, the Board of Directors have declared interim dividend of ` 0.45/- (PY: ` 0.45/-) per share, which is subject to regularisation of the shareholders in the ensuing Annual General Meeting.		
3.5 Final dividend of ` 0.50 (PY: ` 0.50) per share proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting.		
4 NON CURRENT LIABILITIES		
4.1 LONG TERM BORROWINGS		
4.1.1 **Secured**		
Term Loans from Banks (Refer Note 4.1.3 below)	654,377,439	421,166,087
	654,377,439	**421,166,087**
4.1.2 **Unsecured**		
Deposits		
- related parties	200,000	3,500,000
- other than related parties	400,000	750,000
	600,000	**4,250,000**
TOTAL	**654,977,439**	**425,416,087**

NOTES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH

(Amounts in `)

Particulars	2015	2014
Notes on Long Term Borrowings		
4.1.3 Term Loans availed from various Banks for capacity expansions are secured by Equitable Mortgage of land and buildings and hypothecation of other present and future fixed assets of the Company on pari-passu first charge basis. Some of these loans are further secured by pari-passu second charge on the current assets of the Company.		
4.1.4 None of the above borrowings have been guaranteed by any Directors or others.		
4.1.5 There has been no continuing default as on Balance Sheet date in repayment of loans and interest.		
4.2 DEFERRED TAX LIABILITIES (NET)		
4.2.1 **Liability**		
On timing differences of depreciation	112,754,963	91,946,727
Gross deferred tax liability	**112,754,963**	**91,946,727**
4.2.2 **Asset**		
On timing differences of expenditure allowable for tax purposes when paid	15,673,463	13,285,777
Accelerated Capital Allowance	177,153	237,244
Tax losses	3,076,791	-
Provision for doubtful debts	2,986,000	3,598,450
Gross deferred tax asset	**21,913,407**	**17,121,471**
Net deferred tax asset	**90,841,556**	**74,825,256**
4.3 OTHER LONG TERM LIABILITIES		
4.3.1 Dealer Deposits	10,432,617	7,821,961
	10,432,617	**7,821,961**
4.4 LONG TERM PROVISIONS		
4.4.1 **Provision for employee benefits [Refer Note no. 23.6(b)]**		
- Provision for Gratuity	17,954,437	8,291,600
- Provision for Compensated Absences	14,114,594	10,366,202
4.4.2 Provision for Rework charges	-	6,771,000
	32,069,031	**25,428,802**
TOTAL	**788,320,643**	**533,492,106**

NOTES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH

(Amounts in `)

Particulars	2015	2014
5 CURRENT LIABILITIES		
5.1 SHORT TERM BORROWINGS		
5.1.1 **Secured**		
Working capital facilities from banks repayable on demand from banks (Refer Note 5.1.2 below)	1,004,680,572	997,390,911
	1,004,680,572	**997,390,911**
Notes on Short Term Borrowings		
5.1.2 Working Capital facilities availed from various banks are secured by pari-passu first charge on stock of raw materials, semi-finished goods, stores, consumables, book-debts, other current assets and pari-passu second charge on Land and Buildings, Plant and Machinery and present and future fixed assets.		
5.1.3 None of the above loans have been guaranteed by any Directors or others.		
5.2 TRADE PAYABLES		
5.2.1 Due to Micro & Small Enterprises	12,658,693	5,307,852
5.2.2 Due to Others	555,826,700	582,643,469
	568,485,393	**587,951,321**
5.3 OTHER CURRENT LIABILITIES		
5.3.1 Current maturities of long term debt (including interest accrued and due) (Refer Note 4.1.3)	272,647,444	137,083,916
5.3.2 Current maturities of deposits from		
- related parties	2,800,000	1,793,355
- other than related parties	1,750,000	650,000
5.3.3 Interest accrued but not due		
- on borrowings	2,503,790	2,337,754
- on deposits	908,083	369,869
5.3.4 Advance received from Customers	3,622,491	6,516,395
5.3.5 Unclaimed dividend (Refer Note No. 5.3.7)	2,146,283	1,800,045
5.3.6 Other Payables		
- Payable towards cost of land [Refer Note No. 6.4 (2) & (3)]	4,660,390	22,147,265
- Creditors for purchase of fixed assets	26,291,022	14,526,083
- Statutory liabilities	42,446,507	53,212,227
- Payable to Employees	38,268,886	30,690,754
- Payable to directors towards commission	13,440,162	28,303,399
- Others [Refer Note No. 5.3.8 (a) & (b)]	13,618,394	13,574,000
	425,103,452	**313,005,062**
5.3.7 As at the end of the year, there are no amounts outstanding for more than 7 years to be deposited in the Investor Education and Protection Fund.		
5.3.8 (a) During the year, an amount of ` 13,618,394/- is accrued as contribution to Suprajit Foundation in compliance with the provisions of Section 135 of the Companies Act.		
(b) The Company has paid ` 13,574,000/- by way of contribution to Suprajit Foundation, accrued in the previous year @ 2% of net profits of the previous year.		

NOTES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH

(Amounts in `)

Particulars	2015	2014
5.4 SHORT TERM PROVISIONS		
5.4.1 **Provision for employee benefits [Refer Note no. 23.6(b)]**		
- Provision for Gratuity	7,615,916	4,864,158
- Provision for Compensated Absences	1,204,357	943,411
5.4.2 Provision for Proposed Dividend	60,010,000	60,010,000
5.4.3 Provision for Corporate Dividend Tax	12,216,624	10,198,700
5.4.4 Provision for Income Tax (Net of Advance Tax and Tax Deducted at Source)	10,172,899	6,529,567
5.4.5 Provision for Wealth Tax	190,990	94,976
	91,410,786	**82,640,812**
TOTAL	**2,089,680,203**	**1,980,988,106**

NOTES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH

(Amounts in `)

6 FIXED ASSETS

	Description	Gross Block					Depreciation/Amortisation						Accumulated Impairment		Net Block	
		As at 01.04.2014	Additions	Disposals / Adjustment	Currency Fluctuation arising on consolidation (Refer Note no. 1.3)	As at 31.03.2015	Upto 01.04.2014	For the year	Disposals/ Adjustment	Adjustment due to change in useful life of assets	Currency Fluctuation arising on consolidation (Refer Note no.1.3)	As at 31.03.2015	As at 31.03.2014	As at 31.03.2015	As at 31.03.2015	As at 31.03.2014
6.1	**Tangible assets**															
	Land	195,891,043	1,598,400	-	-	197,489,443	-	-	-	-	-	-	-	-	197,489,443	195,891,043
		(175,197,853)	*(20,693,190)*	-	-	*(195,891,043)*	-	-	-	-	-	-	-	-	*(195,891,043)*	*(175,197,853)*
	Land on lease	102,972,863	91,001,887	-	(330,252)	193,644,498	8,085,862	3,053,704	-	-	(331,994)	10,807,572	-	-	182,836,926	94,887,001
		(75,415,994)	*(26,773,471)*	-	*(783,398)*	*(102,972,863)*	*(6,532,359)*	*(781,229)*	-	-	*(772,233)*	*(8,085,862)*	-	-	*(94,887,001)*	*(68,883,635)*
	Buildings	852,737,631	23,437,568	-	-	876,175,199	119,259,277	29,026,365	-	154,057	-	148,439,700	-	-	727,735,499	733,478,354
		(623,139,980)	*(229,597,651)*	-	-	*(852,737,631)*	*(94,103,981)*	*(25,155,296)*	-	-	-	*(119,259,277)*	-	-	*(733,478,354)*	*(529,035,999)*
	Electrical Installations	109,397,594	17,746,940	-	-	127,144,534	27,028,702	5,969,778	-	-	-	32,998,480	-	-	94,146,054	82,368,892
		(88,282,795)	*(21,114,799)*	-	-	*(109,397,594)*	*(22,379,456)*	*(4,649,246)*	-	-	-	*(27,028,702)*	-	-	*(82,368,892)*	*(65,903,339)*
	Plant and Machinery	630,868,221	71,026,238	974,360	(1,994,228)	698,925,870	307,755,435	30,060,946	225,104	1,006,359	(1,915,455)	336,682,180	1,432,423	1,432,423	360,811,267	321,680,363
	(Refer Note no 23.4)	*(542,177,669)*	*(90,075,562)*	*(6,275,883)*	*(1,234,051)*	*(630,868,221)*	*(272,828,340)*	*(37,397,066)*	*(3,836,297)*	-	*(2,798,833)*	*(307,755,435)*	*(1,432,423)*	*(1,432,423)*	*(321,680,363)*	*(269,349,329)*
	Dies & Moulds	60,732,240	5,892,114	-	-	66,624,354	31,438,165	2,947,638	-	-	-	34,385,803	-	-	32,238,551	29,294,061
		(51,591,132)	*(9,141,108)*	-	-	*(60,732,240)*	*(27,669,774)*	*(3,768,391)*	-	-	-	*(31,438,165)*	-	-	*(29,294,061)*	*(23,921,358)*
	Furniture and Fixtures	42,010,266	10,367,806	-	(399,999)	51,978,074	20,049,238	2,514,492	-	1,216,920	(374,884)	23,405,765	-	-	28,572,309	21,961,028
		(35,435,230)	*(5,626,190)*	-	*(948,846)*	*(42,010,266)*	*(16,454,388)*	*(2,824,034)*	-	-	*(770,816)*	*(20,049,238)*	-	-	*(21,961,028)*	*(18,980,842)*
	Vehicles	25,522,503	2,528,349	96,965	(24,882)	27,929,005	9,756,847	3,615,662	48,151	155,094	(20,479)	13,458,973	-	-	14,470,032	15,765,656
		(24,008,723)	*(2,467,012)*	*(1,065,113)*	*(-850,418)*	*(25,522,503)*	*(8,300,373)*	*(2,212,364)*	*(471,528)*	-	*(-284,389)*	*(9,756,847)*	-	-	*(15,765,656)*	*(15,708,350)*
	Office equipment	23,221,453	4,479,223	-	(36,359)	27,664,317	9,325,942	3,911,489	-	1,049,624	(69,076)	14,217,979	2,831	2,831	13,443,507	13,892,680
	(Refer Note no 23.4)	*(16,827,515)*	*(6,338,237)*	-	*(55,701)*	*(23,221,453)*	*(7,433,334)*	*(1,862,360)*	-	-	*(33,079)*	*(9,325,942)*	*(2,831)*	*(2,831)*	*(13,892,680)*	*(9,394,181)*
	Containers	2,746,296	631,418	-	-	3,377,714	2,746,296	631,418	-	-	-	3,377,714	-	-	-	-
	[Refer Note no 23.4]	*(1,738,233)*	*(1,008,063)*	-	-	*(2,746,296)*	*(1,738,233)*	*(1,008,063)*	-	-	-	*(2,746,296)*	-	-	-	-
	Computers	48,504,695	3,904,313	-	-	52,409,008	34,059,077	6,318,238	-	1,188,133	-	41,565,448	-	-	10,843,560	14,445,618
	(including Software)	*(42,578,634)*	*(5,926,061)*	-	-	*(48,504,695)*	*(30,154,493)*	*(3,904,584)*	-	-	-	*(34,059,077)*	-	-	*(14,445,618)*	*(12,424,141)*
6.2	**Intangible assets**															
	Goodwill	144,473,404	-	-	-	144,473,404	144,473,404	-	-	-	-	144,473,404	-	-	-	-
		(123,341,164)	-	-	*(21,132,240)*	*(144,473,404)*	*(123,341,164)*	-	-	-	*(21,132,240)*	*(144,473,404)*	-	-	-	-
	Business Rights	-	18,800,000	-	-	18,800,000	-	1,880,000	-	-	-	1,880,000	-	-	16,920,000	-
	(Refer Note no 23.4)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Brands	5,100,000	-	-	-	5,100,000	5,100,000	-	-	-	-	5,100,000	-	-	-	-
		(5,100,000)	-	-	-	*(5,100,000)*	*(5,100,000)*	-	-	-	-	*(5,100,000)*	-	-	-	-
	Technical Knowhow	195,127	-	-	-	195,127	195,127	-	-	-	-	195,127	-	-	-	-
		(195,127)	-	-	-	*(195,127)*	*(195,127)*	-	-	-	-	*(195,127)*	-	-	-	-
	Total	**2,244,373,336**	**251,414,256**	**1,071,325**	**(2,785,720)**	**2,473,130,547**	**719,273,372**	**89,929,728**	**273,255**	**4,770,187**	**(2,711,887)**	**810,988,145**	**1,435,254**	**1,435,254**	**1,679,507,148**	**1,523,664,696**
	Previous year	***1,805,030,049***	***418,761,344***	***7,340,996***	***23,303,818***	***2,244,373,336***	***616,231,022***	***83,562,633***	***4,307,825***	-	***25,222,812***	***719,273,372***	***1,435,254***	***1,435,254***	***1,523,664,696***	***1,188,799,027***

Note: Previous year figures are in brackets.

NOTES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH

(Amounts in `)

Particulars	2015	2014
6.3 Capital Work-in-Progress		
Building under construction	152,743,986	5,841,902
Machinery pending installation	2,004,287	102,197
Electrical work-in-progress	9,635,064	336,103
Other assets pending capitalisation	824,486	1,007,067
Borrowing cost pending allocation	5,004,778	-
Expenditure pending capitalisation	143,833	-
TOTAL	**170,356,434**	**7,287,269**

6.4 Notes on Fixed Assets

1. All the fixed assets except the land on lease are owned by the Company.
2. Additions to land Nil (PY - ` 20,693,190/-) represents additional consideration paid to Haryana State Industrial Development Corporation Limited (HSIDC) in respect of Company's land at Manesar, Haryana. The unpaid balance consideration of ` 4,660,390/- (PY - ` 12,415,914/-) has been disclosed under Note 5.3.6.
3. Additions to land on lease, Nil (PY - ` 26,773,471/-) represents: land allotted at Narasapura, Kolar Dist., Karnataka by the Karnataka Industrial Area Development Board (KIADB) under a lease cum sale arrangement with a right to purchase on fulfilment of certain conditions after the period of 10 years and the consideration towards such land and hence has not been amortised over the lease period. The Company has obtained possession of the land in May 2013. The lease deed is pending execution and the unpaid balance consideration of Nil (PY - ` 9,731,351/-) has been disclosed under Note 5.3.6.
4. Additions to land on lease, ` 91,360,180/- (PY - ` Nil) represents:
   a) Land allotted at Sanand, Charal Industrial Area, Ahmedabad, Gujarat by the Gujarat Industrial Development Corporation (GIDC) for a period of 99 years and registered in the name of the Company. Total consideration (including stamp duty and other charges) of ` 53,358,560/- has been paid during the year.
   b) Land allotted at Chennai, SIPCOT Industrial Area, Tamilnadu by the State Industires Promotion Corporation of Tamilnadu (SIPCOT) for a period of 99 years and registered in the name of the Company. Total consideration (including stamp duty and other charges) of ` 38,001,620/- has been paid during the year.
5. Land on lease at various locations except as mentioned in Note No. 3 above are held on long term lease without right to acquire at the end of the lease period and the cost of such land is amortised over the period of the lease.
6. Borrowing costs capitalised during the year as per Note no. 20 is ` 5,041,938/- (PY: Nil).
7. Consequent to introduction of the Companies Act, 2013 ('Act') w.e.f. 1st April, 2014, the Company has computed depreciation for the period 1st April, 2014, to 31st March, 2015, as required under the Schedule II of the Act and the depreciation of ` 4,770,187/- relating to assets where the remaining useful life of the assets as on 1st April, 2014, is Nil has been recognised in the opening balance of Surplus in Note 3.2.1 net of deferred tax asset of ` 1,609,920/-.
8. In respect of fixed assets existing on 1st April 2014, had the Company continued with the depreciation as per the Companies Act 1956, the amount of depreciation debited to the Profit & Loss Statement for the current year would have been lower by ` 2,207,363/- and the Net Written Down Value of fixed assets as at 31st March, 2015, and the profits for the year would have been higher by the same amount.

NOTES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH

(Amounts in `)

Particulars	2015	2014
7 NON CURRENT INVESTMENTS		
7.1 Trade Investments	-	-
7.2 Other Investments (Non-Trade) (At cost)		
Investments in National Highway Authority of India Bonds. (500 Non-convertible Redeemable bonds of face value ` 10,000/- each carrying interest @ 6% p.a. payable annually. Date of maturity - 30th September, 2015)	-	5,000,000
TOTAL	**-**	**5,000,000**
7.3 General Information		
Aggregate value of Investments:		
Unquoted - At Cost	-	5,000,000
7.4 The investment in National Highway Authority of India bonds is maturing on 30th September, 2015 and is expected to be realized on maturity date and hence classified under current investments.		
8 LONG TERM LOANS AND ADVANCES		
8.1 Capital Advances		
(Unsecured, considered good)		
Capital advances towards fixed assets	29,724,911	21,053,026
	29,724,911	**21,053,026**
8.2 Deposits		
(Unsecured, considered good)		
Electricity Deposits	9,141,509	6,978,009
Refundable deposits towards leasehold land	8,800,000	-
Rental Deposits	3,570,000	3,500,000
Other Deposits	4,216,478	4,094,035
	25,727,987	**14,572,044**
8.3 Others		
(Unsecured, considered good)		
Advance tax [including Tax deducted at source (Net of Provisions)]	3,723,177	2,551,322
Income tax paid under protest (Refer Note no.23.5.1)	1,913,276	903,430
MAT credit entitlement	563,083	6,939,081
Value Added Tax paid under protest (Refer Note no. 23.5.1)	3,600,000	-
Value added tax refundable	2,537,242	18,158,834
	12,336,778	**28,552,667**
TOTAL	**67,789,676**	**64,177,737**
9 OTHER NON-CURRENT ASSETS		
(Unsecured, considered good)		
Non-current bank deposits *	1,000,000	1,000,000
Interest accrued on the above non-current bank deposit	86,314	2,544
TOTAL	**1,086,314**	**1,002,544**
* Held against public deposits in pursuance of the requirements of applicable Rules.		

NOTES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH

(Amounts in `)

Particulars	2015	2014
10 CURRENT INVESTMENTS		
10.1 Investments in bonds (Long term at cost)		
Investments in National Highway Authority of India Bonds (Refer Note 7.4)	5,000,000	-
10.2 Other Investment (Non-trade)		
Investments in Mutual Funds (at lower of cost or fair value) (Refer Note 10.3.1 and 10.3.2)	1,112,500,000	743,312,565
TOTAL	**1,117,500,000**	**743,312,565**
10.3 Details of Other Investments (Non-trade)		
10.3.1 **General Information**		
Aggregate market value (Net Asset Value) of quoted Investments	1,242,708,014	788,695,414
10.3.2 **Details of Mutual Funds held at the end of the year:**		

Particulars	31.03.2015	31.03.2014
Birla Sun Life Dynamic Bond Fund- Retail -Growth 1,079,445.67 (1,079,445.67) units of ` 10/- each	20,000,000	20,000,000
Birla Dynamic Bond fund retail plan growth -1,939,435.01 (1,939,435.01) units of ` 10/- each	35,000,000	35,000,000
Birla Sun Life Treasury Optimizer Plan Growth 3,44,566.41 (Nil) units ` 10/- each	54,000,000	-
Franklin India short term Income plan -Retail Plan 14,415.83 (14,415.83) units of ` 10/- each	35,000,000	35,000,000
Franklin India Short Term Income Plan Retail Plan 38,048.02 (Nil) units ` 10/- each	100,000,000	-
Franklin India Short Term Income Plan Retail Plan 7,558.37 (Nil) units ` 10/- each	20,000,000	-
Franklin India Ultra Short Bond Fund-Super Institutional Plan 4,208,874.08 (Nil) units ` 10/- each	72,500,000	-
HDFC Floating Rate Income Fund Short Term Plan Growth Option 8,358,443.49 (Nil) units ` 10/- each	200,000,000	-
HDFC High Interest Fund-Growth-1,771,778.05 (1,771,778.05) units ` 10/ each	70,000,000	70,000,000
HSBC Flexi Debt Growth Nil (3,020,019.66) units ` 10/- each	-	50,000,000
HSBC Income Fund STP Growth 3,433,773.94 (3,433,773.94) units ` 10/- each	70,000,000	70,000,000
ICICI Pre Flexible Income Plan Regular Growth 571,288.85 (Nil) units ` 10/- each	150,000,000	-
IDFC Dynamic Bond Fund -Nil (1,501,670.60) units of ` 10/- each	-	20,000,000
IDFC Dynamic Bond Fund Growth -Nil (7,191,316.27) units of ` 10/- each	-	117,500,000
IDFC Dynamic Bond Fund Growth Regular Plan 2,837,676.73 (Nil) units ` 10/- each	40,000,000	-
IDFC Dynamic Bond Fund Plan B - Nil (2,108,042.17) units ` 10/- each	-	29,812,565
IDFC SSIF STP Regular – 793,603.56 (793,603.56) untis ` 10/- each	20,000,000	20,000,000
IDFC Super Saver Income Fund 1,993,419.99 (1,993,419.99) units ` 10/- each	50,000,000	50,000,000
IDFC Super Saver Income Fund Short Term Plan Growth Direct Plan 7,55,038.94 (Nil) units ` 10/- each	20,000,000	-
Reliance Dynamic Bond Growth 3,808,213.18 (3,808,213.18) units ` 10/- each	60,000,000	60,000,000
SBI Dynamic Bond Fund Nil (2,023,637.75) units ` 10/-each	-	30,000,000
SBI Dynamic Bond Fund Regular Plan Growth 1,377,421.67 (Nil) units ` 10/- each	20,000,000	-
SBI Dynamic Bond Fund-Growth - Nil (2,937,530.09) units of ` 10/- each	-	40,000,000
SBI Magnum Income Fund - Nil (686,040.45) units ` 10/- each	-	20,000,000
UTI Bond Fund growth - 1,708,364.46 (1,708,364.46) units of ` 10/- each	56,000,000	56,000,000
UTI Bond Fund Growth 560,887.07 (560,887.07) units ` 10/- each	20,000,000	20,000,000
TOTAL	**1,112,500,000**	**743,312,565**

NOTES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH

(Amounts in `)

Particulars	2015	2014
11 INVENTORIES		
(Valued at Lower of Cost or Net Realisable Value)		
Raw materials (including components, packing materials and stores & spares)	350,901,775	329,304,512
Raw materials in transit (including in custom bonded warehouse)	44,338,842	60,541,205
Work-in-Progress	68,880,243	52,954,200
Finished Goods	292,815,233	290,785,405
Finished Goods in Transit	39,727,196	37,802,611
Tools	2,590,116	2,285,164
TOTAL	**799,253,405**	**773,673,097**
12 TRADE RECEIVABLES		
12.1 Outstanding for a period more than six months from the due date of payment		
Unsecured, considered good	602,714	201,149
Unsecured, considered doubtful	5,067,767	7,182,500
Less:- Provision for Doubtful receivables	5,067,767	7,182,500
	602,714	**201,149**
12.2 Other Trade Receivables		
Unsecured, considered good	1,249,887,279	1,188,529,419
Unsecured, considered doubtful	3,560,828	3,504,497
Less:- Provision for Doubtful receivables	3,560,828	3,504,497
	1,249,887,279	**1,188,529,419**
TOTAL	**1,250,489,993**	**1,188,730,568**
13 CASH AND BANK BALANCES		
13.1 Cash and Cash Equivalents		
Balances with Banks		
- in Current Accounts	42,596,267	59,313,149
- in EEFC Accounts	7,483,282	4,592,224
- in Deposit Accounts	267,008	343,332
Cash on hand	1,229,188	953,166
Cheques, drafts on hand	755,360	150,000
	52,331,105	**65,351,871**
13.2 Other Bank balances		
Earmarked balances for Unclaimed Dividend accounts	2,146,283	1,800,045
Bank deposit held as margin money against bank guarantees (Refer Note 23.5.1)	1,276,344	8,416,491
	3,422,627	**10,216,536**
TOTAL	**55,753,732**	**75,568,407**
14 SHORT TERM LOANS AND ADVANCES		
Others		
(Unsecured, considered good)		
Advance to Suppliers	35,961,413	96,883,939
Advances to Employees	3,850,502	3,859,191
Advance for Expenses	8,108,633	4,494,768
Balance with Central Excise, Customs & other authorities	51,643,490	51,502,030
Prepaid Expenses	20,108,680	19,523,067
Others	12,410,536	-
TOTAL	**132,083,254**	**176,262,995**
15 OTHER CURRENT ASSETS		
(Unsecured, considered good)		
Export benefit entitlements	489,083	2,296,022
Interest accrued on non-current investment in bonds	300,000	300,000
Interest accrued on bank deposits	502,638	231,397
Restatement of Forward Contracts outstanding	10,992,500	-
TOTAL	**12,284,221**	**2,827,419**

NOTES FORMING PART OF CONSOLIDATED PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH

(Amounts in `)

Particulars	2015	2014
16 REVENUE FROM OPERATIONS (GROSS)		
Sale of Products (Refer Note 16.1 below)	6,651,443,363	5,944,341,617
Sale of Services (Refer Note 16.2 below)	9,301,822	10,894,091
Other operating revenue (Refer Note 16.3 below)	16,688,981	14,523,146
TOTAL	**6,677,434,166**	**5,969,758,854**
Particulars of Revenue from Operations		
16.1 Sale of Products (Gross)		
16.1.1 **Manufactured Goods**		
Domestic		
Domestic	5,436,539,003	5,031,734,542
Exports (Including deemed exports)	1,214,904,360	912,607,075
	6,651,443,363	**5,944,341,617**
16.1.2 **Manufactured Goods (Product wise)**		
Cables (Control and Speedo)	6,331,895,913	5,671,994,267
Speedo Meters	245,326,869	174,471,094
Others (including parts)	74,220,581	97,876,256
TOTAL	**6,651,443,363**	**5,944,341,617**
16.2 Sale of Services		
Processing Charges	9,301,822	10,894,091
16.3 Other Operating Revenue		
Scrap Sales	16,062,237	13,867,769
Export benefit entitlements (Net)	626,744	655,377
TOTAL	**16,688,981**	**14,523,146**
17 OTHER INCOME		
Interest Income		
Interest Income		
- On bank deposits	1,151,704	871,507
- On advances to suppliers	1,215,160	532,918
- On employee loans & advances	7,393	15,272
- On Mutual Funds	-	2,439,176
Provisions no longer required written back	9,271,000	-
Net gain on sale of current investments	20,676,211	12,799,826
Withdrawal of provision for diminution of value of Current Investments	-	854,949
Rent Received	50,000	17,263
Net gain on foreign currency transactions and translations	7,453,634	17,424,660
Profit on sale of fixed assets (net of loss)	-	366,783
Other non-operating income	934,876	1,015,327
TOTAL	**40,759,977**	**36,337,681**

NOTES FORMING PART OF CONSOLIDATED PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH

(Amounts in `)

Particulars	2015	2014
18 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS		
Opening Stock		
Finished Goods	328,498,708	200,817,438
Work-in-Progress	52,954,200	35,137,945
	381,452,909	**235,955,383**
Less: Closing Stock		
Finished Goods	332,511,283	328,498,708
Work-in-Progress	68,880,243	52,954,200
	401,391,526	**381,452,909**
Add: Currency Fluctuation arising on consolidation (Refer Note no. 1.3)	(8,286,217)	12,460,875
TOTAL	**(28,224,835)**	**(133,036,650)**
19 EMPLOYEE BENEFIT EXPENSE		
Salaries, Wages and bonus (including managerial remuneration)	759,567,684	644,957,224
Contribution to Provident Fund and other funds	28,409,474	24,447,162
Staff welfare expenses	37,622,109	31,582,902
	825,599,267	**700,987,288**
Less: Expenditure incurred during the construction period		
- Transferred to capital work-in-progress	53,100	-
TOTAL	**825,546,167**	**700,987,288**
20 FINANCE COSTS		
Interest expense		
- Borrowings	166,174,464	130,112,608
- Deposits	606,510	638,174
- Others	1,218,599	1,641,930
Loan processing charges	1,034,526	1,629,725
	169,034,099	**134,022,437**
Less: Expenditure incurred during the construction period		
- Capitalised during the year	37,160	-
- Transferred to capital work-in-progress	5,004,778	-
TOTAL	**163,992,161**	**134,022,437**

NOTES FORMING PART OF CONSOLIDATED PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH

(Amounts in `)

Particulars	2015		2014	
21 OTHER EXPENSES				
Increase/(Decrease) of excise duty on Inventory		(7,822,270)		14,780,781
Stores and Consumables		9,195,199		2,907,760
Power and fuel		99,064,743		87,971,893
Testing charges		954,484		752,503
Labour charges		48,989,948		37,992,918
Rent		13,482,216		8,775,435
Repairs & Maintenance:				
- Buildings		7,203,954		8,865,773
- Machinery		34,041,372		29,105,326
- Others		29,692,076		20,659,991
Insurance		16,069,624		12,568,828
Rates and taxes		15,490,988		11,322,923
Bank Charges		5,722,676		6,470,700
Travelling and Conveyance		52,472,212		38,022,153
Professional Charges		11,079,655		10,175,781
Auditors' Remuneration		2,621,273		2,251,799
Freight Outward and C & F Charges		123,407,752		100,649,475
Advertisement and Sales Promotion		3,758,978		6,838,948
Discount		68,229,667		48,652,632
Commission:				
- Sales Commission		8,580,591		9,260,539
- Others		7,990		250,000
Directors' Sitting Fees & Commission		1,510,000		850,000
Bad debts/ receivables written off	3,855,318		1,621,475	
Less:Withdrawal of earlier year provisions	1,892,164	2,269,780	615,028	1,159,760
Provision for Doubtful debts		5,346,241		2,249,376
Printing & Stationery		7,588,071		7,048,588
Security Expenses		16,864,244		14,689,612
Communication Expenses		6,858,095		6,571,489
Donation [Refer Note No. 5.3.8(b)]		-		13,914,805
Profit on sale of fixed assets (net of profit of ` 25,450/-)		58,168		-
Research & Development Expenditure		1,569,507		2,066,629
General Expenses		4,935,184		6,024,363
		589,242,418		**512,850,780**
Less: Expenditure incurred during the construction period				
- Transferred to capital work-in-progress		(90,733)		-
TOTAL		**589,151,685**		**512,850,780**
22 CSR EXPENDITURE				
Contribution to Suprajit Foundation [Refer Note No. 5.3.8 (a)]		13,618,394		-
TOTAL		**13,618,394**		**-**

OTHER NOTES ON FINANCIAL STATEMENTS FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

(Amounts in `)

23 OTHER NOTES ON FINANCIAL STATEMENTS

23.1 In the opinion of the Board, none of the assets other than fixed assets and non-current investments have a value lower on realisation in the ordinary course of business than the amount at which they are stated in the Balance Sheet.

23.2 Some of the trade receivables, trade payables, loans and advances are subject to confirmation/ reconciliation.

23.3 Full quantitative particulars giving item wise and location wise details of fixed assets are maintained in the ERP system in respect of additions made after 1.4.2008. The particulars of fixed assets acquired prior to this date have been updated in the ERP system in a summarised format. However, item wise particulars are maintained for major assets in manual form.

23.4 During the year, the Company has acquired the assets and liabiliities of the automotive speedo cable division of M/s.Pricol Limited pursuant to a business transfer agreement on a slump sale basis for a total consideration of ` 51,532,822/- (PY - Nil).

Break-up of assets and liabilities acquired is given below :

Particulars	2015	2014
Tangible Assets (included in additions in Note 6.1)		
Used Plant & Machinery	4,667,690	-
Used Computers	35,125	-
Used Containers	13,100	-
Intangible Assets (included in additions in Note 6.2)		
Business Rights	18,800,000	-
Inventories		
Raw Materials	9,499,297	-
Finished Goods	7,288,885	-
Other tools and consumables	309,172	-
Trade Receivables	11,130,209	-
CENVAT Credit	2,637,630	-
Trade Payables	(2,848,286)	-
Total Consideration	**51,532,822**	**-**

Particulars	31.03.2015	31.03.2014
23.5 Contingent Liabilities and Commitments		
23.5.1 **Contingent Liabilities**		
Corporate Guarantees issued on behalf of subsidiaries to their bankers [GBP 500,000 (PY: GBP 500,000)].	46,745,000	50,425,000
Letter of credit outstanding	-	105,598
Bond Executed in favour of customs	15,000,000	19,000,000
Bank Guarantee furnished to Tax Authorities for availing concessions	750,000	750,000
Other Bank Guarantees	-	7,181,137
Statutory on account of -		
- Excise and Service Tax matters	5,642,685	432,920
Disputed Sales tax/VAT matters in respect of the following years pending in appeal against which amounts mentioned in Note No 8.3 as 'Value Added Tax paid under protest' is paid under protest, disclosed under the head Long term advances -Others and stay has been granted by the authorities in respect of payment of balance demand. *		
- In respect of FY 2006-07, the amount paid under protest against the demand is ` 800,000/-.	33,750,469	-
- In respect of FY 2008-09, the amount paid under protest against the demand is ` 2,000,000/-.	31,085,990	-
- In respect of FY 2009-10, the amount paid under protest against the demand is ` 800,000/-.	28,667,182	-

OTHER NOTES ON FINANCIAL STATEMENTS FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

Particulars		31.03.2015	31.03.2014
	Disputed Income tax matters pending before Commissioner of Income Tax (Appeals) in respect of which amounts mentioned in Note no 8.3 as 'Income tax paid under protest' is paid under protest, disclosed under the head Long term advances- others *		
	- In respect of AY 2009-10 (FY 2008-09), the amount paid under protest against the demand is ` 903,430/-.	903,430	-
	- In respect of AY 2010-11 (FY 2009-10)	4,515,160	-
	- In respect of AY 2013-14 (FY 2012-13)	421,460	-
	Other sums the Company is contingently liable	-	1,200,000
	Total	**167,481,376**	**79,094,655**
	* No provision has been made in these accounts for these disputed duty, tax demands as the management is confident that the matter will be ultimately decided in favour of the Company.		
23.5.2	**Commitments**		
	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	264,644,150	17,220,823
	Total Contingent Liabilities and Commitments	**432,125,526**	**96,315,478**
23.5.3	**Provision for rework charges**		
	Opening Balance	9,271,000	6,771,000
	Add: Additional Provisions made during the year	-	2,500,000
		9,271,000	9,271,000
	Less:		
	Utilised during the year	-	-
	Reversed during the year	9,271,000	-
	Closing Balance	**-**	**9,271,000**

The detail of foreign currency exposure as at the year end is given below:

Particulars	31.03.2015		31.03.2014	
	Foreign currency	Equivalent `	Foreign currency	Equivalent `
Hedged by derivative instruments (Converted at committed exchange rates)				
Euro Receivable	222,009	14,850,204	375,000	30,641,250
Not hedged by derivative instruments				
USD Receivable	2,696,394	167,778,793	3,210,216	191,555,121
USD Payable	24,810	1,564,534	735,831	43,990,188
Euro Receivable	144,715	9,679,974	385,306	31,520,991
Euro Payable	19,518	1,335,432	23,150	1,932,135
GBP Receivable	135,417	12,409,954	935,919	93,297,894
GBP Payable	1,575	147,279	253,942	25,356,208

(Amounts in `)

23.6 Employee Benefits

The foreign subsidiary has provided for retirement plans in accordance with their local laws.

a. Defined Contribution Plans:

During the year the following amounts have been recognised in the Profit and Loss Statement on account of defined contribution plans.

Particulars	31.03.2015	31.03.2014
Employers contribution to Provident Fund (incl. admin. charges)	20,914,262	15,674,399
Employers contribution to Employee State Insurance	4,982,714	4,070,400
Employers contribution to other Social Security Schemes	15,960,389	13,054,504

b. Defined Benefit Plans:

Gratuity - Funded & Unfunded

Compensated absences - Unfunded

Gratuity is a funded obligation of the Company and the Indian subsidiary except to the extent of liability of the Parent not eligible to be covered by the Gratuity Scheme, which is unfunded. Compensated Absences is an unfunded obligation of the Company. The Parent and the Indian subsidiary has provided for liability of gratuity and compensated absences based on an actuarial valuation under the projected unit credit method. Actuarial assumptions in determining such liability are given below:

Particulars	Gratuity		Compensated Absences	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Discount Rate (per annum)*	7.81%	9.12%	7.81%	9.12%
Expected return on plan assets	8.75%	6.75%	-	-
Salary escalation rate**	10.00%	10.00%	10.00%	10.00%

* The discount rate is based on the prevailing market yields of Government of India services as at the Balance Sheet date for the estimated term of the obligations.

** The assumption of future salary increases takes into account inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market.

	Particulars	2014-15		2013-14	
		Gratuity	Compensated Absences	Gratuity	Compensated Absences
I.	**Reconciliation of present value of obligation**				
	Present value of obligation at beginning of the year	36,762,792	11,309,607	27,307,079	7,784,880
	Current Service Cost	16,599,468	4,197,790	8,016,544	3,398,643
	Interest Cost	2,825,695	826,895	2,473,147	658,999
	Actuarial (gain)/loss	(84,398)	428,582	(655,499)	585,097
	Benefits Paid	(1,164,644)	(1,443,923)	(378,479)	(1,118,012)
	Present value of obligation at end of the year#	**54,938,913**	**15,318,951**	**36,762,792**	**11,309,607**

\# Present Value of Obligation towards Gratuity as at 31.03.2015 includes liability not eligible to be covered by the clauses governing the Group Gratuity Scheme and is disclosed as an unfunded obligation in Note no. 4.4.1.

	Particulars	2014-15		2013-14	
		Gratuity	Compensated Absences	Gratuity	Compensated Absences
II.	**Reconciliation of fair value of plan assets**				
	Fair value of plan assets beginning of the year	23,607,033	-	22,221,999	-
	Expected return on plan assets	2,056,184	-	1,540,747	-
	Actuarial gain/(loss)	235,409	-	8,513	294,071
	Contributions	4,634,576	1,443,923	214,254	(294,071)
	Benefits paid	(1,164,644)	(1,443,923)	(378,479)	-
	Fair value of plan assets at end of the year	**29,368,558**	**-**	**23,607,034**	**-**

OTHER NOTES ON FINANCIAL STATEMENTS FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

(Amounts in `)

	Particulars	2014-15	2013-14
		Gratuity	Gratuity
III.	**Description of Plan Assets**		
	Insurer Managed Funds##	29,368,558	23,607,034

The fund is maintained with the Life Insurance Corporation of India under the Group Gratuity Scheme administered through trustees.

	Particulars	2014-15		2013-14	
		Gratuity	Compensated Absences	Gratuity	Compensated Absences
IV.	**Expenses recognised in the Profit & Loss Statement**				
	Current Service Cost	16,599,468	4,197,790	8,016,544	3,398,643
	Interest Cost	2,825,695	826,895	2,473,147	658,999
	Expected Return on Plan Assets	(2,056,184)	-	(1,135,577)	-
	Acturial gain/(loss)	(3,819,807)	428,581	(1,069,182)	585,097
	Net Expense recognised in the Profit & Loss Statement	**13,549,171**	**5,453,266**	**8,284,932**	**4,642,739**
V.	**Net (Asset)/ Liability recognised in the Balance Sheet as at year end**				
	Present value of obligation at end of the year	54,938,913	15,318,951	36,762,792	11,309,607
	Fair value of plan assets at end of the year	29,368,558	-	23,607,034	-
	Net present value of unfunded obligation recognised as (asset)/ liability in the Balance Sheet	**25,570,355**	**15,318,951**	**13,155,758**	**11,309,607**

	Particulars	2015	2014	2013	2012	2011
VI.	**Experience Adjustments**					
	Gratuity - Funded & Unfunded					
	Present value of obligations	54,938,913	36,762,791	27,307,078	18,464,045	16,264,586
	Fair value of plan assets	29,368,558	23,607,033	22,221,998	7,012,634	6,992,965
	Funded Status [(Surplus)/Deficit]	25,570,355	13,155,758	5,085,080	11,451,411	9,271,621
	Experience [Gain/(Loss)] adjustment on plan liabilities	84,398	(597,951)	(152,978)	(1,791,700)	(252,589)
	Experience [Gain/(Loss)] adjustment on plan assets	235,409	(471,231)	(247,763)	(151,545)	38,103
	Compensated Absences - Unfunded					
	Present value of obligations	15,318,951	11,309,607	7,784,880	5,796,212	4,087,648
	Experience [Gain/(Loss)] adjustment on plan liabilities	(428,582)	(250,161)	(508,627)	(126,735)	(183,671)

23.7 Research & Development Expenditure

Particulars	2014-15	2013-14
Salaries & Wages	31,789,859	29,827,627
Materials, Consumables & Stores	3,183,701	2,226,803
Other Direct Expenditure	2,075,012	1,908,150
TOTAL	**37,048,572**	**33,962,579**

The expenses such as Salaries, Wages (Note no. 19), Materials Consumables & Stores are included in the respective head of accounts and direct expenditure (Note no. 21) is disclosed under Research & Development Expenditure in the Profit and Loss Statement.

OTHER NOTES ON FINANCIAL STATEMENTS FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

(Amounts in `)

23.8 Segment Reporting

The Group has classified its products as Auto Components and hence operates in only one primary segment (business). Secondary segmental reporting is based on the geographical location of customers. The following is the distribution of the Group's sale by geographical markets and segment assets which can be attributed to customers in such markets.

Particulars	2014-15	2013-14
Sales/Operating income		
- India	4,882,482,860	4,485,939,233
- Rest of the world	1,197,562,212	966,426,561
Segment Assets		
- India	5,143,558,657	4,290,642,154
- Rest of the world	185,050,749	257,439,571

23.9 Related Party Disclosures

Party	Relationship
K Ajith Kumar Rai (Chairman & Managing Director)	Key Management Personnel
Mohan Chelliah (Executive Director)	Key Management Personnel
Peter Greensmith	Key Management Personnel
Akhilesh Rai	Relative of Key Management Personnel
Ashutosh Rai	Relative of Key Management Personnel
M Jayarama Shetty*	Relative of Key Management Personnel
Shobha Mani*	Relative of Key Management Personnel
Lakshmi A Rai*	Relative of Key Management Personnel
Manjunath Rai K	Relative of Key Management Personnel
Hemavathi M Rai	Relative of Key Management Personnel
Ashok Kumar Rai	Relative of Key Management Personnel
Suprajit Foundation	Controlled Trust

Nature of Transaction and Related Party	2014-15	2013-14
Remuneration/ Commission		
Key Management Personnel	41,454,238	47,421,755
Relative of Key Management Personnel	1,088,700	790,850
Sitting Fees		
Relative of Key Management Personnel	-	100,000
Interest Paid		
Relative of Key Management Personnel	266,052	505,250
Interest accrued but not due on deposits and outstanding		
Relative of Key Management Personnel	53,406	206,975
Donation		
Suprajit Foundation	13,618,394	13,574,000
Reimbursements		
Key Management Personnel	2,410,243	2,065,942
Relative of Key Management Personnel	400,378	60,977
Fixed Deposits Accepted		
Relative of Key Management Personnel	-	4,572,312
Fixed Deposits Refunded on Closure		
Relative of Key Management Personnel	-	3,300,000

Balances outstanding	31.03.2015	31.03.2014
Relative of Key Management Personnel (Cr.)	3,000,000	5,293,355
Interest accrued but not yet due on total outstanding deposits*	53,406	206,975
Suprajit Foundation (Cr.)	13,618,394	13,574,000

OTHER NOTES ON FINANCIAL STATEMENTS FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

(Amounts in `)

Notes:

Amounts shown as outstanding at the year end in relation to fixed deposits accepted represent only the principal amount and the accumulated amount of interest accrued but not due is disclosed above.

* These parties are not relatives as per AS-18 and under the definition of Companies Act, 2013. Hence Current year related party transaction figures are not disclosed.

23.10 Operating Lease commitments:

The Foreign subsidiary has annual commitments under non cancelable operating leases for land & building and other assets as follows:

Particulars	31.03.2015	31.03.2014
Due within one year	526,745	623,763
Due between two to five years	7,099,264	7,935,479

23.11 Additional Information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as subsidary.

Name of the Entity		Net Assets: Total Assets minus Total Liabilities		Share in Profit or Loss	
		As% of consolidated net assets	Amount (`)	As% of consolidated Profit or Loss	Amount (`)
Parent Company					
Suprajit Engineering Limited		95.55%	2,300,967,398	88.70%	446,137,901
Subsidiaries					
1.	Suprajit Automotive Private Limited	12.23%	294,594,003	12.47%	62,699,292
2.	Suprajit Europe Limited	1.07%	25,796,802	0.03%	168,537

Previous period figures have been rearranged/ reclassified where required to confirm to current year's classification.

(Signatures to Notes 1 to 23)

As per our report of even date attached

For and on behalf of the Board of Directors

For Varma & Varma
Chartered Accountants
FRN 004532S

K Ajith Kumar Rai	**Diwakar S Shetty**	**Medappa Gowda J**	**R Kesavadas**
Chairman & Managing Director & Chief Executive Officer	Director	Company Secretary & Chief Financial Officer	Partner M. No. 23862

Place : Bangalore
Date : 29.05.2015

Varma & Varma

Chartered Accountants

LIMITED REVIEW REPORT

To
The Board of Directors,
Suprajit Engineering Limited,
No 100, Bommasandra Indl Area,
Bangalore – 560 099

We have reviewed the accompanying statement of unaudited financial results of **Suprajit Engineering Limited** ('the Company') for the quarter ended 30th September 2015 ('the Statement') except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and which have not been reviewed by us. This statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on these Statement based on our review.

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an opinion.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement, prepared in accordance with the Accounting Standards referred to Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and other recognised accounting practices and policies, has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatement.

For VARMA & VARMA
Chartered Accountants
FRN 004532S

Srinivas. K. P.
K.P SRINIVAS
Partner
M No. 208520

Place: Bangalore
Date : 09th Nov 2015

VARMA & VARMA BANGALORE CHARTERED ACCOUNTANTS

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SUPRAJIT ENGINEERING LIMITED

Regd Office: No 100, Bommasandra Industrial Area, Anekal Taluk, Bangalore-99.

Website - www.suprajit.com, email - info@suprajit.com

CIN - L29199KA1985PLC006934

STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER/ HALF YEAR ENDED 30TH SEPTEMBER 2015

PART I (Rs. In Lakhs)

	Particulars	STANDALONE					
		For the 3 months ended			Half Year Ended		Financial Year Ended
		30.09.2015	30.06.2015	30.09.2014	30.09.2015	30.09.2014	31.03.2015
		Un-Audited			Un-Audited		Audited
1.	**Income from Operations**						
	(a) Gross Sales/Income from Operations	16,409.00	13,550.93	14,318.26	29,959.93	27,181.34	57,417.47
	Less:Excise Duty	1,645.21	1,273.51	1,337.64	2,918.71	2,535.04	5,487.22
	Net Sales/ Income from Operations	14,763.79	12,277.42	12,980.62	27,041.22	24,646.30	51,930.25
	(b) Other Operating Income	59.21	62.42	68.65	121.63	139.70	292.55
	Total Income from operations (net)	**14,823.00**	**12,339.84**	**13,049.27**	**27,162.85**	**24,786.00**	**52,222.80**
2.	**Expenses**						
	(a) Cost of materials consumed	9,125.34	7,462.97	8,324.39	16,588.31	15,487.46	33,092.80
	(b) Purchases of stock-in-trade	-	-	-	-	-	-
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	179.00	221.19	31.82	400.19	259.01	8.23
	(d) Employee benefits expense	1,796.39	1,686.89	1,624.38	3,483.28	3,223.71	6,590.23
	(e) Depreciation and amortisation expense	204.58	203.44	205.81	408.02	400.24	749.77
	(f) Other expenses	1,077.80	959.78	1,048.07	2,037.58	1,997.45	4,136.79
	Total Expenses	**12,383.11**	**10,534.27**	**11,234.47**	**22,917.38**	**21,367.87**	**44,577.82**
3.	**Profit/(Loss) from operations before other income, finance costs and exceptional items (1-2)**	**2,439.89**	**1,805.57**	**1,814.80**	**4,245.47**	**3,418.13**	**7,644.98**
4.	Other Income	40.36	574.89	144.45	615.24	327.55	353.52
5.	**Profit/(Loss) from ordinary activities before finance costs and exceptional items (3±4)**	**2,480.25**	**2,380.46**	**1,959.25**	**4,860.71**	**3,745.68**	**7,998.50**
6.	Finance costs	450.79	387.07	337.49	837.86	670.53	1,351.52
7.	**Profit/(Loss) from ordinary activities after finance costs but before exceptional items (5±6)**	**2,029.46**	**1,993.39**	**1,621.76**	**4,022.85**	**3,075.15**	**6,646.98**
8.	Exceptional Items	(169.39)	(190.66)	-	(360.05)	-	-
9.	**Profit/(Loss) from ordinary activities before tax (7±8)**	**1,860.07**	**1,802.73**	**1,621.76**	**3,662.80**	**3,075.15**	**6,646.98**
10.	Tax expense	648.00	560.00	469.00	1,208.00	899.00	2,185.60
11.	**Net Profit/ (Loss) from ordinary activities after tax (9±10)**	**1,212.07**	**1,242.73**	**1,152.76**	**2,454.80**	**2,176.15**	**4,461.38**
12.	Extraordinary Items (net of tax expense)	-	-	-	-	-	-
13.	**Net Profit/ (Loss) for the period (11±12)**	**1,212.07**	**1,242.73**	**1,152.76**	**2,454.80**	**2,176.15**	**4,461.38**
14.	Share of Profit/(Loss) of associates	-	-	-	-	-	-
15	Minority interest	-	-	-	-	-	-
16	**Net Profit / (loss) after taxes, minority interest and Share of profit / (loss) of associates (13±14±15)**	**1,212.07**	**1,242.73**	**1,152.76**	**2,454.80**	**2,176.15**	**4,461.38**
17	Paid-up equity share capital [Face Value Re. 1/-Per Share] (Face Value of the Share shall be indicated)	1,200.20	1,200.20	1,200.20	1,200.20	1,200.20	1,200.20
18	Reserve excluding Revaluation Reserves as per balance sheet of previous accounting year	-	-	-	-	-	21,809.47
19.i	**Earnings per share (before extraordinary items)**						
	(of Re. 1/- each)(not annualised) (in Rs.):						
	(a) Basic	1.01	1.04	0.96	2.05	1.81	3.72
	(b) Diluted	1.01	1.04	0.96	2.05	1.81	3.72
19.ii	**Earnings per share (after extraordinary items)**						
	(of Re. 1/- each)(not annualised) (in Rs.):						
	(a) Basic	1.01	1.04	0.96	2.05	1.81	3.72
	(b) Diluted	1.01	1.04	0.96	2.05	1.81	3.72

See accompanying notes to the financial results

For Suprajit Engineering Limited

K. JITHKUMAR RAI
Chairman & Managing Director

VARMA & VARMA CHARTERED ACCOUNTANTS BANGALORE

PART II							(Rs. In Lakhs)
	Particulars	STANDALONE					
		For the 3 months Ended			Half Year Ended		Financial Year Ended
		30.09.2015	30.06.2015	30.09.2014	30.09.2015	30.09.2014	31.03.2015
		Un-Audited			Un-Audited		Audited
A	**PARTICULARS OF SHAREHOLDING**						
1	**Public shareholding**						
	- Number of shares	57,806,843	57,806,843	57,806,843	57,806,843	57,806,843	57,806,843
	- Percentage of shareholding	48.16	48.16	48.16	48.16	48.16	48.16
2	**Promoters and Promoter Group Shareholding**						
	a) Pledged/ Encumbered						
	- Number of shares	Nil	Nil	Nil	Nil	Nil	Nil
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	Nil	Nil	Nil	Nil	Nil	Nil
	- Percentage of shares (as a % of the total share capital of the company)	Nil	Nil	Nil	Nil	Nil	Nil
	b) Non-encumbered						
	- Number of shares	62,213,157	62,213,157	62,213,157	62,213,157	62,213,157	62,213,157
	- Percentage of shares (as a % of the total shareholding of the promoter and promoter group)	100	100	100	100	100	100
	- Percentage of shares (as a % of the total share capital of the company)	51.84	51.84	51.84	51.84	51.84	51.84

	Particulars	For the 3 months Ended
		30.09.2015
B	**INVESTOR COMPLAINTS**	
	Pending at the beginning of the quarter	Nil
	Received during the quarter	Nil
	Disposed off during the quarter	Nil
	Remaining unresolved at the end of the quarter	Nil

For Soprajit Engineering Limited

K. AJITHKUMAR RAI
Chairman & Managing Director

BANGALORE
CHARTERED ACCOUNTANTS

NOTES:

1 Statement of Assets and Liabilities

(Rs. In Lakhs)

	PARTICULARS	STANDALONE	
		As at Current Half Year end 30.09.2015	As at Previous Year end 31.03.2015
		Un-Audited	Audited
A.	EQUITY AND LIABILITIES		
1	Shareholders' funds		
	(a)Share Capital	1,200.20	1,200.20
	(b)Reserves and Surplus	24,264.27	21,809.47
	(c)Money received against share warrants	-	-
	Sub-total-Shareholders' funds	25,464.47	23,009.67
2	Share application money pending allotment	-	-
3	Minority Interest	-	-
4	Non-current liabilities		
	(a)Long-term borrowings	7,501.68	6,208.78
	(b)Deferred tax liabilities(net)	839.81	799.97
	(c)Other long-term liabilities	111.59	104.33
	(d)Long-term provisions	342.91	282.53
	Sub total-Non-current liabilities	8,795.99	7,395.61
5	Current Liabilities		
	(a)Short-term borrowings	15,302.53	7,968.46
	(b)Trade payables	4,390.78	4,503.81
	(c)Other Current liabilities	4,675.36	3,863.60
	(d)Short-term provisions	478.09	907.31
	Sub total-current liabilities	24,846.76	17,243.18
	TOTAL - EQUITY AND LIABILITIES	59,107.22	47,648.46
B	ASSETS		
1	Non-current assets		
	(a)Fixed assets	18,365.84	16,409.61
	(b)Goodwill on consolidation	-	-
	(c)Non-current investments	14,999.06	2,058.97
	(d)Deferred tax assets (net)	-	-
	(e)Long-term loans and advances	780.61	624.61
	(f) Other non-current assets	10.98	10.86
	Sub total-Non-current Assets	34,156.49	19,104.05
2	Current Assets		
	(a)Current investments	5,775.00	11,175.00
	(b)Inventories	5,524.80	5,745.65
	(c)Trade receivables	12,125.64	10,581.49
	(d)Cash and cash equivalents	479.12	452.74
	(e)Short- term loans and advances	1,037.07	577.19
	(f) Other current assets	9.10	12.34
	Sub total-Current Assets	24,950.73	28,544.41
	TOTAL-ASSETS	59,107.22	47,648.46

Notes:

2 The above Un-Audited Financial Results have been reviewed by the Audit Committee and approved by the Board of Directors of the Company at their respective meetings held on 9th November 2015.

3 The Company has classified its products as Auto Components.

4 Tax Expense includes Deferred Income Tax and Current Income tax.

5 The Company has acquired 14,289,843 Equity Shares of Rs. 10/- each at a consideration of Rs. 89/- per Share aggregating to Rs. 12,717.96 Lacs i.e. 51% stake and 15,021 Equity Shares of Rs 10/- each at a consideration of Rs. 100/- per Share aggregating to Rs. 15.02 Lacs i.e. 0.05 % stake in the capital of Phoenix Lamps Limited on 18th June 2015 and 14th August 2015 respectively and accordingly Phoenix Lamps Limited has become a subsidiary of Suprajit Engineering Limited from 18th June 2015. The Company has incurred a total expenditure of Rs. 567.15 Lacs towards this acquisition as on 30th September 2015. Out of this Rs. 207.10 Lacs has been capitalised as part of Cost of Investment in accordance with AS-13 Investments and Finance charges (included under exceptional items) of Rs. 360.05 Lacs has been recognised as an expenditure for the half year ended 30th September 2015 (Rs. 190.66 Lacs for the quarter ended 30 June 2015) in accordance with AS-16 Borrowing Costs.

6 Other Income for the half year ended 30th September 2015 and for the quarter ended 30th June 2015 includes capital gain of Rs. 534.85 lacs arising on sale of current investments in Mutual Funds as compared to Rs. 206.76 lacs for the half year ended 30th September 2014 and for the year ended 31st March 2015.

7 Previous period figures have been regrouped wherever necessary to conform to the current period's presentation.

8 The above unaudited standalone financial results have been subjected to limited review by Statutory Auditors.

For Suprajit Engineering Limited

For and on behalf of the Board

K. AJITH KUMAR RAI
Chairman & Managing Director

K. AJITH KUMAR RAI
Chairman & Managing Director
(DIN - 01160327)

Place : Bangalore
Date : 9th November, 2015

For Varma and Varma
Chartered Accountants
FRN 004532S

Srinivas. K. P.

K.P.SRINIVAS
Partner
M.No. 208520

Place : Bangalore
Date : 9th November, 2015

VARMA & VARMA BANGALORE CHARTERED ACCOUNTANTS

Varma & Varma

Chartered Accountants

LIMITED REVIEW REPORT

To
The Board of Directors,
Suprajit Engineering Limited,
No 100, Bommasandra Indl Area,
Bangalore – 560 099

We have reviewed the accompanying statement of unaudited financial results of **Suprajit Engineering Limited** ('the Company') for the period ended 31st December 2015 ('the Statement'). This statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on these Statements based on our review.

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an opinion.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with the Accounting Standards referred to Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and other recognised accounting practices and policies, has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatement.

For VARMA & VARMA
Chartered Accountants
FRN 004532S

R. KESAVADAS
Partner
M No.23862

Place: Bangalore
Date : 09-February-2016

VARMA & VARMA ★ BANGALORE ★ CHARTERED ACCOUNTANTS

424, 4th C Main, 6th Cross, OMBR Layout, Banaswadi, Bangalore 560043
Tel: +91+80+42444999, Fax : +91+80+42444900, Email: bangalore@varmaandvarma.com

SUPRAJIT ENGINEERING LIMITED

Regd Office: No 100, Bommasandra Industrial Area, Anekal Taluk, Bengaluru-560099.

Website : www.suprajit.com, e-mail : info@suprajit.com

CIN - L29199KA1985PLC006934

STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER/ NINE MONTHS ENDED 31ST DECEMBER 2015

(Rs. In Lakhs)

	Particulars	STANDALONE					
		For the 3 Months Ended			Nine Months Ended		Financial Year Ended
		31.12.2015	30.09.2015	31.12.2014	31.12.2015	31.12.2014	31.03.2015
		Un-Audited			Un-Audited		Audited
1.	Income from Operations						
	(a) Gross Sales/Income from Operations	17,683.42	16,409.00	15,567.87	47,643.35	42,749.21	57,417.47
	Less:Excise Duty	1,831.70	1,645.21	1,532.69	4,750.41	4,067.72	5,487.22
	Net Sales/ Income from Operations	15,851.72	14,763.79	14,035.18	42,892.94	38,681.49	51,930.25
	(b) Other Operating Income	55.36	59.21	73.77	176.99	213.47	292.55
	Total Income from operations (net)	15,907.08	14,823.00	14,108.95	43,069.93	38,894.96	52,222.80
2.	Expenses						
	(a) Cost of materials consumed	10,415.09	9,125.34	9,202.97	27,003.40	24,690.44	33,092.80
	(b) Purchases of stock-in-trade	-	-	-	-	-	-
	(c) Changes in inventories of finished goods, work in-progress and stock-in-trade	(601.76)	179.00	(304.15)	(201.57)	(45.14)	8.23
	(d) Employee benefits expense	1,924.94	1,796.39	1,792.14	5,408.21	5,015.85	6,590.23
	(e) Depreciation and amortisation expense	208.56	204.58	198.54	616.58	598.78	749.77
	(f) Other expenses	1,329.71	1,077.80	1,069.28	3,367.29	3,066.72	4,136.79
	Total Expenses	13,276.54	12,383.11	11,958.78	36,193.91	33,326.65	44,577.82
3.	Profit/(Loss) from operations before other income, finance costs and exceptional items (1-2)	2,630.54	2,439.89	2,150.17	6,876.02	5,568.31	7,644.98
4.	Other Income	296.08	40.36	103.11	911.32	430.67	353.52
5.	Profit/(Loss) from ordinary activities before finance costs and exceptional items (3+4)	2,926.62	2,480.25	2,253.28	7,787.34	5,998.98	7,998.50
6.	Finance costs	468.68	450.79	356.05	1,306.54	1,026.58	1,351.52
7.	Profit/(Loss) from ordinary activities after finance costs but before exceptional items (5+6)	2,457.94	2,029.46	1,897.23	6,480.80	4,972.40	6,646.98
8.	Exceptional items	(100.54)	(169.39)	-	(460.59)	-	-
9.	Profit/(Loss) from ordinary activities before tax (7+8)	2,357.40	1,860.07	1,897.23	6,020.21	4,972.40	6,646.98
10.	Tax expense	825.00	648.00	691.00	2,033.00	1,590.00	2,185.60
11.	Net Profit/ (Loss) from ordinary activities after tax (9+10)	1,532.40	1,212.07	1,206.23	3,987.21	3,382.40	4,461.38
12.	Extraordinary Items (net of tax expense)	-	-	-	-	-	-
13.	Net Profit/ (Loss) for the period (11+12)	1,532.40	1,212.07	1,206.23	3,987.21	3,382.40	4,461.38
14.	Share of Profit/(Loss) of associates	-	-	-	-	-	-
15	Minority interest	-	-	-	-	-	-
16	Net Profit / (loss) after taxes, minority interest and Share of profit / (loss) of associates (13+14+15)	1,532.40	1,212.07	1,206.23	3,987.21	3,382.40	4,461.38
17	Paid-up equity share capital (Face Value Re. 1/- Per Share)	1,200.20	1,200.20	1,200.20	1,200.20	1,200.20	1,200.20
18	Reserve excluding Revaluation Reserves as per balance sheet of previous accounting year	-	-	-	-	-	21,809.47
19.i	Earnings per share (before extraordinary items) (of Re. 1/- each)(not annualised) (in Rs.):						
	(a) Basic	1.28	1.01	1.01	3.32	2.82	3.72
	(b) Diluted	1.28	1.01	1.01	3.32	2.82	3.72
19.ii	Earnings per share (after extraordinary items) (of Re. 1/- each)(not annualised) (in Rs.):						
	(a) Basic	1.28	1.01	1.01	3.32	2.82	3.72
	(b) Diluted	1.28	1.01	1.01	3.32	2.82	3.72
	See accompanying notes to the financial results						

For Suprajit Engineering Limited

K. AJITHKUMAR RAI
Chairman & Managing Director

VARMA & VARMA CHARTERED ACCOUNTANTS BANGALORE

Notes:

1. The above Un-Audited Financial Results have been reviewed by the Audit Committee and were approved by the Board of Directors of the Company at their respective meetings held on 9th February 2016.
2. The Company has classified its products as Auto Components.
3. Tax Expense includes Deferred Income Tax and Current Income tax.
4. The Company has acquired 14,289,843 Equity Shares of Rs. 10/- each at a consideration of Rs. 89/- per Share aggregating to Rs. 12,717.96 Lacs i.e. 51% stake, 15,021 Equity Shares of Rs 10/- each at a consideration of Rs. 100/- per Share aggregating to Rs. 15.02 Lacs i.e. 0.05 % stake and 3,047,312 Equity Shares of Rs. 10/- each at a consideration of Rs. 89/- per Share aggregating to Rs. 2,712.11 Lacs i.e. 10.88% stake in the capital of Phoenix Lamps Limited on 18th June 2015, 14th August 2015 and 9th October 2015 respectively and accordingly Phoenix Lamps Limited has become a subsidiary of Suprajit Engineering Limited from 18th June 2015. The Company has incurred a total expenditure of Rs. 699.61 Lacs towards this acquisition as on 31st December 2015. Out of this,Rs. 239.02. Lacs has been capitalised as part of Cost of Investment in accordance with AS-13 Investments and Finance charges and Rs. 460.59 Lacs (included under exceptional items) has been recognised as an expenditure for the nine months period ended 31st December 2015 (Rs. 190.66 Lacs, Rs. 169.39 Lacs and Rs. 100.54 lacs for the quarters ended 30 June 2015, 30th September 2015 and 31st December 2015 respectively) in accordance with AS-16 Borrowing Costs. As a result of the acquisition of control of Phoenix Lamps Limited, the consolidated financial results for the nine month period ended 31.12.2015 is not comparable with the consolidated financial results of the corresponding previous period.
5. Previous period figures have been regrouped wherever necessary to conform to the current period's presentation.
6. Other Income for the Nine months ended 31.12.2015 includes Capital Gain of Rs 733.87 lacs arising on sale of current investments in Mutual Funds as compared to Rs 206.76 Lacs for the Nine months ended 31.12.2014 and for the year ended 31.03.2015.
7. The above unaudited standalone finanical results have been subjected to limited review by Statutory Auditors.
8. The Board has declared an interim dividend of Re 0.50 per share of Re 1/- each (50%) for the year 2015-16 (Previous Year 45%) and fixed Friday, the 19th February 2016, as record date for the purpose of payment of interim dividend.

For and on behalf of the Board

K. AJITH KUMAR RAI
Chairman & Managing Director
(DIN - 01160327)

Place : Bangaluru
Date : 9th February 2016

For Varma and Varma
Chartered Accountants
FRN 004532S

R. KESAVADAS
Partner
M.No. 23862

Place : Bangaluru
Date : 9th February 2016

VARMA & VARMA ★ BANGALORE ★ CHARTERED ACCOUNTANTS

TAXATION

The information provided below sets out the possible tax benefits available to the potential shareholders of the Company in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of the Equity Shares, under the tax laws presently in force in India. Several of these benefits are dependent on the potential shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence the ability of any shareholder to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives it faces in the future, it may not choose to fulfill. The following overview is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. Investors are advised to consult their own tax consultant and advisors with respect to the tax implications of an investment in the Equity Shares.

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To,

The Board of Directors,
Suprajit Engineering Limited,
#100, Bommasandra Industrial Area,
Anekal Taluk,
Bengaluru – 560 099.

Dear Sirs,

Sub: Certificate on possible tax benefits available to Suprajit Engineering Limited and its potential shareholders.

Please find enclosed the certificate on possible tax benefits available to Suprajit Engineering Limited (the "**Company**") and its potential shareholders as an annexure hereto.

The tax benefits mentioned in the aforesaid certificate are available only to the Company and its potential shareholders and our certificate does not include the possible tax benefits available to the subsidiaries of the Company.

Our certificate is based on the understanding of the law and applicable regulations prevailing as on the date of this certificate. Any change or amendment in the law would necessitate a review of our certificate. Unless specifically requested, we have no responsibility to carry out any review of our certificate for change in law occurring after the date of issue of the certificate.

This certificate is intended for your information and for inclusion in the Preliminary Placement Document and the Placement Document to be prepared in connection with the proposed issuance of securities of the Company to qualified institutional buyers.

For Ishwar and Gopal
Chartered Accountants
Firm Registration No. 001154S

Thilakraj S P
Partner
M. No. 230011
Place: Bangalore
Date: 25.01.2016

ISHWAR & GOPAL Bangalore Chartered Accountants

Encl: As above.

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TAXATION

ANNEXURE TO CERTIFICATE ON POSSIBLE TAX BENEFITS AVAILABLE TO SUPRAJIT ENGINEERING LIMITED ('THE COMPANY') AND ITS POTENTIAL SHAREHOLDERS

I. UNDER THE INCOME-TAX ACT, 1961 (hereinafter referred to as 'the Act')

1. SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY UNDER THE ACT

The Company is engaged in the business of manufacture and sale of automobile components. The company is entitled for deduction under section 80IC(2)(ii) of the Act for the profits and gains of two undertakings in Uttaranchal state.

The deduction under Section 80IC(2)(ii) is available to certain undertakings in certain special category of states in respect of its profits and gains, to the extent of 100% of the profits and gains of the industrial undertaking for the first 5 years commencing with the initial assessment year and thirty per cent of the profits and gains for next 5 years.

Presently, the Company is entitled to claim deduction of thirty percentage of profits and gains of these two undertakings.

2. GENERAL TAX BENEFITS AVAILABLE TO THE COMPANY UNDER THE ACT

The following benefits are available to the Company after fulfilling conditions as per the applicable provisions of the Act:

2.1 Benefits on distributed income

2.1.1 Section 10(34) of the Act – Income by way of dividends referred to in section 115-O

Dividend income received by the Company referred to in section 115-O of the Act, from a domestic company is exempt from tax under section 10(38) of the Act. Such income is also exempt from tax while computing book profits for the purpose of determination of liability under the minimum alternate tax ('MAT') provisions.

However, in view of the provisions of section 14A of the Act, any expenditure incurred in relation to earning such dividend income which is exempt shall not be tax deductible. In case the Tax Authorities are not satisfied by the disallowance considered by the Company, the quantum of disallowance shall be computed in accordance with the provisions of section 14A read with Rule 8D of the Income-tax Rules, 1961 ('the Rules').

Also, section 94(7) of the Act provides that losses arising from the sale/ transfer of shares purchased within a period of three months prior to the record date and sold/ transferred within three months after such date, will be disallowed to the extent of dividend income on such shares is claimed as exempt from tax.

2.1.2 Section 10(35) of the Act – Income from specified units

The following incomes are exempt under section 10(35) of the Act, in the hands of the Company (except income arising on transfer of units mentioned therein):

a) Income received in respect of units of a mutual fund specified under section 10(23D) of the Act;

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b) Income received in respect of units from the Administrator of the specified undertaking as defined under the provisions of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002;
c) Income received in respect of units from the company referred to in section 2(h) of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002.

Such income is also exempt from tax while computing book profits for the purpose of determination of MAT liability.

The provisions restricting tax deductibility of expenditure in respect of exempt income as per section 14A of the Act and the provisions of section 94(7) of the Act of excluding the losses to the extent of dividend income (Dividend Stripping) as per the conditions prescribed therein are also applicable.

Further, as per the provisions of section 94(8) of the Act, if an investor purchases units within three months prior to the record date for entitlement of bonus units and is allotted bonus units without any payment on the basis of the original holding on the record date and such person sells / redeems the original units within nine months of the record date, then the loss arising from sale/ redemption of the original units will be ignored for the purpose of computing income chargeable to tax and the amount of such loss ignored shall be regarded as the cost of acquisition of the bonus units.

2.1.3 Section 10(38) of the Act – Income on transfer of long term listed equity share or mutual fund unit

Income arising to the Company on transfer of equity shares or units of an equity oriented fund or units of a business trust held by the Company will be exempt under section 10(38) of the Act, if the said asset is a long term capital asset and such transaction is chargeable to securities transaction tax (STT). These assets turn long term if they are held for more than 12 months. However, the said exempt ion will not be available to the Company while computing the book profits liable for minimum alternate tax under section 115JB of the Act.

2.2 Benefits while computing Profits and Gains of Business or Profession

Other Deductions

A deduction equal to 100% or 50%, as the case may be, on sums paid as donations to certain specified entities is allowable as per section 80G of the Act while computing the total income of the Company.

A deduction amounting to 100% of any sum contributed to a political party or an electoral trust, otherwise than by way of cash, is allowable under section 80GGB of the Act while computing total income of the Company.

The depreciation rate in respect of Motor Cars is 15%, furniture & fitting is 10%, Intangible asset is 25%, Computer is 60%, Buildings (Residential) is 5% and Buildings (Others) is 10%.

Under section 36(1)(vii) of the Act, any bad debt or part thereof written off as irrecoverable in the accounts is allowable as a deduction from the total income.

2.3 **Carry forward and set-off of Business loss and unabsorbed depreciation**

Section 71 of the Act provides for set-off of business loss (other than speculative loss), if any, arising during a previous year against the income under any other head of income (other than income under the head salaries).
Balance business loss, if any, can be carried forward and setoff against business profits for eight consecutive subsequent years as per the provisions of section 72 of the Act.

Unabsorbed depreciation under section 32(2) of the Act can be carried forward and set -off against any source of income in subsequent years subject to provisions of section 72(2) of the Act.

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As per section 72A of the Act, where the Company amalgamates with another company or in case of demerger of an undertaking of the Company, the accumulated loss and the unabsorbed depreciation of the amalgamating company/ relatable to the undertaking(s) transferred shall be deemed to be the business loss/ unabsorbed depreciation of the amalgamated/ demerged Company for the year in which such amalgamation/ demerger took place (subject to satisfaction of certain conditions), and accordingly, shall be eligible for being carried forward and set off in accordance with the provisions of the Act.

2.4 **Capital gains**

As per section 2(42A) of the Act, a security (other than a unit) listed in a recognised stock exchange in India or a unit of the Unit Trust of India or a unit of an equity oriented fund or a zero coupon bond will be considered short term capital asset, if the period of holding of such share, unit or security is twelve (12) months or less.

If the period of holding of the abovementioned assets is more than 12 months, it will be considered a long term capital asset as per section 2(29A) of the Act. In respect of other assets including unlisted securities and a unit of a mutual fund other than equity oriented mutual fund, the determinative period of holding is thirty six (36) months instead of 12 months.

Section 48 of the Act prescribes the mode of computation of Capital Gains and provides for deduction of cost of acquisition/ improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of Capital Gains.

However, in respect of long term capital gains, section 48 provides for substitution of cost of acquisition/ improvement with indexed cost of acquisition/ improvement, which adjusts the cost of acquisition/ improvement by a cost inflation index as prescribed from time to time. Such indexation benefit would not be available on bonds and debentures.

As per section 54EC of the Act, capital gains upto Rs. 50 lakhs per annum, arising from the transfer of a long term capital asset are exempt from capital gains tax provided such capital gains are invested within a period of six months after the date of such transfer in specified bonds issued by National Highways Authority of India (NHAI) or Rural Electrification Corporation Ltd (RECL). Gains arising on transfer of short term capital assets are chargeable in the hands of the Company at the rate of 30 percent (plus applicable surcharge and cess). However, as per section 111A of the Act, short term capital gains from the sale of an equity share, a unit of an equity oriented fund or a unit of a business trust transacted through a recognized stock exchange, where such transaction is chargeable to STT, will be taxable at a concessional rate of 15% (plus applicable surcharge and cess). Gains arising on the transfer of long term asset are chargeable to tax in the hands of the Company at the rate of 20% (plus applicable surcharge and cess). As per the proviso to section 112 of the Act, the tax on long term capital gains resulting on transfer of listed securities or units or zero coupon bond shall be restricted at the rate of 10 percent (plus applicable surcharge and cess) without indexation benefit.

As per section 70 read with section 74 of the Act, short term capital loss arising during a year is allowed to be set-off against short term capital gains as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessment years.

As per section 70 of the Act, long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set -off against long term capital gains arising during subsequent eight assessment years.

Long term capital loss arising on sale of shares or units of equity oriented fund subject to STT is not allowed to be set-off and carried forward.

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2.5 **Section 115-O of the Act - Tax on distributed profits of domestic companies**
As per section 115-O of the Act, domestic companies are liable to pay additional tax at the rate of 15% (plus applicable surcharge and cess). As per sub-section (1A) to section 115-O, the domestic Company, for computing the dividend distribution tax (DDT), will be allowed to set -off the dividend received from its subsidiary company during the financial year ('FY') against the dividend distributed by it if:
a) the dividend is received from its domestic subsidiary and the subsidiary has paid the DDT payable on such dividend; or
b) the dividend is received from a foreign subsidiary and is subject to payment of tax under section 115BBD of the Act.

However, the same amount of dividend shall not be taken into account for reduction more than once.
Section 115-O with effect from 1 October 2014 provides that the amount of dividend declared by the domestic company would be required to be grossed up for the purpose of computing the DDT such that after reduction of the tax on such increased amount at the rate of 15%, the amount is equal to the net distributed profits.

2.6 **Section 115JAA of the Act - Credit of MAT paid**
Where the tax liability of the Company as computed under the normal provisions of the Act, is less than 18.5% of its book profits after making certain specified adjustments, the Company would be liable to pay MAT at an effective rate of 18.5% (plus applicable surcharge and cess) of the book profits.

MAT paid shall however be available as credit against the normal income tax liability in subsequent years to the extent and as per the provisions of section 115JAA of the Act. Such credit can be carried forward for set off upto 10 years.

3. GENERAL TAX BENEFITS AVAILABLE TO POTENTIAL SHAREHOLDERS OF THE COMPANY

The following tax benefits are generally available to the shareholders of all companies subject to the fulfilment of the conditions specified in the Act:

For resident shareholders:
3.1 Dividend income earned on shares of the Company will be exempt in the hands of shareholders under section 10(34) of the Act.

Section 14A of the Act restricts claim for deduction of expenses incurred in relation to income which does not form part of the total income under the Act. Thus, any expenditure incurred to earn the said income will not be tax deductible expenditure.

As per section 94(7) of the Act, losses arising from sale/ transfer of shares, where such shares are purchased within three months prior to the record date and sold within three months from the record date, will be disallowed to the extent such losses do not exceed the amount of exempt dividend.

3.2 Income arising on transfer of shares of the Company, if held as investments, will be exempt under section 10(38) of the Act if the said shares are long-term capital assets and such transaction is chargeable to STT.

These assets turn long term if they are held for more than 12 months. However, shareholders being companies will not be able to claim the above exempt ion while computing the book profits and income tax payable under section 115JB of the Act.

3.3 The long-term capital gains arising to the shareholders of the Company from the transfer of shares of the Company held as investments, not covered under point 3.2 above shall be chargeable to tax at the rate of 20% (plus applicable surcharge and cess) of the capital gains computed after indexing the cost of

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acquisition/ improvement or at the rate of 10% (plus applicable surcharge and cess) of the capital gains computed before indexing the cost of acquisition/improvement, whichever is lower.

3.4 In case of an individual or Hindu Undivided Family (HUF), where the total taxable income as reduced by long-term capital gains is below the basic exemption limit, the long-term capital gains will be reduced to the extent of the shortfall and only the balance long-term capital gains will be subjected to such tax in accordance with the proviso to sub-section (1) of section 112 of the Act.

3.5 Short-term capital gains arising on transfer of the shares of the Company will be chargeable to tax at the rate of 15% (plus applicable surcharge and cess) as per the provisions of section 111A of the Act if such transaction is chargeable to securities transaction tax. In case of an individual or HUF, where the total taxable income as reduced by short-term capital gains is below the basic exemption limit , the short –term capital gains will be reduced to the extent of the shortfall and only the balance short-term capital gains will be subjected to such tax in accordance with the proviso to sub-section (1) of section 111A of the Act.

3.6 In accordance with, and subject to the conditions, including the limit of investment of Rs 50 lakhs, and to the extent specified in section 54EC of the Act, long-term capital gains arising on transfer of the shares of the Company not covered under point 3.2 above shall be exempt from capital gains tax if the gains are invested within 6 months from the date of transfer in the purchase of long-term specified assets. In case the whole of the gains are not so invested, the exemption shall be allowed on a pro rata basis.

3.7 In accordance with, and subject to the conditions including ownership of not more than one residential house on the date of transfer (other than the new residential house referred hereinafter) and to the extent specified in section 54F of the Act, long-term capital gains arising on transfer of the shares of the Company not covered under point 3.2 above held by an individual or HUF shall be exempt from capital gains tax if the net sales consideration is utilised, within a period of one year before, or two years after the date of transfer, for the purchase of a new residential house, or is utilised for construction of a residential house within three years. If the whole of the net sales consideration is not so utilised, the exemption shall be allowed on a pro rata basis.

3.8 Short Term Capital Loss computed for the given year is allowed to be s et-off against Short Term/ Long Term Capital Gains computed for the said year under section 70 of the Act. However, Long Term capital Loss computed for the given year is allowed to be set -off only against the Long Term Capital Gains computed for the said year. Further, as per Section 71 of the Act, short term capital loss or long term capital loss for the year cannot be set-off against income under any other heads for the same year.

As per Section 74 of the Act, the balance short term capital loss, which is not set off under the provisions of Section 70 of the Act, is allowed to be carried forward for subsequent eight assessment years for being set off against subsequent years' short term as well as long term gains. However, the balance long term capital loss of any year is allowed to be set off only against the long term capital gains of subsequent eight assessment years.

3.9 Where the gains arising on the transfer of shares of the company are included in the business income of an assessee assessable under the head "Profits and Gains from Business or Profession" and on which securities transaction tax has been charged, such securities transaction tax shall be a deductible expense from business income as per the provisions of section 36(1)(xv) of the Act.

The characterisation of gains/ losses, arising from sale of shares, as capital gains or business income would depend on the nature of holding in the hands of the shareholder and various other factors.

For non-resident shareholders

3.10 Dividend income earned on shares of the Company will be exempt in the hands of shareholders under section 10(34) of the Act.

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Section 14A of the Act restricts claim for deduction of expenses incurred in relation to income which does not form part of the total income under the Act. Thus, any expenditure incurred to earn the said income will not be tax deductible expenditure.

As per section 94(7) of the Act, losses arising from sale/ transfer of shares, where such shares are purchased within three months prior to the record date and sold within three months from the record date, will be disallowed to the extent such losses do not exceed the amount of exempt dividend.

3.11 Income arising on transfer of shares of the Company will be exempt under section 10(38) of the Act if the said shares are long-term capital assets and such transfer is chargeable to STT. These assets turn long term if they are held for more than 12 months.

3.12 In accordance with, and subject to section 48 of the Act, capital gains arising on transfer of shares of the Company which are acquired in convertible foreign exchange and not covered under point 3.11 above shall be computed by converting the cost of acquisition, expenditure in connection with such transfer and full value of the consideration received or accruing as a result of the transfer into the same foreign currency as was initially utilised in the purchase of shares and the capital gains computed in such foreign currency shall be reconverted into Indian currency, such that the aforesaid manner of computation of capital gains shall be applicable in respect of capital gains accruing/ arising from every reinvestment thereafter.

3.13 The long-term capital gains arising to the shareholders of the Company from the transfer of shares of the Company held as investments,, not covered under points 3.11 above shall be chargeable to tax at the rate of 20% (plus applicable surcharge and cess) of the capital gains computed as discussed in para 3.12 or after indexing the cost of acquisition/ improvement, whichever is lower.

3.14 Short-term capital gains arising on transfer of the shares of the Company will be chargeable to tax at the rate of 15% (plus applicable surcharge and cess) as per the provisions of section 111A of the Act if such transaction is chargeable to STT.

3.15 In accordance with, and subject to the conditions, including the limit of investment of Rs 50 lakhs, and to the extent specified in section 54EC of the Act, long-term capital gains arising on transfer of the shares of the Company not covered under point 3.11 above shall be exempt from capital gains tax if the gains are invested within 6 months from the date of transfer in the purchase of long-term specified assets. In case the whole of the gains are not so invested, the exemption shall be allowed on a pro rata basis.

3.16 In accordance with, and subject to the conditions including ownership of not more than one residential house on the date of transfer (other than the new residential house referred hereinafter) and to the extent specified in section 54F of the Act, long-term capital gains arising on transfer of the shares of the Company not covered under point 3.11 above held by an individual or HUF shall be exempt from capital gains tax if the net sales consideration is utilised, within a period of one year before, or two years after the date of transfer, for the purchase of a new residential house, or is utilised for construction of a residential house within three years. If the whole of the net sales consideration is not so utilised, the exemption shall be allowed on a pro rata basis.

3.17 Short term capital loss computed for the given year is allowed to be set -off against short term/ long term capital gains computed for the said year under section 70 of the Act. However, long term capital loss computed for the given year is allowed to be set-off only against the long term capital gains computed for the said year. Further, as per Section 71 of the Act, short term capital loss or long term capital loss for the year cannot be set-off against income under any other heads for the same year.

As per Section 74 of the Act, the balance short term capital loss, which is not set off under the provisions of Section 70 of the Act, is allowed to be carried forward for subsequent eight assessment years for being

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set off against subsequent years' Short Term as well as Long Term Gains. However, the balance long term capital loss of any year is allowed to be set off only against the long term capital gains of subsequent eight assessment years.

3.18 Where the gains arising on the transfer of shares of the company are included in the business income of an assessee assessable under the head "Profits and Gains from Business or Profession" and on which securities transaction tax has been charged, such securities transaction tax shall be a deductible expense from business income as per the provisions of section 36(1)(xv) of the Act.

3.19 Under the provisions of section 90(2) of the Act, a non-resident will be governed by the provisions of the Agreement for Avoidance of Double Taxation (AADT) between India and the country of tax residence of the non-resident and the provisions of the Act apply to the extent they are more beneficial to the assessee.

3.20 Besides the above benefits available to non-residents, Non-Resident Indians (NRIs) have the option of being governed by the provisions of Chapter XII -A of the Act which inter alia entitles them to the following benefits in respect of income from shares of an Indian Company acquired, purchased or subscribed to in convertible foreign exchange:

a) Under section 115E of the Act, NRIs will be taxed at 10% (plus applicable surcharge and cess) on long term capital gains arising on sale of shares of the Company which are acquired in convertible foreign exchange and are not covered under point 3.11 above.

b) Under section 115F of the Act, and subject to the conditions and to the extent specified therein, long-term capital gains arising to NRIs from transfer of shares of the Company acquired out of convertible foreign exchange not covered under point 3.11 above shall be exempt from capital gains tax if the net consideration is invested within 6 months of the date of transfer of the asset in any specified asset or in any saving certificates referred to in clause (4B) of section 10 of the Act. In case the whole of the net consideration is not so invested, the exemption shall be allowed on a pro rata basis.

c) In accordance with the provisions of section 115G of the Act, NRIs are not obliged to file a return of income under section 139(1) of the Act, if their only source of income is income from investments or long-term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.

d) In accordance with the provisions of section 115H of the Act, when NRIs become assessable as resident in India, they may furnish a declaration in writing to the Assessing Officer along with their return of income for that year under section 139 of the Act to the effect that the provisions of Chapter XII -A shall continue to apply to them in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are transferred or converted into money.

e) As per the provisions of section 115-I of the Act, NRIs may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing their return of income for that year under section 139 of the Act, declaring therein that the provisions of Chapter XII-A shall not apply to them for that assessment year and accordingly their total income for that assessment year will be computed in accordance with the other provisions of the Act. The said Chapter inter alia entitles NRIs to the benefits stated there under in respect of income from shares of an Indian company acquired, purchased or subscribed in convertible foreign exchange.

f) The Finance Act, 2015 provides that the following specified incomes of foreign companies will not be subject to MAT under section 115JB of the Act with effect from FY 2015-16:

- Capital gains (whether long term or short term) arising on transactions in securities;
- Interest, royalty or fees for technical services chargeable to tax;

if such income is credited to Profit and Loss account and tax payable on such capital gains income under normal provisions is less than the MAT rate of 18.5%. Consequently, corresponding expenses shall also

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be excluded while computing MAT.

For shareholders who are Foreign Institutional Investors (FIIs):
3.21 Dividend income earned on shares of the Company will be exempt in the hands of shareholders under section 10(34) of the Act.

Section 14A of the Act restricts claim for deduction of expenses incurred in relation to income which does not form part of the total income under the Act. Thus, any expenditure incurred to earn the said income will not be tax deductible expenditure.

As per section 94(7) of the Act, losses arising from sale/ transfer of shares, where such shares are purchased within three months prior to the record date and sold within three months from the record date, will be disallowed to the extent such losses do not exceed the amount of exempt dividend.

3.22 Where the gains arising on the transfer of shares of the company are included in the business income of an assessee assessable under the head "Profits and Gains from Business or Profession" and on which securities transaction tax has been charged, such securities transaction tax shall be a deductible expense from business income as per the provisions of section 36(1)(xv) of the Act.

3.23 As per the amendment made by Finance Act No. (2), 2014, transfer of any shares/ securities (other than those held as stock in trade as referred to point 3.22 above) being invested in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992 shall be deemed to be treated as Capital Gains, from AY 2015-16 onwards.

3.24 Income arising on transfer of the shares of the Company will be exempt under section 10(38) of the Act if the said shares are long-term capital assets and such transaction is chargeable to securities transaction tax. These assets turn long term if they are held for more than 12 months.

3.25 Under section 115AD(1)(b)(iii) of the Act, income by way of long-term capital gains arising from the transfer of shares held in the Company not covered under point 3.24 above will be chargeable to tax at the rate of 10% (plus applicable surcharge and cess).

3.26 Short-term capital gains arising on transfer of the shares of the Company will be chargeable to tax at the rate of 15% (plus applicable surcharge and cess) as per the provisions of section 111A of the Act if such transaction is chargeable to STT.

3.27 Under section 115AD(1)(b)(ii) of the Act, income by way of short - term capital gains arising from the transfer of shares held in the Company not covered under point 3.26 above will be chargeable to tax at the rate of 30% (plus applicable surcharge and cess).

3.28 Under the provisions of section 90(2) of the Act, a FII will be governed by the provisions of the Agreement for Avoidance of Double Taxation (AADT) between India and the country of residence of the FII and the provisions of the Act apply to the extent they are more beneficial to the assessee.

3.29 Short term capital loss computed for the given year is allowed to be set -off against short term/ long term capital gains computed for the said year under section 70 of the Act. However, long term capital loss computed for the given year is allowed to be set-off only against the long term capital gains computed for the said year. Further, as per Section 71 of the Act, short term capital loss or long term capital loss for the year cannot be set-off against income under any other heads for the same year.

As per Section 74 of the Act, the balance short term capital loss, which is not set off under the provisions of Section 70 of the Act, is allowed to be carried forward for subsequent eight assessment years for being set off against subsequent years' Short Term as well as Long Term Gains. However, the balance long term capital loss of any year is allowed to be set off only against the Long Term Capital Gains of subsequent 8 assessment years.

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3.30 As per section 196D, no tax is to be deducted from any income, by way of capital gains arising from the transfer of shares payable to Foreign Institutional Investor. In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the Tax Treaty, if any, between India and the country in which the FII has Fiscal domicile. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the FII.

3.31 The Finance Act, 2015 provides that the following specified incomes of foreign companies will not be subject to MAT under section 115JB of the Act with effect from FY 2015-16:

- Capital gains (whether long term or short term) arising on transactions in securities;
- Interest, royalty or fees for technical services chargeable to tax;

if such income is credited to Profit and Loss account and tax payable on such capital gains income under normal provisions is less than the MAT rate of 18.5%. Consequently, corresponding expenses shall also be excluded while computing MAT.

For shareholders who are Mutual Funds:

3.32 Under section 10(23D) of the Act, any income earned by a Mutual Fund registered under the Securities and Exchange Board of India Act, 1992, or a Mutual Fund set up by a public sector bank or a public financial institution, or a Mutual Fund authorised by the Reserve Bank of India would be exempt from income-tax, subject to such conditions as the Central Government may by notification in the Official Gazette specify in this behalf.

For Venture Capital Companies/ Funds:

3.33 Under Section 10(23FB) of the Act, any income of Venture Capital Company to whom the certificate of registration is granted before 21/05/2012 under SEBI (Venture Capital Funds) Regulations, 1996 or as a sub-category I and a sub-category II Alternative Investment Fund as is regulated under SEBI (Alternative Investment Funds Regulations) under the SEBI Act, 1992, would be exempt from income tax, subject to conditions specified therein.

3.34 As per Section 115U of the Act, any income derived by a person from his investment in Venture Capital Company/ Venture Capital Fund would be taxable in the hands of the person making an investment in the same manner as if it were the income accruing or arising to or received by such person had the investments been made directly in the venture capital undertaking.

III. TAX DEDUCTION AT SOURCE

No income tax is deductible at source from income by way of capital gains arising to a resident shareholder under the present provisions of the Act. However, as per the provisions of Section 195 of the Act, any income by way of capital gains payable to non-residents other than LTCG exempt under section 10(38) of the Act may be subject to withholding of tax at the rate under the domestic tax laws or under the tax laws or under the Double Tax Avoidance Agreement (DTAA), whichever is beneficial to the assessee, unless a lower withholding tax certificate is obtained from the tax authorities. However, the non-resident investor will have to furnish a certificate of his being a tax resident in a country outside India and a suitable declaration for not having a fixed base/ permanent establishment in India, to get the benefit of the applicable DTAA and such other document as may be prescribed as per the provision of section 90(4) of Act.

The withholding tax rates are subject to the recipients of income obtaining and furnishing a permanent account number (PAN) to the payer, in the absence of which the applicable withholding tax rate would be the higher of the applicable rates or 20%, under section 206AA of the Act.

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Notes:

1. As per the FA, surcharge is to be levied on individuals, HUF, AOP, body of individuals, artificial juridical person, co-operative society and local authorities at the rate of 12% if the total income exceeds Rs. 1 crore.

2. In the case of domestic companies, surcharge would be levied at the rate of 7% where the total income exceeds Rs. 1 crore but not exceeding Rs. 10 crore. Where the total income exceeds Rs. 10 crore, surcharge shall be levied at the rate of 12%.

3. In the case of foreign companies, surcharge would be levied at the rate of 2% where the total income exceeds Rs. 1 crore but not exceeding Rs. 10 crore. Where the total income exceeds Rs. 10 crore, surcharge shall be levied at the rate of 5%.
In other cases (including sections 115-O, 115QA) the surcharge shall be levied at the rate of 12%.

4. Further, education cess and secondary and higher education cess on the total income at the rate of 2% and 1% respectively is payable by all categories of taxpayers.

5. The above statement of possible direct tax benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of Shares.

6. The stated benefits will be available only to the sole/ first named holder in case the shares are held by joint holders.

7. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the applicable DTAA, if any, between India and the country in which the non-resident has fiscal domicile.

8. This statement is intended only to provide general in format ion to the investors and is neither designed nor intended to be substituted for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the scheme.

9. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this statement.

10. This statement of possible direct tax benefits enumerated above is as per the Act as amended by the FA.

The above statement of possible Direct-tax Benefits sets out the possible tax benefits available to the company and its shareholders under the current tax laws presently in force in India. Several of these benefits available are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws.

11. The information provided above sets out the possible tax benefits available to the shareholders in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares, under the current tax laws presently in force in India. It is not exhaustive or comprehensive and is not intended to be a substitute for professional advice.

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Investors are advised to consult their own tax consultant with respect to the tax implications of an investment in the equity shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation impacting the benefits, which an investor can avail.

For Ishwar and Gopal
Chartered Accountants
Firm Registration No. 001154S

Thilakraj S P
Partner
M. No. 230011
Place: Bangalore
Date: 25.01.2016

ISHWAR & GOPAL
Chartered Accountants
Sri Vinayaka Building
21/3, T.S.P. Road, Kalasipalyam
BANGALORE-560 002

Disclaimer:

The tax benefits mentioned in the aforesaid certificate are available only to the Company and its potential shareholders and our certificate does not include the possible tax benefits available to the subsidiaries of the Company.

Our certificate is based on the understanding of the law and applicable regulations prevailing as on the date of this certificate. Any change or amendment in the law would necessitate a review of our certificate. Unless specifically requested, we have no responsibility to carry out any review of our certificate for change in law occurring after the date of issue of the certificate.

This certificate is intended for your information and for inclusion in the Preliminary Placement Document and the Placement Document to be prepared in connection with the proposed issuance of securities of the Company to qualified institutional buyers.

MANAGEMENT

Board of Directors

The Board represents the interests of the Shareholders and is responsible for our general management. The managing director of the Company, subject to the supervision and control of the Board, has the overall responsibility for the administration of our day-to-day activities.

In accordance with the Articles and subject to the provisions of Section 149 of the Companies Act, 2013, we currently have eight (8) Directors on our Board comprising of two (2) executive Directors, one (1) non-executive non-independent Director and five (5) independent Directors.

The following table sets forth details of the composition of the Board as of the date of this Placement Document:

#	Name and Occupation	Age (in years)	Designation	DIN	Term	Address
1.	Mr. Kula Ajith Kumar Rai **Occupation:** Industrialist	57	Chairman & Managing Director	01160327	Five years with effect from April 1, 2014	Tara, # 144/1, 4th Main, 1st Cross, Defence Colony, Indiranagar, Bengaluru - 560038, Karnataka, India
2.	Dr. Mohan Chelliah **Occupation:** Service	63	Executive Director	05229359	Liable to retire by rotation	# 23, 6th D Main, 2nd phase, 2nd stage, West of Chord Road, Bengaluru - 560086, Karnataka, India
3.	Mr. Mundaje Jayarama Shetty **Occupation:** Professional	61	Independent Director	00303743	Five years with effect from July 31, 2014	Sanjeevini, Mahalakshmi Nagar, Batawadi, Tumkur-572103, Karnataka, India
4.	Mr. Babugowda Sanganagowda Patil **Occupation:** IAS Retired	72	Independent Director	00061959	Five years with effect from February 3, 2015	# 149, 5th cross, 10th Main, Sadashivnagar, Rajamahal Vilas Extension, Bengaluru - 560080, Karnataka, India
5.	Dr. Supriya Ajith Rai **Occupation:** Professional	53	Non-Executive & Non-Independent	01756994	Liable to retire by rotation	Tara, # 144/1, 4th Main, 1st Cross, Defence Colony, Indiranagar, Bengaluru - 560038, Karnataka, India
6.	Mr. Divakar Sanku Shetty **Occupation:** Industrialist	71	Independent Director	00432755	Five years with effect from July 31, 2014	Divya, Opp. Palm Beach, Dr. R. S. Jain Marg, Gandhigram Road, Juhu, Mumbai-400049, Maharashtra, India
7.	Mr. Ian Williamson **Occupation:**	64	Independent Director	01805348	Five years with effect from February 3, 2015	# 10, Edmonton Way, Le 15 6JE, Oakham, United Kingdom - 40513

#	Name and Occupation	Age (in years)	Designation	DIN	Term	Address
	Professional					
8.	Mr. Suresh Shetty **Occupation:** Professional	67	Independent Director	00316830	Five years with effect from February 3, 2015	35 Asian Games Village Complex, Ranjit Singh Block, New Delhi - 110049, Delhi, India

Borrowing Powers of the Directors

Pursuant to a special resolution passed by the Shareholders on March 23, 2015 and in accordance with the provisions of the Companies Act, the Board has been authorised to borrow such monies as may be required from time to time, provided that the amount so borrowed shall not exceed Rs. 300 crores.

Interest of the Directors

Our Directors may be deemed to be interested to the extent of any fees payable to them for attending meetings of the Board or a committee thereof as well as to the extent of any reimbursement of expenses payable to them under our Articles of Association. Our Directors may also be deemed to be interested to the extent of remuneration paid to them for services rendered as an officer or employee of our Company and to the extent of any commission payable to them. Further, some of our Directors are also directors of certain of our Subsidiaries, and accordingly, may be interested to the extent of any remuneration or compensation paid or payable to them by such Subsidiaries.

Our Directors may also be deemed to be interested to the extent of the Equity Shares or the equity shares of any our Subsidiaries, if any, held by them or their relatives and/or associates or held by any bodies corporate, firms, trusts, partnerships or entities in which they are interested as a director, member, partner, trustee or officer and / or have beneficial economic interest and to extent of benefits arising out of such shareholding.

As of March 31, 2015, there were no outstanding transactions other than in the ordinary course of business undertaken by our Company in which the Directors were interested parties. For details relating to contracts, agreements or arrangements entered into by our Company during the three years preceding the date of this Placement Document, in which the Directors are interested directly or indirectly and for payments made to them in respect of such contracts, agreements or arrangements, see the section titled "*Financial Statements*".

None of the Directors are related to any other Director, except as follows:

Name of the Director	Name of the Other Director(s)	Relationship
Mr. Kula Ajith Kumar Rai	Dr. Supriya Ajith Rai	Spouse

Directors' Shareholdings

Shareholding of Directors

The following table details the shareholding of the Directors in the Company as on December 31, 2015:

Name of the Director	Number of Equity Shares	Percentage of pre-Issue share capital (%)
Mr. Kula Ajith Kumar Rai	4,55,48,399*	37.95*
Dr. Mohan Chelliah	-	-
Mr. Mundaje Jayarama Shetty	3,90,900	0.33
Mr. Babugowda Sanganagowda Patil	-	-
Dr. Supriya Ajith Rai	1,56,27,958*	13.02*
Mr. Divakar Sanku Shetty	10,000	*Negligible*
Mr. Ian Williamson	-	-

Name of the Director	Number of Equity Shares	Percentage of pre-Issue share capital (%)
Mr. Suresh Shetty	7,32,000	0.61

** On January 8, 2016, Mr. Kula Ajith Kumar Rai and his wife, Dr. Supriya Ajith Rai, each gifted 12,81,600 Equity Shares (thus, 25,63,200 Equity Shares in aggregate) to their sons, namely Mr. Akhilesh Rai, Mr. Ashutosh Rai and Mr. Aashish Rai pursuant to an inter-se transfer between the members of the Promoter Group. Consequently, as on date, Mr. Kula Ajith Kumar Rai's shareholding in our Company is 4,42,66,799 Equity Shares, while Dr. Supriya Ajith Rai's shareholding in our Company is 1,43,46,358 Equity Shares, constituting 36.89% and 11.95% of the pre-Issue share capital of our Company, respectively. Consequently, as on date, Mr. Akhilesh Rai, Mr. Ashutosh Rai and Mr. Aashish Rai, each hold 12,00,000 Equity Shares, constituting 1.00%, 1.00% and 1.00% of the pre-Issue share capital of our Company, respectively.*

Remuneration/Compensation paid to the Directors

Executive Directors

The aggregate remuneration (including compensation, other terms and benefits) paid to the executive Directors is within the limits set by the Shareholders in their general meetings and the Companies Act as amended. The table below sets forth the details of the aggregate remuneration (including compensation, other terms and benefits) paid by our Company to its executive Directors during the current Fiscal and each of the preceding three Fiscals:

(in Rs. Lakhs)

Name of Director	Aggregate Remuneration Paid in Fiscal Year			
	2016*	2015	2014	2013
Mr. Kula Ajith Kumar Rai	115.38	261.49	343.21	297.76
Dr. Mohan Chelliah	71.60	80.82	60.49	45.52

**Aggregate remuneration paid from April 1, 2015 to December 31, 2015*

Non-Executive Directors

The table below sets forth the details of the aggregate compensation (including sitting fees and commission) paid by our Company to its non-executive Directors during the current Fiscal and each of the preceding three Fiscals:

(in Rs. Lakhs)

Name of Director	Aggregate Remuneration Paid in Fiscal Year			
	2016*	2015	2014	2013
Mr. Mundaje Jayarama Shetty	0.70	4.00	2.00	1.80
Mr. Babugowda Sanganagowda Patil	0.40	3.50	1.60	1.20
Dr. Supriya Ajith Rai	*Waived*	*Waived*	–	–
Mr. Divakar Sanku Shetty	0.70	3.80	2.00	1.80
Mr. Ian Williamson	*Waived*	*Waived*	*Waived*	*Waived*
Mr. Suresh Shetty	0.70	3.80	1.80	1.80

**Aggregate compensation paid from April 1, 2015 to December 31, 2015*

Corporate Governance

Our Company is in compliance with the requirements of the applicable corporate governance norms, including the Listing Regulations, the Companies Act, 2013 and the ICDR Regulations, in respect of corporate governance including constitution of the Board and committees thereof. The Board of Directors consists of eight (8) Directors and thus, in compliance with the requirements of the Listing Regulations and the Companies Act, 2013, the Board includes five (5) independent Directors.

Committees of the Board of Directors

A. Audit Committee

The members of the audit committee are:

Sr. No	Name of the Director
1.	Mr. Divakar Sanku Shetty (Chairman)
2.	Mr. Mundaje Jayarama Shetty
3.	Mr. Suresh Shetty

The terms of reference of the audit committee are as per the guidelines set out under the Listing Regulations and the Companies Act, 2013. Mr. Medappa Gowda J. acts as the secretary of the Audit Committee.

B. Nomination and Remuneration Committee

The members of the nomination and remuneration committee are:

Sr. No	Name of the Director
1.	Mr. Babugowda Sanganagowda Patil (Chairman)
2.	Mr. Kula Ajith Kumar Rai
3.	Mr. Divakar Sanku Shetty
4.	Mr. Mundaje Jayarama Shetty

The terms of reference of the nomination and remuneration committee include, *inter alia*, determining the policies in relation to the determination of qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of the Directors, Key Managerial Personnel and other employees; formulation of criteria of evaluation of independent Directors and the Board; devising a policy on Board diversity; identifying persons who are qualified to become Directors and who may appointed in senior management and such other matters as may be prescribed under the Companies Act, 2013, the Listing Regulations and by the Board. Mr. Medappa Gowda J. acts as the secretary of the nomination and remuneration committee.

C. Stakeholders' Relationship Committee

The members of the stakeholders' relationship committee are:

Sr. No	Name of the Director
1.	Mr. Mundaje Jayarama Shetty (Chairman)
2.	Mr. Divakar Sanku Shetty
3.	Mr. Kula Ajith Kumar Rai

The terms of reference of the stakeholders' relationship committee include, *inter alia*, monitoring and addressing investors complaints, transfer of shares, transmission, queries/complaints received from the Shareholders. Mr. Medappa Gowda J. acts as the secretary of the stakeholders' relationship committee.

D. Corporate Social Responsibility Committee

The members of the corporate social responsibility committee are:

Sr. No	Name of the Director
1.	Mr. Kula Ajith Kumar Rai (Chairman)
2.	Mr. Ian Williamson
3.	Dr. Supriya Ajith Rai

The terms of reference of the corporate social responsibility committee include, *inter alia*, formulating and monitoring the corporate social responsibility policy of the Company and recommending the expenditure to be incurred in this regard. Mr. Medappa Gowda J. acts as the secretary of the corporate social responsibility committee.

Key Managerial Personnel

The following are the key managerial personal of our Company:

#	Name	Age (in years)	Designation
1.	Mr. Kula Ajith Kumar Rai	57	Chairman & Managing Director
2.	Dr. Mohan Chelliah	63	Executive Director
3.	Mr. Medappa Gowda J.	50	Company Secretary & Vice President - Finance/CFO

Biographies of Key Managerial Personnel

Mr. Kula Ajith Kumar Rai

Mr. Kula Ajith Kumar Rai, aged 57, is the Managing Director and Chairman of the Board of Directors of our Company. He holds a of Bachelor of Engineering (Mechanical) degree from the University of Mysore. After receiving his Master of Applied Science degree from the Technical University of Nova Scotia, Canada, he returned to India to set-up our Company. As a Promoter of our Company, he has been associated with us since the time of our incorporation and has been instrumental in our growth and success.

Dr. Mohan Chelliah

Dr. Mohan Chelliah, aged 63, is an executive Director of our Company. He holds a Bachelor of Engineering (Electronics and Communication Engineering) degree from the University of Madras, a Master of Business Administration degree from the Annamalai University, a Doctor of Philosophy (Business Administration) degree from the Aligarh Muslim University and an Advanced Diploma in Management Research (Enterprise Management) from the All India Management Association. He has been associated with our Company since 2012. Before joining our Company, he was associated with other reputed companies such as Kalyani Forge Limited, etc.

Mr. Medappa Gowda J.

Mr. Medappa Gowda J., aged 50, is the Company Secretary & Vice President - Finance/CFO of our Company. He holds a Bachelor of Commerce degree from the Mangalore University, a Master of Commerce degree from the Karnataka University, Dharwad, a Bachelor of Law degree from the Bangalore University. He is a Fellow of the Institute of Company Secretaries of India. He has been associated with the Company since 1996.

Key Managerial Personnels' Shareholding

Shareholding of key managerial personnel

The following table details the shareholding of the key managerial personnel (other than Directors) in the Company as on December 31, 2015:

Name of the KMP	Number of Equity Shares	Percentage of pre-Issue share capital (%)
Mr. Medappa Gowda J.	750	*Negligible*

Interest of the Key Managerial Personnel

Except as otherwise stated in this Placement Document, specifically, in the section titled "*Related Party Transactions*", and to the extent of remuneration or benefits to which they are titled as per the terms of their appointment and reimbursement of expenses incurred by them in the ordinary course of business, our Company's key managerial personnel do not have any other interest in our Company.

Payment or Benefit to Directors and Key Managerial Personnel of our Company

The perquisites and allowances that may be payable to the Directors are in accordance with the Companies Act, 2013. The perquisites and allowances that may be payable to the key managerial personnel of our Company are in accordance with our Company's human resources policies. Except as disclosed above, our Directors and key managerial personnel are not entitled to any other non-salary related amount or benefit.

DESCRIPTION OF EQUITY SHARES

Set forth is a brief summary of some of the existing provisions of the Memorandum and Articles, the Companies Act, 2013 and certain other related legislation relating to the rights attached to the Equity Shares. Prospective investors are urged to read the Memorandum and Articles carefully, and consult with their advisers, as the Memorandum and Articles and applicable Indian law, and not this summary, govern the rights attached to the Equity Shares.

General

As on the date of this Placement Document, our Company's authorized share capital is Rs. 15,00,00,000 divided into 15,00,00,000 Equity Shares of Re. 1 each. As on date of this Placement Document, our Company's issued, subscribed and paid-up share capital is Rs.12,00,20,000 divided into 12,00,20,000 Equity Shares of Re. 1 each.

The Equity Shares are listed on the Stock Exchanges. The security identification codes for the Equity Shares are as follows:

ISIN	INE399C01030
BSE Code	532509
NSE Symbol	SUPRAJIT

Articles of Association

Our Company is governed by the Articles.

Dividends

The Articles provide that dividend may be paid upon a recommendation of the Board and approval by a majority of the Shareholders, who shall not increase the amount of the dividend recommended by the Board. However, the Board is not under an obligation to recommend a dividend. According to the Articles, the dividend shall be paid in proportion to the amount paid up or credited as paid up on each share where a larger amount is paid up or credited as paid up on some shares than on others, but where capital is paid up in advance of calls carrying interest, such capital whilst carrying interest shall not confer a right to participate in profits or dividend. No dividend shall be payable except in cash out of the profits of our Company of the year or any other undistributed profits and no dividend shall carry any interest against our Company.

The Directors may declare interim dividend as justified by the position of our Company. Where any instrument of transfer of shares has been delivered to our Company but the registration to that effect has not been done by our Company, the dividend in relation to such shares shall be transferred to a special account, unless the registered holder of such shares has authorised our Company in writing to pay such dividend to the transferee in such an instrument of transfer. Further, in relation to such shares, our Company shall keep in abeyance any offer of rights shares and any issue of fully paid up bonus shares. Unless otherwise directed, any dividend may be paid by cheque or by warrant sent through post to the registered address of the Shareholder and in the case of joint holders to any one of them first named in the register of Shareholders; and our Company shall not be liable for cheque or warrant or dividend lost in transmission or lost due to forged endorsement or fraudulent recovery.

Increase, Reduction and Alteration of Share Capital

The Articles provide that where it is proposed to increase the subscribed capital of our Company by allotment of further shares, such shall be issued upon the terms and conditions and with such rights and privileges annexed thereto as the resolution creating the same shall direct and if no direction be given, in the manner provided in Section 62 of the Companies Act, 2013.

The Articles provide that our Company may from time to time by a special resolution, reduce its capital and any share premium account or capital redemption reserve account in any manner and with and subject to any consent required by law. Except as so far otherwise provided by the conditions of the issue or by the Articles, any capital raised by the creation of new shares shall be considered as a part of the existing capital. Our Company has the power to modify rights and privileges attached to a class of shares with the consent of the

holders of three-fourths of that class in writing or with the sanction of a special resolution passed at a separate meeting of the shareholders of that class.

The Articles provide that our Company may from time to time, in a general meeting:

- consolidate and divide all or any of its share capital into shares of larger amount;
- sub-divide its shares or any of them into shares of smaller amount than the amount fixed by the memorandum so, however, that in the sub-division the proportion between the amount paid and the amount, if any unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived; or
- cancel any shares which, at the date of the passing of the resolution have not been taken up or agreed to be taken up by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

General Meetings of Shareholders

Our Company is required to hold an AGM every fifteen months in addition to any other general meetings. Not less than 21 days' notice in writing of a general meeting is to be given, but shorter notice may be given if consent in writing is accorded by all the members entitled to vote and in case of any other meetings, with the consent of members holding not less than 95 per cent of such part of the paid-up share capital of our Company which gives a right to vote at the meeting. No meeting shall be competent to enter upon, discuss or transact any business, which has not been specifically mentioned in the notice, or notices upon which it was convened. Every Shareholder is entitled to attend a meeting and vote either in person or by proxy. All businesses to be transacted at an AGM shall be deemed special except the consideration of accounts, balance sheet and reports of the Board and Auditors, declaration of dividend, appointment of Directors in place of those retiring, the appointment of and fixation of remuneration of the Auditors. In case of an EGM all business is deemed special. A statement setting out all material facts, including the nature of concern or interest, financial or otherwise in respect of every Director and manager; every other key managerial personnel and relatives of such persons, in respect of special business to be transacted at the meeting, shall be annexed to the notice. The Board may also call an EGM whenever it thinks fit and it shall do so upon a requisition in writing by any Shareholder(s) holding in aggregate not less than one-tenth of the issued and paid-up capital upon which all calls or other sums then due have been paid. Where any resolution requires special notice, notice of the intention to move the resolution should be given to our Company by such number of members not less than one percent of total voting power that has been paid-up and our Company shall immediately on receipt of the notice of intention give its members notice of the resolution in the same manner as it gives notice of the meeting.

The quorum requirements for a general meeting are as prescribed under Section 103 of the Companies Act, 2013. If the quorum is not present within half an hour of the time appointed for a meeting, the meeting, if convened upon such requisition as aforesaid, shall be dissolved; but in any other case it shall stand adjourned to the same day in the next week at the same time and place or to such other day and at such other time and place as the Board may determine and if at such adjourned meeting, a quorum is not present at the expiration of half an hour from the time appointed for holding the meeting, the members present shall be a quorum and may transact the business for which the meeting was called. The Articles further provide that no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. The meetings should be convened in the presence of a chairman. A resolution put to vote shall be decided on a show of hands, unless a poll is ordered to be taken by the chairman. At every AGM of our Company there shall be laid before the meeting, the Directors' report and audited statement of accounts, Auditor's report, proxies and the register of Directors' and key managerial personnels' shareholding and a register of contracts or arrangements in which the Directors and key managerial personnel is interested as required under Section 170 of the Companies Act, 2013. Minutes of the AGM are to be maintained and shall be evidence of the proceedings recorded therein.

Voting Rights

Every Shareholder present in person shall have one vote on a show of hands, and on poll, the Shareholder present in person or by proxy shall have voting rights in proportion to his share of the paid-up capital of our Company held by him, subject to any rights or restrictions for the time being attached to any class or classes of shares. The instrument appointing a proxy and the power of attorney (or other authority, if any) under which it is signed is required to be deposited at the registered office at least 48 hours before the time of the meeting. A vote given in accordance with the terms of an instrument appointing a proxy shall be valid notwithstanding the prior

death or insanity of the principal or revocation of the proxy, or transfer of the share in respect of which the vote is given, provided no intimation in writing of the death, insanity, revocation or transfer of the share shall have been received by our Company at the registered office before the meeting. Further, no Shareholder shall be entitled to exercise any voting right personally or by proxy at any meeting of our Company in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid. No objection to the validity of a vote shall be made except during the meeting or poll and every vote not disallowed shall be deemed valid for all purposes of such meeting or poll. The chairman of the meeting shall be the judge of the validity of the vote.

Register of Members

Our Company is required to maintain a register of members wherein the particulars of the Shareholders are entered. For the purpose of determining the Shareholders, the register may be closed for such period not exceeding 45 days in any one year or 30 days at any one time at such times, as the Board may deem expedient.

Directors

The Articles provide that the number of Directors shall not be less than three and not be more than twelve. The Directors shall be appointed by our Company in the general meeting subject to the provisions of the Companies Act and the Articles. Two-thirds of the total number of Directors is subject to retirement by rotation. Of such Directors, one-third, or if their number is not three or multiples of three, then the number nearest to one-third, must retire every year. The Directors to retire are those who have been the longest in office.

As provided under Section 161 of the Companies Act, 2013, the Director may be appointed by the Board or by the general meeting of the Shareholders. The Directors have the power to appoint any other persons as an additional Director but any Director so appointed shall hold office only up to the date of the next following AGM of our Company but the total number of Directors shall not at any time exceed the maximum strength. The Board shall also have the power to appoint any person to act as an alternate Director for a Director during the latter's absence for a period of not less than three months from India. The alternate Director shall vacate the office if and when the original Director returns to India and in case the office of the original Director is determined before he returns, the provisions of the Companies Act, 2013, and the Articles for automatic reappointment shall apply to the original Director and not the alternate Director. Our Company must have at least one Director who has stayed in India for at least 182 days in the previous calendar year (i.e. is an Indian resident). Our Company is required to have at least one-half of its Directors as independent Directors.

The quorum for meetings of the Board is one-third of the total number of Directors (any fraction contained in that one-third being rounded off as one) or two Directors, whichever is higher. The participation of the Directors by video conferencing or by other visual means will be counted towards quorum. However, where the number of interested Directors is equal to or exceeds two-thirds of total strength, the remaining number of Directors (i.e. Directors who are not interested) present at the meeting, being not less than two shall be the quorum during such time. In case there is no quorum for a Board meeting, the remaining Directors may act only for the purpose of increasing the number of Directors to meet the quorum requirements or to summon a general meeting.

Capitalization of profits

The Articles provide that any general meeting may resolve that whole or any part of the of our Company's undivided profit for the time being, (which expression shall include any premiums received on issue of Equity Shares and any profits or other sums which have been set aside as a reserve or reserves or have been carried forward without being dividend) be capitalised and distributed amongst such of the members as would be entitled to receive the same if distributed by way of dividend. The capitalization may be done among Shareholders in the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalised fund be applied on behalf of such Shareholders in paying up in full either at par or at premium, any unissued shares or debentures of our Company which shall be distributed or directed towards payment of the uncalled liability on any issued shares or debentures, and that such distribution or payment shall be accepted by such Shareholders in full satisfaction of their interest.

Annual Report and Financial Results

The annual report is required to be laid before the Shareholders at the AGM. This includes financial information such as the audited financial statements as of the date of closing of the financial year, Directors' report,

management's discussion and analysis and a corporate governance section, and is sent to the Shareholders in advance in compliance with applicable laws. Our Company is required to file the annual report with the RoC within 30 days from the date of the AGM. Our Company must also publish its financial results in at least one English daily newspaper circulating in the whole or substantially the whole of India and also in a newspaper published in the language of the region where the registered office is situated. Our Company is required to file certain information on-line, including the annual report, financial statements and the shareholding pattern statement, in accordance with the requirements of the Listing Regulations.

Transfer of Equity Shares

The Equity Shares held through Depositories are transferred in the form of book entries or in electronic form in accordance with the regulations laid down by the SEBI. These regulations provide the regime for the functioning of the Depositories and the Depository participants and set out the manner in which the records are to be kept and maintained and the safeguards to be followed in this system. Transfers of beneficial ownership of the Equity Shares held through a Depository are exempt from stamp duty. Our Company has entered into an agreement for such depository services with the National Securities Depository Limited and the Central Depository Services India Limited. The SEBI requires that the Equity Shares for trading and settlement purposes be in book-entry form for all investors, except for transactions that are not made on a stock exchange and transactions that are not required to be reported to the Stock Exchanges.

Acquisition by our Company of its own Equity Shares

A company is empowered to buy-back its own shares or other specified securities out of its free reserves, the securities premium account or the proceeds of any fresh issue of shares or other specified securities (other than the kind of shares or securities proposed to be bought back) subject to certain conditions. Further, a company buying back its securities is not permitted to buy back any securities for a period of one year from the date of closure of the preceding offer of buy-back or to issue the same kind of securities for six months subject to certain limited exceptions. Other than as described above, a company is prohibited from acquiring its own shares unless the consequent reduction of capital is effected by an approval of at least 75% of its shareholders, voting on it in accordance with the Companies Act and sanctioned by the High Court in terms of the Companies Act. Subject to certain conditions, a public company is prohibited from giving, whether directly or indirectly and whether by means of loan, guarantee, provision of security or otherwise, any financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any person for any shares in the company or its holding company.

A company is also prohibited from purchasing its own shares or specified securities through any subsidiary company including its own subsidiary companies or through any investment company or group of investment companies. Further, a company is prohibited from purchasing its own shares or specified securities, *inter alia*, if the company is in default with respect to the repayment of deposit or interest, in the redemption of debentures or preference shares, in payment of dividend to a shareholder, in repayment of any term loan or interest payable thereon to any financial institution or bank.

Liquidation Rights

In the event of our Company being wound up, whether voluntarily or otherwise, the liquidators may, with the sanction of a special resolution, divide amongst the contributories in specie, any part of the assets of our Company and may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction shall think fit.

REGULATIONS AND POLICIES

The following description is a summary of the relevant regulations and policies as prescribed by the Government and other regulatory bodies that are applicable to our business. The information detailed below has been obtained from various legislations, including rules and regulations promulgated by regulatory bodies, and the bye laws of the respective local authorities that are available in the public domain. The regulations set out below may not be exhaustive and are merely intended to provide general information to the investors and are neither designed nor intended to substitute for professional legal advice. The statements below are based on the current provisions of Indian law, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

Labour Laws

We are required to comply with certain labour and industrial laws, which includes the Factories Act, 1948, Industries (Development and Regulation) Act, 1951, Industrial Disputes Act, 1947, the Employees' Provident Funds and Miscellaneous Provisions Act 1952, the Minimum Wages Act, 1948, the Payment of Wages Act, 1948, the Payment of Bonus Act, 1965, Employees Compensation Act, 1923, Contract Labour (Regulation and Abolition) Act, 1970 and the Maternity benefit Act.

The Factories Act, 1948

The Factories Act, 1948, as amended (the "**Factories Act**") seeks to regulate the employment of workers in factories and makes provisions for the health, safety and welfare of the workers while at work in the factory including requiring adequate maintenance of plant, systems and other places of work, and provision of adequate training and supervision. The Factories Act defines a 'factory' to be any premises which employs 10 or more workers on any day of the preceding 12 months and in which a manufacturing process is carried on with the aid of power, or a premises where there are at least 20 workers who are engaged in a manufacturing process without the aid of power. Each State Government has set out rules in respect of the prior submission of plans, their approval for the registration of the establishment, and licensing of factories.

The Employees' Provident Funds and Miscellaneous Provisions Act, 1952

The Employees' Provident Funds and Miscellaneous Provisions Act, 1952, as amended (the "**EPF Act**") applies to factories employing 20 or more employees and such other establishments and industrial undertakings as notified by the GoI from time to time. The EPF Act requires all such establishments to be registered with the Regional Provident Fund Commissioner and requires the employers and their employees to contribute in equal proportion to the employees' provident fund, the prescribed percentage of basic wages and dearness and other allowances payable to employees. The EPF Act also requires the employer to maintain registers and submit a monthly return to the State Provident Fund Commissioner.

The Industrial Disputes Act, 1947

The Industrial Disputes Act, 1947, as amended provides the procedure for investigation and settlement of industrial disputes. When a dispute exists or is apprehended, the conciliation officer may settle such dispute or the appropriate government may refer the dispute to a labour court, tribunal or arbitrator, to prevent the occurrence or continuance of the dispute, or a strike or lock-out while a proceeding is pending. The labour courts and tribunals may grant appropriate relief including ordering modification of contracts of employment or reinstatement of workmen.

The Minimum Wages Act, 1948

The Minimum Wages Act, 1948, as amended provides a framework for State Governments to stipulate the minimum wage applicable to a particular industry. The minimum wage may consist of a basic rate of wages and a special allowance, or a basic rate of wages and the cash value of concessions in respect of supplies of essential commodities, or an all-inclusive rate allowing for the basic rate, the cost of living allowance and the cash value of the concessions, if any. Workmen are to be paid for overtime at overtime rates stipulated by the appropriate government.

The Payment of Wages Act, 1936

The Payment of Wages Act, 1936, as amended (the **"Payment of Wages Act"**) is applicable to factories and industrial or other establishments where the monthly wages payable are less than Rs. 6,500. The Payment of Wages Act inter alia seeks to regulate the payment of wages in terms of the duration of employment (work hours, overtime wages, and holidays), quantum of wages including overtime wages, deductions from wages, of certain classes of employed persons. The Payment of Wages Act also regulates minimum wages to be fixed by the appropriate governments for the employees, bonus entitlements, disbursements of wages by the employers within the stipulated time frame without unauthorized deductions, etc.

The Payment of Bonus Act, 1965

The Payment of Bonus Act, 1965, as amended provides for payment of minimum bonus to factory employees and every other establishment in which 20 or more persons are employed and requires maintenance of certain books and registers and filing of monthly returns showing computation of allocable surplus, set on and set off of allocable surplus and bonus due. The minimum bonus to be paid to each employee is the higher of 8.33% of the annual salary or wage or Rs. 100, whichever is higher.

The Employee's Compensation Act, 1923

The Employee's Compensation Act, 1923, as amended provides that if personal injury is caused to a workman by accident during employment, his employer would be liable to pay him compensation. However, no compensation is required to be paid if the injury did not disable the workman for more than three days or the workman was at the time of injury under the influence of drugs or alcohol, or the workman willfully disobeyed safety rules. Where death results from the injury, the workman is liable to be paid the higher of 50% of the monthly wages multiplied by the prescribed relevant factor (which bears an inverse ratio to the age of the affected workman) or Rs. 50,000. Where permanent total disablement results from injury, the workman is to be paid the higher of 60% of the monthly wages multiplied by the prescribed relevant factor or Rs. 60,000. The maximum wage which is considered for the purposes of reckoning the compensation is Rs. 4,000.

The Contract Labour (Regulation and Abolition) Act, 1970

The Contract Labour (Regulation and Abolition) Act, 1970, as amended (the **"CLRA Act"**) requires companies employing 20 or more contract labourers to be registered as a principal employer and prescribes certain obligations with respect to welfare and health of contract labourers. Under the CLRA Act, both the principal employer and the contractor are to be registered with the registering officer. The CLRA Act imposes certain obligations on the contractor in relation to establishment of canteens, rest rooms, drinking water, washing facilities, first aid, other facilities and payment of wages. However, in the event the contractor fails to provide these amenities, the principal employer is under an obligation to provide these facilities within a prescribed time period.

The Maternity Benefit Act, 1961

The Maternity Benefit Act, 1961, as amended (the **"Maternity Benefit Act"**) provides that a woman who has worked for at least 80 days in the 12 months preceding her expected date of delivery, is eligible for maternity benefits. Under the Maternity Benefit Act, a woman working in a factory may take leave for six weeks immediately preceding her scheduled date of delivery and for this period of absence she must be paid maternity benefit at the rate of the average daily wage. The maximum period during which a woman shall be paid maternity benefit is 12 weeks. Women entitled to maternity benefit are also entitled to a medical bonus of Rupees 2,500, if no prenatal and post-natal care has been provided free of charge by the employer.

The Industries (Development and Regulation) Act, 1951

The Industries (Development and Regulation) Act, 1951 (the **"IDR Act"**) Act provides for the development and regulation of specified industrial undertakings. The IDR Act has been liberalized under the New Industrial Policy dated July 24, 1991, and all industrial undertakings are exempt from licensing except for certain industries such as distillation and brewing of alcoholic drinks, cigars and cigarettes of tobacco and manufactured tobacco substitutes, all types of electronic aerospace and defense equipment, industrial explosives including detonating fuses, safety fuses, gun powder, nitrocellulose and matches and hazardous chemicals and those reserved for the small scale sector.

Environmental Laws

The Environment (Protection) Act, 1986

The Environment (Protection) Act, 1986 (the "**EPA**") is an umbrella legislation designed to provide a framework for the Government to co-ordinate the activities of various central and state authorities established under other laws, such as the Water (Prevention and Control of Pollution) Act, 1974 (the "**Water Act**") and the Air (Prevention and Control of Pollution) Act, 1981 (the "**Air Act**"). The EPA vests the Government with various powers including the power to formulate rules prescribing standards for emission of discharge of environment pollutants from various sources, as given under the Environment (Protection) Rules, 1986, inspection of any premises, plant, equipment, machinery, and examination of processes and materials likely to cause pollution.

The Water Act

The Water Act requires a person to obtain the consent of the relevant central or state pollution control board, which is empowered to establish standards and conditions for establishing any industry, operation or process, any treatment or disposal system, use of any new or altered outlet for the discharge of sewage or new discharge of sewage.

The Air Act

The Air Act requires any person establishing or operating any industrial plant within an air pollution control area to obtain the prior consent of the relevant central or state pollution control board. Further, no person operating any industrial plant in any air pollution control area is permitted to discharge any air pollutant in excess of emission standards prescribed by the relevant pollution control board.

The Hazardous Wastes (Management Handling and Transboundary Movement) Rules, 2008

The Hazardous Wastes (Management Handling and Transboundary Movement) Rules, 2008 require every occupier and operator of a facility generating hazardous waste to obtain prior approval from the relevant central or state pollution control board. The occupier, the transporter and the operator are liable for damage to the environment resulting from improper handling and disposal of hazardous waste. The operator and the occupier are liable for any fine that may be levied by the relevant pollution control board.

The Public Liability Insurance Act, 1991

The Public Liability Insurance Act, 1991 (the "**PLI Act**") imposes liability on the owner or controller of hazardous substances for any damage arising out of an accident involving such hazardous substances. A list of 'hazardous substances' covered by the legislation has been notified under the PLI Act. The owner or handler is also required to take out an insurance policy insuring against liability under the PLI Act.

Taxation Laws

The Central Sales Tax Act, 1956

The Central Sales Tax Act, 1956 (**"Central Sales Tax Act"**), as amended, formulates principles for determining (a) when a sale or purchase takes place in the course of inter-state trade or commerce; (b) when a sale or purchase takes place outside a State and (c) when a sale or purchase takes place in the course of imports into or export from India. The Central Sales Tax Act provides for levy, collection and distribution of taxes on sales of goods in the course of inter-state trade or commerce and also declares certain goods to be of special importance in inter-state trade or commerce and specifies the restrictions and conditions to which state laws imposing taxes on sale or purchase of such goods of special importance (called as declared goods) shall be subject. Central sales tax is levied on interstate sale of goods. Sale is considered to be inter-state when (a) sale occasions movement of goods from one state to another or (b) is effected by transfer of documents during their movement from one state to another. Central sales tax is payable in the state from which movement of goods commences (that is, from which goods are sold). The tax collected is retained by the state in which it is collected. The Central Sales Tax Act is administered by sales tax authorities of each State. The liability to pay tax is on the dealer, who may or may not collect it from the buyer.

Law on Value Added Tax

Value Added Tax (**"VAT"**) is a tax on the final consumption of goods or services and is ultimately borne by the consumer. The term 'value addition' implies the increase in value of goods and services at each stage of production or transfer of goods and services. It is a multi-stage tax with the provision to allow input tax credit on tax at an earlier stage, which can be appropriated against the VAT liability on subsequent sale. This input tax credit in relation to any period means setting off the amount of input tax by a registered dealer against the amount of his output tax. The VAT liability of the dealer/manufacturer is calculated by deducting input tax credit from tax collected on sales during the payment period. If the tax credit exceeds the tax payable on sales in a month, the excess credit will be carried over to the end of next fiscal year. If there is any excess unadjusted input tax credit at the end of second year, then the same will be eligible for refund. VAT is basically a state subject, derived from Entry 54 of the State List, for which the states are sovereign in taking decisions.

Fiscal Regulations

Foreign Trade (Development and Regulation) Act, 1992

The Foreign Trade (Development and Regulation) Act, 1992 (**"FTA"**) seeks to increase foreign trade by regulating imports and exports to and from India. The FTA read with the Indian Foreign Trade Policy, 2015-20 provides that a person or company can make no exports or imports without having obtained an importer exporter code number unless such person or company is specifically exempt. An application for an importer exporter code number has to be made to the Office of the Joint Director General of Foreign Trade, Ministry of Commerce. An importer-exporter code number allotted to an applicant is valid for all its branches, divisions, units and factories.

Intellectual Property Laws

The Trade Marks Act, 1999

The Trade Marks Act, 1999 which came into force on December 30, 1999 governs the law pertaining to trade marks in India. A trade mark is essentially any mark capable of being represented graphically and distinguishing goods or services of one person from those of others and includes a device, brand, heading, label, ticket, name, signature, word, letter, numeral, shape of goods, packaging or combination of colors or combination thereof. In India, trademarks enjoy protection under both statutory and common law. Indian trademarks law permits the registration of trademarks for goods and services. Certification trademarks and collective marks can also be registered under the Trademark Act.

The Patents Act, 1970

The Patents Act, 1970 governs the patent regime in India. India is a signatory to the trade related agreement on Intellectual Property Rights; India recognizes both product as well as process patents. The new regime provides for:

- Patent protection period of 20 years;
- Patent protections allowed on imported products; and

Under certain circumstances, the burden of proof in case of infringement of process patents may be transferred to the alleged infringer. An application for a patent can be filed in any of the 4 patent offices in India.

Others

Shops and Establishments legislations in various states

The provisions of various Shops and Establishments legislations, as applicable in the states in which establishments are set up, regulate the conditions of work and employment in shops and commercial establishments and generally prescribe obligations in respect of *inter alia* registration, opening and closing hours, daily and weekly working hours, holidays, leave, health and safety measures and wages for overtime work.

Foreign Investment Regulations

Foreign investment in Indian securities is governed by the provisions of the FEMA read with the applicable FEMA Regulations and the extant consolidated FDI Policy issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government. Foreign investment is permitted (except in the prohibited sectors) in Indian companies either through the automatic route or the approval route, depending upon the sector in which foreign investment is sought to be made. Under the current consolidated FDI Policy, effective from May 12, 2015, issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government (the "**Consolidated FDI Policy**"), which consolidates the policy framework on FDI, up to 100% FDI through the automatic route is permitted in sectors and activities not specifically restricted under the Consolidated FDI Policy. Therefore, our business is not subject to sectoral investment limits enumerated under the Consolidated FDI Policy.

Sale of Goods Act, 1930

The Sale of Goods Act, 1930 ("**Sale of Goods Act**") governs the contracts relating to sale of goods. The contracts for sale of goods are subject to the general principles of the law relating to contracts. The Sale of Goods Act is complimentary to the Indian Contract Act, 1872, and the un-repealed provisions of the Indian Contract Act, 1872, save in so far as they are inconsistent with the express provisions of the Sale of Goods Act, continue to apply to contracts for the sale of goods. A contract of sale may be an absolute one or based on certain conditions. The Sale of Goods Act contains provisions in relation to the essential aspects of such contracts, including the transfer of ownership of the goods, delivery of goods, rights and duties of the buyer and seller, remedies for breach of contract and the conditions and warranties implied under a contract for sale of goods.

SECURITIES MARKET IN INDIA

The information in this section has been extracted from publicly available documents from various sources, including officially prepared materials from the SEBI, the Stock Exchanges, and has not been prepared or independently verified by us, the Book Running Lead Manager, or any of our respective affiliates or advisers.

The Indian Securities Market

India has a long history of organized securities trading. In 1875, the first stock exchange was established in Mumbai. The Stock Exchanges together hold a dominant position among the stock exchanges in terms of the number of listed companies, market capitalization and trading activity.

Stock Exchange Regulation

Indian stock exchanges are regulated primarily by the SEBI, as well as by the Central Government acting through the Ministry of Finance, Capital Markets Division, under the SCRA, SCRR, SEBI Act, the Depositories Act, the Companies Act, and various other rules and regulations framed thereunder. On June 20, 2012, the SEBI, in exercise of its powers under the SCRA and the SEBI Act, notified the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 (the "**SCR (SECC) Rules**"), which regulate, *inter alia,* the recognition, ownership and internal governance of stock exchanges and clearing corporations in India together with providing for minimum capitalization requirements for stock exchanges. The SCRA, the SCRR and the SCR (SECC) Rules along with various rules, byelaws and regulations of the respective stock exchanges, regulate the recognition of stock exchanges, the qualifications for membership thereof and the manner in which contracts are entered into and enforced between members.

The SEBI Act, under which the SEBI was established by the Central Government, granted powers to the SEBI to promote, develop and regulate the Indian securities markets, including stock exchanges and other financial intermediaries in the capital markets, to protect the interests of investors, to promote and monitor self-regulatory organizations, to prohibit fraudulent and unfair trade practices and insider trading and to regulate substantial acquisitions of shares and takeovers of companies. The SEBI has also issued regulations concerning disclosure requirements by listed and to-be listed companies, rules and regulations concerning investor protection, insider trading, substantial acquisition of shares and takeovers of companies, buyback of securities, delisting of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, Mutual Funds, FIIs, FPIs, credit rating agencies and other capital market participants.

Listing

The listing of securities on stock exchanges in India is regulated by the applicable Indian laws including the ICDR Regulations, Companies Act, the SCRA, the SCRR, the Listing Regulations, the SEBI Act and various guidelines and regulations issued by the SEBI. Under the SCRA and the SCRR, the governing body of each stock exchange is empowered to suspend or withdraw admission to trading of or dealing in a listed security for breach by a listed company of any of the conditions of admission to dealings or for any other reason, subject to such company receiving prior notice of such intent of the stock exchange and upon granting of a hearing in the matter. The SEBI has the power to vary or veto the decision of the stock exchange in this regard. The SEBI also has the power to amend the byelaws of the stock exchanges.

Disclosures under the Companies Act, 2013 and Listing Regulations

Public listed companies are required under the Companies Act, 2013 and the Listing Regulations to prepare, file with the registrar of companies and circulate to their shareholders audited annual accounts which comply with the disclosure requirements and regulations governing their manner of presentation and which include sections relating to corporate governance under the Companies Act, 2013, related party transactions and management's discussion and analysis as required under Listing Regulations. In addition, a listed company is subject to continuing disclosure requirements pursuant to the terms of the Listing Regulations.

Delisting of Securities

The SEBI has, pursuant to a notification dated June 10, 2009, notified the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009, in relation to the voluntary and compulsory delisting of

securities from the stock exchanges. In addition, certain amendments to the SCRR have also been notified in relation to delisting.

Minimum Level of Public Shareholding

Pursuant to an amendment of the SCRR, all listed companies (except public sector undertakings) are required to maintain a minimum public shareholding of 25%. We are in compliance with the minimum public shareholding requirement. Where the public shareholding in a listed company falls below 25% at any time, such company is required to bring the public shareholding to 25% within a maximum period of twelve months from the date of such fall in the manner specified by the SEBI.

Index-Based Market-Wide Circuit Breaker System

In order to restrict abnormal price volatility in any particular stock, the SEBI has instructed stock exchanges to apply daily circuit breakers, which do not allow transactions beyond a certain level of price volatility. The index-based market-wide circuit breaker system (equity and equity derivatives) applies at three stages of the index movement, at 10%, 15% and 20%. These circuit breakers, when triggered, bring about a coordinated trading halt in all equity and equity derivative markets nationwide. The market-wide circuit breakers are triggered by movement of either the SENSEX of the BSE or the S&P CNX NIFTY of the NSE, whichever is breached earlier. In addition to the market-wide index-based circuit breakers, there are currently in place individual scrip-wise price bands. However, no price bands are applicable on scrips on which derivative products are available or scrips included in indices.

BSE

Established in 1875, the BSE is the oldest stock exchange in India. In 1956, it became the first stock exchange in India to obtain permanent recognition from the Government under the SCRA. It has evolved over the years into its present status as one of the premier stock exchanges of India.

NSE

The NSE was established by financial institutions and banks to serve as a national exchange and to provide nationwide, on-line, satellite-linked, screen-based trading facilities with electronic clearing and settlement for securities including government securities, debentures, public sector bonds and units. It has evolved over the years into its present status as one of the premier stock exchanges of India. The NSE was recognised as a stock exchange under the SCRA in April 1993 and commenced operations in the wholesale debt market segment in June 1994.

Internet-Based Securities Trading and Services

The SEBI approved internet trading in January 2000. Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. This permits clients throughout the country to trade using brokers' internet trading systems. Stock brokers interested in providing this service are required to apply for permission to the relevant stock exchange and to comply with certain minimum conditions stipulated by the SEBI and other applicable laws. NSE became the first exchange to grant approval to its members for providing internet-based trading services. Internet trading is possible on both the 'equities' as well as the 'derivatives' segments of the NSE.

Trading Hours

Trading on both the Stock Exchanges normally occurs Monday through Friday, between 9:15 a.m. and 3:30 p.m. Indian Standard Time. The Stock Exchanges are closed on public holidays. Recently, the stock exchanges have been permitted to set their own trading hours (in cash and derivative segments) subject to the condition that (i) the trading hours are between 9 a.m. and 5 p.m.; and (ii) the stock exchange has in place risk management system and infrastructure commensurate to the trading hours.

Trading Procedure

In order to facilitate smooth transactions, the BSE replaced its open outcry system with BSE On-line Trading (BOLT) facility in 1995. This totally automated screen based trading in securities was put into practice nation-

wide. This has enhanced transparency in dealings and has assisted considerably in smoothing settlement cycles and improving efficiency in back-office work. NSE also provides on-line trading facilities through a fully automated screen based trading system called 'National Exchange for Automated Trading' ("**NEAT**"), which operates on strict time/price priority besides enabling efficient trade. NEAT has provided depth in the market by enabling large number of members all over India to trade simultaneously, narrowing the spreads.

Takeover Regulations

Disclosure and mandatory open offer obligations for listed Indian companies under Indian law are governed by the Takeover Regulations which provide specific regulations in relation to substantial acquisition of shares and takeover. Once the equity shares of a company are listed on a stock exchange in India, the provisions of the Takeover Regulations will apply to acquisitions of the company's shares/voting rights/control. The Takeover Regulations prescribes certain thresholds or trigger points in the shareholding a person or entity has in the listed Indian company, which give rise to certain obligations on part of the acquirer. Acquisitions up to a certain threshold prescribed under the Takeover Regulations mandate specific disclosure requirements, while acquisitions crossing particular thresholds may result in the acquirer having to make an open offer of the shares of the target company.

The Takeover Regulations also provides for the possibility of indirect acquisitions, imposing specific obligations on the acquirer in case of such indirect acquisition. Since, our Company is an Indian listed company, the provisions of the Takeover Regulations apply to our Company.

Insider Trading Regulations

The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, (the "**Insider Trading Regulations**") have been notified by SEBI to prohibit and penalize insider trading in India. An "insider" is defined to include any person who has received or has access to unpublished price sensitive information ("**UPSI**") or a "Connected Person". A "Connected Person" includes, *inter alia*, any person who is or has directly or indirectly, been associated with the company in any capacity whether contractual, fiduciary or employment or has any professional or business relationship with the company whether permanent or temporary, during the six months prior to the concerned act which would allow or reasonably expect to allow access, directly or indirectly, to UPSI.

An insider is, *inter alia*, prohibited from trading in securities of a listed or proposed to be listed company when in possession of UPSI and to provide access to any person including other insiders to the above referred UPSI except where such communication is for legitimate purposes, performance of duties or discharge of legal obligations. UPSI shall include any information, relating to a company or its securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to materially affect the price of the securities. The Insider Trading Regulations also provide disclosure obligations for shareholders holding more than 5% of equity shares or voting rights, and the changes therein. Initial disclosures are required from promoters, key managerial personnel, directors as well as continual disclosures by every promoter, employee or director in case value of trade exceed monetary threshold of ten lakh rupees over a calendar quarter, within two days of reaching such threshold. The board of directors of all listed companies are required to formulate and publish on the company's website a code of procedure for fair disclosure of UPSI along with a code of conduct for its employees for compliances with the Insider Trading Regulations.

Depositories

The Depositories Act provides a legal framework for the establishment of depositories to record ownership details and effect transfers in book-entry form. Further, the SEBI framed regulations in relation to, *inter alia*, the formation and registration of such Depositories, the registration of Depository Participants as well as the rights and obligations of the Depository Participants, companies and beneficial owners. The depository system has significantly improved the operation of the Indian securities markets.

Derivatives (Futures and Options)

Trading in derivatives is governed by the SCRA, the SCRR and the SEBI Act. The SCRA was amended in February 2000 and derivative contracts were included within the term 'securities', as defined by the SCRA. Trading in derivatives in India takes place either on separate and independent derivatives exchanges or on a separate segment of an existing stock exchange.

LEGAL PROCEEDINGS

We are, from time to time, involved in various legal proceedings in the ordinary course of business, which involve matters pertaining to, amongst others, tax, regulatory and other disputes. As on date of this Placement Document, except as disclosed hereunder, we are not involved in any material governmental, legal or arbitration proceedings or litigation and we are not aware of any pending or threatened material governmental, legal or arbitration proceedings or litigation relating to them which may have a material effect on our financial condition, the results of operations or cash flows.

Material Proceedings involving our Company

1. Our Company received a notice of demand from the Deputy Commissioner of Sales Tax, Pune, dated February 28, 2014 u/s. 32 of the MVAT, with an aggregate demand of Rs. 3.16 crores in relation to Fiscal 2007. Subsequently, our Company made a part payment of Rs. 5 lakhs and preferred a stay application against recovery proceedings in relation to the aforesaid notice. Pursuant to an order dated June 17, 2014, the Joint Commissioner of Sales Tax (Appeals), Pune, admitted the stay application for final hearing and issued instructions to stay recovery proceedings till further directions. The matter is currently pending.

2. Our Company received a notice of demand from the Assistant Commissioner of Sales Tax, Pune, dated April 15, 2013 u/s. 32 of the MVAT, with an aggregate demand of Rs. 3.11 crores in relation to Fiscal 2009. Subsequently, our Company has preferred a stay application against recovery proceedings in relation to the aforesaid notice. Pursuant to an order dated June 19, 2013, the Deputy Commissioner of Sales Tax (Appeals), Pune, fixed Rs. 20 lakhs as the part payment amount and granted an interim stay up to and inclusive for the recovery of disputed amount. While having paid the aforesaid part payment amount, our Company has appealed to the Maharashtra Sales Tax Tribunal, Mumbai, aggrieved with the manner in which the part payment amount was determined. The matter is currently pending.

3. Our Company received a notice of demand from the Deputy Commissioner of Sales Tax, Pune, dated February 17, 2014 u/s. 32 of the MVAT, with an aggregate demand of Rs. 2.48 crores in relation to Fiscal 2010. Subsequently, our Company made a part payment of Rs. 3 lakhs and preferred a stay application against recovery proceedings in relation to the aforesaid notice. Pursuant to an order dated June 17, 2014, the Joint Commissioner of Sales Tax (Appeals), Pune, admitted the stay application for final hearing and issued instructions to stay recovery proceedings till further directions. The matter is currently pending.

Material Proceedings involving our Subsidiaries

Phoenix

1. Pursuant to an order dated March 21, 2006, by the Additional CIT, Noida, u/s. 143 of the IT Act, an amount of Rs. 4.68 crores was demanded from Phoenix in relation to alleged additional income assessed/penalty interest for AY 2004. Phoenix preferred an appeal against the aforesaid order before the CIT (Appeals), Ghaziabad, which was dismissed vide order dated March 5, 2007. Subsequently, Phoenix filed an appeal before the ITAT, New Delhi, which was dismissed vide order dated January 30, 2009. Phoenix filed an appeal before the Allahabad High Court, which was admitted vide the order dated July 7, 2014. The matter is currently pending.

2. Pursuant to an order dated March 28, 2013, by the Joint CIT, Noida, u/s. 143 of the IT Act, an amount of Rs. 53.50 crores was demanded from Phoenix in relation to alleged additional income assessed/penalty interest for AY 2011. This demand was subsequently revised to Rs. 52.44 crores vide an order and a notice of demand dated July 4, 2013. Phoenix preferred an application for stay of demand against the aforesaid orders before the CIT (Appeals), Noida, which was disposed vide order dated September 12, 2013, and stay was granted upon part payment of the demand. Subsequently, Phoenix filed a fresh application for stay of demand on October 27, 2015. Pursuant to an order dated November 17, 2015, the Deputy CIT, Noida, the balance demand was stayed till the disposal of the appeal by the CIT (Appeals) or March 20, 2016, whichever is earlier. The matter is currently pending.

3. Consequent to an order by the Assistant CIT, Transfer Pricing Officer, New Delhi dated January 20, 2015 u/s. 92 of the IT Act, the Assistant CIT, New Delhi, issued a draft assessment order dated March 30, 2015, proposing an increase in Phoenix's returned income for AY 2012 and issuing a demand notice for an

amount of Rs. 32.66 crores. Phoenix preferred an appeal against the aforesaid draft assessment order before the Dispute Resolution Panel, New Delhi (the "**DRP**"). Pursuant to the directions dated December 28, 2015, the DRP, dismissed certain grounds under which Phoenix had objected to the draft assessment order, but found that the Assistant CIT had erred in facts whilst determining estimated notional profits and that issuance of a demand notice was premature. The matter is currently pending.

Material Frauds

No material frauds have been committed against our Company during the last three years.

Defaults in respect of dues payable

Our Company has been fairly regular in depositing undisputed dues, including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues, to the extent applicable to the Company and there are no material statutory dues outstanding and due for remittance to the statutory authorities as on December 31, 2015. Our Company has not defaulted in any deposits accepted and payment of interest or principal on any loan from any bank or financial institution and has not issued any debentures

Litigation or Legal Action against the Promoters by any Ministry, Government Department or Statutory Authority

There is no, and has been no, litigation or legal action pending or taken by any ministry or department of the Government or a statutory authority against any Promoter during the last three years immediately preceding the year of this Placement Document. Accordingly, no directions have been issued by any ministry or department or statutory authority upon conclusion of any litigation or legal action against the Promoters.

Reservations, Qualifications or Adverse Remarks by the Auditors

The audit reports of the last five financial years immediately preceding the year of circulation of this Placement Document do not contain any reservations, qualifications or adverse remarks.

Inquiries, Inspections or Investigations under the Companies Act

There have been no inquiries, inspections or investigations initiated or conducted under the Companies Act, 2013, or any previous company law in the three years immediately preceding the year of circulation of this Placement Document in the case of the Company and its Subsidiaries. Further, there were no prosecutions filed (whether pending or not), fines imposed, compounding of offences in the last three years immediately preceding the year of this Placement Document.

PLACEMENT AND LOCK-UP

Placement Agreement

The Book Running Lead Manager and our Company have entered into a placement agreement dated February 17, 2016 (the "**Placement Agreement**"), pursuant to which the Book Running Lead Manager has agreed to manage the Issue and procure subscriptions for the Equity Shares on a reasonable efforts basis, to QIBs, pursuant to Section 42 of the Companies Act, 2013 read with Rule 14 of the PAS Rules and Chapter VIII of the ICDR Regulations.

The Placement Agreement contains customary representations, warranties and indemnities from our Company and the Book Running Lead Manager, and is subject to termination in accordance with the terms contained therein.

The Preliminary Placement Document and this Placement Document, have not been, and will not be, registered as a prospectus with the RoC and, no Equity Shares will be offered in India or overseas to the public or any members of the public or any other class of investors, other than QIBs. Our Company shall make the requisite filings with the RoC and the SEBI within the stipulated period as required under the Companies Act and the PAS Rules.

Applications shall be made to list the Equity Shares issued pursuant to the Issue and admit them to trading on the Stock Exchanges. No assurance can be given as to the liquidity or sustainability of the trading market for such Equity Shares, the ability of holders of the Equity Shares to sell their Equity Shares or the price at which holders of the Equity Shares will be able to sell their Equity Shares.

Relationship with the Book Running Lead Manager

In connection with the Issue, the Book Running Lead Manager or its affiliates may, for their own accounts, subscribe to the Equity Shares or enter into asset swaps, credit derivatives or other derivative transactions relating to the Equity Shares to be issued pursuant to the Issue at the same time as the offer and sale of the Equity Shares, or in secondary market transactions. As a result of such transactions, the Book Running Lead Manager may hold long or short positions in such Equity Shares. These transactions may comprise a substantial portion of the Issue and no specific disclosure will be made of such positions. Affiliates of the Book Running Lead Manager may purchase the Equity Shares or be Allotted Equity Shares for proprietary purposes and not with a view to distribute or in connection with the issuance of P-Notes. See the section titled "*Offshore Derivative Instruments*". From time to time, the Book Running Lead Manager, and the affiliates and associates of such entity have engaged in or may in the future engage in transactions with and perform services including but not limited to investment banking, advisory, banking, trading services for our Company, its Subsidiaries, group companies, affiliates and the Shareholders, as well as to their respective associates and affiliates, pursuant to which fees and commissions have been paid or will be paid to the Book Running Lead Manager and its affiliates and associates.

Lock-Up

Our Company has agreed that it shall not, for a period of 90 days from the date of Allotment under the Issue, without the prior written consent of the Book Running Lead Manager, directly or indirectly, (a) offer, issue, contract to issue, issue or offer any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, any Equity Shares or any securities convertible into or exercisable for Equity Shares (including, without limitation, securities convertible into or exercisable or exchangeable for Equity Shares which may be deemed to be beneficially owned), or file any registration statement under the U.S. Securities Act of 1933, as amended, with respect to any of the foregoing, or (b) enter into any swap or other agreement or any transaction that transfers, in whole or in part, directly or indirectly, any of the economic consequences associated with the ownership of any of the Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares (regardless of whether any of the transactions described in clause (a) or (b) is to be settled by the delivery of Equity Shares or such other securities, in cash or otherwise), or (c) deposit Equity Shares with any other depositary in connection with a depositary receipt facility, or (d) publicly announce any intention to enter into any transaction falling within (a) to (c) above or enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of an issue or offer or deposit of Equity Shares in any depositary receipt facility or publicly

announce any intention to enter into any transaction falling within (a) to (c) above; provided, however, that the foregoing restrictions do not apply to any issue or offer to the extent such issue or offer is required by Indian law.

Our Promoters, namely Mr. Kula Ajith Kumar Rai, Dr. Supriya Ajith Rai, Mr. Akhilesh Rai, Mr. Ashutosh Rai and Mr. Aashish Rai, have agreed that they will not for a period of 90 days from the date of Allotment under the Issue, without the prior written consent of the Book Running Lead Manager, directly or indirectly, (a) offer, lend, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, any Promoter shares or, subject to clause (e)(ii) hereof, any securities convertible into or exercisable for Promoter shares or file any registration statement under the U.S. Securities Act of 1933, as amended, with respect to any of the foregoing, or (b) enter into any swap or other agreement or any transaction that transfers, in whole or in part, directly or indirectly, any of the economic consequences associated with the ownership of any of the Promoter shares or any securities convertible into or exercisable or exchangeable for Promoter shares (regardless of whether any of the transactions described in clause (a) or (b) is to be settled by the delivery of Promoter shares or such other securities, in cash or otherwise), or (c) deposit Promoter shares with any other depositary in connection with a depositary receipt facility, or (d) publicly announce any intention to enter into any transaction falling within (a) to (c) above or enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of a sale or deposit of Promoter shares in any depositary receipt facility or publicly announce any intention to enter into any transaction falling within (a) to (c) above. Provided, however, that the foregoing restrictions: (i) shall only be applicable to any such transactions relating to Promoter shares aggregating more than 3% of the share capital of the Company immediately after the Issue; (ii) do not apply to any sale, transfer or disposition of Promoter shares by the Issue with prior notice to the Book Running Lead Manager to the extent such sale, transfer or disposition is required by Indian law; and (iii) do not apply to any bona fide pledge of Promoter shares held by our Promoters, as collateral for loans as normal commercial terms entered into, in the ordinary course of business.

ISSUE PROCEDURE

The following is a summary intended to present a general outline of the procedure relating to the application, payment, Allocation and Allotment. The procedure followed in the Issue may differ from the one mentioned below, and investors are presumed to have apprised themselves of the same from our Company or the Book Running Lead Manager. Investors are advised to inform themselves of any restrictions or limitations that may be applicable to them. See the sections titled *"Selling Restrictions"* and *"Transfer Restrictions".*

Qualified Institutions Placement

The Issue is being made to QIBs in reliance upon Section 42 of the Companies Act, 2013 read with Rule 14 of the PAS Rules, and Chapter VIII of the ICDR Regulations, through the mechanism of a QIP. Under Chapter VIII of the ICDR Regulations and Section 42 of the Companies Act, 2013, a company may Issue equity shares to QIBs subject to certain conditions including:

- the Issuer has completed all allotments with respect to any offer or invitation previously made by it or has withdrawn or abandoned any invitation or offer previously made by it;

- the Issuer is in compliance with the minimum public shareholding requirements set out in the SCRR;

- equity shares of the same class of such Issuer, which are proposed to be allotted through the QIP, are listed on a stock exchange in India that has nation-wide trading terminals for a period of at least one year prior to the date of issuance of notice to its shareholders for convening the meeting to pass the below-mentioned special resolution;

- the shareholders of the Issuer have passed a special resolution approving such QIP. Such special resolution must specify (a) that the allotment of securities is proposed to be made pursuant to the QIP; and (b) the relevant date;

- the explanatory statement to the notice to the shareholders for convening the general meeting must disclose the basis or justification for the price (including premium, if any) at which the offer or invitation is being made;

- the offer must be made through a private placement offer letter and an application form serially numbered and addressed specifically to the QIB to whom the offer is made and is sent within 30 days of recording the names of such QIBs;

- the offer must not be to more than 200 persons in a financial year. However, an offer to QIBs will not be subject to this limit of 200 persons. Prior to circulating the private placement offer letter, the Issuer must prepare and record a list of QIBs to whom the offer will be made. The offer must be made only to such persons whose names are recorded by the Issuer prior to the invitation to subscribe;

- Issuer must offer to each Allottee at least such number of the securities in the Issue which would aggregate to Rs. 20,000, calculated at the face value of the securities;

- the aggregate of the proposed Issue and all previous QIPs made by the Issuer in the same financial year does not exceed five times the net worth (as defined in the ICDR Regulations) of the Issuer as per the audited balance sheet of the previous financial year; and

- the offering of securities by issue of public advertisements or utilization of any media, marketing or distribution channels or agents to inform the public about the Issue is prohibited.

At least 10% of the Equity Shares issued to QIBs must be Allotted to Mutual Funds, provided that, if this portion or any part thereof to be Allotted to Mutual Funds remains unsubscribed, it may be Allotted to other QIBs.

Bidders are not allowed to withdraw their Bids after the Bid/Issue Closing Date.

Additionally, there is a minimum pricing requirement under the ICDR Regulations. The Floor Price shall not be less than the average of the weekly high and low of the closing prices of the related Equity Shares quoted on the stock exchanges during the two weeks preceding the Relevant Date. However, a discount of up to 5% of the Floor Price is permitted in accordance with the provisions of the ICDR Regulations.

The "Relevant Date" referred to above, for the Allotment, will be the date of the meeting in which the Board or the committee of Directors duly authorized by the Board decides to open the Issue and "Stock Exchanges" means the stock exchanges in India on which the Equity Shares of our Company of the same class are listed and on which the highest trading volume in such Equity Shares has been recorded during the two weeks immediately preceding the Relevant Date.

Our Company has applied for and received the in-principle approval of the Stock Exchanges under Regulation 28(1) of the Listing Regulations for the listing of the Equity Shares on the Stock Exchanges. Our Company has also delivered a copy of the Preliminary Placement Document and this Placement Document to the Stock Exchanges.

Our Company shall make the requisite filings with the RoC and the SEBI within the stipulated period as required under the Companies Act and the PAS Rules.

The Issue was authorised and approved by the Board on August 14, 2015, and approved by the Shareholders by way of their special resolution dated September 30, 2015.

The Equity Shares will be Allotted within 12 months from the date of the Shareholders' resolution approving the Issue and within 60 days from the date of receipt of subscription money from the relevant QIBs.

The Equity Shares issued pursuant to the Issue must be issued on the basis of the Preliminary Placement Document and this Placement Document that shall contain all material information including the information specified in Schedule XVIII of the ICDR Regulations and the requirements prescribed under Form PAS-4. The Preliminary Placement Document and this Placement Document are private documents provided to only select QIBs through serially numbered copies and are required to be placed on the website of the Stock Exchanges and of our Company with a disclaimer to the effect that it is in connection with an issue to QIBs and no offer is being made to the public or to any other category of investors.

The minimum number of Allottees for the Issue shall not be less than:

- Two, where the issue size is less than or equal to Rs. 250 crores; and
- Five, where the issue size greater than Rs. 250 crores.

No single Allottee shall be Allotted more than 50% of the Issue Size. QIBs that belong to the same group or that are under common control shall be deemed to be a single Allottee. See the section titled "*Issue Procedure - Application Process - Application Form*".

Securities allotted to a QIB pursuant to the Issue shall not be sold for a period of one year from the date of allotment except on the floor of a recognized stock exchange in India. Allotments made to VCFs and AIFs in the Issue are subject to the rules and regulations that are applicable to them, including in relation to lock-in requirements.

THE EQUITY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED, LISTED OR OTHERWISE QUALIFIED IN ANY OTHER JURISDICTION OUTSIDE INDIA AND MAY NOT BE OFFERED OR SOLD, AND BIDS MAY NOT BE MADE BY PERSONS IN ANY SUCH JURISDICTION, EXCEPT IN COMPLIANCE WITH THE APPLICABLE LAWS OF SUCH JURISDICTION.

Issue Procedure

1. Our Company and the Book Running Lead Manager shall circulate serially numbered copies of the Preliminary Placement Document and the serially numbered Application Form, either in electronic or physical form to the QIBs and the Application Form will be specifically addressed to such QIBs. In terms of Section 42 (7) of the Companies Act, 2013 our Company shall maintain complete records of the QIBs to whom the Preliminary Placement Document, this Placement Document and the serially numbered

Application Form have been dispatched. Our Company shall make the requisite filings with the RoC and SEBI within the stipulated period as required under the Companies Act, 2013 and the PAS Rules.

2. **UNLESS A SERIALLY NUMBERED PRELIMINARY PLACEMENT DOCUMENT ALONG WITH THE SERIALLY NUMBERED APPLICATION FORM IS ADDRESSED TO A PARTICULAR QIB, NO INVITATION TO SUBSCRIBE SHALL BE DEEMED TO HAVE BEEN MADE TO SUCH QIB.** Even if such documentation were to come into the possession of any person other than the intended recipient, no offer or invitation to offer shall be deemed to have been made to such person and any application that does not comply with this requirement shall be treated as invalid.

3. Bidders shall submit Bids for, and our Company shall Issue and Allot to each Allottee at least such number of Equity Shares which would aggregate to Rs. 20,000 calculated at the face value of the Equity Shares.

4. QIBs may submit an Application Form, during the Bid/Issue Period to the Book Running Lead Manager.

5. QIBs will be required to indicate the following in the Application Form:

- name of the QIB to whom Equity Shares are to be Allotted;
- number of Equity Shares Bid for;
- price at which they are agreeable to subscribe for the Equity Shares, provided that QIBs may also indicate that they are agreeable to submit a Bid at the Cut-Off Price which shall be any price as may be determined by our Company in consultation with the Book Running Lead Manager at or above the Floor Price or the Floor Price net of such discount as approved in accordance with ICDR Regulations.
- details of the Depository Participant account to which the Equity Shares should be credited; and

NOTE**:** *Each sub-account of an FII other than a sub-account which is a foreign corporate or a foreign individual will be considered an individual QIB and separate Application Forms would be required from each such sub-account for submitting Bids.*

6. Once a duly completed Application Form is submitted by a Bidder, such Application Form constitutes an irrevocable offer and cannot be withdrawn after the Bid/Issue Closing Date. The Bid/Issue Closing Date shall be notified to the Stock Exchanges and the Bidders shall be deemed to have been given notice of such date after receipt of the Application Form.

   The Bids made by asset management companies or custodians of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with the SEBI.

7. Upon receipt of the Application Form, after the Bid/Issue Closing Date, our Company shall determine the final terms, including the Issue Price in consultation with the Book Running Lead Manager. Upon determination of the final terms of the Equity Shares, the Book Running Lead Manager will send the serially numbered CAN along with the Placement Document to the Bidders who have been Allocated the Equity Shares. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares Allocated to such Bidder. The CAN shall contain details such as the number of Equity Shares Allocated to the Bidder and payment instructions including the details of the amounts payable by the Bidder for Allotment of the Equity Shares in its name and the Pay-in Date as applicable to the respective Bidder. **PLEASE NOTE THAT THE ALLOCATION WILL BE AT THE ABSOLUTE DISCRETION OF OUR COMPANY AND WILL BE BASED ON THE RECOMMENDATION OF THE BOOK RUNNING LEAD MANAGER.**

8. Pursuant to receiving a CAN, each Bidder shall be required to make the payment of the entire application monies for the Equity Shares indicated in the CAN at the Issue Price, only through electronic transfer to our Company's designated bank account by the Pay-In Date as specified in the CAN sent to the respective Bidders. No payment shall be made by Bidders in cash. Please note that any payment of application money for the Equity Shares shall be made from the bank accounts of the relevant Bidders applying for the Equity Shares. Monies payable on Equity Shares to be held by joint holders shall be paid from the bank account of the person whose name appears first in the Application. Pending Allotment, all monies received for

subscription of the Equity Shares shall be kept by our Company in a separate bank account with a scheduled bank and shall be utilized only for the purposes permitted under the Companies Act, 2013, i.e., the Escrow Account. See the section titled "*Issue Procedure - Bank Account for Payment of Application Money*".

9. Upon receipt of the application monies from the Bidders, our Company shall Allot Equity Shares as per the details in the CAN sent to the Bidders.

10. After passing the Board resolution for Allotment and prior to crediting the Equity Shares into the beneficiary accounts maintained with the Depository Participants by the Allottees, our Company shall apply to the Stock Exchanges for listing approval. Our Company will intimate the Stock Exchanges the details of the Allotment and apply for the approval for listing of the Equity Shares on the Stock Exchanges prior to the crediting of the Equity Shares into the beneficiary account maintained with the Depositary Participant by the Bidder.

11. After receipt of the listing approval of the Stock Exchanges, our Company shall credit the Equity Shares Allotted pursuant to the Issue into the Depository Participant's accounts of the respective Allottees.

12. Our Company will then apply for the final trading approval from the Stock Exchanges.

13. The Equity Shares that would have been credited to the beneficiary accounts with the Depository Participants of the Allottees shall be eligible for trading on the Stock Exchanges only upon the receipt of final listing and trading approval from the Stock Exchanges.

14. Upon receipt of intimation of final trading and listing approval from the Stock Exchanges, our Company shall inform the Allottees of the receipt of such approvals. Our Company and the Book Running Lead Manager shall not be responsible for any delay or non-receipt of the communication of the final trading and listing permissions from the Stock Exchanges or any loss arising from such delay or non- receipt. Final listing and trading approval granted by the Stock Exchanges is also placed on its website. QIBs are advised to apprise themselves of the status of the receipt of the permissions from the Stock Exchanges or our Company.

Qualified Institutional Buyers

Only QIBs as defined in Regulation 2(1)(zd) of the ICDR Regulations and not otherwise excluded pursuant to Regulation 86(1)(b) of the ICDR Regulations are eligible to invest. Only the following categories of QIBs are eligible to invest in the Issue:

- Eligible FPIs including FIIs and eligible sub-accounts;
- insurance companies registered with the Insurance Regulatory and Development Authority of India;
- insurance funds set up and managed by army, navy or air force of the Government; and
- insurance funds set up and managed by the Department of Posts, India.
- Mutual Funds, VCFs and AIFs;
- pension fund with minimum corpus of Rs. 25 crores;
- provident fund with minimum corpus of Rs. 25 crores;
- public financial institutions as defined in Section 4A of the Companies Act, 1956 (Section 2(72) of the Companies Act, 2013);
- scheduled commercial banks;
- state industrial development corporations; and

- the National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government published in the Gazette of India.

Allotments made to VCFs and AIFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirement. VCFs and AIFs should independently consult their own counsel and advisors as to investment in and related matters concerning the Issue.

ELIGIBLE NON-RESIDENT QIBS CAN PARTICIPATE IN THE ISSUE UNDER SCHEDULE 1 OF FEMA REGULATIONS. FIIS, SUB-ACCOUNTS (OTHER THAN A SUB-ACCOUNT WHICH IS A FOREIGN CORPORATE OR A FOREIGN INDIVIDUAL) AND OTHER ELIGIBLE FPIS ARE PERMITTED TO PARTICIPATE THROUGH THE PORTFOLIO INVESTMENT SCHEME UNDER THE RESPECTIVE SCHEDULES OF FEMA REGULATIONS, IN THIS ISSUE. ELIGIBLE FPIS ARE PERMITTED TO PARTICIPATE IN THE ISSUE SUBJECT TO COMPLIANCE WITH ALL APPLICABLE LAWS AND SUCH THAT THE SHAREHOLDING OF ELIGIBLE FPIS DO NOT EXCEED SPECIFIED LIMITS AS PRESCRIBED UNDER APPLICABLE LAWS IN THIS REGARD.

In terms of the FPI Regulations, the Equity Shares issued to a single Eligible FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) should not exceed 10% of post-Issue Equity Share capital of the company. Further, in terms of the FEMA Regulations, the total holding of each FPI shall be below 10% of the total paid-up Equity Share capital of our Company and the total holdings of all Eligible FPIs put together shall not exceed 24% of the paid-up Equity Share capital of the company. The aggregate limit of 24% may be increased by way of a resolution passed by the board of directors of the company, followed by a special resolution passed by its shareholders.

An FII or sub-account (other than a sub-account which is a foreign corporate or foreign individual) who holds a valid certificate of registration from the SEBI shall be deemed to be an FPI until the expiry of the block of three years for which fees has been paid as per the FII Regulations. An FII or a sub-account (other than a sub-account which is a foreign corporate or a foreign individual) may participate in the Issue, until expiry of its registration as an FII or sub-account or until it obtains a certificate of registration as an FPI, whichever is earlier. If the registration of an FII or sub-account has expired or is about to expire, such FII or sub-account may, subject to payment of conversion fees as applicable under the FPI Regulations, participate in the Issue. An FII or sub-account shall not be eligible to invest as an FII or sub-account after registering as an FPI under the FPI Regulations.

In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs as well as holding of FIIs (being deemed FPIs) shall be included.

Under Regulation 86(1)(b) of the ICDR Regulations, no Allotment shall be made, either directly or indirectly, to any QIB being, or any person related to, the Promoters. QIBs which have all or any of the following rights shall be deemed to be persons related to the 'promoters' as defined in the ICDR Regulations:

- rights under a shareholders' agreement or voting agreement entered into with the Promoters or persons related to the Promoters;

- veto rights; or

- a right to appoint any nominee director on the Board.

Provided, however, that a QIB which does not hold any shares in our Company and which has acquired the aforesaid rights in the capacity of a lender shall not be deemed to be related to the "promoters".

OUR COMPANY AND THE BOOK RUNNING LEAD MANAGER ARE NOT LIABLE FOR ANY AMENDMENT OR MODIFICATION OR CHANGE TO APPLICABLE LAWS OR REGULATIONS, WHICH MAY OCCUR AFTER THE DATE OF THIS PLACEMENT DOCUMENT. QIBS ARE ADVISED TO MAKE THEIR INDEPENDENT INVESTIGATIONS AND SATISFY THEMSELVES THAT THEY ARE ELIGIBLE TO APPLY. QIBS ARE ADVISED TO ENSURE THAT ANY SINGLE APPLICATION FROM THEM DOES NOT EXCEED THE INVESTMENT LIMITS OR MAXIMUM NUMBER OF EQUITY SHARES THAT CAN BE HELD BY THEM UNDER APPLICABLE LAW OR REGULATION OR AS SPECIFIED IN THIS PLACEMENT DOCUMENT. FURTHER, QIBS ARE

REQUIRED TO SATISFY THEMSELVES THAT THEIR BIDS WOULD NOT EVENTUALLY RESULT IN TRIGGERING A TENDER OFFER UNDER THE TAKEOVER REGULATIONS.

Note: *Affiliates or associates of Book Running Lead Manager who are QIBs may participate in the Issue in compliance with applicable laws.*

Application Process

Application Form

Bidders shall only use the serially numbered Application Forms (which are addressed to them) supplied by our Company and the Book Running Lead Manager in either electronic form or by physical delivery for the purpose of making a Bid (including revision of a Bid) in terms of the Preliminary Placement Document.

By making a Bid (including the revision thereof) for Equity Shares through Application Form(s) and pursuant to the terms of the Preliminary Placement Document, the Bidder will be deemed to have made the following representations and warranties and the representations, warranties and agreements made under sections titled "*Notice to Investors*", "*Representations by Investors*", *"Selling Restrictions"* and *"Transfer Restrictions"*:

- The Bidder confirms that it is a QIB in terms of Regulation 2(1)(zd) of the ICDR Regulations and is not excluded under Regulation 86 of the ICDR Regulations, has a valid and existing registration under the applicable laws in India and is eligible to participate in the Issue;

- The Bidder confirms that it is not a "promoter" and is not a person related to the "promoters", either directly or indirectly, and its Application Form does not directly or indirectly represent the "promoters" or "promoter group" or persons related to the "promoters" as defined in the ICDR Regulations;

- The Bidder confirms that it has no rights under a shareholders' agreement or voting agreement with the "promoters" or persons related to the "promoters", no veto rights or right to appoint any nominee director on the Board other than those acquired in the capacity of a lender which shall not be deemed to be a person related to the "promoters" as defined in the ICDR Regulations;

- The Bidder acknowledges that it has no right to withdraw its Bid after the Bid/Issue Closing Date;

- The Bidder confirms that if Equity Shares are Allotted, it shall not, for a period of one year from Allotment, sell such Equity Shares otherwise than on the Stock Exchanges;

- The Bidder confirms that it is eligible to Bid and hold Equity Shares so Allotted. The Bidder further confirms that the holding of the Bidder, does not and shall not, exceed the level permissible as per any applicable regulations applicable to the Bidder;

- The Bidder confirms that its Bids would not eventually result in triggering a tender offer under the Takeover Regulations;

- The Bidder confirms that together with other Bidders that belong to the same group or are under the same control, the Allotment to the Bidder shall not exceed 50% of the Issue Size. For the purposes of this statement:

    a. the expression "belongs to the same group" shall derive meaning from the concept of "companies under the same group" as provided in sub-section (11) of Section 372 of the Companies Act, 1956; and

    b. "Control" shall have the same meaning as is assigned to it by Regulation 2(1)(e) of the Takeover Regulations;

- The QIBs confirm that they shall not undertake any trade in the Equity Shares credited to its beneficiary account maintained with the Depository Participant until such time that the final listing; and

EACH BIDDER MUST PROVIDE ITS DEPOSITORY PARTICIPANT ACCOUNT DETAILS, PAN, DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER, E-MAIL ID AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM.

EACH BIDDER MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY PARTICIPANT ACCOUNT IS HELD. FOR THIS PURPOSE, ELIGIBLE SUB ACCOUNTS OF AN FII WOULD BE CONSIDERED AS AN INDEPENDENT BIDDER.

IF SO REQUIRED BY THE BOOK RUNNING LEAD MANAGER, A QIB MAY ALSO BE REQUIRED TO SUBMIT REQUISITE DOCUMENT(S) ALONG WITH THE APPLICATION FORM TO THE LEAD MANAGER TO EVIDENCE THEIR STATUS AS A "QIB" AS DEFINED HEREIN.

IF SO REQUIRED BY THE BOOK RUNNING LEAD MANAGER, COLLECTION BANK(S) OR ANY STATUTORY OR REGULATORY AUTHORITY IN THIS REGARD, INCLUDING AFTER ISSUE CLOSURE, THE QIB SUBMITTING A BID AND/OR BEING ALLOTTED EQUITY SHARES IN THE ISSUE, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO FULFILL THE KNOW YOUR CUSTOMER (KYC) NORMS.

Demographic details such as address and bank account will be obtained from the Depositories as per the Depository Participant account details given above.

The submission of an Application Form by a Bidder shall be deemed a valid, binding and irrevocable offer for the Bidder to pay the entire Issue Price for the Equity Shares (as indicated by the CAN) and becomes a binding contract on the Bidder upon the issuance of the CAN by our Company in favor of the Bidder.

Submission of Application Form

All Application Forms must be duly completed with information including the number of Equity Shares applied for. All Application Forms duly completed along with payment and a copy of the PAN card or PAN allotment letter shall be submitted to the Book Running Lead Manager as per the details provided in the respective CAN. The Application Form shall be submitted to the Book Running Lead Manager either through electronic form or through physical delivery at the following address:

Name	Address	Contact person	Email	Phone
JM Financial Institutional Securities Limited	7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400025	Neha Agarwal	neha.agarwal@jmfl.com	022 6630 3151

The Book Running Lead Manager shall not be required to provide any written acknowledgement of the same.

Permanent Account Number or PAN

Each Bidder should mention its PAN allotted under the IT Act in the Application Form. Applications without this information will be considered incomplete and are liable to be rejected. Bidders should not submit the general index register number instead of the PAN as the Application Forms are liable to be rejected on this ground.

Pricing and Allocation

Build-up of the Book

Bidders shall submit their Bids within the Bid/Issue Period to the Book Running Lead Manager. Such Bids cannot be withdrawn after the Bid/Issue Closing Date. The book shall be maintained by the Book Running Lead Manager.

Price Discovery and Allocation

Our Company, in consultation with the Book Running Lead Manager, shall determine the Issue Price, which cannot be lower than the Floor Price. However, our Company may offer a discount of not more than 5% on the Floor Price, in accordance with Chapter VIII of the ICDR Regulations.

After finalization of the Issue Price, our Company will update the Preliminary Placement Document with the Issue details and file the same with the Stock Exchanges as the Placement Document.

Method of Allocation

Our Company shall determine the Allocation in consultation with the Book Running Lead Manager on a discretionary basis and in compliance with Chapter VIII of the ICDR Regulations. Bids received from the Bidders at or above the Issue Price shall be grouped together to determine the total demand. The Allocation to all such Bidders will be made at the Issue Price. Allocation to Mutual Funds for up to a minimum of 10% of the Issue Size shall be undertaken subject to valid Bids being received at or above the Issue Price.

THE DECISION OF OUR COMPANY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGER IN RESPECT OF ALLOCATION SHALL BE FINAL AND BINDING ON ALL BIDDERS. BIDDERS MAY NOTE THAT ALLOCATION IS AT THE SOLE AND ABSOLUTE DISCRETION OF OUR COMPANY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGER AND BIDDERS MAY NOT RECEIVE ANY ALLOCATION EVEN IF THEY HAVE SUBMITTED VALID APPLICATION FORMS AT OR ABOVE THE ISSUE PRICE. NEITHER OUR COMPANY NOR THE BOOK RUNNING LEAD MANAGER IS OBLIGED TO ASSIGN ANY REASON FOR ANY NON-ALLOCATION.

CAN

Based on the Application Forms received, our Company, in consultation with the Book Running Lead Manager, in its sole and absolute discretion, shall decide the Bidders to whom the serially numbered CAN shall be sent, pursuant to which the details of the Equity Shares Allocated to them and the details of the amounts payable for Allotment in their respective names shall be notified to such Bidders. Additionally, a CAN will include details of the Escrow Account into which such payments would need to be made, address where the application money needs to be sent, Pay-in Date as well as the probable designated date, being the date of credit of the Equity Shares to the respective Bidder's account. The successful Bidders would also be sent a serially numbered Placement Document either in electronic form or by physical delivery along with the serially numbered CAN.

The dispatch of the serially numbered Placement Document and the serially numbered CAN to the successful Bidders shall be deemed a valid, binding and irrevocable contract for the successful Bidders to furnish all details that may be required by the Book Running Lead Manager and to pay the entire Issue Price for all the Equity Shares Allocated to such successful Bidders.

QIBS ARE ADVISED TO INSTRUCT THEIR DEPOSITORY PARTICIPANT TO ACCEPT THE EQUITY SHARES THAT MAY BE ALLOTTED TO THEM.

Bank Account for Payment of Application Money

Our Company has opened the "**Suprajit Engineering Limited – QIP Escrow Account**" with Axis Bank Limited in terms of the arrangement among our Company and Book Running Lead Manager and Axis Bank Limited as the Escrow Collection Bank. The successful Bidders will be required to deposit the entire amount payable for the Equity Shares Allocated to it by the Pay-in Date as mentioned in, and in accordance with, the respective CAN. Payments are to be made only through electronic fund transfer.

Note: Payments through cheques are liable to be rejected.

If the payment is not made favoring the "**Suprajit Engineering Limited – QIP Escrow Account**" within the time stipulated in the CAN, the Application Form and the CAN of the successful Bidder are liable to be cancelled.

Our Company undertakes to utilize the amount deposited in "**Suprajit Engineering Limited – QIP Escrow Account**" only for the purposes of (i) adjustment against Allotment; or (ii) repayment of application money if our Company is not able to Allot.

In case of cancellations or default by the Bidders, our Company and the Book Running Lead Manager have the right to reallocate the Equity Shares at the Issue Price among existing or new Bidders at their sole and absolute discretion.

Designated Date and Allotment of Equity Shares

The Equity Shares will not be Allotted unless the successful Bidders pay the Issue Price to the "**Suprajit Engineering Limited – QIP Escrow Account**" as stated above.

The Equity Shares will be issued and Allotment shall be made only in dematerialized form to the Allottees. Allottees will have the option to re-materialize the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act. Our Company, at its sole discretion, reserves the right to cancel the Issue at any time up to Allotment without assigning any reason whatsoever. Following the Allotment and credit of Equity Shares into the QIBs' Depository Participant accounts, our Company will apply for final trading and listing approval from the Stock Exchanges.

In the case of a Bidder who has been Allotted more than five per cent of the Equity Shares in the Issue, our Company shall disclose the QIBs' name and the number of the Equity Shares Allotted to such QIB to the Stock Exchanges and the Stock Exchanges will make the same available on its website. Our Company shall make the requisite filings with the RoC and the SEBI within the stipulated period as required under the Companies Act and the PAS Rules. If you are Allotted any Equity Shares, our Company is required to disclose details such as your name, address and the number of Equity Shares Allotted to the RoC and the SEBI. The Escrow Collection Bank shall release the monies lying to the credit of the Escrow Account to our Company after receipt of final listing and trading approval for the Equity Shares from the Stock Exchanges.

In the event that our Company is unable to Issue and Allot the Equity Shares or there is a cancellation of the Issue within 60 days from the date of receipt of application money from a Bidder, our Company shall repay the application money within 15 days from expiry of the 60 day period, failing which our Company shall repay that money to such Bidders with interest at the rate of 12% per annum from expiry of the sixtieth day. The application money to be refunded by our Company shall be refunded to the same bank account from which application money was remitted by the Bidders.

Other Instructions

Right to Reject Applications

Our Company, in consultation with the Book Running Lead Manager, may reject Bids, in part or in full, without assigning any reason whatsoever. The decision of our Company and the Running Lead Manager in relation to the rejection of Bids shall be final and binding.

Equity Shares in Dematerialized form

The Allotment shall be only in dematerialized form (i.e., not in physical certificates but be fungible and be represented by the statement issued through the electronic mode). A Bidder that proposes to make a Bid pursuant to the Issue must have at least one beneficiary account with a Depository Participant prior to making the Bid. Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the successful Bidder.

Equity Shares in electronic form can be traded only on stock exchanges having electronic connectivity with the Depositary Participants. The Stock Exchanges where the Equity Shares to be issued pursuant to the Issue are proposed to be listed have electronic connectivity with the National Securities Depositary Limited and the Central Depositary Services (India) Limited.

The trading of the Equity Shares to be issued pursuant to the Issue would be in dematerialized form only for all Bidders in the dematerialized segment of the Stock Exchanges. Our Company and Book Running Lead Manager will not be responsible or liable for the delay in the credit of Equity Shares to be issued pursuant to the Issue due to errors in the Application Form or otherwise on part of the Bidders.

SELLING RESTRICTIONS

The distribution of this Placement Document or any offering material and the offering, sale or delivery of the Equity Shares is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Placement Document or any offering material are advised to consult with their own legal advisors as to what restrictions may be applicable to them and to observe such restrictions. This Placement Document may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorized.

General

Except in India, no action has been taken or will be taken by the Company or the Book Running Lead Manager that would permit an offering of the Equity Shares to occur in any jurisdiction, or the possession, circulation or distribution of this Placement Document or any other material relating to the Company or the Equity Shares in any jurisdiction where action for such purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and none of this Placement Document, any offering materials and any advertisements in connection with the offering of the Equity Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. The Issue will be made in compliance with the applicable ICDR Regulations. Each purchaser of the Equity Shares in this Issue will be deemed to have made acknowledgments and agreements as described under the sections titled "*Notice to Investors*", "*Representations by Investors*"**,** *"Selling Restrictions"* and *"Transfer Restrictions".*

India

This Placement Document may not be distributed directly or indirectly in India or to residents of India and any Equity Shares may not be offered or sold directly or indirectly in India to, or for the account or benefit of, any resident of India except as permitted by applicable Indian laws and regulations, under which an offer is strictly on a private and confidential basis and is limited to QIBs and is not an offer to the public. This Issue is a "private placement" within the meaning of Section 42 of the Companies Act, 2013 since the invitation or offer is to be made only to QIBs. This Placement Document is neither a public issue nor a prospectus under the Companies Act, 2013 or an advertisement and should not be circulated to any person other than to whom the offer is made. This Placement Document has not been and will not be registered as a prospectus with the Registrar of Companies in India.

European Economic Area

In relation to each Member State of the European Economic Area that has implemented the Prospectus Directive (each, a "**Relevant Member State**"), with effect from and including the date on which the Prospectus Directive is or was implemented in that Relevant Member State (the "**Relevant Implementation Date**"), the Equity Shares may not be offered or sold to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Equity Shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive (defined below) and the 2010 Amending Directive (defined below), except that the Equity Shares, with effect from and including the Relevant Implementation Date, may be offered to the public in that Relevant Member State at any time:

(a) to persons or entities that are "qualified investors" as defined in the Prospectus Directive or, if that Relevant Member State has implemented the 2010 Amending Directive, as defined in the 2010 Amending Directive;

(b) to (i) fewer than 100 natural or legal persons (other than "qualified investors" as defined in the Prospectus Directive); or (ii) if that Relevant Member State has implemented the 2010 Amending Directive, fewer than 150 natural or legal persons (other than "qualified investors" as defined in the 2010 Amending Directive), in each case subject to obtaining the prior consent of the Book Running Lead Manager; and

(c) in any circumstances falling within Article 3(2) of the Prospectus Directive as amended (to the extent implemented in that Relevant Member State) by Article 1(3) of the 2010 Amending Directive, provided that no such offering of Equity Shares shall result in a requirement for the publication by our Company or the Book

Running Lead Manager of a prospectus pursuant to Article 3 of the Prospectus Directive as amended (to the extent implemented in that Relevant Member State) by Article 1(3) of the 2010 Amending Directive.

For the purposes of this provision, the expression an "offer of Equity Shares to the public" in relation to any Equity Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Equity Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State and the expression "2010 Amending Directive" means Directive 2010/73/EU and includes any relevant implementing measure in each Member State.

Neither our Company nor the Book Running Lead Manager has authorized, nor do they authorize, the making of any offer of Equity Shares through any financial intermediary on their behalf, other than offers made by our Company or the Book Running Lead Manager.

Hong Kong

The Placement Document has not been reviewed or approved by any regulatory authority in Hong Kong. In particular, this Placement Document has not been, and will not be, registered as a "prospectus" in Hong Kong under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap 32) ("**CO**") nor has it been authorized by the Securities and Futures Commission ("**SFC**") in Hong Kong pursuant to the Securities and Futures Ordinance (Cap 571) ("**SFO**"). Recipients are advised to exercise caution in relation to the Offer. If recipients are in any doubt about any of the contents of this Placement Document, they should obtain independent professional advice.

The Placement Document does not constitute an offer or invitation to the public in Hong Kong to acquire any Equity Shares nor an advertisement of the Equity Shares in Hong Kong. The Placement Document must not be issued, circulated or distributed in Hong Kong other than:

- to "professional investors" within the meaning of the SFO and any rules made under that ordinance ("**Professional Investors**"); or
- in other circumstances which do not result in this Placement Document being a prospectus as defined in the CO nor constitute an offer to the public which requires authorization by the SFC under the SFO.

Unless permitted by the securities laws of Hong Kong, no person may issue or have in its possession for issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Equity Shares, which is directed at, or the content of which is likely to be accessed or read by, the public of Hong Kong other than with respect to the Equity Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to Professional Investors.

Any offer of the Equity Shares will be personal to the person to whom relevant offer documents are delivered, and a subscription for the Equity Shares will only be accepted from such person. No person who has received a copy of this Placement Document may issue, circulate or distribute this Placement Document in Hong Kong or make or give a copy of this Placement Document to any other person. No person allotted Equity Shares may sell, or offer to sell, such Shares to the public in Hong Kong within six months following the date of issue of such Equity Shares.

Kuwait

The Issue has not been approved by the Kuwait Central Bank or the Kuwait Ministry of Commerce and Industry, nor has our Company received authorisation or licensing from the Kuwait Central Bank or the Kuwait Ministry of Commerce and Industry to market or sell the Equity Interests within Kuwait. Therefore, no services relating to the Issue, including the receipt of applications and/or the allotment of Equity Shares may be rendered within Kuwait by our Company or persons representing our Company.

Oman

This Placement Document and the Equity Shares offered under it are issued and governed by the laws of India. No offer or marketing of the Equity Shares has been or will be made by our Company from within the Sultanate of Oman and no subscription for Equity Shares may or will be effected or undertaken within the Sultanate of Oman. Our Company does not have a presence or representation in the Sultanate of Oman and any purchase of the Equity Shares will be deemed to be made in and under the laws of India.

By receiving this Placement Document, the person or entity to whom it has been issued understands, acknowledges and agrees that this Placement Document has not been registered or approved by the Central Bank of Oman, the Oman Ministry of Commerce and Industry, the Oman Capital Market Authority or any other authority in the Sultanate of Oman, and neither our Company nor the Book Running Lead Manager are authorized or licensed by the Central Bank of Oman, the Oman Ministry of Commerce and Industry, the Oman Capital Market Authority or any other authority in the Sultanate of Oman, to market or sell the Equity Shares within the Sultanate of Oman.

The Equity Shares offered under this Placement Document have not and will not be listed on any stock exchange in the Sultanate of Oman.

Qatar

This Placement Document does not, and is not intended to, constitute an invitation or an offer of securities in the State of Qatar (including the Qatar Financial Centre) and accordingly should not be construed as such. The Equity Shares have not been, and shall not be, offered, sold or delivered at any time, directly or indirectly, in the State of Qatar. Any offering of the Equity Shares shall not constitute a public offer of securities in the State of Qatar.

By receiving this Placement Document, the person or entity to whom it has been provided to understands, acknowledges and agrees that: (a) neither this Placement Document nor the Equity Shares have been registered, considered, authorized or approved by the Qatar Central Bank, the Qatar Financial Markets Authority, the Qatar Financial Centre Regulatory Authority or any other authority or agency in the State of Qatar; (b) neither our Company nor the Book Running Lead Manager are authorized or licensed by the Qatar Central Bank, the Qatar Financial Markets Authority, the Qatar Financial Centre Regulatory Authority, or any other authority or agency in the State of Qatar, to market or sell the Equity Shares within the State of Qatar; (c) this Placement Document may not be provided to any person other than the original recipient and is not for general circulation in the State of Qatar; and (d) no agreement relating to the sale of the Equity Shares shall be consummated within the State of Qatar.

No marketing of the Equity Shares has been or will be made from within the State of Qatar and no subscription to the Equity Shares may or will be consummated within the State of Qatar. Any applications to invest in the Equity Shares shall be received from outside of Qatar. This Placement Document shall not form the basis of, or be relied on in connection with, any contract in Qatar. Neither our Company nor the Book Running Lead Manager are, by distributing this Placement Document, advising individuals resident in the State of Qatar as to the appropriateness of investing in or purchasing or selling securities or other financial products. Nothing contained in this Placement Document is intended to constitute investment, legal, tax, accounting or other professional advice in, or in respect of, the State of Qatar.

Singapore

The Placement Document has not been and will not be registered as a prospectus with the Monetary Authority of Singapore ("**MAS**") under the Securities and Futures Act (Chapter 289) of Singapore ("**SFA**"). Accordingly, the Equity Shares may not be offered or sold, or made the subject of an invitation for subscription or purchase nor may this Placement Document or any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the Equity Shares be circulated or distributed, whether directly or indirectly, in Singapore other than (i) to an "institutional investor" within the meaning of Section 274 of the SFA and in accordance with the conditions of an exemption invoked under Section 274, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) other pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Equity Shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is: (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Equity Shares pursuant to an offer made under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights or interest in that trust are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for a corporation, in accordance with the conditions specified in Section 275 of the SFA; (2) where no consideration is or will be given for the transfer; or (3) where the transfer is by operation of law.

United Arab Emirates (excluding the Dubai International Financial Centre)

The Equity Shares have not been, and are not being, publicly offered, sold, promoted or advertised in the United Arab Emirates ("**U.A.E.**") other than in compliance with the laws of the U.A.E. Prospective investors in the Dubai International Financial Centre should have regard to the specific notice to prospective investors in the Dubai International Financial Centre set out below. The information contained in this Placement Document does not constitute a public offer of securities in the U.A.E. in accordance with the Commercial Companies Law (Federal Law No. 8 of 1984 of the U.A.E., as amended) or otherwise and is not intended to be a public offer. Our Company and the Equity Shares have not been approved or licensed by or registered with the Central Bank of the United Arab Emirates, the Emirates Securities and Commodities Authority or any other relevant licensing authorities or governmental agencies in the U.A.E. This Placement Document has not been approved by or filed with the Central Bank of the United Arab Emirates, the Emirates Securities and Commodities Authority or the Dubai Financial Services Authority. This Placement Document is being issued to a limited number of selected institutional and sophisticated investors, is not for general circulation in the U.A.E. and may not be provided to any person other than the original recipient or reproduced or used for any other purpose. If you do not understand the contents of this Placement Document, you should consult an authorised financial adviser. This Placement Document is provided for the benefit of the recipient only, and should not be delivered to, or relied on by, any other person.

Dubai International Financial Centre

This Placement Document relates to an exempt offer (an "**Exempt Offer**") in accordance with the Offered Securities Rules of the Dubai Financial Services Authority (the "**DFSA**"). This Placement Document is intended for distribution only to persons of a type specified in those rules. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this Placement Document nor taken steps to verify the information set out in it, and has no responsibility for it. The Equity Shares to which this Placement Document relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Equity Shares offered in the Issue should conduct their own due diligence on the Equity Shares. If you do not understand the contents of this Placement Document, you should consult an authorised financial adviser. For the avoidance of doubt, the Equity Shares are not interests in a ''fund'' or a ''collective investment scheme'' within the meaning of either the Collective Investment Law (DIFC Law No. 2 of 2010) or the Collective Investment Rules Module of the Dubai Financial Services Authority Rulebook.

United Kingdom (in addition to the European Economic Area selling restrictions above)

The Equity Shares offered in the Issue cannot be promoted in the United Kingdom to the general public. The contents of this Placement Document have not been approved by an authorised person within the meaning of Financial Services and Markets Act 2000, as amended (the "**FSMA**"). The Book Running Lead Manager (a) may only communicate or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA), to persons who (i) are investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Financial Promotion Order**"), or (ii) fall within any of the categories of persons described in article 49(2)(a) to (d) of the Financial Promotion Order or

otherwise in circumstances in which section 21(1) of the FSMA does not apply to our Company; and (b) has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Equity Shares in, from or otherwise involving the United Kingdom. Any invitation or inducement to engage in investment activity (within the meaning of Section 21 of FSMA) in connection with, or relating to, the sale or purchase of any Equity Shares, may only be communicated or caused to be communicated in circumstances in which Section 21(1) of the FSMA does not apply. It is the responsibility of all persons under whose control or into whose possession this document comes to inform themselves about and to ensure observance of all applicable provisions of FSMA in respect of anything done in relation to an investment in Equity Shares in, from or otherwise involving, the United Kingdom.

United States of America

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with any applicable state securities laws. The Equity Shares are not being offered or sold in the United States in the Issue. The Equity Shares are being offered and sold in the Issue only outside the United States in "offshore transactions" (as defined in Regulation S) in accordance with Regulation S. To help ensure that the offer and sale of the Equity Shares in the Issue was made in compliance with Regulation S, each purchaser of Equity Shares in the Issue will be deemed to have made the representations, warranties, acknowledgements and undertakings set forth in the section titled "*Transfer Restrictions*".

TRANSFER RESTRICTIONS

Pursuant to Chapter VIII of the ICDR Regulations, any resale of Equity Shares, except on the Stock Exchanges, is not permitted for a period of one year from the date of Allotment. Investors are advised to consult legal counsel prior to making any resale, pledge or transfer of our Equity Shares. In addition to the above, allotments of Equity Shares made to QIBs, including FVCIs, VCFs and AIFs, in this Issue may be subject to lock-in requirements under the rules and regulations that are applicable to them.

United States of America

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with any applicable state securities laws.

Each purchaser of the Equity Shares, by accepting delivery of this Placement Document, will be deemed to:

- Represent and warrant to our Company, the Book Running Lead Manager and its respective affiliates that the offer and sale of the Equity Shares to it is in compliance with all applicable laws and regulations.

- Represent and warrant to our Company, the Book Running Lead Manager and its respective affiliates that it was outside the United States (within the meaning of Regulation S) at the time the offer of the Equity Shares was made to it and it was outside the United States (within the meaning of Regulation S) when its buy order for the Equity Shares was originated.

- Represent and warrant to our Company, the Book Running Lead Manager and its respective affiliates that it did not purchase the Equity Shares as a result of any "directed selling efforts" (as defined in Regulation S).

- Acknowledge that the Equity Shares have not been and will not be registered under the U.S. Securities Act or the securities law of any state of the United States and warrant to our Company, the Book Running Lead Manager and its respective affiliates that it will not offer, sell, pledge or otherwise transfer the Equity Shares except in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S or pursuant to any other available exemption from registration under the U.S. Securities Act and in accordance with all applicable securities laws of the states of the United States and any other jurisdiction, including India.

- Represent and warrant to our Company, the Book Running Lead Manager and its respective affiliates that if it acquired any of the Equity Shares as fiduciary or agent for one or more investor accounts, it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account.

- Acknowledge that our Company, the Book Running Lead Manager and its respective affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and warranties and warrant to our Company and the Book Running Lead Manager that if any such acknowledgements, representations or warranties deemed to have been made by virtue of its purchase of the Equity Shares are no longer accurate, it will promptly notify our Company and the Book Running Lead Manager.

Any resale or other transfer, or attempted resale or other transfer, of the Equity Shares made other than in compliance with the above-stated restrictions will not be recognized by our Company.

GENERAL INFORMATION

1. Our Company is incorporated in the Republic of India under the Companies Act, 1956, as a company with limited liability having CIN L29199KA1985PLC006934.

2. The registered and corporate office of our Company is located at 100, Bommasandra Industrial Area, Anekal Taluk, Bengaluru - 560 099, Karnataka, India.

3. Our Company's authorized share capital is Rs. 15,00,00,000 divided into 15,00,00,000 Equity Shares of Re. 1 each. As on date of this Placement Document, our Company's issued, subscribed and paid-up share capital is Rs. 12,00,20,000 divided into 12,00,20,000 Equity Shares of Re. 1 each.

4. The Issue was authorised and approved by the Board on February 3, 2015, and approved by the Shareholders pursuant to their special resolution dated March 23, 2015.

5. For the main objects of our Company, please refer to the Memorandum.

6. Our Company has applied for and obtained in-principle approval in terms of Regulations 28(1) of the Listing Regulations on February 17, 2016, for the listing of the Equity Shares on the Stock Exchanges.

7. The compliance officer for the purpose of the Issue is Mr. Medappa Gowda J., Company Secretary & Vice President - Finance/CFO.

8. Copies of the Memorandum and Articles will be available for inspection during usual business hours on any weekday between 11:00 a.m. to 3:00 p.m. (except Saturdays and public holidays), at the Registered Office.

9. Except as disclosed in this Placement Document, there are no significant changes in the financial or trading position of our Company since March 31, 2015, the date of the last audited consolidated financial statements, prepared in accordance with Indian GAAP and the Companies Act included herein.

10. Except as disclosed in this Placement Document, there are no material litigation or arbitration proceedings against or affecting our Company or our Company's assets or revenues, nor is our Company aware of any pending or threatened litigation or arbitration proceedings, which are or might be material in the context of the Issue.

11. Except as disclosed in this Placement Document, our Company has obtained necessary consents, approvals and authorizations required in connection with the Issue.

12. Our Company's statutory auditors are Varma & Varma, Chartered Accountants, who have audited, the consolidated financial statements and standalone financial statements of our Company for the financial years 2015, 2014 and 2013, and are the independent auditors with respect to our Company in accordance with the guidelines issued by the ICAI. Varma & Varma, Chartered Accountants, have also conducted a limited review of our unaudited standalone interim financial results for the quarter and six-months ended September 30, 2015, and our unaudited standalone interim financial results for the quarter and nine-months ended December 31, 2015.

13. Our Company confirms that it is in compliance with the minimum public shareholding requirements as specified under the SCRR and as required under the Listing Regulations.

14. The floor price for the Issue, as calculated in accordance with Regulation 85 of the ICDR Regulations, is Rs. 139.40 per Equity Share with reference to February 17, 2016, as the Relevant Date. In accordance with the resolution of the Shareholders dated March 23, 2015, and Regulation 85(1) of the ICDR Regulations, the Board may at its discretion, offer a discount of up to 5.00% to the Floor Price.

DECLARATION

Our Company certifies that all relevant provisions of Chapter VIII and Schedule XVIII of the ICDR Regulations have been complied with and no statement made in this Placement Document is contrary to the provisions of Chapter VIII and Schedule XVIII of the ICDR Regulations and that all approvals and permissions required to carry on our Company's business have been obtained, are currently valid and have been complied with. Our Company further certifies that all the statements in this Placement Document are true and correct.

Signed by:

_____

Mr. Kula Ajith Kumar Rai,
Chairman & Managing Director

Date: February 22, 2016
Place: Bengaluru

Signed by:

_____

Mr. Medappa Gowda J.
Company Secretary & Vice President - Finance/CFO

Date: February 22, 2016
Place: Bengaluru

DECLARATION

We, the Directors of the Company certify that:

(i) the Company has complied with the provisions of the Companies Act, 2013 and the rules made thereunder;

(ii) the compliance with the Companies Act, 2013 and the rules does not imply that payment of dividend or interest or repayment of debentures, if applicable, is guaranteed by the Central Government; and

(iii) the monies received under the offer shall be used only for the purposes and objects indicated in the Placement Document (which includes disclosures prescribed under Form PAS-4).

Signed by:

Mr. Kula Ajith Kumar Rai,
Chairman & Managing Director

Date: February 22, 2016
Place: Bengaluru

I am authorized by the duly authorized committee of the Board of Directors of the Company, vide resolution dated February 22, 2016, to sign this form and declare that all the requirements of Companies Act, 2013 and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and the Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

Signed by:

Mr. Kula Ajith Kumar Rai,,
Chairman & Managing Director

Date: February 22, 2016
Place: Bengaluru

SUPRAJIT ENGINEERING LIMITED

CIN: L29199KA1985PLC006934
Registered & Corporate Office: 100, Bommasandra Industrial Area, Anekal Taluk,
Bengaluru - 560 099, Karnataka, India
Website: www.suprajit.com

Compliance Officer
Name: Medappa Gowda J.
Telephone: +91 80 43421100
Email: medappagowdaj@suprajit.com

BOOK RUNNING LEAD MANAGER

JM Financial Institutional Securities Limited

7th Floor, Cnergy, Appasaheb Marathe Marg,
Prabhadevi, Mumbai – 400025
Maharashtra, India

INDIAN LEGAL COUNSEL TO THE ISSUE

J. Sagar Associates

Vakils House, 18 Sprott Road,
Ballard Estate, Mumbai - 400 001,
Maharashtra, India

SPECIAL INTERNATIONAL LEGAL COUNSEL TO THE BOOK RUNNING LEAD MANAGER

Duane Morris & Selvam LLP

16 Collyer Quay, Floor 17
Singapore 049318

AUDITORS TO THE COMPANY

Varma & Varma
Chartered Accountants

424, 4th C Main, 6th Cross,
OMBR Layout, Banaswadi
Bengaluru – 560 043
Karnataka