

# contents

<i>Notice</i>	<i>5</i>
<i>Directors' Report</i>	<i>8</i>
<i>Auditors' Report</i>	<i>22</i>
<i>Balance Sheet</i>	<i>25</i>
<i>Profit and Loss Account</i>	<i>26</i>
<i>Cash Flow Statement</i>	<i>27</i>
<i>Schedules</i>	<i>28</i>
<i>Notes forming part of Accounts</i>	<i>35</i>
<i>Balance Sheet abstract</i>	<i>44</i>
<i>Statement pursuant to Section 212 of the Companies Act, 1956</i>	<i>46</i>
<i>A Statement on Financials of subsidiary companies</i>	<i>47</i>
<i>Auditors' Report on Consolidated Financial Statements</i>	<i>49</i>
<i>Consolidated Balance Sheet</i>	<i>50</i>
<i>Consolidated Profit and Loss Account</i>	<i>51</i>
<i>Consolidated Cash Flow Statement</i>	<i>52</i>
<i>Consolidated Schedules</i>	<i>54</i>
<i>Consolidated Notes forming part of Accounts</i>	<i>60</i>

**BOARD OF DIRECTORS****M R B Punja**

Chairman

**K Ajith Kumar Rai**

Vice-Chairman &amp; Managing Director

**Surendra Kumar N Shah**

Director

**M Jayarama Shetty**

Director

**B S Patil, IAS (Retd.)**

Director

**Diwakar S Shetty**

Director

**Ian Williamson**

Director

**COMPANY SECRETARY**

Medappa Gowda J

**STATUTORY AUDITORS**

Varma &amp; Varma

Chartered Accountants

**INTERNAL AUDITORS**

K S Aiyar &amp; Company

Chartered Accountants

**STOCK EXCHANGE**

The Stock Exchange Mumbai (BSE)

The National Stock Exchange (NSE)

**REGISTRARS AND SHARE****TRANSFER AGENTS****Alpha Systems Private Limited,**

No. 30, Ramana Residency,

4th Cross, Sampige Road,

Malleswaram, Bangalore 560 003.

Phone: 080-23460815-18

Fax : 080-23460819

E-mail: [alfint@vsnl.com](mailto:alfint@vsnl.com)**MANUFACTURING FACILITIES AT:****Units - 1**Plot No. 100,  
Bommasandra Indl. Area,  
BANGALORE - 560 099.**Units - 2**Plot No. 132,  
Bommasandra Indl. Area,  
BANGALORE - 560 099.**Unit - 3**No. 26 & 27A (Part),  
Doddaballapur Indl. Area,  
BANGALORE - 561 203.**Unit - 4**No. 164 & 165, Sector - 3,  
IMT Manesar, Gurgaon District,  
Haryana - 122 001.**Unit - 5**Plot No. B-13, MIDC,  
Chakan Industrial. Area,  
Pune, Maharashtra 410 501.**Unit - 6**A-1/541 I, IV Phase, G.I.D.C., VAPI,  
Gujarat - 396 195.**Unit - 7**Plot No. 14, Sector 10,  
IEE-SIDCUL, Pantnagar, Rudrapur,  
Udhamsingh Nagar Dist.  
Uttarakhand - 263 153.**Unit - 9 (100% EOU)**Plot No. 101,  
Bommasandra Industrial Area,  
BANGALORE - 560 099.**Unit - 10**Plot No. 04, Industrial Park IV,  
Begumpur Village, Roorkee,  
Haridwar 249403  
Uttarakhand.**BANKERS**

State Bank of India

Syndicate Bank

Citi Bank N.A.

The Hongkong &amp; Shanghai Banking Corporation

**REGISTERED OFFICE**Plot No. 100,  
Bommasandra Indl. Area,  
Bangalore - 560 099.  
Phone: 080 - 27833827-29, 43421100  
Fax : 080 - 27833279  
E-mail: [info@suprajit.com](mailto:info@suprajit.com)  
[investors@suprajit.com](mailto:investors@suprajit.com)

## MILESTONES

- 1985 - Incorporated as a Private Limited Company.
- 1987 - Commercial Production at Unit -1.
- 1994 - Commercial Production at Unit -2.
- 1996 - Public issue of Equity Shares at premium.
- 1997 - "Enterprise of the State" by KSFC.
- 1998 - Commercial Production at Unit -3.
- 1998 - Second Largest manufacturer of cables in India.
- 2001 - QS 9000 certification for Unit - 1, 2 & 3.
- 2002 - State of the art cable plant - Unit -4, Manesar near Delhi.
- 2002 - Acquisition of Shah Concabs Pvt Ltd, a Cable Manufacturer at Vapi - Unit -6.
- 2002 - India's largest cable Manufacturer.
- 2003 - Implementation of TS-16949 at all units, 4 units certified.
- 2003 - State of the Art cable plant at Chakan, Pune -Unit -5.
- 2003 - Listing of Shares at The Stock Exchange Mumbai (BSE).
- 2004 - Launch of CTP Suprajit Automotive Private Limited.
- 2004 - ISO 14000 & 18000 Certification for Manesar Unit.
- 2005 - Listing of Shares at The National Stock Exchange of India Ltd, Mumbai (NSE).
- 2005 - Turnover crosses Rs.1.0 Billion.
- 2006 - Successfully implemented Oracle ERP across all the units.
- 2006 - Acquisition of business and assets of CTP Gills Cables, U.K. through 100% Owned Subsidiary Gills Cables Limited, U.K.
- 2006 - Acquisition of the balance 50% stake held by Carclo plc., U.K. in the Joint Venture - CTP Suprajit Automotive Private Limited. (100% EOU)
- 2006 - Twin Awards by CNBC / ICICI Bank / CRISIL :
  - 1. SME of the Year.
  - 2. Auto Ancillary of the Year.
- 2007 - Group Turnover crosses Rs.2.0 billions.
- 2007 - Commercial production at Pantnagar plant - Unit -7.
- 2007 - Commercial production at the second plant in Manesar - Unit -4.
- 2007 - Best IT User Award -2006 in Automotive Sector by NASSCOM.
- 2008 - Civil works commenced for 100% EOU in Bangalore.
- 2009 - Commercial Production at 100% EOU in Bangalore - Unit -9.
- 2010 - Award by KSFC as an Outstanding Enterprise.
- 2010 - Commercial Production at Haridwar Plant - Unit 10.

## FINANCIAL HIGHLIGHTS

(Rs. In Million)

DESCRIPTION	2003	2004	2005	2006	2007	2008	2009	2010
Gross Income	558.03	826.17	1098.92	1378.12	1531.74	1594.11	1854.30	2268.94
Equity and Reserves	162.04	230.74	301.33	395.15	485.20	490.04	576.40	734.92
Net worth	159.81	229.60	301.36	395.15	485.20	490.04	576.40	734.92
Gross Fixed Assets	198.12	315.73	363.89	401.37	450.35	676.34	781.72	850.98
Capital Employed	260.38	360.72	464.57	517.74	846.20	836.15	867.73	959.74
Term Loan	108.33	129.98	149.52	122.59	361.00	346.11	291.92	224.82
Debt Equity Ratio	0.66	0.56	0.47	0.31	0.74	0.70	0.50	0.30
Current Ratio	1.59	1.38	1.46	1.51	1.78	1.41	1.28	1.22
Profit before tax (PBT)	77.81	119.09	148.11	187.74	182.53	101.51	180.83	320.63
Return on net worth - %	48.69	51.87	49.14	47.51	37.62	20.71	31.37	43.62
EBIDTA %	18.30	17.70	16.59	16.53	16.04	11.55	15.35	18.63
ROCE %	29.89	33.01	31.88	36.26	21.57	12.14	20.83	33.40
Book Value of shares (Rs.)	13.82	19.13	25.10	32.92	40.42	40.82	48.02	6.12*
EPS (Rs.)	4.47	7.07	8.15	10.66	10.40	4.07	9.69	1.82*
Dividend & Tax outflow (Rs)	14.16	18.61	27.26	34.21	34.74	28.08	29.89	59.58
Dividend (%)	22.50	27.50	40.00	50.00	50.00	40.00	45.00	42.50*
Pay out Ratio (%) to PAT	28.35	21.94	27.85	26.72	27.84	43.65	25.71	27.31

\* On expanded capital (post sub-division & bonus)

## NOTICE

**NOTICE** is hereby given that the Twenty Fifth Annual General Meeting of Suprajit Engineering Limited will be held at Unit 9 at Plot No.101, Bommasandra Industrial Area, Bangalore - 560 099 on Monday, the 2nd August, 2010 at 12:30 pm to transact the following business:

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010 and the Profit and Loss Account for the year ended as on that date together with the Reports of Directors and Auditors thereon.
2. To confirm the payment of Interim Dividend and to declare Final Dividend.
3. To appoint a Director in place of Mr. M.R.B.Punja, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Ian Williamson, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors of the Company and authorize the Board to fix their remuneration.

Place : Bangalore  
Date : 29th May, 2010

By Order of the Board  
for Suprajit Engineering Limited

**Medappa Gowda J**  
**Company Secretary**

## NOTES

1. **A Member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of himself/herself and such proxy need not be a member of the Company. Proxies in order to be effective, must be received at the Registered Office of the Company at least 48 hours before the meeting.**
2. The Register of Members and the Share Transfer books of the Company will remain closed from 29th July, 2010 to 2nd August, 2010 (both days inclusive).
3. An Interim Dividend of 20% and a special Silver Jubilee dividend of 25% declared at the Board Meeting held on 30th January, 2010 were paid to those members, whose names appeared on the Company's Register of Members as beneficial owners as per the records of the depositories as on 10th February, 2010 (Record Date).
4. Final Dividend of Re. 0.20 per Equity Share (20 %) as recommended by the Board, if approved at the Meeting, will be paid to those members whose names appear on the Register of Members of the Company as beneficial owners as per the records of depositories as on 2nd August, 2010.
5. All correspondences relating to change of Address, Transfer and Demat of Shares may be addressed to Alpha Systems Private Limited, No.30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bangalore - 560 003, Phone: 080 23460815 to 818, Fax: 080-23460819, Email: alfint@vsnl.com.
6. Members are requested to quote the Folio Numbers or Demat Account Numbers and Depository Participant ID (DPID) in all correspondence to the Registrar and Share Transfer Agents of the Company.
7. Pursuant to SEBI notification no. MED/ DOP/ Circular/05/2009 dated May 20, 2009, it has become mandatory for the transferee(s) to furnish copy of PAN Card to the Company/ RTA to enable/effect transfer of Shares in physical form.
8. The Equity Shares of the Company are available for trading in dematerialized form (electronic form) through depository participants. The Company has entered in to agreements with National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL). ISIN Code No.INE399CO1030. All Shareholders holding Shares in physical form are requested to make use of this facility. Members are requested to open De-mat account with any of the depository participants to enable transacting in the Stock Exchanges.
9. Members are requested to bring copy of the Annual Report along with them to the Annual General Meeting.
10. Un-claimed dividends up to the year 2002-2003 have been transferred to the General Revenue Account of the Central Government. As per Section 205A read with Section 205C of the Companies Act, 1956, the Dividend declared for the year ended 31st March, 2003 and for any financial year ending thereafter which remain unclaimed for a period of seven years will be transferred to the Investor Education and Protection Fund established by the Central Government. Members are requested to note that no claims shall lie against the Company or the said Fund in respect of any amounts which are unclaimed and unpaid for a period of seven years from the dates that they first became due for payment and no payment shall be made in respect of any such claims.
11. As regards re-appointment of Mr. M.R.B Punja, referred to in item No.3 of the notice, the following necessary disclosures are made for the information of the shareholders: Mr. M.R.B.Punja, aged about 85 years, is a Graduate in Economics. He was formerly Chairman and Managing Director of IDBI and has vast experience in the fields of industry, Finance and Administration. He started his career with R.B.I. in the year 1949 and subsequently shifted to IDBI and retired as C & M.D. in June 1985. Subsequently, he was the Chairman of Nirlon as nominee of UTI from 1988-90. He was a consultant in rehabilitation finance with UNCTAD/GATT, Geneva. He has been advising the Company on financial and management aspects as Chairman of the Company since 1994. Presently he is associated with many Companies as Chairman, Director and Committee Member. Details of his other directorships are as below:

### Name of the Company

#### Public Limited Companies:

1. Andhra Petrochemicals Limited
2. Hindoostan Spinning & Weaving Mills Limited
3. Apollo Tyres Limited
4. Deepak Nitrite Limited
5. Chowgule Steamships Limited
6. Sushruta Medical Aid & Research Hospital Limited

#### Private Limited Companies:

1. Delite Engineering Private Limited

### Nature of Interest

- |   |          |
|---|----------|
| - | Chairman |
| - | Director |
| - | Director |
| - | Director |
| - | Director |
| - | Director |

- |   |          |
|---|----------|
| - | Director |
|---|----------|

#### Membership of Committees :

Name of the Company	Name of the Committee	Nature of Interest
1. Deepak Nitrite Limited	Audit Committee	- Chairman
2. Hindoostan Spinning & Weaving Mills Ltd	Audit Committee	- Member
3. Apollo Tyres Limited	Audit Committee	- Chairman
	Remuneration Committee	- Member

12. As regards re-appointment of Mr. Ian Williamson, referred to in item No.4 of the notice, the following necessary disclosures are made for the information of the Shareholders:

Mr. Ian Williamson, aged about 59 years, is the Chief Executive of Carclo plc, Public Company listed on the London Stock Exchange, since 1995. Carclo has global operations located in UK, USA, China, India and Eastern Europe and manufactures technical plastic components for medical, automotive and electronics markets worldwide. Mr. Ian Williamson has a first class degree in Electrical Sciences from Cambridge University and has broad experience of managing engineering businesses in UK, Europe, USA, China and India. He brings to Suprajit his vast experience in Global acquisitions, mergers and business practices.

#### His other directorships:

Name of the Company	Nature of Interest
1. Carclo Platt Nederland NV	- Director
2. Carclo plc	- Director
3. CTP Carrera Inc (USA)	- Director
4. Carclo Technical Plastics Shanghai Co., Ltd	- Director
5. Carclo US Holdings Inc	- Director
6. CTP Coil Inc	- Director
7. Birkett Cutmaster Limited	- Director
8. Bruntons Aero Products Limited	- Director
9. CTP Litchfield Limited	- Director
10. Carclo Technical Plastics (Mitcham) Limited	- Director
11. Carclo Technical Plastics Limited	- Director
12. Carclo Technical Plastics (Slough) Limited	- Director
13. CTPWipac Limited	- Director

13. The Company will provide transport facility from Bangalore City to attend the Annual General Meeting. Members are requested to report at 10.30 a.m. on 2nd August, 2010 near Bangalore Stock Exchange, No.51, 1 Cross, J.C. Road, Bangalore - 560 002.

#### Contact persons:

- |    |                          |   |                                 |
|----|--------------------------|---|---------------------------------|
| 1. | <b>Mr. K S Ranganath</b> | - | <b>Cellphone No. 9945108318</b> |
| 2. | <b>Mr. S L Satish</b>    | - | <b>Cellphone No. 9342135877</b> |

## DIRECTORS' REPORT

Your Directors have pleasure in presenting their Twenty Fifth Annual Report and the Audited Accounts of your Company for the Silver Jubilee Year ended 31st March, 2010.

### SILVER JUBILEE YEAR:

Your Company had a modest beginning 25 years ago as a Small Scale Auto Ancillary. The sales grew from Rs. 49.31 lakhs for the first full year 1987-88 to Rs. 22,689.49 lakhs for the year 2009-10, a compounded annual growth of 32.14%. The Profit before interest and tax grew from Rs. 7.23 lakhs to Rs. 3,779.88 lakhs during the same period, a compounded growth of 32.91%, over this period. Automotive industry has grown over the same period at about half this rate, making your Company's performance significantly ahead of the industry. Your Board believes that all the Shareholders will appreciate Team Suprajit's consistent sterling performance over the years.

### FINANCIAL RESULTS:

(Rs. in Lakhs)

Particulars	2009-10	2008-09
Gross Income	22,689.49	8,543.07
Profit before tax	3,206.36	1,808.36
Less: Provision for taxation	1,025.32	627.69
Profit after tax before prior period adjustment	-	1,180.68
Current Tax relating to prior year	-	18.02
Profit after Tax	2,181.04	1,162.66
Add: Surplus from last year	1,701.93	954.58
Profit available for appropriation after adjustments prior period taxes	3,882.97	2,117.24
<b>APPROPRIATIONS:</b>		
1 Interim & Silver Jubilee Dividend 45% (last year 20%)	270.04	120.02
Tax on interim Dividend (Net)	45.89	3.49
2 Proposed final Dividend 20 % (last year 25%)	240.04	150.03
Provision for tax on Final Dividend	39.87	25.50
3 Transferred to General Reserve	1,200.00	116.27
4 Balance carried to Balance Sheet	2,087.13	1,701.93

### BONUS – DIVIDEND:

As part of celebration of Silver Jubilee Year, Shareholders are aware that, your Company issued Bonus Shares in the ratio 1:1 and split each Equity Share of Rs. 5/- into 5 Equity Shares of Re. 1/- each. In addition, a Silver Jubilee Dividend of Rs. 1.25/- per Equity Share of Rs. 5/- each (25%) was declared and paid. An Interim Dividend of Re. 1/- per Equity Share of Rs. 5/- each (20%) was also declared and paid. Your Directors have pleasure in recommending a Final Dividend of Re. 0.20 (20%) per Equity Share of Re. 1/- each. The total outgo on the dividend payout including taxation stands at Rs. 595.84 lakhs as against Rs. 298.98 lakhs during the last year.

### OPERATIONS:

The year under review had a slow start, but gathered good momentum as the year progressed. Globally, first half of the year continued to reel under recession and financial restructuring. However, as the year progressed, world economy started to stabilise and selectively grew. The concerns on domestic economy turned from pessimism to optimism and growth exceeded expectations of many. The pent up demand in Indian automotive sector translated into an excellent growth in all automotive sectors.

Indian automotive sector grew by 25.26% for the year. Against this background, your Company recorded a nett

income of Rs. 21,010 lakhs during the year 2009-10 as against Rs. 16,535 lakhs during the year 2008-09, recording a growth of 27.06%. During the year 2009-10, the Profit After Tax was Rs. 2,181 lakhs against Rs. 1,162 lakhs during the year 2008-09, recording a growth of 87.69%. The consolidated sales grew from Rs. 22,700 lakhs for the year 2008-09 to Rs. 26,635 lakhs for the year 2009-10, recording a growth of 17.33%. The consolidated Profit After Tax grew from Rs. 900 lakhs to Rs. 2,216 lakhs during the same period, a growth of 148.44%.

Your Company's new plant at Haridwar was operationalised during the last quarter of the year and has started supplies to one major customer. Capacities at most other plants were stretched to the limit during the year with automotive sector growing robustly surpassing internal budgets. Non-automotive and aftermarket businesses, the new thrust areas of your Company, consolidated and grew, equally well.

### CURRENT YEAR:

Outlook for the current year looks promising and first few months of the year indicate a robust year ahead. Your Company has announced various capital expenditure plans which will take Suprajit Group's capacity to 110 millions cables by next year. Your Company will enhance production capacities in the non-automotive and aftermarket sectors along with expanded capacities in your facilities across India. New plants in Sanand, Bangalore, Chakan and Manesar are expected to be in place within the next 12-24 months. This will make your Company's cable capacity to be amongst top 5 in the world.



While current optimism seem justified, increased interest costs, high inflation and hardening of commodity prices are the likely dark spots in an otherwise good year ahead.

Your Company has fully established its automotive cable business and by far the leader in the domestic market. Your Directors feel that it is time for your Company to diversify its product range within automotive sector either internally or through acquisitions. Efforts are underway to identify suitable target business for acquisition, to enhance the product mix of the Company.

#### DEMATERIALISATION OF SHARES:

As per the directives issued by the Securities and Exchange Board of India (SEBI), Shares of your Company are to be traded compulsorily in dematerialized form. Necessary arrangements have been made with National Securities Depository Limited (NSDL) and Central Depository Service Limited (CDSL) to facilitate dematerialization of Shares.

#### LISTING OF EQUITY SHARES:

Your Company's Shares continue to be listed on the Stock Exchange at Mumbai and at National Stock Exchange. During the year the Company has sub-divided its Equity Share of Rs. 5/- each into 5 Equity Shares of Re. 1/- each and issued Bonus Shares in the ratio of 1:1.

#### WHOLLY OWNED SUBSIDIARIES:

While domestic scenario has changed for better, the global automotive scenario continue to be challenging. The global automotive sales have come down significantly and are currently stabilising at much lower levels after the crisis of past 2 years. With this in the background, the performances of the subsidiaries have improved during the year. Suprajit Automotive's sales has increased by 4.11% and Gills Cables sales has decreased by 25.82%. It must be noted that Gills Cables operates as a front-end for Suprajit's global ambitions as a technical and commercial centre and has minimal manufacturing in line with the group's plans, which will further reduce in coming years.

The current year for the subsidiaries appears to be satisfactory and growth is expected to resume.

#### DEPOSITS:

Your Company has accepted deposits pursuant to the provisions of Section 58-A of the Companies Act, 1956 and Companies (Acceptance of Deposits) Rules, 1975 during the year.

#### INFORMATION PURSUANT TO SECTION 217(1)(e) OF THE COMPANIES ACT, 1956:

The information as required under the above Section is given in Annexure and forms part of this Report.

#### PARTICULARS OF EMPLOYEES UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956:

The information as required under the above Section is given in Annexure and forms part of this Report.

#### INDUSTRIAL RELATIONS:

Relations with the employees continued to be cordial throughout the year. Your Directors wish to place on record their sincere appreciation for the excellent team spirit displayed by the employees at all levels.

#### CORPORATE GOVERNANCE:

Your Company has implemented various measures of Corporate Governance aiming to assist the management of the Company and to meet the obligations to Shareholders and towards enhanced transparency. A report on Corporate Governance is given in Annexure and forms part of this Report.

#### DIRECTORS' RESPONSIBILITY STATEMENT IN TERMS OF SECTION 217 (2AA) OF THE COMPANIES ACT, 1956:

Your Directors confirm:

I. That in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed.

II. That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March, 2010 and of the profit of the Company for that year.

III. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

IV. That the Directors have prepared the Annual Accounts on a 'going concern' basis.

#### STATUTORY DISCLOSURES:

The Annual Accounts of the subsidiary companies and the related detailed information will be made available to the members of the Company and its subsidiary companies, seeking such information at any point of time. The Company has been granted exemption as per Section 212 (8) of the Companies Act, 1956 for the year ended 31st March, 2010 by the Ministry of Corporate Affairs from attaching the Balance Sheet, the individual Annual Reports of its subsidiary companies. Accordingly, a statement exhibiting brief financial details of the Company's subsidiaries for the year ended 31st March, 2010 is included in the Annual Report. The Annual Accounts of the subsidiary companies will be kept for inspection by any member of the Company at its Registered Office and also at the Registered Office of the concerned subsidiary companies.

#### ADDITIONAL DISCLOSURES:

In line with the requirements of the Listing Agreements and Accounting Standards, your Company has made additional disclosures in respect of consolidated Financial Statements and Related Party disclosures.

#### SEGMENT REPORTING :

The Company has classified its products as Auto Components. Since the nature of activities are governed by the same set of risk and returns, these have been grouped as a domestic and export sales based upon geographical segment in the above disclosures.

#### DIRECTORS :

Mr. M.R.B.Punja and Mr. Ian Williamson Directors, retire by rotation and are eligible, offer themselves for re-appointment.

#### AUDIT COMMITTEE :

Audit Committee constituted by the Board of Directors with requisite composition to fall in line with the prevailing laws continued to discharge its functions during the year under report.

#### INSURANCE COVERAGE :

The Board reports that your Company has adequately

insured all the assets of the Company.

#### AUDITORS :

Messrs Varma & Varma, Chartered Accountants, retire as Auditors of the Company and being eligible, offer themselves for re-appointment.

#### ACKNOWLEDGMENT :

Your Directors wish to thank Syndicate Bank, Citibank N.A. and State Bank of India, The Hong Kong & Shanghai Banking Corporation, for their continued support and assistance. Your Directors place on record their gratitude to the customers, distributors, vendors, shareholders and other acquaintances for their continued and valued support

**For and on behalf of the Board**

**Place : Bangalore  
Date : 29th May, 2010**

**M R B Punja  
Chairman**

### ANNEXURE TO THE DIRECTORS' REPORT PARTICULARS OF EMPLOYEES UNDER SECTION 217 (2A) OF THE COMPANIES ACT, 1956.

1.	Name	:	K Ajith Kumar Rai
2.	Designation	:	Vice Chairman & Managing Director
3.	Age	:	52 Years
4.	Qualifications	:	B.E.M.A.Sc. (Canada)
5.	Experience	:	25 Years
6.	Date of Commencement of Job	:	24.05.1985
7.	Remuneration	:	Rs. 1,69,25,079/-
8.	Last Employment held	:	Research & Teaching Assistant, Technical University of Novascotia, Canada.
9.	Nature of Employment	:	Contractual

Note : Remuneration includes salary and value of perquisites.

1.	Name	:	C.Mohan
2.	Designation	:	President
3.	Age	:	57Years
4.	Qualifications	:	B.E., M.B.A, Advance Diploma in Management Research.
5.	Experience	:	34 Years
6.	Date of Commencement of Job	:	26.11.2007
7.	Remuneration	:	Rs. 26,55,897/-
8.	Last Employment held	:	Kalyani Forge Limited, Pune as Chief Operating Officer.
9.	Nature of Employment	:	Contractual

Note: Remuneration includes salary and value of perquisites.

**For and on behalf of the Board**

**Place: Bangalore  
Date : 29th May, 2010**

**M R B Punja  
Chairman**

## ANNEXURE TO THE DIRECTORS' REPORT

### PARTICULARS OF EMPLOYEES UNDER SECTION 217 (2) (e) OF THE COMPANIES ACT, 1956.

#### 1. CONSERVATION OF ENERGY:

Several energy conservation measures in all plants, such as reduction in night shifts, lighting loads, running of non critical equipments along with changes in shift timing, special notices on power consumption and improvement of power factor etc. have been implemented to conserve energy. This has resulted in considerable savings as well as awareness among the employees.

#### 2. TECHNOLOGY ABSORPTION:

##### a) Research and Development:

The Company has established full-fledged R & D Centre with good team of development staff for both Cables and Speedometers. The Company has developed many new cables and speedometers for its customers both local and exports, which has been responsible for the growth in business during the year.

##### b) Expenditure on Research and Development:

(Rs.in Lakhs)

Particulars	2009-10	2008-09
Salaries & Wages	52.65	66.71
Materials, Consumables & Stores	2.32	0.85
Other Direct Expenditures	21.86	13.40
<b>Total</b>	<b>76.83</b>	<b>80.96</b>

##### c) Technology Absorption, Adaptation, Innovation and particulars of imported technology:

The Company has completely absorbed and adapted various technologies for cables and speedometers.

#### 3. FOREIGN EXCHANGE EARNINGS AND OUT FLOW:

(Rs.in Lakhs)

Particulars	2009-10	2008-09
Earnings (FOB Value of Exports)	793.80	701.96
Out Flow (Raw materials & Foreign Travel Expenses, Commission etc.)	1,077.25	1,083.06

For and on behalf of the Board

Place: Bangalore  
Date : 29th May, 2010

M R B Punja  
Chairman

**ANNEXURE TO THE DIRECTORS' REPORT**  
**DISCLOSURES REGARDING SUSPENSE**  
**ACCOUNT PURSUANT TO SEBI**  
**CIRCULAR NO. SEBI/CFD/DIL/LA/1/2009/24/04 DATED APRIL 24, 2009:**

Sl. No	Particulars	No. of Shareholders	No. of Shares
1.	Shareholders whose Shares are lying in the suspense account at the beginning of the year.	Nil	Nil
2.	Outstanding Shares in the suspense account at the beginning of the year.	Nil	Nil
3.	Shareholders who approached issuer for transfer of Shares from suspense account during the year.	Nil	Nil
4.	Shareholders to whom Shares were transferred from suspense account during the year.	Nil	Nil
5.	Aggregate number of shareholders whose Shares are lying in the suspense account at the end of the year.	Nil	Nil
6.	Outstanding Shares in the suspense account lying at the end of the year.	Nil	Nil

**For and on behalf of the Board**

**Place: Bangalore**  
**Date : 29th May, 2010**

**M R B Punja**  
**Chairman**

## ANNEXURE TO THE DIRECTORS' REPORT

### REPORT ON CORPORATE GOVERNANCE

#### MANDATORY REQUIREMENTS

#### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

The Company's philosophy is sustained profitable growth, increase in stakeholders' value, transparency and disclosure, internal controls in its business practices and risk management, communication and good standards in safety, health, environment management, accounting fidelity, product and service quality. The Company complies with the listing requirements of the Stock Exchanges where its Shares are

listed. The Company has complied with all the provisions of the Companies Act, SEBI guidelines and also those of the Stock Exchanges guidelines and is committed to good Corporate Governance. The Board fully understands and takes responsibility for its commitments to stakeholders, employees, vendors, customers and the communities where it operates. The primary objective of Customer Satisfaction is relentlessly pursued. Following is a report on the status and progress on various aspects of Corporate Governance of the Company.

#### 2. (a) THE BOARD OF DIRECTORS AND THE MEETINGS ATTENDED BY RESPECTIVE DIRECTORS ARE AS UNDER :-

Name of the Director	Category	Board Meetings Attended	Attended Last AGM
Mr. M R B Punja	Chairman, Non-Executive & Independent	5	Yes
Mr. K Ajith Kumar Rai	Vice Chairman & Managing Director-Executive	5	Yes
Mr. M Jayarama Shetty	Director, Non-Executive	5	Yes
Mr. B S Patil	Director, Non-Executive & Independent	4	No
Mr. Surendra Kumar N Shah	Director, Non-Executive & Independent	4	No
Mr. Diwakar S Shetty	Director, Non-Executive & Independent	2	No
Mr. Ian Williamson	Director, Non-Executive & Independent	3	No

Mr. K Ajith Kumar Rai is the Vice-Chairman & Managing Director and the others are Non-Executive Directors.

#### (b) DETAILS OF BOARD MEETINGS HELD DURING THE YEAR:

Five Board meetings were held during the year 2009-10. The dates are as follows:-

29th June	2009
28th July	2009
31st October	2009
30th January	2010
22nd March	2010

#### 3. OUTSIDE DIRECTORSHIPS / COMMITTEE POSITIONS AS ON 31ST MARCH 2010:

Name of the Directors	In Listed Companies	In Unlisted Public Limited Companies	As Chairman / Member of Board Committees
Mr. M R B Punja	7	1	4
Mr. K Ajith Kumar Rai	Nil	2	1
Mr. Surendra Kumar N Shah	Nil	Nil	Nil
Mr. M Jayarama Shetty	Nil	Nil	Nil
Mr. B S Patil	3	7	Nil
Mr. Diwakar S Shetty	1	7	Nil
Mr. Ian Williamson	Nil	Nil	Nil

#### NOTES:

1. Private Limited companies, foreign companies and companies under Section 25 of the Companies Act, 1956 are excluded for the above purpose.
2. Only Audit Committee and Shareholders' Grievance Committee are considered for the purpose of committee positions as per the Listing Agreement. None of the Directors is a member in more than 10 committees, nor a Chairman in more than 5 committees across all companies in which he is a Director.

#### 4. AUDIT COMMITTEE:

The Audit Committee comprises of Mr. M R B Punja, Mr. Diwakar S Shetty and Mr. M Jayarama Shetty, all being Non-Executive Directors. The Vice Chairman & Managing Director, Head of Finance, Internal Auditors and Statutory Auditors are invitees to the Meeting. The Company Secretary acts as the Secretary of the Committee.

The Company has complied with the requirements of Clause 49(II) (A) of the Listing Agreement relating to the composition of the Audit Committee. The Chairman of the Audit Committee, Mr. M R B Punja, was present at the Annual General Meeting held on 29th August, 2009.

The Audit Committee met on 29th May, 2010 to review the Annual Accounts for the year ended 31st March, 2010 before finalisation and recommended for acceptance of the Annual Accounts by the Board of Directors of the Company.

**The terms of reference of the Audit Committee include the following:**

1. Overseeing the Company's financial reporting process including Internal Audit arrangements and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
3. Reviewing with the management the annual financial statements before submission to the Board.
4. Reviewing any activity under its reference.

#### 9. GENERAL MEETINGS:

The last three Annual General Meetings of the members were held as detailed below:

##### Annual General Meetings:

Year	Date	Day	Time	Meeting
2007	31st July	Tuesday	11.00 a.m	Twenty Second Annual General Meeting
2008	13th Sep	Saturday	11.00 a.m.	Twenty Third Annual General Meeting
2009	29th Aug	Saturday	11.00 a.m.	Twenty Fourth Annual General Meeting

#### 5. CODE OF CONDUCT:

The Company has adopted a Code of Conduct which has been implemented. The Code of Conduct is made applicable to the Directors and Members of Core Management Team.

#### 6. INVESTORS' AND SHAREHOLDERS' GRIEVANCE COMMITTEE:

The Company has constituted Investors' / Shareholders' Grievance Committee, comprising of Mr. M Jayarama Shetty, Mr. M R B Punja, Mr. K Ajith Kumar Rai and Mr. Medappa Gowda J, Secretary. This Committee monitors and addresses investors complaints, transfer of shares, transmission etc. Based on the information provided by the Company's Registrars and Share Transfer Agents, no queries / complaints were received from the Shareholders during the period except change of address and non-receipt of dividend warrants. All of them have been addressed to the satisfaction of the shareholders. As of 31st March, 2010, no transfer of shares was pending.

#### 7. DISCLOSURES REGARDING SUSPENSE ACCOUNT PURSUANT TO SEBI CIRCULAR NO. SEBI/CFD/DIL/LA/1/2009/24/04 DATED APRIL 24, 2009:

As per the above mentioned Circular, Clause 5A stands for shares issued pursuant to the public issues or any other issue which remain unclaimed and are lying in the escrow account and any unclaimed benefits like Dividend, Bonus shares etc., which are to be credited to the Demat Suspense Account. Your Company is taking steps to streamline all the requirements.

#### 8. COMPLIANCE OFFICER:

Name and Designation of the Compliance Officer:

Mr. Medappa Gowda J - Company Secretary & Sr. General Manager - Finance  
He can be contacted for any investor related matters relating to the Company. His Telephone No. 080-43421138, Fax: 080-27833279. E-mail: mgj@suprajit.com



## 10. POSTAL BALLOT:

During the year, consent of the members of the Company was sought by Special Resolutions through Postal Ballot as under:-

Particulars of Postal Ballot	Date of Approval of Resolutions by Postal Ballot	No. of Valid Postal Ballots	No. of Invalid Postal Ballots	Votes in favor of the Resolution	Votes against the Resolution
Special Resolution pursuant to Section 94 of the Companies Act, 1956, approving the Sub-division of authorized Share capital of the Company comprising of 14000000 Equity Shares of Rs.5/- each aggregating to Rs.70,000,000/- sub divided into 70,000,000 Equity Shares of Re.1/- each aggregating to Rs. 70,000,000/- and sub-division of existing issued subscribed and fully paid up Equity Share capital comprising of 12,002,000 equity shares of Rs.5/- each aggregating Rs. 6,00,10,000/- be sub-divided into 6,00,10,000 Equity Shares of Re. 1/- each aggregating to Rs. 6,00,10,000/.	10th March, 2010	175	1	7117303	1
Special Resolution pursuant to Section 94 of the Companies Act, 1956, increase in the authorized Share capital from Rs.70,000,000/- divided into 70,000,000 Equity Shares of Re.1/- each intoRs.125,000,000/- divided into 125,000,000 Equity Shares of Re.1/- each.		175	1	7117503	0
Special Resolution for alteration of Clause V of Memorandum of Association of the Company for increase in the authorized Share capital of the Company.		175	1	7117503	3
Special Resolution for alteration of Article 3 of Articles of Association of the Company for increase in the authorised Share capital of the Company.		175	1	7117503	3
Special Resolution for capitalisation of securities premium account and General Reserves and issue and allotment of 60,010,000 Equity Shares of Re.1/- each aggregating to Rs.60,010,000/- in the ratio of 1:1.		175	1	7117503	0
Special Resolution for approval for making investments / Loans exceeding 60% of the aggregate of the paid up Share capital and free reserves or 100% of the free reserves pursuant to Section 372A, of the Companies Act,1956.		175	1	7117162	4
Special Resolution pursuant to Section 309,310,311 for payment of commission not exceeding 1% of the net profits of the Company subject to a limit of Rs.1.00 lakh per Director per annum.		175	1	7110075	7

Mr. Vijayakrishna K.T, Practicing Company Secretary, was appointed as Scrutinizer for conducting the Postal Ballot voting process for the above resolutions.

The Postal Ballot process was undertaken in accordance with the provisions of Section 192A of the Companies Act, 1956, read with the Companies (Passing of Resolution by Postal Ballot) Rules, 2001.

Any special resolutions which are required to be conducted through Postal Ballot will be conducted as per prevailing Law.

## 11. DISCLOSURES:

a. Related party transactions are disclosed under notes to the accounts in this Report.

b. The Company has continued to comply with the requirements of the Stock Exchanges, SEBI and other Statutory Authorities on all matters related to capital markets during the last three years. No penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other Statutory Authorities relating to the above.

## 12. MEANS OF COMMUNICATION:

The quarterly and annual financial results of the Company are generally published in leading newspapers. These results

are sent to the Stock Exchanges immediately after the Board takes them on record, first by fax then followed by courier. Half yearly results were sent to each Shareholder along with a review of the business. The website of the Company, [www.suprajit.com](http://www.suprajit.com) gives information on the Company including Financial Results.

## 13. MANDATORY / NON-MANDATORY REQUIREMENTS:

The Company has complied with the requirements relating to Corporate Governance as mandated by the Listing Agreement with the Stock Exchanges. In addition, the Company has complied with the following non-mandatory requirements.

## 14. REMUNERATION COMMITTEE / REMUNERATION OF DIRECTORS:

The Board of Directors setup a Remuneration Committee to consider the compensation payable to the Directors. This Sub-Committee has three Non-Executive Directors:  
Mr. Diwakar S Shetty - Chairman,  
Mr. M R B Punja - Member,  
Mr. M Jayarama Shetty - Member.

### Remuneration paid / payable to Directors during 2009-10 (in Rs.)

SL NO	NAME OF THE DIRECTOR	SITTING FEES	SALARY & PF	COMMISSION	TOTAL
1.	Mr. M R B Punja	110,000	-	100,000	210,000
2.	Mr. K Ajith Kumar Rai	-	3,960,000	12,965,079	16,925,079
3.	Mr. M Jayarama Shetty	110,000	-	100,000	210,000
4.	Mr. B S Patil	40,000	-	100,000	140,000
5.	Mr. Surendra Kumar N	40,000	-	100,000	140,000
6.	Mr. Diwakar S Shetty	40,000	-	100,000	140,000
7.	Mr. Ian Williamson	waived	-	100,000	100,000
<b>TOTAL</b>		<b>340,000</b>	<b>3,960,000</b>	<b>13,565,079</b>	<b>17,865,079</b>

The remuneration paid/payable to the Vice Chairman and Managing Director was approved by the Shareholders at the Twenty Fourth Annual General Meeting held on 29th August, 2009 based on the recommendation of the Remuneration Committee and with the approval of the Board. This is reviewed by the Remuneration Committee and the Board. The remuneration consists of fixed salary and commission taking into accounts the economic results and individual performance.

The information on remuneration paid to Vice Chairman & Managing Director is disclosed in the notes to the accounts. The Company has not had any other pecuniary relationship/transaction with any of the non-whole time Directors.

## 15. AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE:

The Company has obtained the Certificate from a Practicing Company Secretary regarding compliance with the provisions relating to Corporate Governance set down in clause 49 of the Listing Agreement with the Stock Exchanges.



## 16. GENERAL SHAREHOLDER INFORMATION:

### a. Twenty-Fifth Annual General Meeting :

Date	Time	Venue
2nd August, 2010	12.30 p.m.	Unit 9 at plot No.101, Bommasandra Indl. Area, Bangalore - 99

### b. Financial Calendar:

Financial Year	-	April to March
First Quarter Results	-	In July
Half Yearly Results	-	In October
Third Quarter Results	-	In January
Results for the year ended 31st March	-	By May 2010
Book Closure Date	-	29th July 2010 to 2nd August 2010 (Both days inclusive)
Proposed Final Dividend	-	20% (Re. 0.20 per Equity Share)
Dividend Payment date(s)	-	3rd week of August 2010
Scrip Code	-	BSE-532509 / NSE-SUPRAJIT
Stock Exchange	-	The Stock Exchange, Mumbai National Stock Exchange of India Limited

International Securities Identification Number (ISIN) for National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL): **INE-399C01030**.

### c. Share Transfer System:

All the transfers received are processed and approved by the Transfer/Shareholders Grievance Committee at its meeting or by circular resolutions.

The Company's Registrars and Share Transfer Agents, Alpha Systems Private Limited (Alpha) have adequate infrastructure to process the share transfers. The Committee meets to approve the transfers etc., as may be required by the Registrars and Share Transfer Agents in compliance with Listing Guidelines. Periodically, a Practicing Company Secretary audits the System and a certificate to that effect is issued and the same is filed with the Stock Exchanges. Additionally, Secretarial Audits and Dematerialisation related scrutiny are conducted quarterly by a Practicing Company Secretary.

### d. Dematerialisation of Shares and liquidity:

63,798,440 Equity Shares of the total equity capital are held in dematerialised form with NSDL and CDSL

### e. Plant Location:

The Company has Nine Plants located at:

Bangalore - Karnataka	-	3 plants
Bangalore - Karnataka - 100% E.O.U	-	1 Plant
Manesar - Haryana	-	1 Plant
Chakan - Maharashtra	-	1 Plant
Vapi - Gujarat	-	1 Plant
Pantnagar - Uttarakhand	-	1 Plant
Haridwar - Uttarakhand	-	1 Plant

### f. Registered Office / Address for correspondence :

Suprajit Engineering Limited  
No. 100, Bommasandra Indl. Area,  
Bangalore - 560 099.  
Tel: 080-27833827-29, Fax: 080-27833279  
E-mail: [investors@suprajit.com](mailto:investors@suprajit.com) / [info@suprajit.com](mailto:info@suprajit.com)

Shareholders holding Shares in electronic mode should address all their correspondence to their respective Depository Participant (DP).

**g. Shareholding Pattern as on 31st March, 2010:**

SL.	CATEGORY	NUMBER OF SHARES HELD	PERCENTAGE OF SHAREHOLDING
1.	<b>Promoters' holding</b>		
a.	Indian Promoters	61,199,160	50.99
b.	Foreign Promoters	Nil	-
c.	Persons acting in concert	Nil	-
	<b>Sub-Total</b>	<b>61,199,160</b>	<b>50.99</b>
2.	<b>Non-Promoters Holding</b>		
a.	Institutional Investors	Nil	-
b.	Mutual Funds and UTI	4,000,000	3.33
c.	Banks, Financial Institutions Insurance Companies (Central / State Gov. Institutions / Non-Government Institutions)	Nil	-
	<b>Sub-Total</b>	<b>4,000,000</b>	<b>3.33</b>
	<b>Sub-Total (1 + 2)</b>	<b>65,199,160</b>	<b>54.32</b>
3.	<b>Others</b>		
a.	Private Corporate Bodies	12,630,871	10.52
b.	Indian Public	38,503,229	32.08
c.	Foreign Institutional Investors	3,686,740	3.08
d.	Any other (please specify)	Nil	-
	<b>Sub-Total</b>	<b>54,820,840</b>	<b>45.68</b>
	<b>GRAND TOTAL</b>	<b>120,020,000</b>	<b>100.00</b>

**h. Distribution of shareholding according to size class as on 31st March, 2010:**

DESCRIPTION	HOLDERS	% OF HOLDERS	HOLDINGS	% OF HOLDINGS
1 - 500	2509	41.17	664,015	0.55
501 - 1000	1225	20.10	1,144,165	0.95
1001 - 2000	686	11.26	1,196,454	1.00
2001 - 3000	319	5.23	867,427	0.72
3001 - 4000	171	2.81	644,675	0.54
4001 - 5000	227	3.72	1,111,439	0.93
5001 - 10000	456	7.48	3,673,378	3.06
10001 & ABOVE	501	8.22	110,718,447	92.25
<b>Total</b>	<b>6094</b>	<b>100.00</b>	<b>120,020,000</b>	<b>100.00</b>

**i. Shares held in Physical and Electronic mode:**

Categories	Position as on 31st March, 2010	
	No. of Shares	% to total shareholding
Physical	56,221,560	46.84
Demat NSDL	59,176,348	49.32
Demat CDSL	4,622,092	3.84
<b>Total</b>	<b>120,020,000</b>	<b>100.00</b>

**j. Listing of Shares:**

The Company's shares are listed at:

**The Stock Exchange Mumbai (BSE)**

Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai - 400 001.

**National Stock Exchange of India Ltd (NSE)**

Exchange Plaza,  
Bandra Kurla Complex,  
Bandra (East), Mumbai - 400 051.

**k. Registrar and Share Transfer Agent:**

Alpha Systems Private Limited  
No. 30, Ramana Residency,  
4th Cross, Sampige Road,  
Malleswaram, Bangalore - 560 003.  
Tel: 080-23460815  
Fax: 080-23460819  
E-mail: [alfint@vsnl.com](mailto:alfint@vsnl.com)

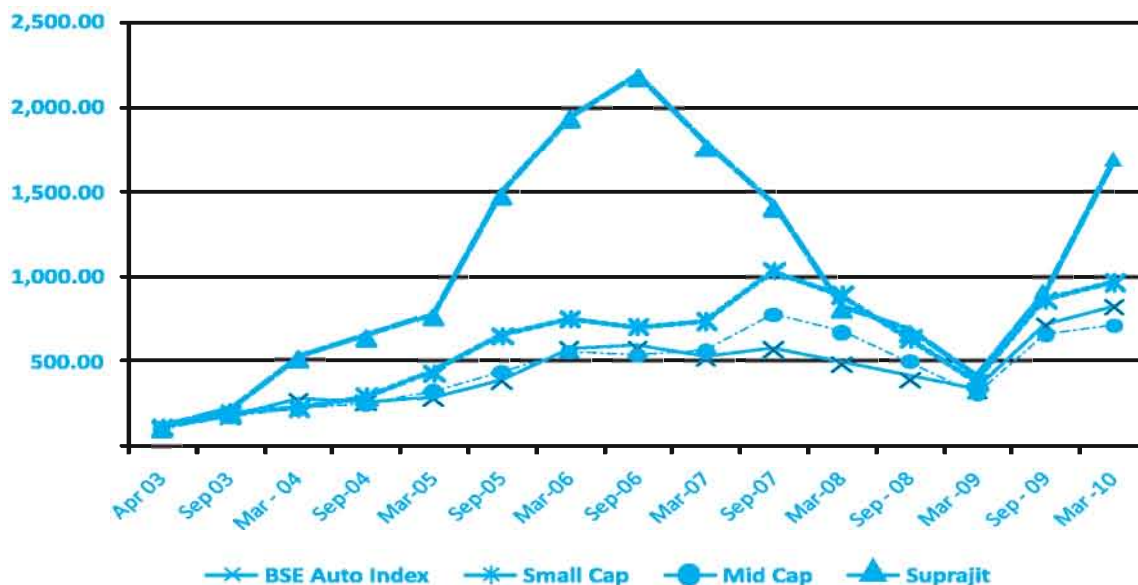
## SHARE PRICE MOVEMENTS NOVEMBER 2003 - MARCH 2010

I.

Period	BSE - Auto Index		SMALL CAP		MIDCAP		Suprajit Share Price*	
	Closing	Indexed	Closing	Indexed	Closing	Indexed	Closing	Indexed
Apr - 03	937.96	100.00	893.27	100.00	952.27	100.00	0.96	100.00
Sep - 03	1,660.70	177.05	1,561.88	174.85	1,638.53	172.07	1.93	199.74
Mar - 04	2,472.94	263.65	1,844.83	206.53	2,083.18	218.76	4.92	510.51
Sep - 04	2,354.83	251.06	2,473.62	276.92	2,360.90	247.92	6.09	631.91
Mar - 05	2,644.94	281.99	3,726.70	417.20	3,080.73	323.51	7.36	763.68
Sep - 05	3,617.12	385.64	5,697.69	637.85	4,196.70	440.70	14.22	1,474.97
Mar - 06	5,322.73	567.48	6,591.66	737.92	5,348.62	561.67	18.66	1,936.19
Sep - 06	5,365.72	572.06	6,161.73	689.79	5,148.38	540.64	21.00	2,178.99
Mar - 07	4,869.13	519.12	6,470.51	724.36	5,384.12	565.40	17.00	1,763.94
Sep - 07	5,332.26	568.50	9,099.93	1,018.72	7,422.43	779.45	13.55	1,405.45
Mar - 08	4,524.77	482.41	7,841.62	877.86	6,427.82	675.00	7.78	807.26
Sep - 08	3,674.98	391.81	5,577.47	624.39	4,798.29	503.88	6.40	664.07
Mar - 09	3,061.67	326.42	3,246.63	363.45	2,956.23	310.44	3.75	388.59
Sep - 09	6,664.25	710.50	7,590.04	849.69	6,324.16	664.11	8.60	892.35
Mar - 10	7,671.24	817.86	8,497.43	951.27	6,806.18	714.73	16.05	1,665.37

**\* Price indexed for:**

- Sub division of the original Equity Shares of Rs. 10/- each into two Equity Shares of Rs. 5/- each and 1:1 bonus issued during March 2004.
- Sub division of the Equity Shares of Rs. 5/- each into five Equity Shares of Re. 1/- each and 1:1 bonus issued during March 2010.



**m. Nomination Facility:**

The Companies (Amendment) Act, 1999 introduced through Section 109A, the facility of nomination to Shareholders. The facility is mainly useful for all holders holding the Shares in single name. Investors are advised to avail of this facility, especially investors holding securities in single name, to avoid the lengthy process of transmission formalities.

The nomination form may be had on request from the Company / Registrars & Share Transfer Agents.

However, if the Shares are held in dematerialised form, the nomination has to be conveyed by the Shareholders to their

respective Depository Participant (DP) directly, as per the format prescribed by them.

**n. Shareholders' Rights:**

The quarterly and annual Financial Results, after they are taken on record by the Board of Directors, are forthwith sent to the Stock Exchanges with whom the Company has listing arrangements. The results, in prescribed proforma, are published in leading Newspapers.

The second quarter and half-year results for the period ended 30th September, 2009 were also sent to each of the Shareholder.

**o. Postal Ballot:**

The concept of Postal Ballot was introduced by the Companies (Amendment) Act, 2000. The Company will comply with the provisions of law, whenever so required.

**17. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:**

**a. Business Overview**

Indian automotive industry had a slow start for the year. However, the momentum gathered significantly through the year with a growth of 25.26% for the year. All sectors of the automotive industry grew robustly in the domestic market.

Automotive sector continue to go through turmoil globally. The recession that started in 2007 continued in 2009 with most automotive giants clocking lower sales. Added to this, few major global car manufacturers had significant recalls for various defects. The financial crisis that hit the global markets had its own effects on automotive industry. Few auto giants had to go through a major process of financial restructuring. Fortunately major financial crisis has now subsided excepting sovereign debt situation in certain European countries. It appears that the worst is over in the financial as well as automotive industry.

On the domestic front, increased inflation, increasing

commodity prices and likely increases in interest rates are some of the concerns. Quality concerns and fluctuations in foreign currencies, may well add further concerns for domestic component suppliers.

However, Indian automotive industry is poised for a good growth in the current year. Indication so far are that Indian automotive sector will grow robustly. Exports, after difficult year is looking up both in the automotive and non-automotive sector. Added to this, the pan India distribution network setup for aftermarket business is expected to grow significantly this year. With Indian GDP poised to grow at 8-8.5% and global concerns receding, the automotive industry poised for a growth year.

**b. Human Resource Development:**

Improved economy and business outlook has led to shortage of manpower. Availability of skilled labour has diminished with growth in most business sectors. Mobility at staff level has also increased leading to staff turnover. However, your Company has satisfactory recruitment system in place to address the increased needs of the Company.

**For and on behalf of the Board**

**Place : Bangalore  
Date : 29th May, 2010**

**M R B Punja  
Chairman**

## CEO & CFO CERTIFICATION

We, K Ajith Kumar Rai, Vice-Chairman & Managing Director and Medappa Gowda J, Company Secretary responsible for the finance function certify that:

- a. We have reviewed financial statements and the Cash Flow Statement for the year ended 31st March, 2010 and certify, to the best of our knowledge and belief that:
  - i. these statements present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;
  - ii. these statements do not contain any materially untrue statement, or omit any material fact, or contain statements that might be misleading;
  - iii. no transactions entered into by the Company during the year were fraudulent, illegal or violative of the Company's code of conduct and no instances of fraud took place;
  - iv. we accept responsibility for establishing and maintaining internal controls for financial reporting;
  - v. we have evaluated the effectiveness of the internal control systems of the Company and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and have taken steps to rectify the same, wherever found;
  - vi. significant changes in internal control over financial reporting, as well as changes in accounting policies, if any, have been intimated to the auditors and the Audit Committee and been disclosed in the notes to the financial statements;
- b. We further declare, in compliance to clause 49.I (D) (ii) to the Listing Agreement, that all the Board members and senior management personnel have affirmed compliance with the code of conduct of the Company.

For Suprajit Engineering Limited

**K Ajith Kumar Rai**  
Vice Chairman & Managing Director

Place : Bangalore  
Date : 29th May, 2010

**Medappa Gowda J**  
Company Secretary & Sr. General Manager - Finance

## CERTIFICATE

### AUDITOR'S CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENTS.

To  
The Members of  
**Suprajit Engineering Limited**

I have examined the compliance of conditions of Corporate Governance by Suprajit Engineering Limited for the year ended 31st March, 2010 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. My examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of the opinion on the financial statements of the Company.

In my opinion, and to the best of my information and explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

I state that in respect of investor grievances received during the year ended 31st March, 2010, no investor grievances are pending against the Company as on 31st March, 2010, as per the records maintained by the Company and presented to the Transfer/Shareholders' Grievances Committee.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**Vijayakrishna KT**  
Practicing Company Secretary  
FCS 1788  
CP-980

Place: Bangalore  
Date: 29th May, 2010

## AUDITORS' REPORT

The Members,  
**SUPRAJIT ENGINEERING LIMITED,**  
Bangalore.

We have audited the attached Balance Sheet of SUPRAJIT ENGINEERING LIMITED as at 31st March, 2010, the Profit and Loss Account for the year ended on that date and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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 Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in Paragraphs 4 and 5 of the said Order;

Further to our comments in the Annexure referred to above, we report that:

(i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

(ii) 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;

(iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

(iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

(v) 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 Director of the Company is disqualified as on 31st, March 2010, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

(vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant accounting policies and notes on accounts attached thereto, give the information required by the Companies Act, 1956, 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 31st March, 2010;
- b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
- c) in the case of the Cash Flow statement, of the cash flows of the Company for the year ended on that date.

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

**Cherian K Baby**  
Partner  
M. No. 16043

Place: Bangalore  
Date: 29th May, 2010



**ANNEXURE REFERRED TO IN PARAGRAPH I OF OUR AUDIT  
REPORT OF EVEN DATE ON THE ACCOUNTS OF  
SUPRAJIT ENGINEERING LIMITED  
FOR THE YEAR ENDED 31ST MARCH 2010**

- 1 (a) As stated in Note No. II(8) of Schedule 20, 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 fixed assets particulars prior to this period have been updated in the ERP system in a summarized format and additional particulars are maintained 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. In respect of loans, secured or unsecured, granted or taken by the Company to or from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act 1956, according to the information and explanations given to us:
 

(a) The Company had granted loan to one party in the current year apart from the existing loan to one party. At the year-end, the outstanding balances of such loans granted was Rs. Nil/- and the maximum amount involved during the year was Rs. 69,739,687/-

(b) The rate of interest and other terms and conditions of such loans are, in our opinion, prima facie not prejudicial to the interests of the Company.

(c) In respect of these loans there is no fixed repayment schedule.

(d) There are no overdue amounts of over Rs. 1 lakh remaining outstanding at the year-end, as explained to us.

(e) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 except for 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.

(f) There is no fixed repayment schedule in respect of loans granted, the principal amount of the loan has been fully repaid during the year, however interest aggregating to Rs. 5,176,686/- is outstanding as on 31.03.2010.
4. In our opinion and according to the information and explanations given to us, there are fairly adequate internal control system 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 of such transactions is in excess of Rs. 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 in earlier years 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, 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, 2010:

Name of the statute	Nature of the dues	Amount (Rs. in thousands)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Cenvat	1,434.04	2004-05	Additional Commissioner LTU

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, other than

temporary deployment pending application.

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

Place: Bangalore  
Date: 29th May, 2010

**Cherian K Baby**  
Partner  
M.No. 16043



## BALANCE SHEET AS AT 31ST MARCH

(All amounts in INR)

	Sch.No.	2010	2009
<b>SOURCES OF FUNDS:</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	120,020,000	60,010,000
Reserves & Surplus	2	614,902,975	516,393,231
<b>Loan Funds</b>			
Secured Loans	3	501,223,961	452,758,912
Unsecured Loans	4	4,803,912	41,441,932
Deferred Tax Liability (Net) [Refer Schedule 20(II)(13)]		36,442,000	33,509,930
<b>Total</b>		<b>1,277,392,848</b>	<b>1,104,114,005</b>
<b>APPLICATION OF FUNDS:</b>			
<b>Fixed Assets</b>	5		
Gross Block at cost		850,986,781	781,723,303
Less: Depreciation		289,651,960	246,232,660
Net Block		561,334,821	535,490,643
Capital Work in Progress at cost		19,145,814	4,003,727
Expenditure during construction period pending allocation		-	339,226
Investments	6	292,459,722	235,938,101
<b>Current Assets, Loans and Advances</b>			
Inventories	7	156,330,233	115,836,497
Sundry Debtors	8	430,339,713	326,921,076
Cash & Bank Balances	9	10,350,852	8,972,610
Other Current Assets	10	11,181,814	8,094,841
Loans and Advances	11	51,031,343	101,606,119
		659,233,955	561,431,143
<b>Less: Current Liabilities &amp; Provisions</b>			
Current Liabilities	12	213,338,095	191,342,867
Provisions	13	41,443,369	41,745,968
		254,781,464	233,088,835
<b>Net Current Assets</b>		<b>404,452,491</b>	<b>328,342,308</b>
<b>Total</b>		<b>1,277,392,848</b>	<b>1,104,114,005</b>

**Significant Accounting Policies and Notes to Accounts** 20  
Schedules 1 to 13 and 20 form an integral part of this Balance Sheet

As per our report of even date attached

**For Varma & Varma**  
Chartered Accountants  
F R No. 004532S

**Medappa Gowda J**  
Company Secretary

**K Ajith Kumar Rai**  
Vice-Chairman & Managing Director

**M R B Punja**  
Chairman

**Cherian K Baby**  
Partner  
M.No. 16043

Place : Bangalore  
Date : 29th May, 2010

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH

(All amounts in INR)

	Sch.No.	2010	2009
<b>INCOME</b>			
Sales/ Operating Income	14	2,254,731,467	1,835,464,606
Less: Excise Duty		167,943,849	200,814,813
		2,086,787,618	1,634,649,793
Other Income	15	14,218,625	18,843,833
<b>Total</b>		<b>2,101,006,243</b>	<b>1,653,493,626</b>
<b>EXPENDITURE</b>			
Material cost of goods sold	16	1,325,247,148	1,084,323,846
Employee Costs	17	214,814,827	156,399,518
Administrative & Other Expenses	18	138,091,877	131,342,557
Finance Expenses	19	57,350,943	58,008,428
Depreciation/Amortisation	5	44,864,955	42,583,019
<b>Total</b>		<b>1,780,369,750</b>	<b>1,472,657,368</b>
<b>Profit before tax</b>		<b>320,636,493</b>	<b>180,836,258</b>
Current tax		99,600,000	55,200,000
Deferred Tax [Refer Schedule 20(II)(13)]		2,932,070	6,817,562
Fringe Benefit Tax		-	751,000
<b>Profit after tax before adjustment of prior period taxes</b>		<b>218,104,423</b>	<b>118,067,696</b>
Current tax relating to prior years		-	1,757,465
Fringe Benefit Tax relating to prior years		-	44,667
<b>Profit after Tax</b>		<b>218,104,423</b>	<b>116,265,564</b>
Profit Brought forward from the previous year		170,193,770	95,457,675
<b>Profit available for appropriation</b>		<b>388,298,193</b>	<b>211,723,239</b>
<b>Appropriations</b>			
Interim Dividend		27,004,500	12,002,000
Proposed Dividend		24,004,000	15,002,500
Corporate Dividend Tax		8,576,179	2,898,413
Transfer to General reserve		120,000,000	11,626,556
<b>Balance carried to Balance sheet</b>		<b>208,713,514</b>	<b>170,193,770</b>
Earnings Per Share - Basic & Diluted		1.82	0.97
No of Equity shares of Re.1/- each (After adjustment for stock split and bonus issue)		120,020,000	120,020,000

### Significant Accounting Policies and Notes to Accounts

20

Schedules 14 to 20 and 5 form an integral part of this Profit & Loss Account

As per our report of even date attached

**For Varma & Varma**  
Chartered Accountants  
F R No. 004532S

**Medappa Gowda J**  
Company Secretary

**K Ajith Kumar Rai**  
Vice-Chairman & Managing Director

**M R B Punja**  
Chairman

**Cherian K Baby**  
Partner  
M.No. 16043

Place : Bangalore  
Date : 29th May, 2010

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH

(All amounts in INR)

	2010		2009	
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Net profit before taxation and extraordinary items		320,636,493		180,836,258
Adjustment for:				
Depreciation	44,864,955		42,583,019	
Provision for diminution in value of current investments	-		143,727	
Profit on sale of fixed assets	(32,841)		-	
Loss on sale of Mutual funds	64,591		-	
Interest income	(8,142,870)		(5,829,056)	
Dividend received	(3,125,270)		(11,541,525)	
Interest expense	57,350,943	90,979,508	58,497,285	83,853,450
Operating profit before working capital changes		411,616,001		264,689,708
(Increase)/ Decrease in inventories	(40,493,736)		(10,837,661)	
(Increase)/ Decrease in sundry debtors	(103,418,638)		27,456,563	
(Increase)/ Decrease in other current assets	2,454,020		620,289	
(Increase)/ Decrease in loans and advances	44,672,775		(4,392,261)	
Increase/ (Decrease) in current liabilities	24,300,827		39,013,264	
Increase/ (Decrease) in provisions	(670,575)	(73,155,326)	2,389,567	54,249,760
Cash generated from operations		338,460,675		318,939,468
Income taxes paid		(103,768,611)		(41,524,647)
<b>Net cash from operating activities</b>		<b>234,692,064</b>		<b>277,414,821</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Purchase of fixed assets/ Capital work in progress	(85,750,998)		(68,544,797)	
Sale of investments	176,767,526		26,359,898	
Purchase of investments	(233,353,738)		(11,579,148)	
Interest received	2,601,877		5,842,309	
Dividend received	3,125,270		11,541,525	
Proceeds from sale of fixed assets	271,845		-	
<b>Net cash used in investing activities</b>		<b>(136,338,218)</b>		<b>(36,380,213)</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES:</b>				
Interest paid	(59,656,542)		(56,059,869)	
Proceeds/(repayments) from long term borrowings(net)	(67,097,462)		(146,234,375)	
Proceeds/(repayments) from short term borrowings(net)	78,924,491		(17,353,525)	
Dividend and dividend tax paid	(49,146,090)		(26,392,478)	
<b>Net cash used in financing activities</b>		<b>(96,975,603)</b>		<b>(246,040,246)</b>
<b>Net increase in cash and cash equivalents during the year</b>		<b>1,378,242</b>		<b>(5,005,638)</b>
Cash and cash equivalents at beginning of the year		8,972,610		13,978,248
<b>Cash and cash equivalents at end of the year</b>		<b>10,350,852</b>		<b>8,972,610</b>

(Figures in brackets indicate outflows)

As per our report of even date attached

**For Varma & Varma**  
Chartered Accountants  
F R No. 004532S

**Medappa Gowda J**  
Company Secretary

**K Ajith Kumar Rai**  
Vice-Chairman & Managing Director

**M R B Punja**  
Chairman

**Cherian K Baby**  
Partner  
M.No. 16043

Place : Bangalore  
Date : 29th May, 2010

## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH

(All amounts in INR)

	2010	2009
<b>SCHEDULE 1</b> <b>Share Capital</b>		
<b>Authorised</b> [125,000,000 (14,000,000) Equity shares of Re. 1/- (Rs.5/-) each]	125,000,000	70,000,000
<b>Issued, Subscribed &amp; Paid up</b> 120,020,000 (12,002,000) Equity shares of Re. 1/- (Rs.5/-) each fully paid up [Out of the above 90,015,000 (6,001,000) Equity Shares of Re. 1/- (Rs.5/-) each were allotted as fully paid up bonus shares by way of capitalisation of Securities Premium and General Reserve]	120,020,000	60,010,000
<b>TOTAL</b>	<b>120,020,000</b>	<b>60,010,000</b>
<b>SCHEDULE 2</b> <b>Reserves &amp; Surplus</b>		
Capital Reserve [on reclassification of State Subsidy and Profit on sale of forfeited shares from General Reserve and Securities Premium respectively]	1,127,150	1,127,150
Securities Premium as per last balance sheet	5,144,500	5,144,500
Less: Utilised for allotment of fully paid up bonus Shares	5,144,500	-
	-	5,144,500
General Reserve as per last balance sheet	339,927,811	328,301,255
Add: Transferred from Profit & Loss account	120,000,000	11,626,556
Less: Utilised for allotment of fully paid up bonus Shares	54,865,500	-
	405,062,311	339,927,811
Surplus in Profit & Loss Account	208,713,514	170,193,770
<b>TOTAL</b>	<b>614,902,975</b>	<b>516,393,231</b>
<b>SCHEDULE 3</b> <b>Secured Loans</b>		
<b>Loans &amp; Advances from Banks</b>		
<b>Rupee Loans</b>		
Term Loans [Due within one year Rs 88,800,000/- (PY Rs.83,102,561)]	219,296,223	249,892,159
Cash Credit [includes Rs Nil of interest accrued and due (PY Rs.253,698)]	202,391,795	202,273,702
Vehicle Loan [Due within one year Rs.214,769/- (PY Rs.171,932)]	729,545	593,051
<b>Foreign Currency Loans</b>		
Working Capital (FCNR)	78,806,398	-
<b>TOTAL</b>	<b>501,223,961</b>	<b>452,758,912</b>
<p>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.</p> <p>Cash Credit 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. Vehicle loan availed is secured by hypothecation of vehicle for which charge is pending registration.</p>		
<b>SCHEDULE 4</b> <b>Unsecured Loans</b>		
Fixed Deposits* [Due within one year Rs. 1,870,000/- (PY Rs.2,116,205/-)]	4,803,912	3,350,679
Sales tax deferred	-	38,091,253
<b>TOTAL</b>	<b>4,803,912</b>	<b>41,441,932</b>

\* Includes Rs. Nil/- (PY Rs.57,474) of interest accrued and due

# SCHEDULE 5 Fixed Assets

(All amounts in INR)

Description of the Assets	Gross Block at Cost			Depreciation/Amortisation			Net Block	
	As at 01.04.09	Additions/ Adjustments During the Year	Deductions/ Adjustments during the year	As at 31.03.10	As at 01.04.09	For the Year On deductions during the year	As at 31.03.10	WDV as at 31.03.09
<b>Tangible:</b>								
Freehold Land	50,411,487	9,595,000	-	60,006,487	-	-	-	50,411,487
	(11,597,537)	(38,813,950)	-	(50,411,487)	-	-	-	(11,597,537)
Leasehold Land	26,275,057	-	-	26,275,057	928,022	284,088	1,212,110	25,062,947
	(40,543,787)	(3,020,720)	(17,289,450)	(26,275,057)	-	(928,022)	(928,022)	(25,347,035)
Buildings	283,333,516	17,170,497	-	300,504,013	31,138,914	9,739,394	40,878,308	259,625,705
	(241,218,952)	(42,114,563)	-	(283,333,516)	(22,584,660)	(8,554,254)	(31,138,914)	(252,194,602)
Plant & Machinery	275,353,101	27,736,860	1,119,611	301,970,351	134,196,151	23,593,150	156,830,830	145,139,521
	(247,289,926)	(28,063,175)	-	(275,353,101)	(115,623,416)	(18,572,735)	(134,196,151)	(141,156,950)
Dies & Moulds	17,737,701	2,572,340	-	20,310,041	13,154,748	1,301,332	14,456,081	5,853,960
	(16,733,219)	(1,004,482)	-	(17,737,701)	(12,496,706)	(658,043)	(13,154,748)	(4,582,953)
Electrical Installations	39,513,178	2,563,532	-	42,076,710	8,579,930	2,974,614	11,554,544	30,522,166
	(34,150,270)	(5,362,908)	-	(39,513,178)	(5,940,131)	(2,639,799)	(8,579,930)	(30,933,248)
Furniture & Fixtures	14,807,199	1,384,962	-	16,192,160	4,715,607	1,469,564	6,185,171	10,006,989
	(13,243,658)	(1,563,541)	-	(14,807,199)	(3,791,901)	(923,707)	(4,715,607)	(10,091,591)
Office Equipments	7,785,083	364,506	-	8,149,589	3,482,937	628,564	4,111,501	4,038,088
	(7,523,005)	(262,078)	-	(7,785,083)	(2,914,268)	(568,669)	(3,482,937)	(4,302,146)
Computers (incl software)	25,445,036	2,075,561	-	27,520,597	15,390,819	3,147,974	18,538,793	8,981,804
	(23,955,173)	(1,489,863)	-	(25,445,036)	(12,374,067)	(3,016,752)	(15,390,819)	(10,054,216)
Motor Vehicles	10,845,239	7,249,014	565,047	17,529,207	6,032,025	1,057,350	6,602,192	10,972,015
	(9,883,805)	(961,434)	-	(10,845,239)	(5,131,618)	(900,407)	(6,032,025)	(4,813,214)
Cycles	32,942	-	-	32,942	32,942	-	32,942	-
	(32,942)	-	-	(32,942)	(22,958)	(9,984)	(32,942)	(9,984)
Container	783,386	235,864	-	1,019,250	713,544	241,807	955,350	63,899
	(774,795)	(8,591)	-	(783,386)	(151,065)	(562,479)	(713,544)	(69,842)
<b>Sub total</b>	<b>752,322,925</b>	<b>70,948,136</b>	<b>1,684,658</b>	<b>821,586,402</b>	<b>218,365,640</b>	<b>44,437,837</b>	<b>261,357,822</b>	<b>533,957,285</b>
	<b>(646,947,069)</b>	<b>(122,665,305)</b>	<b>(17,289,450)</b>	<b>(752,322,925)</b>	<b>(181,030,789)</b>	<b>(37,334,851)</b>	<b>(218,365,640)</b>	<b>(465,916,281)</b>
<b>Intangible:</b>								
Technical Knowhow	195,127	-	-	195,127	195,127	-	195,127	-
	(195,127)	-	-	(195,127)	(195,127)	-	(195,127)	-
Goodwill	24,105,251	-	-	24,105,251	24,105,251	-	24,105,251	-
	(24,105,251)	-	-	(24,105,251)	(19,284,201)	(4,821,050)	(24,105,251)	(4,821,050)
Brands	5,100,000	-	-	5,100,000	3,566,642	427,118	3,993,760	1,106,240
	(5,100,000)	-	-	(5,100,000)	(3,139,524)	(427,118)	(3,566,642)	(1,533,358)
<b>Sub total</b>	<b>29,400,378</b>	<b>-</b>	<b>-</b>	<b>29,400,378</b>	<b>27,867,020</b>	<b>427,118</b>	<b>28,294,138</b>	<b>1,533,358</b>
	<b>(29,400,378)</b>	<b>-</b>	<b>-</b>	<b>(29,400,378)</b>	<b>(22,618,852)</b>	<b>(5,248,168)</b>	<b>(27,867,020)</b>	<b>(6,781,526)</b>
<b>TOTAL</b>	<b>781,723,303</b>	<b>70,948,136</b>	<b>1,684,658</b>	<b>850,986,781</b>	<b>246,232,660</b>	<b>44,864,955</b>	<b>289,651,960</b>	<b>561,334,821</b>
<b>Previous Year</b>	<b>676,347,447</b>	<b>122,665,305</b>	<b>17,289,450</b>	<b>781,723,303</b>	<b>203,649,641</b>	<b>42,583,019</b>	<b>246,232,660</b>	<b>535,490,643</b>
								<b>472,697,807</b>

Note :

- Freehold land includes Rs. nil (PY Rs. 17,289,450/-) in respect of which conveyance deeds are executed post balance sheet date.
- Amortisation of leasehold land rights includes Rs. nil (PY Rs.677,497/-) relating to earlier years.
- Additions during the year includes borrowing costs capitalised Rs. 980,944/- (PY - Rs. 1,962,139/-)

(All amounts in INR)

	2010	2009
<b>SCHEDULE 6</b>		
<b>Investments</b>		
<b>Long term, Unquoted (At Cost)</b>		
<b>Non-trade</b>		
Investment in National Savings Certificate	10,000	10,000
<b>Trade</b>		
In Equity Shares, Fully paid up :		
1. Wholly-Owned Subsidiaries		
Suprajit Automotive Private Limited		
[1,990,000 Equity Shares of Rs. 10/- each including beneficial holding of 1 equity share]	19,900,000	19,900,000
Gills Cables Limited, UK		
[2,200,000 Ordinary Shares of GBP 1/- each]	185,997,286	185,997,286
2. Associates		
Suprajit Chemicals Private Limited [20,000 Equity Shares of Rs. 10/- each]	2,000,000	2,000,000
3. Others		
Suprawin Technologies Limited [540,000 Equity Shares of Rs. 10/- each]	7,164,070	7,164,070
	<b>215,061,356</b>	<b>215,061,356</b>
<b>Current, Quoted, Non trade (At lower of fair value or cost)</b>		
<b>Mutual funds:</b>		
HSBC Liquid Plus - Nil (1,099,672.644) units of Rs. 10/- each	-	11,010,472
Canara Robeco Income Fund - Nil (137,905.165) units of Rs. 10/- each	-	2,498,276
ICICI Prudential Income Fund - Nil (177,777.146) units of Rs. 10/- each	-	4,930,489
IDFC Super Saver Income Fund - Nil (114,885.482) units of Rs. 10/- each	-	2,427,507
HDFC Monthly Income Plan Long Term Plan - Nil 505,052.04 (Nil) units of Rs. 10/- each	10,000,000	-
Reliance Monthly Income Plan - Growth Fund - 528,873.09 (Nil) units of Rs. 10/- each	10,000,000	-
Birla MIP II Savings 5 Plan Growth Fund - 550,442.50 (Nil) units of Rs. 10/- each	9,021,899	-
HDFC Prudence Fund - Growth Fund - 36,454.828 (Nil) units of Rs. 10/-	6,000,000	-
Sundaram BNP Paribas Select Midcap - 48,424.45 (Nil) units of Rs. 10/- each	6,000,000	-
HDFC Top 200 - Growth Fund - 34,960.92 (Nil) units of Rs. 10/- each	6,000,000	-
Birla MIP II Wealth 25 Plan Growth Fund - 61,737.92 (Nil) units of Rs. 10/- each	1,000,000	-
HSBC MIP-Regular Plan-Growth Fund - 503649.88 (Nil) units of Rs. 10/- each	8,000,000	-
ICICI Prudential Discovery Fund - 98,076.09 (Nil) units of Rs. 10/- each	4,000,000	-
Principal Emerging Bluechip Fund - 144,670.43 (Nil) units of Rs. 10/- each	4,000,000	-
Reliance RSF - Equity - Growth Fund - 146593.92 (Nil) units of Rs. 10/- each	4,000,000	-
FT India Monthly Income Plan - 351639.00 (Nil) units of Rs. 10/- each	9,366,467	-
	<b>77,388,366</b>	<b>20,866,745</b>
<b>TOTAL</b>	<b>292,459,722</b>	<b>235,938,101</b>
<b>Aggregate fair value of quoted investments (NAV)</b>	<b>86,621,459</b>	<b>20,866,745</b>

**Investments purchased and sold during the year 2009-10**

(All amounts in INR)

Description	Units Sold	Sale price
Birla MIP savings 5 plan growth	437,163	7,021,899
Birla Sun Life Income Plus	455,225	5,117,772
Birla Sun Life Income Plus	664,809	7,523,713
Birla Sun Life Liquid Plus Fund	(1,583,863)	(15,863,495)
DWS Alpha	72,412	5,128,370
Canara Robeco Income Fund	137,905	2,641,932
DSP Black rock STP Div/R	1,228,541	13,278,685
HDFC Income Fund Div/R	472,085	5,064,451
HDFC Cash Fund	(1,046,344)	(10,496,403)
HDFC Cash Management Fund	652,694	12,552,607
HDFC Cash Management Fund	1,432,702	27,553,726
HDFC Income Fund Div/R	699,656	7,505,788
HDFC Liquid Fund Growth	275,330	5,017,952
HDFC Short Term Plan	499,631	5,158,435
HSBC Income Fund	471,030	5,140,308
ICICI Prudential Income Fund	177,777	5,183,857
IDFC super saver income Fund	114,885	2,487,351
IDFC Super Saver Income Fund	475,636	4,929,028
IDFC Super Saver Income Fund	760,180	7,640,571
IDFC Super Saver Income Fund	513,081	5,158,102
HSBC (Liquid Plus-Inst-Daily Dividend)	1,134,754	11,361,722
Kotak Bond Regular Quarterly Dividend	459,011	5,021,124
Prudential ICICI Income Fund	394,597	4,991,904
Prudential ICICI Short Term Plan	439,370	5,162,424
Prudential ICICI Short Term Plan	654,154	7,688,538
Reliance Liquid Fund - Treasury Plan	447,485	10,040,811
Reliance Liquid Fund Treasury Plan - Retail Plan	454,003	10,016,798
Templeton Ind MIP	366,542	9,366,467
Templeton India Short Term Income Plan	5,003	5,373,087
	<b>2010</b>	<b>2009</b>
<b>SCHEDULE 7</b> <b>Inventories</b> (As taken, valued and certified by the Managing Director)		
Finished goods	26,243,762	29,802,866
Work in progress	6,589,652	15,795,762
Raw materials (including components, packing materials and stores & spares)	123,496,819	70,237,869
<b>TOTAL</b>	<b>156,330,233</b>	<b>115,836,497</b>
<b>SCHEDULE 8</b> <b>Sundry Debtors (Unsecured)</b>		
Debts outstanding for a period exceeding six months	4,709,338	14,674,692
Other debts	430,339,713	320,616,143
Less: Provision for doubtful debts	4,709,338	8,369,759
<b>TOTAL</b>	<b>430,339,713</b>	<b>326,921,076</b>



(All amounts in INR)

	2010	2009
<b>SCHEDULE 9</b> <b>Cash and Bank Balances</b>		
Cash in Hand & in Transit	318,110	558,304
Balances with Scheduled Banks:		
- in CurrentAccounts	6,486,958	5,289,439
- in DepositAccounts	2,371,034	2,212,889
- in Unclaimed DividendAccounts	1,174,750	911,978
<b>TOTAL</b>	<b>10,350,852</b>	<b>8,972,611</b>
<b>SCHEDULE 10</b> <b>Other CurrentAssets</b>		
Prepaid Expenses	4,222,275	3,739,989
Export Benefit Entitlements	1,360,770	4,297,076
Interest accrued on deposits / Advances	5,598,769	57,776
<b>TOTAL</b>	<b>11,181,814</b>	<b>8,094,841</b>
<b>SCHEDULE 11</b> <b>Loans and Advances</b> (Unsecured, Considered Good)		
Loans to subsidiaries	-	68,739,687
Advances recoverable in cash or in kind or for value to be received	2,248,690	3,966,578
Deposits	4,131,055	3,972,592
Advance to Suppliers	34,009,604	10,068,183
Advance Tax [including Advance Fringe Benefit Tax and Tax Deducted at Source (Net of provisions)]	5,677,477	11,579,479
Balance with Central Excise, Customs & other authorities	4,964,517	3,279,600
<b>TOTAL</b>	<b>51,031,343</b>	<b>101,606,119</b>
<b>SCHEDULE 12</b> <b>Current Liabilities</b>		
Sundry Creditors		
- Dues to Micro & Small Enterprises [Refer Schedule 20(II)(4)]	14,652,366	10,088,179
- Due to others	143,297,060	166,545,802
Due to Investor Education Protection Fund	59,607	41,940
Other Liabilities	49,712,220	8,108,532
Dealer Deposits [including interest accrued and due Rs.233,921/- (PY Nil)]	4,161,421	3,042,500
Unclaimed Dividends	1,115,143	870,038
Interest accrued but not due on fixed deposits	183,086	95,349
Interest accrued but not due on Loans	157,192	2,550,527
<b>TOTAL</b>	<b>213,338,095</b>	<b>191,342,867</b>
<b>SCHEDULE 13</b> <b>Provisions</b>		
Provision for Gratuity	2,968,057	3,629,235
Provision for Leave encashment	3,020,761	3,088,643
Proposed Dividend	24,004,000	15,002,500
Provision for Corporate Dividend Tax	3,986,764	2,549,675
Provision for Income tax (including Provision for Fringe Benefit tax) (Net of advance taxes)	7,392,302	17,462,915
Provision for Wealth Tax	71,485	13,000
<b>TOTAL</b>	<b>41,443,369</b>	<b>41,745,968</b>



## SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH

(All amounts in INR)

	2010	2009
<b>SCHEDULE 14</b> <b>Sales/ Operating Income</b>		
Domestic Sales	2,157,174,454	1,743,103,741
Export Sales	81,417,464	72,000,729
Conversion Charges received	11,540,504	14,821,494
Scrap Sales	4,411,148	3,801,152
Export Incentives	187,897	1,737,490
<b>TOTAL</b>	<b>2,254,731,467</b>	<b>1,835,464,606</b>
<b>SCHEDULE 15</b> <b>Other Income</b>		
Profit on Sale of Fixed Assets	32,841	-
Dividend from subsidiaries/ Investment [includes Rs.3,125,270/- (PY Rs. 1,591,525/-) from current investment]	3,125,270	11,541,525
Interest received [TDS Rs.933,781/- (PY Rs. 1,272,990)]	8,142,870	5,829,056
Rent	1,496,520	614,880
Others	1,421,124	858,372
<b>TOTAL</b>	<b>14,218,625</b>	<b>18,843,833</b>
<b>SCHEDULE 16</b> <b>Material cost of goods sold</b>		
<b>Opening Stock</b>		
Finished Goods	29,802,866	18,614,292
Work in progress	15,795,762	16,930,633
	45,598,628	35,544,925
Excise duty on stocks	(1,846,805)	(2,116,509)
	43,751,823	33,428,416
<b>Less: Closing Stock</b>		
Finished Goods	26,243,762	29,802,866
Work in progress	6,589,652	15,795,762
	32,833,414	45,598,628
Stock Differential	10,918,409	(12,170,212)
Raw Materials consumed (including components, Stores & Packing materials consumed)	1,314,328,739	1,096,494,058
<b>TOTAL</b>	<b>1,325,247,148</b>	<b>1,084,323,846</b>
<b>SCHEDULE 17</b> <b>Employee Costs</b>		
Salaries, wages and bonus	198,820,486	145,201,816
Contribution to provident and other funds	6,409,661	5,550,754
Staff Welfare Expenses	9,629,674	5,646,948
	214,859,821	156,399,518
Less: Expenditure incurred during the construction period - Capitalised during the year	(44,994)	-
<b>TOTAL</b>	<b>214,814,827</b>	<b>156,399,518</b>

(All amounts in INR)

	2010	2009
<b>SCHEDULE 18</b> <b>Administrative &amp; Other Expenses</b>		
Power & Fuel	35,225,544	27,592,565
Rent	297,690	192,386
Rates & Taxes	2,757,515	3,239,093
Repairs & Maintenance		
- Building	783,532	827,098
- Machinery	9,168,110	7,063,454
- Others	6,542,207	4,108,648
Insurance	5,286,037	4,024,331
Security Expenses	3,625,261	3,046,009
Printing & Stationery	2,907,213	2,578,855
Directors Sitting fees & Commission	940,000	330,000
Professional charges [Refer Schedule 20(II)(16)]	3,240,657	3,749,166
Communication Expenses	5,452,399	4,161,957
Travel & Conveyance	15,537,750	13,562,575
Advertisement & Sales Promotion	2,445,014	732,537
Freight Outwards	21,759,180	10,945,766
Commission	908,507	510,886
Discount	7,568,782	7,318,533
Provision for doubtful debts	-	6,751,780
Project Expenses Written off [Refer Schedule 20(II)(7)]	6,418,789	-
Bad debts/Advance written off	6,731,017	
Less: Provision for doubtful debts withdrawn	<u>3,660,421</u>	5,214,116
Research & Development Expenses [Refer Schedule 20(II)(14)]	2,186,621	1,309,489
Provision for diminution in value of current investments	-	143,727
Loss on sale of Mutual funds	64,591	12,377
Miscellaneous Expenses	1,906,220	2,081,721
Foreign exchange difference (Net)	892,376	22,978,603
	138,984,591	132,475,672
Less: Expenditure incurred during the construction period		
- Capitalised during the year	(892,714)	(1,037,006)
- Pending allocation	-	(96,110)
<b>TOTAL</b>	<b>138,091,877</b>	<b>131,342,557</b>
<b>SCHEDULE 19</b> <b>Finance Expenses</b>		
Interest		
- On term loans	26,434,375	34,861,445
- On cash credit	26,127,058	19,966,219
- Others	1,164,454	843,195
Bank charges	1,498,334	2,064,870
Finance charges	3,107,666	2,234,839
	58,331,887	59,970,569
Less: Expenditure incurred during the construction period		
- Capitalised during the year	(980,944)	(1,962,139)
<b>TOTAL</b>	<b>57,350,943</b>	<b>58,008,428</b>

## SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

### SCHEDULE 20 SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS

#### I. SIGNIFICANT ACCOUNTING POLICIES:

##### a. 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.

##### b. 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.

##### c. 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.

##### d. Tangible/Intangible Assets:

Fixed Assets are stated at cost less accumulated depreciation. 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. 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.

##### e. 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.

##### f. 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.

##### g. Revenue Recognition:

Sale of goods 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. Scrap is accounted on sale.

Export incentives are recognised when there is reasonable certainty as to realisation and 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.

##### h. 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 account 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 Account 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 account 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 account for the period in which they occur.

#### I. Foreign Currency Transaction:

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 account.

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 account over the period of the contracts. The exchange differences on the contracts are recognised in the year in which the exchange rates change.

**j. Leases:**

Operating lease payments are recognised as an expense in the Profit & Loss account.

**k. Research and Development Expenditure:**

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

**l. Borrowing Cost:**

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.

**m. 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 costing less than Rs.5,000/- are fully depreciated in the year of acquisition itself. 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.

**n. Income Tax:**

Tax Expense comprising current tax, fringe benefit tax and deferred tax are recognised in the Profit and Loss Account 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.

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.

**o. 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.

## II. NOTES TO ACCOUNTS

**I. Contingent Liabilities:**

Sl No.	Particulars	Amount as on March 31 <sup>st</sup> , 2010	Amount as on March 31 <sup>st</sup> , 2009
1.	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	24,543,796	11,066,359
2.	Corporate Guarantees issued on behalf of subsidiaries to their bankers	34,470,000	60,890,000
3.	Letter of Credit	Nil	1,094,430
4.	Bank Guarantee furnished to Tax Authorities	4,264,893	4,164,893
5.	Disputed Excise / Entry Tax dues pending in appeal	1,434,040	1,510,202
6.	B - 17 Bond executed in favour of Customs	10,000,000	10,000,000
7.	Others sums for which the Company is contingently liable	3,921,851	3,921,851

2. Some of the sundry debtors, loans and advances and creditors are subject to confirmation.

3. In the opinion of the management, current assets, loans and advances have a value not less than what is stated in the accounts if realised in the ordinary course of business.

4. 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	2009-10	2008-09
Principal amount outstanding at the beginning of the year	10,061,219	30,645
Interest amount outstanding at the beginning of the year	26,960	-
Interest (out of the above) paid during the year	-	-
Amount paid after the due date during the year	-	-
Interest paid on the amount paid after due date during the year	-	-
Overdue amount outstanding at the end of the year	940,674	2,312,433
Principal amount (other than overdue amount) outstanding at the end of the year	13,626,231	7,748,786
Interest amount accrued and remaining unpaid at the end of the year	85,461	26,960

5. During the year, part of the facilities being set up at Haridwar was completed and put to use, commercial production started during March, 2010. Direct administrative costs and borrowing costs as per AS-16 relating to this facility have been capitalised.
6. Gills Cables Limited, a wholly owned Subsidiary (WOS) was established in 2006 and has accumulated losses of Rs. 78,308,040/- (PY Rs. 70,960,866/-) as at the year ended March 31st, 2010. However the WOS has been making cash profits during the current year as well as previous year and hence in the opinion of the management there is no permanent diminution in the value of the investment. The Company has provided a letter of support to the WOS to fund its operations if required.
7. As the proposed unit at Singur, West Bengal for manufacture & supply of company's products to a specific customer has been inordinately delayed due to reasons beyond control of the Company, certain expenses aggregating to Rs. 6,418,789/- has been written off in the books of accounts. The management is confident of realising an amount not less than that at which rest of the assets relating to this unit are carried in the Balance Sheet.
8. The Company was in the process of updating the fixed asset records/register in its ERP system which has been since completed. It is found that 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 fixed assets particulars prior to this period have been updated in the ERP system in a summarised format. However additional particulars are available for major assets in manual form.

#### 9. Foreign Currency Exposure:

The details of foreign currency exposure as at March 31st, 2010 is given below:

Particulars	Amount as on 31 <sup>st</sup> March, 2010	Amount as on 31 <sup>st</sup> March, 2009
a) Hedged by Forward contracts		
JPY Payable	140,082,182	-
Equivalent Rupees (at forward rates)	80,323,123	-
b) Not hedged (net)		
USD Receivable/(Payable)	138,719	(82,676)
Equivalent Rupees	6,083,126	(4,154,003)
GBP Receivable	75,365	52,931
Equivalent Rupees	5,057,239	3,782,057
Euro Receivable	64,737	118,481
Equivalent Rupees	3,860,276	7,875,296

#### 10. Employee benefits:

##### i) Defined Contribution Plan:

During the year the following amounts have been recognised in the Profit and Loss Account on account of defined contribution plans.

Particulars	2009-10	2008-09
Employers contribution to Provident Fund	5,286,903	4,444,861
Employers contribution to Employee's State Insurance	1,122,758	1,105,893

##### ii) Defined Benefit Plans:

- Gratuity- Funded
- Compensated absences-Unfunded

I. Actuarial Assumptions	2009-10		2008-09	
	Gratuity	Compensated absences	Gratuity	Compensated absences
Discount Rate (per annum)	8%	8%	7%	7%
Expected return on plan assets	8%	NA	7%	NA
Salary escalation rate*	7%	7%	7%	7%

\*The assumption of future salary increases takes into account of inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market.

II. Reconciliation of present value of obligation	2009-10		2008-09	
	Funded Scheme	Unfunded Scheme	Funded Scheme	Unfunded Scheme
Present value of obligation at beginning of the year	8,025,548	3,088,643	5,334,839	2,631,680
Current Service Cost	2,064,317	1,023,625	3,052,758	602,375
Interest Cost	626,973	204,193	355,025	184,218
Actuarial (gain)/loss	(1,566,399)	(223,246)	(190,971)	(20,918)
Benefits Paid	(376,762)	(1,072,454)	(526,103)	(308,712)
Past service Cost	-	-	-	-
Curtailements (if applicable)	-	-	-	-
Settlements (if applicable)	-	-	-	-
Present value of obligation at end of the year	8,773,677	3,020,761	8,025,548	3,088,643

III.Reconciliation of fair value of plan assets	2009-10 Funded Scheme	2008-09 Funded Scheme
Fair value of plan assets beginning of the year	4,396,313	3,646,208
Expected return on plan assets	392,635	270,103
Actuarial gain/(loss)	(6,565)	55,181
Contributions	1,400,000	950,924
Benefits paid	(376,762)	(526,103)
Assets distributed on settlement (if applicable)	-	-
Fair value of plan assets at end of the year	5,805,621	4,396,313

IV. Description of Plan Assets	2009-10 Funded Scheme	2008-09 Funded Scheme
Insurer Managed Funds	5,805,621	4,396,313

V. Net (Asset)/Liability recognised in the Balance Sheet as at year end	2009-10		2008-09	
	Funded Scheme	Unfunded Scheme	Funded Scheme	Unfunded Scheme
Present Value of obligation at end of the year	8,773,677	3,020,761	8,025,548	3,088,643
Fair value of plan assets at end of the year	5,805,621	-	4,396,313	-
Net present value of unfunded obligation recognised as (asset) / liability in the Balance Sheet	2,968,057	3,020,761	3,629,235	3,088,643

## 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.

Sales / Operating income	2009-10	2008-09
- India	2,007,407,591	1,564,453,087
- Rest of the world	79,380,027	70,196,706
<b>Segment Assets</b>		
- India	1,511,443,454	1,320,270,467
- Rest of the world	20,730,857	16,932,373

## 12. Related Party Disclosures:

Party	Relationship
K Ajith Kumar Rai (Vice-Chairman & Managing Director)	Key Management Personnel
M Jayarama Shetty (Director)	Relative of Key Management Personnel
Suprajit Automotive Private Limited	Wholly owned subsidiary
Gills Cables Limited, U.K	Wholly owned subsidiary
Suprajit Chemical Private Limited	Associate

<b>Nature of Transaction and Related Party</b>	<b>2009-10</b>	<b>2008-09</b>
<b>Remuneration/Commission:</b>		
K Ajith Kumar Rai	16,925,079	9,535,066
Jayarama Shetty	100,000	-
<b>Sitting Fee:</b>		
Jayarama Shetty	110,000	90,000
<b>Sales/Conversion charges:</b>		
Suprajit Automotive Private Limited	5,070,047	2,431,868
Gills Cables Ltd	14,474	-
<b>Dividend Received</b>	-	9,950,000
<b>Interest Received:</b>		
Suprajit Automotive Private Limited	6,037,970	5,027,392
Suprajit Chemicals Private Limited	7,178	156,251
<b>Reimbursements:</b>		
K Ajith Kumar Rai	564,682	623,643
<b>Investment Made:</b>		
Gills Cables Ltd	-	101,457,286
<b>Loans/Advance given:</b>		
Suprajit Automotive Private Limited	8,431,920	44,925,982
Suprajit Chemicals Private Limited	1,000,000	2,639,510
<b>Repayments of Loan:</b>		
Suprajit Automotive Private Limited	77,171,607	30,577,797
Suprajit Chemicals Private Limited	1,000,000	2,639,510
<b>Loans/Interest outstanding at the year end:</b>		
Suprajit Automotive Private Limited(Dr.)	5,176,686	68,739,686
<b>Purchase of Materials:</b>		
Suprajit Automotive Private Limited	4,468,938	481,750
<b>Purchase of machinery:</b>		
Suprajit Automotive Private Limited	-	96,390
Gills Cables Limited	-	633,200
<b>Balances outstanding (net):</b>		
Suprajit Automotive Private Limited (Dr.)	1,775,472	252,216
Gills Cables Limited (Cr.)	46,557	683,025
<b>Corporate Guarantee:</b>		
Suprajit Automotive Private Limited	-	25,000,000
Gills Cables Ltd	34,470,000	35,890,000

Loans given to Suprajit Automotive Private Limited does not have fixed repayment schedule and interest charged is not below the rate prescribed U/s 372A of the Companies Act, 1956

### 13. Deferred Tax

The breakup of the deferred tax liability as at March 31st, 2010 is given below:

<b>Timing Differences</b>	<b>Amount as on 31<sup>st</sup> March, 2010</b>	<b>Amount as on 31<sup>st</sup> March, 2009</b>
Depreciation	39,996,000	40,723,536
Expenses	(3,554,000)	(7,213,606)
<b>Net Liability/(Asset)</b>	<b>36,442,000</b>	<b>33,509,930</b>



#### 14. Research & Development Expenditure:

Particulars	2009-10	2008-09
Salaries & Wages	5,265,020	6,671,530
Materials, Consumables & Stores	232,226	85,462
Other Direct Expenditures	2,186,621	1,309,489
<b>TOTAL</b>	<b>7,683,867</b>	<b>8,066,481</b>

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 Account.

#### 15. Managerial Remuneration U/S 309 & 198(4) of the Companies Act

##### a) Vice Chairman & Managing Director (included in employee cost)

Particulars	2009-10	2008-09
Salary	3,000,000	2,400,000
House rent allowance	600,000	480,000
Contribution to Provident fund	360,000	288,000
Leave Encashment paid during the year	-	500,000
Commission to Managing Director	12,965,079	5,867,066
<b>Total</b>	<b>*16,925,079</b>	<b>9,535,066</b>

\*Excluding provision for leave salary & gratuity.

##### b)

Particulars	2009-10	2008-09
Commission to Other Directors	600,000	-

##### c)

Particulars	2009-10	2008-09
Directors Sitting Fees	340,000	330,000

Computation of net profit in accordance with Section 349 of the Companies Act, 1956 for calculation of Commission payable to the Vice Chairman & Managing Director.

Particulars	2009-10	2008-09
Profit for the year before taxation	320,636,493	180,836,258
Add: Vice-Chairman & Managing Director's remuneration	16,925,079	9,535,066
Directors Sitting Fees	340,000	330,000
Commission to Other Directors	600,000	-
<b>Net Profit as per Section 198 of the Companies Act, 1956</b>	<b>338,501,572</b>	<b>190,701,324</b>
Remuneration to the Managing Director @ 5% of the Net Profit	16,925,079	9,535,066
Commission restricted to	12,965,079	5,867,066

Vice-Chairman & Managing Director's Remuneration includes salary, perquisites and commission on Pre-tax profit under Section 198 of the Companies Act, 1956.

The overall remuneration of the Vice-Chairman & Managing Director is computed at 5% of the Net Profit of the Company under Section 198, 309 and Schedule XIII to the Companies Act, 1956.

**16. Professional Charges includes Payments to Auditors as under:**

Particulars	2009-10	2008-09
Audit Fees (including for quality Limited Review)	550,000	380,000
Service Tax and reimbursement of expenses	94,635	97,195
<b>Total</b>	<b>644,635</b>	<b>477,195</b>

**17. Details Relating to Capacity and Production and Closing stock:**

Particulars	2009-10	2008-09
Licensed Capacity	NA	NA
<b>Installed Capacity:</b>		
Cables (Nos.)	750 lakhs	700 lakhs
Speedometers (Nos.)	6 lakhs	6 lakhs

Particulars	Opening Stock		Production	Sales		Closing Stock	
	Qty.	Value	Qty.	Qty.	Value	Qty.	Value
Control cables	690,710 (514,100)	22,002,679 (12,237,483)	50,688,794 (50,893,541)	50,799,820 (50,716,931)	1,370,913,321 (1,048,194,831)	579,684 (690,710)	22,326,069 (22,002,679)
Speedo Cables	290,572 (257,464)	7,794,918 (6,325,250)	13,334,336 (11,574,148)	13,500,200 (11,541,040)	368,500,497 (268,706,976)	124,708 (290,572)	3,485,280 (7,794,918)
Speedometers	20 (838)	5,269 (51,558)	495,315 (446,289)	495,538 (447,107)	139,288,208 (124,718,336)	1,797 (20)	432,413 (5,269)
Others	(-)	(-)	(-)	(-)	66,747,959 (97,280,275)	(-)	(-)
Exports - Cables & Others	(-)	(-)	(-)	(-)	78,028,955 (75,389,238)	(-)	(-)
<b>Total</b>	<b>981,302</b>	<b>29,802,866</b>	<b>64,518,445</b>	<b>64,793,558</b>	<b>2,023,478,940</b>	<b>706,189</b>	<b>26,243,762</b>
Total previous Year	(-)	(18,614,291)	(-)	(-)	(1,614,289,656)	(-)	(29,802,866)

**18. Raw materials consumed / sold:**

Class of Goods	Unit	2009-10		2008-09	
		Qty.	Value	Qty.	Value
Steel Wire	KG	4,383,357	204,636,138	3,739,355	203,813,592
Inner	Meter	37,602,604	106,458,613	28,474,989	94,202,896
Bend Tube Assy.	No's	3,181,306	19,880,203	2,467,135	16,758,773
PVC Compound	KG	754,050	34,446,350	576,322	29,218,303
Component and Others		-	948,907,435	-	752,500,493
<b>Total</b>			<b>1,314,328,739</b>		<b>1,096,494,058</b>

Raw Materials consumed	2009-10		2008-09	
	%	Value	%	Value
Indigenous	91.50	1,202,610,796	92.16	1,010,494,765
Imported	8.50	111,717,943	7.84	85,999,293
<b>Total</b>	<b>100.00</b>	<b>1,314,328,739</b>	<b>100.00</b>	<b>1,096,494,058</b>

**19. Additional Matters requiring disclosure under para 4D of Part II to Schedule VI:**

Particulars	2009-10	2008-09
<b>C.I.F. Value of Imports(on payment basis):</b>		
Raw materials	106,710,380	104,800,716
<b>Expenditure in Foreign Currency (Accrual):</b>		
Export commission	908,507	510,885
Travelling and conveyance	107,181	2,996,826
<b>Earnings in Foreign Currency (Accrual):</b>		
FOB value of exports	79,380,027	70,196,706

**20. Some of the previous year's figures have been re-grouped to suit current year's grouping.**

Signatures to Schedules – I to 20

As per our report of even date attached  
**For Varma & Varma**  
Chartered Accountants  
F R No. 004532S

**Medappa Gowda J**  
Company Secretary

**K Ajith Kumar Rai**  
Vice-Chairman & Managing Director

**M R B Punja**  
Chairman

**Cherian K Baby**  
Partner  
M.No. 16043

Place : Bangalore  
Date : 29th May, 2010

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(Rupees in 000's)

### I. Registration details

Registration no. (CIN)

L29199KA1985PLC006934

State code

0 8

Balance Sheet Date .

3 1

0 3

1 0

### II. Capital raised during the year

Public Issue

NIL

Rights Issue

NIL

Bonus Issue

6,0010

Private Placements

NIL

### III. Position, mobilisation and deployment of funds

Total Liabilities

1,277,393

Total Assets

1,277,393

#### A Sources of Funds

Paid -up-Capital

120,020

Reserves and Surplus

614,903

Secured Loans

501,224

Unsecured Loans

4,804

Deferred tax Liability

36,442

#### B Application of funds

Net Fixed Assets

561,335

Capital Work In Progress

19,146

Investments

292,460

Net Current Assets

404,452

Miscellaneous Expenditure

NIL

Accumulated Losses

NIL

IV. Performances of Company

	Turnover		Total Expenditure
	<input type="text" value="2,101,006"/>		<input type="text" value="1,780,370"/>
<input type="checkbox"/> + <input type="checkbox"/> -	Profit/Loss before Tax	<input type="checkbox"/> + <input type="checkbox"/> -	Profit/Loss after Tax
<input checked="" type="checkbox"/> ✓ <input type="checkbox"/>	<input type="text" value="320,636"/>	<input checked="" type="checkbox"/> ✓ <input type="checkbox"/>	<input type="text" value="218,104"/>
	(Please tick appropriate box + for profit - for loss)		
	EPS in Rs. (Basic & Diluted)		Dividend Rate %
	<input type="text" value="1.82"/>		<input type="text" value="42.5"/>

V. Generic name of three principal products/services of the company (as per monetary terms)

Item Code No. (ITC Code)	Item Code No. (ITC Code)
<input type="text" value="8714"/>	<input type="text" value="8708"/>
Product Description	Product Description
<input type="text" value="Control Cables"/>	<input type="text" value="3 Wheeler cables"/>
Item Code No. (ITC Code)	Item Code No. (ITC Code)
<input type="text" value="8483"/>	<input type="text" value="9029"/>
Product Description	Product Description
<input type="text" value="Speedo Cables"/>	<input type="text" value="Speedometers"/>

**Medappa Gowda J**  
Company Secretary

**K Ajith Kumar Rai**  
Vice-Chairman & Managing Director

**M R B Punja**  
Chairman

Place : Bangalore  
Date : 29th May, 2010

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956,  
RELATING TO SUBSIDIARY COMPANIES**

Particulars	Name of the Subsidiary Companies	
	Suprajit Automotive Private Limited, India	Gills Cables Limited, U.K.
Financial Period ended	31st March 2010	31st March 2010
Interest of Suprajit Engineering Limited	100%	100%
Shares held by Suprajit in the Subsidiary Company	1,990,000 equity shares of Rs.10/- each, fully paid up	2,200,000 equity shares of £ 1 each, fully paid up
The net aggregate of Profits or Losses for the current period of the subsidiary so far as it concerns the members of the Holding Company	-	-
* dealt with or provided for in the accounts of the Holding Company	Nil	Nil
* not dealt with or provided for in the accounts of the Holding Company	Rs. 20,640,316	(Rs.13,307,180)
The net aggregate of Profits and Losses for previous Financial Years of the subsidiary so far as it concerns the members of the Holding Company	-	-
* dealt with or provided for in the accounts of the Holding Company	Nil	Nil
* not dealt with or provided for in the accounts of the Holding Company	Nil	Nil

**Medappa Gowda J**  
Company Secretary

**K Ajith Kumar Rai**  
Vice-Chairman & Managing Director

**M R B Punja**  
Chairman

Place : Bangalore  
Date : 29th May, 2010

**STATEMENT PURSUANT TO EXEMPTION RECEIVED UNDER SECTION 212 (8)  
OF THE COMPANIES ACT, 1956, RELATING TO SUBSIDIARY COMPANIES**

Name of the Company	Suprajit Automotive Private Limited		Gills Cables Limited	
	2009-10	2008-09	2009-10	2008-09
Reporting Currency	INR	INR	GBP	GBP
Exchange Rate	-	-	68.03 / 70.03	72.78 / 76.82
Capital	19,900,000	19,900,000	149,666,000	185,997,286
Reserves Total	83,916,736	63,276,720	(78,308,039)	(69,999,076)
Total Assets	292,071,278	256,042,164	164,894,335	202,796,521
Total Liabilities	188,254,542	172,865,744	93,536,375	92,333,657
Investment other than investment in Subsidiary	Nil	Nil	Nil	Nil
Turnover	267,486,772	256,667,559	244,788,918	330,013,266
Profit before Taxation	25,243,110	30,320,023	(12,736,976)	(39,285,133)
Provision for Taxation	4,602,794	4,838,590	570,203	5,934,115
Profit after taxation	20,640,316	25,481,433	(13,307,180)	(45,219,248)
Proposed dividend	Nil	Nil	Nil	Nil
Country	India	India	UK	UK

For and on behalf of the Board

**Medappa Gowda J**  
Company Secretary

**K Ajith Kumar Rai**  
Vice-Chairman & Managing Director

**M R B Punja**  
Chairman

Place : Bangalore  
Date : 29th May, 2010



**CONSOLIDATED FINANCIAL STATEMENTS  
OF  
SUPRAJIT ENGINEERING LIMITED**

## AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To  
The Board of Directors  
Suprajit Engineering Limited  
Bangalore

1. We have audited the attached Consolidated Balance Sheet of Suprajit Engineering Limited ('the Company'), and its two wholly owned subsidiaries (collectively referred as 'the Group') as at March 31, 2010, the Consolidated Profit and Loss account and the Consolidated Cash Flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the two subsidiaries whose financial statements reflect total assets of Rs.29.77 crores as at March 31, 2010, total revenues of Rs.51.23 crores and net cash inflows amounting to Rs.0.0076 crores for the year ended on that date. These financial statements and other financial information 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.

4. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of the Accounting Standard (AS) 21, Consolidated Financial Statements of the Companies (Accounting Standards) Rules, 2006.
5. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of these companies, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2010;
  - (ii) in the case of the Consolidated Profit and Loss Account, of the profit for the year ended on that date; and
  - (iii) in the case of Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

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

**Cherian K Baby**  
Partner  
M No. 16043

Place: Bangalore  
Date : 29<sup>th</sup> May, 2010

## CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH

(All amounts in INR)

	Sch. No	2010	2009
<b>SOURCES OF FUNDS:</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	120,020,000	60,010,000
Reserves & Surplus	2	582,526,795	485,880,998
<b>Loan Funds</b>			
Secured Loans	3	611,932,084	508,786,643
Unsecured Loans	4	4,803,912	41,441,932
Deferred Tax Liability (Net) [Refer Schedule 20(II)(13)]		43,131,296	39,905,365
<b>Total</b>		<b>1,362,414,087</b>	<b>1,136,024,938</b>
<b>APPLICATION OF FUNDS:</b>			
<b>Fixed Assets</b>	5		
Gross Block at cost		1,072,724,768	1,008,473,522
Less: Depreciation		374,841,280	311,328,876
Net Block		697,883,488	697,144,646
Capital Work in Progress at cost		19,145,814	4,003,727
Expenditure during construction period pending allocation		-	339,226
Investments	6	94,295,460	37,773,838
Deferred Tax Assets (Net) [Refer schedule 20 II (13)]		4,684,954	5,602,386
<b>Current Assets, Loans and Advances</b>			
Inventories	7	222,956,538	191,621,371
Sundry Debtors	8	577,557,651	434,782,806
Cash & Bank Balances	9	12,281,235	10,827,065
Other Current Assets	10	8,572,954	11,284,934
Loans and Advances	11	78,551,305	42,376,505
		899,919,683	690,892,681
<b>Less: Current Liabilities &amp; Provisions</b>			
Current Liabilities	12	297,901,848	256,877,924
Provisions	13	55,613,464	42,853,643
		353,515,312	299,731,567
<b>Net Current Assets</b>		<b>546,404,371</b>	<b>391,161,114</b>
<b>Total</b>		<b>1,362,414,087</b>	<b>1,136,024,938</b>

**Significant Accounting Policies and Notes to Accounts** 20  
Schedules I to 13 and 20 form an integral part of this Balance Sheet

As per our report of even date attached

**For Varma & Varma**  
Chartered Accountants  
F R No. 004532S

**Medappa Gowda J**  
Company Secretary

**K Ajith Kumar Rai**  
Vice-Chairman & Managing Director

**M R B Punja**  
Chairman

**Cherian K Baby**  
Partner  
M.No. 16043

Place : Bangalore  
Date : 29th May, 2010

## CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH

(All amounts in INR)

	Sch. No	2010	2009
<b>INCOME</b>			
Sales/ Operating Income	14	2,655,276,164	2,266,003,403
Less: Excise Duty		170,157,682	200,814,813
		2,485,118,482	2,065,188,590
Other Income	15	8,221,779	3,929,516
<b>Total</b>		<b>2,493,340,261</b>	<b>2,069,118,106</b>
<b>EXPENDITURE</b>			
Material cost of goods sold	16	1,544,286,138	1,323,317,248
Employee Costs	17	290,431,382	245,330,513
Administrative & Other Expenses	18	198,081,188	200,249,596
Finance Expenses	19	62,367,912	67,063,328
Depreciation/Amortisation	5	68,776,315	67,842,344
<b>Total</b>		<b>2,163,942,935</b>	<b>1,903,803,028</b>
<b>Profit before tax</b>		<b>329,397,326</b>	<b>165,315,078</b>
Current tax		103,900,000	61,106,742
Deferred Tax [Refer Schedule 20(II)(13)]		3,796,134	11,583,834
Fringe Benefit Tax		-	851,000
<b>Profit after tax before adjustment of prior period taxes</b>		<b>221,701,192</b>	<b>91,773,502</b>
Current tax relating to prior years		8,933	1,757,465
Fringe Benefit Tax relating to prior years		-	44,667
<b>Profit after Tax</b>		<b>221,692,259</b>	<b>89,971,370</b>
Share of profit from associate		-	518,773
<b>Profit for the year</b>		<b>221,692,259</b>	<b>90,490,143</b>
Profit brought forward from the previous year		102,198,645	73,237,970
<b>Profit available for appropriation</b>		<b>323,890,904</b>	<b>163,728,113</b>
<b>Appropriations</b>			
Interim Dividend		27,004,500	12,002,000
Proposed Dividend		24,004,000	15,002,500
Corporate Dividend Tax		8,576,179	2,898,412
Transfer to General reserve		135,000,000	31,626,556
<b>Balance carried to Balance sheet</b>		<b>129,306,225</b>	<b>102,198,645</b>
Earnings Per Share - Basic & Diluted		1.85	0.75
No of Equity shares of Re. 1/- each (After adjustment for stock split and bonus issue)		<b>120,020,000</b>	<b>120,020,000</b>

**Significant Accounting Policies and Notes to Accounts** 20  
Schedules 14 to 20 and 5 form an integral part of this Profit & Loss Account

As per our report of even date attached

**For Varma & Varma**  
Chartered Accountants  
F R No. 004532S

**Medappa Gowda J**  
Company Secretary

**K Ajith Kumar Rai**  
Vice-Chairman & Managing Director

**M R B Punja**  
Chairman

**Cherian K Baby**  
Partner  
M.No. 16043

Place : Bangalore  
Date : 29th May, 2010

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH

(All amounts in INR)

	2010		2009	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Net profit before taxation and extraordinary items		329,397,326		165,315,078
Adjustment for:				
Depreciation	68,776,315		67,842,344	
Provision for diminution in value of current investments	64,591		156,104	
Profit on sale of fixed assets	(32,841)		(44,787)	
Interest income	(2,142,041)		(819,952)	
Dividend received	(3,125,270)		(1,591,525)	
Interest expense	62,367,912	125,908,666	67,063,328	132,605,512
Operating profit before working capital changes		455,305,992		297,920,589
(Increase)/ Decrease in inventories	(31,335,167)		(16,767,068)	
(Increase)/ Decrease in sundry debtors	(142,774,845)		47,569,248	
(Increase)/ Decrease in other current assets	3,076,287		3,277,846	
(Increase)/ Decrease in loans and advances	(28,154,555)		35,285,666	
Increase/ (Decrease) in current liabilities	43,329,523		17,390,045	
Increase/ (Decrease) in provisions	(828,156)	(156,686,913)	2,439,087	89,194,824
Cash generated from operations		298,619,079		387,115,414
Income taxes paid		(108,779,791)		(49,688,201)
<b>Net cash from operating activities</b>		<b>189,839,288</b>		<b>337,427,212</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of fixed assets/ Capital work in progress	(88,103,224)		(79,521,053)	
(Purchase)/ Sale of investments	(56,586,213)		14,768,373	
Interest received / (Paid)	1,777,734		833,205	
Dividend received	3,125,270		1,591,525	
Proceeds from sale of fixed assets	271,845		111,526	
<b>Net cash used in investing activities</b>		<b>(139,514,587)</b>		<b>(62,216,424)</b>

(All amounts in INR)

	2010		2009	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Interest paid	(64,673,510)		(64,625,912)	
Proceeds/(repayments) from long term borrowings(net)	(17,915,608)		(150,822,345)	
Proceeds/(repayments) from short term borrowings(net)	84,423,030		(37,447,537)	
Dividend and Dividend Tax paid	(49,146,089)		(28,083,481)	
Exchange fluctuation reserve - foreign subsidiary (net)	(1,558,354)		(2,999,390)	
Net cash used in financing activities	(48,870,531)		(283,978,665)	
<b>Net increase in cash and cash equivalents during the year</b>		<b>1,454,170</b>		<b>(8,767,876)</b>
Cash and cash equivalents at beginning of the year		10,827,065		19,594,941
<b>Cash and cash equivalents at end of the year</b>		<b>12,281,235</b>		<b>10,827,065</b>

(Figures in brackets indicate outflows)

As per our report of even date attached

**For Varma & Varma**  
Chartered Accountants  
F R No. 004532S

**Medappa Gowda J**  
Company Secretary

**K Ajith Kumar Rai**  
Vice-Chairman & Managing Director

**M R B Punja**  
Chairman

**Cherian K Baby**  
Partner  
M.No. 16043

Place : Bangalore  
Date : 29th May, 2010

## SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH

(All amounts in INR)

	2010	2009
<b>SCHEDULE 1</b> <b>Share Capital</b>		
<b>Authorised</b> [125,000,000 (14,000,000) Equity Shares of Re. 1/- (Rs.5/-) each]	125,000,000	70,000,000
<b>Issued, Subscribed &amp; Paid up</b> 120,020,000 (12,002,000) Equity Shares of Re. 1/- (Rs.5/-) each fully paid up [Out of the above 90,015,000 (6,001,000) Equity Shares of Re. 1/- (Rs.5/-) each were allotted as fully paid up Bonus Shares by way of capitalisation of Securities Premium and General Reserve]	120,020,000	60,010,000
<b>TOTAL</b>	<b>120,020,000</b>	<b>60,010,000</b>
<b>SCHEDULE 2</b> <b>Reserves &amp; Surplus</b>		
Capital Reserve [on reclassification of State Subsidy and Profit on sale of forfeited shares from General Reserve and Securities Premium respectively]	1,127,150	1,127,150
Securities Premium as per last Balance Sheet Less: Utilised for allotment of fully paid up Bonus Shares	5,144,500 5,144,500	5,144,500 -
General Reserve as per last Balance Sheet Add: Transferred from Profit & Loss account Less: Utilised for allotment of fully paid up Bonus Shares	397,091,331 135,000,000 54,865,500	365,464,775 31,626,556 -
Surplus in Profit & Loss Account Foreign Exchange Fluctuation Reserve [Refer Schedule 20(I)(b)(ii)]	477,225,831 129,306,225 (25,132,411)	397,091,331 102,198,645 (19,680,628)
<b>TOTAL</b>	<b>582,526,795</b>	<b>485,880,998</b>
<b>SCHEDULE 3</b> <b>Secured Loans</b>		
<b>Loans &amp; Advances from Banks</b>		
<b>Rupee Loans</b>		
Term Loans	274,119,005	255,447,716
Cash Credit	228,255,749	232,910,212
Vehicle Loan	924,635	873,513
<b>Foreign Currency Loans</b>		
Working Capital	108,632,695	19,555,202
<b>TOTAL</b>	<b>611,932,084</b>	<b>508,786,643</b>

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.

Cash Credit 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.

Vehicle loan availed is secured by hypothecation of vehicle for which charge is pending registration.

<b>SCHEDULE 4</b> <b>Unsecured Loans</b>		
Fixed Deposits	4,803,912	3,350,679
Sales tax deferred	-	38,091,253
<b>TOTAL</b>	<b>4,803,912</b>	<b>41,441,932</b>



**SCHEDULE 5**  
**Fixed Assets**

(All amounts in INR)

Description of the Assets	Gross Block of Cost				Depreciation / Amortisation				Net Block	
	As at 01.04.09	Additions/ Adjustments During the Year	Deductions/ Adjustments During the Year	Currency Fluctuation arising on Consolidation	As at 31.03.10	For the Year	On Deductions During the Year	Currency Fluctuation arising on consolidation	As at 31.03.10	WDV as at 31.03.09
<b>Tangible:</b>										
Freehold Land	50,411,487	9,595,000	-	-	60,006,487	-	-	-	-	60,006,487
Leasehold Land	38,683,438	-	-	206,858	38,476,580	896,401	-	107,095	3,001,531	35,475,049
Buildings	321,404,123	17,170,497	-	-	338,574,620	11,024,988	-	-	45,544,807	293,029,813
Plant & Machinery	333,953,852	28,834,805	1,119,611	1,431,575	360,237,471	30,644,217	958,471	856,530	179,097,360	181,140,111
Dies & Moulds	32,818,172	3,389,810	-	-	36,207,982	3,142,382	-	-	19,139,143	17,068,839
Electrical Installations	46,218,276	2,563,532	-	-	48,781,808	3,451,753	-	-	13,265,799	35,516,009
Furniture & Fixtures	19,354,594	1,722,876	-	-	21,077,470	1,613,243	-	-	8,118,834	12,958,636
Office Equipments	9,198,926	372,195	-	-	9,571,121	729,228	-	-	4,433,213	5,137,908
Computers (incl software)	27,160,541	2,166,768	-	-	29,327,309	3,436,103	-	-	19,315,156	10,012,153
Motor Vehicles	11,317,919	7,249,014	565,047	-	18,001,886	1,103,065	487,183	-	6,662,011	11,339,875
Cycles	32,942	-	-	-	32,942	-	-	-	32,942	-
Container	783,386	235,864	-	-	1,019,250	241,807	-	-	955,351	63,899
<b>Sub total</b>	<b>891,337,656</b>	<b>73,300,361</b>	<b>1,684,658</b>	<b>1,638,433</b>	<b>961,314,926</b>	<b>56,283,187</b>	<b>1,445,654</b>	<b>963,625</b>	<b>299,566,146</b>	<b>661,748,779</b>
<b>Intangible:</b>										
Technical Knowhow	195,127	-	-	-	195,127	-	-	-	195,127	-
Goodwill	111,840,740	-	-	5,726,024	106,114,716	-	-	2,854,632	71,086,247	35,028,469
Brands	5,100,000	-	-	-	5,100,000	427,118	-	-	3,993,760	1,106,240
<b>Sub total</b>	<b>117,135,867</b>	<b>-</b>	<b>-</b>	<b>5,726,024</b>	<b>111,409,843</b>	<b>12,493,129</b>	<b>-</b>	<b>2,854,632</b>	<b>75,275,134</b>	<b>36,134,709</b>
<b>TOTAL</b>	<b>1,008,473,522</b>	<b>73,300,361</b>	<b>1,684,658</b>	<b>7,364,457</b>	<b>1,072,724,768</b>	<b>68,776,316</b>	<b>1,445,654</b>	<b>3,818,257</b>	<b>374,841,280</b>	<b>697,883,488</b>
<b>Previous Year</b>	<b>904,421,875</b>	<b>131,918,601</b>	<b>17,398,620</b>	<b>10,468,334</b>	<b>1,008,473,522</b>	<b>67,842,344</b>	<b>42,431</b>	<b>4,033,175</b>	<b>311,328,876</b>	<b>656,859,737</b>

**Notes:**

- Freehold land includes Rs. nil (PY Rs. 17,289,450/-) in respect of which conveyance deeds are executed post balance sheet date.
- Amortisation of leasehold land rights includes Rs. nil (PY Rs.677,497/-) relating to earlier years.
- Additions during the year includes borrowing costs capitalised Rs. 980,944/- (PY - Rs. 1,962,139/-)

	2010	2009
<b>SCHEDULE 6</b> <b>Investments</b>		
<b>Long term, Unquoted (At Cost)</b>		
<b>Non-trade</b>		
Investment in National Savings Certificate	10,000	10,000
<b>Trade</b>		
<b>1. Associates</b>		
Suprajit Chemicals Private Limited [20,000 Equity Shares of Rs. 10/- each]	9,733,024	9,733,024
<b>2. Others</b>		
Suprawin Technologies Limited [540,000 Equity Shares of Rs. 10/- each]	7,164,070	7,164,070
	16,897,094	16,897,094
Current, Quoted, Non trade (At lower of fair value or cost)		
<b>Mutual funds:</b>		
HSBC Liquid Plus - Nil (1,099,672,644) units of Rs. 10/- each	-	11,010,472
Canara Robeco Income Fund - Nil (137,905.165) units of Rs. 10/- each	-	2,498,276
ICICI Prudential Income Fund - Nil (177,777.146) units of Rs. 10/- each	-	4,930,489
IDFC Super Saver Income Fund - Nil (114,885.482) units of Rs. 10/-each	-	2,427,507
HDFC Monthly Income Plan Long Term Plan - 505,052.04 (Nil) units of Rs. 10/-each	10,000,000	-
Reliance Monthly Income Plan - Growth Fund -528,873.09 (Nil) units of Rs. 10/-each	10,000,000	-
Birla MIP II Savings 5 Plan Growth Fund - 550,442.50(Nil) units of Rs. 10/- each	9,021,899	-
HDFC Prudence Fund - Growth Fund - 36,454.828(Nil) units of Rs. 10/- each	6,000,000	-
Sundaram BNP Paribas Select Midcap - 48,424.45(Nil) units of Rs. 10/- each	6,000,000	-
HDFC Top 200 - Growth Fund - 34,960.92(Nil) units of Rs. 10/- each	6,000,000	-
Birla MIP II Wealth 25 Plan Growth Fund - 61,737.92(Nil) units of Rs. 10/- each	1,000,000	-
HSBC MIP-Regular Plan-Growth Fund - 503649.88(Nil) units of Rs. 10/- each	8,000,000	-
ICICI Prudential Discovery Fund - 98,076.09(Nil) units of Rs. 10/- each	4,000,000	-
Principal Emerging Bluechip Fund - 144,670.43(Nil) units of Rs. 10/- each	4,000,000	-
Reliance RSF - Equity - Growth Fund - 146593.92(Nil) units of Rs. 10/- each	4,000,000	-
FT India Monthly Income Plan - 351639.00(Nil) units of Rs 10/- each	9,366,467	-
	77,388,366	20,866,744
<b>TOTAL</b>	<b>94,295,460</b>	<b>37,773,838</b>
<b>SCHEDULE 7</b> <b>Inventories</b> (As taken, valued and certified by the Managing Director)		
Finished goods	63,786,036	82,667,303
Work in progress	9,408,190	17,301,080
Raw materials (including packing materials, components, tools and stores & spares)	149,762,312	91,652,988
<b>TOTAL</b>	<b>222,956,538</b>	<b>191,621,371</b>
<b>SCHEDULE 8</b> <b>Sundry Debtors (Unsecured)</b>		
Considered Good Debts outstanding	582,266,988	443,152,565
Considered Doubtful Debts outstanding	1,117,462	-
Less:Provision for doubtful debts	5,826,800	8,369,759
<b>TOTAL</b>	<b>577,557,650</b>	<b>434,782,806</b>
<b>SCHEDULE 9</b> <b>Cash and Bank Balances</b>		
Cash in Hand & in Transit	364,884	568,664
Balances with Scheduled Banks:		
- in Current Accounts	7,825,769	6,599,254
- in Deposit Accounts	2,915,832	2,747,169
- in Unclaimed Dividend Accounts	1,174,750	911,978
<b>TOTAL</b>	<b>12,281,235</b>	<b>10,827,065</b>

(All amounts in INR)

	2010	2009
<b>SCHEDULE 10</b> <b>Other Current Assets</b>		
Prepaid Expenses	6,790,101	6,930,082
Export Benefit Entitlements	1,360,770	4,297,076
Interest accrued on deposits	422,083	57,776
<b>TOTAL</b>	<b>8,572,954</b>	<b>11,284,934</b>
<b>SCHEDULE 11</b> <b>Loans And Advances</b>		
(Unsecured, Considered Good)		
Advances recoverable in cash or in kind or for value to be received	4,961,457	8,771,629
Deposits	4,617,078	4,487,515
Advance to Suppliers	37,458,025	11,178,205
Advance Tax [including Advance Fringe Benefit Tax and Tax Deducted at Source (Net of provisions)]	20,188,719	12,168,474
Sales tax receivable	6,361,508	2,491,082
Balance with Central Excise, Customs & other authorities	4,964,517	3,279,600
<b>TOTAL</b>	<b>78,551,304</b>	<b>42,376,505</b>
<b>SCHEDULE 12</b> <b>Current Liabilities</b>		
Sundry Creditors	224,307,359	234,940,554
Due to Investor Education Protection Fund	59,607	41,940
Other Liabilities	67,918,041	15,337,015
Dealer Deposits	4,161,421	3,042,500
Unclaimed Dividends	1,115,143	870,038
Interest accrued but not due on fixed deposits	183,086	95,349
Interest accrued but not due on Loans	157,192	2,550,527
<b>TOTAL</b>	<b>297,901,849</b>	<b>256,877,923</b>
<b>SCHEDULE 13</b> <b>Provisions</b>		
Provision for Gratuity	3,364,906	4,299,306
Provision for Leave encashment	3,574,007	3,526,248
Proposed Dividend	24,004,000	15,002,500
Provision for Corporate Dividend Tax	3,986,764	2,549,674
Provision for Income tax (including Provision for Fringe Benefit tax) (Net of advance taxes)	20,612,302	17,462,915
Provision for Wealth Tax	71,485	13,000
<b>TOTAL</b>	<b>55,613,464</b>	<b>42,853,643</b>

**SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT  
FOR THE YEAR ENDED 31ST MARCH**

(All amounts in INR)

	<b>2010</b>	<b>2009</b>
<b>SCHEDULE 14</b> <b>Sales/ Operating Income</b>		
Domestic Sales	2,393,862,254	1,742,700,231
Export Sales	242,458,308	504,609,889
Conversion Charges received	13,783,956	12,522,037
Scrap Sales	4,983,749	4,433,756
Export Incentives	187,897	1,737,490
<b>TOTAL</b>	<b>2,655,276,164</b>	<b>2,266,003,403</b>
<b>SCHEDULE 15</b> <b>Other Income</b>		
Profit on Sale of Fixed Assets	32,841	44,787
Dividend from Investment	3,125,270	1,591,525
Interest received	2,142,041	819,952
Rent	1,496,520	614,880
Others	1,425,107	858,372
<b>TOTAL</b>	<b>8,221,779</b>	<b>3,929,516</b>
<b>SCHEDULE 16</b> <b>Material cost of goods sold</b>		
<b>Opening Stock</b>		
Finished Goods	82,667,303	57,318,529
Work in progress	17,301,080	21,177,772
	99,968,383	78,496,301
Excise duty on stocks	(1,846,805)	(2,116,509)
	98,121,578	76,379,792
<b>Less: Closing Stock</b>		
Finished Goods	63,786,036	82,667,303
Work in progress	9,408,190	17,301,080
	73,194,226	99,968,383
<b>Stock Differential</b>	24,927,352	(23,588,591)
<b>Raw Materials consumed (including Stores &amp; Packing materials consumed)</b>	<b>1,519,358,786</b>	<b>1,346,905,839</b>
<b>TOTAL</b>	<b>1,544,286,138</b>	<b>1,323,317,248</b>
<b>SCHEDULE 17</b> <b>Employee Costs</b>		
Salaries, wages and bonus	270,290,166	230,916,234
Contribution to Provident and other funds	8,474,929	7,591,083
Staff Welfare Expenses	11,711,281	6,823,196
	290,476,376	245,330,513
<b>Less: Expenditure incurred during the construction period</b>		
- Capitalised during the year	(44,994)	-
<b>TOTAL</b>	<b>290,431,382</b>	<b>245,330,513</b>

	2010	2009
<b>SCHEDULE 18</b> <b>Administrative &amp; Other Expenses</b>		
Power & Fuel	41,536,337	33,754,194
Rent	7,668,148	4,433,580
Rates & Taxes	4,064,712	6,189,137
Repairs & Maintenance		
- Building	1,071,606	924,170
- Machinery	11,277,398	9,080,495
- Others	9,210,432	8,821,512
Insurance	8,935,340	7,877,983
Security Expenses	4,140,454	3,530,477
Printing & Stationery	3,690,284	3,343,455
Directors Sitting fees & Commission	940,000	330,000
Professional charges	5,639,808	5,752,363
Communication Expenses	7,524,340	6,528,839
Travel & Conveyance	19,409,969	24,350,285
Advertisement & Sales Promotion	2,445,707	732,537
Freight Outwards	39,772,802	21,623,749
Commission	908,507	510,885
Discount	7,568,782	6,829,677
Provision for doubtful debts	1,117,462	6,751,780
Project Expenses Written off	6,418,789	-
Bad debts/Advance written off	3,070,596	5,482,385
Other operating cost	-	33,722,433
Research & Development Expenses [Refer Schedule 20(II)(14)]	2,346,378	1,386,717
Provision for diminution in value of current investments	-	143,727
Loss on sale of Mutual Funds	64,591	12,377
Miscellaneous Expenses	4,531,109	3,135,511
Foreign exchange difference (Net)	5,620,348	6,134,444
	198,973,901	201,382,712
Less: Expenditure incurred during the construction period		
- Capitalised during the year	(892,713)	(1,037,006)
- Pending allocation	-	(96,110)
<b>TOTAL</b>	<b>198,081,188</b>	<b>200,249,596</b>
<b>SCHEDULE 19</b> <b>Finance Expenses</b>		
Interest		
- On term loans	23,338,071	36,167,005
- On cash credit	26,127,058	24,758,993
- Others	7,252,551	1,727,439
Bank charges	3,523,510	3,648,335
Finance charges	3,107,666	2,723,695
	63,348,856	69,025,467
Less: Expenditure incurred during the construction period		
- Capitalised during the year	(980,944)	(1,962,139)
<b>TOTAL</b>	<b>62,367,912</b>	<b>67,063,328</b>

## SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2010

### SCHEDULE 20 SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS

#### I. SIGNIFICANT ACCOUNTING POLICIES:

##### a. 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 and the Companies (Accounting Standards) Rules, 2006 (Indian GAAP) as adopted consistently by the Group.

##### b. Principles of Consolidation :

The financial statements of the subsidiary companies used in the consolidation are drawn upto 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 & expenses. Inter Company balances & transactions & un-realised 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 exchanged fluctuation reserve,

III) The consolidated financial statement 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 companies has been included in the Profit & Loss Account 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.

c. Investments other than in subsidiaries and associates have been accounted as per Accounting Standard (AS) 13 on "Accounting for Investment". The two wholly owned subsidiaries i.e. Suprajit Automotive Private Limited, India and Gills Cables Limited, UK have been considered for consolidation.

##### d. 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.

##### e. 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.

##### f. Tangible/Intangible Assets:

Fixed Assets are stated at cost less accumulated depreciation. 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. 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.

##### g. 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.

##### h. 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.

##### i. Revenue Recognition:

Sale of goods 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. Scrap is accounted on sale.

Export incentives are recognised when there is reasonable certainty as to realisation and 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.

##### j. Employee Benefit:

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 Account for the year.

##### Defined Contribution Plans:

The Parent and its Indian subsidiary 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 Account for the year. There is 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 Account 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 Account for the period in which they occur.

**k. Foreign Currency Transaction:**

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 account.

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 Account over the period of the contracts. The exchange differences on the contracts are recognised in the year in which the exchange rates change.

**l. Leases:**

Operating lease payments are recognised as an expense in the Profit & Loss Account.

**m. Research and Development Expenditure:**

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

**n. Borrowing Cost:**

Borrowing costs other than those attributable to qualifying assets are expensed as and when incurred. Borrowing costs

attributable to qualifying assets are capitalized under relevant asset class.

**o. 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 costing less than Rs.5,000/- are fully depreciated in the year of acquisition itself. 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 use full life.

**p. Income Tax:**

Tax Expense comprising current tax, fringe benefit tax and deferred tax are recognised in the Profit and Loss Account 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.

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.

**q. 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.

## II. NOTES TO ACCOUNTS

**I. Contingent Liabilities and Commitments:**

Sl.No.	Particulars	Amount as at March 31 <sup>st</sup> , 2010	Amount as at March 31 <sup>st</sup> , 2009
1	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	24,543,796	11,066,359
2	Corporate Guarantees issued on behalf of subsidiaries to their bankers	34,470,000	60,890,000
3	Letter of Credit	1,194,430	1,094,430
4	Bank Guarantee furnished to Tax Authorities	5,764,893	5,164,893
5	Disputed Excise dues pending in appeal	1,434,040	1,510,202
6	Bond Executed in favour of Customs	10,000,000	10,000,000
7	Other sums for which the Group is contingently liable	4,905,080	3,921,851



2. The Parent Company's 46% (Potentially dilutable to 27.4%) interest in Suprajit Chemicals Private Limited has not been considered in these consolidated accounts as the manufacturing operations of that company have been discontinued and other operations are being explored. Since this significantly impairs the ability of that Company to transfer funds to the parent, Equity method of Consolidation has not been used. Instead the investment is carried at the carrying amount of the investment as at the beginning of the year regarded as cost in accordance with applicable Accounting Standard.
3. Some of the sundry debtors, loans and advances and creditors are subject to confirmation.
4. In the opinion of the management, current assets, loans and advances have a value not less than what is stated in the accounts if realised in the ordinary course of business.
5. During the year, part of the facilities being set up at Haridwar was completed and put to use, commercial production started during March, 2010. Direct administrative costs and borrowing costs as per AS-16 relating to this facility have been capitalised.
6. The Parent Company was in the process of updating the fixed asset records/register in its ERP system which has been since completed. It is found that 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 fixed assets particulars prior to this period have been updated in the ERP system in a summarised format. However additional particulars are available for major assets in manual form.
7. As the proposed unit at Singur, West Bengal for manufacture & supply of company's products to a specific customer has been inordinately delayed due to reasons beyond control of the Company, certain expenses aggregating to Rs.6,418,789/- has been written off in the books of accounts. The management is confident of realising an amount not less than that at which rest of the assets relating to this unit are carried in the Balance Sheet.

Particulars	Amount as at March 31 <sup>st</sup> , 2010	Amount as at March 31 <sup>st</sup> , 2009
a) Hedged by Forward contracts:		
JPY Payable	140,082,182	-
Equivalent Rupees (at forward rate)	80,323,123	-
USD Receivable	900,000	-
Equivalent Rupees (at forward rate)	42,932,000	-
b) Not hedged (net):		
i) Related to Debtors & Creditors		
USD Receivable/( Payable)	562,993	934,551
Equivalent Rupees	24,977,448	47,057,631
GBP-Receivable / (Payable)	362,914	(458,067)
Equivalent Rupees	24,269,374	(37,595,149)
Euro Receivable/ (Payable)	333,878	565,596
Equivalent Rupees	18,783,548	37,595,145
ii) Bank Balance USD	17,112	-
Equivalent Rupees	777,051	-
iii) Secured Loan		
USD Receivable/(Payable)	389,757	-
Equivalent Rupees	17,815,792	-
EURO Receivable/(Payable)	195,706	-
Equivalent Rupees	12,010,502	-

#### 9. Employee benefits:

i) The foreign subsidiary has provided for retirement plans in accordance with their local laws.

ii) Defined Contribution Plans:

During the year the following amounts have been recognised in the Profit and Loss Account on account of defined contribution plans.

Particulars	2009-10	2008-09
Employers contribution to Provident Fund	6,205,279	5,280,298
Employers contribution to Employee's State Insurance	1,536,066	1,514,812
Employers contribution to other Social Security Schemes	715,584	795,973

iii) Defined Benefit Plans

a. Gratuity- Funded

b. Compensated absences-Unfunded Obligation

I. Actuarial Assumptions	2009-10		2008-09	
	Gratuity	Compensated absences	Gratuity	Compensated absences
Discount Rate (per annum)	8%	8%	7%	7%
Expected return on plan assets	8%	NA	7%	NA
Salary escalation rate*	7%	7%	7%	7%

\* The assumption of future salary increases takes into account of inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market.

II. Reconciliation of present value of obligation	2009-10		2008-09	
	Funded Scheme	Unfunded Scheme	Funded Scheme	Unfunded Scheme
Present value of obligation at beginning of the year	8,695,619	3,526,248	5,334,839	3,689,836
Current Service Cost	2,489,930	1,188,952	3,052,758	867,086
Interest Cost	680,579	237,693	355,025	258,289
Actuarial (gain)/loss	(1,634,894)	(268,728)	(190,971)	(310,180)
Benefits paid	(376,762)	(1,110,158)	(526,103)	(308,712)
Past service Cost	-	-	-	-

III. Reconciliation of fair value of plan assets	2009-10	2008-09
	Funded Scheme	Funded Scheme
Fair value of plan assets beginning of the year	4,396,313	3,646,208
Expected return on plan assets	417,797	270,103
Actuarial gain/(loss)	23,180	55,181
Contributions	2,029,039	950,924
Benefits paid	(376,762)	(526,103)
Assets distributed on settlement (if applicable)	-	-
Fair value of plan assets at end of the year	6,489,567	4,396,313

IV. Description of Plan Assets	2009-10	2008-09
	Funded Scheme	Funded Scheme
Insurer Managed Funds - Life Insurance Corporation of India	6,489,567	4,396,313

V. Net (Asset)/Liability recognised in the Balance Sheet as at year end	2009-10		2008-09	
	Funded Scheme	Unfunded Scheme	Funded Scheme	Unfunded Scheme
<b>Scheme</b>				
Present value of obligation at end of the year	9,854,472	3,574,007	8,025,548	4,196,319
Fair value of plan assets at end of the year	6,489,567	-	4,396,313	-
Net present value of unfunded obligation recognised as (asset)/liability in the Balance Sheet	3,364,906	3,574,007	3,629,235	4,196,319

## 10. 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	2009 - 10	2008-09
<b>Sales/Operating income:</b>		
- India	1,999,908,693	1,562,382,725
- Rest of the world	485,209,789	502,805,865
<b>Segment Assets:</b>		
- India	1,451,643,672	1,286,969,786
- Rest of the world	264,285,726	148,786,720
<b>Additions to Fixed Assets:</b>		
- India	73,300,360	130,602,666
- Rest of the world	-	1,315,935

## 11. Related Party Disclosures:

Party	Relationship
K Ajith Kumar Rai (Vice Chairman & Managing Director)	Key Management Personnel
Peter Greensmith	Key Management Personnel
R Crozier	Key Management Personnel
M Jayarama Shetty	Relative of Key Management Personnel
Suprajit Chemical Private Limited	Associate

### Transactions:

Nature of Transactions	Key Management Personnel	Relative of KMP	Associate
Remuneration	26,506,547 (20,398,133)	- (-)	- (-)
Sitting Fees	- (-)	110,000 (90,000)	- (-)
Interest received	- (-)	- (-)	- (-)
Reimbursements	564,682 (623,643)	- (-)	- (-)
Loans / advance given	- (-)	- (-)	1,000,000 (2,639,510)
Repayment of Loans	- (-)	- (-)	1,000,000 (2,639,510)

Figures in brackets indicates the previous year amounts

## 12. 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 March 31 <sup>st</sup> , 2010	Amount as on March 31 <sup>st</sup> , 2009
Due within one year	-	307,219
Due between two to five years	3,644,352	6,520,945
<b>TOTAL</b>	<b>3,644,352</b>	<b>6,828,164</b>

### 13. Deferred Tax:

The breakup of the Deferred tax liability as at March 31st, 2010 is given below:

Timing Differences	Amount as on March 31 <sup>st</sup> , 2010	Amount as on March 31 <sup>st</sup> , 2009
Accelerated Capital Allowances	88,303	1,225,761
Timing Difference on purchase of Goodwill	(4,753,324)	(6,780,403)
Depreciation	47,849,079	47,880,708
Expenses	(4,737,716)	(8,023,087)
<b>Net Liability/(Asset)</b>	<b>38,446,342</b>	<b>34,302,979</b>

Deferred tax assets of Rs. 17,223,359 (GBP 253,173) have not been recognised due to the short term uncertainty of estimating future sustainable tax profit.

### 14. Research & Development Expenditure :

Particulars	2009-10	2008-09
Salaries & Wages	6,061,014	6,671,530
Materials, Consumables & Stores	232,226	85,462
Other Direct Expenditure	2,346,378	1,386,717
<b>Total</b>	<b>8,639,618</b>	<b>8,143,709</b>

The expenses such as Salaries, Wages, Materials, and Consumables are included in the respective heads of account and other direct expenditure is disclosed under Research & Development Expenditure in the Profit and Loss Account.

### 15. Some of the previous year's figures have been re-grouped to suit current year's grouping.

Signatures to Schedules – I to 20

As per our report of even date attached

For **Varma & Varma**  
Chartered Accountants  
FR No. 004532S

**Medappa Gowda J**  
Company Secretary

**K Ajith Kumar Rai**  
Vice-Chairman & Managing Director

**M R B Punja**  
Chairman

**Cherian K Baby**  
Partner  
M.No. 16043

Place : Bangalore  
Date : 29th May, 2010



**SUPRAJIT ENGINEERING LIMITED**

**Regd. & Corporate Office : No. 100, Bommasandra Indl Area, Bangalore - 560 009**

**This attendance slip duly filled in to be  
handed over at the entrance of the meeting Hall**

Name of the attending Member ( in block Letters) : .....

Member's Folio Number:.....

Client I.D.No:.....

D.P.I.D. No: .....

Name of Proxy ( in Block Letters, to be filled in if the proxy attends instead of the members)

No.of Shares held : .....

I Here by record my presence at the Twenty Fifth Annual Meeting of the Company Held on Monday, the 2nd August, 2010 at 12:30 pm. at Unit-9, at plot No. 101, Bommasandra Industrial Area, Bangalore- 560 099.

To be Signed at the Time of handing

Signature of member / proxy

I/We.....of.....in the district of.....being a  
Member / Members of Suprajit Engineering Limited hereby appoint .....of.....or failing him  
of.....in the district of .....of failing him in the district of..... as my/our proxy to vote  
me / us on my / our behalf at the Twenty Fifth Annual General Meeting of the Company to be held on Monday, the 2nd August, 2010 at 12:30 pm.  
at Unit-9, at Plot No. 101, Bommasandra Industrial Area, Bangalore- 560 099 - and at any adjournments thereof.

Signed this ..... day of .....2010

Client ID No .....

D.P.I.D. No .....

Regd Folio No .....

No. Of Shares held .....

Affix  
Re. I/-  
Revenue  
Stamp

Signature

**Note :**

The Proxy and the Power of Attorney (if any) under which it is signed or notarised copy of the same must be deposited at the Registered Office of the Company at No.100, Bommasandra Industrial Area, Bangalore -560 099, not less than 48 hours before the time fixed for holding the meeting.





**SUPRAJIT ENGINEERING LIMITED**

Regd. &amp; Corporate Office : No. 100, Bommasandra Indl. Area, Bangalore - 560 009

**ECS MANDATE FORM****Members Holding Shares in Physical Mode**

Please Inform :

Alpha System private limited, No. 30, Ramana  
Residency, 4th Cross, Sampige Road,  
Malleshwaram, Bangalore - 560 003.**Members Holding Shares in Demat Mode**Please Inform : Your DPs directly  
(if not done earlier)

I hereby consent to have the amount of Dividend on my Equity Shares credited through the Electronic Clearing Service (Cash Clearing) (ECS) The particulars are :

1. Folio No. / Certificate No.	
2. Name of the 1st Holder	
3. Name of the Bank	
4. Full address of the branch	
5. Account number	
6. Account Type (Please Tick the relevant account)	Savings / Current / Cash Credit
7. 9 Digit Code Number of the Bank and Branch appearing on the MICR cheque issued by the Bank (Please attach a photocopy of a cheque for Verifying the accuracy of the Code Number).	

I hereby declare that the particulars given above are correct and complete. If the transaction is delayed because of incomplete or incorrect information, I will not hold the Company responsible.

Signature of the 1st Holder as per the  
Specimen signature with the CompanyName : \_\_\_\_\_  
Date : \_\_\_\_\_Address : \_\_\_\_\_  
\_\_\_\_\_

