

May 29, 2023
SEL/SEC/ 2023-2024/20**BSE Limited**
Department of Corporate Services
P. J. Towers, 25th Floor, Dalal Street,
Mumbai- 400 001
Ref: 532509**National Stock Exchange of India Ltd**
Exchange Plaza, C-1, Block-G,
Bandra Kurla Complex, Bandra (E)
Mumbai- 400 051
Ref: SUPRAJIT

Dear Sirs,

Sub: Press Release

Please find enclosed Press Release dated May 29, 2023.

Kindly take the aforesaid information on record in compliance of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015.

Thanking you,

Yours faithfully,

For Suprajit Engineering Limited**Medappa Gowda J**
CFO & Company

Encl: as above

PRESS RELEASE

FINANCIAL RESULTS AND BUSINESS UPDATE – 29th MAY 2023.

(Rs. In Million)

Results for the year ended :

STANDALONE	MARCH 2023		MARCH 2022		Growth
	Amount	%	Amount	%	
OPERATING REVENUE (Net of taxes)	14,310.19		12,712.84		12.56%
EBITDA (Operational)	2,495.33	17.44%	2,126.69	16.73%	17.33%

CONSOLIDATED (Excluding LDC)	MARCH 2023		MARCH 2022		Growth
	Amount	%	Amount	%	
OPERATING REVENUE (Net of taxes)	20,592.76		18,404.77		11.89%
EBITDA (Operational)	3,124.51	15.17%	2,599.04	14.12%	20.22%

CONSOLIDATED (Including LDC)	MARCH 2023		MARCH 2022		Growth
	Amount	%	Amount	%	
OPERATING REVENUE (Net of taxes)	27,523.55		18,404.77		49.55%
EBITDA (Operational)	3,187.42	11.58%	2,599.04	14.12%	22.64%

Phoenix Lamps Division Consolidated (PLD)	MARCH 2023		MARCH 2022		Growth
	Amount	%	Amount	%	
OPERATING REVENUE (Net of taxes)	3,640.01		3,418.68		6.47%
EBITDA (Operational)	299.20	8.22%	241.78	7.07%	23.75%

SENA DIVISION (NON-AUTOMOTIVE)	MARCH 2023		MARCH 2022		Growth
	Amount	%	Amount	%	
OPERATING REVENUE (Net of taxes)	4,601.74		4,199.58		9.58%
EBITDA (Operational)	666.35	14.48%	604.36	14.39%	10.26%

LDC DIVISION	Q1 June-22	Q2 Sep-22	Q3 Dec-22	Q4 Mar-23
OPERATING REVENUE (Net of taxes)	1,596.29	1,689.39	1,794.83	1,858.00
EBITDA (Operational)	(72.44)	(15.65)	66.18	85.69
EBITDA (Operational) %	(4.54%)	(0.93%)	3.69%	4.61%

Above Operational EBITDA is without considering all non-operational income, forex gain / loss & acquisition expenses.

Results for the quarter ended

(Rs. In Million)

STANDALONE	Q4 MAR-23		Q4 MAR-22		Growth
	Amount	%	Amount	%	
OPERATING REVENUE (Net of taxes)	3,394.86		3,562.27		(4.70%)
EBITDA (Operational)	626.66	18.46%	553.09	15.53%	13.30%

CONSOLIDATED (Excluding LDC)	Q4 MAR-23		Q4 MAR-22		Growth
	Amount	%	Amount	%	
OPERATING REVENUE (Net of taxes)	5,139.48		5,059.17		1.59%
EBITDA (Operational)	811.02	15.78%	765.58	15.13%	5.93%

CONSOLIDATED (Including LDC)	Q4 MAR-23		Q4 MAR-22		Growth
	Amount	%	Amount	%	
OPERATING REVENUE (Net of taxes)	6,990.09		5,059.17		38.17%
EBITDA (Operational)	895.52	12.81%	765.58	15.13%	16.97%

Phoenix Lamps Division Consolidated (PLD)	Q4 MAR-23		Q4 MAR-22		Growth
	Amount	%	Amount	%	
OPERATING REVENUE (Net of taxes)	928.56		962.21		(3.50%)
EBITDA (Operational)	79.68	8.58%	64.77	6.73%	23.01%

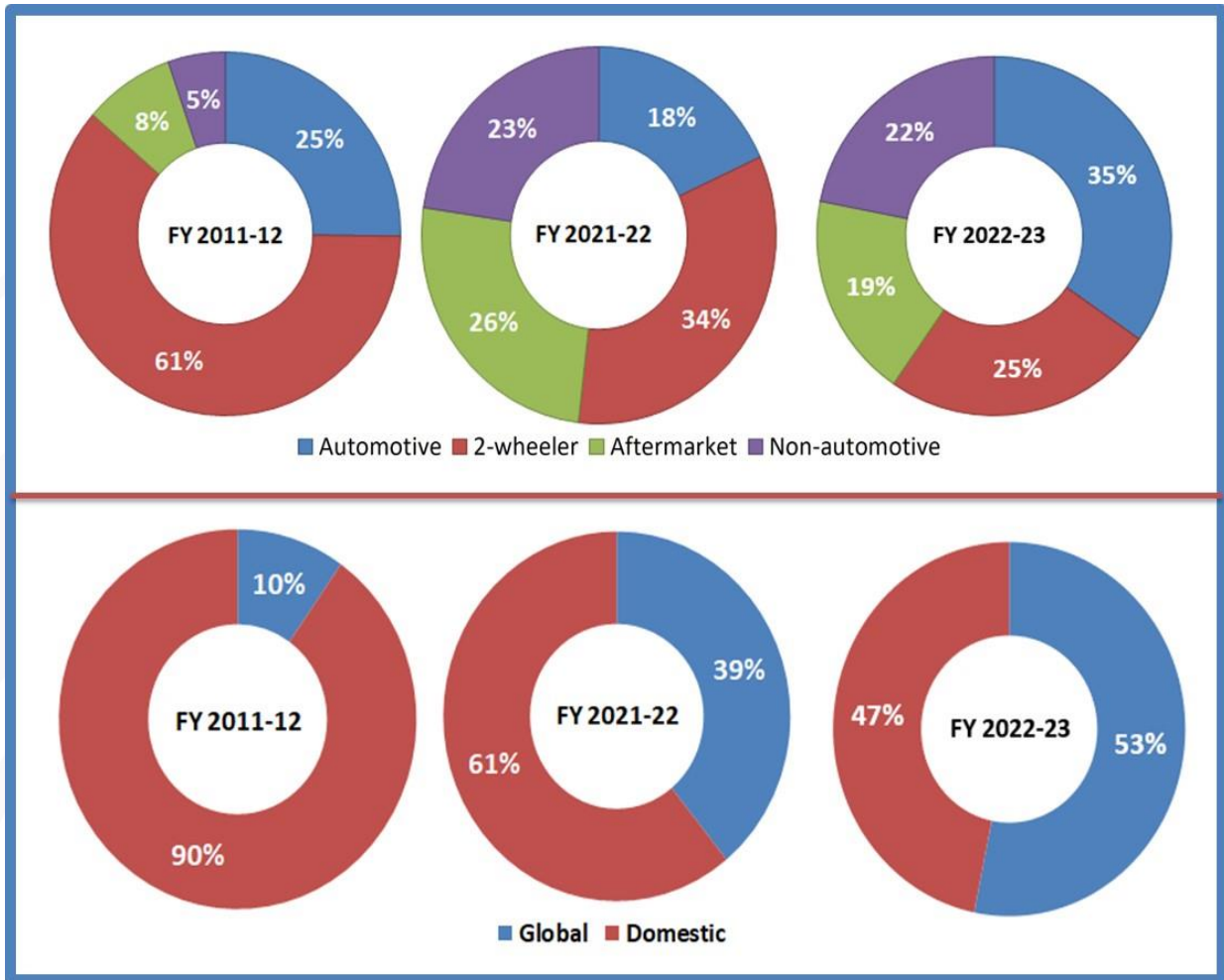
SENA DIVISION (NON-AUTOMOTIVE)	Q4 MAR-23		Q4 MAR-22		Growth
	Amount	%	Amount	%	
OPERATING REVENUE (Net of taxes)	1,164.44		1,132.06		2.86%
EBITDA (Operational)	274.68	23.59%	231.80	20.48%	18.50%

Above Operational EBITDA is without considering all non-operational income, forex gain / loss & acquisition expenses.

Group Debt Level:

PARTICULARS	Mar-23	Mar-22
Long Term	2,648	138
Short Term	3,769	2,977
TOTAL	6,417	3,115
Investment in Mutual Funds	4,451	2,619

Sector and Geographical Transformation:



BUSINESS UPDATE:

- The Board has recommended a final dividend of Rs. 1.25 (125%) per equity share of Re.1/- each for the year 2022-23, making the total dividend at Rs.2.30 (230%) as against the total dividend of Rs.2.00 (200%) per equity share of Re.1/- each, paid during the previous year. The aggregate of the dividend payout for the year under report is Rs. 318.30 Million against Rs. 276.77 Million paid during the previous year.
- The overall Indian automotive segment grew at 11% during the year 2022-23. Against this, Suprajit’s India business grew at 12.56%, despite a weak 2-wheeler market.
- The consolidated business grew at 49.55% as compared to 14.12% in previous year.
- High interest rates and inflation are having its impact on the global economy, leading to recessionary trends globally.

- Ukraine war is of particular concern in the European region, where automotive volumes have shrunk further.
- Margins consolidated in the 4th quarter, compared to previous quarters both on standalone and consolidated basis.
- EV market expansion continues amidst FLAME issues.

DIVISIONAL HIGHLIGHTS FOR THE YEAR:

Domestic Cable Division (DCD) :

- DCD performed strongly both in sales growth and margins improvements, due to strong performance in OEM and aftermarket.
- Two-wheeler market continues to be under pressure, with a negative growth of 4% in Q4.
- The new facility for comprehensive aftermarket cable manufacturing commenced its operations during February 2023. This consolidation will further strengthen aftermarket, distribution, performance and growth.
- DCD continues to support the new EV players with new products.

Suprajit Automotive (SAL) and Suprajit Europe (SEU):

- SAL & SEU performed commendably during the year with sales growth and margin improvement despite muted automotive volume in Europe and US.
- New business pipeline is robust for the coming years, giving clear visibility for the division.
- Won multiple new cable businesses with key European OEMs for their EV platforms.

Suprajit Engineering Non-Automotive (SENA) Division:

- The North American markets in this segment have slowed down, and is expected to continue to be soft due to customer pressure in US.
- The sales growth has been modest, but margins have remained stable.
- New opportunities for the division continue to be promising for products like seeder gearboxes and electronic controls.

Phoenix Lamps Division (PLD):

- The year may be considered as a year of recovery for the division, post tremendous pressure on input costs and price pressure on the products in the marketplace.
- This division has recovered remarkably during the year with business growth and margin improvement, despite LED penetration in the headlamp segment.
- Restructuring plan for PLD and its subsidiaries has been in motion in the last 2 years, which has further aided in the turnaround of margins for the second half of the year.

- Trifa Lamps Germany GmbH will be liquidated this year after the completion of balance regulatory approvals as applicable in Germany. While this will have certain costs, the longer-term benefit of a single entity, Luxlite, will bring significant synergies amongst customers, supply chain and closer interaction amongst all stakeholders, with lower costs.
- A lean single operation at Luxlite will bring in additional margins for the Company along with overall restructuring of this division.

Light Duty Cable (LDC) Division:

- LDC has completed its first year under the ownership of Suprajit. The year has seen an enormous amount of restructuring, reorientation, and operational challenges in aligning the entity to the group's overall requirements.
- The integration and restructuring plan, as envisaged in our initial communication dated 25th July 2022, is progressing generally as per plan.
- The margins have been impacted by the large input price increase over the last two years. This was further accentuated by the delayed approach to customers for compensation for these increases as the new management could approach the customer only post the acquisition, a delay of more than one year. It was difficult to get full compensation from these customers due to the lapse of time. Hence the company had to accept certain suboptimal price increases, that continue to put pressure on the margins.
- The scenario is likely to continue in the current year. As current contracts get replaced with newer contracts in coming years, improvements in margins will be seen. Operational improvements, streamlined supply chain etc., will further assist in improving margins.
- LDC recorded the sales of Rs. 1,858 Million, with a EBITDA margin of Rs. 85.69 Million for the last quarter, against a loss of Rs. 72.44 Million in the first quarter.

Shanghai Lonestar – China:

- Operations were disrupted due to Covid during the year and has now stabilized.
- Chinese economy continues to face certain uncertainties and softer demand is seen from certain customers.

Suprajit Hungary (Siófok) :

- European customers' offtake has come down and expected to remain so for the current year, as well.
- Operations have stabilized, although cost pressures continue.
- The significant increase in wage cost due to minimum wage increases and also strengthening local currency against Euro, have caused further delays in margin recovery.

Suprajit – Mexico (Matamoros):

- North American non-automotive markets have slowed down noticeably while automotive markets have generally been stable for the year.
- Operations have stabilized, although cost pressures continue.
- Significant minimum wage increases in Mexico and strengthening of the local currency against US Dollar has led to further cost pressures.
- Overall, the LDC Team is strong and motivated. Various cost reduction projects are in full swing.
- On the positive side, LDC has been winning significant new contracts both in the automotive and nonautomotive segments. LDC is expected to achieve good double-digit growth and the earlier set target of USD 100 Million, in sales for the current year.

Suprajit Electronics Division (SED):

- SED facility, at Doddaballapur, was inaugurated on 2nd November 2022 by Shri Sudarshan Venu, Managing Director, TVS Motor Company Limited.
- During the past few months, SED has established processes and systems and streamlined the operations.
- The division has been showcased to multiple customers who have visited and found facility to be of world class.
- New contracts have been won. Multiple products including digital speedometers, lock actuators, Rotary Sensors, Throttle Position Sensors, etc., are currently being launched for commercialization. A detailed update will be posted in the near future.

Suprajit Technology Centre (STC):

- STC continue to work on certain new product developments and product improvements.
- “Technology roadshows” to customers are organized at multiple customer locations, to showcase Suprajit’s capabilities - “Beyond Cables”.
- Key products of STC are at different levels of approvals and testing with prospective customers.
- Significant customer interest has been shown in Suprajit’s new capability through STC. STC is being recognized as a dependable technology partner.
- Mr.Ashutosh Rai, Head STC has been promoted as Chief Technology Officer (CTO) of the Company.

COMMENTARY ON CURRENT YEAR AND OUTLOOK FOR THE NEAR TERM:

- The current year will be another challenging year with global uncertainties of economic growth, recession, and geo-political risks.
- The domestic market is expected to be challenging for the traditional ICE two-wheeler business due to weak market and EV penetration.
- PLD will conclude winding down Trifa and consolidating overseas business through Luxlite which will yield longer term benefits.
- LDC will have another year of challenging environment to streamline, optimize and grow business. This is due to relocation of China plant due to local government requirements and the current plant manager's departure. Recent customs tariff changes on certain actuators imported by Matamoros will also add to margin pressures.
- Overall business growth will be strong for the Suprajit group and consolidated margins are expected to improve compared to last year.

The key global management team of the group gathered in Bangalore for a strategic management summit. Critical assessment of the performance of the group, SWOT analysis and roadmap for the future were discussed in great depth and detail. For better orientation, focus and best results, it has been decided to bifurcate Company's activities into 4 divisions:

1. **Suprajit Controls Division (SCD)** – This division will comprise of automotive and non-automotive exports from India and businesses outside of India, through Unit 9 /SAL / SEU/ Wescon/ LDC entities. There will be significant synergies amongst these entities. with certain intercompany transactions, restructuring and reconciliation of the business for best business growth amongst these entities based on customer requirements. This division is headed by Mr. James Ryan, President – Controls & Cables, Global Operations. The division is expected to clock double digit growth in sales and double digit consolidated margins.
2. **Domestic Cable Division (DCD)** – Comprise of all India focused manufacturing units, for automotive and 2-wheeler cables and non-electronic products developed by STC. This division will look into entire Indian operations, both OEMs and aftermarket. This division is headed by Mr. Narayan Shankar, Chief Operating Officer. This division is expected to clock double digit growth in sales with strong EBITDA margins.
3. **Phoenix Lamps Division (PLD)** – The lighting division will continue to focus on the “last man standing” strategy. Focus is to consolidate India business, both OEM and aftermarket and growing exports, both direct and OLM. Luxlite will be a single global frontend from Luxembourg and will work closely with PLD to garner larger international business. Luxlite will further streamline its operations through the year after the winding up of Trifa. The division will also focus on automation projects for the entire group by leveraging its core competency in this area. This division is headed by Mr. Akhilesh Goel, Chief Operating Officer. The division is expected to clock double digit sales growth and margins, despite LED penetration.

4. **Suprajit Electronics Division (SED)** – This division is the new vertical of the group and this year would be the first full year of operation. There has been significant customer interest and multiple contracts are being negotiated. This division is headed by Mr. Praveen Rao, Sr. Vice President, and Division Head.

The results from Q1FY23-24 will be declared under these heads with previous year's comparisons with adequate commentary as required.

The group is planning a total Capex of Rs. 1400 Million across all its entities over the next 12-18 months to execute the business plan.

All divisions are expected to clock robust growth and will continue to focus on operational excellence, consolidation, leverage group's leading position to further improve margins.

The overall outlook for the year appear promising.

About Suprajit Engineering Limited

Suprajit is India's largest automotive cable and halogen bulb maker with an annual global capacity of 400 Million cables and 110 Million halogen bulbs. Suprajit's customers list includes a large number of global automotive majors. Suprajit group has footprints in four continents with multiple plants, tech centres and warehouses.

For further information, please contact:

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