



**Suprajit
Engineering
Limited**

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Corporate Identify Number (CIN) : L29199KA1985PLC006934



July 25, 2022

**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 July 25, 2022.

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 Secretary**

Encl: as above

25th July 2022**PRESS RELEASE****LDC BUSINESS UPDATE**

Further to our earlier communications on LDC dated 25th May 2022 and 6th April 2022, this update is released based on first hand understanding of LDC operations, subsequent to managing this business in the last 3 months under Suprajit and the leadership of Jim Ryan.

CHALLENGES:

- Lone Star, Shanghai, China plant operations were impacted due to Covid lockdown in Shanghai in Q1 and operated at significantly below normal capacity.
- Soon after the acquisition, the Plant Head at Siofok left, creating a void in the top management, which is now filled.
- Significant price increases given to suppliers prior to closing, which is currently being reviewed.
- No approach made to Customers prior to closing, to compensate input and inflation cost increases, prior to closing.
- Hungarian currency depreciated by 30% in the last 1 year against dollar, hampering Siofok operations financially.
- Closely reassessing inventories, debtors, creditors etc., to make necessary provisions, if needed.

HIGHLIGHTS:

- Integration work of the LDC division is in full swing since April 2022. Multiple integration teams named “Max Teams” are at work in Sales, Product Engineering, Finance, Procurement, Quality, Process Engineering, IT and HR areas.
- Business, operational and financial plans, and, business directions are reworked, regrouped and re organised.
- Budgetary plans for plants at Matamoros, Siofok and Shanghai, Testing and Warehouse at Brownsville and Tech Centre at Novi have been reviewed, revised, and finalised.
- Stakeholders including Customers, suppliers, employees etc., have been approached, reassured and taken into confidence.
- Approaching all Customers for price increases. Certain customers have already considered price increases but much needs to be done. This will have 2 to 3 quarters lag, considering delayed approach to Customers.
- Working on supplier base to bring costs down.
- Working on consolidating group buying.
- Working closely on plant synergies within the group.
- Working hard to raise operational metrics across all the plants through operational excellence projects.

OUTLOOK:

All these events will have impact on the LDC's P&L in first 2 to 3 quarters. EBITDA margins are expected to be negative in the first two quarters, improving in the subsequent quarters. The EBITDA expected to recover to double digit by end of second year as indicated in our earlier communication.

However, sales are expected to clock a robust growth, despite weak automotive markets in both Europe and USA. Many new projects are under development and launch, reaffirming a strong confidence from the Customers of LDC. Revenues for the current year projected at US\$ 95+ mil, an increase of 12% over previous year. As indicated in our earlier communication, this will surpass US\$ 100+ mil, in the second year.

With superior customer feedback's on LDC's business model, strong order pipeline, we believe that LDC is a perfect fit, providing strategic positioning and footprints to Suprajit to realise it's vision of "Think Global, Act Local".

This update is released to give a first hand post acquisition outlook on LDC.

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 most Indian automotive majors. It also exports to many marquee global customers.

For further information, please contact:

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