



Season's Greetings!



19th December 2023.

My Dear Shareholder,



I have the pleasure of presenting you with a mid-year review, half-yearly financial highlights, and the recent update on your company. While the outlook for the medium term looks exciting, short-term challenges, as elaborated in the business update, persist in the Controls Division.

Domestic Cable Division (DCD) delivered a commendable performance during the first half, aligning with the Indian automotive business. The passenger vehicle segment exhibited decent growth, but the two-wheeler segment and aftermarket continue to face challenges. DCD is in the process of commercializing a few products, 'beyond two-wheeler' and 'beyond cables'. I am sure that you will appreciate how this will further mitigate our dependence on cables, aligning with our motto "De-risk & growth profitability," while maintaining a strong focus on our core cable business.

Phoenix Lamps Division (PLD) experienced a positive turnaround in accordance with our previously forecasted plan. The EBITDA margins reached double digits, accompanied by growth in the business. Upon the completion of the ongoing restructuring at Trifa/Luxlite by the year's end, we anticipate further consolidation in both growth and margins.

Suprajit Controls Division (SCD) faced challenges in the first half, as detailed in the business update. Nevertheless, I believe that over the medium term, this division is poised to generate good growth and reasonable profitability. I would like to emphasize the strategic long-term importance of SCD to Suprajit, strengthening our position as a preferred cable supplier of global standing.

Suprajit Electronics Division (SED) has continued its robust growth since its inauguration just a year ago. It achieved a positive EBITDA in Q2, within a year of its operation, reflecting positively on the business. This division will be the fastest-growing, with several significant new businesses expected to commence production in the coming quarters.

Suprajit Technology Centre (STC) is maintaining momentum in product development. Multiple products have been deployed at the customers' end for evaluation and testing. Our plan to expand 'beyond cables' is in a clear and strong implementation phase, encompassing electronic, electrotechnical, and braking-related products. We have recently acquired a new industrial property near Bangalore to facilitate the implementation of some of these products.

Despite short-term disturbances in the global business outlook, our new business wins across all divisions have been robust. This instills confidence in me that the medium and long-term prospects remain strong, both in terms of business growth and profitability. Our continued focus on customers, strong new business wins, a diversified product range, new product development capabilities, and operational excellence are the hallmarks that will establish us as a sustainable and formidable player in our industry.

I take this opportunity to extend my warm wishes to you and every member of your family for a **'Happy, Healthy, and Prosperous New Year'**.

A handwritten signature in blue ink, appearing to read 'Ajith Rai', with a stylized flourish at the end.

K. Ajith Kumar Rai,
Founder & Chairman.

PRESS RELEASE

FINANCIAL RESULTS AND BUSINESS UPDATE – 09th November 2023

(Rs. In Million)

Unaudited results for the half year ended :

CONSOLIDATED	September 2023		September 2022		Growth
	Amount	%	Amount	%	
OPERATING REVENUE (Net of taxes)	13,885.57		13,612.47		2.01%
EBITDA (Operational)	1,441.69	10.38%	1,356.73	9.97%	6.26%

STANDALONE	September 2023		September 2022		Growth
	Amount	%	Amount	%	
OPERATING REVENUE (Net of taxes)	7,187.10		7,231.89		(0.62%)
EBITDA (Operational)	1,251.68	17.42%	1,177.03	16.28%	6.34%

Suprajit Controls Division (SCD)	September 2023		September 2022		Growth
	Amount	%	Amount	%	
OPERATING REVENUE (Net of taxes)	6,737.56		6,667.29		1.05%
EBITDA (Operational)	361.34	5.36%	390.48	5.86%	(7.46%)

Domestic Cable Division (DCD)	September 2023		September 2022		Growth
	Amount	%	Amount	%	
OPERATING REVENUE (Net of taxes)	5,193.46		5,199.72		(0.12%)
EBITDA (Operational)	886.10	17.06%	852.05	16.39%	4.00%

Phoenix Lamps Division Consolidated (PLD)	September 2023		September 2022		Growth
	Amount	%	Amount	%	
OPERATING REVENUE (Net of taxes)	1,857.03		1,745.46		6.39%
EBITDA (Operational)	191.15	10.29%	114.21	6.54%	67.37%

Suprajit Electronics Division (SED)	September 2023		September 2022		Growth
	Amount	%	Amount	%	
OPERATING REVENUE (Net of taxes)	97.52		-	-	-
EBITDA (Operational)	3.09	3.17%	-	-	-

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

(Rs. In Million)

Unaudited results for the quarter ended :

CONSOLIDATED	Q2 FY 2023-24		Q2 FY 2022-23		Growth
	Amount	%	Amount	%	
OPERATING REVENUE (Net of taxes)	7,088.74		7,160.63		(1.00%)
EBITDA (Operational)	698.09	9.85%	786.71	10.99%	(11.27%)

STANDALONE	Q2 FY 2023-24		Q2 FY 2022-23		Growth
	Amount	%	Amount	%	
OPERATING REVENUE (Net of taxes)	3,854.84		3,865.64		(0.28%)
EBITDA (Operational)	660.78	17.14%	662.26	17.13%	(0.22%)

Suprajit Controls Division (SCD)	Q2 FY 2023-24		Q2 FY 2022-23		Growth
	Amount	%	Amount	%	
OPERATING REVENUE (Net of taxes)	3,243.70		3,430.01		(5.43%)
EBITDA (Operational)	111.07	3.42%	233.25	6.80%	(52.38%)

Domestic Cable Division (DCD)	Q2 FY 2023-24		Q2 FY 2022-23		Growth
	Amount	%	Amount	%	
OPERATING REVENUE (Net of taxes)	2,795.13		2,820.34		(0.89%)
EBITDA (Operational)	462.70	16.55%	485.71	17.22%	(4.74%)

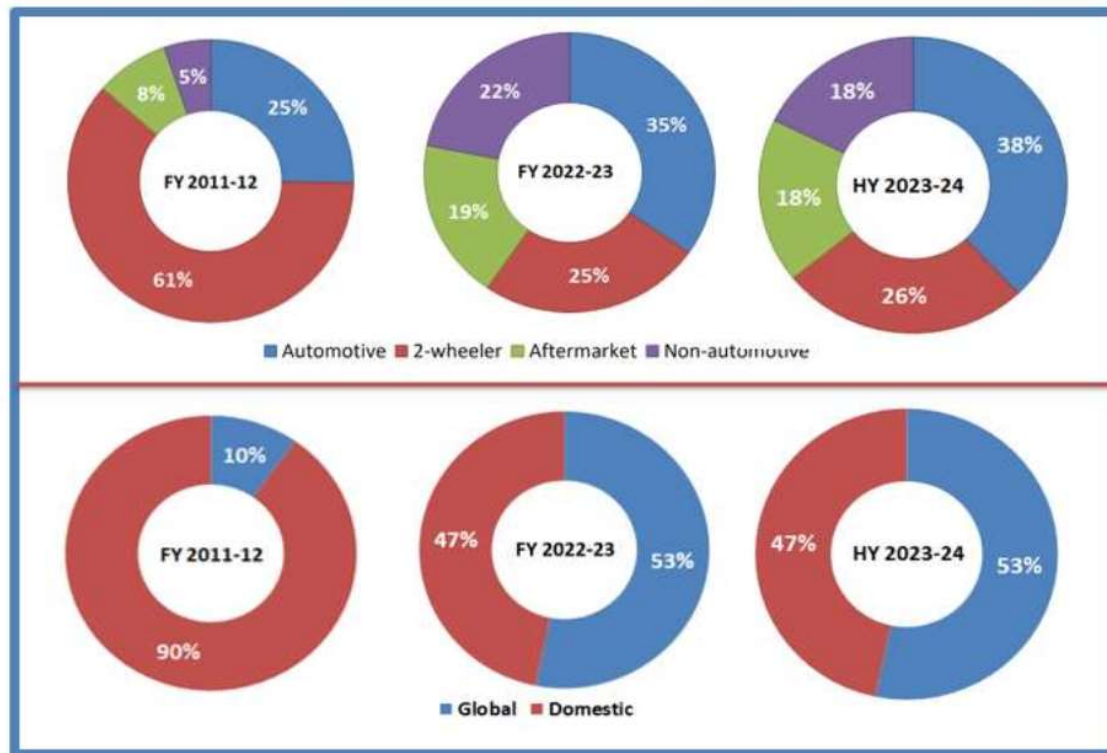
Phoenix Lamps Division Consolidated (PLD)	Q2 FY 2023-24		Q2 FY 2022-23		Growth
	Amount	%	Amount	%	
OPERATING REVENUE (Net of taxes)	980.27		910.29		7.69%
EBITDA (Operational)	120.78	12.32%	68.19%	7.49%	77.12%

Suprajit Electronics Division (SED)	Q2 FY 2023-24		Q1 FY 2022-23		Growth
	Amount	%	Amount	%	
OPERATING REVENUE (Net of taxes)	69.63		27.89		149.71
EBITDA (Operational)	3.53	5.06%	(0.44)	(1.58%)	-

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

Group Debt Level (Rs. in Millions) & Investments :

PARTICULARS	Sep-23	Mar-23
Long Term	2,344	2,648
Short Term	3,944	3,769
TOTAL	6,288	6,417
Investment in Mutual Funds / Bonds	5,167	4,451

Sector and Geographical Transformation:

BUSINESS UPDATE:

- The overall Indian automotive business grew by 1.50% for the first half of the year. The consolidated half yearly operational income of the group increased by 2% and standalone remained flat.
- The consolidated half yearly EBITDA of the group increased by 6% and standalone by 6% compared to the previous year.
- Overall, the global business environment remained challenging during the half year, which is expected to continue for a few more quarters. Some of the challenges faced are:-
 - **Automotive market:**
 - UAW strike, adding to already weak North American markets.
 - Postponement of new launches by certain customers.
 - Weakness in European automotive markets due to the war.
 - Tepid Indian aftermarket business due to weak monsoon.
 - **Non- Automotive market:**
 - Significant slowdown in non-automotive business in all geographies.
 - Climate change based concerns driving down volumes.
 - **General economic and trade conditions:**
 - Significant custom tariff related issues in Mexico.
 - Significant wage increases in Mexico.
 - High interest rates leading to delayed discretionary purchases.
 - Higher inflation.
 - Cross currency impacts.
 - **China plant relocation leading to disruptions.**

DIVISIONAL HIGHLIGHTS FOR THE YEAR:**A. Suprajit Controls Division (SCD) :**

SCD comprises of automotive and non-automotive exports from India and businesses outside of India, through Unit 9 /SAL / SEU/ Wescon/ LDC entities, including Shanghai Lonestar, Suprajit Hungary and Suprajit Mexico.

- Operational Revenue for the half-year remained flat, and EBITDA reduced by 7%.
- Certain restructuring is being carried out to improve synergies within this division to improve long term margins.

Shanghai Lonestar - China :

- Plant relocation is in the advanced stage and expected to be completed in Q4. This has led to certain disruptions in operations.
- Plant relocation has also led to significant one-time expenses.
- Slowdown in non-automotive business continues.
- A new plant head has joined.

SCD Europe :

- Operational income grew in Hungary, but pricing challenges continue.
- Certain negative margin businesses are being relocated to SAL, India, to improve overall group margins, as part of restructuring.
- Suprajit Europe and Suprajit Automotive had a strong growth and improved margins, due to new business wins, both in Europe and USA.

SCD - North America:

- The North American non-automotive business volumes continue to be weak. This had a significant negative impact on Wescon and Matamoros Non-automotive operations.
- UAW strike had some impact in September with significant impact in October. UAW have now come to an agreement with Big 3, as per news reports.
- 60% of the Matamoros plant's automotive business is derived from the big 3 and its Tier 1 / 2 suppliers.
- As a part of division's restructuring, North American warehousing is now centralised at our Brownsville warehouse giving better synergies and cost savings, going forward. However, certain one-time expenses were incurred.
- As a part of group synergy efforts, moulding capacity at Matamoros is now being utilised to cater to the requirements of Wescon.
- Restructuring to improve efficiencies and streamline the group's resources, purchases and plant operations continues.
- New business wins continue, leading to a clear long-term visibility for the divisions business.

B. Domestic Cable Division (DCD) :

DCD comprises of cables and certain new products in India, manufactured through domestic cable units.

- India cable business continues its good performance despite lukewarm 2W business.
- EBITDA margins remain strong.
- The aftermarket business remained a bit sluggish, due to tight money markets, weakness in rural markets and a weak monsoon.
- PV showed good growth.
- Festival sales appear satisfactory so far in October / November.
- Certain braking products developed by STC are being commercialized in this division.
- "Beyond Two Wheelers" and "Beyond Cables" are gaining traction with our showcasing through "Technology Road Shows" at customer premises.

Phoenix Lamps Division (PLD):

PLD comprises of Phoenix Lamps division, Trifa Lamps (under liquidation) and Luxlite.

- The division grew the business despite LED penetration.
- Margins continue to improve, leading to a double-digit EBITDA in Q2. The 12-quarter graph below reiterates management's earlier forecasted turnaround and margin improvements in this business:



- Division's restructuring continues as planned, in addition to Trifa liquidation. Trifa liquidation is expected to conclude in Q4 with certain costs over this period.
- LED retrofit for both 2W and PV is getting a good response in the aftermarket.
- The management restructuring process will be completed by the end of this fiscal year.

Suprajit Electronics Division (SED):

SED comprises of electronics facility at Doddaballapur, a new division of Suprajit.

- Division has made good progress, clocking steep growth.
- Revenue growth Q2 over Q1 was 150%
- The division turned EBITDA positive in Q2, within 1 year of operations.
- Division has started deliveries of actuators for 2 marquee EV two-wheeler customers.
- Digital clusters deliveries are ramping up.
- New business wins give a clear visibility of significant growth in this division.

Suprajit Technology Centre (STC):

- Continues to attract more customers for its range of products.
- Multiple products are under customer evaluations and approvals.
- Customer acceptance of Suprajit as a "beyond cable" supplier is increasing.
- Significant interest shown by potential customers on actuator systems, braking systems, apart from digital clusters.

COMMENTARY ON CURRENT QUARTER AND BALANCE YEAR:

- SCD will have few more challenging quarters for the reasons enumerated above.
- DCD and PLD will continue to perform satisfactorily.
- SED growth is expected to be robust and higher than rest of group due to new projects getting productionised.
- Actively pursuing infrastructural assets to house “Beyond Cables” projects.
- Group is working to migrate in the medium term to One ERP and One PLM, using SAP & PTC to enhance operational synergies within the group.
- Domestic business for Q3 has been strong so far, leading to optimism for the balance year, for the India market.
- Overall new business wins continue to be strong, providing clear longer-term visibility for the business.

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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Thank You