

## Suprajit Engineering Limited

ICRA has a rating outstanding of [ICRA]AA- (pronounced as ICRA double A minus)<sup>1</sup> on the Rs.105.91 crore term loan facilities and the Rs.130.00 crore long term fund based facilities of Suprajit Engineering Limited (SEL / the company). The outlook on the long term rating is stable. ICRA also has a rating outstanding of [ICRA]A1+ (pronounced ICRA A one plus) on the Rs.1.50 crore short term non-fund based facilities of SEL.

ICRA has taken note of the recent announcement dated April 18, 2016 by SEL, about the proposed merger of Phoenix Lamps Limited (PLL / rated [ICRA]A (Stable / [ICRA]A1) with Suprajit Engineering Limited. The aforesaid proposed merger would be a non-cash transaction with a share swap ratio of 4 shares of SEL for every 5 shares of PLL. Post-merger, PLL is expected to continue to operate as a separate division of SEL and market its products under the brand of 'Phoenix'. The transaction is expected to be concluded by March 2017.

During FY2016, SEL had acquired 61.93% stake in PLL for a total consideration of Rs.154.3 crore. Given that the proposed merger is being equity funded via a share swap transaction, ICRA expects SEL to continue to maintain its credit profile with comfortable capital structure and debt protection metrics. ICRA will however continue to monitor the developments in this regard and take appropriate action as and when further details are available.

### Company Profile

SEL is primarily engaged in the manufacture of mechanical control cables for automotive / non-automotive sectors and speedometers for two-wheelers. SEL's product profile comprises a wide variety of control cables like brake cables, clutch cables, throttle cables, starting cables, gear-shift cables, choke cables, speedometer/tachometer cables, window regulator cables, mirror cable assemblies, seat recliner cables and latch release cables. SEL's automotive products are primarily sold in the OEM and replacement segments in the domestic market while the non-automotive products are mainly sold in the export markets.

The Company is presently the largest manufacturer of automotive cables in India with capacities to manufacture about 175 million cables. SEL's manufacturing facilities are spread across the country, viz., Bangalore (Karnataka), Manesar (Haryana), Chakan (Pune), Vapi and Sanand (Gujarat), Pantnagar (Uttaranchal), Haridwar (Uttarakhand) and Bhiwadi (Rajasthan). The Company has two wholly-owned subsidiaries, Suprajit Automotive Private Limited (India) and Suprajit Europe Limited (United Kingdom) which cater to the demands of international automotive OEMs. During FY2016, the Company acquired 61.93% stake in Phoenix Lamps Limited which is primarily engaged in manufacturing of halogen lamps for the automobile industry.

### Recent Results

During 9MFY2016, SEL reported net profit of Rs.59.1 crore on total income of Rs.678.2 crore as against net profit of Rs.36.9 crore on operating income of Rs.456.9 crore during the same period of the previous fiscal. For FY2015, the Company reported net profit of Rs.50.3 crore on operating income of Rs.611.8 crore.

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<sup>1</sup> For complete rating scale and definitions, please refer ICRA's website ([www.icra.in](http://www.icra.in)) or other ICRA Rating Publications



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