July 16, 2026

Suprajit Engineering Limited: Ratings reaffirmed and assigned for enhanced amount

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial sector regulator#
Long-term - Fund based – Cash credit	292.70	342.70	[ICRA]AA (Stable); reaffirmed and assigned for enhanced amount	RBI
Long-term - Fund based – Term loans	52.50	97.19	[ICRA]AA (Stable); reaffirmed and assigned for enhanced amount	RBI
Short-term - Non-fund based	3.60	2.10	[ICRA]A1+; reaffirmed	RBI
Long-term/short-term – Unallocated limits	-	40.31	[ICRA]AA (Stable)/[ICRA]A1+; reaffirmed/Assigned for enhanced amount	RBI
Total	**348.80**	**482.30**		

**Instrument details are provided in Annexure I*

#SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI

Rationale

The ratings reaffirmation on the bank lines of Suprajit Engineering Limited (SEL) factors in ICRA's expectations of sustained financial performance over the near-to-medium term, supported by its strong business profile with presence across automotive and non-automotive segments, diverse products and geographies. The company has well-established relationships with leading domestic two-wheeler (2W) and three-wheeler (3W) original equipment manufacturers (OEMs) and enjoys healthy market share with them. Further, it has a strong overseas presence, with 56% of its consolidated sales in FY2026 derived from overseas markets. Besides, the company's presence is also diversified across 2W (accounting for 26% of revenues in FY2026), 3W/passenger vehicles (PVs) and commercial vehicles (CVs) (44% of revenues), non-automotive (15% of revenues) and aftermarket (15% of revenues), mitigating risks arising from downturns in any specific segment to a large extent. SEL is present in multiple products such as mechanical control cables, halogen lamps, speedometers, digital clusters, throttle position controls and actuators, which mitigate risks arising from product-specific technology changes to an extent.

The company's healthy scale of operations with Rs. 3,902.7 crore of revenues, representing YoY growth of 18.8%, along with an operating margin of 12.2% in FY2026 (around 10.4% excluding net exchange gains) have supported healthy accruals. The growth was despite geopolitical uncertainties such as the US tariff on exports and the West Asia conflict. The company has continued to benefit from a geographically diversified manufacturing presence and its capabilities to serve customers from various locations, providing it with a unique advantage. Additionally, with its established relationships with customers, and considering the long product development and validation cycle and costs involved, the company has minimised loss of business and passed on majority of the tariff-related costs to customers, limiting the impact on its earnings. The company has minimal export exposure to the West Asia region, and the commodity price increase due to the ongoing conflict is largely being passed through to the customers, albeit with a lag. However, delayed resolution for the conflict could have an impact on margins due to the inflationary impact on demand.

The company's debt coverage metrics represented by total debt/OPBITDA improved to 2.1 times in FY2026 from 2.4 times in FY2025, supported by turnaround of existing and newly acquired overseas business through various restructuring initiatives and limited debt-funded capex. The working capital requirements were higher towards the year end due to stocking of inventories on account of the geopolitical conflict. The expected continued healthy revenue growth, improvement in margins and absence of further debt-funded capex are expected to support further improvement in debt metrics, going forward. The company also enjoys a strong liquidity position, despite inorganic investments.

The Stable outlook on the long-term rating reflects ICRA's expectations that the company will be able to sustain its credit profile and improve its debt metrics, supported by healthy accruals and moderate capex outgo, despite uncertainties in the global markets.

Key rating drivers and their description

Credit strengths

Established customer profile; dominant market position for its products – The company enjoys established relationships with all major 2W and PV OEMs for cables in India. It enjoys a healthy share of business of 60-100% with major Indian 2W OEMs and holds a significant market share in other automotive OEM segments as well. After the acquisition of the light duty cable (LDC) division in April 2022, SEL also began supplying to key US auto OEMs and enjoys healthy share of business with them. The acquisition of Stahlschmidt Cable Systems (SCS) in FY2025/Q1 FY2026 also expanded its customer base in the US and Europe. SEL's established relationships with its customers have led to sustained repeat orders, low customer churn rates and healthy new business opportunities over the years.

Healthy domestic-export mix; presence across multiple products and segments – The company derives a significant portion of its revenues from overseas markets (56% of revenues in FY2026), which provides diversification and enables it to capture incremental business opportunities. Further, the company's presence across segments is diversified across 2W (26% of revenues in FY2026), 3W/passenger vehicles (PVs) and commercial vehicles (CVs) (44% of revenues), non-automotive (15% of revenues) and aftermarket (15% of revenues), mitigating risks arising from downturns in any specific segment to a large extent. SEL is present in multiple products such as mechanical control cables, halogen lamps, speedometers, digital clusters, throttle position controls and actuators, which mitigate risks arising from product-specific technology changes to an extent. The company is also unlikely to be materially impacted by the ongoing electrification trends.

Strong financial profile – The company's healthy scale of operations with Rs. 3,902.7 crore of revenues, representing YoY growth of 18.8%, along with an operating margin of 12.2% in FY2026 (around 10.4% excluding net-exchange gains) have supported healthy accruals. The growth is despite geopolitical uncertainties such as the US tariff on exports and the West Asia conflict. The company's debt coverage metrics represented by total debt/OPBITDA improved to 2.1 times in FY2026 from 2.4 times in FY2025, supported by turnaround of existing and newly acquired overseas business through various restructuring initiatives and limited debt-funded capex, despite higher working capital requirements towards the year end due to stocking of inventories on account of the West Asia war. Expected healthy revenue growth and improvement in margins, and limited debt funded capex are expected to support further improvement in debt metrics going forward. The company's liquidity position is strong with unencumbered cash and liquid investments of Rs. 341.3 crore as on March 31, 2026, despite inorganic investments. ICRA expects SEL's debt metrics, liquidity and financial profile to improve over the medium term.

Credit challenges

Revenues and margins exposed to demand dynamics in overseas markets and cost inflation – The company derived 56% of its consolidated revenues from overseas markets in FY2026. Given heightened global uncertainties, the company's ability to mitigate these remains critical. The company is leveraging on its well-established customer relationships and manufacturing capabilities (with near-shore, onshore and offshore capabilities) to minimise the impact on its earnings. Notwithstanding these uncertainties, the company's healthy order book, supported by rising supplies to new platforms because of vendor diversification initiatives by global OEMs, scale-up of volumes from programmes where supplies have commenced in the last few years and higher value addition, mitigate the revenue risk to a large extent.

Subdued performance of overseas subsidiaries – While SEL (standalone) reports healthy operating profit margins in high teens, the consolidated margins have been constrained in recent years by the overseas subsidiaries. The subdued performance has been on account of multiple factors including operational inefficiencies, supply-chain issues, and various one-off expenses related to restructuring of various plants and operations. However, the performance has improved in recent quarters on the back of certain strategic initiatives taken up to streamline the overseas operations. The improvement in earnings was visible in FY2026, with the overseas division, excluding SCS, reporting a 11% operating margin (9.7% in FY2025). The recently acquired business of SCS, which had been reporting operational losses, has also reported steady improvement and an operating profit of 2.1% in Q4 FY2026. The company had taken various steps to turn around SCS operations including consolidation of manufacturing facilities, renegotiation of customer contracts, closure of higher-cost infrastructure, etc., which supported increase in margins and is expected to further improve the operational efficiencies at SCS, and the overall consolidated earnings.

Exposure to inherent cyclicality in the Indian automotive industry – SEL derived 70% of its FY2026 revenues from sales to automotive OEMs and is, thus, exposed to the cyclicality inherent in the industry. However, the risk is mitigated to a certain extent by the company's continued diversification efforts by entering into new segments in the non-automotive cables division in the US market, having presence in aftermarket and periodic addition/increase in wallet share with non-automotive customers.

Environmental and social risks

Environmental considerations – As an auto component supplier, SEL remains indirectly exposed to climate transition risks as its automotive OEM customers manufacture products across different fuel powertrains. Accordingly, its prospects are linked to the ability of its customers to meet tightening emission control requirements. Further, it remains exposed to stringent environmental regulations regarding waste and pollution norms, which could entail capital investments.

Social considerations – Social considerations for SEL relate primarily to maintaining healthy industrial relations and product safety. Attracting and nurturing skilled manpower are critical, as it seeks to keep pace with innovation and technological changes. On the product front, vehicle recalls by OEMs due to defective auto parts could be a risk for the company. SEL is also exposed to changing consumer preferences, including but not restricted to increasing awareness of the potential environmental damage from emissions, shift towards EVs, and usage of sustainable materials. The company is also vulnerable to data security and data privacy risks. However, its ability to mitigate risks arising from the human capital issues in the past and history of no product recalls, provide comfort.

Liquidity position: Strong

SEL's liquidity is Strong with anticipated healthy cash flow from operations of Rs. 175-200 crore annually, and sizeable cash balance and liquid investments of Rs. 341.2 crore as on March 31, 2026, although it had minimal undrawn working capital lines. Against these sources of cash, the company has repayment obligations of Rs. 91.9 crore in FY2027 and Rs. 91.0 crore in FY2028 on existing term loans. Its capex plans remain moderate at around Rs. 200 crore in FY2027, to be funded by internal accruals. Overall, ICRA expects SEL to meet its near-to-medium-term commitments through internal accruals and yet be left with a sufficient cash surplus.

Rating sensitivities

Positive factors – ICRA could upgrade SEL's long-term rating if the company demonstrates significant growth in its scale of operations and sustained improvement in earnings, along with product diversification, and further reduction in leverage, leading to a sustained improvement in its credit profile.

Negative factors – Pressure on the ratings could emerge if there is a substantial weakening in SEL's earnings, or higher capex or working capital stretch, causing a significant increase in debt levels or deterioration in the liquidity position on a sustained basis. Specific credit metrics that could lead to a rating downgrade include total debt/OPBDITA of more than 1.5 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Auto Components
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of SEL. Details are enlisted in Annexure - II

About the company

SEL primarily manufactures mechanical control cables and halogen lamps for automotive and non-automotive applications and speedometers, digital clusters, throttle position controls and actuators for 2Ws and 3Ws. In FY2026, about 56% of SEL's consolidated revenues came from overseas markets such as North America and Europe, while the rest was derived from India.

SEL has 25 manufacturing facilities across the globe, producing 300 million cables and 80 million halogen lamps, annually. The company has grown through a few inorganic investments in the recent past, which includes phoenix lamps division in FY2015, Wescon Controls in FY2017, light duty business (LDC) unit from Kongsberg Automotive ASA in FY2022 and more recently, Stahlschmidt Cable Systems (SCS) in FY2025/Q1 FY2026. The promoters hold a 45.26% stake (as on March 31, 2026) in SEL, while the remaining is held by the public.

Key financial indicators (audited)

SEL (consolidated)	FY2025	FY2026
Operating income	3,285.4	3,902.7
PAT	99.3	182.7
OPBDIT/OI	10.4%	12.2%
PAT/OI	3.0%	4.7%
Total outside liabilities/Tangible net worth (times)	1.1	1.2
Total debt/OPBDIT (times)	2.4	2.1
Interest coverage (times)	5.7	7.5

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Current (FY2027)				Chronology of rating history for the past 3 years					
			FY2027		FY2026		FY2025		FY2024	
Instrument	Type	Amount rated (Rs. crore)	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund based – Cash credit	Long-term	342.70	Jul 16, 2026	[ICRA]AA (Stable)	Sep 22, 2025	[ICRA]AA (Stable)	Jun 18, 2024	[ICRA]AA (Stable)	Mar 07, 2024	[ICRA]AA (Stable)
					Jun 30, 2025	[ICRA]AA (Stable)				
Fund based – Term loans	Long-term	97.19	Jul 16, 2026	[ICRA]AA (Stable)	Sep 22, 2025	[ICRA]AA (Stable)	Jun 18, 2024	[ICRA]AA (Stable)	Mar 07, 2024	[ICRA]AA (Stable)
					Jun 30, 2025	[ICRA]AA (Stable)				
Non-fund based	Short-term	2.10	Jul 16, 2026	[ICRA]A1+	Sep 22, 2025	[ICRA]A1+	Jun 18, 2024	[ICRA]A1+	Mar 07, 2024	[ICRA]A1+
					Jun 30, 2025	[ICRA]A1+				
Unallocated limits	Long-term/ Short-term	40.31	Jul 16, 2026	[ICRA]AA (Stable)/ [ICRA]A1+	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term - Fund based – Cash credit	Simple
Long-term - Fund based – Term loans	Simple
Short-term- Non-fund based	Simple
Long-term/short-term – Unallocated limits	Not Applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click here

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook	Financial sector regulator#
NA	Long Term - Fund Based – Cash Credit	NA	NA	NA	342.70	[ICRA]AA (Stable)	RBI
NA	Long Term - Fund Based – Term Loans	FY2024	8.6%	FY2029	97.19	[ICRA]AA (Stable)	RBI
NA	Short Term- Non-Fund Based	NA	NA	NA	2.10	[ICRA]A1+	RBI
NA	Long term/Short term – Unallocated limits	NA	NA	NA	40.31	[ICRA]AA (Stable)/ [ICRA]A1+	RBI

Source: Company

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Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis

Company name	SEL ownership	Consolidation approach
Suprajit Automotive Private Limited	100%	Full Consolidation
Suprajit Europe Private Limited	100%	Full Consolidation
Suprajit USA INC	100%	Full Consolidation
Wescon Controls LLC	100%	Full Consolidation
Luxlite Lamps SAARL, Luxemburg	100%	Full Consolidation
Shanghai Lone Star Cable	100%	Full Consolidation
Suprajit Hungary KFT.	100%	Full Consolidation
Suprajit Mexico S de RLdeCV	100%	Full Consolidation
Suprajit Brownsville, LLC	100%	Full Consolidation
Suprajit Germany GmBH	100%	Full Consolidation
Suprajit Canada Limited	100%	Full Consolidation
Suprajit Morroco SARL	100%	Full Consolidation
Suprajit Jiaxing Automotive Systems	100%	Full Consolidation
Suprajit Chuhatsu Controls Systems P Ltd	100%	Full Consolidation

Source: Company Data

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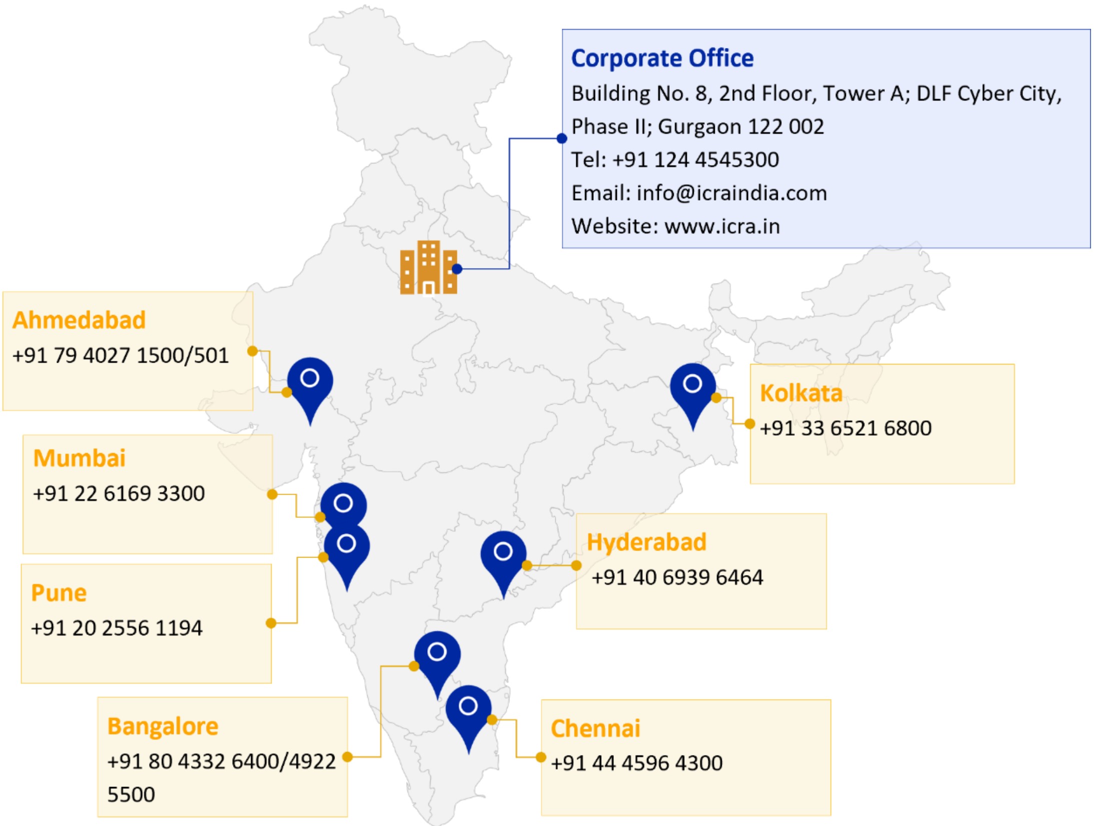

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