

# Suprajit Engineering | BUY



## Restructuring initiatives to boost margins; upgrade to BUY

In 1QFY26, Suprajit Engineering (SEL) reported consol. EBITDA margin of 9.5%, 40bps below JMFe. Excluding SCS, consol. EBITDA margin expanded 100bps YoY to 12.8%. Order wins in SCD remain healthy, while DCD continues to see strong aftermarket demand and growth in 'beyond cables' projects. PLD and SED are expected to recover in 2HFY26, with PLD margins holding in double-digits despite near-term headwinds in MEA. Tariffs are expected to have minimal impact, with the majority of US business (70% of US business) being USMCA compliant and most of the remaining covered through customer pass-throughs. The second tranche of the SCS acquisition is now complete (profitable side of business, the Canada and the China), with the division on track to turn EBITDA positive by 4QFY26. Restructuring initiatives in SCD (registered 370bps YoY expansion in EBITDA margin in 1Q) and SCS are expected to start delivering benefits from 4QFY26, driving margin improvement in FY27. Therefore, we raise our FY27 EBITDA margin estimate by 80bps from our previous estimates. We upgrade the stock to BUY with a Mar'27 TP of INR 510 (20x FY27E).

- **1QFY26 – Margin below estimates: Organic biz. performance:** Consol. revenue (excluding SCS) stood at INR 7.7bn (+5% YoY, -5% QoQ). EBITDA stood at INR 993mn (+15% YoY, -6% QoQ). EBITDA margin stood at 12.8% (+100bps YoY, -80bps QoQ). **SCS performance:** SCS reported operating revenue of INR 897mn with an EBITDA loss of INR 176mn. **Reported performance:** SEL's consol. net sales stood at INR 8.6bn (+17% YoY, -2% QoQ), 3% below JMFe. EBITDA stood at INR 817mn (-5% YoY, -6% QoQ). EBITDA margin stood at 9.5% (-230bps YoY, -40bps QoQ), 40bps below JMFe. Reported PAT increased 26% YoY to INR 481mn (+77% QoQ), 39% above JMFe due to sharp increase in other income. Gross debt increased by INR 164mn QoQ to INR 6,735mn.
- **Suprajit Controls Division (SCD):** Revenue for 1Q stood at INR 3.8bn (+6% YoY; flat QoQ). EBITDA margin improved 370bps YoY to 11.8% (+100bps QoQ), primarily led by restructuring initiatives. Order wins continue to remain healthy. Regarding the US tariff, SEL's total exposure to US is INR 110mn, of which 70% is USMCA compliant. For the balance, 30% of the customers have accepted increased tariffs, another ~35% have principally agreed but formalities are in process, and for the rest ~35% negotiations are ongoing. Additionally, the restructuring (rationalisation of headcount in Germany, relocation of the warehouse from Germany to Hunagry and new warehouse at Hungary) at SCS and SCD is expected to deliver the benefits from 4QFY26 onwards.
- **Domestic cable division (DCD):** Revenue for 1Q stood at INR 2.7bn (+8% YoY; -9% QoQ). EBITDA margin contracted by 80bps YoY to 14.9% (-80bps QoQ), largely due to a significant increase in manpower and IT implementation costs. Aftermarket growth remained robust and beyond cables projects has received healthy traction.
- **Phoenix Lamps division (PLD):** Revenue stood at INR 864mn (-3% YoY, -12% QoQ). EBITDA margin declined 340bps YoY to 12.8% (-160bps QoQ), largely due to conflict in the Middle East, which impacted sales of higher margin Trifa brand. Indian business remained steady during the quarter. The company expects a modest drop in business in 2QFY26 owing to order cancellations in MEA, with recovery expected in 2HFY26. Further, double-digit margins are expected to continue going ahead. We transfer coverage to Nitin Agrawal.

### Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	HOLD
Current Price Target (12M)	510
Upside/(Downside)	15.8%
Previous Price Target	465
Change	9.7%

### Key Data – SEL IN

Current Market Price	INR441
Market cap (bn)	INR60.4/US\$0.7
Free Float	50%
Shares in issue (mn)	138.4
Diluted share (mn)	137.2
3-mon avg daily val (mn)	INR85.4/US\$1.0
52-week range	640/350
Sensex/Nifty	80,236/24,487
INR/US\$	87.7

### Price Performance

%	1M	6M	12M
Absolute	-1.6	8.9	-15.6
Relative*	1.1	3.4	-16.9

\* To the BSE Sensex

JM Financial Research is also available on:  
Bloomberg - JMFR <GO>,  
Thomson Publisher & Reuters,  
S&P Capital IQ, FactSet and Visible Alpha

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

Financial Summary					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	28,959	32,770	36,993	41,516	46,791
Sales Growth (%)	5.2	13.2	12.9	12.2	12.7
EBITDA	3,230	3,334	4,045	5,878	6,807
EBITDA Margin (%)	11.2	10.2	10.9	14.2	14.5
Adjusted Net Profit	1,673	993	1,961	3,372	4,125
Diluted EPS (INR)	12.1	7.2	14.3	24.6	30.1
Diluted EPS Growth (%)	9.9	-40.1	97.5	72.0	22.3
ROIC (%)	11.4	6.8	11.5	18.4	21.8
ROE (%)	12.9	7.5	14.4	21.3	21.6
P/E (x)	36.5	60.9	30.9	17.9	14.7
P/B (x)	4.5	4.7	4.2	3.5	2.9
EV/EBITDA (x)	19.1	19.5	15.9	10.5	8.5
Dividend Yield (%)	0.6	0.7	0.7	0.8	0.8

Source: Company data, JM Financial. Note: Valuations as of 08/Dec/2025

- **Suprajit Electronics Division and Technology Centre (SED & STC):** Revenue for the segment declined 1.5% YoY to INR 304mn (-11% QoQ), due to volume reduction from a major client, partially offset by ramp-ups of sales to SCD, and a new throttle sensor business to a 3W OEM. EBITDA margins declined 280bps YoY to 6.9% (-220bps QoQ), due to underutilisation of plant. However, the company expects degrowth phase to conclude this quarter. STC division continues to focus on development and launch of new products. It has been working with Blubrake for the development of an ABS product, which could be a growth trigger given mandatory implementation of ABS across all 2Ws starting from Jan'26 (final notification is awaited though).
- **Other Highlights:** 1) SEL has guided for double-digit revenue growth for the controls division in FY26. 2) Revenue contribution from Automotive / 2W / Aftermarket / Non-Automotive stood at 44% / 25% / 14% / 16% for 1QFY26 (vs. 39% / 28% / 17% / 15% in FY25). 3) SCS: Revenue for the quarter stood at INR 897mn (vs. INR 616mn in 4QFY25). EBITDA margin improved significantly from -28.6% in FY25 to -19.6% in 1QFY26, and the company expects it to turn EBITDA positive by 4QFY26. SEL has also guided for ~USD 40mn revenue from the SCS business in FY26. The second tranche of SCS acq. involving China and Canada has been completed (1Q results include 1 month of revenue from these assets).

**Exhibit 1. Quarterly financial result (consolidated)**

(INR mn)	1QFY26	1QFY25	% YoY	4QFY25	% QoQ	1QFY26E	% A/E
<b>Sales</b>	<b>8,629</b>	<b>7,349</b>	<b>17.4</b>	<b>8,769</b>	<b>-1.6</b>	<b>8,915</b>	<b>-3.2</b>
RM	4,760	4,116	15.6	5,012	-5.0	5,090	-6.5
As a % of sales	55.2	56.0	-90bps	57.2	-200bps	57.1	-190bps
Employee Exp	2,161	1,642	31.6	1,914	12.9	1,952	10.7
As a % of sales	25.0	22.3	270bps	21.8	320bps	21.9	310bps
Other Costs	891	727	22.6	973	-8.4	990	-10.0
As a % of sales	10.3	9.9	40bps	11.1	-80bps	11.1	-80bps
Expenditure	7,812	6,485	20.5	7,899	-1.1	8,032	-2.7
<b>Adj. EBITDA</b>	<b>817</b>	<b>864</b>	<b>-5.3</b>	<b>870</b>	<b>-6.1</b>	<b>883</b>	<b>-7.4</b>
<b>Adj. EBITDA Margin (%)</b>	<b>9.5</b>	<b>11.8</b>	<b>-230bps</b>	<b>9.9</b>	<b>-40bps</b>	<b>9.9</b>	<b>-40bps</b>
Other Income	390	105	271.4	99	294.2	99	294.2
Interest	154	123	25.3	143	7.4	143	7.4
Depreciation	344	262	31.4	324	6.1	305	12.7
PBT	710	584	21.5	502	41.4	533	33.0
Tax	229	203	12.9	230	-0.3	187	22.6
Tax rate (%)	32.3	34.7		45.7		35.0	
PAT Reported	481	381	26.1	272	76.5	347	38.7
<b>PAT (Adjusted)</b>	<b>481</b>	<b>381</b>	<b>26.1</b>	<b>272</b>	<b>76.5</b>	<b>347</b>	<b>38.7</b>
<b>PAT Margin (%)</b>	<b>5.6</b>	<b>5.2</b>	<b>40bps</b>	<b>3.1</b>	<b>250bps</b>	<b>3.9</b>	<b>170bps</b>
<b>EPS (INR)</b>	<b>3.5</b>	<b>2.8</b>	<b>27.3</b>	<b>2.0</b>	<b>76.5</b>	<b>2.5</b>	<b>38.7</b>

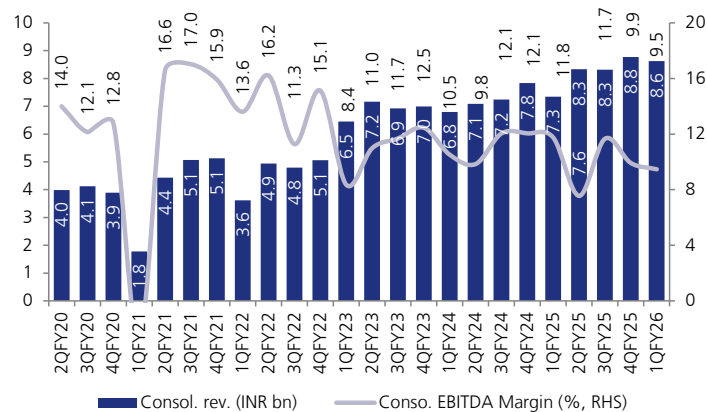
Source: Company, JM Financial

**Exhibit 2. Segmental performance**

(INR mn)	1QFY26	1QFY25	% YoY	4QFY25	% QoQ
<b>Suprajit Controls Division (SCD)</b>					
Net sales	3,826	3,609	6.0	3,835	-0.2
EBITDA	452	291	55.2	414	9.2
EBITDA Margin (%)	11.8	8.1	370bps	10.8	100bps
<b>Domestic Cable Division (DCD)</b>					
Net sales	2,739	2,542	7.7	3,000	-8.7
EBITDA	408	398	2.5	471	-13.4
EBITDA Margin (%)	14.9	15.7	-80bps	15.7	-80bps
<b>Phoenix lamps</b>					
Net sales	864	889	-2.8	978	-11.7
EBITDA	111	144	-23.2	141	-21.3
EBITDA Margin (%)	12.8	16.3	-340bps	14.4	-160bps
<b>Suprajit Electronics Division (SED)</b>					
Net sales	304	309	-1.5	340	-10.6
EBITDA	21	30	-29.9	31	-32.3
EBITDA Margin (%)	6.9	9.7	-280bps	9.1	-220bps

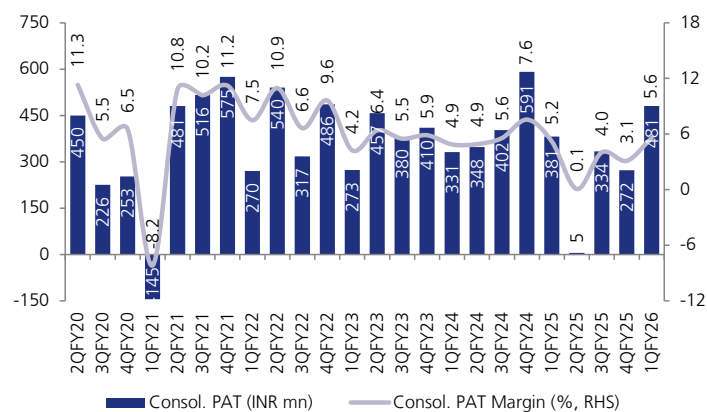
Source: Company, JM Financial

Exhibit 3. Consolidated revenue and margin trend



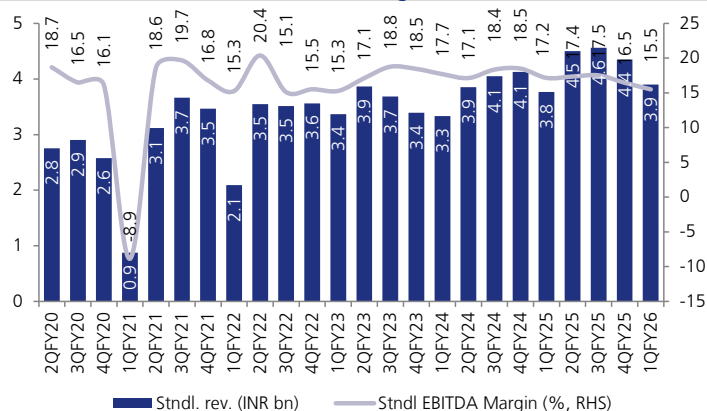
Source: Company, JM Financial

Exhibit 4. Consolidated profit trend



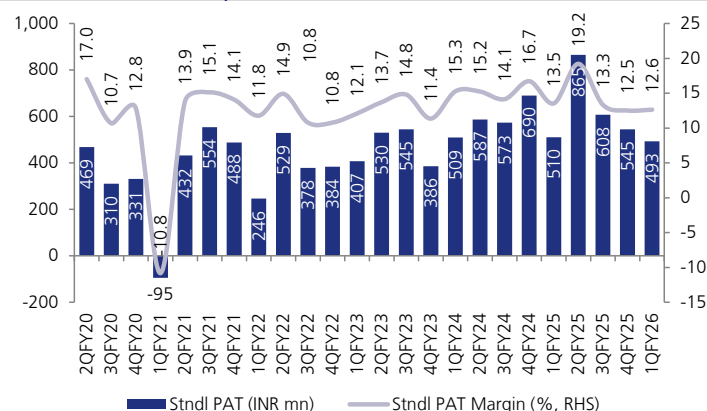
Source: Company, JM Financial

Exhibit 5. Standalone revenue and margin trend



Source: Company, JM Financial

Exhibit 6. Standalone profit trend



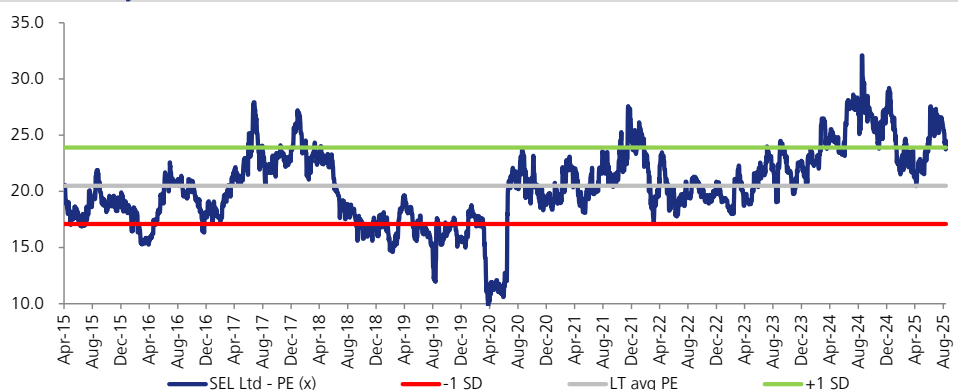
Source: Company, JM Financial

Exhibit 7. SEL - change in assumptions (Consolidated)

SEL - Consolidated	New assumption			Old assumption			% Change		
	FY25A	FY26E	FY27E	FY25A	FY26E	FY27E	FY25A	FY26E	FY27E
Revenue (INR mn)	31,057	33,567	37,405	31,057	34,340	38,295	0%	-2%	-2%
EBITDA (INR mn)	3,334	4,045	5,878	3,334	4,496	5,588	0%	-10%	5%
EBITDAM (%)	10.2%	10.9%	14.2%	10.2%	12.1%	13.4%	0bps	-120bps	80bps
PAT (INR mn)	993	1,961	3,372	993	2,285	3,097	0%	-14%	9%
EPS (INR)	7.2	14.3	24.6	7.2	16.7	22.6	0%	-14%	9%

Source: Company, JM Financial

Exhibit 8. 1-yr forward PE chart



Source: Company, Bloomberg, JM Financial

## Financial Tables (Consolidated)

Income Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	28,959	32,770	36,993	41,516	46,791
Sales Growth	5.2%	13.2%	12.9%	12.2%	12.7%
Cost of Goods Sold/Op. Exp	16,982	18,611	20,895	23,131	26,091
<b>Personnel Cost</b>	<b>6,206</b>	<b>7,282</b>	<b>8,229</b>	<b>8,640</b>	<b>9,677</b>
Other Expenses	2,540	3,542	3,825	3,867	4,215
EBITDA	3,230	3,334	4,045	5,878	6,807
EBITDA Margin	11.2%	10.2%	10.9%	14.2%	14.5%
<b>EBITDA Growth</b>	<b>3.3%</b>	<b>3.2%</b>	<b>21.3%</b>	<b>45.3%</b>	<b>15.8%</b>
Depn. & Amort.	1,037	1,218	1,369	1,453	1,516
EBIT	2,192	2,116	2,675	4,425	5,291
Other Income	599	462	517	579	649
Finance Cost	514	604	574	502	432
PBT before Excep. & Forex	2,278	1,974	2,618	4,503	5,508
Excep. & Forex Inc./Loss(-)	0	0	0	0	0
PBT	2,278	1,974	2,618	4,503	5,508
Taxes	605	981	658	1,131	1,384
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	0	0	0	0	0
Reported Net Profit	1,673	993	1,961	3,372	4,125
Adjusted Net Profit	1,673	993	1,961	3,372	4,125
Net Margin	5.8%	3.0%	5.3%	8.1%	8.8%
<b>Diluted Share Cap. (mn)</b>	<b>138.5</b>	<b>137.2</b>	<b>137.2</b>	<b>137.2</b>	<b>137.2</b>
Diluted EPS (INR)	12.1	7.2	14.3	24.6	30.1
Diluted EPS Growth	9.9%	-40.1%	97.5%	72.0%	22.3%
<b>Total Dividend + Tax</b>	<b>346</b>	<b>411</b>	<b>411</b>	<b>480</b>	<b>480</b>
Dividend Per Share (INR)	2.5	3.0	3.0	3.5	3.5

Source: Company, JM Financial

Cash Flow Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	2,278	1,974	2,618	4,503	5,508
Depn. & Amort.	1,037	1,218	1,369	1,453	1,516
Net Interest Exp. / Inc. (-)	514	604	574	502	432
Inc (-) / Dec in WCap.	-636	1,743	-1,340	-1,422	-1,500
Others	0	0	0	0	0
Taxes Paid	-605	-981	-658	-1,131	-1,384
<b>Operating Cash Flow</b>	<b>2,587</b>	<b>4,558</b>	<b>2,564</b>	<b>3,904</b>	<b>4,573</b>
Capex	-1,272	-2,995	-1,400	-840	-600
Free Cash Flow	1,315	1,563	1,164	3,064	3,973
Inc (-) / Dec in Investments	0	0	0	0	0
Others	-514	-604	-574	-502	-432
<b>Investing Cash Flow</b>	<b>-1,786</b>	<b>-3,599</b>	<b>-1,974</b>	<b>-1,342</b>	<b>-1,032</b>
Inc / Dec (-) in Capital	0	-1	0	0	0
Dividend + Tax thereon	-346	-411	-411	-480	-480
Inc / Dec (-) in Loans	-94	1,085	-500	-1,000	-1,000
Others	-244	-1,313	0	0	0
<b>Financing Cash Flow</b>	<b>-684</b>	<b>-642</b>	<b>-911</b>	<b>-1,480</b>	<b>-1,480</b>
<b>Inc / Dec (-) in Cash</b>	<b>117</b>	<b>318</b>	<b>-321</b>	<b>1,082</b>	<b>2,061</b>
Opening Cash Balance	1,068	1,186	1,503	1,182	2,264
Closing Cash Balance	1,186	1,503	1,182	2,264	4,325

Source: Company, JM Financial

Balance Sheet (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	13,622	12,802	14,351	17,243	20,888
Share Capital	138	137	137	137	137
Reserves & Surplus	13,483	12,665	14,214	17,106	20,750
Preference Share Capital	0	0	0	0	0
Minority Interest	0	0	0	0	0
Total Loans	7,081	8,166	7,666	6,666	5,666
Def. Tax Liab. / Assets (-)	195	212	212	212	212
<b>Total - Equity &amp; Liab.</b>	<b>20,897</b>	<b>21,180</b>	<b>22,229</b>	<b>24,121</b>	<b>26,765</b>
Net Fixed Assets	8,587	10,364	10,395	9,782	8,866
Gross Fixed Assets	11,921	14,687	16,087	16,927	17,527
Intangible Assets	1,382	1,418	1,418	1,418	1,418
Less: Depn. & Amort.	4,788	6,006	7,375	8,828	10,344
Capital WIP	72	264	264	264	264
Investments	5,127	2,514	3,014	3,514	4,014
Current Assets	11,807	14,183	15,496	18,342	22,457
Inventories	4,449	5,465	6,169	6,924	7,803
Sundry Debtors	5,186	5,818	6,568	7,371	8,307
Cash & Bank Balances	1,186	1,503	1,182	2,264	4,325
Loans & Advances	818	1,200	1,380	1,587	1,825
Other Current Assets	168	197	197	197	197
Current Liab. & Prov.	4,624	5,881	6,675	7,517	8,571
Current Liabilities	3,335	3,879	4,340	4,792	5,389
Provisions & Others	1,289	2,001	2,335	2,725	3,182
Net Current Assets	7,183	8,302	8,821	10,825	13,885
<b>Total - Assets</b>	<b>20,897</b>	<b>21,180</b>	<b>22,229</b>	<b>24,121</b>	<b>26,765</b>

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	5.8%	3.0%	5.3%	8.1%	8.8%
Asset Turnover (x)	1.4	1.5	1.7	1.8	1.8
Leverage Factor (x)	1.6	1.6	1.6	1.5	1.3
RoE	12.9%	7.5%	14.4%	21.3%	21.6%

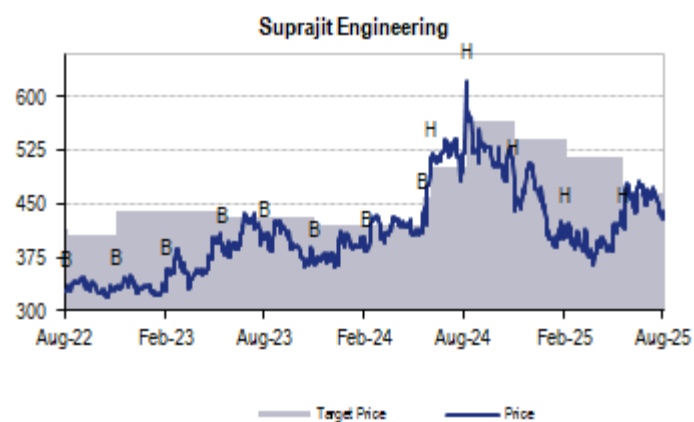
Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	98.4	93.3	104.6	125.7	152.3
ROIC	11.4%	6.8%	11.5%	18.4%	21.8%
ROE	12.9%	7.5%	14.4%	21.3%	21.6%
Net Debt/Equity (x)	0.1	0.3	0.2	0.1	-0.1
P/E (x)	36.5	60.9	30.9	17.9	14.7
P/B (x)	4.5	4.7	4.2	3.5	2.9
EV/EBITDA (x)	19.1	19.5	15.9	10.5	8.5
EV/Sales (x)	2.1	2.0	1.7	1.5	1.2
Debtor days	65	65	65	65	65
Inventory days	56	61	61	61	61
Creditor days	47	47	47	48	48

Source: Company, JM Financial

## History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
14-Jan-21	Buy	280	
11-Feb-21	Buy	310	10.7
31-May-21	Buy	320	3.2
15-Aug-21	Buy	370	15.6
11-Nov-21	Buy	400	8.1
14-Feb-22	Buy	400	0.0
26-May-22	Buy	415	3.8
15-Aug-22	Buy	405	-2.4
15-Nov-22	Buy	440	8.6
14-Feb-23	Buy	440	0.0
30-May-23	Buy	430	-2.3
15-Aug-23	Buy	430	0.0
12-Nov-23	Buy	420	-2.3
15-Feb-24	Buy	420	0.0
30-May-24	Buy	460	9.5
13-Jun-24	Hold	500	8.7
18-Aug-24	Hold	565	13.0
12-Nov-24	Hold	540	-4.4
13-Feb-25	Hold	515	-4.6
30-May-25	Hold	465	-9.7

## Recommendation History



## APPENDIX I

## JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

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Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
Sell	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

\* REITs refers to Real Estate Investment Trusts.

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