

Suprajit Engineering | BUY

Beat on all fronts; restructuring and GST rate cut to drive growth

In 2QFY26, Suprajit Engineering Ltd. (SEL) reported a consolidated EBITDA margin of 10.6%, 80bps above JMFe, primarily driven by stronger-than-expected performance in the DCD and SCS businesses. Excluding SCS, the consolidated EBITDA margin expanded by 140bps YoY to 14.0%. Management indicated that the SCD segment is expected to perform well in 2HFY26, despite postponement of certain vehicle launches and the shelving of a few programs, supported by a strong order pipeline. The ongoing restructuring, expected to be completed by Dec'25, continues to enhance operating profitability, contributing to a 330bps YoY EBITDA margin expansion in 2Q. DCD is estimated to witness robust growth in 2HFY26, driven by a surge in automotive demand following GST rationalisation. With the GST rate cut (SEL's products now taxed at 18% versus 28% earlier), SEL anticipates gaining market share in the aftermarket and winning business from unorganised players. Although PLD's performance is expected to improve in 2HFY26, led by domestic business and new enquiries following a global competitor's bankruptcy filing, export headwinds from the Middle East are likely to persist. For SED, ramp-up of orders from new customers and additional wins from multiple EW and E3W players are expected to support performance in the second half. Regarding SCS, management reiterated its guidance to turn EBITDA positive and begin delivering benefits from 4QFY26, driving margin improvement into FY27. SEL expects to outperform the global auto industry by 5-10%, with a margin guidance of 12-14% (excluding SCS). We roll forward and ascribe a 20x PE to the average EPS for FY27/28E, arriving at a target price (TP) of INR 520. Maintain BUY.

- **2QFY26 – Margin above estimates: Organic biz. performance:** Consol. revenue (excluding SCS) stood at INR 8.3bn (+7.6% YoY and QoQ). EBITDA stood at INR 1,161mn (+18.9% YoY, +17% QoQ). EBITDA margin stood at 14.0% (+140bps YoY, +120bps QoQ). **SCS performance:** SCS reported operating revenue of INR 1.1bn with an EBITDA loss of INR 67mn. **Reported performance:** SEL's consol. net sales stood at INR 9.4bn (+12.9% YoY, +9.1% QoQ), 6.8% above JMFe. EBITDA stood at INR 996mn (+58.1% YoY, +21.8% QoQ). EBITDA margin stood at 10.6% (+300bps YoY, +110bps QoQ), 80bps above JMFe, primarily driven by a stronger-than-expected performance in DCD and SCS businesses. Reported PAT came in at INR 509mn vs. 5mn YoY (+6% QoQ), 20.6% above JMFe due to higher-than-expected other income. Gross debt increased by INR 649mn QoQ to INR 7,384mn.
- **Suprajit controls division (SCD):** Revenue for 2Q grew by 7.1% YoY to INR 3.6bn (-7% QoQ), led by new programs. EBITDA margin improved 330bps YoY to 11.6% (-20bps QoQ), primarily led by operational improvements and restructuring initiatives. Regarding the US tariff, SEL highlighted that majority of the tariff related costs are being passed on the customer and the balance is absorbed. Further, it is working on mitigating the tariff impact via alternate delivery solutions and proposals for its US OEMs. Despite uncertainties with postponement / delay in a few program launches, the company expects SCD to perform well in 2H. Additionally, the restructuring activities are on track with completion expected by Dec'25.
- **Domestic cable division (DCD):** Revenue for 2Q stood at INR 3.4bn (+10.3% YoY; +24.5% QoQ). EBITDA margin contracted by 40bps YoY to 16.8% (+190bps QoQ). Aftermarket growth remained robust and beyond cables projects continued to receive healthy traction. Capacity addition catering to PV segment has been completed at Chakan. Looking ahead, SEL expects a strong performance in 2H, led by better automotive sector growth due to GST reforms and continued momentum across the aftermarket and beyond cables product lines. Further, with the GST rate cut (SEL's products now taxed at 18% versus 28% earlier), SEL anticipates gaining market share in the aftermarket and winning business from unorganised players.



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Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	520
Upside/(Downside)	15.9%
Previous Price Target	510
Change	2.0%

Key Data – SEL IN

Current Market Price	INR449
Market cap (bn)	INR61.5/US\$0.7
Free Float	50%
Shares in issue (mn)	138.4
Diluted share (mn)	137.2
3-mon avg daily val (mn)	INR64.2/US\$0.7
52-week range	518/350
Sensex/Nifty	83,871/25,695
INR/US\$	88.6

Price Performance

%	1M	6M	12M
Absolute	0.1	16.7	-10.8
Relative*	-1.6	10.5	-15.5

* To the BSE Sensex

Financial Summary

(INR mn)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	28,959	32,770	37,465	42,294	47,638
Sales Growth (%)	5.2	13.2	14.3	12.9	12.6
EBITDA	3,230	3,334	3,971	5,698	6,487
EBITDA Margin (%)	11.2	10.2	10.6	13.5	13.6
Adjusted Net Profit	1,673	993	1,906	3,237	3,885
Diluted EPS (INR)	12.1	7.2	13.9	23.6	28.3
Diluted EPS Growth (%)	9.9	-40.1	92.0	69.9	20.0
ROIC (%)	11.4	6.8	11.2	17.6	20.3
ROE (%)	12.9	7.5	14.1	20.7	20.7
P/E (x)	37.2	62.0	32.3	19.0	15.9
P/B (x)	4.6	4.8	4.3	3.6	3.0
EV/EBITDA (x)	19.4	19.8	16.5	11.1	9.2
Dividend Yield (%)	0.6	0.7	0.7	0.8	0.8

Source: Company data, JM Financial. Note: Valuations as of 11/Nov/2025

JM Financial Research is also available on: Bloomberg - JMFR <GO>, FactSet, LSEG and S&P Capital IQ.

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

- **Phoenix lamps division (PLD):** Revenue declined 7.2% YoY at INR 941mn (+8.9% QoQ) due to sharp reduction in export to the Middle East (both Trifa brand and direct sales). EBITDA margin contracted 240bps YoY to 12.6% (-20bps QoQ). The company expects 2H to be better than 1H, led by domestic business and new enquiries owing to bankruptcy filing by a global competitor, while headwinds from Middle East may persist.
- **Suprajit Electronics Division and Technology Centre (SED & STC):** Revenue for the segment grew 35.9% YoY to INR 411mn (+35.2% QoQ) and EBITDA margins expanded 840bps YoY to 13.6% (+670bps QoQ). Volume reduction from a major EV customer was more than offset by new order execution from other customers. Looking ahead, ramp-up of orders from new customers and additional order wins from multiple EW and E3W players are expected to support performance in 2H. STC has collaborated for sunroof cables. Further, it has been working with Blubrake for the development of an ABS product, with two customer requirements under validation. This 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 expects to outperform the global auto industry by 5-10%, with 12-14% margin guidance (excluding SCS). 2) Revenue contribution from Automotive / 2W / Aftermarket / Non-Automotive stood at 44% / 26% / 15% / 15% for 1HFY26 (vs. 39% / 28% / 17% / 15% in FY25). 3) SCS: Revenue for the quarter (first full quarter post-integration of all assets) stood at INR 1.9bn (vs. INR 897mn in 1QFY26). EBITDA margin improved significantly from -19.6% in 1QFY26 to -6.1% in 2QFY26, and the company expects it to turn EBITDA positive by 4QFY26.

Exhibit 1. Quarterly financial result (consolidated)

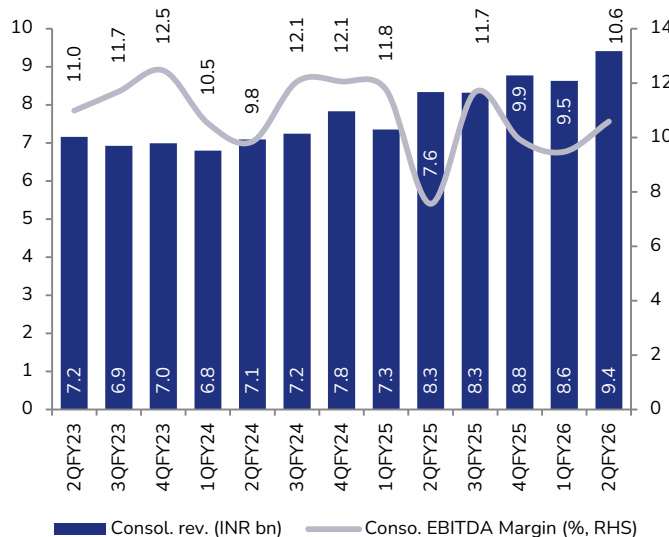
(INR mn)	2QFY26	2QFY25	% YoY	1QFY26	% QoQ	2QFY26E	% A/E
Net sales	9,410	8,336	12.9	8,629	9.1	8,813	6.8
RM	5,074	4,731	7.3	4,760	6.6	4,856	4.5
As a % of sales	53.9	56.7	-280bps	55.2	-120bps	55.1	-120bps
Employee Exp	2,263	1,897	19.3	2,161	4.7	2,194	3.1
As a % of sales	24.0	22.8	130bps	25.0	-100bps	24.9	-90bps
Other Costs	1,077	1,079	-0.1	891	20.9	899	19.9
As a % of sales	11.5	12.9	-150bps	10.3	110bps	10.2	130bps
Expenditure	8,414	7,706	9.2	7,812	7.7	7,949	5.8
Adj. EBITDA	996	630	58.1	817	21.8	864	15.3
Adj. EBITDA Margin	10.6	7.6	300bps	9.5	110bps	9.8	80bps
Other Income	347	125	178.1	390	-11.0	250	38.8
Interest	161	146	10.4	154	5.0	160	0.8
Depreciation	370	324	14.1	344	7.5	350	5.6
PBT	812	285	185.3	710	14.4	604	34.5
Tax	302	280	8.1	229	32.1	181	67.0
Tax rate (%)	37.2	98.3		32.3		30.0	
Exceptional (gain)/loss	0	0		0		0	
PAT Reported	509	5	10,492.1	481	6.0	423	20.6
PAT (Adjusted, INR mn)	509	5	10492.1	481	6.0	423	20.6
PAT Margin (%)	5.4	0.1	540bps	5.6	-20bps	4.8	60bps
EPS	3.7	0.0	NA	3.5	6.0	3.1	20.6

Source: Company, JM Financial

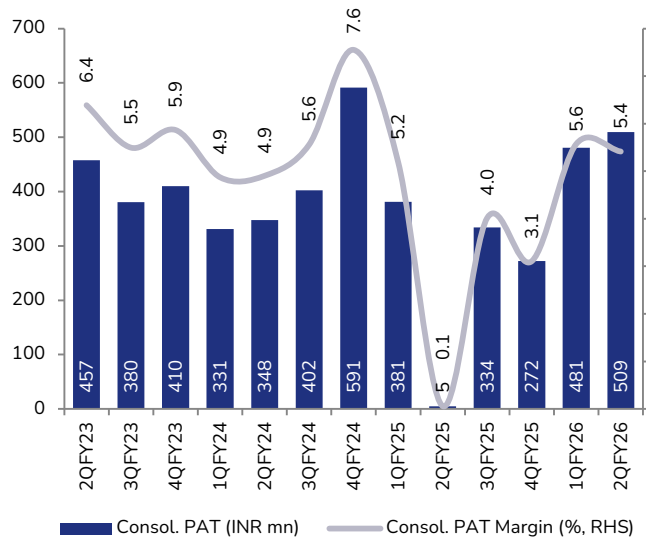
Exhibit 2. Segmental performance

(INR mn)	2QFY26	2QFY25	% YoY	1QFY26	% QoQ
Suprajit Controls Division (SCD)					
Net sales	3,559	3,325	7.1	3,826	-7.0
EBITDA	412	275	50.0	452	-8.8
EBITDA Margin (%)	11.6	8.3	330bps	11.8	-20bps
Domestic Cable Division (DCD)					
Net sales	3,411	3,093	10.3	2,739	24.5
EBITDA	574	534	7.6	408	40.7
EBITDA Margin (%)	16.8	17.2	-40bps	14.9	190bps
Phoenix lamps					
Net sales	941	1,014	-7.2	864	8.9
EBITDA	119	152	-21.9	111	7.2
EBITDA Margin (%)	12.6	15.0	-240bps	12.8	-20bps
Suprajit Electronics Division (SED)					
Net sales	411	302	35.9	304	35.2
EBITDA	56	16	255.3	21	166.7
EBITDA Margin (%)	13.6	5.2	840bps	6.9	670bps

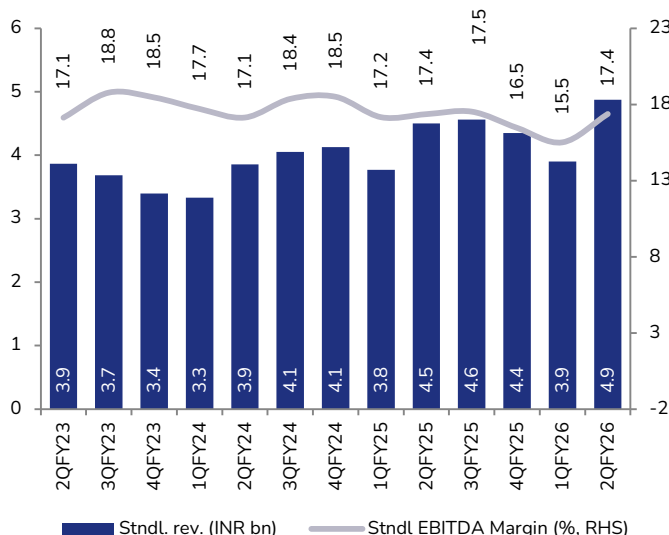
Source: Company, JM Financial

Exhibit 3. Consolidated revenue and margin trend

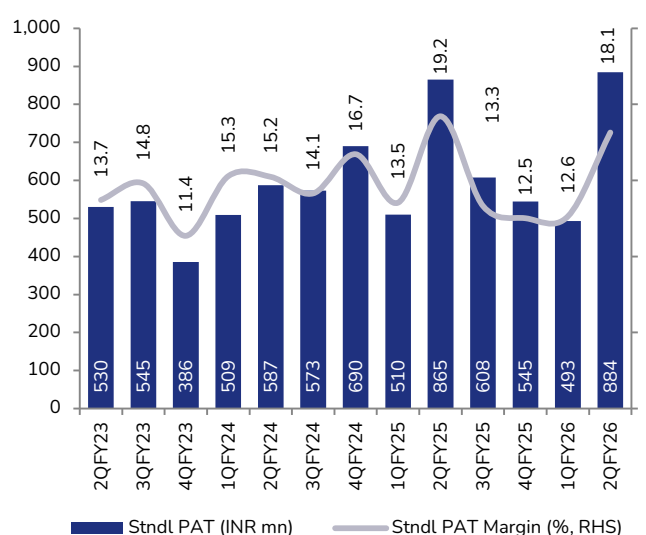
Source: Company, JM Financial

Exhibit 4. Consolidated profit trend

Source: Company, JM Financial

Exhibit 5. Standalone revenue and margin trend

Source: Company, JM Financial

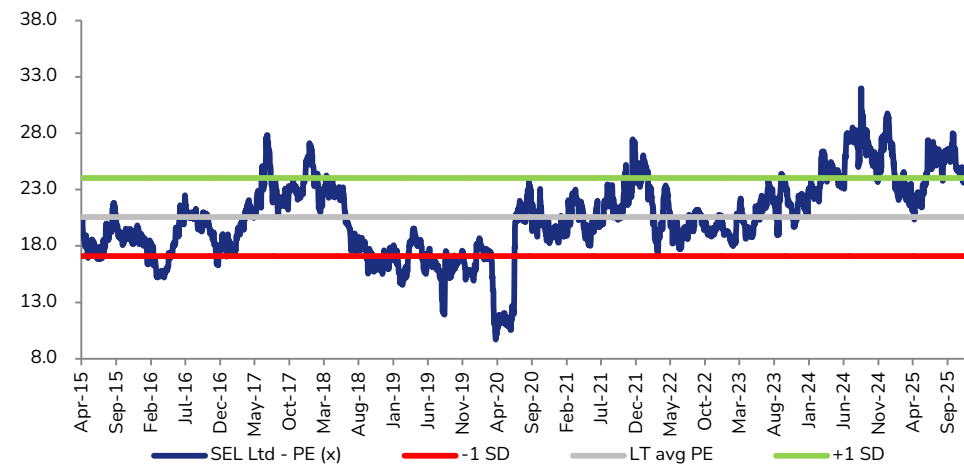
Exhibit 6. Standalone profit trend

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)	32,770	37,465	42,294	32,770	36,993	41,516	0%	1%	2%
EBITDA (INR mn)	3,334	3,971	5,698	3,334	4,045	5,878	0%	-2%	-3%
EBITDAM (%)	10.2%	10.6%	13.5%	10.2%	10.9%	14.2%	0bps	-33bps	-69bps
PAT (INR mn)	993	1,906	3,237	993	1,961	3,372	0%	-3%	-4%
EPS (INR)	7.2	13.9	23.6	7.2	14.3	24.6	0%	-3%	-4%

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	37,465	42,294	47,638
Sales Growth	5.2%	13.2%	14.3%	12.9%	12.6%
Other Operating Income	0	0	0	0	0
Total Revenue	28,959	32,770	37,465	42,294	47,638
Cost of Goods Sold/Op. Exp	16,982	18,611	21,205	23,854	26,868
Personnel Cost	6,206	7,282	8,355	8,802	9,853
Other Expenses	2,540	3,542	3,934	3,940	4,430
EBITDA	3,230	3,334	3,971	5,698	6,487
EBITDA Margin	11.2%	10.2%	10.6%	13.5%	13.6%
EBITDA Growth	3.3%	3.2%	19.1%	43.5%	13.8%
Depn. & Amort.	1,037	1,218	1,369	1,453	1,516
EBIT	2,192	2,116	2,602	4,246	4,971
Other Income	599	462	517	579	649
Finance Cost	514	604	574	502	432
PBT before Excep. & Forex	2,278	1,974	2,545	4,323	5,189
Excep. & Forex Inc/Loss(-)	0	0	0	0	0
PBT	2,278	1,974	2,545	4,323	5,189
Taxes	605	981	639	1,086	1,303
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	0	0	0	0	0
Reported Net Profit	1,673	993	1,906	3,237	3,885
Adjusted Net Profit	1,673	993	1,906	3,237	3,885
Net Margin	5.8%	3.0%	5.1%	7.7%	8.2%
Diluted Share Cap. (mn)	138.5	137.2	137.2	137.2	137.2
Diluted EPS (INR)	12.1	7.2	13.9	23.6	28.3
Diluted EPS Growth	9.9%	-40.1%	92.0%	69.9%	20.0%
Total Dividend + Tax	346	411	411	480	480
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	2,545	4,323	5,189
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	-1,440	-1,445	-1,513
Others	0	0	0	0	0
Taxes Paid	-605	-981	-639	-1,086	-1,303
Operating Cash Flow	2,587	4,558	2,410	3,747	4,320
Capex	-1,272	-2,995	-1,400	-840	-600
Free Cash Flow	1,315	1,563	1,010	2,907	3,720
Inc (-) / Dec in Investments	0	0	0	0	0
Others	-514	-604	-574	-502	-432
Investing Cash Flow	-1,786	-3,599	-1,974	-1,342	-1,032
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
Financing Cash Flow	-684	-642	-911	-1,480	-1,480
Inc / Dec (-) in Cash	117	318	-476	925	1,809
Opening Cash Balance	1,068	1,186	1,503	1,028	1,953
Closing Cash Balance	1,186	1,503	1,028	1,953	3,762

Source: Company, JM Financial

Balance Sheet (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	13,622	12,802	14,297	17,054	20,459
Share Capital	138	137	137	137	137
Reserves & Surplus	13,483	12,665	14,159	16,917	20,322
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
Total - Equity & Liab.	20,897	21,180	22,174	23,931	26,337
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	15,504	18,299	22,185
Inventories	4,449	5,465	6,248	7,053	7,945
Sundry Debtors	5,186	5,818	6,651	7,509	8,457
Cash & Bank Balances	1,186	1,503	1,028	1,953	3,762
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	6,738	7,663	8,728
Current Liabilities	3,335	3,879	4,403	4,938	5,546
Provisions & Others	1,289	2,001	2,335	2,725	3,182
Net Current Assets	7,183	8,302	8,766	10,636	13,457
Total - Assets	20,897	21,180	22,174	23,931	26,337

Source: Company, JM Financial

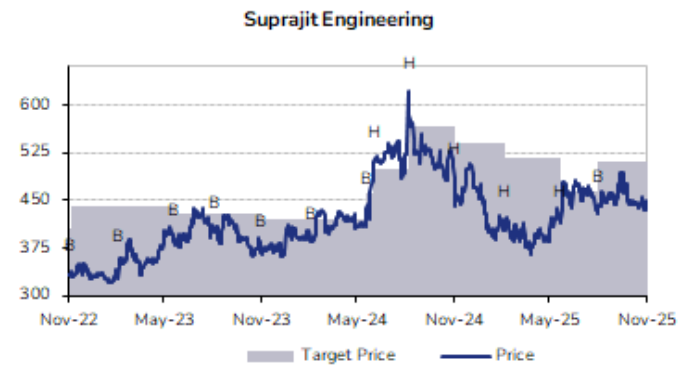
Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	5.8%	3.0%	5.1%	7.7%	8.2%
Asset Turnover (x)	1.4	1.5	1.7	1.8	1.9
Leverage Factor (x)	1.6	1.6	1.6	1.5	1.4
RoE	12.9%	7.5%	14.1%	20.7%	20.7%
Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	98.4	93.3	104.2	124.3	149.2
ROIC	11.4%	6.8%	11.2%	17.6%	20.3%
ROE	12.9%	7.5%	14.1%	20.7%	20.7%
Net Debt/Equity (x)	0.1	0.3	0.3	0.1	-0.1
P/E (x)	37.2	62.0	32.3	19.0	15.9
P/B (x)	4.6	4.8	4.3	3.6	3.0
EV/EBITDA (x)	19.4	19.8	16.5	11.1	9.2
EV/Sales (x)	2.2	2.0	1.8	1.5	1.3
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.
11-Feb-21	Buy	310	
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
12-Aug-25	Buy	510	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.

SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610

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Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

New Rating System: Definition of ratings	
Rating	Meaning
BUY	Expected return \geq 15% over the next twelve months.
ADD	Expected return \geq 5% and $<$ 15% over the next twelve months.
REDUCE	Expected return \geq -10% and $<$ 5% over the next twelve months.
SELL	Expected return $<$ -10% over the next twelve months.

Note: For REITs (Real Estate Investment Trust) and InvIT (Infrastructure Investment Trust) total expected returns include dividends or DPU (distribution per unit)

Previous Rating System: Definition of ratings	
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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