

**FOR IMMEDIATE RELEASE****Long term rating upgraded to [ICRA]A+ for the bank facilities of Suprajit Engineering Limited; short-term rating of [ICRA]A1 re-affirmed****Ratings**

Instruments	Amounts (Rs. Crore ¹)	Ratings
		December 2013
Term Loans	45.91 (reduced from Rs. 50.0 crore)	[ICRA]A+ (Stable) / Upgraded from [ICRA]A (Stable)
Fund based facilities	52.00 (reduced from Rs.52.25 crore)	[ICRA]A+ (Stable) / Upgraded from [ICRA]A (Stable)
Fund based facilities	25.0 (revised from Rs.21.00 crore)	[ICRA]A1 / Re-affirmed
Non-fund based facilities	2.25	[ICRA]A1 / Re-affirmed

ICRA has upgraded the long-term rating outstanding on the Rs.45.91 crore (reduced from Rs.50.00 crore) term loan facilities and the Rs. 52.00 crore (reduced from Rs.52.25 crore) fund based facilities of Suprajit Engineering Limited ("SEL"/"the Company") to [ICRA]A+ (pronounced ICRA A plus)² from [ICRA]A (pronounced ICRA A) . The outlook on the long term rating is stable. ICRA has re-affirmed the short-term rating of [ICRA]A1 (pronounced ICRA A one) to the Rs.25.00 crore (revised from Rs.21.00 crore) fund based limits and the Rs. 2.25 crore non-fund based facilities of SEL.

The upgrade in the long-term rating reflects SEL's sustained healthy financial profile characterized by comfortable capital structure, adequate coverage indicators and stable working capital cycle. Despite weak demand scenario in the domestic market, the company has reported steady revenue growth and margins largely supported by its after-market business (through both OE and retail channels) and increasing sales to international four wheeler OEMs. Further, the Company continues to maintain healthy capital structure supported by prudent capital expenditure programme together with healthy accretions. The ratings continue to factor SEL's sustained dominant market position in the domestic automotive cables industry with established long-term associations and strong market share with major OEMs in two-wheeler industry supporting its business prospects. ICRA also takes note of the company's efforts towards expanding its product portfolio through in-house product development as well as outsourcing of manufacturing of certain products which is expected to yield diversification related benefits over the medium term. The Company has been focusing on strengthening its presence in automotive segments other than two-wheelers and non-automotive segment.

The rating strengths are however partially offset by the continued high dependence of the company's revenues on the performance of its top three customers and its exposure to the inherent cyclicality in the Indian automotive industry - particularly the two-wheeler segment. The rating also takes into account the weak near term outlook for the automotive industry which is likely to maintain pressure on the company's revenue growth and profitability to an extent. Going forward, though the Company has outlined moderate capital expenditure plans, ICRA expects SEL's capital structure to remain supported by healthy accruals.

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

¹ 100 lakhs = 1 crore = 10 millions

² For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications



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 150 million cables. SEL's manufacturing facilities are spread across the country, viz., Bangalore (Karnataka), Manesar (Haryana), Chakan (Pune), Vapi (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.

Recent Results (Consolidated)

The Company reported net profit of Rs.21.8 crore on operating income of Rs.231.3 crore for the half year ended September 30, 2013. For the full year 2012-13, the Company reported net profit of Rs.47.1 crore on operating income of Rs.462.6 crore as against net profit of Rs. 39.8 crore on operating income of Rs. 423.8 crore in 2011-12

December 2013

For further details, please contact:

Analyst Contact:

Mr. Subrata Ray, (Tel. No. +91-22-6179 6386)
subrata@icraindia.com

Relationship Contact:

Mr. Jayanta Chatterjee, (Tel. No. +91-9845022459)
jayantac@icraindia.com

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in