East India Securities Ltd
Excellent | Investment | Solutions

INDIA

Suprajit Engineering Ltd.

Robust recovery post Q1, Strong growth prospects across segments

Suprajit (SEL) reported a subdued performance, hit by covid, with robust outlook as 1) OEMs ramp-up started in June and strengthened in July & August. 2) Sales reached near pre-Covid levels. 3) Aftermarket reported YoY growth. 4) Non-auto segment and exports are approaching last year's level. We expect growth to come back from the combination of robust recovery witnessed in OEM orders, aftermarket, and exports. The management is fully geared up to provide the required focus for its strategically important SENA strategy, while Phoenix Lamps incremental growth will majorly come from Osram's orders and aftermarket. Stringent cost rationalisation measures and better mix to provide required support to the margins going forward. We believe SEL would maintain its dominant leadership and has enormous growth potential in all of its three segments in the domestic as well as exports. Recommend 'Accumulate'.

Robust demand outlook and outperformance to continue

- Auto cables sales are back to near normal levels in July & August with September too looks encouraging. Aftermarket reported YoY growth and the momentum to sustain going ahead.
- Exports for auto as well as non-auto cables look good with new order wins from existing clients in the US and EU.
- Due to weak financials of peers and supply chain concerns for its non-auto competitors, Suprajit won new orders and expect some of it to sustain in the medium term.

Improving prospects for Phoenix Lamps

- Post Osram's plant acquisition, Phoenix lamps is getting orders from EU and recently for a Chinese OEM. The focus in exports is majorly on aftermarket due to its massive size.
- With stability in the competition, Phoenix market share has been improving and we expect it to further improve, specially in the aftermarket side.
- The management is not hesitating to get into manufacturing LEDs. Options are always open for inorganic opportunities.

Margin to get back on track soon

- The management utilised 1st quarter as an opportunity to reduce its headcount by 8%-10% and there is a temporary reduction in salaries till things get back to normal.
- Moreover, SEL worked on to curtail its fixed costs & improve its operational efficiencies. Hence, expect certain savings in employee and overheads will be on a permanent basis.
- Other areas of focus were to efficiently improve its cash conversion cycle. Hence, we expect the margins to bounce back sharply on the higher side once volume picks up.

Supportive valuations

- We are strongly convinced on SEL's business model, its competitive positioning & growth potential in the medium to long term. Year on year outperformance is noticeable. We believe it should get a scarcity premium for its dominant leadership and is a strong re-rating candidate.
- **Looking at higher than expected faster recovery in the automobile sales, we have assigned 20x to its FY22e EPS of Rs 10.0 to arrive at a target price of Rs 200. Hence, we recommend 'Accumulate' rating.**

Consolidated (Rs mn)	Q1FY21	Q1FY20	YoY (%)	Q4FY20	QoQ (%)	Q1FY21e	Var. (%)
Total Income	1,775	3,634	-51.2	3,890	(54.4)	1,535	15.6
Op. cost	1,823	3,121	-41.6	3,341	(45.4)	-	-
EBITDA	-48	513	NA	549	NA	41	NA
EBITDA margin (%)	(2.7)	14.1	(1,683) bps	14.1	(1,684) bps	2.7	(537) bps
Other income	58	62	-6.0	42	36.4	-	-
PBT	-183	380	NA	115	NA	-	-
Taxes paid	(38)	132	NA	86	NA	-	-
Effective tax rate (%)	20.8	34.7	NA	74.2	NA	-	-
Adj. PAT	-145	249	NA	244	NA	-88	NA
Adj. PAT margin (%)	(8.2)	6.8	(1,501) bps	6.3	(1,446) bps	(5.7)	(247) bps

Soure: Company, EISEC Research

Rating: Accumulate	Upside/(Downside): 9.1%
Current Price: 183	Target Price: 200

|Earlier recommendation

Preivous Rating:	Buy
Previous Target Price:	156

|Market data

Bloomberg:	SEL IN
52-week H/L (Rs):	220/100
Mcap (Rs bn/USD bn):	25.6/0.3
Shares outstanding (mn):	140
Free float:	56.0%
Daily vol. (3M Avg. – '000):	446
Face Value (Rs):	1.0
Group:	BSE 500

Source: Bloomberg, EISEC Research

|Shareholding pattern (%)

	Jun-20	Mar-20	Dec-19	Sep-19
Promoter	44.6	44.6	44.6	44.6
FIIs	2.9	8.1	11.3	13.0
DIIs	13.1	9.2	6.8	5.5
Public/others	39.4	38.1	37.3	36.9

Source: BSE

|Price performance (%)*

	1M	3M	12M	36M
BSE 500	5.3	25.1	6.1	10.8
SEL	16.2	61.0	-1.0	-35.6

*as on 24th Aug 2020; Source: AceEquity, EISEC Research

Amit Hiranandani
Senior Analyst
+91 22 6192 5342
amith@eisec.com

Awanish Chandra
Head of Research
+91 22 6192 5345
awanishc@eisec.com

Y/E Mar (Rs mn)	Revenue	YoY (%)	EBITDA	EBITDA (%)	PAT	YoY (%)	EPS	RoE (%)	RoCE (%)	P/E (x)	EV/EBITDA (x)
FY18	14,311	19.0	2,365	16.5	1,385	21.8	9.9	23.5	18.2	28.4	18.0
FY19	15,899	11.1	2,328	14.6	1,338	-3.4	9.6	18.7	16.3	24.6	15.5
FY20	15,628	-1.7	2,187	14.0	1,040	-22.3	7.4	12.8	13.6	25.2	13.0
FY21e	13,481	-13.7	1,621	12.0	788	-24.2	5.6	8.9	9.0	32.5	16.1
FY22e	16,762	24.3	2,457	14.7	1,397	77.3	10.0	14.3	13.2	18.3	10.3

Source: Company, EISEC Research Estimates

Q1FY21 – Key takeaways from the analysts call

Auto cables division

- ✓ OEMs started to come back closer to normal levels, **with July, August as well as September month is looking very robust.** The management looks very optimistic for Q2FY21.
- ✓ There is a **very good traction in the aftermarket** in auto cables division.
- ✓ Similarly, **seeing strong exports** for auto as well as non-auto segments. Overall, expect **Q2FY21 to be a pretty good quarter as orders are very strong.**
- ✓ Expect outperformance to continue vis-à-vis auto industry at least by 5%+ in domestic. It also won new businesses from existing clients like VW and Ford in the US and EU.
- ✓ On electric vehicles, there won't be any major impact on the number of cables in four wheelers.

Non-auto cables division

- ✓ Market weakness continues, however Wescon won some new business as few of its competitors were struggling to get things back on stream and a few others were financially weak. Expect some of the new contracts won to sustain going forward.
- ✓ Also, received some of the past orders. Hence, ramp-up in the non-auto revenues were very strong as compared to other segments.
- ✓ The focus area for SENA division was to build operational efficiencies. Expect to get some share as few of its competitors are weak.
- ✓ **There are opportunities for growth in the medium term for SENA**, but due to Covid there won't be any big foray in FY21e. Size of opportunity is good.

Phoenix Lamps division (PLD)

- ✓ Post the deal with Osram, Phoenix's market share is improving. It is also looking to enhance its share further specially in the aftermarket division. **Expect growth to majorly come from the aftermarket.**
- ✓ The management expects excellent sales from its newly acquired Chennai plant. It also won business in Europe.
- ✓ Phoenix's LED drop-in solution is already available in the aftermarket and **the management is not hesitating to get into manufacturing LEDs in the future. Options are always open for inorganic opportunities.**
- ✓ Globally, Halogen has a huge market and expect it to continue its run at least for a decade. LED continues to remain a long-term threat for halogen.
- ✓ Osram won some business in China market from OEM and Phoenix is going to supply to them.
- ✓ PLD consolidated its two warehouses into one to cut costs.

Margin

- ✓ 1st quarter was not that great, however management utilised it as an opportunity to temporarily cut salaries and reduce headcount by 8-10% across geographies.
- ✓ In addition, also worked on reducing its fixed costs. Certain savings in employee and overheads will be on a permanent basis.
- ✓ Other focus areas were to efficiently manage its working capital cycle and ramping-up operations.

Other highlights

- ✓ Major capital expenditure is over in FY20 and now only maintenance capex is required in FY21 and FY22. The capex will be less than 2% of revenue for the next two years.
- ✓ The company's strategy is not to 'build & stock', they 'build to sell'. Hence, Inventory are very lean and they don't have any excess stock.
- ✓ Three plants strategy for SENA will continue and expect to yield much better results.

Valuation and Recommendations

Suprajit (SEL) reported decent quarterly numbers with robust outlook as 1) OEMs ramp-up started in June and strengthened in July & August. 2) Sales reached near pre-Covid levels. 3) Aftermarket reported YoY growth. 4) Non-auto segment and exports approaching last year's level.

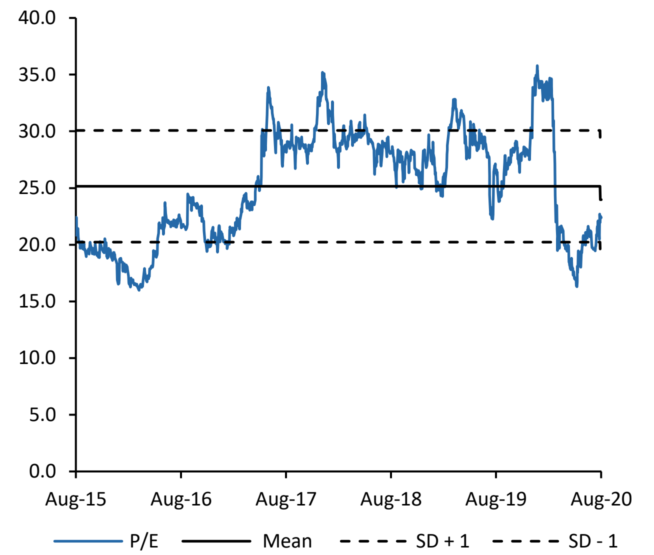
We expect incremental growth to come from the combination of robust recovery witnessed in OEM orders, aftermarket, and exports. The management is fully geared up to provide the required focus for its strategically important SENA strategy, while Phoenix Lamps incremental growth will majorly come from Osram's orders and aftermarket.

Stringent cost rationalisation measures, better mix to provide required support to the margins. We believe SEL would maintain its dominant leadership and has enormous growth potential in all of its three segments in the domestic as well as exports.

We are strongly convinced on SEL's business model, its competitive positioning & growth potential in the medium to long term. Year on year outperformance is noticeable. We believe it should get a scarcity premium for its dominant leadership and is a strong re-rating candidate.

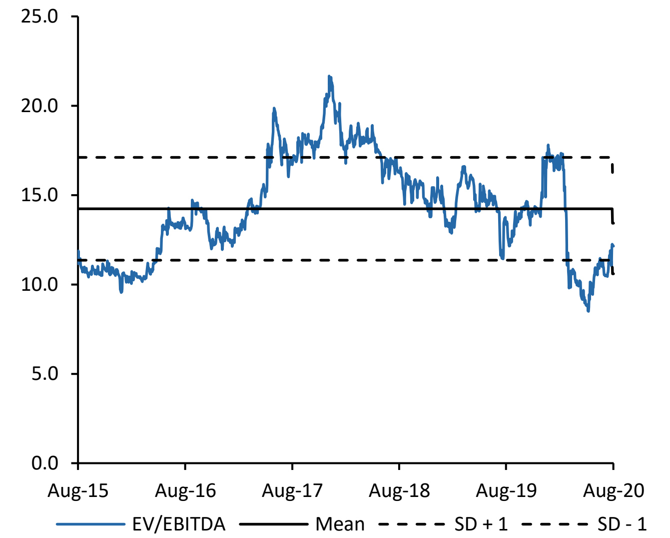
Looking at higher than expected faster recovery in the automobile sales, **we have assigned 20x to its FY22e EPS of Rs 10.0 to arrive at a target price of Rs 200. Hence, we recommend 'Accumulate' rating.**

Fig 1: 1-year forward P/E



Source: AceEquity, EISEC Research

Fig 2: 1-year forward EV/EBITDA



Source: AceEquity, EISEC Research

Quarterly financials, operating metrics and key performance indicators

Fig 3: Quarterly Financials

Consolidated (Rs mn)	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21
Net Sales	**3,914**	**4,056**	**4,311**	**3,634**	**3,982**	**4,123**	**3,890**	**1,775**
Raw Materials	2,265	2,347	2,524	2,073	2,366	2,430	2,283	987
Employee Costs	764	762	798	720	725	770	712	596
Other Expenditure	353	340	354	329	334	422	347	241
EBITDA	**531**	**607**	**635**	**513**	**558**	**501**	**549**	**-48**
Depreciation	102	104	107	128	159	149	145	138
Interest	64	58	60	66	52	52	57	55
Other Income	30	184	125	62	134	53	42	58
Exceptional items							-274	
PBT	**396**	**630**	**594**	**380**	**480**	**353**	**115**	**-183**
Tax	155	238	177	132	30	41	86	-38
Tax rate (%)	39	38	30	35	6	12	74	21
Reported PAT	241	392	417	249	450	312	30	-145
Adj. PAT	**241**	**392**	**417**	**249**	**450**	**312**	**244**	**-145**
YoY Growth (%)								
Revenue	*16.3*	*10.7*	*6.1*	*0.4*	*1.7*	*1.6*	*-9.8*	*-51.2*
EBITDA	*-5.1*	*0.9*	*-13.5*	*-7.5*	*4.9*	*-17.4*	*-13.6*	*NA*
Adj. PAT	*-23.1*	*38.8*	*-25.9*	*-13.7*	*86.9*	*-20.4*	*-41.4*	*NA*
QoQ Growth (%)								
Revenue	*8.2*	*3.6*	*6.3*	*-15.7*	*9.6*	*3.5*	*-5.6*	*-54.4*
EBITDA	*-4.1*	*14.2*	*4.7*	*-19.3*	*8.7*	*-10.2*	*9.7*	*NA*
Adj. PAT	*-16.5*	*62.9*	*6.5*	*-40.4*	*81.0*	*-30.7*	*-21.7*	*NA*
Margin (%)								
EBITDA	*13.6*	*15.0*	*14.7*	*14.1*	*14.0*	*12.1*	*14.1*	*-2.7*
Adj. PAT	*6.1*	*9.7*	*9.7*	*6.8*	*11.3*	*7.6*	*6.3*	*-8.2*

Source: Company, EISEC Research

Fig 4: Key Assumptions

Key assumptions	FY18	FY19	FY20P	FY21e	FY22e
Auto cable division					
Revenue (Rs mn)	**8,081**	**9,319**	**9,358**	**8,193**	**10,549**
YoY Growth (%)	*34.7%*	*15.3%*	*0.4%*	*-12.5%*	*28.8%*
% of total revenues	*56.5%*	*58.6%*	*59.9%*	*60.8%*	*62.9%*
EBITDA Margin (%)	**17.1%**	**15.7%**	**16.3%**	**13.7%**	**16.6%**
Non-Auto cable division					
Revenue (Rs mn)	**3,000**	**3,395**	**3,145**	**2,700**	**3,045**
YoY Growth (%)	*7.1%*	*13.2%*	*-7.4%*	*-14.2%*	*12.8%*
% of total revenues	*21.0%*	*21.4%*	*20.1%*	*20.0%*	*18.2%*
EBITDA Margin (%)	**16.3%**	**14.6%**	**11.1%**	**10.0%**	**12.0%**
Phoenix lamps division					
Revenue (Rs mn)	**3,230**	**3,184**	**3,125**	**2,588**	**3,168**
YoY Growth (%)	*0.0%*	*-1.4%*	*-1.9%*	*-17.2%*	*22.4%*
% of total revenues	*22.6%*	*20.0%*	*20.0%*	*19.2%*	*18.9%*
EBITDA Margin (%)	**12.1%**	**11.6%**	**9.8%**	**8.9%**	**10.7%**

Source: Company, EISEC Research Estimates

Consolidated Financial Statements

Income Statement

YE March (Rs mn)	FY18	FY19	FY20P	FY21e	FY22e
Revenues	**14,311**	**15,899**	**15,628**	**13,481**	**16,762**
% Growth	19.0	11.1	(1.7)	(13.7)	24.3
Raw Materials	8,007	9,148	9,151	8,049	9,939
% of sales	55.9	57.5	58.6	59.7	59.3
Personnel	2,568	3,037	2,927	2,694	2,993
% of sales	17.9	19.1	18.7	20.0	17.9
Manufacturing & Other Expenses	1,371	1,386	1,364	1,118	1,374
% of sales	9.6	8.7	8.7	8.3	8.2
EBITDA	**2,365**	**2,328**	**2,187**	**1,621**	**2,457**
EBITDA Margin (%)	16.5	14.6	14.0	12.0	14.7
Other Income	212	380	224	247	246
Depreciation & Amortization	372	410	581	607	646
EBIT	**2,205**	**2,298**	**1,830**	**1,260**	**2,056**
Finance Cost	271	246	227	207	190
PBT From Operations	**1,934**	**2,052**	**1,603**	**1,053**	**1,866**
Exceptional Income/(Expense)	0	0	-274	0	0
PBT	**1,934**	**2,052**	**1,329**	**1,053**	**1,866**
Tax-Total	549	714	289	265	470
Effective tax rate (%)	28.4	34.8	21.8	25.2	25.2
Reported PAT	**1,385**	**1,338**	**1,040**	**788**	**1,397**
PAT Margin	9.7	8.4	6.7	5.8	8.3
% Growth	21.8	(3.4)	(22.3)	(24.2)	77.3

Source: Company, EISEC Research Estimates

Key Ratios

YE March	FY18	FY19	FY20P	FY21e	FY22e
Growth Ratios (%)					
Net Sales	19.0	11.1	(1.7)	(13.7)	24.3
EBITDA	17.1	(1.6)	(6.0)	(25.9)	51.6
Adjusted Net Profit	21.8	(3.4)	(22.3)	(24.2)	77.3
Margin Ratio (%)					
EBITDA Margin	16.5	14.6	14.0	12.0	14.7
EBIT Margin	15.4	14.5	11.7	9.3	12.3
PBT margins	13.5	12.9	10.3	7.8	11.1
PAT Margin	9.7	8.4	6.7	5.8	8.3
Return Ratios					
ROE	23.5	18.7	12.8	8.9	14.3
ROCE	18.2	16.3	13.6	9.0	13.2
ROIC	16.2	14.0	13.2	9.4	15.3
Turnover Ratios (days)					
Gross Block Turnover (x)	2.4	2.5	2.3	1.8	2.2
Inventory	108	108	110	108	106
Debtors	74	67	64	63	61
Creditors	83	70	85	86	87
Cash Conversion Cycle	98	105	89	85	80
Solvency ratio (x)					
Debt-equity	0.5	0.5	0.4	0.4	0.3
Net Debt-Equity	0.3	0.2	0.1	(0.0)	(0.1)
Gross Debt/EBITDA	1.5	1.6	1.7	2.1	1.3
Current ratio	1.5	1.7	1.5	1.7	1.9
Interest coverage ratio	8.1	9.4	8.1	6.1	10.8
Dividend					
DPS (Rs.)	1.4	1.6	1.8	0.9	2.0
Dividend Yield (%)	0.8	0.8	1.0	0.5	1.1
Dividend Payout (%)	14.1	16.2	23.5	16.0	20.0
Per share (Rs.)					
Basic EPS (reported)	9.9	9.6	7.4	5.6	10.0
FDEPS (Adjusted)	9.9	9.6	7.4	5.6	10.0
CEPS	12.6	12.5	11.6	10.0	14.6
BV	46.8	55.4	61.0	65.8	73.8
Valuation					
P/E	28.4	24.6	25.2	32.5	18.3
P/BV	6.0	4.3	3.0	2.8	2.5
EV/EBITDA	18.0	15.5	13.0	16.1	10.3
EV/Sales	3.0	2.3	1.8	1.9	1.5

Source: Company, EISEC Research Estimates

Balance Sheet

YE March (Rs mn)	FY18	FY19	FY20P	FY21e	FY22e
Sources of funds					
Capital	140	140	140	140	140
Reserves & Surplus	6,409	7,611	8,398	9,059	10,177
Shareholders' Funds	**6,549**	**7,751**	**8,538**	**9,199**	**10,317**
Total Loan Funds	**3,455**	**3,621**	**3,781**	**3,462**	**3,171**
Deffered tax liabilities	521	635	563	485	604
Other liabilities	2,494	2,466	2,924	2,551	3,358
Total Liabilities	**13,018**	**14,472**	**15,805**	**15,698**	**17,449**
Application of funds					
Gross Block	6,080	6,576	7,266	7,480	7,811
Accumulated Dep.	632	1,038	1,388	1,995	2,641
Net Block	5,448	5,539	5,878	5,485	5,170
Capital WIP	25	266	145	145	136
Net Assets	**5,473**	**5,805**	**6,023**	**5,631**	**5,306**
Investments	**0**	**0**	**890**	**890**	**890**
Other non current assets	**274**	**377**	**407**	**385**	**433**
Inventories	2,365	2,710	2,762	2,382	2,886
Sundry Debtors	2,890	2,916	2,750	2,327	2,801
Cash & Bank Balances	328	534	694	2,119	2,689
Loans and Advances	6	6	10	9	11
Other current Assets	1,683	2,124	2,268	1,957	2,433
Total Current Assets	**7,272**	**8,290**	**8,483**	**8,793**	**10,820**
Sundry Creditors	**1,824**	**1,751**	**2,140**	**1,896**	**2,369**
Other Current Liabilities	2,835	3,159	3,530	3,192	3,229
Provisions	95	102	118	102	127
Total Current Liabilities	**4,754**	**5,012**	**5,788**	**5,191**	**5,724**
Net Current Assets	**2,518**	**3,278**	**2,695**	**3,602**	**5,096**
Total Assets	**13,018**	**14,472**	**15,805**	**15,698**	**17,449**

Source: Company, EISEC Research Estimates

Cash Flow

YE March (Rs mn)	FY18	FY19	FY20P	FY21e	FY22e
Operating profit before WC changes	**2,449**	**2,679**	**2,295**	**1,865**	**2,700**
Net chg in working capital	37	(526)	496	383	(251)
Income taxes paid	(314)	(677)	(470)	(265)	(470)
Cash flow from operating activities (a)	**2,173**	**1,448**	**2,320**	**1,984**	**1,980**
Capital expenditure	(250)	(587)	(664)	(214)	(321)
Free Cash Flow	1,923	860	1,656	1,770	1,658
Cash flow from investing activities (b)	**(1,250)**	**(890)**	**(1,565)**	**(3)**	**(730)**
Cash flow from financing activities (c)	**(845)**	**(418)**	**(607)**	**(549)**	**(693)**
Net chg in cash (a+b+c)	**77**	**140**	**148**	**1,432**	**557**

Source: Company, EISEC Research Estimates

Disclaimer

East India Securities Limited (hereinafter EISEC), a publically listed company, registered as Research Analyst with SEBI (Registration No. INH300003231). EISEC is engaged in broking services, distribution and marketing of financial products, and in the normal course of business, EISEC prepares and shares research data and reports periodically with clients, investors, stake holders and general public in compliance with Securities and Exchange Board of India Act, 1992, Securities And Exchange Board Of India (Research Analysts) Regulations, 2014 and/or any other applicable directives, instructions or guidelines issued by the Regulators from time to time.

Research report is a written or electronic communication that includes research analysis, research recommendation or an opinion concerning securities or public offer, providing a basis for investment decisions. The views expressed therein are based solely on information available publicly/internal data/other reliable sources believed to be true. The information is provided merely as a complementary service and do not constitute an offer, solicitation for the purchase or sale of any financial instruments, inducement, promise, guarantee, warranty, or as an official confirmation of any transactions or contract of any kind.

Research data and reports published/ emailed/ text messaged via Short Messaging Services, Online Messengers, WhatsAppetc/transmitted through mobile application/s, including but not limited to FLIP™, Video Widget, telephony networks, print or electronic media and or those made available/uploaded on social networking sites (e.g. Facebook, Twitter, LinkedIn etc) by EISEC or those recommendation or offers or opinions concerning securities or public offer which are expressed as and during the course of “Public Appearance” are for informational purposes only. The reports are provided for assistance and are not intended to be and must not alone be taken as the basis for an investment decision. The user assumes the entire risk of any use made of this information. Though disseminated to clients simultaneously, not all clients may receive the reports at the same time. EISEC will not treat recipients as clients by virtue of their receiving this report.

The reports include projections, forecasts and other predictive statements which represent EISEC’s assumptions and expectations in the light of currently available information. These projections and forecasts are based on industry trends, circumstances and factors which involve risks, variables and uncertainties. The actual performance of the companies represented in the report may vary from those projected. The projections and forecasts described in this report should be evaluated keeping in mind the fact that these-

- are based on estimates and assumptions
- are subject to significant uncertainties and contingencies
- will vary from actual results and such variations may increase over a period of time
- are not scientifically proven to guarantee certain intended results
- are not published as a warranty and do not carry any evidentiary value.
- are not based on certain generally accepted accounting principles
- are not to be relied on in contractual, legal or tax advice.

Prospective investors and others are cautioned that any forward-looking statements are not predictions and may be subject to change without notice. Reports based on technical analysis is focused on studying charts of a stock's price movement and trading volume, as opposed to focusing on a company's fundamentals and as such, may not match with a report on a company's fundamentals.

Though we review the research reports for any untrue statements of material facts or any false or misleading information, , we do not represent that it is accurate or complete and it should not be relied on in connection with a commitment or contract whatsoever. Because of the possibility of human, technical or mechanical error by our sources of transmission of Reports/Data, we do not guarantee the accuracy, adequacy, completeness or availability of any information and are not to be held responsible for any errors or omissions or for the results obtained from the use of such information. EISEC and/or its Affiliates and its officers, directors and employees including the analysts/authors shall not be in any way responsible for any indirect, special or consequential damages that may arise to any person from any inadvertent error in the information contained in the reports nor do they take guarantee or assume liability for any omissions of the information contained therein. Information contained therein cannot be the basis for any claim, demand or cause of action. These data, reports and information do not constitute scientific publication and do not carry any evidentiary value whatsoever.

The reports are not for public distribution. Reproduction or dissemination, directly or indirectly, of research data and reports of EISEC in any form is prohibited except with the written permission of EISEC. Persons into whose possession the reports may come are required to observe these restrictions. Opinions expressed therein are our current opinion as of the date appearing on the report only. Data may be subject to update and correction without notice. While we endeavour to update on a reasonable basis the information discussed in the reports, there may be regulatory, compliance, or other reasons that prevent us from doing so.

The reports do not take into account the particular investment objectives, financial situations, risk profile or needs of individual clients. The user assumes the entire risk of any use made of this information. Each recipient of the reports should make such investigation as deemed necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in such reports (including the merits and risks involved).

Certain transactions - futures, options and other derivatives as well as non-investment grade securities - involve substantial risks and are not suitable for all investors. Investors may lose his/her entire investment under certain market conditions. Before acting on any advice or recommendation in this material, investors should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice. The price and value of investments referred to in research reports and the income from them may fluctuate. Transaction costs may be significant in option strategies calling for multiple purchase and sales of options. Foreign currencies denominated securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of or income derived from the investment. Investors in securities such as ADRs, the value of which are influenced by foreign currencies effectively assume currency risk.

The recommendations in the reports are based on 12 month horizon, unless otherwise specified. The investment ratings are on absolute positive/negative return basis. It is possible that due to volatile price fluctuation in the near to medium term, there could be a temporary mismatch to rating. For reasons of valuations/return/lack of clarity/event we may revisit rating at appropriate time. The stocks always carry the risk of being upgraded to buy or downgraded to a hold, reduce or sell. The opinions expressed in the reports are subject to change but we have no obligation to tell our clients when our opinions or recommendations change. The reports are non-inclusive and do not consider all the information that the recipients may consider material to investments. The reports are issued by EISEC without any liability/undertaking/commitment on the part of itself or any of its entities.

Recipients of the research reports should assume that entities of EISEC may receive commission, brokerage, fees or other compensation from the company or companies that are the subject of the reports. We and our affiliates, officers, directors, and employees, including persons involved in the preparation or issuance of reports/data/material, may, from time to time have 'long' or 'short' positions in, act as principal in, and buy or sell the securities thereof of companies mentioned therein or be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as market maker in the financial instruments of the company/ies discussed therein or act as advisor or lender/borrower to such company/ies or have other potential conflicts of interests with respect to any recommendation and related information and opinions.

We further undertake that-

- No disciplinary action has been taken against the research analyst or EISEC by any authority in connection with their respective business activity.
- EISEC, Research analysts, persons reporting to research analysts and their relatives may have financial interests and material conflict of interest in the subject company.
- EISEC, Research analysts, persons reporting to research analysts and their relatives may have actual/beneficial ownership of 1% or more in the subject company's securities, at the month immediately preceding the date of publication of this research report.

Past performance is not a guide for future performance, future returns are not guaranteed and investors may suffer losses which may exceed their original capital.

The securities described herein may not be eligible for sale in all jurisdictions or to all categories of investors. The countries in which the companies mentioned in this report are organized may have restrictions on investments, voting rights or dealings in securities by nationals of other countries. Distributing/taking/sending/dispatching/transmitting this document in certain foreign jurisdictions may be restricted by law, and persons into whose possession this document comes should inform themselves about, and observe any such restrictions. Failure to comply with this restriction may constitute a violation of any foreign jurisdiction laws.

The user should consult their own advisors to determine the merits and risks of investment and also read the Risk Disclosure Documents for Capital Markets and Derivative Segments as prescribed by Securities and Exchange Board of India before investing in the Indian Markets.

Suprajit Engineering Ltd.

Source: ACEEquity, EISEC Research

Analyst holding in stock: **NO**

Key to EISEC Investment Rankings

Buy: Upside by>15%, Accumulate: Upside by 5%to 15%, Hold: Downside/Upside by -5% to +5%, Reduce: Downside by 5% to 15%, Sell: Downside by>15%

East India Securities Ltd. (http://www.eisec.com/)

Office: - 201, Garnet Palladium, Pandit Motilal Nehru Marg, Panch Bawadi, Behind Express Zone, Malad East, Mumbai – 400097

Disclosure of Interest Statement

1	Business activities of East India Securities Ltd (EISEC)	East India Securities Ltd (hereinafter referred to as "EISEC") is a registered member of NSE (All Segments), MCX-SX (Currency Derivatives Segment) and BSE (All segments), Depository Participant of NSDL & CDSL.
2	Details of Disciplinary History of EISEC	EISEC has not been debarred/ suspended by SEBI or any other regulatory authority from accessing or dealing in securities market on behalf of clients.
3	Registration status of EISEC:	EISEC is registered with SEBI as a Research Analyst (SEBI Registration No INH300003231)

		Suprajit Engineering Ltd.
4	Whether Research analyst's or relatives' have any financial interest in the subject company and nature of such financial interest	No
5	Whether Research analyst or relatives have actual / beneficial ownership of 1% or more in securities of the subject company at the end of the month immediately preceding the date of publication of the document.	No
6	Whether the research analyst or his relatives has any other material conflict of interest	No
7	Whether research analyst has received any compensation from the subject company in the past 12 months and nature of products / services for which such compensation is received	No
8	Whether the Research Analyst has received any compensation or any other benefits from the subject company or third party in connection with the research report	No
9	Whether Research Analysts has served as an officer, director or employee of the subject company	No
10	Whether the Research Analyst has been engaged in market making activity of the subject company.	No
11	Whether it or its associates have managed or co-managed public offering of securities for the subject company in the past twelve months;	No
12	Whether it or its associates have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months;	No
13	Whether it or its associates have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months;	No

Member (NSE and BSE)

Single SEBI Regn No.: INZ000190836

Research Analyst
SEBI Registration No. INH300003231

Website: www.eisec.com
Investor Grievance Email ID: mail@eisec.com

Compliance Officer Details:
Sumeet Kejriwal 033-40205901; Email ID: sumeetk@eisec.com

East India Securities Ltd. (CIN: U67120WB1995PLC072026)	
Registered Office Address	**Corporate Office & Correspondence Address**
10/1D, Lal Bazar Street, 3rd Floor, Mercantile Building, Kolkata – 700001.	201, Garnet Palladium, Pandit Motilal Nehru Marg, Panch Bawadi, Behind Express Zone, Malad East, Mumbai – 400097