

SUPREME POWER EQUIPMENT LIMITED

Manufacturers of SPEL & ROWSONS Brand Power and Distribution Transformers

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To,
The Manager - Listing Department
National Stock Exchange of India Limited
'Exchange Plaza', Bandra-Kurla Complex
Bandra (East), Mumbai 400051

(Script Symbol: SUPREMEPWR)

Subject: Submission of Transcript of the Earnings Conference call held on Monday, January 27, 2025 at 04:00pm.

Dear Sir /Ma'am,

In continuation of our earlier letter dated January 27, 2025 informing about the audio link of the Earnings Conference Call and Pursuant to Regulation 30 of Securities Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015, the Company is hereby submitting transcripts of Earnings Conference call of the analyst/investor conference call which was held on Monday, January 27, 2025 at 04:00 P.M. to discussed the Un-Audited Financial Results (Standalone and Consolidated) of the Company for the Quarter ended 31st December, 2024.

Kindly acknowledge and take the same on records.

Thanking you,

Yours faithfully,
For Supreme Power Equipment Limited

Priyanka Bansal
Company Secretary and Compliance Officer



“Supreme Power Equipment Limited
Q3 FY'25 Earnings Conference Call”

January 27, 2025



**MANAGEMENT: MR. VEE RAJMOHAN – CHAIRMAN AND MANAGING
DIRECTOR – SUPREME POWER EQUIPMENT LIMITED**

MODERATOR: MR. GANESH NALAWADE – KIRIN ADVISORS



Moderator: Ladies and gentlemen, good day, and welcome to Supreme Power Equipment Limited Q3 FY '25 Earnings Conference Call hosted by Kirin Advisors. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Ganesh Nalawade from Kirin Advisors. Thank you, and over to you, Mr. Ganesh.

Ganesh Nalawade: Thank you. Good evening, everyone. On behalf of Kirin Advisors, I welcome you all to the conference call of Supreme Power Equipment Limited. From management team, we have Mr. Vee Rajmohan, Chairman and Managing Director of the company. With that, now I hand over the call to Mr. Vee Rajmohan. Over to you, sir. Thank you.

Vee Rajmohan: Thank you for joining us for the today's earnings call of third quarter of FY '25. It's a pleasure to connect with you and provide an update on our financial and operational performance, key milestones and the path ahead as we continue to innovate and contribute to the power and renewable energy sector with sustainable and cutting-edge solution. Our journey from a modest partnership firm in 1994 to became a company in -- a private limited company in 2005 has been marked by unwavering dedication to quality and customer-centric innovations.

Today, we stand one of Tamil Nadu's leading manufacturers of power and distribution transformers recognized for delivering reliable and efficient solution that meet global standards and customer expectations. The increasing focus on renewable energy and the expansion of electrical infrastructure have created a strong demand for power and distribution transformers. This aligns perfectly with our strategic priorities, particularly in solar, wind and power transformer segments.

These opportunities allow us to address the needs of both new projects and refurbishment requirement across diversified industries. In Q3 FY '25, I am pleased to share some of our key achievements. We secured a significant domestic order worth of INR15.95 crores for design and manufacture supply of advanced power transformer with an anticipated execution time line of approximately 5 months.

Additionally, we have received multiple orders amounting to INR4.6 crores, which includes INR2.7 crores of 220 MVA, 33/11 KV power transformer from a renowned tea estate in Munnar, Kerala. And we received orders from department of electricity, Lakshadweep worth about INR57.96 lakhs and INR1.32 crores from domestic clients.

Another notable achievement is a new order from TANGEDCO valued for INR3.6 crores for manufacturing supply and erection of power transformer for transmission industry with completion expected within 3 months. These orders reflect strong market position and reinforce our commitment to delivering excellence in the power sector, power transformer sector. The



construction of our state-of-art manufacturing facilities is progressing well with 30% of work completed, this is October status.

Once operational, this facility will significantly enhance our production capacity and operational efficiency. Supreme Power Equipment Limited is now an officially recognized vendor for Kerala Electricity -- Kerala State Electricity Board, enabling us to participate in tenders and supply transformers to various clients in Kerala, including governing bodies and private entities.

Lastly, our credit rating by CRISIL have further reinforced our financial strength. Our long-term facility has been rated CRISIL BBB minus stable. And for short-term facility, rated CRISIL AAA. These milestones highlight our strong performance in the quarter and our continued focus on achieving operational excellence and sustainable growth. These milestones reinforce our strong market position and our ability to cater to the dynamic needs of the power sector.

Our efforts to expand our capability, coupled with our focus on renewable energy, ensures that we are well placed to capture growth opportunities in the industry. I am pleased to share the financial performance of our company for 9 months FY '25 and Q3 FY '25. For 9 months, ended December 31, 2024, we delivered a total income of INR86.96 crores reflecting a healthy year-on-year growth of 21.44%. And our EBITDA stood at INR15.21 crores, achieving a year-on-year growth of 12.14%, with an EBITDA margin of 17.5%.

The net profit for the period was INR10.34 crores growing by 10.16% year-on-year with a net margin -- net profit margin of 11.89%. Our earnings -- our earnings per share for 9 months FY '25 stood at INR4.14, representing year-on-year growth of 10.11%. For the third quarter of FY '25, we witnessed a strong -- witnessed an even strong performance with a total income of INR30.22 crores, reflecting a remarkable year-on-year growth of 36.25%.

Our EBITDA for the quarter stood at INR4.75 crores delivering year-on-year growth 4.54%, with an EBITDA margin of 15.73%. The net profit for the quarter came in at INR3.17 crores, registering a year-on-year growth of 8.74%, with a net profit margin of 10.5%. The EPS for the quarter was 1.27 growing by 8.55% year-on-year.

With that said, I would like to provide an update on our current order book. As of now, our total order book stands at INR91.5 crores. Supreme Power Equipment Limited contributes INR84.51 crores to this total, while Danya Electric Company a partnership firm, in which Supreme holds 90% stake added INR7 crores.

With the rising demand in the market and steady progress of our new manufacturing facility, we remain optimistic about achieving strong growth for the full financial year. We are focused on expanding our market presence, strengthening relationships with our valued clients and embracing new technologies to support our long-term strategic goal. As investments in power infrastructure from both government and private sector continue to grow. We are well positioned to scale further.

Before we proceed to the Q&A session, I would like to sincerely thank all our stakeholders for your trust and support. Your encouragement and partnership have been instrumental in our



success, and we deeply value for your continued collaboration. With that, I now open the floor for questions. Thank you once again for being with us today.

Moderator: Thank you very much. We will now begin the question and answer session. Our first question is from the line of Jairaj Jain, an Individual Investor. Please go ahead.

Jairaj Jain: Thank you for the opportunity. My first question would be like what is an order book as on date and how much of our order book will be appointed in for like Q4 FY '24?

Vee Rajmohan: And now our order book is around INR90 crores, 90 plus. And out of that 30% to 40% -- 30% will be -- 30% to 40% will be executed this year.

Jairaj Jain: Okay. And can you share any projected revenue booking for balanced order book in advance?

Vee Rajmohan: No, this is the order book, which has confirmed order book which I'm saying this, this is INR90, INR91 crores order book is a confirmed one. And in pipeline, we have a huge number. But once we get the confirmed order, we have -- we will account it.

Jairaj Jain: Okay, sir. And sir, can you give me like bifurcation like how many orders are in for solar, wind and national -- normal transformers as of today?

Vee Rajmohan: Yes, it's almost 8% to 10% is from solar, balance or distribution in power transformer. 15% from distribution transformer and 10% -and 10% is the IDT and balance is from power transformer.

Jairaj Jain: Okay, sir. And sir, so how many clients have been added for high power transformer?

Vee Rajmohan: As of now, the existing clients are -- we are maintaining the existing clients. Once we get into the new facility, definitely, we will increase the larger power transformer clients.

Jairaj Jain: Okay, sir. And sir, as we have seen that results fall in profit margin. So is there any specific reason or this could be continued profit range margin? And what can we see as outlook for Q4 FY '24 and other quarters also?

Vee Rajmohan: And we are expecting the same percentage as the earlier year. Maybe 0.5 this side, that side. 0.5 this side, that side. So there will not be a big change in profit margin.

Jairaj Jain: Okay. So it will be like a steady profit margin?

Vee Rajmohan: Yes.

Jairaj Jain: Okay sir. Thank you.

Moderator: Thank you. We have our next question from the line of Paras Chheda from Purple One Vertex Ventures. Please go ahead.

Paras Chheda: Thank you sir for this opportunity. First one, I just wanted to know for this quarter, particularly, there has been significant drop in the operating margin. It's come down to some 7.5%. If you look at the last quarter, I mean, your December quarter of last year, the same was in the region



of about 18%, so what is the reason of the significant drop particularly for this quarter. The previous quarters are still okay about mid-teens or so, but this is about 7.5%?

Vee Rajmohan: No, this mainly for dealing with the TANGEDCO, the government supplies, sometimes we get fabulous margin. And sometimes, we may have to undergo this type of drop in margin, this is mainly because of the supply to government.

Paras Chheda: So what do you expect for Q4 then?

Vee Rajmohan: Yes, Q4, we have -- most of the supplies are to the private sector only. So we will try to manage and try to maintain the same margin as last year. Maybe 0.5% this side, that side will go.

Paras Chheda: But -- so what would have put that operating EBITDA margin at? When you say same margin, how much margin you tend to operate?

Vee Rajmohan: 18 to 20.

Paras Chheda: Do you think you'll be able to make it up, sir, because this quarter is more like 7.5?

Vee Rajmohan: No. This -- definitely, we can make it up.

Paras Chheda: Okay. Sir, I just wanted to understand the overall landscape for transformer demand is very, very strong in my understanding. Despite a very strong environment, why are we struggling with the margins typically, this is what I -- is it because this particular product is in low demand just out of the entire landscape?

Vee Rajmohan: See, actually the demand is good, especially for larger power transformer and the power transformers. And there are a number of players are less when compared with the distribution transformers. So distribution transformers, number of players are very high. And on that -- so there is a slight difference in margin.

And while dealing with the government, we are posting tenders. So we'll be posting tenders with a good margin. And at the time of finalization, we will be given a chance for -- for the price negotiation will be happen. So at that time, we will -- if we are interested in particular thing, we will accept that. So if there's low margin, little margin less also we accept in some cases. This tender was posted 7 months, 8 months back. So now only it got finalized.

So it happens, sometimes it happens. Larger -- since we have in this INR91 crores, almost more than one second -- more than 75% is from private. The order book which we are holding now is more than 75% is from the private and balance of 20%, 25% is from the government side. So I think we can maintain the same margin as earlier.

Paras Chheda: Okay. So we'll be recouped now in Q4?

Vee Rajmohan: Yes, definitely we will recoup.

Paras Chheda: My only suggestion to you, sir, obviously, you've already maintained that, but I'm just trying to say that it's better to try and see whatever best you can procure from the private sector, because



this government sector eventually when you sell out the capacity in a strong demand environment at a low margin, it takes away that bit of extra potential from our capacity. So it's sort of better to focus on private in case you can afford, I mean, depending on the demand?

Vee Rajmohan: Yes, sure. Actually, 3 years, 4 years back, our total revenue 80% comes from government only. And strategically, we decided not to expose ourselves fully to the government sector. And parallelly we started doing that. Now we have drastically reduced the exposure towards the utilities. In that way I think as we strategically planned we have achieved. And now it is significantly you can see the difference. The government's order is around 20%, 25%. And the balance, 75% is from private from -- yes, some various sectors.

Paras Chheda: For the private sector, we can sort of expect about 18% -- 16% to 18% operating margin?

Vee Rajmohan: Yes. We can do that.

Paras Chheda: Okay. And for next year, so for example, when you're -- what is the sort of pipeline value today that you bid for, sir?

Vee Rajmohan: Pipeline is something, magic values are there. But I don't know this is something INR900 crores we have quoted. It's not that with all the INR900 crores we will get. Yes. It's -- the probability of winning is at least INR200 crores to INR300 crores in next two quarters.

Paras Chheda: Sorry, probability of winning is how much, sir?

Vee Rajmohan: INR200 crores to INR300 crores. But this is all subject to negotiation and other -- so many other factors.

Paras Chheda: Understood. But INR200 crores to INR300 crores, that will be an order book for what kind of duration sir for execution?

Vee Rajmohan: It will be -- it should in two to three quarters, 9 months.

Paras Chheda: So almost today that we may close this year, for example, at let's say, about INR120 crores, INR130 crores in that region, for example. And next year could be in the region of probably INR200 crores on the lower side, you meant to say?

Vee Rajmohan: No. What generally in the meeting, I used to say is 10% to 30%. But definitely, we will go beyond that.

Paras Chheda: Yes, that's what I'm saying. Because as far what you're saying INR200 crores to INR300 crores, let's say, I'm taking it lower end INR200 crores...

Vee Rajmohan: Very optimistically I'm saying this. From this year, as of now, our order book is around INR90 crores. 1.5 months, 2 months back, our order book was INR60 crores. INR40 crores, INR50 crores like that. Recently, we got INR20 crores, INR25 crores order and some small orders added to that.



Now we are holding something around INR90 crores. And on pipeline, we have quoted so many tenders including Punjab Electricity Board, Kerala State Electricity Board. And in Karnataka also we have quoted. And these all the tenders which we have quoted, the quoted value is around INR900 crores. And this taking rate may vary from 10% to 30%.

Paras Chheda: 10% to 30%?

Vee Rajmohan: Yes. The success rate or earning rate or whichever case, it may vary from 10% to 30%.

Paras Chheda: So even if you make 15%, for example, that's about INR180 crores, more or less?

Vee Rajmohan: Yes, we can take it as a very conservative at least 10% or 15%. 10% to 15%.

Paras Chheda: 10% to 15%, exactly. So there is quite a bit of scope. And my only thing is that even if you take 10 to 15 percentage, those you can sort of choose -- pick and choose a relatively higher margin tender? Is it possible?

Vee Rajmohan: Correct. I got your point. See, in this INR900 crores, out of which 50% will be from the government side.

Paras Chheda: How much, 15%?

Vee Rajmohan: 50%. And on that, if we have the L1 status and they will not -- the utility will not place the full order to us. Sometimes they will place full order on us and sometimes they will bifurcate the order to too many vendors to maintain more vendors. So it all depends upon the utility officers who decide on the tenders. So it varies. And there is a very strong hope that we can get private orders next year. Definitely, we can show a profit sales revenue can increase 10% to 30%, definitely, I think we can hope for the best next year.

Paras Chheda: Right. And only one thing, sir, the operating margin will be sort of maintained next year about 15% to 16% or so given that 50% could be from the government?

Vee Rajmohan: Yes. See, at that time only we will be able to decide on that say how is the private market, how is the demand, how much order we are having on hand. So based on that, we'll be able to decide.

Paras Chheda: Okay. Yes. And the new capacity that is coming in, these are all higher. I understand power transformers and bigger capacity transformers. What would be the EBITDA margin on those, operating margins on those?

Vee Rajmohan: Sir, actually, when we have started doing manufacturing the larger power transformer, naturally our overheads will also increase. So that margin -- marginal margin increase will take care of this overhead expenses, additional overhead expenses. So I think we can maintain the same, if not more we will be able to maintain or may -- I think it may reduce 0.5% of 1% because of increase that - because I'm foresee that there will be a good increase in overheads.

As of now, we are working with a team of 80 to 90 people. Whereas if we have started doing there, definitely, we have to increase our workforce to -- at least 100%, we need to increase,



100%, 150%. So naturally, our overhead will also increase in the first quarter. So there will be -
- I think the maintaining the same margin, it's almost good.

Paras Chheda: Okay. So for a full year, you may do gradually going up to -- from INR300 crores to INR500 crores in that region. You may do that in the next 2, 3 years, possibly?

Vee Rajmohan: Next 2 years, 3 years.

Paras Chheda: Yes, correct. So your operating margin will be similar about 16% to 17%?

Vee Rajmohan: Correct. It will be maintained. It will be maintained on that way.

Paras Chheda: Yes. Because my only request is that whilst we are growing in terms of revenue, the profit should also eventually grow. Otherwise, the profit growth will be limited compared to the revenue growth?

Vee Rajmohan: No, naturally it has to grow, but see when the revenue -- the quantum of the profit will raise, the percentage may reduce. This is what I'm foreseeing.

Paras Chheda: Okay. Understood. And sir, last query, at full capacity, when you say INR500 crores, INR550 crores kind of revenue, what kind of profit margin do you expect on that?

Vee Rajmohan: Actually, we are expecting something around profit before tax should be between 11% and 12%.

Paras Chheda: Okay. The PAT would be, what about 10%?

Vee Rajmohan: Yes. PAT was 10%. Yes PAT only I'm telling.

Paras Chheda: Are you saying profit -- no, profit after tax you're saying?

Vee Rajmohan: Yes after tax.

Paras Chheda: Will be about 11%, 12%.

Vee Rajmohan: Yes, 11%, 12%.

Paras Chheda: Understood. Okay. And what kind of debt would you go to peak debt? Currently, I see there is hardly any debt?

Vee Rajmohan: Now we gone for a term loan for INR35 crores.

Paras Chheda: Okay. For the new capacity?

Vee Rajmohan: Yes.

Paras Chheda: Right. And by the end of this year that means December, we'll be there sort of ready with the new capacity, January 26 this will work, will be accepted in the market right away. Do you need any qualification time or certification?



- Vee Rajmohan:** No, existing product range we can go for mass production there. And we can start procuring orders for larger power transformer also. And we need to qualify. This plant has to be qualified by the authorities for supplying of bigger transformer. It is a process. We need to do that.
- Paras Chheda:** And sir, last question from my side. This substation order that you have received about INR26-odd crores, what kind of EBITDA margin do you expect on those?
- Vee Rajmohan:** On that, not like this. Definitely, it will be less than the product supply. We are expect -- yes, it is purely planning, procurement and execution that's all. So there is no manufacturing activity there. We need an engineering -- engineering also we need to do on that. If 10%, I think the EBITDA will be around 10%. It will be less.
- Paras Chheda:** On those. And are you planning to sort of also parallely grow there? I think your presentation says that?
- Vee Rajmohan:** Yes. See, this is the first project we have taken up. And the number of inquiries also we are quoting on that line and so that we can parallely increase the revenue without the support of the manufacturing facility. So this is the idea behind that. So we need to...
- Paras Chheda:** Yes, you can leverage your expertise on that simply by that?
- Vee Rajmohan:** Yes. And there is a chance of getting more orders for transformers. See one point solution for the entire thing for installation of substation, transformers and everything on that line everything. So the customer will be very happy by giving the entire one project to single vendor.
- That too if you manufacture the -- transformer is the heart of the substation, this is main component, the main equipment for the substation. So once they want to offload it, then naturally, customers will be very happy. So it will be a one point solution for them. They can simply place the order...
- Paras Chheda:** Your margins also improve possibly?
- Vee Rajmohan:** Yes, that is. And overall, if you say percentage will be less. But since there is no manufacturing activity, generally, these projects, they will operate on 5% to 6%, 7% maximum net profit. So parallely, this also added -- this also this profit also will be added to our balance sheet without using -- yes, without using much of our manufacturing facility.
- Paras Chheda:** Okay, understood. Thank you so much.
- Moderator:** Thank you. We have our next question from the line of Sahil Raj. Please go ahead.
- Sahil Raj:** Thanks for the opportunity. I wanted to know the significance of the new office that you have opened in Cochin. How is it going to play the role in expanding our business?
- Vee Rajmohan:** Yes. Thank you very much for closely watching me, watching us. Thank you very much. And recently, we have opened a marketing office in Cochin to cater and to secure orders in Kerala region. Already, we have posted 7, 8 tenders for supply and installation and replacement of transformers in 6, 7 regions in Kerala. So most of the orders are likely to -- the probability of



getting the order are very bright. So in accordance with that, we have already opened office in Ernakulam. So to cater that, we have opened that.

Sahil Raj: Okay. And geography-wise, do we see more demand in South India? Or maybe you see other demands in North, East or maybe West section?

Vee Rajmohan: All over India, demand is very high for transformers and for electrical equipments. All over India, globally is that now the demand is very high.

Sahil Raj: So we have opened an office in South India. What are we doing for other parts of India. We are going to market it from that office only or something else?

Vee Rajmohan: No. This is especially only for Kerala.

Sahil Raj: Okay. Especially for Kerala?

Vee Rajmohan: Especially only for Kerala, yes.

Sahil Raj: And as the last participant asked that in the new facility, you mentioned that the overheads will increase and so the margin will likely be in the same region as of now. So then I do not understand that what new addition this large facility will provide to our revenues and profit if the margins are going to remain the same?

Vee Rajmohan: No, in this existing facility, we can do up to INR100 crores, INR150 crores. Whereas in a new facility, we can go up to INR500 crores to INR550 crores. So there is a large expansion on that on the revenue part. The same the margin will also maintain the same.

Sahil Raj: Okay. And what is the order pipeline that you have mentioned in the -- the order pipeline that you have mentioned, how much of that is the IDT transformer or the solar transformers?

Vee Rajmohan: Solar transformer -- see where solar transformer is also contributing large when compared to last year. Last year, the contribution was 5%. Now it is increased to 10%, likely to 8% to 10%. So next year, it will also increase. Another 10% it will increase. We are expecting another 10%. That is 18% to 20% will be from renewable energy. And that equally power transformer will also there'll be requirement for solar energy providers, solar field.

Sahil Raj: My final question, what is the differential in between the margins that are for the government orders and the private orders? What are the differential margins between them?

Vee Rajmohan: In government, we are getting orders by posting tenders. The margin will be defined by a number of -- it will be -- the margin will be decided based on number of vendors and how much the vendors are interested in getting the order. So based on that, the government side margins will be decided. But in private, we used to decide and we used to negotiate face-to-face.

We discuss with the customer, we expand our own values. So we try to convince our customer by providing best solution for them. So here, we can get the margin, whatever we decide. We decide, it will be mutually, it should a win-win situation to either to the customer and to us.



Sahil Raj: Okay. And what is the client retention that we are seeing and how many new clients we are possibly adding to our fleet?

Vee Rajmohan: Yes. Month-on-month, the one or two clients we are adding. And most of the clients who once boarded on us, definitely, they will not go out.

Sahil Raj: Okay. That's all. Thank you for your time.

Moderator: Thank you. We have our next question from the line of [Gyanendra Agarwal from Gokuka, Family Office. Please go ahead.

Gyanendra Agarwal: Good afternoon sir. Thanks for the opportunity. Pardon me if my question is repetitive. I have joined the call a little late. Sir, I have been following your call from last two, three quarters and what I've given to understand that we are working at a 40% capacity utilization with the existing capacity?

While your commentary says that the industry is having a tailwind and there is a good demand in transformer and we see that with the results that our peers have delivered. So my first question, sir, is why our capacity utilization is still around 40%, whereas our competitors are almost at 80%, 90% capacity utilization?

Vee Rajmohan: Now last year, it was 40%. Now it has increased to 50% to 55%, 60%, we have increased. And last year, we have posted a huge tender in TANGEDCO for INR250 crores for distribution, bulk distribution transformers. So if suppose we got the L1 status and we should be able to deliver the product. And strategically, we are keeping some 20% to 30% cushion on the facility capacity. So that is the reason some 20%, 30%, we are keeping as buffer.

And now when slowly, we are increasing the -- so that is the reason we are majorly we are -- now we are reducing our exposure towards the government. Our order book is now around INR90 crores, INR95crores -- INR90 crores. Out of that, 75% is nongovernment, that is on private. 25% is only now on government. The order which are on hand. So this is the reason now we are gradually coming out from the government supplies and we cannot fully come out because there only we get the credentials for getting bigger and bigger transformers. So on some portion, we need to. Now it has been raised. You said the 40% is last year. Now it is raised to 60%.

Gyanendra Agarwal: Okay. My next question, sir, is, again, based on the past commentary, we are coming up with an increased capacity in December of 2025. And the guidance that we have been given is with the enhanced capacity, we would reach about INR500-odd crores of revenue. So is that INR500 crores with the 40%, 50% capacity utilization or it is at 80%, 90% capacity?

Vee Rajmohan: 80%, 90%.

Gyanendra Agarwal: Okay. Thank you sir. That's all from my side.

Moderator: Thank you. We have our next question from the line of Srinivas Agarwal, a Shareholder. Please go ahead.



Srinivas Agarwal: Just one small thing. I can see a decrease in revenue from Q2 versus Q3. So was there any impact of flood in Tamil Nadu or south -southern sites? Because historically, Q3 is stronger than Q2?

Vee Rajmohan: Historically?

Srinivas Agarwal: Q3 is always stronger than Q2?

Vee Rajmohan: Yes.

Srinivas Agarwal: For this sector, so I can see a dip in Q3 revenue versus Q2 of this financial year. So was there an impact of flood or why there was a decrease in revenue?

Vee Rajmohan: No. On revenue-wise, there is an increase. Margin wise...

Srinivas Agarwal: So revenue wise, it was a decrease. So in September 2024, it was INR29 odd crores. So it is in December 2024, it is INR27.51 crores?

Vee Rajmohan: Yes. So there is an increase in revenue. You are comparing with '24 December?

Srinivas Agarwal: Sir, I'm comparing with '24 September. 30th September 2024, the revenue was INR29.20 crores and for 31st 2024, it is INR27.51 crores. So there is a slight decrease in revenue. But historically, Q3 is always superior than Q2 for this sector of industry because Q2 is a rainy season?

Vee Rajmohan: Yes. The rainy season, that also sometimes affects us.

Srinivas Agarwal: Right. That is what. So this -- historically this quarter should be better than previous quarter. So that is the reason why I am willing to understand, why there was a dip in the revenue in this time?

Vee Rajmohan: You were comparing with the September?

Srinivas Agarwal: Yes.

Vee Rajmohan: Q2 and Q3 you are comparing.

Srinivas Agarwal: Right sir..

Vee Rajmohan: Okay. And Q3 revenues will be higher when compared to Q2.

Srinivas Agarwal: No sir it is lower?

Vee Rajmohan: Okay. But there is -- there is no -- there's not a big change. Is there any big change? I don't know.

Srinivas Agarwal: No, sir. There is no big change. But historically, what we were estimating is because second half of the year is stronger enough. So I was expecting an increase in revenue rather than a dip in revenue. So was there any impact of flood and all in Tamil Nadu, Southern India, was there any impact of that?



- Vee Rajmohan:** Not like that. Not any impact in Tamil Nadu. Especially at this time, most of the products are ready, ready for dispatch, and customer is not ready. See, customer side, the payment is not ready and they're not -- as per the terms, they have to give the payment, then only they have to take.
- So in that part of that terms we were not able to deliver. Some INR7 crores, INR8 crores material was held at our -- as a finished goods, it was held in our premises only. So if you would have got the payment or the delivery clearance, we would have built it, actually the production was over. And we see -- as a policy, we don't give credit or this thing to -- for all customers. So this mainly based on -- the requirement based on their project needs.
- So generally, we don't deliver without getting payment. So that is one of the reasons. But this is a process in this field. Always they will ask for immediate delivery and the customer -- after got it inspected, the customer will take their time to make payment or to give clearance for the delivery. So these things. This will be this side that side.
- Srinivas Agarwal:** So in Q4, sir, the revenue will be -- so Q4 revenue will cover for the shortfall maybe. So we meet the guidance of 10% to 30% of revenue growth, we'll be able to meet that revenue guidance increase?
- Vee Rajmohan:** Yes, they're definitely able to do that.
- Srinivas Agarwal:** Okay, sir. And just one small question, sir. So for the new facility, so we are expecting that revenue to be incurred from December or maybe 2026?
- Vee Rajmohan:** No, on '26, we have only 3 months. '25, '26. The plant will be expecting...
- Srinivas Agarwal:** No, sir. I'm talking about calendar year '26. So 1st January '26, revenue will be starting incurring from?
- Vee Rajmohan:** Yes, definitely it will start increasing.
- Srinivas Agarwal:** Okay. Fair enough. So that was all from my side. Thank you.
- Moderator:** Thank you. The next question is from the line of Vikram, an Individual Investor. Please go ahead.
- Vikram:** Sir, what is this other income, sir, INR2.7 crores?
- Vee Rajmohan:** 2.?
- Vikram:** 7. I can see other income. Could you just explain what it is?
- Vee Rajmohan:** This is the income from the deposits which we have deposit -- one second, let me check. This I will check it and come back to you. We can pass on to the next question.
- Vikram:** That's all sir. Thank you.



- Moderator:** Thank you. We have a question from the line of Pranjal Mukhija from GrowthSphere Ventures. Please go ahead.
- Pranjal Mukhija:** My queries have been answered. Thank you.
- Moderator:** Thank you. We have a follow-up question from the line of Paras Chheda from Purple One Vertex Ventures. Please go ahead.
- Paras Chheda:** Yes. Sir, just a couple of queries, this INR500 crores, INR550 crores that we are aiming to achieve. Will that be sort of targeted within Kerala and Tamil Nadu or you're looking also at other parts of the country?
- Vee Rajmohan:** Now we are -- yes we have posted tenders in Punjab State Electricity Board also, MAHAGENCO also we have quoted. So we are slowly expanding our geographical footprints.
- Paras Chheda:** Right. You will require, I guess, to move out of these two states maybe?
- Vee Rajmohan:** Yes, we have started moving out of these states.
- Paras Chheda:** Right. Also you said to the previous participant that you've maintained certain spare capacity, 20%, 30% like that. Now that we want to reduce our government exposure. And in this strong environment, why do we want to maintain that spare capacity?
- Vee Rajmohan:** Yes. That is why we are slowly improving that and reducing the exposure towards the government. That is the reason we have now raised up.
- Paras Chheda:** So at, let's say, 80%, 90% capacity from the current existing capacity, we will be able to clock about INR150-odd crores?
- Vee Rajmohan:** Yes, up to INR130 crores, INR150 crores, we can go.
- Paras Chheda:** Okay. So for FY '26, that is the maximum that you can sort of look at, slightly more?
- Vee Rajmohan:** Yes.
- Paras Chheda:** But you will have Q4 of FY '26 that will come from the new capacity also some bit from the new capacity?
- Vee Rajmohan:** Not from this Q4.
- Paras Chheda:** No, from the next Q4, I'm saying?
- Vee Rajmohan:** Yes next Q4, definitely, we have to do that.
- Paras Chheda:** Right. So something will come from that. And just last query on this operating margins, I do see your operating margin similar to Indo Tech Transformers. For this old-time transformer your operating margin on -- for them is about 20 percentage. Of course, the revenue base is high, et cetera. How do you look at it from an operating margin perspective, sort of old-time a couple of points ahead of us, any idea on that?



- Vee Rajmohan:** Regarding old-time buyers have any idea, but ours, we can -- and still we are trying to improve the margin, but the market -- see, we are able to -- even though we are choosing the orders, this is the merge in maximum we can maintain. And while going for a bigger, larger power transformer sector at that time we can -- I think we can improve the margin, but that the overhead will take care of that.
- Paras Chheda:** Okay. But what I understand globally that transformer capacity is very, very tight. Is there any chance of exports for our product?
- Vee Rajmohan:** Actually, we are working on it.
- Paras Chheda:** That was towards higher margins?
- Vee Rajmohan:** Yes, definitely for export there will be a higher margin. And actually we were trying a couple of people in Saudi and the US, but nothing has come in a proper way with our terms. So it's prolonging, but we are working on it. Immediately, there is no -- which I can tell this in this meeting, I think fruitfully came up. But we are working on it and we will try to do that.
- Paras Chheda:** Right. Because I think the global transformer capacity is extremely tight. And if there is a chance to squeeze in there, then we might be able to...
- Vee Rajmohan:** Make good margin. Correct. Your idea is 100% correct. But we are doing -- we are working on it, but nothing has come fruitful to say in this forum. We are working on it, yes.
- Paras Chheda:** That's good to know. Fair enough. Thank you so much.
- Moderator:** Thank you. We have our next question from the line of Kanak Bapna, an Individual Investor. Please go ahead.
- Kanak Bapna:** Sir, I want to know the after the expansion, how much revenue we can add at full capacity utilization?
- Vee Rajmohan:** Yes, full capacity that is 80%, 90% utilization, it will -- maximum, the revenue we can face is INR500 crores to INR550 crores.
- Kanak Bapna:** And how much time it will take?
- Vee Rajmohan:** 2 to 3 years.
- Kanak Bapna:** Okay. And after the expansion -- after the expansion in quarter -- in quarter 4, how much our utilization will take place?
- Vee Rajmohan:** After the quarter 4?
- Kanak Bapna:** Our new expansion facility will come into in quarter 4?
- Vee Rajmohan:** No, it will come into operation in Q4 '26.
- Kanak Bapna:** Yes, that is. So how much it will be -- income will incur in that quarter?



- Vee Rajmohan:** In that quarter, I think we can -- it will contribute at least 20%, 30% of this revenue it will contribute.
- Kanak Bapna:** Okay. And how much manufacturing facility we have existing?
- Vee Rajmohan:** Existing manpower facility. What is that you're asking?
- Kanak Bapna:** Existing facility.
- Vee Rajmohan:** Existing facility, we can make up 2,500 MVA. There it is something around 6,000 to 6,500 MVA.
- Kanak Bapna:** Okay. Thank you.
- Moderator:** Thank you. We have our next question from the line of Purnendra an Individual Investor. Please go ahead.
- Purnendra:** Actually, my question has been asked.
- Moderator:** Thank you. As there are no further questions, I now hand the conference over to Mr. Ganesh Nalawade from Kirin Advisors for closing comments. Over to you, sir.
- Ganesh Nalawade:** Thank you, everyone for joining the conference call of Supreme Power Equipment Limited. If you have any further queries, you can write us at research@kirinadvisors.com. Once again thank you, everyone for joining the conference.
- Moderator:** Thank you. On behalf of Kirin Advisors, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.
- Vee Rajmohan:** Thank you very much.