

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, October 28, 2024 at 02:00pm.

Dear Sir /Ma'am,

In continuation of our earlier letter dated October 29, 2024 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, October 28, 2024 at 02:00 P.M. to discussed the Un-Audited Financial Results (Standalone and Consolidated) of the Company for the Half Year ended 30th September, 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
H1 FY '25 Conference Call”

October 28, 2024



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

MODERATOR: MR. GANESH – KIRIN ADVISORS



Moderator: Ladies and gentlemen, good day, and welcome to H1 FY '25 Conference Call of Supreme Power Equipment Limited, 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 from Kirin Advisors. Thank you, and over to you, sir.

Ganesh: Thank you. Good afternoon, 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.

Now I hand over the call to Mr. Vee Rajmohan. Over to you, sir.

Vee Rajmohan: Yes. Good afternoon, everyone, and thank you for joining us today for Supreme Power Equipment Limited Earnings Call for the first half of financial year 2025. I am glad to be here to share updates on our financial performance, key achievements, and our plans for the future as we continue to support growth in power and renewable energy sector with sustainable solutions, and our journey started in 1994 as a small partnership firm and we officially became a company in 2005.

Since then, we have grown into one of the leading manufacturers of power and distribution transformers in Tamil Nadu. Our commitment to quality and innovation has helped us to build strong relationship with local electricity -- electric utility, and we are proud to deliver reliable, efficient transformer that meet both customer needs and global standards. The fast pace of growth in electrical infrastructure, especially in renewable energy, has created a steady demand for transformers.

This demand aligns well with our focus on solar, wind, and power transformers. While transformer have a long span, there is a constant need for a new installation and upgrades in renewable energy projects. This gives us the opportunity to provide both new and refurbished transformers.

I am pleased to share two key achievements from this period. First, we secured an order worth of INR26 crores, which brings our total order book to INR62 crores. This order marks our entry into switchyard construction and commissioning, expanding our presence in high voltage infrastructure for renewable energy. And we also won INR3.4 crores contract from Seshasayee Paper and Boards Limited to refurbish their transformers, showing our ability to boost the efficiency of existing system. Our manufacturing is supported by advanced technology and a skilled team.

Looking ahead, we are excited about our new 6-acre facility expected to be fully operational by December 2025. This is the state-of-the-art plant, which will significantly increase our production capacity to 9,000 MVA per year, helping us better meet the rising market demand.



The project represents INR70 crores to INR75 crores investment and has a potential to generate revenue of INR500 crores to INR550 crores at full capacity.

And we are making great progress on the new facility, with about 20% to 30% of the construction completed, and all necessary approvals are in place. In addition to this expansion, we are actively exploring opportunities to expand our reach into other states, aiming to strengthen our presence and fuel future growth.

Financially, we saw solid growth in the first half of financial year 2025. Our consolidated total income rose 11.45% year-over-year to INR58.61 crores. Our EBITDA came at INR12.03 crores with a margin of 20.53 percentage, reflecting an improvement of 77 basis points. Net profit increased by 10.62% to INR7.29 crores with an EPS of INR2.85.

On stand-alone basis, our total income rose by 14.81 percentage year-over-year to INR56.74 crores. And EBITDA came to INR10.45 crores with year-over-year growth of 14.2%. Our stand-alone net profit also saw the year-over-year growth of 10.2% to INR7.13 crores.

This growth highlights the increasing demand of solar and wind transformers and our strong position in the renewable energy market. One of our large order experienced a slight delay of about a month due to client-side issues. Though we were ready for on-time delivery, this had a minor impact on our H1 performance. But we are confident that executing this order in the coming months will support stronger results in H2 FY '25.

With the growing order book, rising demand and progress on our new plant, we are optimistic about achieving strong growth in the second half of the year. We are focused on expanding our presence, strengthening our client-side relationship and adopting new technologies to support our long-term goal. As investments in our infrastructure from both government and private sector increases, we are well positioned to grow further both in India and globally.

Before we begin the Q&A session, I would like to thank, sincerely thank all of our stakeholders for your trust and support on our company and on us. Your encouragement has been essential for our success and we are greatly valued your continued partnership.

With that, now open the floor for questions. Thank you once again for our stakeholders. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Jayraj Jay from BKC Cap. Please go ahead, sir.

Jayraj Jay: Thank you for the opportunity and congratulations for good set of numbers. So my first question is like what is the revenue receipt period for our company current order book of INR60 crores?

Vee Rajmohan: It will be closing before this March.

Jayraj Jay: Okay. And what are orders in hand for solar, wind and normal transformers as on today?

Vee Rajmohan: As on today, that is for actually you are asking the bifurcation of the order book, correct?



- Jayraj Jay:** Yes.
- Vee Rajmohan:** Yes. And 10% from government utilities and major from solar and day extension. Solar and wind comes to almost like 30% out of this, 30% to 40% out of this IINR60 crores, it comes from renewable energy and 10% from utility. Yes. And the rest are from other sectors. This put together both power and distribution transformers.
- Jayraj Jay:** Okay. So, sir, can you say me like how many lines you have added for high power transformers?
- Vee Rajmohan:** How many?
- Jayraj Jay:** Lines you have been added for high power transformers?
- Vee Rajmohan:** How many lines I did not say.
- Jayraj Jay:** Okay. Great, sir. And, sir, what is like margins in all three segments of transformers?
- Vee Rajmohan:** Yes. The margin comes to 11% to 10% at.
- Jayraj Jay:** Okay, sir.
- Vee Rajmohan:** And this is a mix of products, in power transformer and solar transformer and distribution transformer. So the percentage of margin will slightly vary. So on an average, it comes to 10% to 12% at.
- Jayraj Jay:** Okay. Great, sir. Thank you for answering my questions.
- Vee Rajmohan:** Thank you, sir. Thank you very much for showing interest on our company. Thank you very much.
- Jayraj Jay:** Thank you.
- Moderator:** Thank you. The next question is from the line of Shivakumar as an individual investor. Please go ahead, sir.
- Shivakumar:** Yes. Thank you for the opportunity. So I had just a couple of questions. So what is the current plant utilization, sir?
- Vee Rajmohan:** Current plant utilization is around 30% to 50%.
- Shivakumar:** Okay. And with the new plant addition, what would be the revenue, the plant capacity utilization that you are planning for FY '26?
- Vee Rajmohan:** FY '26, the same like 10% to 30% will be the increase on the revenue side growth. Actually, the new plant will be commissioned or will come to completion in the month of December '25 only. So we have an extra three months only until that financial year. So we can expect 10% to 30% increase from the existing level, year-to-year.



- Shivakumar:** Got it. Sir, and just one last question. So since we are having a very good demand from the power and distribution sector all across our country, so I am just curious to know why we are not able to have the complete utilization of the current plant ?It is still at 50% to 60% as you said, if I am correct. So is there any bottleneck in Tamil Nadu state or what we are facing, sir?
- Vee Rajmohan:** What you are saying is correct. See, the current demand is for transformers which are above 230 KV and above 50 MVA. And for this type of power transformers only, there is a big demand. And the distribution is almost, there is a demand, not like huge. And a huge demand is for power transformer, that too above 50 MVA, that too above 110 KV. As of now, we are manufacturing up to 110, 132 KV only. And maximum transformer size which we are making in our plant is up to 25 MVA. And very recently, we manufactured and commissioned a 50 MVA as a challenge. And this is seed for the new facility.
- Shivakumar:** Got it. So the new plant is for the higher capacity transformer. Am I right, sir?
- Vee Rajmohan:** Yes, absolutely you are correct. And there we are planning from 25 MVA, 110 KV class to up to 160 MVA, 230 kV class. So we foresee this demand. So based on this only, we have started expanding our facility.
- Shivakumar:** Understood, sir. Thank you and all the best.
- Vee Rajmohan:** Thank you, sir. Thank you very much.
- Moderator:** The next question is from the line of Shivali as an individual investor. Please go ahead.
- Shivali:** Yes. Sir, I just wanted to understand, based on your current order book of INR60 crores and your current revenue, are we expecting a degrowth this year?
- Vee Rajmohan:** Degrowth?
- Shivali:** Like, if I sum that INR60 crores and then the current revenue, it will be less compared to what we saw in the previous financial year.
- Vee Rajmohan:** No, it has raised up 10%, 11%, the turnover has raised. I don't know from where you are taking the figure. When compared to last half yearly.
- Shivali:** Compared to last September and not last March. Sure, got it, sir.
- Vee Rajmohan:** Yes, then there is an increase of about 10%.
- Shivali:** Okay, sir.
- Vee Rajmohan:** Thank you.
- Shivali:** So, we are expecting this year 10% growth, is it?
- Vee Rajmohan:** We are expecting more than that. Since the second half, generally, the production and demand and pressure will be more. And clients will not delay in taking out the transformer from the

factory. So before this March closing, everybody will be taking out the transformer. So I think when compared to first half yearly -- second half yearly, year will be good and it will be stronger, better than the first half.

Shivali: Okay, sir. One more question. So our current plant, mainly we do distribution transformers. And in the new plant, we will be able to do more power transformers. Is my understanding correct?

Shivali: In our current plant, we do mainly distribution transformers. And in our new plant, we will be able to do mostly power transformers. Is my understanding correct?

Vee Rajmohan: No. Here, we can, in this existing facility, we are capable to handle up to 25 MVA power transformer and distribution transformer also. So here we can make both power and distribution transformers. And in the new facility, especially this is for power transformers.

Shivali: Okay, sir. Thank you, sir.

Rajmohan: Thank you, madam. Thank you. Thank you for showing interest in our company. Thank you very much.

Moderator: Thank you very much, sir. The next question is from the line of Bhuvan from Tiger Assets. Please go ahead, sir.

Bhuvan: Thank you for the opportunity, sir. According to my calculations, if I'm not wrong, your per MVA realization is 8.8 lakhs. Am I correct?

Vee Rajmohan: That depends upon which transformer you are talking about, sir.

Bhuvan: I'm talking about blended.

Vee Rajmohan: Blended, we cannot take it in that way, sir. See, for power transformer, it will be like 11 lakhs to 12 lakhs per MVA. And for distribution transformers, it will be around 20 lakhs to 22 lakhs per MVA.

Bhuvan: Okay, 20 lakhs to 22 lakhs.

Vee Rajmohan: Yes.

Bhuvan: Okay. So the mix of...

Vee Rajmohan: And this cannot -- on an average -- the margin part, there will not be much difference. Maybe 1% or plus 1% or more or less 1% might be the difference. It's based on the order which we are getting. And from there from which client, from where we are getting depends upon that only. And more or less, when compared to distribution, this power transformer, we may get a little higher margin.

Bhuvan: Okay. So higher by 1%, 2% max or can you give any example?



- Vee Rajmohan:** Yes. Okay.
- Bhuvan:** Okay. Sorry, sir. Earlier, I interrupted. You were saying something.
- Vee Rajmohan:** Earlier?
- Bhuvan:** Earlier I interrupted. You were saying something.
- Vee Rajmohan:** Okay, sir. You go ahead. I'm sorry.
- Bhuvan:** Okay. Now, presently, as its 50%, are you going forward if it reaches to 80%, 90%? Can we see increase in per MVA realization?
- Vee Rajmohan:** Per MVA realization is, what I said, for power transformer will be around 10 lakhs to 12 lakhs per MVA. And for distribution, it will be around 20 lakhs to 22 lakhs per MVA. This is the current market position. And this is the realization value of transformers.
- Bhuvan:** Sorry, sir. Let me rephrase the question. If we increase our utilization, can we expect increase in margins? Presently, you are telling 11% to 12% pattern like that. So can we expect it to go to 14%, 15% as gradually the utilization increases?
- Vee Rajmohan:** That is, I think, actually to maintain this profit itself, it is a challenge for us. And we are maintaining and we are striving hard to maintain this margin itself. So expecting of more than 14%, 15% PAT is, I think, is a big challenge for us.
- Bhuvan:** Okay.
- Vee Rajmohan:** And maintaining this profit has become a bit difficult. So, since there is a good market demand for this, so we are able to maintain this margin.
- Bhuvan:** What percentage of the overall revenue in wind and solar transformers?
- Vee Rajmohan:** As of now, on our total sale, last year it was less than 5%. Now, we are reaching 10% on overall sale and 10% and above.
- Bhuvan:** Okay. That's good to hear. Thank you, sir, and all the best.
- Vee Rajmohan:** Thank you, sir. Thank you very much.
- Moderator:** Thank you very much. The next question is from the line of Venky as an individual investor. Please go ahead. As there are no response from the current participant, we may move forward. The next question is from the line of Anurag Jain from AI Maryah. Please go ahead, sir.
- Anurag Jain:** Yes. Hello. Good afternoon. My question is on the revenue split in the current quarter earnings between the transformer segment and what are the margin profiles in each transformer segment?
- Vee Rajmohan:** Okay. The current, see, something around INR57 crores, I think we have it. Out of that, government is 34% of our total sale.

Anurag Jain: No, sir. Actually, my question is on the current revenue. Actually, what we have done in the current quarter, the revenue breakup between the power transformer and distribution transformer or windmill and the solar transformer, like how much is the revenue split between...?

Vee Rajmohan: Yes, that is the percentage I am coming at.

Anurag Jain: Yes.

Vee Rajmohan: Yes. First, sharing between government and non-government is almost 14% and 86%. Non-government is 86% and on government, DT is 5.5% and PT, power transformer is 2.5%, roughly. And on non-government, the DT, that is distribution transformer, is around 8% and the power transformer is around 84%. And the IDT, that is for solar, is around 8%. I think I have answered your...

Anurag Jain: You're talking about the revenue segment, this is the revenue breakup or the...?

Vee Rajmohan: Yes, revenue. Revenue breakup. No, not margin. This is only revenue.

Anurag Jain: Okay. So may I know the margin also on this part if you can provide me?

Vee Rajmohan: Yes. The margin, on an average, it will be varying from 10% to 12%.

Anurag Jain: All segments?

Vee Rajmohan: All segments.

Anurag Jain: Across all the segments, right?

Vee Rajmohan: Across all the segments. Maybe a little less, from 9% to 12%. On an average, we are able to meet -- we are able to sustain this margin.

Anurag Jain: Okay. So is there any particular segment which is contributing the highest path for you?

Vee Rajmohan: Yes. Power transformer is giving a higher margin, maybe 1% or 1.5% more.

Anurag Jain: MVA also? Like the higher or lower or something?

Vee Rajmohan: Yes. Higher MVA. That is power transformers. And IDT, that is inverter duty transformer, which is used in solar sector, that also gives good margin.

Anurag Jain: Having a good margin.

Vee Rajmohan: Good margin. Yes.

Anurag Jain: What about the other categories which you have mentioned in your Annual Report? So we don't have any manufacturing capability or like we don't have any orders for those particular transformers? Or you have any fixed cost associated with those particular segments?

- Vee Rajmohan:** No, not like that. We are getting more orders on these segments. And it is very negligible percentage we have supplied about the other type of transformers. And the major, major portion -- sorry?
- Anurag Jain:** My question is on the cost part where these particular transformer which we are supplying on very less, right? So, do we have any fixed cost associated with our cost in part?
- Vee Rajmohan:** No, sir, I could not get your question. Can you repeat? Sorry.
- Anurag Jain:** Yes. So, my question is on the other than the power and distribution and solar transformer, the other categories. So we are not supplying much transformers to our customers, right? So do we have any fixed cost associated with this, like which is coming on the monthly basis.
- Vee Rajmohan:** Yes, I got your question. See, this power and distribution comes, it serves all category of -- all category sectors, all sectors. This is only based on the application. Wherever it goes in mining, mines, institution and expansion of industries, everywhere this goes. So the distribution and power transformer is being employed all the sectors. And especially, we are bifurcating the transformers applied for solar and wind. We are segregating and we are giving you the figures.
- Anurag Jain:** Okay. So, as per your last annual report, you can see that the top 10 customers give the 80% concentration. So, what are the steps we are taking to mitigate the concentration risk?
- Vee Rajmohan:** So, that is the reason we have reduced our exposures towards TANGEDCO and TANTRANSCO. And we are more concentrating on the private players and private, that is, independent power projects. And the few customers, they are providing solar projects to their end customers.
- So, we get repeat orders from them. So, and we are, actually the total, the top 10 customers contribute something around 20%, 25% only, 30% only. So, that balance, some of, most of the things we are getting on a distributed manner.
- Anurag Jain:** Okay. Because from the last annual report I got this data that is 80% of your total customers and top 10 customers having the total 80% revenue. That's why...
- Vee Rajmohan:** Yes, sorry. What you said is correct. I said, what I said, 10% is -- I have seen the figures as close, but I told you on percentage. It's wrong. Correct. What you said is correct. 70%, it is like that. So, major last -- see, now the TANGEDCO and TANTRANSCO, we are reduced a lot. This year, the exposure is something less than 30%.
- Anurag Jain:** Okay. And then my last question is on the current plant utilization, which is I think up to 50% only. And you are expanding -- you have expanding a new plant for the higher MVA transformer, right? So, was it possible that we could have utilized the current plant only for the higher power transformers? Nobody is used for this.
- Vee Rajmohan:** Yes, yes, correct. Absolutely, your question is correct. See, actually here in our existing facility, we can handle our manufacturer test the transformer of capacity maximum up to 25MA only.



Now, there is a very good demand. We are staying for next 5 to 8 years. It's for higher transformer, which are above 25MA, up to 100MA, 160MA, and the higher voltage class of 230kV. So, that is the reason we are going for expansion. And moreover, we cannot manufacture or handle such big transformers in the existing facility. So, we are seeing some demand for a bigger type, larger power transformers.

So, we have opted for the expansion. Here, the type of transformers which we can make is small type transformers, distribution and up to 10MA to 25MA power transformers. And this is the reason we have gone for it.

Anurag Jain: So, going forward our more focus will be on the new plant, right?

Vee Rajmohan: Yes, we are absolutely. We are more concentrating on our new plant, going with larger power transformers.

Anurag Jain: Okay. All right. Thank you so much. That's it for my side.

Vee Rajmohan: And one more thing, that the concentrated, the top 10 customers, which I said 10% is wrong, and it is almost 70%-80%. What you said is right.

Anurag Jain: Okay.

Vee Rajmohan: And the government exposure for the last half year is less than 14%. And the non-government is around 86%.

Anurag Jain: So, we don't have any increased receivable risk here. So, we get the payments on a timely basis?

Vee Rajmohan: Yes, yes. That is the reason. So, as you can see, last, in the March, we have a very high receivables, and that all we have received it now. And for the current financial is applied also, we have almost more than half the thing we have received. So, the receivables are well under the control.

Anurag Jain: Thank you, sir. That's it from my side.

Vee Rajmohan: Thank you, sir. Thank you.

Anurag Jain: Thank you.

Moderator: Thank you. The next question is from the line of Venkateshwar Reddy, is an Individual Investor. Please go ahead, sir.

Venkateshwar Reddy: Yes. Good afternoon, sir. Yes. My question is, what can we -- revenue we can expect from substation works for current year and FY '26?

Vee Rajmohan: Yes. So, the current year, we got order for substation, that is a switch yard work.

Venkateshwar Reddy: Yes.



Vee Rajmohan: It's something around INR12 crores, and we are expecting two, three -- two, at least another two projects before end of this March. And this one, we got the order with us, and balance one or two will be, is expected, and is under negotiation.

Venkateshwar Reddy: Okay. What will be the value?

Vee Rajmohan: Value is, it will be vary from INR10 crores to INR30 crores.

Venkateshwar Reddy: For each order?

Vee Rajmohan: Yes. Suppose we got the order.

Venkateshwar Reddy: Okay.

Vee Rajmohan: Okay. Another question. It's under negotiation only.

Venkateshwar Reddy: Yes.

Vee Rajmohan: So, yes.

Venkateshwar Reddy: For FY '26?

Vee Rajmohan: FY '26, that, actually, so many projects are there, and for FY '26, we have not quoted anything, and it will be, yes, it will, the inquiry will start from the month of February only. For the first quarter, they will negotiate, start the negotiation for '25 '26 first quarter. They will start negotiation or this engineering process, everything will start from the month of February '25. So, we cannot give any figures on that.

Venkateshwar Reddy: Okay.

Vee Rajmohan: You are asking about the substation, right?

Venkateshwar Reddy: Yes, right.

Vee Rajmohan: Correct, correct.

Venkateshwar Reddy: My second question is, what is the current bidding pipeline?

Vee Rajmohan: Bidding pipeline is very high. It is more than INR100 crores, and very recently we have posted a tender in NLC, Neyveli Lignite Corporation, Punjab Utility, Kerala Utility, and MAHAGENCO, this Maharashtra company, utility company, MAHAGENCO. And we are expanding, and we have posted tenders, and on private side also, we have quoted, and we have offered end number of quotations and for end number of projects. And yes, everything is on the pipeline. So, we can expect good orders.

Venkateshwar Reddy: Okay. So, what will be the average winning ratio for the company?

Vee Rajmohan: Winning ratio?



Venkateshwar Reddy: Yes, right.

Vee Rajmohan: Generally, the winning ratio will be around 10% to 15%, sometimes 20% also.

Venkateshwar Reddy: Okay, sir. That's it from my side. Thank you.

Vee Rajmohan: You're welcome, sir, welcome.

Moderator: Thank you. The next question is from the line of Laxman, is an individual investor. Please go ahead.

Laxman: Okay. Thank you, sir. Thank you for giving the opportunity. My first question, sir, you spoke about a delay of an order from the, not the order, the delay of the completion of the services by a month for a particular customer, right? So...

Vee Rajmohan: Not only particular customer. Please complete your question. I will answer it.

Laxman: Yes. So, because of that delay, whether the revenue got recognized for this H1 or will it get recognized in H2?

Vee Rajmohan: See, actually, we would have a year-end and quarter-end. Actually, we, as per the purchase order, we, as per the schedule, the manufacturer and it will be ready for disbursement. And because of the customer and delay, and the other may sometimes on client side, it got delayed. Then the lifting or the dispatch clearance getting from the client is difficult.

Because we basically, we used to go by the purchase order and we have to get the payment before the dispatch. So, and some clients refuse to take on time. So, it got delayed. So, it is not reflected on the revenue side, revenue part. So, there was little impact on that. So, we cannot deliver the material without payment or realization from private customers.

So, if it is a repeat customer, then we will send it. For new and new customers, generally, we need to have some relationship. Then only we can, we can be comfortably send the transformers.

Laxman: Okay. Sir, what is the ballpark? Sorry, sir. What is the ballpark figure of this number, the numbers? How many crores of this order, which has not been realized?

Vee Rajmohan: That is for about INR4 crores-INR5 crores. Something around INR4 crores-INR5 crores. Yes.

Laxman: Okay. Sir, and have you got confirmation from them for the delivery?

Vee Rajmohan: Yes. This is a process we are facing every time.

Laxman: Okay.

Vee Rajmohan: This is a part of this game.

Laxman: Okay.



- Vee Rajmohan:** And see, if there is 100 customers, at least 10 customers will be moving, that is moving slow on their project side and 50%-60% they will be in advance, then they schedule the purchase. So, this all in this game.
- Laxman:** Okay. Sir, second question, you also spoke about the start of your manufacturing facility, the new facility from December '25, right?
- Vee Rajmohan:** Correct.
- Laxman:** Okay. So, after that, what happens to the existing plant? Will you continue with the existing plant for lower KVA manufacturing and the new facility will be only utilized for the higher power transformer?
- Vee Rajmohan:** Correct. As of now, we are planning to do smaller type transformers here, that is distribution transformers in the existing facility and transfer all the power transformers from 10 MA to 160 MA in the new facility. And this may vary also, depends upon the situation. And as of now, this is the plan.
- Laxman:** Okay, sir, and the final question. Sir, Tamil Nadu government has kept a very vision of generating renewable energy up to I think 5 GW, right?
- Vee Rajmohan:** Right.
- Laxman:** So, how are you kind of like strategizing yourself and our company to be part of that growth plan, sir?
- Vee Rajmohan:** Yes. This 5 giga is for renewable. So, we are focusing and continuously focusing on the independent power projects who are dealing with solar and wind. So, and we are very well on the job. So, we are continuously working towards that. So, we will also get substantial revenue from that sector on that from the government policy. And this is government is not going to put anything, but they are going to promote with the private players.
- Laxman:** Okay, sir, final question.
- Vee Rajmohan:** Yes, we are already on the job, yes.
- Laxman:** Okay, sir. So, final question on the renewable sector transformers, who is the biggest competitor for us, sir, for our company in Tamil Nadu at least? Is it Indotech or anybody else along with Indotech?
- Vee Rajmohan:** That is -- we don't see Indotech as a competitor for the solar, because they are doing bigger type transformers. So, their concentration on the smaller renewable energy transformer is less. And we are more competitive than Indotech, because they are fully ordered. They are fully booked with orders. So, their delivery, based on their delivery also we are getting orders.
- Laxman:** Okay.
- Vee Rajmohan:** And pricing structure is also something less than compared to Indotech.



- Laxman:** Okay. But who, I mean, at least which company would be the biggest competitor for us in the renewable transformers in Tamil Nadu?
- Vee Rajmohan:** SNR. SNR from Hyderabad, I think it is not a listed company and they are doing good.
- Laxman:** Okay sir. Thank you for your time and thank you for giving the opportunity, sir. Thank you, sir.
- Vee Rajmohan:** Thank you very much sir, showing much interest on our company.
- Moderator:** Thank you. The next question is from the line of Chintan Shah from JM Financial. Please go ahead, sir.
- Chintan Shah:** Hi, sir. Thank you so much for the opportunity. So, I have two questions. So, first is, you mentioned earlier that the demand for smaller size transformers is weaker versus larger size. But if I -- please correct me if I am wrong here, but especially in renewable, you require both larger size as well as smaller size transformer. So, if that is the case, then demand even for the smaller one should be good, right? Then why is it that we are seeing lesser demand for smaller size transformer?
- Vee Rajmohan:** The demand is there, the number of manufacturers for small transformers, are pretty high. And when compared to larger power transformers or power transformers, the manufacturers are less when compared to the distribution size. See, for example, making smaller type transformers, something around 40-50 companies are there in Tamil Nadu. And it's all non-listed companies. And for bigger type transformers, there are very few.
- So, that is for power transformers, only few transformer companies are there to cater. So, that is why I said for power transformers, there is a demand. And for distribution transformers, demand is there, but number of supplies are more. That is why we are going for a bigger one.
- Chintan Shah:** Okay. Got it. Understood. And continuing on, the second question is, in the industry, we are seeing a lot of people are adding capacity, even larger players are adding significant capacity. So, how do you think basically growth as well as margins should pan out over from a two-three-year perspective?
- Vee Rajmohan:** Definitely. See, as of now, our market share is less than 0.5% on Pan-India basis. Okay. So, definitely there is a potential growth is there. Market is there. So, definitely we can fulfill our capacity obligation.
- Chintan Shah:** But if so, many players are adding capacity, then could it be like the margins will be much lower than what we are doing right now?
- Vee Rajmohan:** We hope, we hope we can sustain and we can maintain this.
- Chintan Shah:** Okay, okay fine sir that's all I had for my time. Thank you.
- Vee Rajmohan:** Okay. Thank you.



Moderator: Thank you. The next question is from the line of Abhishek from the company of Saksham Global Capital. Please go ahead, sir.

Abhishek: Thanks for the opportunity, sir. I actually wanted to understand what is the revenue spread currently between the power transformers and the distribution transformers and where do we want to be two to three years down the line?

Vee Rajmohan: As of now, that is you want the comparison between the power transformer and the distribution transformer.

Abhishek: Yes.

Vee Rajmohan: There is almost 40-60 like that.

Abhishek: Okay. Fine.

Vee Rajmohan: 40% will be the distribution and 60% is our power transformer as per the last, that is the first half of...

Abhishek: Okay. So, do we plan to increase that, I mean the power transformers?

Vee Rajmohan: No, power transformer naturally we are going for a bigger facility, we need to increase that. And, yes, we have to focus more on power transformers because the facility is for only power transformers and this existing facility can use it for distribution.

Abhishek: Okay. And then we will...

Vee Rajmohan: Sorry.

Abhishek: Please continue.

Vee Rajmohan: And the new facility is only for MVA transformers, larger power transformers. So, obviously, we need to concentrate more on power transformers.

Abhishek: Okay. And the new plant you said will be operational by December this year?

Vee Rajmohan: It will be operational in December 2025.

Abhishek: 2025. Okay. And what are the plans for exports? Are we doing any exports currently?

Vee Rajmohan: Yes. Currently, we did export, but it's not significantly high, maybe less than 2% to 3% for African countries. Now, we are planning to expand as we are seeing a good market in North America. So we are just -- we are locating and we started negotiating with a few people there. And based on that, we need to export also. And nothing has been signed or any commitment has not been made as of now. And we are trying to do that. And there is a good market in American market. So when we go to the new facility, it will be much helpful to cater American market. With this existing facility, it is difficult to cater American market. And I hope going



forward, after shifting our workforce to the new facility, we can go for the American market export.

Abhishek: Okay. And how are the margins there, sir? Is it more margin accretive?

Vee Rajmohan: Yes. The margin is more and the compliance also more. So we may get a little more margin.

Abhishek: Okay, sir. Thanks a lot.

Moderator: Thank you very much. The next question is from the line of Sanjeev from Fractal Capital Investment. Please go ahead, sir.

Sanjeev: Hello.

Vee Rajmohan: Yes, sir. Good afternoon, sir.

Sanjeev: Thanks for the opportunity, sir. So, just to come to the new facility which is coming up in quarter 4 of next calendar year. Can you give some idea about in terms of what are the various challenges that we may have before we start getting orders from this facility? For example, what are the testing requirements which are there, certification requirements which are there?

What is the empanelment process that we have with various clients whom we have to sell power transformers? Because I assume you won't be selling power transformers to the typical private sector clients that we're selling now. We'll have more large utility companies in government that we'll be selling to. And also from export perspective, what different certifications will be required for that and the timeline for that?

Vee Rajmohan: That is the certification is mainly based on the size of the transformer which we are going to export. See, up to 25 MVA, we've got all the certification. Even for the export, we can do that. And region-wise, if anything is required, that we have to attend the time of export. See, every country, they have -- in Nigeria, they have that [SONCAP 0:55:21] certification. And like that, region-wise, they have something. But overall, we have the certification for transformers. These type of transformers we can export as of now also.

And for going forward, going for a bigger type of transformers, we have to get certification from CPRI. That is the Central Power Research Institute to validate our design, validate our design as per the standards. So that is the thing which we can do it. After getting certification, stage-by-stage, we need to go approach the customers. And after that, we can back up with the existing orders and we can increase that also.

Sanjeev: Okay. So when you start bidding for it, do you have any pre-qualifications which requires you to have installation up to that size to bid for that? Do you have those kinds of things because of which you have to tie up with somebody? Yes. So I was asking, do all these vendors in the government have pre-qualification requirements which will require you to have minimum number of installations of a specific size of transformer before you can bid?

Vee Rajmohan: Correct. What you said is correct. And for that reason only, now we have started bidding for bigger type transformers. And by the stage when they finalize the tender, if it is possible, we



can get that. And already for that reason only, we did in this existing facility that 50 MVA is a big challenge to make here. So for that reason only, we got order and we got order from customer who have a good trust on us. And we also supplied that 50 MVA with the challenge and it also successfully commissioned. So that is the seed we are putting here to cut short the timeline.

And when we start doing this 50 MVA, then we will start going further. Now there is a tender, there is an upcoming tender in Tanjore Co. for 50 MVA which if we bid that, then we can go for 100 MVA for the next tender. So this is the stage-by-stage we can go. So I think we have time to reach that. Before going to the facility, we are equipping ourselves to qualify the bidding process.

Sanjeev: And sir, do you have any BI certification requirements because of which import of transformers can be restricted? Do we have anything like that?

Vee Rajmohan: No, we don't have any restriction. We don't see any restriction for that. Only thing is we need to do type test certification. That we have to do it in CPRI.

Sanjeev: I was asking, are there any restrictions on import of large size power transformers in India?

Vee Rajmohan: Import?

Sanjeev: Yes.

Vee Rajmohan: So importing a power transformer is very expensive. So number of players, good players are here. EHL, ADB are there. But absolutely there is no -- except the import duty, there is no restriction.

Sanjeev: Okay, because lots of Korean companies use to export transformers to India. No issues and restrictions in regards to that, right?

Vee Rajmohan: And that is for specific projects only, not trade practice.

Sanjeev: Okay. And also, sir, in the CRGO steel, because CRGO steel I think we import from China, right? So any issues on that front?

Vee Rajmohan: Yes. Now we are seeing a challenge in getting CRGO from the market. And though we have 20, 30 years relationship with our vendors and we are able to manage the supply demand.

Sanjeev: Okay, because we don't have manufacturers of that in India right now, right?

Vee Rajmohan: Yes. As of now there is no manufacturer for CRGO.

Sanjeev: Okay. Thanks a lot, sir, and best of luck for your new plant.

Vee Rajmohan: Thank you, sir.



Moderator: Ladies and gentlemen, in the interest of the time, that was the last question. I would now like to hand the conference over to Mr. Ganesh for closing comment.

Ganesh: 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 call.

Vee Rajmohan: Thank you very much for all the stakeholders and participants who are interested in our company, I thank you very much and express my gratitude for attending this earning call. Thank you very much. Please go ahead, madam.

Moderator: On behalf of Kirin Advisors, that concludes this conference. Thank you for joining us and you may now disconnect your lines.