Supreme Power Equip.

Operator: Ladies and gentlemen, good day and welcome to the Supreme Power Equipment Ltd. H1 FY27 results conference call. As a reminder, all participant lines will be in 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 the operator by pressing star followed by zero on your touchtone phone. Please note that this call is being recorded. I would now like to hand the conference over to Mr. Parth Acharya from Kiran Advisors. Thank you, and over to you, sir.

Parth Acharya – Kiran Advisors: Thank you. Good morning, everyone. On behalf of Kiran Advisors, I welcome you all to the conference call of Supreme Power Equipment Ltd. From the management team, we have Mr. V. Rajmohan, Chairman and Managing Director of the company. With that, I hand over the call to Mr. V. Rajmohan for the opening remarks. Over to you, sir. Thank you.

V. Rajmohan – Chairman and Managing Director: Good morning, everyone. On behalf of Supreme Power Equipment Ltd., I welcome you all to our H1 FY27 earnings conference call. Thank you for joining us and for your continued interest in the company. I hope you have had an opportunity to review our financial results and investor presentation.

I will briefly take you through our performance for the first half of the year, key operational developments, and our priorities going forward, following which we will be happy to take your questions.

Supreme Power Equipment has over three decades of experience in transformer manufacturing, with capabilities across power and distribution transformers, catering to utilities, renewable energy, industrial, and infrastructure customers. Over the years, we have continued to strengthen our engineering capability, manufacturing infrastructure, and customer relationships while expanding into higher-capacity transformer segments.

Coming to our financial performance, H1 FY27 was a strong period for the company. Total income stood at 135.57 crores, registering growth of 79.91% year-on-year. EBITDA increased by 65.46% year-on-year to 23.62 crores, with an EBITDA margin of 17.42%. Profit after tax grew by 45.09% year-on-year to 13.65 crores, translating into a PAT margin of 10.07%. Earnings per share for the period stood at 5.46.

We are particularly pleased with the strong order momentum witnessed during the first half of the year. During H1 FY27, we secured 11 orders aggregating 209.24 crores, with execution timelines ranging between 7 and 17 months. This healthy order inflow reflects the continued confidence of our customers in our technical capability, product quality, and execution track record.

Another encouraging development during the period was the expansion of our geographical presence into Maharashtra. This marks an important step in broadening our marketing reach beyond our traditionally strong presence in South India and provides us with an opportunity to build relationships with a wider customer base. Our current order book stands at over 565.80 crores, providing strong execution visibility for the coming periods.

The combination of a healthy opening order book and robust fresh order wins during H1 gives us confidence in the growth trajectory of the business as we move into the second half of the financial

Report is AI-generated and may contain inaccuracies.

year. Importantly, around 70–75% of the order book is covered under price variation clauses, which provides a degree of protection against volatility in key raw material prices.

During the period, we have seen pressure from higher prices of key inputs, particularly CRGO steel and transformer oil. These movements can impact margins, especially where there is a timing difference between the increase in input costs and the corresponding adjustment under the price variation clause. We continue to manage this through disciplined procurement, appropriate commercial terms, and a continued focus on protecting profitability.

Operationally, the ramp-up of our Kannur manufacturing facility is progressing well. The expanded manufacturing infrastructure strengthens our ability to execute a larger order book, cater to higher-capacity transformer requirements, and participate in a broader set of opportunities.

We are encouraged by the demand environment across the transformer industry, supported by continued investments in transmission and distribution infrastructure, renewable energy integration, and industrial expansion. With our strengthened manufacturing capacity, growing order book, and improving market presence, we believe we are well-positioned to capture these opportunities.

As we move into the second half of FY27, our priorities remain clear: timely execution of the existing order book, continued focus on securing quality orders, scaling up utilization of the Kannur facility, managing raw materials and working capital efficiently, and maintaining healthy profitability. Overall, we are pleased with the progress made during the first half of the year. The strong financial performance, healthy order wins, and expansion into new markets reinforce our confidence in the direction of the business.

Before concluding, I would like to thank our employees for their continued efforts, our customers and business partners for their trust, and our shareholders for their continued support. Once again, thank you for joining us today. With that, I would like to open the floor for questions.

Operator: Thank you, sir. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to limit their questions to two per participant. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

The first question comes from the line of Garvit Goyal with Serene Alpha. Please go ahead.

Garvit Goyal – Serene Alpha: Hello. Hi, am I audible?

V. Rajmohan – Chairman and Managing Director: Yes, very much audible, sir. Good morning, and welcome.

Garvit Goyal – Serene Alpha: Good morning, sir, and congratulations on a good set of numbers. I had two questions. As you mentioned, the demand environment is quite good. I wanted to understand the pipeline and its conversion into H2 FY27. What amount of orders are we expecting in H2 FY27, and what will be our closing order book by the end of this year? Also, looking at the first-half numbers, our execution has been quite good. Considering that, are you now confident enough to cross 300 crores for this financial year?

Report is AI-generated and may contain inaccuracies.

V. Rajmohan – Chairman and Managing Director: Yes, actually, the demand environment is very good, and the sector is also very good, since the Union Government and the State Government are showing considerable interest in expanding the transmission network. The demand is very high; that is the first point. Next, the order book in our pipeline is very large, and we are securing orders based on the quality of the orders and the terms. With that, we believe that by the end of the year, we may maintain an order book between 600 and 800 crores. I think I have answered your questions.

Garvit Goyal – Serene Alpha: No, actually, one more thing. In the last quarter, you mentioned 225 crores for this financial year, but looking at H1 execution, which is quite good for us, are you now confident enough to achieve a top line of anywhere between 300 and 350 crores in FY27?

V. Rajmohan – Chairman and Managing Director: Yes, yes. This year, we believe and trust that we should reach revenue between 300 and 350 crores. We have already done 135 crores on a consolidated basis. We have done 135 crores. So, I think the balance of 200, 215, or 220 crores may be achieved easily.

Garvit Goyal – Serene Alpha: Understood. Secondly, on the margins front, you highlighted the input cost pressure in the opening commentary. Despite your efforts toward optimum utilization and better inventory management, I wanted to understand how you are seeing the margin profile for the full year FY27. What I understand is that our product mix is changing. We are moving toward higher-capacity transformers, which provide better realization. Therefore, the product mix is changing, while there is also input cost pressure, although 75% of the contracts have PVC. Considering both these factors, how do you think margins should shape up in the second half and for the full year FY27?

V. Rajmohan – Chairman and Managing Director: As per the order book we are holding, the expected margin is based on the fact that almost 80% is covered with PVC. The order book is now around 565 crores, out of which 200 to 250 crores is expected to be executed this year. Based on the order book, the PAT margin can be maintained between 9% and 12%. Since a major portion of the order book is covered by the price variation clause and we have secured the orders, the expected margin can be achieved based on the order book.

Garvit Goyal – Serene Alpha: Why are we referring to the 9% figure? Is the effect of input cost pressure more severe than the improvement we expected from the change in product mix?

V. Rajmohan – Chairman and Managing Director: No. In the month of January, we were not expecting any war.

Management: We did not expect any price rise. From there, we started taking orders with a price variation clause. We cannot be more precise on the margin, so we are giving guidance in the range of 9% to 12%.

Garvit Goyal – Serene Alpha: Understood, sir. Understood. So, we cannot be more precise than that; it can only be in that range?

Management: We cannot be more precise than that. It can only be in that range.

Report is AI-generated and may contain inaccuracies.

Garvit Goyal – Serene Alpha: Understood. Earlier, this range used to be 10% to 12%, which is why I asked the question. In any case, I have received my answer. Thank you very much, sir, and all the best for the future. Thank you.

Management: Thank you, sir. Thank you very much.

Operator: The next question comes from the line of Disha with Sapphire Capital. Please go ahead.

Disha – Sapphire Capital: Hello?

Management: Hello. Welcome, madam.

Disha – Sapphire Capital: Am I audible? Thank you so much, sir, for this opportunity. I have a couple of questions. Firstly, on the margin, you clarified that the impact was due to the increase in raw material cost inflation. Given that, are we facing any procurement issues for our key raw materials, particularly transformer oil, or do we already have contracts in place? What sort of risk, if any, do you see to execution?

Management: Majorly, 70% to 80% of our order book is fully covered by the price variation clause. That is a positive factor. Whatever the price escalation, it will be covered, so the margins will not be affected much. We have been in this business for more than three decades and have very long-standing relationships with our vendors. Based on that, procurement is not very difficult for us.

Disha – Sapphire Capital: So, you do not see any risks to execution in terms of raw material delays or anything else?

Management: There is demand now, and we are expecting some demand to increase. For CRGO, we are expecting some price rise, which we have already addressed.

Disha – Sapphire Capital: Understood. Regarding the new plant in Tamil Nadu, across both capacities, what peak utilization can we achieve in Tamil Nadu, and what would be the peak revenue from Tamil Nadu compared with the Kannur plant?

Management: I could not understand your question perfectly. Can you repeat it?

Disha – Sapphire Capital: Am I audible now?

Management: Yes, yes, audible.

Disha – Sapphire Capital: Our Tamil Nadu plant is operating at around 70–80% utilization, correct? What is the maximum utilization level we can achieve there, and what sort of peak revenue do we see from that plant?

Management: You are asking about Unit 1, which is the old plant.

Disha – Sapphire Capital: Yes, Unit 1.

Management: Yes, there we can do up to 70 to 80 crores per annum.

Report is AI-generated and may contain inaccuracies.

Disha – Sapphire Capital: Understood. For the new plant that we commercialized in February, what utilization are we targeting for this year?

Management: From the new plant, we are expecting 200 to 250 crores.

Disha – Sapphire Capital: Is it correct to assume that the maximum revenue potential from both plants combined is around 550 crores?

Management: Yes. The peak revenue will be between 550 and 600 crores.

Disha – Sapphire Capital: Is it correct to assume that we can achieve this in the next year?

Management: Yes, yes, yes. It is expected in the next year.

Disha – Sapphire Capital: For this new plant, you are moving toward a lot of high-MVA transformers. What sort of margin differential do you see compared with the lower-kV class?

Management: The margin for power transformers is slightly higher than that for distribution transformers, but at the same time, it is absorbed by overheads. It requires skilled manpower, so we have to deploy experienced people. Therefore, this 0.5%-1% margin is absorbed by the overheads, and the margin will be maintained and sustained.

Disha – Sapphire Capital: Regarding the current order book and the order pipeline that we are building—

Operator: Sorry to interrupt, Disha ma'am. I would request you to please come back to the queue for further questions.

Disha – Sapphire Capital: Yes, just a follow-up to the previous question.

Management: Yes, please go ahead.

Disha – Sapphire Capital: For the current order book and the pipeline that we are building, how much relates to the higher-kV class transformers? Can you provide a split?

Management: You are asking about the product mix. Out of the 565 crores, distribution transformers account for around 16% to 17%, which is less than 95 crores. Power transformers account for around 440 crores, which is approximately 78%, or in the range of 75% to 78%. Inverter-duty transformers account for around 30 crores, which is 5% of the total order book. This is the product mix.

Disha – Sapphire Capital: What about the pipeline and the orders that we are bidding for? Is there any indication of the mix?

Management: We cannot assure that. We have quoted for many tenders and approached many customers. We will be able to conclude only after receiving the purchase orders.

Disha – Sapphire Capital: Fair enough. That is all from my side, sir. Thank you very much, and all the best.

Report is AI-generated and may contain inaccuracies.

Management: Thank you very much, madam.

Operator: The next question comes from the line of Mukesh Panjwani with WC Securities. Please go ahead.

Mukesh Panjwani – WC Securities: Hello, sir. Good morning, and congratulations on a good set of numbers.

Management: Thank you very much. Welcome, sir.

Mukesh Panjwani – WC Securities: I have just one question. Our order book is around 565 crores, so what would be the execution timeline for the entire order book?

Management: As per the customer requirement, before the end of March 2027, {? 353 ?} is to be executed. After March, it is 212.

Mukesh Panjwani – WC Securities: Understood.

Management: This is the customer requirement, and we are giving guidance of between 200 and 225 crores further, which is in H2. Sorry, H2. The customer requirement is more than 350 crores.

Mukesh Panjwani – WC Securities: In H2 itself, more than 300 crores of orders are to be executed?

Management: Yes, as per the customer requirement. The customer requirement is more than 350 crores. We are aiming for 200 to 250 crores hereafter, which is in H2. We have already done 135 crores in H1.

Mukesh Panjwani – WC Securities: But practically, is it possible for us to execute that?

Management: Yes, it is possible.

Mukesh Panjwani – WC Securities: Understood. Thank you, and all the best.

Management: Thank you very much.

Operator: The next question comes from the line of Paras Chedda with Purpleline Vertex Ventures. Please go ahead.

Paras Chedda – Purpleline Vertex Ventures: Good morning, sir, and thank you for this opportunity. Congratulations on a fairly strong set of results. I have just two queries. For clarification, you said there is a good chance that we could reach our peak utilization of 550 to 600 crores potentially in FY28. Is that correct, sir?

Management: Yes, sir. In the earlier calls, we said that we would achieve 600 crores in the next 2 years. Now things are moving in a good direction, and I think next year we can go up to 550 crores.

Paras Chedda – Purpleline Vertex Ventures: Understood, sir. Regarding the customer requirement of 353 crores and our target or guidance of 250 crores, how are we looking at that mismatch of 100 crores? Can we potentially meet it?

Report is AI-generated and may contain inaccuracies.

Management: The customer places the order 1 year, or 8 or 9 months, in advance. The project timeline may be extended for the customer. We have duly considered that, and on a conservative basis, we have taken this figure. The customer requirement is 553 crores this year, before March, and I think we can execute up to another 200 crores apart from the 135 crores in H1.

Paras Chedda – Purpleline Vertex Ventures: Since the first half of this year saw considerable disruption in input prices, and now that 90% of our orders have a price variation clause, including going forward, when we bid after factoring in these considerations, and as the scale increases, is there any possibility of operating leverage in terms of margin expansion, potentially in the EBITDA margin next year, even if not this year?

Management: Our marketing people select orders especially based on the margin. Therefore, we believe that this margin will sustain.

Paras Chedda – Purpleline Vertex Ventures: Understood. One more thing regarding working capital. We saw that inventories and trade receivables increased sharply in the first half. When do you expect this to normalize and cash flow from operations to turn positive?

Management: We are expecting a top line of 350 crores this year. For that, we need to maintain inventory of at least 2 to 2.5 months. On that basis, we will maintain inventory of 60–70 crores. Along with that, we need to increase revenue. Rather than reducing inventory here, we need to increase revenue. I think this will normalize in the next quarter, but we have to maintain the inventory.

Paras Chedda – Purpleline Vertex Ventures: Understood. Overall, considering working capital, especially trade receivables and revenue, may cash flow from operations turn positive in the second half, or will it take some time?

Management: Yes, it should turn positive in the second half.

Paras Chedda – Purpleline Vertex Ventures: Understood. My last query is regarding the demand outlook with PM–DevINE and other factors. A lot of transformer capacity is also coming up and has already come up. How do you see the length of the cycle and the sustainability of demand in the transformer industry going forward?

Management: As per market information, there will be good demand for the power sector for the next 8 to 10 years. Compared with the overall capacity expansion, our capacity is too low. Therefore, I do not think this will impact our business.

Paras Chedda – Purpleline Vertex Ventures: As we speak, are there any plans for capacity expansion or capex in the next half?

Management: Next year, we have to think and plan about that.

Paras Chedda – Purpleline Vertex Ventures: Understood, sir. Fair enough. That is all for now. Thank you very much.

Management: Thank you very much.

Report is AI-generated and may contain inaccuracies.

Operator: The next question comes from the line of Mohammad Mazin with I-core Quantum Solutions. Please go ahead.

Mohammad Mazin – I-core Quantum Solutions: Hi, good morning. Thank you for the opportunity. I have a question regarding margins for {? 20 ?} kV-class transformers.

Operator: Sorry, sir, we are unable to hear you. Could you please use your handset?

Mohammad Mazin – I-core Quantum Solutions: Am I audible now?

Operator: Yes, please go ahead.

Mohammad Mazin – I-core Quantum Solutions: My question was regarding margins for {? 220 kV ?}-class transformers. Other companies are also setting up or expanding their transformer factories in the {? 220 kV ?} segment. Is it [inaudible]

Management: Sir, you are not audible. You are not audible.

Mohammad Mazin – I-core Quantum Solutions: Am I audible now?

Operator: No, sir. Could you please move to an area with a better network connection?

Mohammad Mazin – I-core Quantum Solutions: Is it audible now? Hello?

Operator: No, sir. The voice is—

Operator: Am I audible? No, sir. I request you to please rejoin the queue. Thank you. The next question comes from the line of Koustav Saha with Wallfort PMS. Please go ahead.

Koustav Saha – Wallfort PMS: Hi, sir. Thank you for the opportunity. Am I audible?

Management: Yes, sir. Welcome.

Koustav Saha – Wallfort PMS: I have a couple of questions. How is the ramp-up at the new facility progressing, and how much utilization are we planning for the new facility next year?

Management: This year, we are expecting 40% to 50% utilization by March. Next year, I think we should achieve almost 80% utilization.

Koustav Saha – Wallfort PMS: In terms of H1, what was the MVA delivered? Could you provide the number? How much volume have we delivered?

Management: I need a moment. I will provide that data. I do not have the data with me now. I will share it. You can email us, and we will share it with you.

Koustav Saha – Wallfort PMS: Thank you for the opportunity, and all the best for the future.

Management: Thank you.

Operator: The next question comes from the line of Mahesh Attal with Dhairya Investment Advisers. Please go ahead.

Report is AI-generated and may contain inaccuracies.

Mahesh Attal – Dhairya Investment Advisers: Congratulations on the good numbers, sir. I wanted to understand the demand scenario and, out of the 135 crores that we have reported, how much is from power transformers and how much is from the distribution segment?

Management: Approximately 60% will be from power transformers, with the balance from distribution and inverter transformers.

Mahesh Attal – Dhairya Investment Advisers: When you say that power transformers command a higher margin, and we have reported an EBITDA margin of around 17%, is it fair to assume that as our power turnover increases, margins could increase slightly going forward? You have communicated that the next turnover will have a major power share rather than a distribution share. Is that a fair assumption?

Management: Your question is correct, but for manufacturing power transformers, overheads also increase. Therefore, the 1% to 1.5% increase in margin will be absorbed by overheads. We believe this margin will sustain.

Mahesh Attal – Dhairya Investment Advisers: How much of the business is from the government side and how much is from the private side in the 565 crores that we are going to execute this year?

Management: Of the 565 crores, approximately 27% to 28% is from the government, and the balance of 72% to 73% is from non-government customers.

Mahesh Attal – Dhairya Investment Advisers: Will the same apply for the current year as well?

Management: Yes, approximately. This is for the overall order book, and I think the same ratio should apply for this year.

Mahesh Attal – Dhairya Investment Advisers: What is the receivables cycle with the government and private customers?

Management: For private customers, we receive advances from some customers. Most customers provide a 10% to 30% advance, and before dispatch we receive 90%; the balance of 5% to 10% is received after commissioning. For some repeat customers, we provide credit for 45 to 60 days. From the government, we receive payments in 60 to 90 days.

Mahesh Attal – Dhairya Investment Advisers: Would it be management's decision to continue with the government, or are you not finding enough orders from the private sector?

Management: We need to continue with the government because that is where we can build our credentials. We have now received an order from TANGEDCO for 50 MVA, and we have posted a tender for 160 MVA. We can build this type of credential through the government. Based on that supply history, we will be able to enter the private market. Therefore, we need to have some portion of our business with the government, or B2G. This will be maintained at 20% to 30%.

Mahesh Attal – Dhairya Investment Advisers: Thank you, sir. All the best.

Management: Thank you, sir.

Report is AI-generated and may contain inaccuracies.

Operator: The next question comes from the line of Sunil Kateshiya with Tanush Investments. Please go ahead.

Sunil Kateshiya – Tanush Investments: Good morning, sir, and congratulations on the good set of numbers.

Management: Welcome.

Sunil Kateshiya – Tanush Investments: You mentioned that the expansion we have undertaken currently has {? 550 crore ?} of capacity, which will be utilized by next year, by 2028. Accordingly, we are growing by 70% to 80% annually, and you have already mentioned that we can see this type of demand for the next 8 years. What is our long-term plan over the period to 2030 or 2032? Are we going to expand similarly, or do we have the capacity to expand based on cash flows, considering that cash flow remains weak from a credit-terms perspective?

Management: You are asking first about the expansion, correct?

Sunil Kateshiya – Tanush Investments: Correct.

Management: We have to plan that next year.

Sunil Kateshiya – Tanush Investments: What size of expansion are we considering?

Management: We have not planned these things yet. The planning will be done only next year. We have expanded the Kannur capacity by almost 100 to 120 crores, but the next expansion would be much bigger. It should be much bigger.

Sunil Kateshiya – Tanush Investments: Can we expect to continue with at least 50% to 60% growth every year for the next 4 to 5 years?

Management: No. I think this capacity will be fully utilized over the next 2 to 3 years, particularly over the next 2 years.

Sunil Kateshiya – Tanush Investments: Understood. What are the plans to improve our cash flow?

Management: We are seriously working on that, particularly the receivables cycle.

Sunil Kateshiya – Tanush Investments: That is all from my side. Thank you very much.

Management: Thank you.

Operator: The next question comes from the line of Charchit Maloo with Genuity Capital. Please go ahead.

Charchit Maloo – Genuity Capital: Hello. Hi, sir. Thank you for the opportunity. I have one quick question. What was the current utilization as of H1 FY27? Sir, we cannot hear you clearly. Could you speak a little louder? Am I audible now? Could you please use your handset, sir? Hello, am I audible?

Management: Yes, sir. It is better now.

Report is AI-generated and may contain inaccuracies.

Charchit Maloo – Genuity Capital: I wanted to ask what the current utilization was as of H1 FY27.

Management: It is around 20% to 30%. This year, I think we should achieve at least 40% to 50% utilization.

Charchit Maloo – Genuity Capital: Understood. Is there any positive news from data centers, which I believe we had discussed earlier?

Management: Data centers are a very interesting topic. Their requirement is very large, and their requirement is for larger power transformers, above 160 MVA and around 200 MVA. We need to build our credentials to approach data centers. We are also approaching data centers as of now, but as of today, we have not received any order from a data center. We need to build our credentials and conduct a type test, or prototype test, for higher-MVA, larger power transformers with extra-high voltage.

Charchit Maloo – Genuity Capital: Understood, sir. For the last point, what was the average realization this quarter and in H1?

Management: What realization?

Charchit Maloo – Genuity Capital: Yes.

Management: The total revenue for H1 was 135 crores.

Charchit Maloo – Genuity Capital: What was the realization per MVA?

Management: That depends on the product mix. Distribution transformers will be around 20 lakhs per MVA, and power transformers will be around 10 lakhs per MVA.

Charchit Maloo – Genuity Capital: 10 lakhs, understood. Thank you very much.

Management: Thank you.

Operator: Thank you. The next question comes from the line of Harinandan Singh, an individual investor. Please go ahead.

Harinandan Singh: Thank you for your time, and thank you for the good results you have posted. My only query is that you said power transformers have higher margins, but they also have a longer lead time. One of the major components used in them is bushings. I wanted to check whether you depend on China for these bushings, like the typical OEMs that are facing delivery issues, or whether you depend only on Indian suppliers. I want to ensure that the deliveries of our power transformer orders are not impacted because of bushings, since the lead time for these bushings from China is also 3 months.

Management: Yes, you are absolutely right. The demand for bushings exists specifically for voltage levels above 230 kV. If the voltage is below that, supply is not interrupted. As you said, the supply timeline is very long for bushings in the voltage class above 220 kV. Majorly, our order books are below that level. For this year, most of our order book is covered by the 110 kV class and below. Therefore, we do not face any problem in obtaining bushings.

Report is AI-generated and may contain inaccuracies.

Harinandan Singh: Please continue. Sorry, go ahead.

Management: We have 2 or 3 orders above 220 kV. For those orders, we have booked the bushings, and we will receive them on time.

Harinandan Singh: Are we sourcing all these from India, or are we dependent on China, like Siemens, GE, and others?

Management: For these 2 or 3 orders, we have placed orders with, and are negotiating with, a Chinese supplier. Otherwise, we mostly source them within India.

Harinandan Singh: That is why the inventory shown in our stock is useful. Based on the lead time, if you pay the inventory cost but provide a shorter lead time to customers, you will achieve a higher margin at that point. Therefore, for items with a longer lead time, it is good to maintain inventory in the current scenario. As you said, government customers are also important. Do you—

Harinandan Singh: Do you have any plans to get into PGCIL? That is the one government approval that will help you enter the private sector across India.

Management: Yes, what you said is absolutely right. The PGCIL approval is in process. The documentation is being prepared, and we are yet to approach PGCIL. We believe that we should obtain the PGCIL approval within this year.

Harinandan Singh: This should be the top priority because once you obtain PGCIL approval, you do not have to approach local private players; you are automatically approved everywhere. This is something that everyone asks for.

Management: Correct. We are approaching them. Since our plant is new, some documentation has to be prepared, and type-test certificates have to be acquired. These are the base documents to be submitted. Type-test certificates for 100 MVA and 50 MVA are under process. The 50 MVA transformer for {? TANGEDCO ?} is now getting ready.

Harinandan Singh: The kind of requirements that the government has given—

Operator: I am sorry to interrupt, Mr. Singh. I request you to please come back to the queue for further questions.

Harinandan Singh: One last follow-up. The government has also given flexibility to manufacturers nowadays because type testing is taking time. If you submit your short-circuit calculations, they are approving suppliers. You can try to obtain these approvals, and the short-circuit calculations will help you receive them on time.

Management: Most government tenders call for type tests. For a specific approval, as you said, some government tenders may provide special approval, but in the BQR, or bid qualification requirement, itself, there are several points, and submission of the type-test certificate is mandatory. In some cases, they may give special approval, but we have not come across such approvals.

Report is AI-generated and may contain inaccuracies.

Harinandan Singh: The projects you are quoting right now use September LME, correct? If you receive an advance and quote using September LME in October, and receive payments as per the LME clause when supplying after 7 months, where does the profit pressure come from?

Management: The price variation clause is calculated 1 month before. Since we are now in October, it is based on the previous month.

Harinandan Singh: They use September.

Management: Yes. Based on that, we quote and conclude the orders. The price variation calculation is taken care of from there.

Harinandan Singh: Then where does the margin pressure come from if everything is protected? You have quoted as per LME, received the advance, and received payment on the date of dispatch as per LME. In that case, where does the profit pressure come from, since input costs will not increase because everything is covered as part of your quote?

Management: That is the reason we are able to maintain a margin of 9% to 12%. Otherwise, it would go down.

Harinandan Singh: Thank you, sir. Best of luck, and congratulations on a very good result.

Management: Thank you, sir. Thank you very much.

Operator: Thank you. Ladies and gentlemen, that was the last question for today. I now hand the conference over to Mr. Parth Acharya for closing comments.

Parth Acharya: Thank you, everyone, for joining the conference call of Supreme Power Equipment Ltd. If you have any further queries, you can write to us at research@kirinadvisors.com. Once again, thank you everyone for joining the conference. Thank you very much.

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

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

Report is AI-generated and may contain inaccuracies.