"Supreme Power Equipment Limited
Q1 FY27 Earnings Conference Call"
August 17, 2026

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

MODERATOR: **MR. PARTH ACHARYA – KIRIN ADVISORS PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to Q1 FY27 Earnings Conference Call of Supreme Power Equipment Limited, hosted by Kirin Advisors Private Limited. 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 would now hand the conference over to Mr. Parth Acharya from Kirin Advisors Private Limited. Thank you, and over to you, sir.

Parth Acharya: Thank you. Good afternoon, everyone. On behalf of Kirin Advisors, I welcome you all to the conference call of Supreme Power Equipment Limited. From the 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 for the opening remarks. Over to you, sir.

Vee Rajmohan: Good afternoon, everyone. On behalf of Supreme Power Equipment Limited, I extend a warm welcome to everyone joining us today for our Q1 FY27 Earnings Conference Call. Thank you for taking the time to be with us and for your continued interest in the company.

Before discussing the quarter's performance, I would like to introduce briefly introduce Supreme Power Equipment Limited. SPEL is a transformer manufacturing company with over 3 decades of experience delivering solutions across power generation, transmission, distribution and renewable energy segments with an expanded manufacturing capacity of approximately 9,000 MVA and capabilities of up to 200 MVA, 220 kV, we are well positioned to address larger and high-value opportunities across India's evolving power infrastructure landscape.

Coming to our financial performance for the quarter. We have started FY27 on an encouraging note, supported by healthy execution momentum and sustained demand for our transformer solution. During Q1 FY27, our total income stood at INR48.31 crores, registering growth of 37.33 % year-on-year. EBITDA stood at INR8.89 crores, growing 32.2% year-on-year with an EBITDA margin of 18.4%.

Total profit -- net profit -- sorry, net profit stood at INR4.9 crores, registering growth of 10.4% year-on-year with a net margin of 10.14%. EPS for the quarter stood at INR1.96, growing 10.11% year-on-year. While margins witnessed some moderation during the quarter, profitability remained healthy.

We continue to maintain a disciplined approach towards pricing, procurement and operational efficiency. As the scale of operation increases, our focus remains on improving execution efficiency and delivering greater operating leverage from our expanded manufacturing capabilities.

Coming to our operational performance. Order inflows remained strong during the quarter. We secured 10 orders aggregating INR195.64 crores during Q1 FY27 with the execution time lines ranging between 7 months to 17 months. We also expanded our geographical presence into Maharashtra, further broadening our presence across key markets.

Our order book stands at INR590.06 crores as of August 13, 2026, providing healthy execution visibility over the coming quarters. In terms of customer mix, government orders stand at INR177.6 crores, representing approximately 30.10% of the total order book, while nongovernment orders stands at INR412.46 crores, represent approximately 69.9%.

From the product perspective, power transformers constitute the largest share on the order book at INR453.83 crores, representing approximately 76.91%. This is followed by distribution transformers at INR105.27 crores, representing 17.84% and inverter duty transformer at INR30.96 crores, representing 5.25%.

The composition of our order book provides us with a healthy mix across government and nongovernment customers, while the strong contribution from power transformer reflects our increasing participation in larger and higher-value projects.

I would all like to brief touch upon our new Kannur manufacturing facility, which became operational during the previous quarter. The facility has strengthened our overall manufacturing capacity to approximately 9,000 MVA with capabilities extending up to 200 MVA, 220 kV.

The facility enhances our ability to manufacture high voltage and larger power transformers, undertake larger projects and cater to opportunities across transmission, data centers and industrial applications.

As utilization progressively ramps up, we expect it to support higher revenue potential and improved operating leverage. Looking ahead, our immediate priorities remain the timely execution of our strong order book and the progressive ramp-up of our new manufacturing facility.

At the same time, we will continue to pursue new opportunities across power transmission, distribution, renewable energy and industrial application and other emerging demand segments. With our expanded capacity, enhanced technical capabilities, strong order pipeline and growing geographic presence, we believe we are well positioned to participate in the opportunities emerging across India's power infrastructure sector.

We remain focused on scaling the business in a measured manner while maintaining execution discipline, operational efficiency and our commitment towards sustainable and profitable growth over medium to long term.

Before concluding, I would like to sincerely thank our employees, our SPEL team for their dedication, commitment and continued effort. I would like to thank our shareholders, customers, investors, business partners and all our stakeholders for their continued trust and support. Thank you once again to everyone for joining us today.

With that, I would now like to open the floor for questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from Garvit Goyal from Serene Alpha.

Garvit Goyal: Sir, my first question is on the margin front. If you look at the gross margins for this quarter, there has been a significant improvement. So I just wanted to understand like despite the elevated cost, how did we manage that? That's my first question.

Vee Rajmohan: That is you are asking about the core price. How do we manage...

Garvit Goyal: Gross profit margins, yes. If you see previously in Q4 and Q1 last year, it was in the range of 23.80%, right? In this quarter, it is 28.82%. So is it a sort of any inventory gain lying there?

Vee Rajmohan: I could not get your question?

Garvit Goyal: Sir, I'm just trying to understand there is improvement in our gross profit margins. While EBITDA level, we declined. But at gross profit level, there is improvement in this quarter. So I just wanted to understand the reason for that?

Vee Rajmohan: Yes. Yes. Since we took orders mostly with the price variation clause. And though there was a geopolitical issues were there due to that, the price rise of the raw materials are being absorbed because of this price variation clause, which we get from our buyers. So the margin was able to maintain and it was the reason it was absorbed, and it was passed out.

Garvit Goyal: So how we should look at these margins going forward in Q2 and Q3 and Q4, specifically when the newer plant ramp-up will keep on increasing, right? So what should be the margin trajectory from here on, the rest of the year?

Vee Rajmohan: We believe it will be maintained or sustained between 10% to 12%.

Garvit Goyal: That is the net margins you are speaking about, right?

Vee Rajmohan: Yes, I'm talking about the PAT, profit margin...

Garvit Goyal: My question is on the operating leverage to kick in. If you look at the existing plant utilization -- sorry, new plant utilization is lower level, right?

Vee Rajmohan: Yes, I understand your question. It will be maintained between 18% to 20%.

Garvit Goyal: Okay. EBITDA margins will be maintained between 18% to 20%.

Vee Rajmohan: Yes, between 18% to 20%.

Garvit Goyal: Understood. And sir, from the point of competitive landscape, while our order book is majorly in the power transformers, right, which is a more critical thing as compared to the distribution and the capacity buildup we are seeing in the renewable transformers. So how we should look at in terms of the product mix going ahead, the kind of order inflow we are expecting for the rest of the year, how we should look at this mix, sir?

Vee Rajmohan: See, as of now, we are holding an order book of INR590 crores. Out of that, the product mix is -- distribution is around 18%, approximately 18%. Power transformer is almost 76% and inverter duty transformer is almost 5 -- sorry, 6% -- 5.25%. This is the product mix which we got order. Now we are more focusing on power transformers, larger power transformers.

Garvit Goyal: Okay. So how we should look at the order inflow expectations for rest of the year? I mean can you give any number like this kind of orders we can expect in terms of the amount, right, for rest of the year?

Vee Rajmohan: Yes, we are expecting another INR300 crores to INR500 crores order, which we have already quoted and negotiation in the various stages. It was in various stages. So we are expecting another INR300 crores to INR500 crores order.

Garvit Goyal: In this financial year, these will be closed. That's what you are saying?

Vee Rajmohan: Not like that. We will get order. See, this year, we'll be able to complete 300 -- almost INR250 crores to INR300 crores this year.

Garvit Goyal: Okay. So this year...

Vee Rajmohan: Balance will be passed on to next year.

Garvit Goyal: Sorry, this year, our top line target is INR300 crores, right?

Vee Rajmohan: Yes, INR250 crores to INR300 crores.

Garvit Goyal: I think earlier you mentioned INR300 crores, isn't it? So is there any specific reason we...

Vee Rajmohan: No. I said it's between INR250 crores to INR300 crores.

Moderator: The next question is from the line of Pankaj from Avis Capital.

Pankaj: Congrats for good set of numbers. My first question is, sir, what is our current capacity utilization, more especially considering the new plant has come into place?

Vee Rajmohan: Yes, yes. The new plant, our capacity is almost 20% to 25% utilization as of now. We are utilizing 20% to 25%.

Pankaj: And what is the expectation we have, sir, for FY27?

Vee Rajmohan: Yes, maximum, we can go up to INR250 crores to INR300 crores.

Pankaj: And what would be the capacity utilization, say, in Q4 FY27?

Vee Rajmohan: Will be between 30% to 50%.

Pankaj: Sir, I think knowing we have INR590-odd crores of order book in place. So how much of this we are expecting to deliver in FY27 and how much in FY28?

Vee Rajmohan: Yes. Out of this INR590 crores as per the delivery requirement of the customers is INR377 crores should be completed before March. And INR212 crores will be delivered after March. Next year, it will pass on to the next year.

Pankaj: So if you have to deliver INR370-odd crores in this financial year, then how can our top line be in the range of INR250 crores to INR300 crores?

Vee Rajmohan: Correct. Because their customers, they are placing order 1 year before. So there may be some delay in the project or the progress of the project. So there may be some lapse. So cautiously, we are telling between INR250 crores to INR300 crores we can make this year.

Pankaj: So if I read it correctly, you're saying on an optimistic note, we can expect a top line of INR370-plus-odd crores. On a cautious note, we are saying INR250 crores to INR300 crores. Is that right?

Vee Rajmohan: No, no. We cannot go up to INR377 crores because all the customers will not take the transformer on the date of delivery. And for 10%, 20% customers the orders are they are extending their delivery period. So depending upon the requirement of the customer, we have to manufacture. Otherwise, then we have to keep the transformer in our place. So we are cautiously taking that INR250 crores to INR300 crores will be done this year.

Pankaj: Okay. And one related question with such a beautiful order book we have in hand. So what -- how are we kind of looking at working capital more especially in terms of inventory and debtors?

Vee Rajmohan: Yes. Now we have approached the banks for higher limits. And inventory, at least 2 months -- 2 to 2.5 months inventory, we have to hold.

Pankaj: And how about debtors, sir?

Vee Rajmohan: Debtors cycle will be around 90 to 100 days -- 80 to 100 days.

Pankaj: Okay. So almost Okay, sir. My last question is that, are we thinking about migration to main board considering that we are going to be due for migration in the next couple of quarters?

Vee Rajmohan: Yes, yes. We have a plan to migrate to main board.

Pankaj: And are you planning very much in line with when it's getting due?

Vee Rajmohan: Yes, we have a plan. In an appropriate time, we will definitely come into the main board.

Moderator: The next question is from the line of Sanjiv Mittal, an Individual Investor.

Sanjiv Mittal: So like your number is really good, the performance and I like you have a good order book, everything is there. But I have seen that there are 2 expenses, which has grown multifold. One is the employee cost. As compared to Q1 '26 to Q1 '27, it's become around 4x and other expenses, that has also grown from INR1.11 crores to INR3.17 crores. So what's the main reason for such a high growth in these expenses, which is...

Vee Rajmohan: It's a nice question. The employee benefits have increased. because when compared to last year first quarter, that is June 2025, we have not deployed any people for the new plant. So the new plant came into operation in the month of January, the first -- January -- mid of January only. So full-fledged, we start production, commercial trial production and commercial production in the month of February.

So now we have deployed more people for the new unit. So naturally, the employee benefits will high. The plant is almost 5x, 6x, 7x bigger than the existing one. So we need -- earlier here in the Unit 1, we have 60 to 80 people. Whereas in the new plant, we have deployed more than 250 people. So the expenses and everything will increase. So then only the revenue can be happened.

Sanjiv Mittal: And regarding other expenses?

Vee Rajmohan: The same way. same way. All the expenses are increasing. The plant is 6x bigger – 6x to 7x bigger. And we are aiming almost double this year. So the expenses will also increase.

Sanjiv Mittal: Sir, I got your point. So the same point, when the new plant is there with the new capacities, everything is there, so it will enhance the margins of the business or it will remain the same?

Vee Rajmohan: No. Since we are more focusing on power transformers, we are -- we believe we will get little 1% or 2% more margin. But this margin will be absorbed by the overheads. I mean the employee costs and the expenses. So we believe it will sustain. It will maintain the same.

Moderator: The next question is from the line of Paras Chheda from Purpleone Vertex Ventures LLP.

Paras Chheda: Sir, you mentioned between INR250 crores to INR300 crores for FY27. And for FY28, what will be our guidance, sir? And do we still maintain 10% to 12% PAT margin for that? Or would that be a shade higher given that the capacity ramp-up happen?

Vee Rajmohan: Once the capacity ramp up also, the margin will be maintained the same.

Paras Chheda: Okay, sir. And in terms of...

Vee Rajmohan: Year-on-year, 30% -- minimum 30% rise will be there on the revenue.

Paras Chheda: Right, sir. So sir, as a peak revenue from both the plants, what number would you put, sir?

Vee Rajmohan: It will be INR600 crores to INR650 crores.

Paras Chheda: Okay. And that's more likely achievable in FY29 or further in FY30?

Vee Rajmohan: FY29. We believe...

Paras Chheda: So if I just put the number, sir, I mean, just for understanding, let's say, if you manage to achieve about INR300 crores this year, then about 30% higher, which will be INR400 crores for FY28. Then we are saying probably another INR200 crores in FY29, is it?

Vee Rajmohan: Yes. The total revenue may come to INR600 crores, INR550 crores to INR600 crores in FY29.

Paras Chheda: Right. So I'm just trying to understand that for FY29, we'll be then executing about INR550 crores to INR600 crores, which will be incrementally about INR150 crores to INR200 crores more. Can that INR150 crores to INR200 crores itself will be executed in FY28? Because we're saying 30%, which is INR100 crores. So I'm saying can INR150 crores be executed?

Vee Rajmohan: Yes, 30%, definitely, there will be increase.

Paras Chheda: But can you execute higher than that for FY28? I'm just trying to understand that?

Vee Rajmohan: But now we are ramping up. We are more focusing on the execution side. Now we have enough money, machines are there, space is there, all technology orders also there. Now we are more focusing on the execution part. So we have to ramp up to get that revenue. So orders are there.

Paras Chheda: 30%, can we increase by 40% or 50% because that will be still only -- even 50%, will be INR150 crores. That means INR450 crores for FY28. Is that possible, sir?

Vee Rajmohan: Yes. You can take us 30% as our guideline, 30% year-on-year, there will be an increase of 30%.

Paras Chheda: Understood, sir. And now sir, we've got INR590 crores of order book. Now can we say that minimum INR500 crores of order book we will maintain hence forth, given that we are now also ramping up. So at all times, even after execution, about INR500 crores of order book will be maintained?

Vee Rajmohan: Yes, yes. It can be...

Paras Chheda: Because we secured almost INR200 crores in Q1.

Vee Rajmohan: Yes, yes. We have -- we believe definitely it will be maintained.

Paras Chheda: More than INR500 crores, is it?

Vee Rajmohan: Maintained between INR500 crores to INR600 crores.

Paras Chheda: Understood, sir. And just 2 more queries, sir. Any breakthrough on the export side, sir? Because on that front, maybe margins could be a little bit more than compared to the domestic?

Vee Rajmohan: Correct. As of now, direct export is not there. Significantly, the export figures are not there. Let us see in the next forthcoming years.

Paras Chheda: Right, sir. And we believe, sir, the margins, even if the copper prices were to rise, etc., the margins will be a pass-through, right? So we won't be hit in general over a medium-term perspective, probably a quarter may get hit, but more or less, the pass-through arrangement is there?

Vee Rajmohan: Yes. Most of the order we have price variation clause. Almost 80%, 85% order which we are holding is covered with price variation clause. So whatever the price rise will be passed on to the buyer.

Paras Chheda: Right, sir. And sir, in terms of working capital, if we -- as we move towards close to INR400 crores and INR600 crores of revenue, can you reach the peak revenue without further equity raise or we will require equity before that?

Vee Rajmohan: That we have not yet decided. But anyhow, we have approached bank and they have given adequate limits.

Paras Chheda: So the banking working capital limit is there, but will we require further equity raise to support the INR600 crores revenue ambition?

Vee Rajmohan: Yes, that we have to decide next year only. So for this year, there is no requirement for equity dilution. So as you know, the equity dilution is the costliest fund compared with bank borrowings.

Paras Chheda: But will we require any fund equity?

Vee Rajmohan: This year...

Paras Chheda: Not this year. I'm saying even if we were to...

Vee Rajmohan: Yes. Next year, '27, '28 may require.

Paras Chheda: Understood, sir. Okay. And on this main board thing, sir, I mean, as soon as we -- our window opens, would we be happy to transition on the main board?

Vee Rajmohan: Yes, sir, yes, sir. We are also planning to migrate to main board.

Moderator: The next question is from the line of Manish from One308 Ventures.

Manish: Sir, most of the questions have been answered by you already. So I'm left with a couple of questions, which I'm raising it with you if permitted. Sir, in the last con call, we mentioned about some tank manufacturing capacities to be put up. Any update on that, sir?

Vee Rajmohan: Yes. We bought the land a year back. And now the statutory approvals, we have applied for the statutory approvals. So we are waiting for the approval to be done. So almost 6, 7 departments it has -- they have to approve. I think we will get the approval before end of next month. So we can start construction. I think before March, I think this facility will complete.

Manish: And sir, what is the capex we are likely to do there? What is the amount of capex?

Vee Rajmohan: Yes, it's around INR20 crores, INR22 crores.

Manish: Okay. So we will be raising term loans from the banks for that?

Vee Rajmohan: Yes, we will be raising term loans for that.

Manish: Okay, sir. And in terms of, sir, combined both the plants put together, our capacity utilization would be how much for the whole of FY27?

Vee Rajmohan: Unit 1, it was utilized fully. Unit 2, 25% to 30% will be the utilization.

Manish: Understand, sir. Have you seen any order inflows from the data center segment, sir, till now?

Vee Rajmohan: We have started approaching data centers, and they are looking for a larger power transformers, whereas we have to give a certificate that is design validation certificate type certificate. So we are -- now we got 2 numbers of 165 MVA from KPTCL. So based on that, that inquiries can be fulfilled. So we are also approaching data centers. So as of now, we have not received any order.

Manish: Okay. So are we seeing any orders coming from data center segment in the FY27?

Vee Rajmohan: FY27 we'll not get. FY27, '28 we'll get.

Manish: Understand, sir. And sir, any sense you can share -- you can give on any potential overcapacity in the industry up to 220 kV transformers?

Vee Rajmohan: For 220 kV transformers, number of players are less compared to all pan-India, number of players are less. But anyhow, demand is very high. Demand is very high. From the market information, at least minimum 10 years, this demand will sustain. And not only in India, but overall global -- across globe, the demand is good. Demand is very good.

Moderator: The next follow-up question is from the line of Garvit Goyal from Serene Alpha. As there is no response from the participant, we'll move to the next.

The next question is from the line of Harinder Singh from HS Portfolio Management.

Harinder Singh: I have a few questions. The order booking which we have for this year. So as you said, the 70% of the orders are with LME. Just want to recheck on this because typically, the transformers with shorter lead time are with fixed price contract. So I just want to make sure that the order book which we have, 70% of those orders are not fixed price, those are linked to LME. My understanding is correct?

Vee Rajmohan: Yes. It's almost 80%. 80% is covered with the price variation clause.

Harinder Singh: Very good. So this is something which is not very common in smaller rating and shorter lead time. Customers always try to secure it by giving a fixed price, but this is good that we have a secured order?

Vee Rajmohan: No. Generally, we don't take secure order without price variation. Since there was large difference, the price rise and the other things.

Harinder Singh: Correct. So just wanted to check on this also, like for the cast resin type transformers, even if you want to take some time to get into the data center business, but into this data center industry, there are only 2 players which are acceptable in the data center industry. One might be the SGB transformers and might be second one is the Voltamp or Sudhir.

So do you have any plans because this is an easy breakthrough if you want because you don't need a typical short circuit test for getting these kind of approvals, which takes a lot of time? Sometimes in Maharashtra, Bangalore, it takes 2, 3 years to get those approvals. But for cast resin type transformers, which are typically very well used into data center, there is no competition. So are you planning because it will be easy breakthrough for you to enter into these kind of transformers?

Vee Rajmohan: Yes. Now is the time to break the barrier. So we will -- we are trying to enter data centers. And as of now, we have quoted. But as of now, we have not secured any order from data centers.

Harinder Singh: Yes. Okay. So like power transformers also, if you see companies like Siemens, company like Bharat Bijlee or Transformer and Rectifiers, their lead time somewhere for 300 and 500 MVA transformers is more than 2 years, right? So if you can get the short circuit test done and at least you enter into Maharashtra market where the data center industry is at peak. And in Maharashtra and Hyderabad, we have more than 2 gigawatts.

Hyderabad is more than 1 gigawatt and Maharashtra, Bombay is more than 2 gigawatt of requirement of data centers, which is going on. So if you try at least to get these short circuit test approvals up to 300 or at least 325 -- not 500, at least 300 up to 300 MVA if you can get these approvals into these 2 states, then your 90% of data center business is secured.

So rather than focusing on South Bangalore, Pune and other regions, the only feedback is please focus on Hyderabad and Mumbai, which is 90% of the data center business, which is going into this industry.

Vee Rajmohan: Yes, absolutely right. The suggestion is well taken. Actually, our planned capacity as of now is to make up to 200 MVA up to 220 kV voltage class. So for going for 300 MVA and 500 MVA, we need to enhance our -- we have to expand our facility. See, as of now, our product range will be between -- will be below 200 MVA. Don't have that manufacturing facility to make up to 300 MVA. We can do up to 200 MVA.

Harinder Singh: Got it. And only feedback to you is don't try to start with hyperscalers like Amazon, Google, Microsoft, entering into the data center business will be more difficult for you. Under them, there are colocation providers like there are companies like NTT, STT, CC, Nxtra Airtel who provides services on rental to these companies.

So getting approvals in these companies are easier because these are Indian-specific approvals. In companies, if you go to the hyperscalers like Microsoft, Amazon, it will be very, very difficult for you to get those approvals.

So they do substations also for hyperscalers. They do have 220 kV substation, 400 kV substation, where typically a higher rating of transformer goes up to 300 and 500, but the lower rating where you have the capability, which is 165 MVA transformer where you already have a facility in place, and this is also a single project might be a INR50 crores job for you.

So it's easier for you to go to this industry where you have a good presence in Chennai, then go to C, right, try to get these kind of data center requirement. But for that, the most mandatory requirement is you should have local government approval for the short circuit done. So you have to put your approvals in place.

And rather than going to a big hyperscaler, it's better for you that you go to the colo providers because for them, approvals are easier. You might get it in 1 month's time, which you will not get in big companies like Amazon, Microsoft.

Vee Rajmohan: Yes, absolutely right. Absolutely right. First thing is we need to do test on this 165 MVA so that we can secure order for 50 MVA, 100 MVA and 160 MVA and mostly used in more than 100 MVA are using in data centers.

So with this, if we complete this 160, 165 MVA test, -- so we can cater to data centers, at least from 100 MVA, we can do that, 100 to 160 up to 200 MVA we can make. And once we got type tested, automatically, it will be -- we will be at par with other suppliers.

Harinder Singh: Correct. For Mumbai, MSPCL approval and for Hyderabad, TSIIC approval. So these 2 approvals, if you can focus on rather than Bangalore and other regions will be more helpful for you to grow business faster?

Vee Rajmohan: Yes, yes. Already, we have got into Telangana and as well as Andhra Pradesh. So yes, we are in that position.

Harinder Singh: Yes. So best of luck, sir, for your business. So I am heavily invested into your company, and I have a very, very good trust where you are growing. This industry is -- as a country, we are expanding into this particular category, and there is no competition because everybody is fully booked. So companies like Siemens, they are running up to more than 2 years order book backlog with a PE of more than 120.

So it's a good exposure for an Indian company with a very focused approach on power transformers to grow. So the only request is focus on your power transformers because these all orders, 100% orders are protected by LME and the longer lead time is the issue which is currently market is facing.

If you focus on this, get your approvals on time, because of the delivery time line, you will be able to secure and grow your business faster than anybody else because there is no competition in terms of lead time into this industry. So focus on power transformers rather than the smaller rating transformers.

Vee Rajmohan: Correct. Correct. As you said, we are focusing more on power transformers. And that is why we secured 75% -- more than 75% of our order book is booked with power transformers. And still, we are planning to do higher MVA and higher kV transformers. So as you suggested, we are looking into that.

Moderator: The next question is from the line of Garvit Goyal from Serene Alpha.

Garvit Goyal: Can you let us know how this Q2 is going, sir, in terms of execution and margins where we can -- what kind of top line we can expect?

Vee Rajmohan: So for FY27, we can expect between INR250 crores to INR300 crores top line. And the PAT margin will be around, we believe it will be around 9% to 12%.

Garvit Goyal: No, sir, I'm asking about Q2, ongoing quarter, how is it going, sir? I don't mean the number, but I'm just trying to understand in terms of execution, how is it going?

Vee Rajmohan: It is going well. It will be definitely higher than Q1. So now the new facility is ramping up. So definitely, it will be higher than Q1 results.

Moderator: The next question is from the line of Jitesh K from Tata.

Jitesh K: I think you have answered almost all the questions. One question. In terms of the new capacity in Kannur, right, like the scaling of operations is a bit lagging, I felt. So is there any other challenges apart from the workforce you are facing? Because I have seen other transformer enablers scaling it in the first quarter, 20%, then they will go to 35% next quarter itself, right? By within 1 year, they will be 50% utilization. Whereas, I feel a little bit drag over there. Is there any other challenges you're facing in terms of capacity utilization in for the second plant?

Vee Rajmohan: Actually, the workforce, the training for the workforce, the people who work by hand continuously, we are doing training instead of getting from other companies that is skilled workers or experienced workers we have not taken. We have up to manager, up to supervisor level, we have taken experience with the people. And we deployed some 20% to 25% skilled workers from the Unit 1. We have deputed them there. And balance we have taken from the market as freshers.

And now we already we have given training for the past 3, 4 months, we have given training, and it is ramping up. So definitely, as you said, in Q2, it will be improved. As of now, it is a little less. But definitely, it will be improved in Q2.

Jitesh K: Okay. So main board migration, are we eligible now or is it going to take some time again?

Vee Rajmohan: Main board, I think will be -- the window will be open after December.

Jitesh K: Okay. So are we going in the next year -- next year or it will be delayed?

Vee Rajmohan: Yes, yes. Next year, definitely, we will.

Jitesh K: Paperwork will start now itself, right, in that case?

Vee Rajmohan: Yes, yes. We already started that. So for that only, we are continuously giving results quarter-on-quarter. Actually, SME, it is not mandatory to quarterly, but we want to develop a culture main board. And all compliance also we need to do. We are on that.

Jitesh K: So we are expecting to be on the main board by Q4 this year.

Vee Rajmohan: Let us see.

Moderator: The next follow-up question is from the line of Paras Chheda from Purpleone Vertex Ventures LLP.

Paras Chheda: Just wanted your perspective on the demand environment over the next 2 to 3 years?

Vee Rajmohan: The demand is very high. And as of now, we have -- our order book is INR590 crores, say, INR600 crores. Almost INR350 crores, we are going to do this year. And next year, already we have booked.

Paras Chheda: I'm trying to then...

Vee Rajmohan: Demand is very good. Only thing is we need to execute the orders.

Paras Chheda: Right. So then the incremental new orders, I mean, especially being power transformers, is there a possibility of increasing our gross margins on those new incremental orders given the demand environment is tight?

Vee Rajmohan: Yes. Demand yes. Actually, we are now focusing on power transformers, especially for larger power transformers. And there, we believe the margin will be slightly 1% or 2% more. And equally, that will be absorbed by the overheads, which we are deploying now, almost 200 to -- 250 to 300 people we have deployed. So it is balanced there.

Paras Chheda: Okay. And sir, please go ahead.

Vee Rajmohan: Yes, that's the reason not able to increase above this 9% to 12%.

Paras Chheda: Okay. Because I thought we were planning about 10% to 12% on PAT margin.

Vee Rajmohan: Yes.

Paras Chheda: So do you stick to 10% to 12% or is that 9% to 12%, sir?

Vee Rajmohan: Maybe 1%, this or that. We are planning to have more margin. Let us try for the better one.

Paras Chheda: Fair enough, sir. And sir, if you are positive on the medium-term demand environment and potentially new capacity expansion plans also come up, if you do plan ahead next year for capacity expansion, what kind of capacity you could add any land available for that? And what kind of capex could be possible? I'm not saying that the plans are freezed right now. But just tentatively, I mean, what kind of capacity addition could be there in the capex and the land availability?

Vee Rajmohan: Yes. In this -- now in the Kannur facility, the land is full. This 6 acres only built. So further expansion in that place and that location is not possible. So we have to look for a separate land.

And we are also thinking about that, buying land for our next capex. We are just thinking for that.

Paras Chheda: Okay. And what -- so now our capacity is 9,000 MVA. What kind of capacity addition could we think of?

Vee Rajmohan: Next, we thought of the increase the capability to make 300, 500 MVAs.

Paras Chheda: Right. And increased by about 2,500, 3,000 MVA?

Vee Rajmohan: No, no. 300. Now we have capability to do 200 MVA, 220 kV. Now we are -- there, we can increase that. That is 300 MVA to 400 MVA, 500 MVA like that.

Paras Chheda: No, understood, sir. So that category of transformers understood. But overall capacity addition, would that be about 3,000 MVA?

Vee Rajmohan: We have not bought any land, and we don't have any perfect plan. Once it gets freezed, we will discuss on that.

Paras Chheda: Right. And sir, on your little bit of backward integration thing that you had planned to support and enhance margins, how is that working out, sir?

Vee Rajmohan: Yes, it's working well. And the maximum transformers below 500 kV we are doing there only. In this Danya Electric Company, we are using backward integration there. that company is supporting for that, which is for distribution transformers.

Paras Chheda: Right. And in general, sir, I mean, any sort of visibility in terms of your international order breakthrough as to when can we get into the market?

Vee Rajmohan: Yes. Actually, last 1.5 years, we are trying to get into international market directly. Let us see when something comes positive. Definitely, I will inform.

Moderator: The next question is from the line of Achuth from Rockstar Equity Research.

Achuth: In the previous con call, you have guided for 60% growth in FY27, which should come somewhere around INR275 crores. That is a minimum you have guided, sir. Now why that? Now why are we guiding for INR250 crores to INR300 crores? And what is the possibility that we can end up with INR250 crores because the order book is very good and you also have the capacity now. What's making you saying that you will be doing INR280 crores?

Vee Rajmohan: No, no, I should actually, if I commit something less and if you get something better, naturally, the investor will be safeguarded. First thing. Giving big figures and I suppose not committing this should not affect the investors. And we have very good visibility to make the revenue between INR250 crores to INR300 crores. It may cross INR300 crores also.

Achuth: Okay. But I mean, what is the possibility, sir? Like I mean you are telling INR250 crores very conservatively. What is the possibility of making...

Vee Rajmohan: This year, I have committed INR200 crores to INR225 crores -- Sorry, I committed INR200 crores. Initially, I committed INR225 crores. And later after H2 -- H1, I have started committing INR200 crores, but INR190 crores only, INR190 crores only. So I don't want to give a so that investors can be well aware of the figures.

Achuth: And what is -- I mean, what is the expectation on the order book by this year end?

Vee Rajmohan: Yes. As we said, this -- even after execution, the order book will be maintained between INR500 crores to INR600 crores.

Achuth: Okay. And what is the expectation on FY28, sir? FY28, do you have any number in your mind, sir, how much you want to do...

Vee Rajmohan: Yes, 30%, there will be increase. Year-on-year, there will be 30% increase. Say this year, if we complete that INR300 crores and next year, it will be around INR400 crores. So 30 % -- 20% to 30% will be the increase.

Moderator: As there are no further questions from the participants, I would now hand the conference over to Mr. Parth Acharya for closing comments. Over to you, sir.

Parth Acharya: 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.

Vee Rajmohan: Thank you very much.

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