

Supreme Power Equipment Ltd — 20 Mar 2026 Credit Rating Summary

Section	Details
Agency	CRISIL Ratings
Rating Change	BBB- → BBB (Upgraded by 1 notch); ST Rating: A3 → A3+
Outlook (Current vs Previous)	Stable vs Stable
Key Drivers of Change	<ul style="list-style-type: none"> • Revenue Scale-up: Growth from ₹99.23 Cr (FY24) to ₹148.72 Cr (FY25), driven by strong execution. • Order Book Visibility: Robust pipeline of >₹300 Cr (as of Feb 2026) to be executed in 9–12 months. • Profitability Sustainance: Ability to maintain healthy operating margins at ~17% despite raw material volatility. • Strong Coverage: Interest coverage ratio at 11.11x (FY25), indicating massive headroom for debt servicing.
Rated Instruments	<ul style="list-style-type: none"> • Rupee Term Loan: ₹35.00 Cr
Key Observations	<ul style="list-style-type: none"> • (+) Order Quality: ~70% of order book from private players, reducing counterparty risk and improving GCAs. • (+) Capital Structure: Low reliance on external debt; Adjusted Debt/Networth at 0.2x–0.63x. • (+) Management: Promoters have 20+ years of experience in transformer manufacturing. • (-) Working Capital Intensity: High GCAs (210–289 days) due to long inventory (82–96 days) and receivables (111–211 days). • (-) Margin Risks: Vulnerable to tender-based bidding and copper/transformer oil price fluctuations. • (-) Liquidity: Adequate with cash accruals of ₹20–25 Cr against moderate debt obligations.
Investor Impact	<ul style="list-style-type: none"> • Growth: High revenue visibility (Order book is ~2x FY25 revenue). • Margins: Operating efficiency and price escalation clauses protect the 17% margin floor. • Leverage: Strong internal accruals minimize equity dilution risk for future Capex. • Working Capital: High cash entrapment in receivables remains the primary drag on valuation.
Agency / Cross Analysis	<p>Same Agency (CRISIL): Upgrade reflects the transition from "expected" growth to "realized" performance. Previous review (Dec 2024) likely focused on the IPO/listing transition; current review validates the scaling of operations and the shift toward more efficient private sector contracts. Financial risk profile (Interest coverage 11.11x) is significantly stronger than the typical BBB median.</p>
Final Inference	<p>Real fundamental improvement. The upgrade is backed by a 50% YoY revenue jump and a massive order backlog. While working capital is heavy, the shift to private clients acts as a de-risking signal for future cash flows.</p>