



Dated: 6th August, 2025

The Manager
National Stock Exchange of India Limited
Exchange Plaza, 5th Floor,
Plot No. C-1, Block-G
Bandra Kurla Complex, Bandra (E)
Mumbai- 400 051
Symbol- SKIPPER

The Manager
BSE Limited
Phiroze Jeejeebhoy Towers, Dalal Street
Mumbai- 400 001
Scrip Code- 538562

Subject: Transcript of the conference call on Unaudited Financial Results for the Quarter ended 30th June, 2025

Dear Sir,

In accordance with Regulation 30 read with Schedule III of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, we are forwarding herewith the transcript of the conference call with Investors and Analysts held on 31st July, 2025, on Unaudited Financial Results of the Company for quarter ended 30th June, 2025.

We request you to kindly take the aforesaid information on record.

Thanking you,

Yours faithfully,
For **Skipper Limited**

Anu Singh
Company Secretary & Compliance Officer

Encl: As above





“Skipper Limited
Q1 FY '26 Earnings Conference Call”
July 31, 2025



MANAGEMENT: **MR. SHARAN BANSAL – DIRECTOR – SKIPPER LIMITED**
MR. SHIV SHANKAR GUPTA – CHIEF FINANCIAL
OFFICER – SKIPPER LIMITED

MODERATOR: **MR. NAVIN SAHADEO – ICICI SECURITIES**



Skipper Limited
July 31, 2025

Moderator:

Ladies and gentlemen, good day, and welcome to the Q1 FY '26 Earnings Conference Call of Skipper Limited organized by ICICI Securities 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 now hand the conference over to Navin Sahadeo from ICICI Securities. Thank you, and over to you, sir.

Navin Sahadeo:

Thank you. Good evening, everyone. On behalf of ICICI Securities, I welcome you all to the Q1 FY '26 Earnings Call of Skipper Limited. Today, we have with us Mr. Sharan Bansal, Director Skipper; and also the CFO, Mr. Shiv Gupta.

So without any further ado, I hand over the call to the management for opening comments. Over to you, sir.

Shiv Gupta

Good evening, everybody. This is Shiv Gupta, Shiv Shankar Gupta, CFO. Yes. Thank you, Naveen. Good afternoon, everyone, and welcome to Skipper Limited's Quarter 1 FY '26 Earnings Conference Call. I would like to extend my gratitude to all our investors, analysts and stakeholders for your continued interest and support.

Before we proceed, I would like to remind you that certain statements made during this call may be forward-looking in nature and should be reviewed in conjunction with the risks and uncertainties associated with our industry and business. Some of the key operational and financial highlights in comparison to previous year quarter were as follows.

I'm pleased to inform you that we have delivered yet another good quarter and registered our best first quarter revenue on back of strong execution in Engineering and Polymer segment. The net revenue for the quarter stood at INR1,2539 million against INR1,0917 million, up by 15%.

The segmental revenue breakup were as follows, Engineering INR1,248 million, up by 24% over previous year quarter. Polymer INR1,272 million, up by 34%. Infra segment, INR1,019 million, down by 39%.

The company engineering export revenue grew 30% year-on-year to INR3,254 million in quarter 1 compared to INR2,508 million in the previous year, reflecting strong international demand momentum. Export share in overall engineering revenue stood at 32% in this quarter.

Now moving on to our quarterly financial performance. Our reported EBITDA of INR1,272 million was the highest ever for any quarter, rose 22% in comparison to INR1,047 million in previous year period. Consolidated EBITDA margins improved to 10.1% vis-a-vis 9.6% year-on-year, driven by operating leverage and execution of higher quality T&D contracts.

The Engineering segment EBITDA margins for the quarter stood at 11.3%. We have clocked the desired margin range of 11% to 12% now for past many quarters. Going forward also, we

will see a consistent margin performance from this business on back of better quality contracts execution and benefits of operating leverage.

The management focus continues towards bottom line improvement. The stand-alone PBT increased by 41% to INR598 million and PBT margin improved to 4.8% of sales for the current quarter period against INR423 million and margins 3.9% of sales in previous year quarter. The stand-alone PAT also increased by 41% to INR447 million and PAT margin improved to 3.6% of sales for the current quarter period against INR316 million and margin of 2.9% in previous year quarter.

On the order front, I'm happy to inform you yet another good quarter for us. During the quarter, company secured significant size domestic contracts from Power Grid Corporation of India Limited and export markets in Middle East, contributing to a total inflow of over INR1,9774 million.

The current quarter order inflow was up by 158% compared to the previous year quarter period. During the quarter, we secured 3 prestigious 765 kV transmission line projects from Power Grid in the states of Rajasthan and Andhra Pradesh, strengthening our position in the high-voltage segment and also secured a major tower testing and design order approval from the Middle East largest utility, reflecting the growing acceptance of our in-house design capabilities among global utilities.

This has propelled our order book to an all-time high level of INR85,205 million plus reinforcing strong execution visibility. The tender pipeline remains deep with the current bidding pipeline at all-time high of approximately 300,000 million, reflecting strong opportunities in both domestic and international markets. We are participating in a wide range of high-value tenders across domestic, Middle East, LatAm, Asia Pacific, North America, and African markets, many of which are significantly larger in size.

The vibrant domestic T&D environment aligns with Skipper's commitment to leverage India's transmission sector growth with the government's focus on scaling renewable grid infrastructure and improving electrification. Skipper is poised to support this growth.

Our qualification to undertake EPC projects at the highest voltage level of 765 kV and 800 kV gives us a strong advantage. We are among the very few companies in the country with the capabilities to execute these high-voltage projects backed by years of expertise and experience.

Strategic highlights. We also made meaningful progress on several strategic fronts. A few of the updates are as follows: Our 75,000 million tons per annum new capacity is now fully installed and commercially operational. This is a strategic enabler that now allows us to target fast track export orders and short-cycle demand, segments where we faced constraints last year.

In addition, we have embarked on another 75,000 million tons per annum capacity expansion with a bold vision to become the world's largest transmission tower manufacturer with 6 lakh million tons capacity by FY '28 end.

In the Polymer business achieved 40% year-on-year growth in volume terms, we have increased focus on plumbing segment to improve profitability and enhancing our retail distribution network and are gaining momentum with product diversification. Number of distributors billed and increased by 39% year-on-year.

Monthly billed retail outlets grew by 23%, strengthening last mile reach. Further, company Board has approved formation of subsidiaries in 3 key international regions to accelerate export growth and deepen global market penetration.

In conclusion, Skipper Limited continues to deliver strong operational and financial performance, driven by our focus on execution excellence, strategic initiatives, and prudent financial management. We remain optimistic about the future and are confident in our ability to create long-term value for our stakeholders.

Thank you, and I'm happy to take questions now. Thank you.

Moderator:

Thank you very much. We will now begin the question and answer session. We have our first question from the line of Balasubramanian from Arihant Capital.

Balasubramanian:

Exports have witnessed around 30% growth in this quarter. I think our major focus in North America and the Middle East. And we are also getting a lot of orders from that. But it seems that the approvals are slow. So what is the realistic time line for scaling to like especially U.S. revenue to 10% of exports? And I just want to understand the cost structure between us and the Chinese competitors in bid for markets like Africa and Latin America side.

Sharan Bansal:

Yes. You are right that exports have seen a significant growth this quarter in terms of revenue execution. This year, overall, we have a target to double our export order inflow from previous year approximately INR700 crores to INR800 crores. We feel that we can take a target to double it to about INR1,500 crores to INR1,600 crores of new order inflows, which should definitely have a positive effect on execution.

And as mentioned by Shiv ji in the opening remarks, because till last year, we were facing a capacity constraint. Now we don't have a capacity constraint with the new capacity coming online and further new capacity getting added. So we will be able to pick up short-term orders in the export market as well.

With regard to the approval process, approval process is going in a steady manner. We have been obtaining new approvals in various utilities at a good pace. And recently, we also secured a strong engineering order from Middle East largest utility. So I would say that overall export, we are happy with the export progress.

Regarding to our competitiveness against the Chinese, of course, the Chinese threat always remains and Chinese players from time to time are very aggressive in the market. But with the strength of our engineering and with the strength of our backward integration, we are able to match -- we are able to compete with the Chinese players also quite well.

- Balasubramanian:** Okay, sir. Sir, in the polymer segment side, we have seen a lot of order declines in Jaljevisan, whether this retail and distribution growth can completely offset this order declining side. And we're also shifting to the pumping side around 50% kind of mix, which is higher margins. Just want to understand what's the long-term target for nongovernment revenue share...
- Sharan Bansal:** Yes, absolutely. So you see despite the Jal Jeevan projects not being there so much, we have reported a significant improvement in polymer revenue. The polymer revenue has grown by 34%. And we feel that a similar trend will be seen in the remaining quarters also where we will see greater business coming from pump plumbing segment, which will be better margin for the company also. So I think Polymer segment is also in the right direction.
- Balasubramanian:** Okay. Sir, my last question, around 75,000 metric tons capacity is right now operational. What is the utilization level right now? And we also planned additional 75,000 tons probably next few years. And how this capex time line, how we are going to execute this?
- Sharan Bansal:** Yes. So the recent 75,000, which we have commissioned in quarter 1, right now, we are developing and we are getting the output of that. I think we should be able to get full output from that very soon within quarter 2 and quarter 3 itself. And further capacity expansion plan is taken on for another 75,000, which we hope to commission by end of this financial year.
- Moderator:** The next question is from the line of Sheetal Sharma, an Individual Investor. As Sheetal ma'am has left the queue, we will take our next question.
- The next question is from the line of Hardik Dara from SP Dara.
- Hardik Dara:** I just wanted to understand what is the macro outlook of the sector going ahead for the next 4, 5 years? I mean, is there a long-term tailwind that we are expecting?
- Sharan Bansal:** Yes, the macro position looks extremely good. There is a strong pipeline and strong tailwinds in our sector with the government investment of total INR9 lakh crores in the power transmission sector up till 2032. And some reports I have read recently where the investment might be higher than INR15 lakh crores also. So up to 2035.
- So I think we are looking at a long growth period for the power transmission business in India. And even in global markets, we are seeing good amount of demand in a number of markets. So I think as more and more countries are transitioning towards renewable power, grid investments are definitely -- we are seeing more and more of that. So I would say macro, certainly, there are strong tailwinds in our sector.
- Moderator:** The next question is from the line of Mehul Panjuani from 40 Cents.
- Mehul Panjuani:** Sir, I would like to know what is the revenue breakup between Engineering, Infrastructure and Polymer segments for the company?
- Sharan Bansal:** It's -- if you're asking about quarter 1, in quarter 1, it is 82% is coming from Engineering segment and about 10% is coming from Polymer segment and 8% is coming from Infra.

- Mehul Panjuani:** Right, sir. So sir, what has led to a little bit of subdued quarter compared to quarter 4, which segment has...
- Sharan Bansal:** No, in general, see, we have always maintained that our H1 revenue is 40% of the year and H2 revenue is always 60% of the year. So as it is a normal trend, which we have seen over last several years, you may compare the previous numbers also. If you compare our this year's quarter 1 performance to last year's quarter 1, which is the correct comparison, you will find close to about a 24% growth -- sorry, 15% growth over last year's quarter 1.
- So I think certainly, overall, we are quite confident and we have given a guidance also that the company is on track to deliver 25% overall revenue growth in this full financial year over last financial year.
- Mehul Panjuani:** Right, sir. Sir, my second question is regarding the Middle East order. So is it a first of kind order for us from the Middle East or we have been doing work in Middle East before as well?
- Sharan Bansal:** We have been doing work in Middle East. However, this is Middle East's largest utility, Saudi Electric company. So they have recently given us an engineering order. So that is the first from us because they are the most significant utility in Middle East. So that is why we have reported it separately. Otherwise, we have been working in various other utilities in the Middle East for last several years.
- Mehul Panjuani:** Sir, can you please briefly summarize what is the design about for this company, what we are designing?
- Sharan Bansal:** We are designing and testing transmission towers for them.
- Mehul Panjuani:** Okay. And how large is the order if you can share?
- Sharan Bansal:** It's about INR25 crores.
- Mehul Panjuani:** INR25 crores. And sir, what is the timeline for completion?
- Sharan Bansal:** About 8 months to 10 months.
- Moderator:** The next question is from the line of Abhijeet Singh from Systematix.
- Abhijeet Singh:** Sir, good to see a very strong set of results, both operationally and the work that you have done on the interest cost front. That is really heartening to see. And the first question is on the domestic T&D business...
- Moderator:** Mr. Abhijeet you are not audible, can you please repeat your question?
- Abhijeet Singh:** The first question on the domestic T&D business. I mean we all have talked about a very strong long-term outlook on the macro front, which is also talked about in the NEP. But in terms of the last 3, 4 months, what has been the momentum in terms of the tendering from our end customers like PGCIL and other players? So have we seen some change in the momentum of tendering from these players? That's the first question.



- Sharan Bansal:** No, the tendering is quite consistent and tenders are coming out at a good pace. And we are also participating in our order bid pipeline has also been growing. So as this quarter itself, we have secured about INR1,900 crores of orders, which is quite significant. And so I would say that both the bidding pipeline, new tenders, etcetera, are coming out in a very consistent manner.
- Abhijeet Singh:** Right. So I mean, given the momentum and expectation for the rest of 9 months of this fiscal, we can expect a double-digit kind of growth in order inflows. That is what it looks like right now?
- Sharan Bansal:** Yes, absolutely. We expect that our total order inflow for this year should be in the range of INR6,500 crores to INR7,000 crores.
- Abhijeet Singh:** All right. Sir, and you mentioned in the press release are up theories across three geographies. Could you please tell us [inaudible 0:22:09] on what is the objective here? Are we planning to set up manufacturing also abroad or how will this work? If you can elaborate a little bit on this?
- Sharan Bansal:** See, currently, we have only obtained Board approval for setting up of these subsidiaries. And now the management shall evaluate the feasibility of setting up these subsidiaries and eventually manufacturing facilities, if possible. I would say that manufacturing facilities, probably there are no plans in the short to medium term.
- Long term, there may be such plans. But however, our objective right now is just to be closer to the market and to be able to service our customers better as because we are looking at good growth in the international order inflows in the years to come, and the opportunity is also quite strong.
- Abhijeet Singh:** Right. So no substantial investment in the near term in these geographies?
- Sharan Bansal:** No immediate plans. Right now, the objective is just to be closer to the customer and to be able to service the customer better.
- Abhijeet Singh:** Got it. And sir if you can also talk about the impact of tariffs. They are held at the current level of 25%. So I mean, versus last quarter, how has the outlook changed for exports to U.S.
- Sharan Bansal:** Sure. So the -- I would say that the U.S. market makes up less than 1% of our order book. So it's not very significant for us. The impact of tariffs has to be seen because the situation is, I would believe, quite dynamic where the tariff numbers keep changing very fast. sometimes it's 10%, sometimes it's 25%, sometimes it's 50%.
- So honestly, we will have to wait for some clarity to emerge from this. However, net-net, the company has opportunities in several other markets apart from the U.S. also. So I would say that we would adopt a wait-and-watch policy to see how the situation finally emerges in the U.S.
- Abhijeet Singh:** Right. So sir, I mean, currently, I think if I'm not wrong, export contribution revenue is about 20% or in that range. So what is the major geography in here that is already -- that we are doing business in?

- Sharan Bansal:** Yes. So the export revenue in this quarter was about 30% of engineering -- or 30% of engineering products. And I think overall, it was about I think 20%, 25%, maybe 20% on an overall basis. So the majority -- the major geographies where currently we are executing projects are Middle East and a little bit in the Africa and LatAm region. That's where the major orders are going right now.
- Abhijeet Singh:** Right. So I mean, I think INR30 crores revenue we have booked in the exports in Q1. And so let's say, I mean, even if we do about INR2,000 crores of INR300 crores of order inflow, still there's a lot of scope to expand only in Middle East because Middle East itself supposedly is a big market.
- Sharan Bansal:** Yes, yes. Of course. Look, we have -- we are present in more than 70 countries worldwide. So of course, Middle East is a very promising market, but we are seeing good opportunities in other markets also.
- Abhijeet Singh:** And sir, lastly, any guidance for FY '26 in terms of revenue and profit growth?
- Sharan Bansal:** Yes. I think in terms of revenue, we are quite confident that looking at our order book strength, we are confident of delivering a 25% plus revenue growth for FY '26. And in terms of margins, we have seen some margin improvement in this quarter also as because now in the execution, it is more T&D contracts compared to non-T&D and better quality contracts are also coming. So we are quite confident that we should be able to deliver at least a 50 basis point improvement in EBITDA margins over last year.
- Moderator:** The next question is from the line of Manish Ostwal from Nirmal Bang.
- Manish Ostwal:** In terms of the current non-T&D business, so what kind of operating margin we are generating?
- Sharan Bansal:** Non-T&D is about roughly 14% of our order book right now. I would not be able to pinpoint an exact margin, but typically, historically, non-T&D has been about 2% lower margin compared to T&D business.
- Manish Ostwal:** Okay. The second thing, sir, we have seen a good improvement in our interest expense as a percentage of revenue reduction in this quarter. And you commented in the presentation, it will further reduce. So any indicative number we can hit by exit of FY '26?
- Sharan Bansal:** Yes. I think our target is that we should be close to 4%. That is what our -- we think we can reasonably achieve by the end of FY '26.
- Manish Ostwal:** And lastly, sir, in terms of domestic market, whatever orders we have got during this quarter against the bid, so what is the bid percentage we are having and -- or whether we have increased some market share also? Can you talk about that thing?
- Sharan Bansal:** We have been maintaining about 20% to 25% hit rate from our order book. So if I look at our bidding pipeline right now is about INR30,000 crores. So which is why we are quite confident that INR6,500 crores to INR7,000 crores should be quite possible for us to get as an order inflow against this bidding pipeline.

- Manish Ostwal:** And sir, your comment of 25% growth for the full year. So in terms of domestic business versus export business, the trajectory will be very similar or export will have a much larger share in coming quarters and years?
- Sharan Bansal:** See, exports in terms of order book is only 10% for us right now because till last year, we did not really have capacity -- spare capacity available. So we were conservative in picking up the export orders. However, now I would say that now we have sufficient amount of capacity available, and we are going for a new capacity expansion also. So I think we will have the greater ability to pick up short-term export orders also. So we will have to see what the final export execution revenue will be.
- But I'm quite confident that in terms of order inflow of export, we will definitely see a significant improvement. We have been on an average, taking INR700 crores to INR800 crores of export orders every year. That we should double to INR1,500 crores this year for sure.
- Manish Ostwal:** And margin profile in export order versus domestic business, what is the difference, sir?
- Sharan Bansal:** Exports typically come with about 2% -- 1% to 2% better margins across geographies.
- Moderator:** The next question is from the line of Ishan Verma from InCred Equities.
- Ishan Verma:** I wanted to understand like what is our view on the infra segment wherein we see that for the past 3 quarters, we are seeing a degrowth in that segment. So how are we focusing and what are -- what would be the guidance for this full year for that segment? And is it the case that it is lower margin, that is why we are not focusing on that or some update on...
- Sharan Bansal:** No, it's not that. Actually -- yes, actually it depends on contract execution. So see, certain infra is completely dependent on the contracts that are due to be executed. And there may be variances across quarters. However, despite that, we are confident that even in Infra segment over the full year basis, we will be able to deliver 20% to 25% growth in the Infra segment also in line with our company's revenue growth aspiration.
- Ishan Verma:** Okay, sir. And we won a substation EPC order in last quarter. So is there any other order that we are bidding for like, is there any status for that?
- Sharan Bansal:** Sorry, could you repeat that question. I'm not able to hear you very clearly. Could you just repeat?
- Ishan Verma:** Yes, sure. So we won a substation EPC order in last quarter, right, when we entered substation segment. So what kind of opportunity we see going forward in this segment because this is a better margin orders, right?
- Sharan Bansal:** Substation is obviously a very significant opportunity. We -- out of the total INR9 lakh crores that is to be invested in transmission sector, we expect that the split will be 50%-50%, 50% in transmission lines, which is our traditional addressable segment and 50% in substation, which is a new segment for us.

So I would say, yes, there are very significant opportunities. However, we are a new player in the segment. So it will take time for us to ramp up our order inflow and revenue in this segment. But I would say that we have started in a positive note, and we have secured good contract. And yes, we are expecting more contracts to come in that segment in this year also.

Ishan Verma: Sir, in the Engineering Products segment, we major orders from PGCL, right? Going forward, other players of concern that in the market wherein ordering is -- rendering is happening on TVCB based. So PGCL's order is being reduced to 50% and 50% tenders are being won by the private players. So is there any impact on our business due to lower order win from PGCL?

Sharan Bansal: No, not at all. I would say that PGCIL, it's not that we are only getting orders from PGCIL. We have been working actively with the private developers also and a number of private developers like Sterlite, Adani, the new developers like GR Infra, DRAIPL, we are working with pretty much all players across the segment. Of course, our major business comes from PGCIL. And PGCIL has the largest market share in the transmission segment compared to all the private players also.

So I would say that really, it's -- we are agnostic between which developer gets the business. We will be actively supporting all the developers as EPC and manufacturers.

Ishan Verma: Okay. And one last question, sir. What are our volumes for the polymer segment?

Sharan Bansal: What are -- sorry, once again?

Ishan Verma: Volumes for polymer segment in this quarter?

Sharan Bansal: In terms of volume, one minute. So we have achieved about 10,600 metric tons in this quarter 1.

Ishan Verma: 10,600. And sir, due to higher realization of higher mix of sales in that, do you see any effect on realization in this segment? And is there a scope of margin improvement because this is not industry at higher margins compared to us?

Sharan Bansal: Yes. I think as we have maintained earlier also that, see, we -- as our revenue grows and as our contribution of plumbing segment grows in this business, we certainly intend to target double-digit margins. Right now, we are at a low single-digit margin in this business. And we expect that, okay, now we have started the journey with good revenue growth. And I think certainly, the target will be -- our aspiration will be to get to double-digit margins soon.

Ishan Verma: So when can we expect that to be happening like this year, next year?

Sharan Bansal: Probably not this year, but yes, next year would be a reasonable expectation.

Moderator: The next question is from the line of Darsh Solanki from Axis Securities.

Darsh Solanki: Sir, my first question is, so in our previous conference call, our guidance was that we are targeting a 20% to 25% revenue growth for the next 2 to 3 years. So in FY '26 also, we have guided for 25% growth. I just wanted to understand with our capacity expansion and target

increase as well, are we sticking to the 25% for FY '27 as well? Or will there be an upside to that?

Sharan Bansal: Yes, we are sticking to the 25% revenue guidance because as because now last year in FY '25, we have more or less achieved full capacity utilization. So till FY '25, we were not at full capacity utilization. Now we have achieved more or less full capacity utilization. So I believe that now from here on, largely the revenue growth will be driven by our capacity expansion. So which is why 25% is what the reasonable you can expect from the company over the next 2 to 3 years.

Darsh Solanki: Understood, sir. And sir, in regard to this capacity expansion, so like you had guided that the capex amount over the span of next 4 years would be close to INR800 crores. And the presentation says that the capacity expansion capex would be INR250 crores. So I just wanted to understand, is that INR250 crores included in that guidance? Or is it over and above the previous guidance?

Sharan Bansal: It's included in that guidance. Actually, the INR250 crores includes our regular maintenance capex of INR40 crores to INR50 crores also.

Moderator: The next question is from the line of Chirag Khasgiwala from Neo Asset Management.

Chirag Khasgiwala: So looking at your order pipeline, so what has been your hit ratio historically? And do you expect that to remain in the same range or could it increase?

Sharan Bansal: As I was answering earlier that historically, our ratio has been in the range of 20% to 25%. We hope to maintain that ratio going forward also. However, we are entering a lot of new geographies and a lot of new markets. So maybe our hit ratio might be lower, but which is okay.

As long as our order inflows are growing in line with our capacity expansion and our revenue growth targets, we are happy. So like I mentioned that even for our order inflow, we are targeting a 25% plus order inflow this year in the range of INR5,500 crores to INR7,000 crores compared to last year.

Chirag Khasgiwala: So if you look at your order inflow target of INR6,500 crores also, so in the first quarter, we have around INR2,000 crores of order inflow, which leaves you around INR4,500 crores for next 9 months. How does that compare with the 9 months of last year?

Sharan Bansal: See, last year, actually order inflow is not consistent across quarters. So if you look at last year, quarter 1 was very weak. It was only around INR765 crores, whereas this year, quarter 1 is INR1,900 crores. So it is difficult to put a quarter-wise target for order inflow because that can be -- it's a function of when the projects get finalized and several projects have a long gestation time before from RFQ to finalization stage. So I would say I would prefer to look at order inflow targets on an annual basis. It is much better to look at it from that lens.

Chirag Khasgiwala: In terms of backward integration, how much is you -- in terms of the overall capacity, how much have you in the backward integration?

- Sharan Bansal:** We are completely backward integrated. So our products, we are -- we have almost 90% of our raw materials are sourced internally. So we have quite a strong backward integration.
- Chirag Khasgiwala:** You have all towers, conductors, ports, everything all are manufactured in-house?
- Sharan Bansal:** No. We are talking about the main products, which is towers and fasteners. So that is something which we produce in-house.
- Moderator:** The next question is from the line of Navin Sahadeo from ICICI Securities Limited.
- Navin Sahadeo:** Sir, I think this is the first time in the quarter where we have mentioned our capex plan in the sense now that we want to increase the capacity further to 6 lakh MTPA by FY '28. Of course, you also mentioned 75 MTPA is already commissioned and balance 750 will come up by end of this year. So I just wanted to understand what is the capex that one can attribute from a capex cash outflow perspective for FY '26, '27 and '28 towards this expansion, sir?
- Sharan Bansal:** Anything between 200 to 250 would be reasonable for each block of 75,000. So as we mentioned before, INR800 crores is what we expect to invest over 4 years, out of which the first leg last year has already taken place. And now over the next 3 years, we expect to invest another INR600 crores. This is apart from the routine maintenance capex that goes on.
- Navin Sahadeo:** And will it be at the existing location? Or are we looking at it at any other location? Is it a brownfield expansion?
- Sharan Bansal:** We are exploring other greenfield locations as well. So far, the expansion has been done in existing locations, but we are exploring greenfield locations now.
- Navin Sahadeo:** Understood. So this 6 lakhs of capacity is at existing location? Or is it -- does it also include a potential new site is what I'm asking?
- Sharan Bansal:** Yes, yes. This 6 lakhs includes potential new sites. Not all of it will come in the existing site.
- Navin Sahadeo:** Understood. And my second question, sir, was on the order inflow. So of course, you have surprised, I would say, on maintaining such a healthy order inflow trend that quarter-on-quarter. But just a couple of days back, one of the very large players did mention on the earnings call of a reduction in the project awards or like sluggish like of project awards as a reason of which their T&D order book had seen a slowdown.
- And in an earnings call, they acknowledge the fact. So my question to you is, are we seeing any kind of a slowdown trend towards project award at a macro level or that could be more very company specific? We are just going great guns on this.
- Sharan Bansal:** I would say that, no, in terms of order inflows, etcetera, because we are present in a lot of global markets also, -- so again, for us, when we look at our bidding pipeline, we look at all across the world. And like I mentioned, out of our total order inflow, a significant amount of that is targeted to come from export markets also. And if at all we see any slowdown, so far, we have not witnessed a slowdown in any domestic ordering.

But even if at all, we see that, then we do have the ability to get more orders from the international markets to compensate for the domestic sluggishness. So I would say that with the diversified bidding pipeline that we have, we are at no risk of missing our order inflow target.

- Navin Sahadeo:** Is it possible to break up the order inflow trend? Of course, you have given the breakup for the overall order book, but I'm saying from an order inflow trend, is it possible to break up how much is domestic T&D out of it and total T&D non-T&D?
- Sharan Bansal:** In terms of inflow, see, we are targeting only T&D and non-T&D will be less than 5% of the overall inflow...
- Navin Sahadeo:** If domestic...
- Sharan Bansal:** Sorry, what?
- Navin Sahadeo:** Sorry, sir, I was -- sorry to cut you. I was only saying between domestic T&D and exports order inflow?
- Sharan Bansal:** I expect exports to be close to about 25%, about INR1,500 crores to INR1,600 crores and the balance 75% to come from domestic. That's the expectation. But of course, look, this could change based on which orders get finalized first.
- Navin Sahadeo:** Sure. I was asking more specific to Q1, this INR1,977 crores of order inflows already booked and received. In that domestic T&D will be how much? Is it still 70%, 75%?
- Sharan Bansal:** I believe it's a similar number, but I don't see a breakup on [inaudible 0:44:38]. But I believe it will be a similar number.
- Moderator:** The next question is from the line of Darshil Pandya from Finterest Capital.
- Darshil Pandya:** My question is around the capacity that we added. So have we -- for the 75,000 tons of capacity, how much have we invested? Was it INR200 crores?
- Sharan Bansal:** Correct.
- Darshil Pandya:** Correct. And with this, sir, new capacity, am I -- if I'm understanding it right, we will be able to get additional INR1,000-odd crores of revenue. Is this understanding right?
- Sharan Bansal:** Yes, approximately correct.
- Darshil Pandya:** Got it. And with regards to this -- the additional 75,000 tons, sir, how are we going to fund this? And how -- what will be the structure for this?
- Sharan Bansal:** It will be a mix of internal accruals and term loan. So company has, again, healthy cash flows, and we don't have a lot of long-term debt. So I would say that it will be -- last year also, the capex that was done was through a mix of both internal accruals and long-term loan.
- Darshil Pandya:** Got it. But still, any ballpark number, what are we targeting internally?

- Sharan Bansal:** Ballpark number of investment or...
- Darshil Pandya:** Debt or debt and internal accruals, maybe 50-50 or 40-60?
- Sharan Bansal:** I would say it would probably be close to about maybe -- because last year was -- we didn't take -- we only took a debt of about INR75 crores. So maybe this year could be maybe 60% debt and 40% internal accruals.
- Moderator:** The next question is from the line of Arjun Agarwal, an Individual Investor.
- Arjun Agarwal:** Congratulations on the decent set of numbers. I just want to know regarding this NEP plan, and it has been projected till 2030. So I just want to know your view that till when can we expect this growth in the transmission sector for means for another 2, 3 years or 4, 5 years. So I just want to know your view on this?
- Sharan Bansal:** In our view, the NEP plan predicts a INR9 lakh crores investment till 2032. So I would say the growth momentum should continue till another 7 years at least. And even beyond that, we are more certain that more and more renewable capacity will have to be integrated. For -- just to put it in context, currently, this INR9 lakh crores is only expected to integrate about 500 gigawatts of renewable energy into the grid. However, if you look at China, China has added nearly about 500 gigawatt just last 1 year itself of renewable capacity.
- So if as and when India continues in its growth journey, we also expect that the amount of renewable capacity coming on to the grid will increase rapidly. So as that happens, I would say there would be more and more demand being generated for grid investments. So again, it's hard to say that, okay, how long it will renew. But for the next 6, 7 years, we definitely don't see any slowdown. And our expectation it should continue much beyond that also.
- Arjun Agarwal:** And just a follow-up in this. So what are the challenges? Are there any challenges that we are facing in the domestic transmission sector, like ROW challenges of weather conditions means I just want to know that are there any challenges you are facing in domestic T&D sector?
- Sharan Bansal:** Yes. The prime challenges, I would say, of course, ROW is always a challenge. ROW is generally in the scope of the developer, which is our customer. But yes, ROW does have the potential to delay certain projects from time to time. The major challenge being faced today is the availability of skilled manpower.
- As because this is the technical job. And because of the large inflow of orders into the segment, currently, there is a critical shortage of manpower, execution manpower on the ground. So we are -- all the companies are adopting their own methods of recruiting and training people to bridge this gap.
- Arjun Agarwal:** Okay. So just one more question I want to ask that are we seeing any -- because there's like a lot of -- a lot of -- you and a lot of your peers are also expanding their capacity for tower manufacturing. So are we witnessing any overcapacity? Or how is the industry dynamics regarding the poles and towers raw hard material that we supply. So how is the industry dynamics in that front?



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Sharan Bansal:

See, again, because our capacity is differentiated 2, 3 reasons because of our strong engineering skills, our availability of a very, very big design engineering and testing team and also our backward integrated capacity, which gives us significant cost advantages over our peers. I would say that for a player who is not that cost competitive, yes, they would find it difficult.

They might find it difficult in order to get margins. But where we are concerned on the strength, where there is a substantial differentiated offering that we give to the market, along with a cost economical structure, there we will not face any problem of demand.

Moderator:

The next question is from the line of Sheetal Sharma, an Individual Investor.

Sheetal Sharma:

So my question is, are you implementing any automation robotics for AI in manufacturing process?

Sharan Bansal:

Yes. Certainly, digital transformation is high on the priority of the company. We are currently in the process of implementing SAP S/4HANA RISE. So that is something which we are doing -- implementing across the company. At the same time, we are also now doing a lot of R&D and seeing how various AI agents can be adopted in various processes like procurement, selling, manufacturing.

So all of that constantly, we have dedicated digital transformation teams who are working on making sure that we adopt the latest industry practices and continue the company on to the journey of Industry 4.0.

Sheetal Sharma:

I have one more question. What is the current domestic order book size and its execution timeline?

Sharan Bansal:

The execution time line is anything between average 2 to 2.5 years.

Moderator:

Thank you. That was the last question for today. I would now like to hand the conference over to the management for closing comments.

Sharan Bansal:

Thank you, everyone. We are confident of delivering profitable revenue growth with a consistent margin in the current year and expect to clock revenue growth in excess of 25% for the current financial year on back of pending engineering and infra contracts and improvement in Polymer segment performance.

Our diversification into international markets and sectors will help us to pick, choose higher-margin orders coming our way and provide us an opportunity to be poised for choices across the sector, aiding to continued better margin performance, improved bottom line profitability and capital return ratios in the coming quarters.

The company's efforts towards sustainable business practices will help to achieve its goal by making meaningful contributions to the national and global infrastructure. We appreciate your continued support and look forward to interact with you again in next quarter. Thank you.

Moderator:

On behalf of ICICI Securities Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.