Dated: 6th May, 2024

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 Audited Financial Results for the Quarter ended 31st March, 2024

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 2nd May, 2024, on Audited Financial Results of the Company for quarter ended 31st March, 2024.

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

Thanking you,

Yours faithfully,
For Skipper Limited

Anu Singh
Digitally signed by Anu Singh
Date: 2024.05.06 16:12:40 +05'30'

Anu Singh
Company Secretary & Compliance Officer

Encl: As above

"Skipper Limited 4QFY24 Earnings Conference Call"

May 02, 2024

MANAGEMENT: **MR. SHARAN BANSAL –DIRECTOR, SKIPPER LIMITED**
MR. SHIV SHANKAR GUPTA –CHIEF FINANCIAL OFFICER, SKIPPER LIMITED
MR. ADITYA DUJARI –GENERAL MANAGER, FINANCE AND INVESTOR RELATIONS, SKIPPER LIMITED

MODERATOR: **MR. PRAKHAR PORWAL – AMBIT CAPITAL**

Moderator: Ladies and gentlemen. Good day and welcome to Skipper Limited 4QFY24 Earnings Conference call hosted by Ambit Capital.

As a reminder, all participant line will be in listen only mode and there will be an opportunity for you to ask question after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Prakhar Porwal from Ambit Capital. Thank you and over to you, sir.

Prakhar Porwal: Thank you. Hello everyone. Welcome to Skipper Limited 4QFY24 Earnings Call.

On the Management side today, we have with us Mr. Sharan Bansal -Director of the Company, Mr. Shiv Shankar Gupta - Chief Financial Officer and Mr. Aditya Dujari - General Manager, Finance and Investor Relations.

Thank you and over to you, sir, for the opening remarks.

Sharan Bansal: Thank you, Prakhar. Good evening everyone and thank you for your continued interest in Skipper.

Before we delve into our "Operational and Financial highlights", I would like to emphasize that any forward-looking statements made during the call should be viewed in light of the risks facing our industry and company.

Now let's review **some key "Operational and Financial Highlights"** compared to previous year's quarters:

I am delighted to report that Skipper achieved its best-ever revenue quarter reaching Rs. 1,153 crores compared to Rs. 657 crores in the previous year's quarter, representing a remarkable growth of 76%. This exceptional performance was driven by strong results across our Engineering and Infrastructure segment while maintaining a healthy operating EBITDA margin of 9.4%. Segmental revenue break-up reveals significant achievement. Engineering revenue reached an all-time high of Rs. 701 crores, up by 41% from the previous year's quarter, while Polymer revenue stood at Rs. 103 crores and Infrastructure segment revenue fueled to Rs. 349 crores, marking a remarkable growth of 3034%. Our Quarter 4 Engineering export sales reached Rs. 198.7 crores, constituting 28% of overall Engineering segment revenue with Year to Date export sales totaling Rs. 635.6 crores, contributing significantly to our revenue growth.

In the Infrastructure segment, We achieved our best ever quarterly revenue fueled by robust execution in BSNL and other T&D projects. We anticipate this momentum to continue into the next quarter.

Now moving on to our Quarterly Financial Performance:

Reported consolidated EBITDA increased to Rs. 108.6 crores with operating margin standing at 9.4% for the quarter. The Engineering segment EBITDA margin reached 11.6% reflecting our focus on executing better quality contracts and expanding our international business. Going forward, we expect to maintain consistent margin performance in the Engineering segment, supported by our strategic initiatives. While the Polymer and Infrastructure segments will continue to benefit from rationalizing fixed costs over a larger revenue base. Our management remains focused on bottom line improvement with consolidated PBT increasing to Rs. 47.6 crores and PAT reaching Rs. 25.2 crores for the current quarter.

Our 12-month annual period "Performance Highlights" are as follows:

Revenue for FY24 surged to Rs. 3,282 crores, exceeding our guidance of 25% while maintaining margins at 9.7%.Engineering business segment revenue grew by a remarkable 46% while Polymer business revenue increased by 11%. Polymer sales volume witnessed a substantial increase, reaching approximately 32,000 tons compared to approximately 25,000 tons in the previous year period, registering a growth of 30%. Consolidated PBT and PAT saw significant improvement with PBT reaching Rs. 128.5 crores and PAT reaching Rs. 81.7 crores, reflecting a growth of 157% and 129% respectively compared to previous year period. Our commitment to financial discipline is evident with finance costs as a percentage of sales improving to 4.7% compared to 5.2% in the previous year period and net working capital cycle improving to 88 days against 131 days in March 23.

"Order Book and Inflow":

During the quarter the Company secured significant size domestic contract from PGCIL and International T&D projects contributing to a total inflow of Rs. 1,141 crores. Year to Date, the Company secured orders exceeding Rs. 4,286 crores, marking the highest in Company history for a given year. Our current order book stands at an all-time high of Rs. 6,215 crores, well diversified across sectors and segments. With an order book to Engineering and Infra segment sales ratio of 2.2 times FY24 sales we have revenue visibility for the next 2 to 3years. The vibrant domestic T&D environment aligned with Skipper commitment to leverage India's transmission sector growth, while the government focus on scaling renewable grid infrastructure and improving electrification, Skipper is poised to support the growth. Our diversification into telecom, railway electrification, water EPC and drip irrigation further strengthens our revenue stream. The tender pipeline remains deep with the current bidding pipeline at an all-time high of Rs. 16,730 crores, reflecting strong opportunities in both domestic and international markets. We are in advanced stages of negotiation to secure sizable international and domestic contracts.

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 confidence in our ability to create long term value for our stakeholders.

Thank you. And I am happy to take your questions now.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Dhruv Agarwal, an Individual Investor. Please go ahead.

Dhruv Agarwal: Good evening, sir. Congratulations on the best ever quarter, sir. My first question is there has been a huge fall in the gross level margins over year-on-year and over quarter-on-quarter that is it has been fallen to 21% in Quarter 4 FY23 from 36 point in Quarter 3 FY24? Sir can you please explain me the reasons for the same thing that is, is there any one-off items in the cost of goods sold or something else there?

Sharan Bansal: Actually, our margins need to be seen on a 12-month basis and we have delivered consistent EBITDA margins. Last year for a 12-month period our EBITDA was 9.7% and it is the same 9.7% for this 12-month period also. See quarter-on-quarter margins can be misleading depending on the quality of the contract being executed. So, honestly on an annual basis, I believe we have delivered a consistent EBITDA margin on a much higher revenue base.

Dhruv Agarwal: If I compare on the annualized basis I am just basically talking about the gross profit margin with this EBITDA margin if I compare the 12-months also it has been falling from 36% to 24%, so what was the reason, sir?

Sharan Bansal: I am not very sure where you are getting the number of 36 and 24, sir.

Dhruv Agarwal: If I deduct cost of goods sold from the sales side, then we will get the gross profit, sir. So, that is what the calculation and basically trying to….

Sharan Bansal: That is not a correct measure to see the Company's performance, sir, because the cost of goods sold may be varying because of various factors. It may be due to project sales and also we have to look at the labor sold and other project expenses. So, that is not the correct measure to see the gross profit of the Company.

Dhruv Agarwal: What was the reason for the increase in cost of goods sold in this quarter, particularly?

Sharan Bansal: Particularly cost of goods sold, like I said, you have to look at both the amounts together, which is cost of material consumed, the change in inventory of finished goods and as well as the labor sold and other project expenses, so if you look at all three of them combined, previous year average was about 72%, this year is about 76%. But then maybe it is getting compensated on the other expense side where the other expenses were 14.1% previously on the previous year and it is about 10% in this year, so which is why the EBITDA margins are the correct margins to see and more for the PBT margin for really seeing what the actual profitability of the Company is.

Dhruv Agarwal: The net working capital date has been brought down to 88 days from 131 days, so can you expect going forward this kind of working capital days to remain on this level only?

Sharan Bansal: Between a net working capital of 90 days to 100 days, we believe that this is should be consistently maintained and obviously the effort will be to improve upon that.

Dhruv Agarwal: There has been an increase in the long-term borrowing is this for the purpose of this capacity expansion that you are doing. Is my understanding correct Sir? And further we will not be requiring any further borrowing for the said capacity expansion?

Sharan Bansal: No, there will be. The Company will use a combination of internal accruals and further long-term borrowing to fund our CAPEX plans. The previous long-term debt, which has been taken has been towards the debottlenecking and optimization CAPEX. For this year CAPEX we have not yet planned how much debt to raise.

Dhruv Agarwal: By what time do you expect this capacity to rise in and after that, what kind of order the Company will be able to capture? And what should be the peak revenue post this expansion? Can you please highlight that, sir?

Sharan Bansal: In terms of revenue, as I said, we have mentioned in the Investor Presentation that even earlier in the beginning of the year, we had guided for a 25% CAGR growth. However, this year we have delivered close to about 66% against our guidance of 25%. Now, even on this enhanced revenue base of approximately Rs. 3,300 crores, we are maintaining our revenue growth guidance of 25% for the next 2 years at least. So, in terms of capacity, currently we are at about 3 lakh tons of capacity and with this year the CAPEX that we will do, we will end the year with the capacity of 3,75,000 tons.

Dhruv Agarwal: It should be live by Quarter 4 or Quarter 3?

Sharan Bansal: Some part of it will come alive by maybe towards end of Quarter 3 or Quarter 4. And the full capacity it will get operational from next year onwards.

Dhruv Agarwal: By FY26 we can expect it should go on?

Sharan Bansal: Yes, but also looking at the opportunity we are looking at further capacity expansion next year also.

Dhruv Agarwal: So, just on the question on that only, as I can see in the presentation that you have mentioned the order bidding pipeline, in the order bidding pipeline there has been almost 65% bidding from export, so going forward, do you see a huge opportunity in the export only or like you can see from the domestic as well as we can see the government has been spending lots on the infrastructure space, so what would be your focus area whether it should be on domestic markets or it will be on the international front?

Sharan Bansal: It is a good question, see, this year also looking at the strong focus of the government on infra spending and the good number of projects under the TBCB mechanism being bided in transmission field, we do expect very robust order inflows on the domestic side. However, the domestic pipeline looks shorter because the domestic tender tends to be more short term and they get decided faster. For international projects, they have a long lead time from bidding to finalization, which is why the international pipeline always appears a little larger. Our focus continues to be on both areas, domestic and international. But yes, we do expect that the majority of the orders this year also will be coming from domestic.

Dhruv Agarwal: But sir as you can see there has been only 65% of the biding pipeline from exports, so we can expect that going forward there will be an order inflow from the export orders and we will be executing the export orders then the domestic orders, so is that correct or like is there something else as well?

Sharan Bansal: No, I would like to say the international order bidding pipeline always appears larger because the time for finalization is longer, domestic pipe tend to get finalized faster, which is why the pipeline appears smaller. However, we do expect that over the overall order inflow of this year, we expect close to about 75 – 25 mix where 75% will come from domestic and 25% of the orders will come from export.

Moderator: Thank you. Next question is from the line of Deepak Purswani from Svan Investments. Please go ahead.

Deepak Purswani: Sir firstly, in terms of the BSNL order, how much was the revenue booked during FY24 year as a whole? And how should we see trajectory going ahead in FY25?

Sharan Bansal: For BSNL order, we have executed close to about Rs. 1,000 crores in this financial year that just ended. And in the coming year, we expect revenue of close to about Rs. 700 crores from BSNL project.

Deepak Purswani: And secondly, sir, in terms of the overall guidance, since we have mentioned we would be looking out for the CAGR of 25% over the next 2 years, could you please break up in terms of the segment wise specially in the Engineering product where I think from the capacity point of view we are running at a high-capacity level, what is the CAGR we are looking at out? And also, second is the Polymer business if you can throw some light on this business as well because year as a whole our growth has been 11% and in Q4 actually it has come down by 30%. So, if you can throw some light on both of these segments that would be really helpful?

Sharan Bansal: I don't have the guidance segment wise readily available with me. We may share that at a later time with you Aditya Dujari if you can get in touch with, he could be able to share that with you and in terms of capacity utilization, we are still at about roughly at 70% capacity utilization. So, there is some opportunity to drive more revenue from the existing capacity in the current financial year itself and towards the end of the year, we should be getting the benefit of our enhanced capacity, which we are now going to be taking up the CAPEX for.

Deepak Purswani: And Sir, in terms of the margin as a whole from the FY25 perspective, how should we looked on the consolidated level margin, should we expect margin to expand from here at the current level or it will remain at the similar level to the FY24?

Sharan Bansal: Will go 10% plus in the current financial year. However, any margin between 9.5% to 10% we are quite comfortable as a Company, and we believe that more and more PBT margins will be given better because of the higher revenue base leading to lower finance costs and depreciation costs.

Deepak Purswani: Sir, actually coming to the interest expenses, how should we look from the FY25 perspective because this year I think especially in the second-half, interest expenses seem to be little on the higher side and going ahead how should we look into as a percentage of revenue for the FY25 year as whole?

Sharan Bansal: I believe right now we have done very well this year in bringing down the interest cost from earlier 5.25%to 4.7% approximately, so certainly I think in the coming year anywhere between 4.4% to 4.5% would be our target to take the finance cost as a percentage of revenue.

Deepak Purswani: Also, sir, could you please also throw some light in terms of the fund-based limit and non-fund-based limits and how much is currently utilized?

Sharan Bansal: In terms of fund and non-fund, about Rs. 2,100 crores is for non-fund, non-fund limit is about Rs. 2,155 crores and fund base is about Rs. 525 crores and capacity utilization is about 60 odd percent.

Deepak Purswani: In both the fund and non-fund, both or?

Sharan Bansal: Non fund is more. Non fund is close to about 80% to 90% and fund base is generally 60%.

Deepak Purswani: Sir in strategy point of view going ahead how should we look at this in terms of the announcement of the non-fund limits in future?

Sharan Bansal: That will be based on the Company's requirement and the kind of projects we expect to get, so I believe that will be really based on the companies working and requirement from time to time.

Moderator: Thank you. Next question is from the line of Balasubramanian from Arihant Capital. Please go ahead.

Balasubramanian: Sir, one of tower infra provider have surpassed more than around 2 lakh towers and we have seen strongest tower additions based on increase in 5G rollouts and rural expansions and what is your thought process on the telecom side for tower additions? And what kind of demand you are experiencing?

Sharan Bansal: Yes, on the telecom side, certainly telecom mix was close to about 30% of our overall order book and we are seeing quite a lot of vibrancy in this sector. We believe that operators which were not so active earlier, for example BSNL and Vodafone both will be quite active in the coming years because their network expansion has probably been, they haven't invested so much in their network over the last 4 years or 5 years compared to other operators like Jio and Airtel. So, certainly there is a good opportunity. Vodafone FPO success is also a big positive for the sector. So, I believe that with the upcoming expansion of both BSNL and Vodafone as well as the ongoing expansion of Jio, we should look at a good demand growth in the telecom tower space.

Balasubramanian: So, out of Rs. 6,215 crores order book, what would be that break up in terms of Engineering and other breakups like a Polymer, Infra and Engineering breakup?

Sharan Bansal: So, we don't have any order book on the Polymer side because that is sold to our retail network and in terms of the overall order book breakup we have export is 13% and total domestic is 87% out of which T&D is 53% and non-T&D is about 34%.

Moderator: Thank you. Next question is from the line of Darshil Jhaveri from Crown Capital. Please go ahead.

Darshil Jhaveri: So, a lot of my questions have been answered, so I just wanted to ask with a order book of like around Rs. 6,200 crores, what would be our execution timeline for that?

Sharan Bansal: Normally the execution timeline is between 2 years to 2.5 years.

Darshil Jhaveri: We have a great pipeline for us, so what kind of win rate are we seeing for that, sir?

Sharan Bansal: See, it differs from market-to-market as the bidding pipeline is growing the win rate is also changing quite frequently, very hard to put win rate. In certain markets I can tell you our win rate is 50% plus and in certain markets, it is as low as 10% to 15% also. So, on a blended basis, I think roughly we can assume that we do enjoy a 25%-to-30%-win rate among the bidding pipeline, but that is a very broad generalization. It really differs from market-to-market.

Darshil Jhaveri: Sir why I was asking this question is basically, we have given our 25% growth rate target, but with our order inflow on pipeline, is it a fair assessment that we can again outperform our stated guidance because that is the way it is looking with every all the macro factors also?

Sharan Bansal: Yes, it will certainly be our target to outperform our given guidance.

Darshil Jhaveri: Just like with the ratio of our margin on the bottom line, we expect a better ratio, could we just think of our EBITDA as a gross margin and everything else that slows down. PBT will be able to get maybe in FY26 very higher profit margin totally because after our CAPEX or how would that work out?

Sharan Bansal: I believe that the Company is looking at continuous improvement in all margins, whether the EBITDA margins, PBT margins or PAT. We don't want to give any particular guidance beyond what I have said earlier right now. However, obviously with the growing revenue and better- and better-quality contract, more export market, I believe there is a lot of scope for margin expansion in the coming years.

Darshil Jhaveri: Sir any kind of risk in terms of regulatory risk or something that can hamper our growth prospects maybe telecom sector or something that we see as a risk that something that can hamper us.

Sharan Bansal: No, we have absolutely negligible bad debts in our Company, so we don't see any kind of receivable risk on that side. I am sorry you were asking about regulatory.

Darshil Jhaveri: Yes any kind of maybe an industry norms change, something on that out of like that can hamper us maybe.

Sharan Bansal: Not really, no I think there are no. Our business, I don't see any sort of regulatory risk at all.

Moderator: Thank you. Next question is from the line of Rishi Kothari from Pi Square Investments. Please go ahead.

Rishi Kothari: Congratulations on the numbers. It is actually very stellar performance. On the question front, I would like to ask that I saw a point in PPT that the **(Inaudible) 28:47** was made from the broad to broader market as developed market that is North American, Asia Pacific and West African. So, it has generally been order coming from the Chinese market and Turkish market. So, what exactly made the shift to the place from the China market with Indian market? And specifically, is it because of the product specific machine that we generally provide? Or is it because the geopolitical reasons that we see around the world?

Sharan Bansal: It is a good question. I think overall what we are seeing that like in most industries, buyers around the world are adopting a China Plus One strategy and more and more customers are trying to move their supply chain away from China. So, certainly there is a very strong opportunity for good Indian manufacturing companies to take that space being vacated by Chinese companies. And I think that something which we are also benefiting from around the world, so I feel that this trend will continue of course the change will happen gradually. It will not happen very suddenly. But there certainly is a gradual change on the positive side, so we can expect that, yes, more and more of these markets which were earlier dominated by Chinese and Turkish companies will move towards the Indian suppliers.

Rishi Kothari: And also, any product specific USP that we generally provide them that makes us differentiate from our competitors generally domestically speaking for any Indian players?

Sharan Bansal: I think engineering strength is certainly something which is a big advantage for us. In our Company Skipper we certainly have very strong engineering capabilities of design, load testing and R&D which our customers really find the big value add in working with us.

Rishi Kothari: And are we seeing any specific demands from different sectors apart from telecom distribution and then non-T&D like for example railway or any sort of different demand from other sectors apart from renewable also any order book size that we see in the different sectors?

Sharan Bansal: As of now, we are focused on our sectors of power transmission and telecom, and we are working on enhancing our products and service within these sectors itself. The Company remains open to entering other areas as well as the opportunity arises, but as of now we see enough opportunities in our 2 focused areas.

Moderator: Thank you. Next question is from the line of Saket Kapoor from Kapoor Co. Please go ahead.

Saket Kapoor: Firstly, Sir, congratulations for a very good set of numbers and also very detailed set of investor presentation. It covers all the major points and input, and we look forward for the continuity of this setup in terms of investor representation. Thank you the team has worked really hard for that and if now for the EPC part, if you could give some more color in this segment do we see the bid pipeline getting stronger and how would the margin profile look like? Are these fixed price contracts or do we have escalation clause, some more color on the EPC project?

Sharan Bansal: In the EPC side because of the large amount of opportunities available because of very good number of bids and projects that are up for bidding, we believe that there is sufficient opportunity to take adequate buffer for fixed price contracts, and certainly that will be the theme going forward.

Saket Kapoor: So, we have booked orders for the water scheme also? I think with the Jal se Nal scheme, those are the fixed price contracts generally?

Sharan Bansal: Yes, but those we have only 1 or 2 small projects in that area right now. We don't have large projects. Our major projects are continued to be in Power T&D only.

Saket Kapoor: What would be our CAPEX and how much money we need to do the CAPEX for the augmentation of the capacity? And how are we going to fund it?

Sharan Bansal: This year we are expecting a CAPEX of approximately Rs. 200 crores and it will be funded through a mix of internal accruals and long-term debt.

Saket Kapoor: Our cost of funds currently, what is the blended cost of funds?

Sharan Bansal: Blended basis, it is approximately 9%.

Saket Kapoor: And what steps we are taking to lower this in the interest rate part I think we are in a high interest rate scenario and we are also pursuing CAPEX in order to take advantage of the growth in the system, so how are we going to manage the impact of higher interest rates on the finance cost?

Sharan Bansal: I think you asked a good question; I think as you would have seen that finance cost has come down from earlier 5% plus to now 4.6%,4.7%. We see further opportunity for this to reduce as our Company's performance gets better. You would have also seen that our net working capital day has gone down. Our inventory cycle has improved significantly this year. So, I think operational efficiency will play a certain role in lowering our finance cost and also as the Company performance improve we are certainly quite hopeful of credit rating upgrade from the credit rating agencies in the coming months, so that will certainly also have a positive impact on the reduction of finance cost.

Saket Kapoor: Sir last point is on, as you have mentioned that our focus is on the tower and the telecom segment in terms of the core business vertical, so in terms of Bharat Net rollout, does that also envisage the creation of the tower part or is it only the laying of the OFC that generally will be in the first phase? What would be the benefit of it?

Sharan Bansal: You are right, Bharat Net is largely linked to cabling and OFC only. There is not much opportunity for towers there. However, as I was telling the previous gentlemen that there is certainly a lot of opportunity in new Telecom tower rollouts as we see with the revival of Vodafone in India and also BSNL.

Saket Kapoor: So, that that will be leading to the replacement one or the new ones to improve the connectivity?

Sharan Bansal: New Towers.

Saket Kapoor: And what kind of CAPEX can we envisage going ahead?

Sharan Bansal: I have been hearing numbers of anything between 1 lakh to 2 lakh towers each for BSNL and Vodafone but I don't have confirmed information.

Saket Kapoor: Thank you very much for all the detailed answers and once again, congratulations to the team.

Moderator: Thank you. Next question is from the line of Prateek Bhandari from AART Ventures. Please go ahead.

Prateek Bhandari: So, just wanted to understand as to what would be the tower testing in terms of business size? And how much of it would be in-house and third party?

Sharan Bansal: Our tower testing as a business size actually is not a separate vertical that is not separate profit center that we track the revenue. Our tower testing and R&D capability basically go towards our overall engineering revenue, and we do not do any testing outside. 100% of the testing requirement is being taken care by in-house test only.

Prateek Bhandari: No, sir. I wanted to understand the business size of tower testing. That was my question? And how much of it would be in-house and third party?

Sharan Bansal: You are asking about the requirement of?

Prateek Bhandari: As a as a business side, how do you see the tower testing as a business? What will the scale, quantum?

Sharan Bansal: About Rs. 40 crores to Rs. 50 crores.

Prateek Bhandari: 40 crores to 50 crores?

Sharan Bansal: Yes.

Prateek Bhandari: And how much of it would be in-house and third-party?

Sharan Bansal: 100% in-house.

Moderator: Thank you. Next question is from the line of Ashish Ajit Golechha from Growth Sphere Ventures LLP. Please go ahead.

Ashish Ajit Golechha: Congratulations, sir for fabulous numbers. Sir my two questions were the first question was how is the transmission business pipeline looks like for the developed markets country in the US and also with respect to Middle East countries where our focus has been, as you mentioned in the last concall? And the second question is with respect to PVC pipe business, are we in future basically working towards double digit marker margins? And what would be the impact of higher metal cost, sir?

Sharan Bansal: So, you have three questions. The first one is about T&D market globally, so recently there was an interesting statement by Mr. Sultan Al Jaber, who is the President of COP 28 and he has given an indication that by 2030 itself the investment in either outdated or non-existing transmission grade will need to be about $6 trillion globally, so that is just till 2030 and we expect that this investment cycle will continue till at least 2045 before the world moved towards significant addition in renewal generation. So, I see that definitely from the present global investment of about two $250 billion odd first it will move to about 500 billion, then maybe eventually to $1 trillion annually also. So, that is the T&D opportunity globally, in terms of PVC margins we believe that our volumes have grown quite significantly this year by about 30 odd percent. It has not translated fully to value growth because of the fall in commodity prices. And in the coming years, certainly we do expect good growth in both topline as well as bottom line in the PVC business and yes we do target that we should achieve double digit margin in this business in the coming years. In terms of the high metal cost, we believe that commodity prices have been stable for the last one or two years and looking at the global scenario, we do not expect much changes in the global metal prices. We expect them to be largely stable.

Moderator: Thank you. Next question is from the line of Vignesh Iyer from Sequent Investments. Please go ahead.

Vignesh Iyer: Congratulation on great set of number. My question is could you throw some color on your bid book when it comes to what is the proportion between the T&D, non T&D or if there is a sector concentration like most of the bid book is from the telecom, anything like this if you could just share some numbers on from your side?

Sharan Bansal: Our bidding pipeline largely constitutes of T&D opportunities only. In telecom, the bidding tends to be for very short term or tends to be for more rate contract-based orders, so we don't really carry a large bidding pipeline in the telecom segment except for BSNL type contracts.

Vignesh Iyer: Yes that only. I mean, I just wanted to understand if something like let us say BSNL has decided to put up X number of towers and that is quite large considering they have not done much in the past few years, so what would that telecom order size reflect on your bid book? Would it be around 20%, 30% of the total bid book that you have today in domestic?

Sharan Bansal: So, in telecom, our total bid book for non-T&D would be less than 10%. 90% of our bid for T&D only.

Vignesh Iyer: If I could understand on the tax rate side of it, we are around 33%-34%, if I am not wrong it is due to impact of the MAT credits. Are we moving towards the 25% tax rate from next year or would it be on the similar lines only?

Sharan Bansal: Yes, from the new financial year we are moving to the lower tax.

Moderator: Thank you. Next question is from the line of Prathmesh Salunkhe from P&L Capital. Please go ahead.

Prathmesh Salunkhe: So, my question is in the telecom segment, so given the 2 years visibility in this segment, just wanted to know what is our current market share? And what could be our peak market share in the coming 2 years?

Sharan Bansal: You are asking specifically in the telecom segment?

Prathmesh Salunkhe: Yes, sir telecom towers.

Sharan Bansal: In telecom towers, I believe that we are a market leader, and we would have a minimum of 15% to 20% market share presently.

Prathmesh Salunkhe: And is it possible to give the market share for other segments as well?

Sharan Bansal: In T&D, also in India, you can expect a similar about a 15% market share.

Prathmesh Salunkhe: And PVC Polymer Piping?

Sharan Bansal: So, that is much smaller there we would be not more than 1% or 2%perhaps.

Moderator: Thank you. Next question is from the line of Gunjan Kabra from Niveshaay. Please go ahead.

Gunjan Kabra: Congratulations for the good set of numbers. First question is that you just mentioned that your order win rate is in certain regions is around 50%, where in certain region is pretty less, so what are the industry dynamics that actually determine our order win percentage? Why in certain region it is high and in certain regions is low? If you can explain how the bidding tender works? And secondly in that only wanted to understand typically how many players are there when we actually bid for some order? So, how many players are there when we are bidding it?

Sharan Bansal: As I was mentioning there is no debt Ratio of the winnability because it really depends on market-to-market and within the same market also certain projects could see a higher participation from bidders like for example in the TBCB project in the high voltage category we typically see competition from 5 or 6 other serious players in India and when we are talking about global markets where we are bidding as a tower supplier there we see competition from about again similar number about 5 or 6 players. So, the win ratio it can really vary as I answered earlier between 15% and 50% and there is no real set formula it will be a combination of the competition as well as the buyer’s inclination, whether in certain foreign markets there could be certain tax advantages that certain other foreign countries have. It could be or maybe about product approvals etc., and just maybe about the engineering and design testing also maybe the other bidder would have participated in the engineering activities for previous projects. So, it really is a combination of various factors.

Gunjan Kabra: So, it is not just the cost measure that determines because I think we if we are vertically integrated and we have certain cost advantages or we don't have any advantages as such?

Sharan Bansal: Well, we do certainly have cost advantages. Skipper is the most integrated T&D player in the world because we are the only Company to have full end-to-end integration for the transmission towers and poles. We certainly have cost advantages, but then cost may not be the only criteria for decision making in a lot of markets.

Gunjan Kabra: And secondly, I wanted to understand that if EPC project the project size is supposed Rs. 2,000 crores in the transmission segment, then how much cost is incurred on towers in that Rs. 2,000 crores if you can give the rough idea on how much is spent on towers?

Sharan Bansal: In our typical transmission line project, about 30 odd percent is transmission tower and about 30% to 35% would be conductors and the rest is other bought out and services.

Gunjan Kabra: And in the substation?

Sharan Bansal: I would not have the exact breakup of substation. We are not a very large player in the substation field. We do substation projects, but those are smaller in nature.

Moderator: Thank you. Next question is from the line of Vignesh Iyer from Sequent Investments. Please go ahead.

Vignesh Iyer: My question is more on the balance sheet side. I see we are carrying a big inventory of almost Rs. 1,200 crores in the balance sheet, which is amongst probably the highest in recent years. So, I just want to understand is there any spillover from the execution of Q4 that is resulting in such a big inventory or is it a general norm of carrying or is this the average inventory size that we would be carrying considering the 25% growth we have in mind?

Sharan Bansal: So, on a topline of the about Rs. 3,300 crores an inventory of Rs. 1,200 crores is really not excessive. And if you look at the inventory number of days in the previous financial year, we were at 170 inventory days, but this year we have brought it down to 135, so there has been improvement. There is a further opportunity with optimization in working capital to bring the inventory number of days further and we look forward to that in the coming years.

Moderator: Thank you. Next question is from the line of Ankit Babel from Shubhkam Ventures. Please go ahead.

Ankit Babel: I just wanted to confirm on the interest cost part. You mentioned that you are targeting some 4%, 4.5% interest cost as a percentage of sales, so once you do a Rs. 5,000 crores revenue, maybe in a couple of years your interest cost would be in the range of somewhere around Rs. 220 crores, so would the interest cost be that high once you do a Rs. 5,000 crores, Rs. 5,200 crores of revenue maybe in FY26?

Sharan Bansal: 4% to 4.5% just for this financial year. In the next year by the time, we hit Rs. 5,000 crores, certainly as a percentage it could be lower.

Ankit Babel: How much could it be? Because it is a substantial portion of your expenditure and because the major improvement which you are expecting in your PBT margins is because of interest cost improvement, so could you just?

Sharan Bansal: No, EBITDA growth will certainly also be a part of our bottom-line improvement. And finance cost, we will see improvement as I was mentioning earlier firstly because of higher revenue, secondly because of better working capital optimization and thirdly because of better external credit rating due to better performance so I will say all of those will lead to improvement in finance cost as a percentage of sales. I don't have ready guidance right now what it could be possibly in the next financial year for the current financial year, you may expect anywhere between 4% to 4.5%.

Ankit Babel: And at Rs. 5,000 crores revenue, what could be EBITDA margins, what you are targeting for the Company as a whole including the Polymer and the EPC and the tower business?

Sharan Bansal: I would say that about 10.5%.

Moderator: Thank you. Next question is from the line of Dhruv Agarwal, an Individual Investor. Please go ahead.

Dhruv Agarwal: What is the capacity utilization in the Polymer division stands right now? And what can be the peak utilization that we can achieve?

Sharan Bansal: The capacity utilization is about 55% in the polymer business and at the peak certainly we can possibly go up to 90%.

Dhruv Agarwal: And how many times you can, by what quarter or by which financial year you can be able to achieve the 90% capacity utilization, sir?

Sharan Bansal: No, I am correcting that to 75% maximum utilization possible, but I think looking at the market growth opportunity, we should be close to that by this year end.

Dhruv Agarwal: And after that, are you planning for the capacity addition?

Sharan Bansal: Yes, if we are able to achieve about 75% utilization, we will be targeting a capacity growth in that division also.

Dhruv Agarwal: My second question is do you expect any kind of slowdown in the coming quarters due to election? Whether in the order execution or in the order inflow?

Sharan Bansal: It is possible that yes order inflows might slow in Quarter 1, Quarter 2 due to election season, but that would definitely be temporary because of the bidding pipeline continues to remain very robust.

Dhruv Agarwal: So, any guidelines that you can give like how much revenue would be hit due to this election?

Sharan Bansal: No, it is very difficult for me to put a number on that overall, in the year we are quite bullish on very good order inflow, and I would like to maintain that only. How much Quarter 1 and Quarter 2 is going to be affected, I don't want to really put a number on that.

Dhruv Agarwal: Last one question like as you can see your infrastructure division has done very well going like from the Quarter 4 Financial Year ‘23 to the Quarter 4 Financial Year ‘25 there has been almost 2,800 times jump, so how big can you see this opportunity would be going forward? And do you like to seize any opportunity in this segment, sir?

Sharan Bansal: I think with the growth of overall Infra spending by the government and particularly the vibrancy in the T&D and telecom sector overall, we maintain our guidance growth of 25% CAGR for this division also, so it is the same growth guidance that we have for the Company, and we will maintain that for both Engineering and Infra division.

Dhruv Agarwal: Currently right now from the infrastructure project, the revenue mix is around 10% in the overall revenue, so are you looking to expand this division to say 20% to 25% of the total revenue going forward? Any plan on that sir, because I think it is very fixed type of contracts, so I think we would be able to get margins leverage on that?

Sharan Bansal: No, we don't have any particular plans like that to grow the revenue percentage of Infra projects. We do Infra projects on opportunity basis, and I believe that long term this will remain about 15% to 20% of the Company’s topline.

Moderator: Thank you. Ladies and gentlemen, that was the last question of the day. I now hand the conference over to management for closing comments.

Sharan Bansal: Thank you, everyone. We anticipate revenue growth in excess of 25% CAGR for the next 2 financial years driven by pending engineering contracts and strong performance in the Polymer segment. Our focus will remain on improving bottom line profitability, stabilizing operating cash flows and reducing debt to enhance the Company's margin profile and strengthen its balance sheet position and capital return ratio. Skipper’s commitment to sustainable business practices will continue to contribute meaningfully to national and global infrastructure goals. We appreciate your continued support and look forward to delivering value to our stakeholders. Thank you.

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