



India

ADD (no change)

Consensus ratings*: Buy 4 Hold 0 Sell 0

Current price:	Rs512
Target price:	Rs615
Previous target:	Rs500
Up/downside:	20.1%
InCred Research / Consensus:	3.4%
Reuters:	SKIP.BO
Bloomberg:	SKIPPER IN
Market cap:	US\$774m
	Rs56,225m
Average daily turnover:	US\$7.0m
	Rs504.8m
Current shares o/s:	105.2m
Free float:	33.7%

*Source: Bloomberg

Key changes in this note

- We increase our PAT estimates by 1%/7%12% and revenue estimates by 4%/2%/5% for FY25F/26F/27F, respectively.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	9.6	38.6	133.5
Relative (%)	14.9	40.5	86.3

Major shareholders

	% held
Promoters	66.5
Pacific Horizon	3.4
Icg Q	1.6

Research Analyst(s)



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Skipper Limited

Leveraging T&D opportunities

- 2Q EBITDA stood at Rs1.1bn, up 53% YoY (17% above our estimate). The EBITDA margin rose by 60bp YoY to 10.1%. PAT grew 66% YoY to Rs329m.
- Management has maintained its 25%+ revenue CAGR guidance over the next couple of years, with the EBITDA margin at 10%-10.5%.
- We raise PAT estimates by 1%/7%12% for FY25F/26F/27F and retain ADD rating with a higher TP of Rs615 (Rs500 earlier) or 28x Sep 2026F EPS.

Stellar performance continues

Skipper reported another strong quarter with its 2QFY25 revenue at Rs11bn, up 44% YoY, 15% above our estimate. This growth was driven by the infrastructure business, up 149% YoY at Rs1.6bn. Export revenue contributed 19% to total sales. EBITDA stood at Rs1.1bn, up 53% YoY (17% above our estimate) while the EBITDA margin increased by 60bp YoY to 10.1%. PAT grew by 66% YoY to Rs329m. The order book stood at Rs65.9bn, up 8% YoY. Exports contributed 15% to the overall order book. The company secured new orders worth Rs16.6bn during the quarter. International order inflow grew by 102% YoY to Rs2.5bn while the domestic order inflow was flat at Rs14.1bn.

Maintains guidance at 25% revenue CAGR with ~10% margin

Skipper's management maintained its 25%+ revenue CAGR guidance over the next couple of years based on a strong order book worth Rs66bn (1.8x TTM sales) while maintaining the margin at ~10%-10.5%. The company bagged new orders worth Rs16.6bn in 2QFY25. The focus continues to be on high-value projects, enhancing operational efficiency, and expanding into new markets. The order pipeline remains strong at Rs180bn, of which 66% is from the international market and 34% from the domestic market.

Capacity expansion

Skipper emphasized its strategic initiatives to increase engineering capacity, expand globally, and focus on high-margin projects. The company is looking to expand its engineering capacity by 75,000mtpa to touch 3,75,000mtpa with a capex of Rs2bn. Skipper continues to enhance its global presence, particularly in the Asia Pacific, Middle East, and North American markets.

Maintain ADD rating with a higher target price of Rs615

We expect Skipper to maintain consistency based on its strong order book (Rs66bn) and a healthy pipeline (Rs180bn). The T&D environment is showing signs of a rebound, especially in high-voltage power transmission and renewable energy projects. Factoring in a strong 2Q performance and healthy order inflow, we increase our PAT estimates by 1%/7%12% and revenue estimates by 4%/2%/5% for FY25F/26F/27F, respectively. We retain our ADD rating on Skipper with a higher target price of Rs615 (Rs500 earlier), valuing the stock at 28x (from 25x) Sep 2026F EPS. Higher commodity prices as well as higher working capital needs, along with the slowdown in orders, are key downside risks.

Financial Summary

	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue (Rsm)	19,803	32,820	44,772	51,444	61,346
Operating EBITDA (Rsm)	1,925	3,194	4,558	5,162	6,340
Net Profit (Rsm)	356	817	1,548	2,015	2,617
Core EPS (Rs)	3.5	7.8	14.7	19.1	24.9
Core EPS Growth	41.4%	124.0%	89.6%	30.1%	29.9%
FD Core P/E (x)	147.90	66.02	34.82	26.76	20.61
DPS (Rs)	0.1	0.1	0.4	0.6	0.7
Dividend Yield	0.02%	0.02%	0.09%	0.11%	0.15%
EV/EBITDA (x)	29.37	18.26	13.02	11.71	9.72
P/FCFE (x)	51.09	53.97	(39.63)	32.17	26.99
Net Gearing	51.6%	49.3%	51.6%	52.6%	51.3%
P/BV (x)	6.85	6.01	5.15	4.34	3.60
ROE	4.7%	9.8%	15.9%	17.6%	19.1%
% Change In Core EPS Estimates			1.22%	7.14%	12.20%
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

2QFY25 conference-call highlights

- **Overview:** Skipper reported its highest-ever second-quarter revenue of Rs 11.1bn, up 44% YoY. Half-year revenue touched Rs22bn, marking a 66% growth, with contributions from engineering and infrastructure segments. Margin in engineering and infrastructure segments improved to 11.5% and 6.5%, respectively.
- **Guidance:** Skipper targets 25% annual top-line growth over the next two-to-three years. Additionally, the company aims to grow its polymer segment to Rs10bn through brand building and market expansion, especially in premium category pipes. Skipper is prioritizing domestic growth but remains committed to growing its exports. The company expects rising domestic demand, spurred by government investments in grid upgrade and renewable energy integration. Despite revenue growth, margin has been consistent at around 10%. Management sees scope for margin improvement, particularly through leveraging operational efficiency and high-value contracts.
- **Transmission sector's prospects:** Skipper remains optimistic on opportunities in India's power transmission sector, driven by the government's investment in renewable energy grid infrastructure. The company's qualification for high-voltage projects up to 800kV gives it a competitive edge.
- **Market share and strategic diversification:** The company holds a 10-15% market share in high-voltage transmission lines. Skipper is also expecting growth in telecom towers, railway electrification, and water EPC segments, which together represent around 20-25% of its sales.
- **Domestic addressable market:** The Central Electricity Authority projects an Rs9,150bn investment in the National Electricity Plan. Management expects 35% of it as the addressable market for companies like Skipper. This positive industry outlook aligns with Skipper's expansion into allied areas of power and infrastructure, supporting a robust long-term growth trajectory.
- **Strong order book:** The order inflow stood at Rs16.6bn in 2QFY25, bringing the YTD inflow to Rs24.3bn. The current order book stands at Rs65.9bn, an all-time high level, driven by strong domestic and export orders. Skipper's order book comprises ~85% domestic and 15% export orders. In domestic orders, ~70% are infrastructure sector-based.
- **Capacity utilization and expansion:** The company anticipates reaching around 85% capacity utilization this year. The current expansion of 75,000t is on track for completion by the end of FY25F, with another phase planned thereafter. Skipper outlined a capex plan of Rs8bn over four years to support growth across segments. A potential Rs6bn fund-raiser is planned but awaits an opportune time. This funding would boost expansion while maintaining debt at a manageable level.
- **Working capital:** Working capital days reduced to 62 from 87 YoY. The company emphasized disciplined inventory management, and it expects this trend to continue amid robust order inflow.

Figure 1: Results summary

(Rs m)	2QFY25	2QFY24	YoY (%)	1QFY25	QoQ (%)	1HFY25	1HFY24	YoY (%)
Net sales	11,097	7,724	44%	10,917	2%	22,015	13,270	66%
Raw material costs	6,968	4,467	56%	6,437	8%	13,404	7,574	77%
Employee costs	462	321	44%	380	21%	841	590	43%
Other operating expenses	2,544	2,200	16%	3,054	-17%	5,598	3,768	49%
Total expenditure	9,973	6,987	43%	9,871	1%	19,844	11,931	66%
EBITDA	1,124	737	53%	1,047	7%	2,171	1,338	62%
Other income	34	19	79%	34	0%	67	33	102%
Interest	555	349	59%	512	8%	1,067	630	69%
Depreciation	149	129	15%	145	3%	294	254	16%
EOI	-	-	N/A	-	N/A	-	-	N/A
Associates & JV	(10)	8	N/A	8	N/A	(2)	30	N/A
PBT	444	285	56%	431	3%	875	518	69%
Tax	115	88	31%	107	8%	222	158	40%
Tax rate (%)	26%	31%	-481bp	25%	112bp	25%	30%	-515bp
Adj. PAT	329	198	66%	324	2%	653	360	81%
Reported PAT	329	198	66%	324	2%	653	360	81%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 2: Margin and cost analysis

% of Sales	2QFY25	2QFY24	YoY bp	1QFY25	QoQ bp	1HFY25	1HFY24	YoY bp
Raw Material costs	62.8%	57.8%	496	59%	383	60.9%	57.1%	381
Employee costs	4.2%	4.2%	1	3%	68	3.8%	4.4%	(62)
Other expenses	22.9%	28.5%	(556)	28%	(505)	25.4%	28.4%	(296)
EBITDA	10.1%	9.5%	59	10%	54	9.9%	10.1%	(22)
Adjusted net profit	3.0%	2.6%	41	3%	(0.3)	3.0%	2.7%	25
Gross margin	37.2%	42.2%	(496)	41.0%	(383)	39.1%	42.9%	(381)

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 3: Actuals vs. estimates

(Rs m)	2QFY25A	2QFY25F	Diff.
Revenue	11,097	9,687	15%
EBITDA	1,124	958	17%
Margin (%)	10.1%	9.9%	24
PAT	329	273	20%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 4: Segmental revenue and EBIT performance

Segmental Details	2QFY25	2QFY24	YoY (%)	1QFY25	QoQ (%)	1HFY25	1HFY24	YoY (%)
Engg. Products	8,456	5,959	42%	8,286	2%	16,743	9,537	76%
Polymer Products	1,041	1,123	-7%	952	9%	1,994	2,405	-17%
Infra Products	1,600	642	149%	1,679	-5%	3,279	1,327	147%
Revenue	11,097	7,724	44%	10,917	2%	22,015	13,270	66%
EBIT	2QFY25	2QFY24	YoY (%)	1QFY25	QoQ (%)	1HFY25	1HFY24	YoY (%)
Engg. Products	949	634	50%	880	8%	1,829	1,055	73%
Polymer Products	29	28	2%	24	18%	53	109	-51%
Infra Products	113	23	385%	104	8%	217	68	220%
Total	1,091	686	59%	1,009	8%	2,100	1,231	71%
Less: Interest	555	349	59%	512	8%	1,067	630	69%
Add: Other Income	30	17	80%	29	2%	59	29	103%
Less: Unallocable	112	76	47%	103	9%	215	142	51%
Share of JV	(10)	8	N/A	8	N/A	(2)	30	N/A
PBT	444	285	56%	431	3%	875	518	69%
EBIT Margin	2QFY25	2QFY24	YoY bp	1QFY25	QoQ bp	1HFY25	1HFY24	YoY bp
Engg. Products	11.2%	10.6%	58.4	10.6%	60.4	10.9%	11.1%	(13.2)
Polymer Products	2.8%	2.5%	24.2	2.6%	20.0	2.7%	4.5%	(185.9)
Infra Products	7.1%	3.6%	343.4	6.2%	84.6	6.6%	5.1%	151.7
Blended EBIT	9.8%	8.9%	95.3	9.2%	59.0	9.5%	9.3%	25.9

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 5: Segmental EBITDA

EBITDA	2QFY25	2QFY24	YoY (%)	1QFY25	QoQ (%)	1HFY25	1HFY24	YoY (%)
Engg. Products	973	669	45%	912	7%	1884	1097	72%
Polymer Products	48	45	6%	43	12%	91	140	-35%
Infra Products	104	22	368%	92	13%	196	66	200%
Total	1,124	737	53%	1,047	7%	2,171	1,303	67%
Unallocable	0	(0)	N/A	-	N/A	0	(35)	N/A
Adj. EBITDA	1,124	737	53%	1,047	7%	2,171	1,338	62%
EBITDA Margin (%)	2QFY25	2QFY24	YoY bp	1QFY25	QoQ bp	1HFY25	1HFY24	YoY bp
Engg. Products	11.5%	11.2%	26.8	11.0%	50.0	11.3%	11.5%	(25.4)
Polymer Products	4.6%	4.0%	58.4	4.5%	10.5	4.5%	5.8%	(128.0)
Infra Products	6.5%	3.5%	304.2	5.5%	99.8	6.0%	4.9%	105.6
Blended EBITDA	10.1%	9.5%	59.5	9.6%	54.5	9.9%	9.8%	4.2

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 6: Order inflow and order book

(Rs m)	2QFY25	2QFY24	YoY (%)	1QFY25	QoQ (%)	1HFY25	1HFY24	YoY (%)
Order Inflow	16,600	15,290	9%	7,650	117%	24,250	27,440	-12%
Order Book	65,900	60,740	8%	58,440	13%	65,900	60,740	8%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 7: Polymer products volume and realization

Polymer Products	2QFY25	2QFY24	YoY (%)	1QFY25	QoQ (%)	1HFY25	1HFY24	YoY (%)
Volume (TPA)	7,528	7,872	-4%	7,955	-5%	15,483	16,752	-8%
Realization (Rs / Kg)	138	143	-3%	120	16%	129	144	-10%

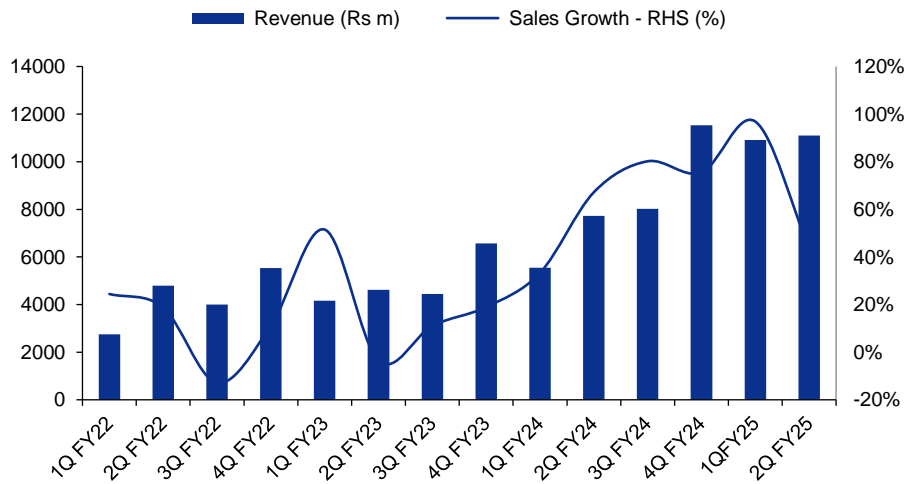
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 8: Order book mix

Order book mix (Rs m)	2QFY25	2QFY24	YoY (%)	1QFY25	QoQ (%)
Non-T&D	15,157	25,511	-41%	15,779	-4%
T&D	40,858	24,903	64%	34,480	18%
Export	9,885	10,326	-4%	8,182	21%
Total	65,900	60,740	8%	58,440	13%

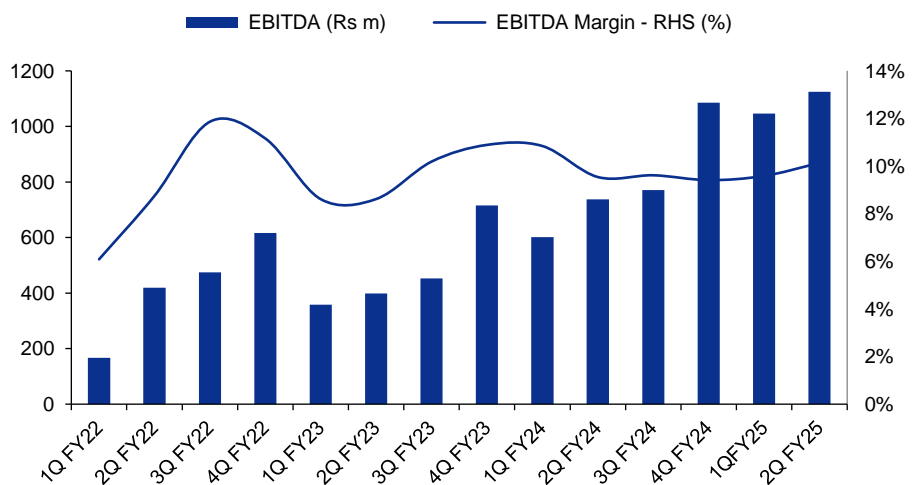
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 9: Quarterly revenue trend



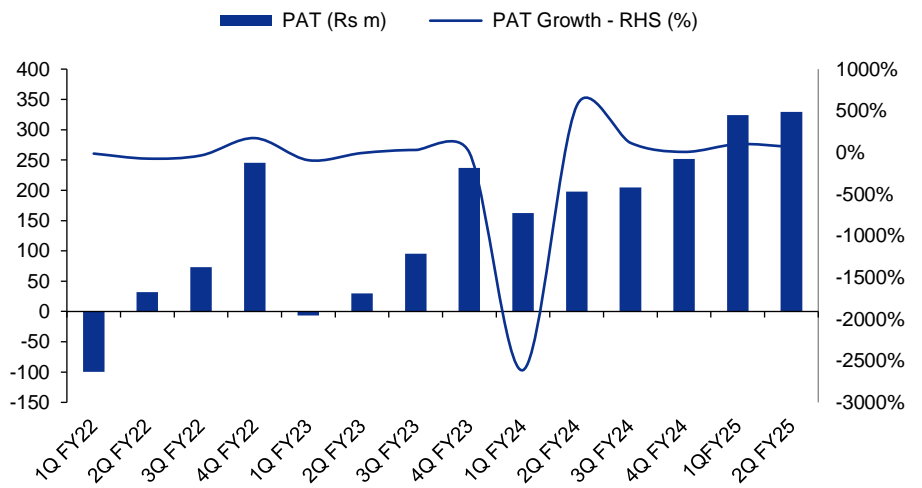
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 10: Quarterly EBITDA trend



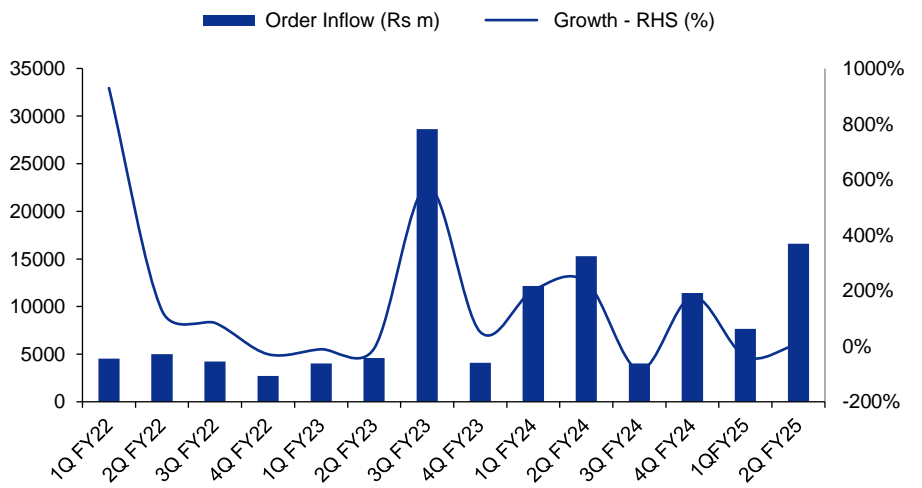
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 11: Quarterly PAT trend



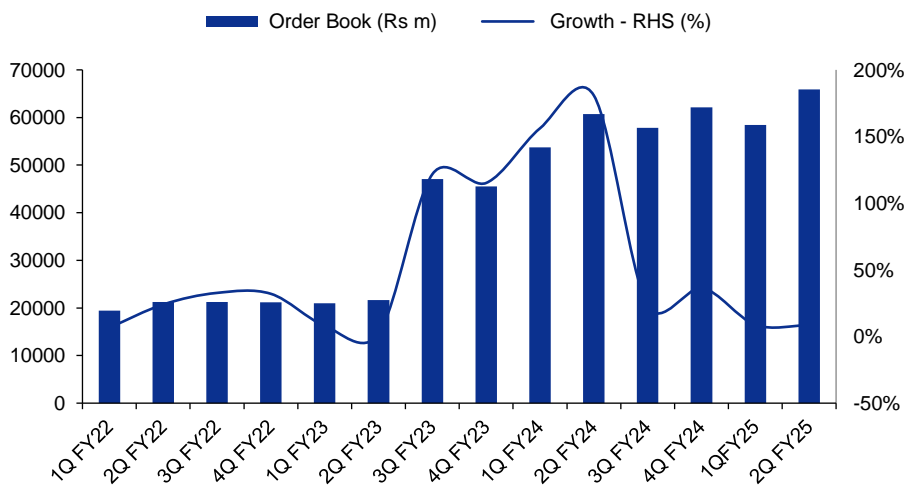
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 12: Order inflow trend



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 13: Order book trend



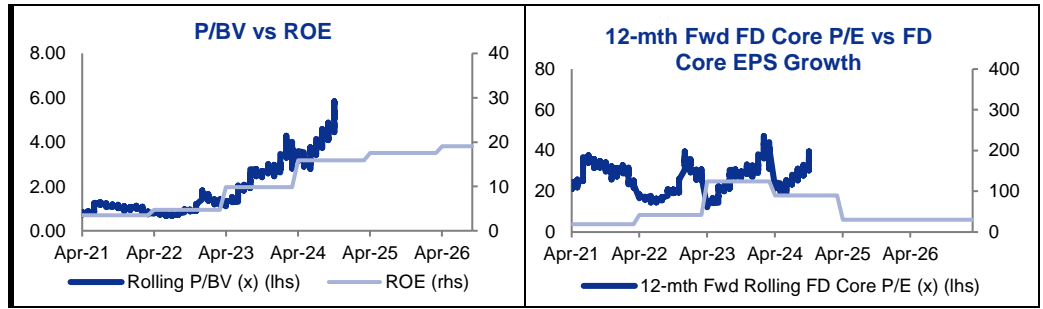
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 14: Earning revision summary

(Rs m)	New Estimates			Old Estimates			Change		
	FY25F	FY26F	FY27F	FY25F	2026F	FY27F	FY25F	FY26F	FY27F
Revenue	44,772	51,444	61,346	43,062	50,424	58,644	4.0%	2.0%	4.6%
EBITDA	4,558	5,162	6,340	4,164	4,939	5,885	9.5%	4.5%	7.7%
PAT	1,548	2,015	2,617	1,530	1,881	2,332	1.2%	7.1%	12.2%

SOURCE: COMPANY REPORTS, INCRED RESEARCH

BY THE NUMBERS



Profit & Loss

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Total Net Revenues	19,803	32,820	44,772	51,444	61,346
Gross Profit	5,705	7,761	9,648	12,861	15,336
Operating EBITDA	1,925	3,194	4,558	5,162	6,340
Depreciation And Amortisation	(468)	(525)	(615)	(679)	(747)
Operating EBIT	1,458	2,669	3,942	4,483	5,593
Financial Income/(Expense)	(1,040)	(1,540)	(2,094)	(2,031)	(2,336)
Pretax Income/(Loss) from Assoc.	29	70	77	84	93
Non-Operating Income/(Expense)	53	86	145	158	148
Profit Before Tax (pre-EI)	499	1,285	2,070	2,694	3,498
Exceptional Items					
Pre-tax Profit	499	1,285	2,070	2,694	3,498
Taxation	(144)	(468)	(522)	(679)	(882)
Exceptional Income - post-tax					
Profit After Tax	356	817	1,548	2,015	2,617
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	356	817	1,548	2,015	2,617
Recurring Net Profit	356	817	1,548	2,015	2,617
Fully Diluted Recurring Net Profit	356	817	1,548	2,015	2,617

Cash Flow

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
EBITDA	1,925	3,194	4,558	5,162	6,340
Cash Flow from Invt. & Assoc.					
Change In Working Capital	917	(1,005)	(3,665)	(1,969)	(2,517)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	94	66	145	158	148
Net Interest (Paid)/Received					
Tax Paid	(124)	(334)	(522)	(679)	(882)
Cashflow From Operations	2,813	1,922	516	2,672	3,090
Capex	(831)	(1,013)	(1,800)	(1,500)	(1,500)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	(148)	(857)	(1,232)	(535)	(787)
Cash Flow From Investing	(979)	(1,870)	(3,032)	(2,035)	(2,287)
Debt Raised/(repaid)	(804)	935	1,155	1,039	1,195
Proceeds From Issue Of Shares		498			
Shares Repurchased					
Dividends Paid	(10)	(10)	(10)	(10)	(10)
Preferred Dividends					
Other Financing Cashflow	(1,038)	(1,547)	(2,094)	(2,031)	(2,336)
Cash Flow From Financing	(1,853)	(125)	(950)	(1,003)	(1,151)
Total Cash Generated	(19)	(73)	(3,465)	(365)	(348)
Free Cashflow To Equity	1,030	987	(1,361)	1,676	1,998
Free Cashflow To Firm	1,834	52	(2,515)	637	803

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

Balance Sheet					
(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Total Cash And Equivalents	311	1,349	1,520	1,433	1,483
Total Debtors	3,602	7,661	8,832	10,571	12,605
Inventories	9,132	12,031	20,240	23,255	28,236
Total Other Current Assets	1,524	2,184	3,435	3,946	4,706
Total Current Assets	14,569	23,226	34,026	39,205	47,030
Fixed Assets	7,041	7,654	8,823	9,629	10,369
Total Investments	101	169	186	204	224
Intangible Assets					
Total Other Non-Current Assets	515	399	379	398	418
Total Non-current Assets	7,657	8,221	9,387	10,230	11,011
Short-term Debt	2,349	2,764	3,317	3,815	4,387
Current Portion of Long-Term Debt					
Total Creditors	5,881	12,206	13,125	14,094	16,807
Other Current Liabilities	2,767	2,592	7,360	9,161	10,925
Total Current Liabilities	10,998	17,563	23,802	27,070	32,119
Total Long-term Debt	1,919	3,008	3,610	4,151	4,774
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	1,585	1,827	1,813	1,514	1,266
Total Non-current Liabilities	3,504	4,835	5,422	5,666	6,040
Total Provisions	51	74	101	116	138
Total Liabilities	14,552	22,471	29,325	32,852	38,297
Shareholders Equity	7,674	8,976	10,478	12,433	14,971
Minority Interests					
Total Equity	7,674	8,976	10,478	12,433	14,971

Key Ratios					
	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue Growth	16.0%	65.7%	36.4%	14.9%	19.2%
Operating EBITDA Growth	29.0%	65.9%	42.7%	13.3%	22.8%
Operating EBITDA Margin	9.7%	9.7%	10.2%	10.0%	10.3%
Net Cash Per Share (Rs)	38.54	42.03	51.38	62.08	72.95
BVPS (Rs)	74.75	85.29	99.56	118.14	142.25
Gross Interest Cover	1.40	1.73	1.88	2.21	2.39
Effective Tax Rate	28.8%	36.4%	25.2%	25.2%	25.2%
Net Dividend Payout Ratio	2.9%	1.3%	3.0%	3.0%	3.0%
Accounts Receivables Days	73.23	62.63	67.23	68.83	68.95
Inventory Days	219.97	154.12	167.68	205.73	204.24
Accounts Payables Days	157.22	131.72	131.62	128.75	122.57
ROIC (%)	8.3%	13.2%	13.9%	13.7%	14.6%
ROCE (%)	12.0%	20.0%	24.5%	23.7%	25.1%
Return On Average Assets	5.3%	7.3%	8.3%	7.6%	8.1%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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Recommendation Framework

Stock Ratings

Definition:

- Add** The stock's total return is expected to exceed 10% over the next 12 months.
- Hold** The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
- Reduce** The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings

Definition:

- Overweight** An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
- Neutral** A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight** An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings

Definition:

- Overweight** An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
- Neutral** A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
- Underweight** An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.