Dated: 7th May 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 Audited Financial Results for the Quarter ended 31st March 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 30th April 2025, on Audited Financial Results of the Company for quarter ended 31st March 2025.

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: 2025.05.07 16:03:51 +04'00'

Anu Singh
Company Secretary & Compliance Officer

Encl: As above

"Skipper Limited
Q4 FY '25 Earnings Conference Call"
April 30, 2025

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. MOHIT -- ICICI SECURITIES**

Moderator: Ladies and gentlemen, good day, and welcome to the Skipper Limited Q4 FY '25 Earnings Conference Call hosted 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 this 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 Mr. Mohit from ICICI Securities. Thank you, and over to you, sir.

Mohit: Yes. Good evening. Good evening, everyone. On behalf of ICICI Securities, we welcome you all to the earnings call of Skipper Limited. Today, we have with us the management represented by Mr. Sharan Bansal, Director; Mr. Shiv Shankar Gupta, CFO; and Mr. Aditya Dujari, GM, Finance & Investor Relations. We will start with brief opening remarks followed by Q&A. Over to you, sir.

Sharan Bansal: Thank you, Mohit. Good afternoon, everyone, and welcome to Skipper Limited's Q4 FY '25 earnings conference call. I'd like to extend my gratitude to all our investors, analysts and stakeholders for your continued interest and support. Before we proceed, I'd 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.

Let me begin by saying that FY '25 has been a transformational year for Skipper, marked by multiple record-breaking milestones, a strong financial and operational performance, and significant strategic advancements across all major business segments. We delivered our highest ever revenue and profitability, driven by strong growth in both domestic and export markets, superior project execution capability and a disciplined focus on cost and capital efficiency.

These achievements reflect the strength of our diversified business model, the resilience of our teams and our commitment to driving sustainable long-term value for all stakeholders. Quarterly performance, quarter 4 FY '25. We closed the final quarter of the year on a high note, delivering our best ever quarterly revenue of INR1,288 crores, reflecting 11.6% sequential growth over previous year corresponding quarter.

The Engineering business registered an all-time high quarterly revenue of INR937 crores with 34% growth year-on-year, driven by healthy execution across domestic and export orders. The Polymer business delivered its highest ever quarterly revenue at INR138 crores, up 34% year-on-year, indicating a rebound in volumes and sales, improved distribution.

EBITDA for Q4 stood at INR123 crores, up 14% year-on-year, while EBITDA margins expanded to 9.6% versus 9.4% in quarter 4 FY '24. Accompanied by robust growth in bottom line, consolidated PAT increased to INR47.9 crores, the highest for any quarter, registering 90% growth over INR25.2 crores reported in corresponding quarter of previous year, while PAT margins improved to 3.7% of sales against 2.2% in previous year quarter.

Annual performance FY '25. Moving on to the full year performance. I am pleased to share that Skipper has delivered its highest ever annual revenue of INR4,624 crores a robust growth of 41% year-on-year over FY '24. The Engineering segment contributed INR3,518 crores, up 58% year-on-year, backed by strong order execution. Export revenue grew by 21% to INR770 crores from INR635 crores last year. Export share in overall Engineering segment business stood at 22%.

The Infrastructure segment clocked revenue of INR674 crores, growing 13% year-on-year. Consolidated EBITDA for FY '25 stood at INR451 crores with margin sustained at 9.8% while annual consolidated PAT surged 83% year-on-year to an all-time high of INR149 crores compared to INR81.7 crores in previous year period, the PAT margin to sales improved to 3.2% against 2.5% in corresponding period, showcasing an improvement of 70 basis points.

Order book and inflows. Moving to our order book and business outlook. We continue to build strong visibility for future revenue growth. FY '25 was also a landmark year for our order inflow and backlog. We reported the highest ever annual order inflow of INR5,335 crores with INR1,592 crores booked in quarter 4 alone.

Our closing order book stood at INR7,458 crores as of March 31, 2025, up 20% year-on-year. This order book is the highest in our company history, providing robust revenue visibility over the next 18 to 24 months.

Notably, our export order inflow was with strong traction for the U.S.A., Latin America, Middle East, and South Asia. Domestic order wins included prestigious mandates from POWERGRID, including their 800 kV HVDC and several other high-voltage projects of 765 kV and 400 kV.

We also made meaningful progress on several strategic fronts. A few of the updates are as below. Achieving a landmark breakthrough in U.S.A. market by securing a multi-million dollar coal supply order from one of the largest EPC players in the region, laying the foundation for sustained growth and market expansion in North America. We successfully secured our first substation EPC contract, marking a strategic expansion of our EPC portfolio and capabilities.

Our 75,000 capacity expansion is on track and expected to be fully operational from May '25, supporting future growth in Engineering volumes. The company is in advanced process of implementing SAP S/4HANA RISE, and advanced ERP solution within next quarter. This implementation will empower the business to streamline operations, enhance efficiency and gain real-time insights for informed decision-making, marking a significant milestone in our broader digital transformation journey.

In the Polymer business, we have increased focus on Plumbing segment to improve profitability and enhancing our retail distribution network and gaining momentum with product diversification. Also, we secured necessary approvals to foray into the gas pipeline segment with MDP pipes, leveraging our existing HDP infrastructure.

Capital and debt management. Further, I'm pleased to share that we've made meaningful progress in improving our balance sheet. Net debt including interest-bearing acceptances reduced by INR111 crores year-on-year to INR1,016 crores despite a 41% increase in revenue.

Cash flow and working capital are expected to improve considerably going forward, considering the quality of order intake this year. Working capital days also improved with inventory and debtor days sharply reducing. Return on capital employed improved to 21.7% versus 19.1% last year, showcasing better returns on capital efficiency.

Outlook. We believe Skipper is at an infection point with a multi-year growth runway ahead, driven by a strong pipeline of domestic and international T&D opportunities, strategic expansion into new growth areas, a clear strategy to grow exports under the China Plus One narrative, focused on operational efficiencies.

Thank you for your continued trust and support as we lead the way in advancing power infrastructure and meeting global energy demand. I am happy to take questions now.

Moderator: Thank you very much. The first question is from the line Darshil Pandya from Finterest Capital. Please go ahead.

Darshil Pandya: Congratulations on the great set of numbers. Sir, my first question would be on the capacity addition that we are having of 75,000 tons. If I'm not wrong, this was supposed to be added in Q4 of last year?

Sharan Bansal: Yes, that's correct. So part of the capacity is already online and the full capacity of 75,000 will be available to us within quarter 1.

Darshil Pandya: So precisely, if I'm to understand for 6 months, I guess, we will be able to see the revenues that -- from the new capacity that is going to be live?

Sharan Bansal: Yes, yes. We should be able to see it from quarter 2 onwards itself.

Darshil Pandya: And sir, if you can just throw some more light on the new U.S.A. orders and the other major update of the presentation, Page #8. If you can just highlight some more points on that. What kind of -- how this growth will be materialized in terms of numbers, that would be really nice.

Sharan Bansal: So the U.S. -- right now, of course, as I said earlier, that our present U.S.A. -- till last year, we did not have any significant business. But the order that we have recently secured, this is, you can say, our first breakthrough order where now we see that Indian players will definitely have a lot of opportunity as because the U.S.A. is having trade problems with other areas like Mexico and China.

So definitely, we expect to benefit from this overall new trade situation. And so we secured a first major order for coal supplies into U.S.A., and we expect more and more orders to come in the future from that geography.

Darshil Pandya: But how will this materialize in terms of numbers, sir, that was the primary understanding.

Sharan Bansal: It is difficult to put specific numbers to any particular geography. However, we maintain that we are looking at a lot of growth from the various export markets. This year also we have grown -- our export execution has grown by about 22% compared to last year. Last year, our export revenue was INR635 crores. This year, our export revenue has grown to INR770 crores. So I'd say that the exports are growing consistently in various geographies and the exports to North America will also be part of our overall export growth.

Darshil Pandya: One question before I also come back again is to understand, do we have any revenues coming from government in our PVC business?

Sharan Bansal: We used to have -- like in FY '24, we had significant amount of revenue coming from the sale of HDPE pipes in the Jal Jeevan project. However, in the year that just concluded, we saw a major dip in revenue coming from the Jal Jeevan project business. So we expect that, okay, now in the recent budget, Jal Jeevan projects have again been given some allocation so, hopefully, we should see again that revenue being revived in the new financial year.

Darshil Pandya: What the news says is, around 46% of the Jal Jeevan Mission is somewhere -- they have slashed the project size. Is this correct? Or have you got any update on this?

Sharan Bansal: Just a minute. So basically, what we are doing is basically we are reducing our dependency on the JJM project right now, and we are focusing more on the plumbing and retail side of the business. That's the strategy right now. Yes.

Moderator: Next question is from the line of Manish Ostwal from Nirmal Bang.

Manish Ostwal: I have first question on the order inflow side. So we'll be starting F '26 with approximately INR7,500 crores of order book. And if I look at your last year opening order book and the order inflow, we approximately executed 40% of that in terms of revenue for the current year.

So now looking at the domestic market as well as the export market, you talked about the opportunity arises from the trade war with the -- U.S. trade war with Mexico and China. So both the context domestic as well as the overseas market condition, how do you see the order inflow panning out for us in FY '26 from the opening book of INR7,500 crores, approximately?

Sharan Bansal: You're asking that how do we see further order intake situation? What is the question exactly?

Manish Ostwal: Yes, that is the question?

Sharan Bansal: Yes. So order bidding pipeline is very, very strong, and both on the domestic side as well as export side. So I believe that the bidding pipeline is extremely strong, and it will continue to remain strong for several years because in the Indian market, Government of India, CEA, has projected an investment of INR9 lakh transmission segment up to 2032. So we are continuously going to see projects coming up in the Indian market.

And because of our push into exports and because of our presence in various countries around the world, we are seeing more and more business coming our way in exports as well. So overall, we believe that we will continue on our growth path and the order book, we should be able to grow further in FY '26 as well.

Manish Ostwal: Can you quantify the bidding pipeline for us? What is the total bidding pipeline we have? And what is the percentage success rate in F '25 against our bidding pipeline?

Sharan Bansal: Our bidding pipeline is now INR20,000 crores plus. And in the past, we have seen a minimum 25% success rate. However, of course, we expect to grow the bidding pipeline also with our capacity coming online, we will be starting to bid in more projects as well.

Manish Ostwal: The second question on the leverage side. So I was looking at our debt management slide and where we mentioned that the interest bidding acceptances has declined and overall the -- but if I look at our interest cost against our revenue growth, which is 41%, our interest expense increased by 38.2%. So effectively, despite of a decline in the overall -- the debt thing, but it is not reflecting in the P&L in the form of interest expense as a percentage of revenue, which you talked about in earlier quarters also.

So first, in F '26-'27, where do you see this? And if I look at our operating cash flow also, before the working capital adjustment your operating cash flow is showing a growth of 42%, but there is a lot of consumption of capital happening in the working capital that's why our operating cash flow has declined on a full year basis, 23%. So can you explain why the benefit of interest -- the debt reduction is not reflected in the interest cost? And secondly, where do you see the trajectory of that line item in coming years?

Sharan Bansal: Okay. So very relevant question. Firstly, on regards to the finance cost, if you notice our finance cost for the full year last year for FY '24 we were at about 4.69% to sales, the finance cost for the full year. If you see the quarter 3 and quarter 4, the last 2 quarters for us, the finance cost has been on a reducing trend with 4.38% in quarter 3 and 4.37% in quarter 4.

So we believe that now for the full year, we should -- for the full year FY '26, we should be coming closer -- this declining trend should continue, and we should be coming closer to a 4% kind of a finance cost based on revenue. So that is where our effort will be to bring down our finance cost close to 4% for the full year.

And with regard to cash flow, of course, we have done significant amount of capex also. And we are -- despite that, we are maintaining healthy cash flows. Certain amount of customer advances were due to come in, in quarter 4, which we are now expecting to come in, in quarter 1. So I believe that overall, for the year, cash flows will continue to be healthy, but I'll be able to give further flavor to that separately.

Manish Ostwal: But can you quantify the amount of the slip over of the customer advances, which we are expecting in the current quarter?

Sharan Bansal: About INR200 crores of advances, which we were expecting to come in, in March, they have spilled over to April.

Moderator: Next question is from the line of Moksh Ranka from Aurum Capital.

Moksh Ranka: In the past, we had plans of demerging our Polymer business. And subsequently, I don't -- like while reading the exchange I came across that. So why was the plan dropped or what actually happened? Can you please explain?

Sharan Bansal: As of now, there is no further decision on that front. We are -- our Polymer business continues to grow well, and we are looking at good growth in this business in the coming years as well. As and when, of course, a decision will be taken, we will subsequently inform you. But as of now, there is no decision regarding demerger.

Moksh Ranka: In the past, it was announced, right? And what was the reason for scrapping that demerger plan?

Sharan Bansal: We have not announced the demerger. We've taken NCLT approval, but we hadn't announced the demerger.

Moksh Ranka: And could you please explain a little more about the Polymer business? Like, regarding the industry, the whole industry is suffering for like, I think, many quarters now and everybody is operating at very low margins. And I don't see much differentiation in this category and everybody is doing capex. So what is the thought process behind this? Because the whole industry, this is an industry-wide problem. So could you please explain me more regarding this?

Sharan Bansal: So I'd say that the industry is facing some headwinds, like you rightly mentioned. However, if you notice that despite the industry headwinds and the sharp reduction in Jal Jeevan projects, we have maintained our revenue in this business more or less to previous year's level. This is -- so the loss of business in the government Jal Jeevan projects has been made up by the growth in retail sales. So our retail business is growing well. We are looking at positive growth in the coming year as well. As because the previous year, the industry suffered due to very volatile commodity prices. But I'd say that those challenges are now behind us.

In terms of differentiation, Skipper is the strongest -- one of the strongest brands in eastern and northeastern India, where, let's say, maybe the national players have a limited presence. So we definitely feel that in this market itself, there's a lot of opportunity for us to grow, while we are a challenger brand in some of the other markets. So I'd say our brand acceptance is growing. And I think that this year and the next year, we will see better times in the industry.

Moksh Ranka: And is there any update on the -- we planned a preferential allotment for the capex we are going to do or maybe an upcoming capex. So is there any update on that? Sorry, not a preferential, was it QIP or something like that?

Sharan Bansal: QIP. Yes, you're asking about the QIP. Yes. So I think looking at the market conditions in the last 4 months, we have put that decision on hold, and we will maybe evaluate that as the company's cash flow continues to be healthy. As such, we are able to meet all our capex requirements through a mix of debt and internal accruals. So we look at a more favorable market situation to maybe consider going back to the market.

Moderator: Next question is from the line of Vignesh Iyer from Sequent Investments.

Vignesh Iyer: Sir, basically, my first question is on the new capacity that is expected to come in the month of May. Two points regarding that. First, how would the velocity of execution improve hereon, on the order book that we have in hand?

And secondly, I wanted to understand is, there were certain capabilities already existing with us where we could have executed a higher value execution, but we didn't go for bidding due to capacity. Is it a possibility that we go for a bigger order size bidding from here on?

Sharan Bansal: Yes, certainly, as our capacity gets fully commissioned, we will be targeting a bigger bid pipeline. And at the same time, the effort will be to target higher margin orders as well. So I think certainly, both of those are on the target.

Vignesh Iyer: Also, sir, about the velocity of execution going forward?

Sharan Bansal: The execution, I think, remains strong. Again, we have delivered a 40% plus revenue growth this year. So even on this elevated base, I'd say that there is a sufficient opportunity for us to increase our execution and revenue further.

Vignesh Iyer: Sir, could you let us know, this substation EPC that the orders we have got, what is the size of the order we have got?

Sharan Bansal: Sorry, once again. Could you repeat the question, please?

Vignesh Iyer: We have secured the first order on the substation EPC. I wanted to understand in terms of value what is the order size, the contract we have got?

Sharan Bansal: It's about INR45 crores.

Moderator: A follow-up question from Darshil Pandya from Finterest Capital.

Darshil Pandya: So just one question that is left from my side is about the guidance part what we are targeting for next 2 to 3 years?

Sharan Bansal: We will continue to target about 20% to 25% growth even on this elevated base.

Darshil Pandya: But sir, technically, if I see your presentation last 3 years, we have somewhere grown at 40% plus. And given what kind of updates we have with respect to the orders and the new capacity that is coming in, can we even outperform that just in case to understand?

Sharan Bansal: Well, I think, look, we believe that 20%, 25% is a healthy growth number, looking at better execution from our capacity because we are near about 80%, 85% capacity utilization now. So looking at some more opportunity in the existing capacity as well as the new capacity that will be coming online from quarter 1, I'd say 20%, 25% overall revenue growth is a good guidance to take.

Moderator: Next question is from the line of Dhiral from PhillipCapital.

Dhiral: Congratulations for the great set of numbers. I have 3, 4 questions, sir. So first of all on the U.S. order, sir, when you said that we have won almost multi-million order, so wanted to know the size of the order that we have won from the U.S. market?

Sharan Bansal: It's about $15 million, 1-5.

Dhiral: $15 million?

Sharan Bansal: Correct.

Dhiral: And sir, what would be our maybe bid pipeline, particularly on the U.S. side now that we have got the opportunity with this new order?

Sharan Bansal: The bid pipeline in the U.S. market is close to about $150 million.

Dhiral: And sir, of the overall order book that we have, which is almost INR7,400 crores, if you can give the breakup between how much is the Engineering side of an order and how much is the Infrastructure led?

Sharan Bansal: You're asking about the closing order book?

Dhiral: Yes, breakup of the outstanding order book.

Sharan Bansal: Just a minute, please. INR5,800 crores pertains to EPC. INR800 crores is exports and the balance is domestic supplies.

Dhiral: So when you say, sir, INR5,800 crores EPC, is it linked to the Infrastructure order?

Sharan Bansal: No, no, that -- in any EPC order, about 70% to 80% volume comes from engineering supplies and balance 20% to 30% comes from Infra.

Dhiral: So this year, sir, when we have delivered 12% to 13% kind of revenue growth on the Infrastructure side, so what would be the guidance for FY '26 and '27?

Sharan Bansal: You're asking specifically about the Infra segment?

Dhiral: Yes, yes, yes.

Sharan Bansal: The overall guidance of 20%, 25% will be maintained here as well in the Infra segment.

Dhiral: That's great, sir. And sir, we have seen our margins on the Infrastructure side on an annual basis also has declined slightly despite of the ramp-up in the revenue. Also on the Engineering side, there has been a 40 bps decline in the Engineering EBITDA margin. So when we are running at full capacity, our operating leverage also may kick in and this would have improved our margins, right? But that is not the case.

Sharan Bansal: This year, we've had a mix of both T&D and non-T&D revenue on the engineering products side. So I'd say that, look, we've always maintained our guidance of between 11% and 12% for the Engineering margins. So it is range bound, I would say, that the margins on the engineering products. And even in Infra, the dip is -- it's almost flat because it was 6.1% previous year and 5.9% this year.

Dhiral: So this would remain in the same range, around 6%, right?

Sharan Bansal: Yes, correct.

Dhiral: And sir, now coming to the Polymer part. So now when we have entered into this gas pipeline space, so does it improve our overall utilization of the pipe segment in the coming year, particularly for FY '26-'27?

Sharan Bansal: Yes, it will certainly improve. All of this is adding to our product portfolio in the Polymer segment. But of course, our prime focus will remain on the plumbing side. But whether it is the MDPE for the gas pipeline or HDPE for Jal Jeevan water project, all of those will help in our overall capacity utilization.

Dhiral: So this year was largely remained flat because of the macroenvironment. So what would be the guidance for FY '26-'27 on the polymer side?

Sharan Bansal: I think on the polymer side, we can expect a little higher growth between 25% to 30%.

Dhiral: And sir, lastly, on the debt part. So any debt -- since we have reduced our interest-bearing debt this year also by almost INR100 crores or more than INR100 crores. So what would be the debt guidance for FY '26?

Sharan Bansal: I don't have a debt guidance for you right now. As I mentioned, we will be seeing more revenue coming from T&D business in the new financial year as because non-T&D now is a very small percentage of our order book. So we expect improvement both in the margins as well as the working capital side.

So just as we have been able to achieve some reduction on the working capital this year, we should be able to achieve further improvement in the working capital. And our -- as from management side, our focus will be to bring down the finance cost as a percentage of sales closer to 4% versus 4.4% right now.

Dhiral: And sir, just last one question on the utilization part since we will be commencing our 75,000 metric ton capacity maybe in month of May, and you said that Q2 will be the quarter where it will start ramping up. So maybe for the FY '26, what could be the utilization for this 75,000 MTPA?

Sharan Bansal: As you call, we have a sufficient order book so we expect that right from within 1 or 2 quarters itself, we will be able to achieve. So maybe by quarter 3 itself, we will be able to achieve 80%, 85% capacity utilization, which is the optimal capacity utilization for any capacity.

Dhiral: So are we then looking for another fresh capex maybe for FY '27 growth?

Sharan Bansal: Yes, certainly. We will be doing a fresh capex this year also.

Dhiral: So this would be how much amount, sir? And what will be the capacity addition?

Sharan Bansal: We will be adding a further amount of 75,000 tons this year also.

Dhiral: So this will be again a brownfield kind of an expansion, sir, with maybe INR200 crores kind of a capex?

Sharan Bansal: Yes, but it will be a mix of brownfield and greenfield.

Moderator: Next question is from the line of Gunjan Kabra from Niveshaay Investment.

Gunjan Kabra: Just wanted to understand the U.S. market a bit. That, firstly, from where does U.S. import towers as of now? Major requirement -- because considering it's a labor-intensive industry, so how much is domestically sourced and how much will be imported from other countries?

Sharan Bansal: The U.S. has some domestic production as well. And also, they are importing towers from Mexico, Brazil and Turkey and China. So these are the major destinations internationally where major towers are being supplied into the U.S.

Gunjan Kabra: So here, like what's the approval cycle that if one wants to supply to the U.S. market. So like in transformers, there's a big approval cycle of so many years of supplying to the U.S. market. So in tower, how is it?

And plus, Turkey is also a major supplier to the current tariff scenario, don't you think that they will have a major advantage than India or we can gain market share there because of the tariff in the current scenario right now?

Sharan Bansal: No, I would say that the -- firstly, regarding the approval cycle, see, there is no one central utility in the North American market. There are several -- almost maybe 100-plus various utilities which are actively involved in transmission line development. So the approvals is a process which Skipper has been undertaking for last 7 to 8 years. We have gotten ourselves approved and our products certified with a number of such utilities already, and that number is constantly growing.

So I'd say that this is a long gestation business. And just like transformers, this will definitely require a long time for any new player who is starting out today to build up momentum has started seeing some significant orders in that geography.

And with regarding tariffs, see, it's difficult to comment today because the situation regarding tariffs is evolving and changing quite rapidly on a weekly basis. We'll have to wait for the matter to settle down and the final tariffs to be really clear. However, I can tell you that looking at overall cost advantages that we particularly have with our integrated operations and our labor-intensive operations, this will definitely -- we will be competitive in the North American market regardless of whatever tariffs are imposed on Indian products.

Gunjan Kabra: And one more thing, like how is the transmission activity shaping up in the export market, like, for example, in the U.S. or Europe or African countries? Because like India last year and the coming years is we are seeing accelerated activities on the transmission side. So similarly, is it on the same trend? Or how are we seeing in those export markets as well, if you can share any on ground insight that you have?

Sharan Bansal: Yes. I would say that right now, we are seeing very, very strong activities in the Middle East market. And there almost all Middle East as well as North Africa countries. So the entire MENA region we are seeing tremendous amount of demand and new projects being awarded. In terms of North America, there is a big pipeline of projects. But in general, based on our experience, the projects award is a slow-moving activity and they take time to see award.

Markets like certain pockets of Africa, particularly East Africa, are quite actively investing. However, we are seeing not so much action happening on maybe West Africa and the European market. There we are probably seeing not that greater demand. So I would say that overall exports, definitely, is seeing a strong bidding action from North America, from Middle East and East Africa.

Gunjan Kabra: And what's the time tenure of execution of the substation EPC of the INR45 crores order that we have received this quarter?

Sharan Bansal: It's about 18 months.

Gunjan Kabra: 18 months. So is it like 18 months for our substation order, or generally also the order execution cycle right now is of 18 months?

Sharan Bansal: I'd say that depending on the voltage level, 18 to 24 months is the normal.

Gunjan Kabra: Is the general order. And this will be for what kV right now? I mean on the distribution side we have got or on the higher voltage side?

Sharan Bansal: This is a 66 kV project for transmission.

Gunjan Kabra: 66 kV, okay.

Moderator: Next question is from the line of Darshan Solanki from Axis Securities.

Darshan Solanki: Congratulations for a good set of numbers. Sir, my question is mostly focusing on the domestic outlook. So we all know that it's -- domestic outlook remains strong with INR9.15 trillion capex. But if you see for FY '25, the transmission lines and the substations that are added for the year are basically not according to the targets that were set there. So there is an underachievement. So just wanted to know your view on the on-ground challenges. Like are there any on-ground challenges in regard to the execution, which may impact the order pipeline of ours?

Sharan Bansal: I would say that the tendering activity majorly started in FY '24 and FY -- towards the end of FY '24 and major part of FY '24-'25 is when we saw the major awards taking place. So probably, yes, considering an 18- to 24-month build cycle, we should see definitely major lines and substations getting added starting from FY '26 and really picking up pace in FY '27 onwards. But on-ground execution remains strong. I think that is very well reflected in our top line growth numbers also.

Darshan Solanki: So basically, we do not foresee any challenges when it comes to ordering flows?

Sharan Bansal: Not at all.

Darshan Solanki: Sir, I just wanted to check what is our current market share in the high-voltage segment?

Sharan Bansal: It's approximately 15% in the high-voltage transmission line segment.

Darshan Solanki: I think my last question would be, so our capex guidance was around INR800 crores for the next 4 years, INR200 crores per annum. So that is the same? Or is there any update to it?

Sharan Bansal: Yes, it largely remains the same.

Moderator: Next question is from the line of Dinesh Kulkarni from RDST.

Dinesh Kulkarni: Really great set of numbers. Sir, my question is in terms of margins. If we see the margins have been predominantly around 10% for the last few years. Are you expecting any improvement in the margins going forward, especially on the capacity addition?

Sharan Bansal: Yes, absolutely. As because so far, the major revenue has been a mix of both T&D and non-T&D. And now going forward, we expect major amount of execution to come from T&D itself. So we certainly can expect better improved margins. And also with the growth of export, we do feel that margins have a good headroom to grow a lot. So certainly, we can expect improvement in margins in the coming years.

Dinesh Kulkarni: Just something more on this. Have you seen any incremental change in the kind of orders which you are getting now in the past, say, like 6 months? And how would you compare that with any of the previous orders? Like is there any incremental change in margins? Are you witnessing that?

Sharan Bansal: Yes. I think the orders secured in the year that just finished, FY '25, have definitely come with better margins than previous years.

Dinesh Kulkarni: And we expect that to continue going forward, right?

Sharan Bansal: Absolutely.

Moderator: Next question is from the line of Pranjal Mukhija from GrowthSphere Ventures.

Pranjal Mukhija: I just have one question. So how well are we positioned to cater to the HVDC demand both in India and rest of the world? So what is the outlook for this segment and is the margins in this segment better?

Sharan Bansal: Yes, definitely. So Skipper is fully qualified to add the -- for all HVDC projects. And currently in our order book also, we have secured 800 kV HVDC projects from POWERGRID. Globally, now even in like markets like North America, we are seeing that they are moving to further higher voltage. Previously, the highest voltage that was deployed there was 500 kV. But now for the first time, we are seeing that they will also be going for 765 kV high-voltage projects.

So I think with our expertise in -- we have been doing 765 and 800 kV projects in India for the last 15 years. So I think we have built up a lot of expertise and a lot of technical capability in this category of projects. And we will be able to take -- leverage that capability for supplies in a lot of markets, including North America.

Pranjal Mukhija: Sir, how big was this project like the 800 kV project that you're mentioning?

Sharan Bansal: It's close to about INR500 crores.

Pranjal Mukhija: And margins are better or like similar to the current business in the Engineering segment?

Sharan Bansal: Yes, they're slightly better.

Moderator: Next question is from the line of Mahesh Atal from Atal Investment Advisors.

Mahesh Atal: Sir, what would be your margins from this U.S. business that you have achieved that would be somewhere around INR1,300 crores, I guess. What could be your margins there in U.S.?

Sharan Bansal: No, we don't -- sorry, INR1,300 crores, where did you get that number from?

Mahesh Atal: $15 million, right? I mean, sorry, $15 million it is, right, what you're working.

Sharan Bansal: Correct.

Mahesh Atal: Yes. So on that, what would be your margins?

Sharan Bansal: See, in general, see, it's difficult to pinpoint margins on particular orders. But I can tell you that normally, exports do come with better margins. And because this is exports to developed countries like North America, there, the opportunity for margins are even higher. However, it is our entry phase right now into those markets. So even then -- even despite the entry price, we can expect that these orders come at about at least 2% better margin than domestic products.

Mahesh Atal: So 200 bps on our existing margin profile, right?

Sharan Bansal: Yes. Correct.

Mahesh Atal: And there is 10x more opportunity available there. So how would we build up over FY '26 and '27? Can you please share some light on that? I mean, what could be the opportunity for us out of that $150 million?

Sharan Bansal: No. So $150 million is only our current bidding pipeline. But in terms of overall opportunity for bidding, our expectation is that there will be at least $10 billion worth of projects coming up over the next 2, 3 years for bidding in North America. So we, obviously, look to increase our approval process, our registration, certification process, and we continue to increase our bidding pipeline in that market.

Whether how much will be successful or not, as because we have a limited presence there right now. So obviously, we'll have to see how many chances we'll have of being successful in that market.

Mahesh Atal: What would be your dividend outflow this year, sir?

Sharan Bansal: Dividend outlook would be 10%.

Mahesh Atal: No, in terms of actual -- I mean, in terms of actual numbers?

Sharan Bansal: You're asking absolute numbers?

Mahesh Atal: Yes, absolute numbers.

Sharan Bansal: Just 1 minute, please. Okay. We can check and come back to you offline about this but --

Mahesh Atal: Yes. But won't it prudent to --

Sharan Bansal: Sorry, 1 minute.

Mahesh Atal: My question was more on that -- like, won't it be prudent to --

Sharan Bansal: So it will be about INR1.5 crores this year.

Mahesh Atal: INR1.5 crores.

Sharan Bansal: Yes.

Mahesh Atal: Are you sure?

Sharan Bansal: Approximately, yes.

Mahesh Atal: It's INR1.5 crores, okay.

Sharan Bansal: Correct.

Mahesh Atal: Fine. So what the -- I mean, the policy on this dividend, are you going to actually -- because you're having only INR200 crores capex lined up for the next year?

Sharan Bansal: That's because the company is growing, we have capex requirements and also our working capital requirements are there. So I think we will be conservative in dividend payout for the next 2, 3 years up until we are doing capex.

Mahesh Atal: So maximum of the cash will be flowing towards repaying of the debt, right?

Sharan Bansal: Repaying of debt, new capex, yes.

Moderator: Next question is from the line of Mehul Mehta from Choice Institutional Equity.

Mehul Mehta: Congrats on great set of numbers, especially in the light of a substantial reduction in working capital cycle. My question is in relation to inventory cycle as compared to peers for us is still much higher, so can we expect further reduction, kind of?

Sharan Bansal: Sir, if you see the inventory cycle from previous year, 135 days, we have brought it down to 95 days. There is further opportunity to bring this down further. However, when you compare us to peers, do keep in mind that we are the only ones having backward integrated operations. So our inventory it also is burdened with that fact that we have to maintain extra inventory because we are backward integrated. But despite that, we certainly feel that there is opportunity to bring this down further from 95 days.

Mehul Mehta: Why I'm comparing is because like as compared to -- I mean, if I look at range, like it is in the line of 25 to 35 days for peers. So maybe backward integration, but still substantial difference. So like can we further, I mean, shrink it significantly? Or like you're looking at -- like anywhere like because of backward integration on this level, like maybe --

Sharan Bansal: You will also have to see, sir, that, okay, if a company has a very large business of EPC, there and ours is still predominantly manufacturing-led operations. So you will have to see manufacturing as a percentage of the sales to really see inventory because pure EPC business, you will likely not have much inventory.

Moderator: Next question is from the line of Moksh Ranka from Aurum Capital.

Moksh Ranka: Sir, my question was on the long term regarding, like, our products, T&D products have a very long replacement cycle. And if you look -- like after some years, there could be a scenario where we don't get lot many orders because the replacement cycle by the utility would be done. Then what would be our plan then because we are doing lots of capex for this year and for the next few years and understanding and that's because the grid needs to be replaced. But at one point that will be done, so after that, what would be our plan?

Sharan Bansal: Sir, I can tell you that based on our estimation, the transmission capex will continue at least for the next 2 decades, while the world moves towards net-zero and renewable becomes more and more of a preferred source for power generation. So the transmission requirements will only continue to grow. And we see demand outlook very strong right for the next 2 decades, not just for the next 4, 5 years.

Moderator: As there are no further questions, I would now like to hand the conference over to the management for closing comments.

Sharan Bansal: Thank you once again to all the investors for your continued interest with Skipper. We remain strongly optimistic about the growth prospects of Skipper in FY '26 as well, and we look forward to interacting with all of you for the quarter 1 con call 3 months from now. 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.