

Largely Inline Q2, Growth Outlook Intact

Est. Vs. Actual for Q2FY26: Revenue – **Miss**; EBITDA – largely **INLINE**; PAT – **Miss**
Change in Estimates post Q2FY26

FY26E/FY27E: Revenue: 0%/0%; EBITDA: 0%/0%; PAT: 0%/0%

Recommendation Rationale

- Strong Order Book:** Skipper received new orders totalling Rs 1,243 Cr in Q2FY26, which included three large wins from PGCIL and key other export markets. As of Sep'25, the order book stood at its highest ever at Rs 8,820 Cr. The order book comprises 76% domestic T&D orders, 13% non-T&D orders (including Telecom, Railways, Solar, Water EPC, and other Steel Structural items), and 11% export orders. All export orders pertain to T&D. The company currently has a strong bid pipeline of more than Rs 30,000 Cr (with a 25% historical order conversion success rate). The management expects the company's orderbook to be ~Rs. 9,000 Cr – Rs 10,000 Cr by the end of FY26.
- Capacity Expansion status:** The new 75 ktpa plant is now operational and has commenced its commercial production. The 2nd 75 ktpa capacity is also expected to go online by the end of FY26, taking its total capacity to 450 ktpa. The company is confident of increasing its capacity to 600 ktpa by the end of FY29, making it the world's largest transmission tower manufacturer.
- Export Opportunities:** Exports stood at 11% of the company's order book as of Sep'25. The company is exploring new opportunities in new markets. It already has a strong presence in the Middle-East, African, and Latin-American Markets. The company is also exploring growth opportunities in developed markets like North America and Europe; however, they may take time to materialise. The company has completed successful plant audits for new potential customers from the Middle East and North America. It targets to achieve 50% export orders in its order book in the long term.

Sector Outlook: Positive

Company Outlook & Guidance: The management expects a 20-25% revenue growth YoY for the next 3 years, led by the capacity expansion. The next 4 years' capex guidance is Rs 800 Cr, including the capacity additions. Furthermore, the management expects the current EBITDA margins of ~10% to gradually increase YoY, led by higher T&D contribution and better-quality T&D contracts. In FY26, the Management expects EBITDA margins to be in the range of 10-10.5%.

Current Valuation: 18x on our Sep'27 EPS estimate (Previous: 20x on our FY27 EPS estimate)

Current TP: Rs 580/share (Previous: Rs 570/Share)

Recommendation: We maintain our **BUY** recommendation on the stock.

Financial Performance: Skipper reported a largely in-line set of numbers. Consolidated net sales stood at Rs 1,262 Cr, up 14%/1% YoY/QoQ, a slight 3% miss on our estimates. EBITDA stood at Rs 131 Cr, up 16%/3% YoY/QoQ, a marginal 1% beat on our estimates. The EBITDA margins stood at 10.4% up 23bps/22bps YoY/QoQ. PAT stood at Rs 37 Cr, up 12% YoY but down 18% QoQ, a 21% miss on our estimates. However, the PAT is affected by a one-time exceptional item in the nature of settlement of disputed tax claims amounting to Rs 11 Cr.

Outlook: With the capacity expansion, robust order book, and revenue growth, along with expected improvement in margins, Skipper is well-positioned to benefit from the sectoral tailwinds. We maintain our earnings estimates as outlined in our Q1FY26 Result Update published on 1st Aug'25.

Valuation & Recommendation: We assign a target P/E multiple of 18x (from 20x) on our Sep'27 EPS estimate (roll forward from Mar'27) and arrive at our TP of Rs 580/share (earlier Rs 570/share). We maintain our **BUY** rating on the stock. Our TP implies a potential upside of 14% from the CMP.

Key Financials (Consolidated)

(Rs Cr)	Q2FY26	QoQ (%)	YoY (%)	Axis Est	Var (%)
Net Sales	1,262	1%	14%	1,300	-3%
EBITDA	131	3%	16%	129	1%
EBITDA Margin (%)	10%	22bps	23bps	10%	45bps
Reported PAT	37	-18%	12%	47	-21%
EPS (Rs)	3.28	-18%	5%	4.1	-21%

Source: Company, Axis Securities

(CMP as of 7th November 2025)

CMP (Rs)	508
Upside /Downside (%)	14%
High/Low (Rs)	665/342
Market cap (Cr)	5,739
Avg. daily vol. (6m) Shrs.	6,58,191
No. of shares (Cr)	11.3

Shareholding (%)

	Mar-25	Jun-25	Sep-25
Promoter	66.48	66.48	66.48
FII	5.13	5.42	6.55
Mutual Funds / UTI	0.09	0.11	0.12
Financial Institutions	0.00	0.00	0.00
Others	28.29	27.99	26.85

Financial & Valuations

Y/E Mar (Rs Cr)	FY26E	FY27E	FY28E
Net Sales	5,549	6,937	8,671
EBITDA	583	763	954
Attrib Net Profit	229	320	409
EPS (Rs)	20.3	28.3	36.2
PER (x)	25.0	17.9	14.0
P/BV (x)	4.0	3.3	2.7
EV/EBITDA (x)	10.9	8.3	6.6
ROE (%)	18%	20%	21%

Change in Estimates (%)

Y/E Mar	FY26E	FY27E	FY28E
Sales	0%	0%	0%
EBITDA	0%	0%	0%
PAT (Attrib)	0%	0%	0%

Relative Performance



Source: Ace Equity, Axis Securities

Results Gallery

[Q1FY26](#)
[Q4FY25](#)
[Q3FY25](#)
[Q2FY25](#)

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Key Concall Highlights

- **Impact of phasing of ISTS waivers:** The Management believes that the phasing out of ISTS waivers should not have any material impact on demand in the sector and for the company, as the transmission projects are as per CEA RE additions targets, and further, even with the charges waiver being phased out, solar continues to be a cheap source of energy.
- **Temporary Delays:** Due to extended monsoons, the company faced logistics and civil work disruptions at multiple project sites in Rajasthan, leading to temporary delays in execution. The management has confirmed these projects are now on track, and with favourable weather conditions, the company is on track to achieve its FY26 guidance of 25% revenue growth.
- **Substation Projects:** The company is in the process of executing 2 small to medium-sized projects (130 kV and 220 kV) and targets commissioning by FY27. Post commissioning of these projects, the company will be qualified to bid for larger substation jobs.
- **Polymer Segment:** The polymer industry has been facing challenges due to volatile commodity prices. The company has outperformed its peers both in net sales and volumes. However, the volume growth has not translated to sales due to falling commodity prices. The management believes that the commodity prices have bottomed out and the sales should improve from H2FY26 or FY27. It targets Rs 1,000 Cr sales by FY27 or FY28 in this segment. It further targets double-digit EBITDA margins.
- **Debt:** The company's Debt to Equity continues to be stable at 0.61 (0.59 as at Mar'25). The Net Debt (including acceptances) stood at Rs 1,268 Cr (vs Rs 1,017 Cr in Mar'25). The company has been able to reduce its finance cost to sales from 4.7% to 4.1-4.2%.
- **Exceptional items:** In Q2FY26, the PAT was affected by an exceptional item relating to a long-standing entry tax demand relating to previous financial years. The matter was settled under the West Bengal Sales Tax Settlement of Dispute Act, 1999. The company paid 75% of the disputed tax amounting to Rs 11.6 Cr.
- **Test Bed Facility:** The company commissioned the 2nd Test Bed facility and successfully completed the first series of tower tests.
- **Capacity Utilisation:** The company's existing facilities are operating at 85% utilisation.
- **Segmental Results:** In Q2Y26, the company's Engineering segment's revenue grew 18% YoY, and EBITDA grew 21% YoY. The polymer segment's revenue grew 11% YoY while its EBITDA was down 1.5% YoY. The infrastructure segment's revenue was down 7% YoY, while EBITDA was down 19% YoY.

Key Risks to Our Estimates and TP

- Delay in capacity expansion and execution of projects
- Delay in transmission infrastructure investment.

Skipper Q2FY26 Results Review

Particulars (Rs Cr)	Q2FY25	Q1FY26	Q2FY26	Q2FY26	YoY (%)	QoQ (%)	Axis Sec
	Act	Act	Axis Sec Est	Act			Var (%)
Net sales	1,110	1,254	1,300	1,262	14%	1%	-3%
Direct Expenditure	861	954	1,006	955	11%	0%	-5%
Gross Profit	249	299	294	307	24%	3%	4%
Employee benefit expenses	46	55	54	68	48%	23%	27%
Other expenses	90	117	112	108	20%	-8%	-3%
EBITDA	112	127	129	131	16%	3%	1%
Depreciation & amortization	15	18	20	19	27%	7%	-5%
EBIT	98	109	109	112	15%	2%	3%
Finance cost	55	53	53	54	-3%	1%	1%
Other Income	3	3	7	4	21%	24%	-37%
PBT	45	60	62	62	37%	4%	0%
Tax	12	15	16	15	27%	-3%	-6%
Profit / (loss) from associates / JV	-1	1	-	0.1	NM	-77%	NM
Exceptional Items	-	-	-	11	NM	NM	NM
PAT	33	45	47	37.0	12%	-18%	-21%
Basic EPS	3.13	4.01	4.14	3.28	5%	-18%	-21%
EPS Diluted EPS	2.92	4.01	4.14	3.28	12%	-18%	-21%
EBITDA margins	10.1%	10.1%	9.9%	10.4%	23bps	22bps	45bps
PAT margins	3.0%	3.6%	3.6%	2.9%	-3bps	-67bps	-66bps

Source: Company, Axis Securities

Financials (Consolidated)

Profit & Loss

(Rs Cr)

Y/E March	FY25A	FY26E	FY27E	FY28E
Total Operating Income	4,624	5,549	6,937	8,671
Consumption of Raw Materials	2,788	2,886	3,607	4,509
Increase/Decrease in Stocks	88	-	-	-
Power & fuel	716	1,110	1,387	1,734
Employees Cost	180	250	277	347
Other Expenses	402	721	902	1,127
Total Expenditure	4,173	4,967	6,174	7,717
EBITDA	452	583	763	954
Depreciation and Amortisation	63	79	89	99
EBIT	388	503	674	855
Other Income	20	23	29	37
Share Of P/L Of JV	4	-	-	-
Less: Interest & Fin Chg.	213	222	277	347
Less: Exceptional Items	-	-	-	-
Profit before tax	199	305	426	544
Provision for Tax	49	76	106	135
Reported PAT	149	229	320	409
EPS (Rs/sh)	13.9	20.3	28.3	36.2
DPS (Rs/sh)	0.1	0.1	0.1	0.1

Source: Company, Axis Securities

Balance Sheet

(Rs Cr)

Y/E March	FY25A	FY26E	FY27E	FY28E
Net Block	900	1,020	1,131	1,232
Intangible assets	1	1	1	1
CWIP	133	133	133	133
Investments	20	20	20	20
Inventories	1,197	1,437	1,796	2,245
Trade Receivables	701	842	1,052	1,315
Cash / Bank balance	121	223	348	511
Misc. Assets	323	323	323	323
Total assets	3,397	4,000	4,805	5,782
Equity capital	11	11	11	11
Reserves	1,182	1,410	1,729	2,137
Borrowings	701	832	952	1,062
Def Tax Liabilities	64	64	64	64
Other Liabilities	208	208	208	208
Provisions	9	9	9	9
Trade Payables	1,222	1,466	1,833	2,291
Capital employed	3,397	4,000	4,805	5,782

Source: Company, Axis Securities

Cash Flow
(Rs Cr)

Y/E March	FY25A	FY26E	FY27E	FY28E
Profit before tax	199	305	426	544
Depreciation	63	79	89	99
Interest Expenses	213	222	277	347
Non-operating / EO item	(2)	-	-	-
Change in W/C	(281)	(135)	(203)	(254)
Income Tax Paid	(38)	(76)	(106)	(135)
Operating Cash Flow	153	395	484	601
Capital Expenditure	(238)	(200)	(200)	(200)
Free Cash Flow	(85)	195	284	401
Other Investments	37	-	-	-
Investing Cash Flow	(201)	(200)	(200)	(200)
Proceeds / (Repayment) of Borrowings	114	131	120	110
Proceeds from the Rights issue	148	-	-	-
Finance cost paid	(210)	(222)	(277)	(347)
Dividend paid	(1)	(1)	(1)	(1)
Other financing cash flows				
Financing Cash Flow	51	(92)	(159)	(238)
Change in Cash	4	103	125	163
Opening Cash	2	6	108	233
Closing Cash	6	108	233	397

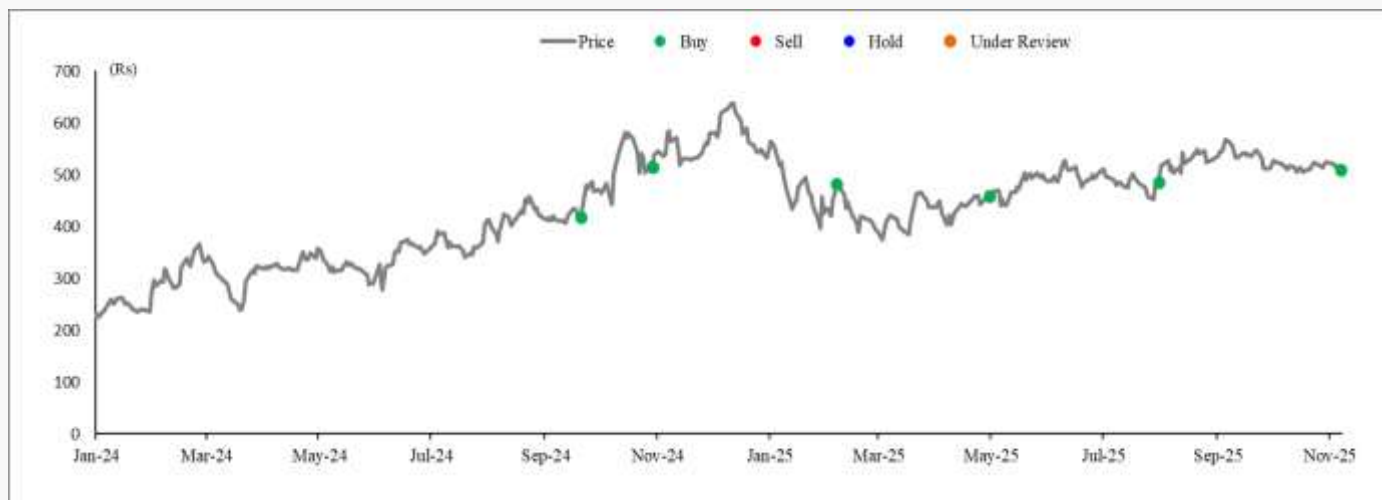
Source: Company, Axis Securities

Ratio Analysis
(%)

Y/E March	FY25A	FY26E	FY27E	FY28E
Operational Ratios				
Sales growth (% YoY)	41%	20%	25%	25%
EBITDA growth (% YoY)	41%	29%	31%	25%
Op. profit growth (% YoY)	46%	30%	34%	27%
Net Profit growth (% YoY)	83%	53%	40%	28%
EBITDA Margin %	10%	11%	11%	11%
Net profit Margin %	3%	4%	5%	5%
Tax Rate %	25%	25%	25%	25%
Efficiency Ratios				
Total Asset Turnover (x)	1.4	1.5	1.6	1.6
Sales/Gross block (x)	3.3	3.5	3.9	4.4
Sales/Net block(x)	5.1	5.4	6.1	7.0
Working capital/Sales (x)	0.15	0.15	0.15	0.15
Valuation Ratios				
PER (x)	31.3	25.0	17.9	14.0
P/BV (x)	4.1	4.0	3.3	2.7
EV/Ebitda (x)	12.1	10.9	8.3	6.6
EV/Sales (x)	1.2	1.1	0.9	0.7
Dividend Yield (%)	0.0%	0.0%	0.0%	0.0%
Return Ratios				
ROE	14.3%	17.5%	20.2%	21.0%
ROCE	13.7%	15.5%	17.6%	18.6%
ROIC	16.5%	18.6%	21.6%	23.8%
Leverage Ratios				
Debt/equity (x)	0.6	0.6	0.5	0.5
Net debt/ Equity (x)	0.5	0.4	0.3	0.3
Net debt/Ebitda (x)	1.3	1.0	0.8	0.6

Source: Company, Axis Securities

Skipper Limited Price Chart and Recommendation History



Date	Reco	TP	Research
23-Sep-24	BUY	600	Initiating Coverage
30-Oct-24	BUY	600	Result Update
07-Feb-25	BUY	570	Result Update
30-Apr-25	BUY	570	Result Update
01-Jul-25	BUY	570	Result Update
10-Nov-25	BUY	580	Result Update

Source: Axis Securities Research

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