

Decent Q4; Macro Tailwinds to Drive Growth

Est. Vs. Actual for Q4FY25: Revenue – **INLINE**; EBITDA – **MISS**; PAT – **BEAT**

Change in Estimates post Q4FY25

FY26E/FY27E: Revenue: 8%/13%; EBITDA: 8%/13%; PAT: 14%/10%

Recommendation Rationale

- **Strong Order Book:** Skipper received new orders totalling Rs 1,592 Cr in Q4FY25, including orders from PGCIL and various SEBs. As of Mar'25, the order book stood at its highest ever at Rs 7,458 Cr. The order book comprises 71% domestic T&D orders, 17% non-T&D orders (Telecom, Railways, Solar, Water EPC and other Steel Structural items) and 12% export orders. All export orders pertain to T&D. The company currently has a strong orderbook pipeline of more than Rs 20,000 Cr (25% historical order conversion success rate)
- **Capacity expansion to capitalise on the strong tailwinds in the T&D sector:** Capacity expansion remains critical as currently its Engineering capacity at 300 kt is already operating at 85% utilisation. The 1st plan of 75kt capacity addition is expected to be operational from May'25, in line with the guidance. This plant is expected to reach optimum capacity utilisation of 80-85% by Q2FY26 and would also start contributing to revenue. The 2nd 75kt capacity, which would be a mix of greenfield and brownfield expansion, is also expected to go online by the end of FY26. Once the new capacity is fully commissioned, the company will target a bigger pipeline with better margins.
- **Export Opportunities:** Exports stood at 12% of the company's order book as of Mar'25. The company achieved a landmark breakthrough in the US market by securing a \$15 Mn pole supply order. The management believes that Indian manufacturers can benefit from the current trade tensions between the US with Mexico and China, which are currently the major tower suppliers to the US. The management expects ~\$10 Bn worth of projects to come up for bidding in the next 2-3 years from the North American markets.

Sector Outlook: Positive

Company Outlook & Guidance: The management expects a 20-25% revenue growth YoY on the elevated FY25 revenue base for the next 3 years. The next 4 years' capex guidance of Rs 800 Cr is unchanged. The capacity addition is expected to drive revenue growth. 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.

Current Valuation: 20x on our FY27 EPS estimate (from 22x)

Current TP: Rs 570/share (Unchanged)

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

Financial Performance: Consolidated Net sales stood at Rs 1,288 Cr, up 12%/13% YoY/QoQ, a 2% beat on the consensus estimates and in-line with our estimates. EBITDA stood at Rs 124 Cr, up 14%/11 YoY/QoQ, a 5% miss on our and consensus estimates. The EBITDA margins stood at 9.6%, up 19bps YoY but down 17bps QoQ. PAT stood at Rs 48 Cr, up 90%/33% YoY/QoQ, 29% beat on consensus estimates and 6% beat on our estimates.

Outlook: With the expected capacity additions, we revise our Revenue, EBITDA, and PAT upwards for FY26 and FY27. We introduce our FY28 estimates assuming a YoY growth of 25% in accordance with the management guidance.

Valuation & Recommendation: We assign a target P/E multiple of 20x (from 22x) on our FY27 EPS estimate (unchanged) and arrive at our Mar'26 TP of Rs 570/share. We maintain our **BUY** rating on the stock. Our TP implies a potential upside of 24% from the CMP.

Key Financials (Consolidated)

(Rs Cr)	Q4FY25	QoQ (%)	YoY (%)	Consensus	Var (%)
Net Sales	1,288	13%	12%	1,257	-1%
EBITDA	124	11%	14%	130	-5%
EBITDA Margin (%)	10%	-17bps	19bps	10%	-74bps
Reported PAT	48	33%	90%	NA	6%
EPS (Rs)	4.30	28%	81%	NA	7%

Source: Company, Axis Securities

(CMP as of 30th April 2025)

CMP (Rs)	458
Upside /Downside (%)	24%
High/Low (Rs)	665/261
Market cap (Cr)	5,168
Avg. daily vol. (6m) Shrs.	7,54,040
No. of shares (Cr)	11.3

Shareholding (%)

	Sep-24	Dec-24	Mar-25
Promoter	66.48	66.48	66.48
FII	4.39	4.82	5.13
Mutual Funds / UTI	0.00	0.14	0.09
Financial Institutions	0.00	0.00	0.00
Others	29.13	28.56	28.29

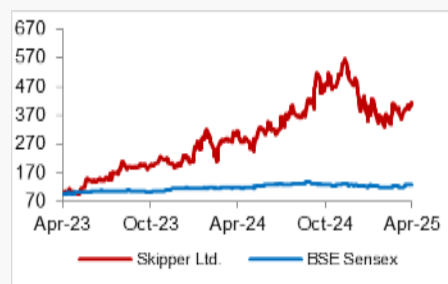
Financial & Valuations

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)	22.4	16.0	12.5
P/BV (x)	3.6	2.9	2.4
EV/EBITDA (x)	9.8	7.5	6.0
ROE (%)	18%	20%	21%

Change in Estimates (%)

Y/E Mar	FY26E	FY27E
Sales	8%	13%
EBITDA	8%	13%
PAT (Attrib)	14%	10%

Relative Performance



Source: Ace Equity, Axis Securities

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Key Concall Highlights

- **Venturing into substation EPC:** The company has commenced the development of specialised capabilities in the substation EPC fieldwork. The company has received its first major order from HVPNL worth ~Rs 45 Cr.
- **Capacity utilisation** stood at 85% for FY25, which is the industry's optimum utilisation level. It expects the 75kt plant to reach optimum capacity utilisation by Q2FY26.
- **Market Share** is maintained at ~15% in the high-voltage transmission lines segment.
- **Segmental Results:** In FY25, the company's Engineering segment grew 57% YoY with EBITDA margins of 11.2%. The infrastructure segment grew 12.7% with EBITDA margins of 5.9%. The polymer segment was down 4.6% YoY with EBITDA margins of 4.3%.
- **Polymer segment:** The polymer segment delivered its highest ever quarterly revenue of Rs 138 Cr, up 34% YoY, led by improved volumes and distribution. The company has shifted its focus to the plumbing segment to improve its profitability, enhance its retail distribution network, and achieve product diversification. The management expects a YoY growth of 25-30% from this segment.
- **Venturing into gas pipeline segment:** The company has received all necessary approvals to foray into the gas pipeline segment with Medium Density Polyethylene pipes (MDPE), leveraging existing High Density Polyethylene pipes infrastructure. Through focused R&D, the company has developed innovative solutions to address the critical issue of rodent damage to gas pipelines.
- **Working capital cycle:** As of Mar '25, the company's net working capital cycle was 95 days, down from 164 days in Mar'24. The management expects the working capital cycle to improve considerably going forward due to the better quality of contracts.
- **Finance Cost:** The company's finance cost to sales is on a declining trend. For FY24, the finance cost was at 4.69% of sales. During Q3FY25, it was 4.38%, and during Q4FY25, it was 4.37%. The management expects the finance cost to reduce to 4% of the sales.

Key Risks to Our Estimates and TP

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

Change in Estimates

	Revised		Old		% Change	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Net Sales	5,549	6,937	5,128	6,154	8%	13%
EBITDA	583	763	538	677	8%	13%
Attr. Net Profit	229	320	201	291	14%	10%

Source: Axis Securities

Skipper Q4FY25 Results Review

Particulars (Rs Cr)	Q4FY24 Act	Q3FY25 Act	Q4FY25 Axis Sec Est	Q4FY25 Consensus	Q4FY25 Act	YoY (%)	QoQ (%)	Axis Sec Var (%)	Consensus Var (%)
Net sales	1,154	1,135	1,300	1,257	1,288	12%	13%	-1%	2.4%
Direct Expenditure	906	879	1,006		1,009	11%	15%	0%	NM
Gross Profit	248	256	294		278	12%	9%	-5%	NM
Employee benefit expenses	34	46	50		49	43%	6%	-2%	NM
Other expenses	105	99	113		106	1%	7%	-7%	NM
EBITDA	109	111	130	130	124	14%	11%	-5.0%	-4.9%
Depreciation & amortization	14	17	18		17	26%	3%	-2%	NM
EBIT	95	94	113		106	12%	13%	-5%	NM
Finance cost	52	50	52		56	9%	13%	8%	NM
Other Income	3	4	-		9	202%	144%	NM	NM
PBT	46	48	61		59	28%	23%	-2%	NM
Tax	22	12	15		15	-34%	20%	-3%	NM
Profit / (loss) from associates / JV	1	0	-		3.5	179%	1932%	NM	NM
PAT	25	36	45	37	48	90%	33%	6%	29%
Basic EPS	2.37	3.35	4.02	3.30	4.30	81%	28%	7%	30%
EPS Diluted EPS	2.21	3.35	4.02	3.30	4.29	94%	28%	7%	30%
EBITDA margins	9.4%	9.8%	10.0%	10.3%	9.6%	19bps	-17bps	-41bps	-74bps
PAT margins	2.2%	3.2%	3.5%	3.0%	3.7%	154bps	54bps	23bps	77bps

Source: Company, Axis Securities, Bloomberg Consensus

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 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

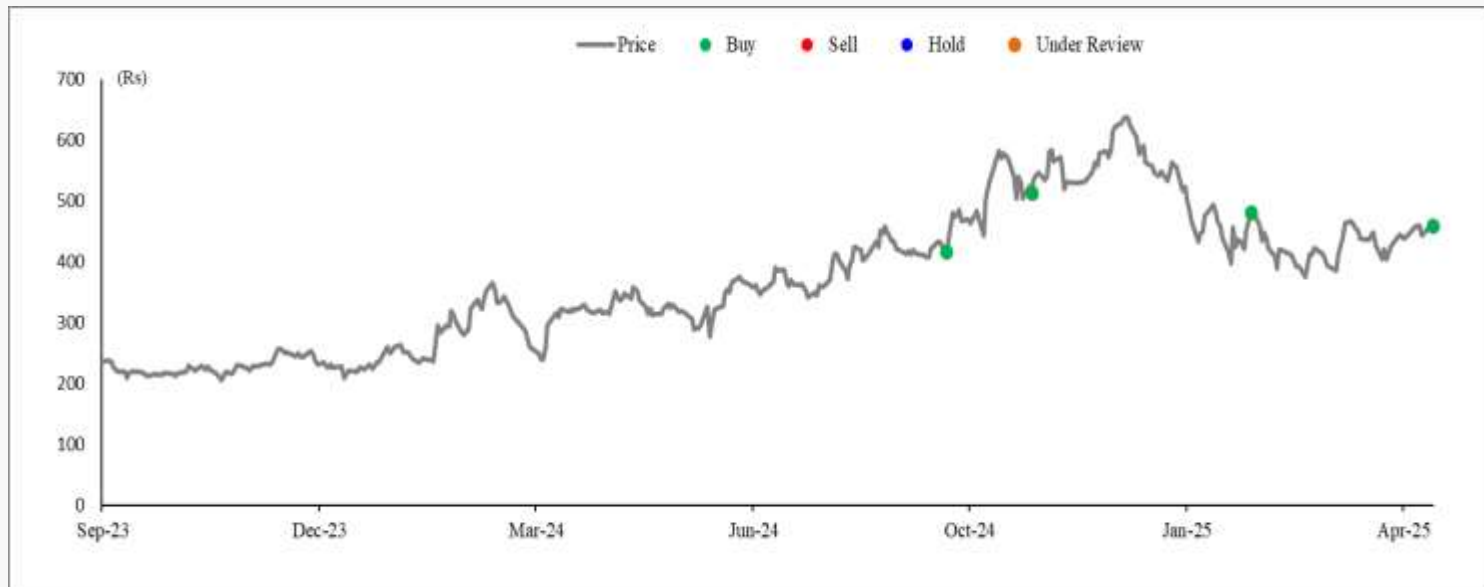
Ratio Analysis

(%)

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	22.5	16.2	12.6
P/BV (x)	4.1	3.6	3.0	2.4
EV/Ebitda (x)	12.1	9.9	7.6	6.0
EV/Sales (x)	1.2	1.0	0.8	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 Ltd 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
02-May-25	BUY	570	Result Update

Source: Axis Securities Research

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Note: Returns stated in the rating scale are our internal benchmark.