

# SKIPPER LIMITED

## INVESTOR PRESENTATION Q4 & 12 M FY'21 Results



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Company is India's largest and world's only Integrated T&D company having its own Structure rolling, manufacturing, Tower Load Testing Station & Transmission Line EPC.

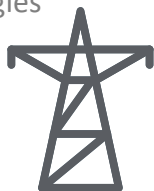


## SKIPPER: ONE-STOP SOLUTION PROVIDER

### Engineering products

**Capacity: 300,000 MTPA**

- Power Transmission Tower
- Power Distribution Poles
- Monopoles
- MS & High Tensile Angles
- Solar Structures
- Fasteners
- Tower Accessories
- Railway Structures



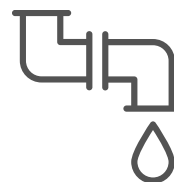
**Highlights**

Positioned as one of the world's leading transmission tower manufacturer; largest in India

### Polymer products

**Capacity: 51,000 MTPA**

- UPVC Pipes
- CPVC Pipes
- SWR Pipes
- HDPE Pipes
- Fittings

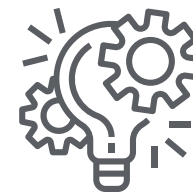


**Highlights**

- Only polymer pipe company in India to implement TOC in its operations

### Infrastructure projects

- Transmission Line EPC
- Railway Electrification EPC
- Underground Utility laying by HDD



**Highlights**

- Forward integration activity
- Aimed at high-margin projects

SKIPPER LIMITED  
Performance Update

# Q4 & 12M FY'21 Update





## Financial Performance Q4' 21

Rs in Mn

Sl	Profit & Loss Summary	Q4 FY'21	Q4 FY'20	Change %
1	Revenues	4,973.5	4,388.5	13.3%
2	Reported EBITDA	427.9	272.0	57.3%
	EBITDA Margins	8.6%	6.2%	
3	(+) Other Income	23.8	3.0	
4	(-) Depreciation	116.4	96.8	
5	(-) Finance Cost	209.5	198.6	5.5%
	Finance Cost as % to Revenue	4.2%	4.5%	
6	Profit Before Tax (2+3-4-5)	125.9	(20.4)	
	PBT Margins	2.5%	-0.5%	
7	Tax	35.0	(294.3)	
8	Profit After Tax (8-9)	90.8	273.9	-66.8%
	PAT Margins	1.8%	6.2%	

Reported EBITDA includes derivative and foreign exchange Gain / (loss) of Rs 14.6 mn & (Rs 194.5 mn) in Q4 Fy'21 & Q4 Fy'20 respectively



## Financial Performance FY'21

Rs in Mn

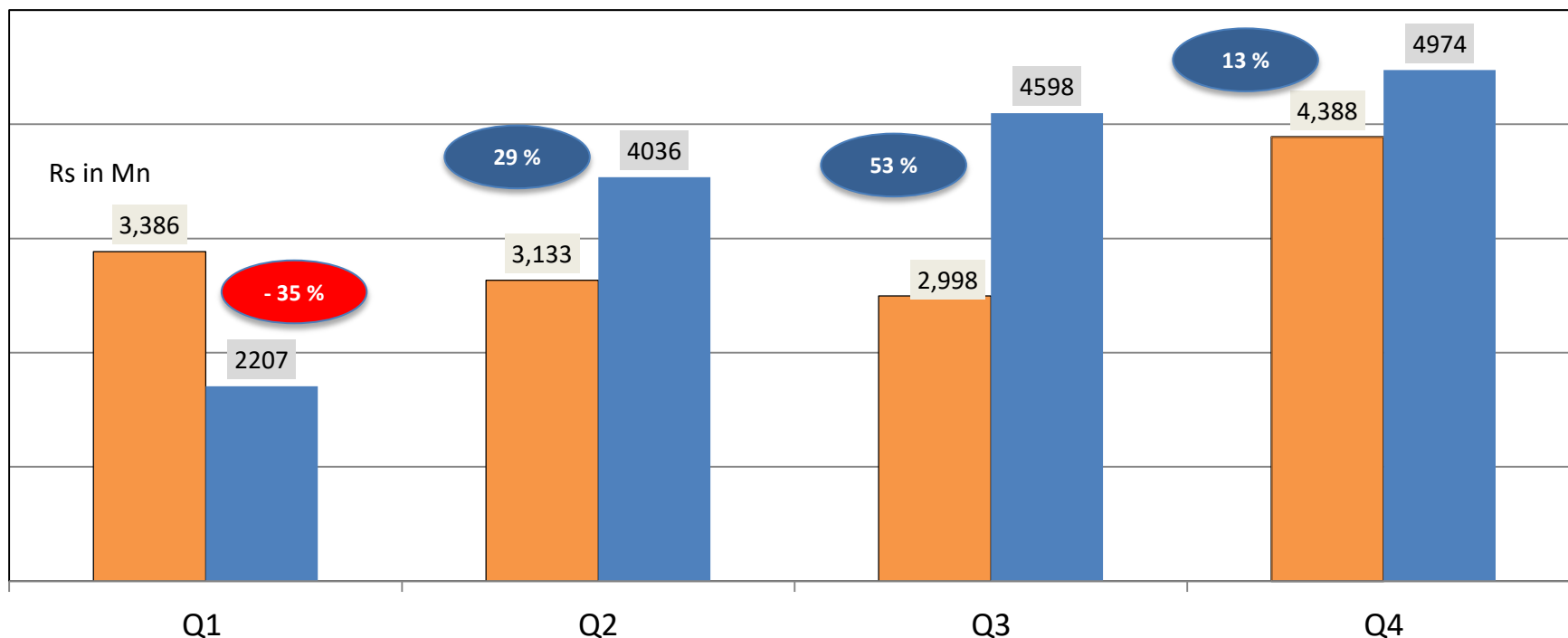
Sl	Profit & Loss Summary	FY'21	FY'20	Change %
1	Revenues	15,815.1	13,905.1	13.7%
2	Reported EBITDA	1,437.1	1,391.3	3.3%
	EBITDA Margins (%)	9.1%	10.0%	
3	Other Income	40.2	19.6	
4	Depreciation	452.6	381.0	
5	Finance Cost	723.6	847.6	-14.6%
	Finance Cost as % to Revenue	4.6%	6.1%	
6	Profit Before Tax (2+3-4-5)	301.2	182.3	65.2%
	PBT Margins (%)	1.9%	1.3%	
7	Tax	90.4	(232.6)	
8	Profit After Tax (8-9)	210.8	414.9	-49.2%
	PAT Margins (%)	1.3%	3.0%	

Reported EBITDA includes derivative and foreign exchange Gain / (loss) of Rs 279.1 mn & (Rs 155.1 mn) in FY'21 & FY'20 respectively



## Consistent & Improved Revenue Performance Trend

Achieved 14% revenue growth (YoY) in FY'21 despite of covid related lockdown & challenges

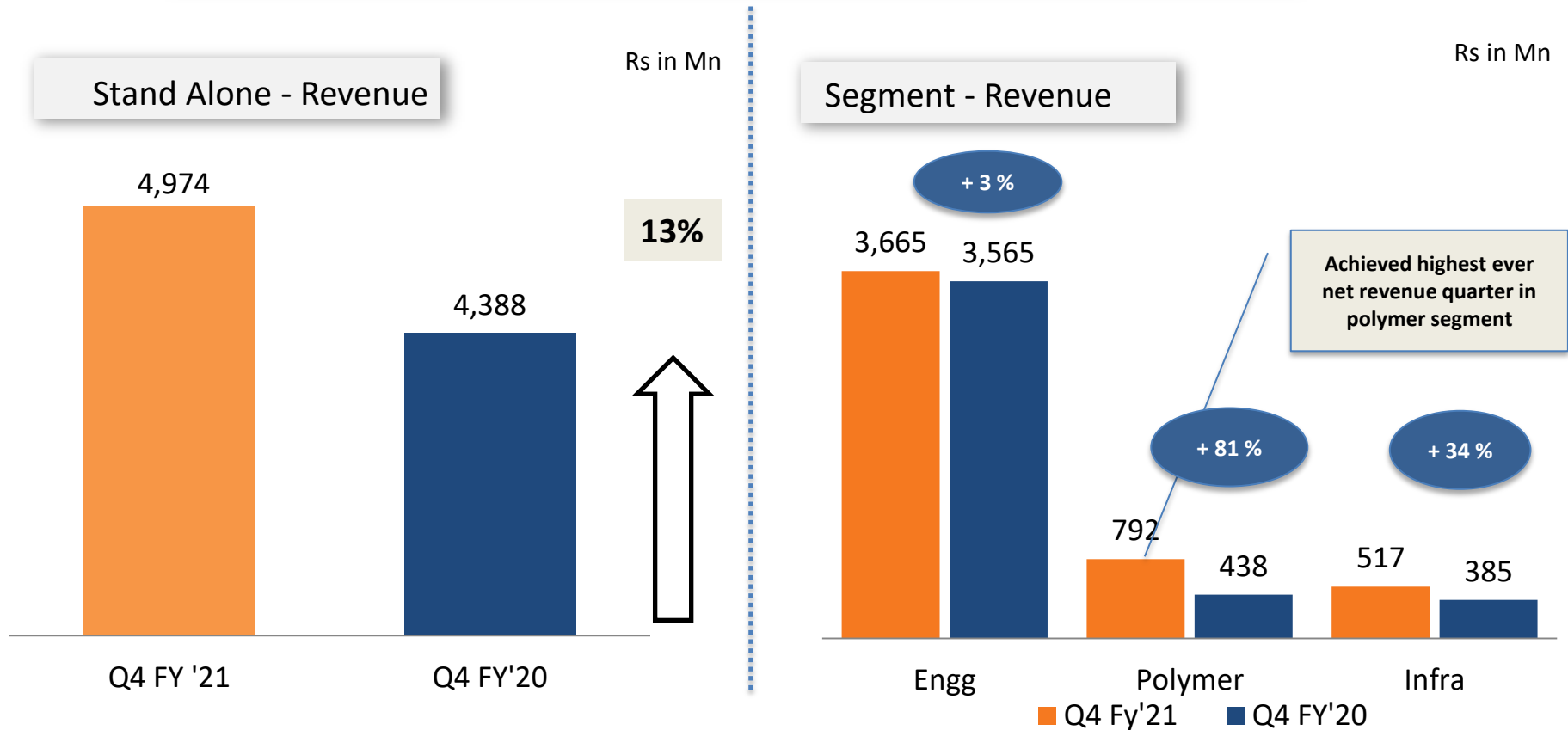


- Increased focus on Engineering Exports – Full year export revenue achieved Rs 3,506 mn Vs 1,488 mn in FY'20 (+136%)
- Strong traction in Polymer business led to improved performance – Full Year Revenue Rs 2,165 mn Vs Rs 1,363 mn in FY'20 (+59%)





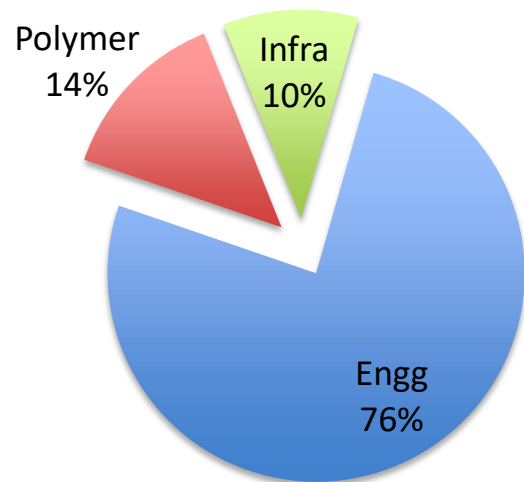
## Strong Revenue Performance across all business segments



- Engineering exports increased to Rs 1,246 mn vs Rs 321 mn in Q4 FY'20 (+ 288%)
- Revenue pie from Polymers increased from 10 % to 16%



## Segment Performance Q4 & 12M FY'21



Segment	Profit & Loss Summary	Q4 FY'21	Q4 FY'20	Change %	12M FY'21	12M FY'20	Change %
Engg Products	Net Sales	3,665.0	3,565.0	2.8%	11,986.2	11,425.5	4.9%
	EBITDA - Operating	364.5	429.0	-15.0%	1,057.0	1,452.1	-27.2%
	% of Sales	9.9%	12.0%		8.8%	12.7%	
PVC Products	Net Sales	791.9	438.2	80.7%	2,165.4	1,363.2	58.8%
	EBITDA - Operating	46.5	30.9	50.5%	70.5	55.5	27.0%
	% of Sales	5.9%	7.1%		3.3%	4.1%	
Infra Projects	Net Sales	516.6	385.4	34.0%	1,663.5	1,116.4	49.0%
	EBITDA - Operating	2.3	6.5	-64.2%	30.5	38.9	-21.6%
	% of Sales	0.5%	1.7%		1.8%	3.5%	
Total	Net Sales Total	4,973.5	4,388.6	13.3%	15,815.0	13,905.1	13.7%
	EBITDA Total	413.3	466.4	-11.4%	1,158.0	1,546.5	-25.1%
	% of Sales	8.3%	10.6%		7.3%	11.1%	

**Note: Segment Operating EBITDA is net of Forex and includes allocation of un-allocable expenditure in pro-rata share of Sales & Capital Employed in their respective segment**



## Debt Details

Rs in Million

	31.03.2021	31.03.20	Inc / (Dec)
Long Term Debt	2,563	1,569	994
Current Maturities of Long Term Debt	586	344	242
<b>Total Long Term Debt</b>	<b>3,149</b>	<b>1,913</b>	<b>1,236</b>
Short Term Debt	1,236	2,624	(1,388)
<b>Gross Debt Level</b>	<b>4,385</b>	<b>4,537</b>	<b>(152)</b>
<b>Debt Equity Ratio (X)</b>	<b>0.62</b>	<b>0.66</b>	<b>(0.04)</b>

- ☐ Gross Debt reduced by Rs 152 million during the period, on account of better working capital utilisation.
- ☐ Reduction in overall finance cost by 15 % in compare to previous year 12 months period, despite of growth in revenue.
- ☐ Efforts continues on cash flow & balance sheet consolidation, focus to improve bottom-line profitability



## Key Highlights

- ❑ Skipper became World's only Integrated T&D company having its own structure rolling, Tower & Pole manufacturing, Tower Load Testing Station & Transmission Line EPC under the same brand.
- ❑ Fully operationalized state of art Transmission Line Tower Testing Station (DSIR recognised).
- ❑ First Company in India and one of the first in world to have successfully designed, fabricated and type tested a 400 KV / 765 KV S/C Monopole
- ❑ The Company's external credit rating has been assigned as "A-"/Stable by ACUITE against CARE BBB+ on account of improved operational & financial performance in conjunction with better growth prospects.
- ❑ Company opened its marketing office in Canada and even secured its first ever Tower & Monopole orders from North American markets
- ❑ Only polymer product manufacturing company to implement Theory of Constraints (TOC) in an organized manner, Retailer touch points increased 10(X) fold in last 2 year period

## Awards & Recognition

- ❑ **Business Leadership Award** conferred to our MD Sri Sajan Kumar Bansal by CMA Management Excellence Awards (March 21)
- ❑ Awarded with " **Best Award Brand**" by World Marketing Congress (March 21)
- ❑ Awarded with "**West Bengal Best Employer Award**" by 15th Employer Branding Awards (March 21)
- ❑ Awarded with "**Dream Companies to Work**" by Economic Times National Feather Award (April 21)



## FY'21 - Performance Update

- ❑ Strong Revenue performance across all the business segments ; Achieved highest ever quarterly revenue performance in Q4 in Polymer segment
- ❑ Focus continues on Bottom-line improvement; PBT grew significantly in compare to previous year quarter and 12 months period
- ❑ Interest cost as % of sales reduced to 4.6 % against 6.1 % in previous year
- ❑ Secured new orders of Rs 3,810 million in Q4 FY'21 for Engineering products supplies from PGCIL, SEB's, Telecom and for supplies across various export markets ; YTD inflow at 8,750 million
- ❑ Actively pursuing projects worth Rs 27,000 million on international front and about Rs 11,000 million on the Domestic front
- ❑ Stronger expected execution in both Engineering & Polymers segment going forth coupled with Productivity and cost reduction initiatives at the plant and site level are expected to further improve efficiency in operations and aid to stable margins
- ❑ Unprecedented commodity price rally in our Key raw material items (i.e Steel, Zinc & Resin), higher ocean freight rates and Non Clarity of Remission of Duties and Taxes on Export Products (RoDTEP) adversely impacted profitability



**Strong Bidding Pipeline of 38,000 Million as on 31<sup>st</sup> March 2021;  
International – 27,000 Mn & Domestic - 11,000 Mn**

- Expecting International Ordering & Execution to gain pace in FY'22;
- In advanced Stages of negotiation to secure some good size International contract
- Large pent up demand in domestic T&D ; Ordering continues to remain muted
- Increased focus on building up Engineering capabilities

**International**

- ✓ Growing global competitiveness; Focusing on international markets to drive the ordering growth;
- ✓ Strong Anti China Sentiment; and global supply chain now actively looking for reducing their dependence on China is a great positive outcome of this crisis ; will bring more opportunities on our way
- ✓ Majority of New Transmission lines are now getting built to cater renewables; leading to shorter execution cycle and faster supplies to meet project deadlines.

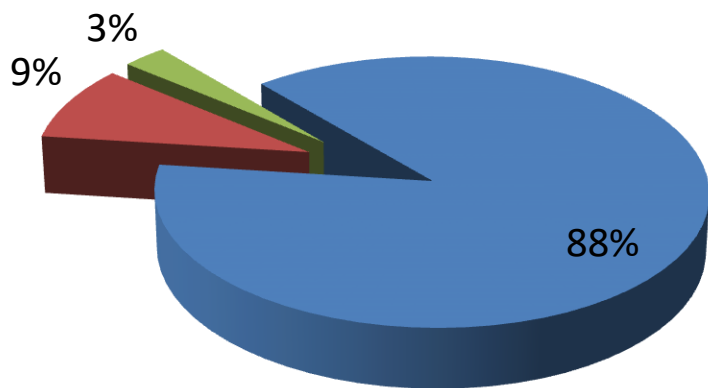
**Domestic**

- ✓ After a 2 years lull, The domestic T&D activities are showing signs of rebound
- ✓ Large bunching up of order that remained postponed + Rs 500,000 million of GEC related projects to come up for bidding will provide much needed boost to the domestic transmission industry
- ✓ Tender Pipeline continues to stay strong, Many tenders in the domestic T&D market which got postponed, largely GEC related projects – now expected to be concluded by H1'22 .



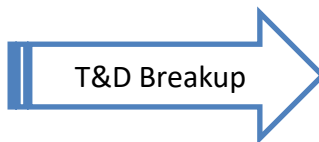
## Engineering Products – Order Book Composition – Mar 2021

**Total Order Book  
Rs 16,020 million**

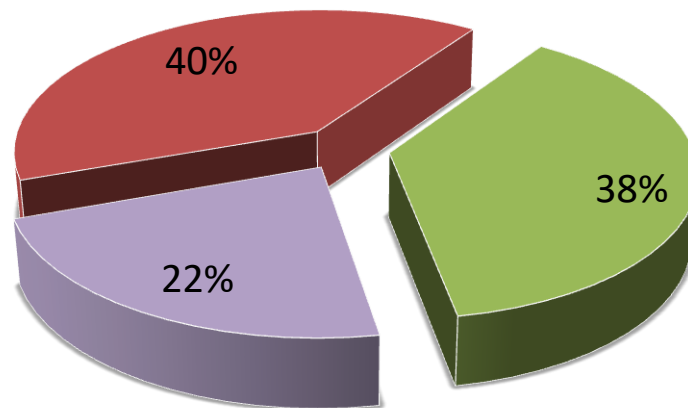


**Domestic – 67%**

**Export – 33%**



**T&D Order Book  
Rs 14,120 million**

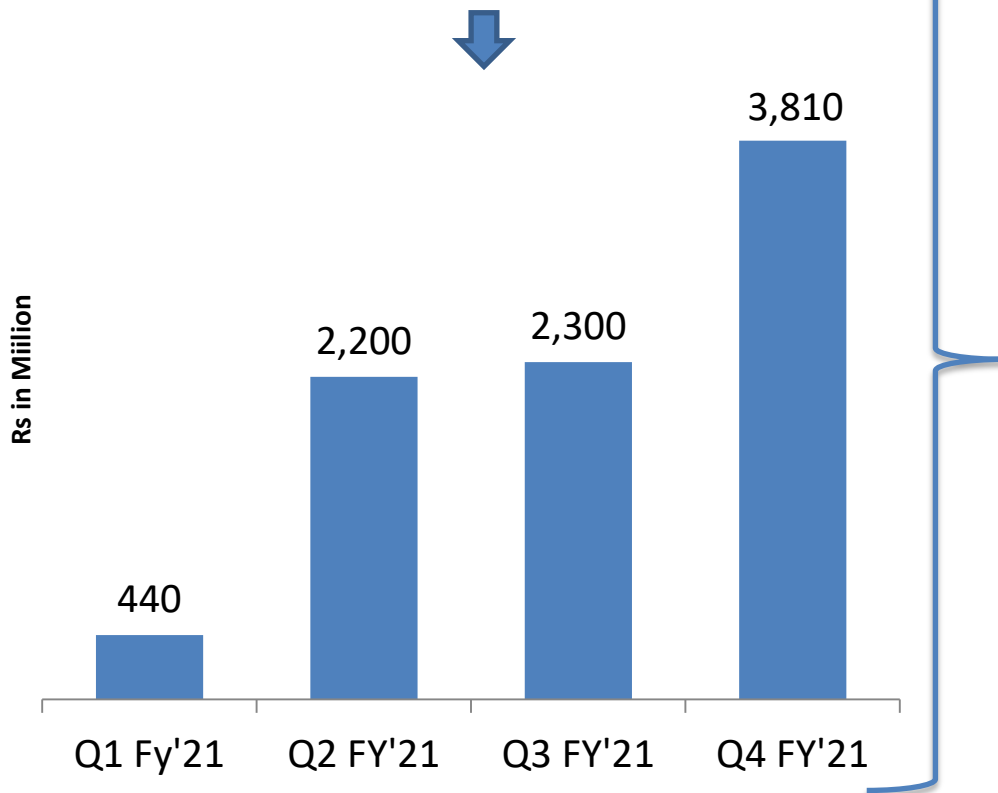


PGCIL SEB & Others Export



## Engineering Products – Order Inflow Composition

FY'21 Qtr Wise - Order Inflow  
Total – Rs 8,750 million



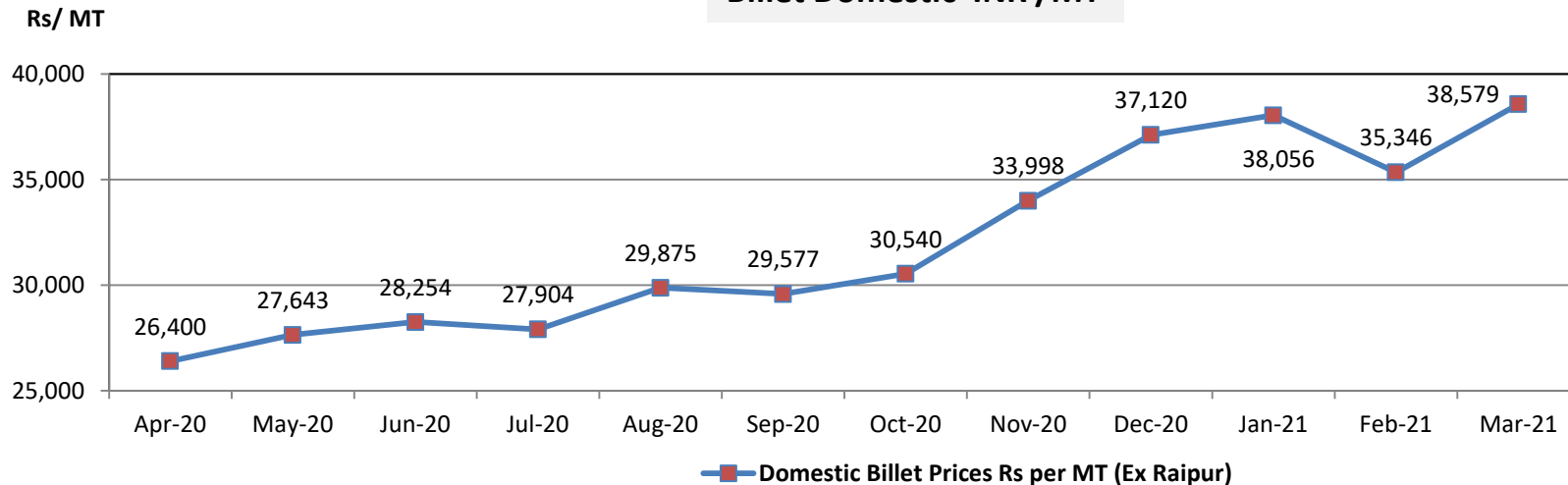
YTD inflow at Rs 8,750 million (Rs 12,410 mn in FY'20) was lower than usual due to the following reasons –

- A large percentage of orders available in the market are on fixed price basis **and company is adopting a cautious approach in new order intake considering the present volatile commodity market scenario**
- Majority of New Transmission lines are now getting built to cater renewables; leading to shorter execution cycle and faster supplies to meet project deadlines.
- Bid to - order life cycle prolonged due to covid led disruption





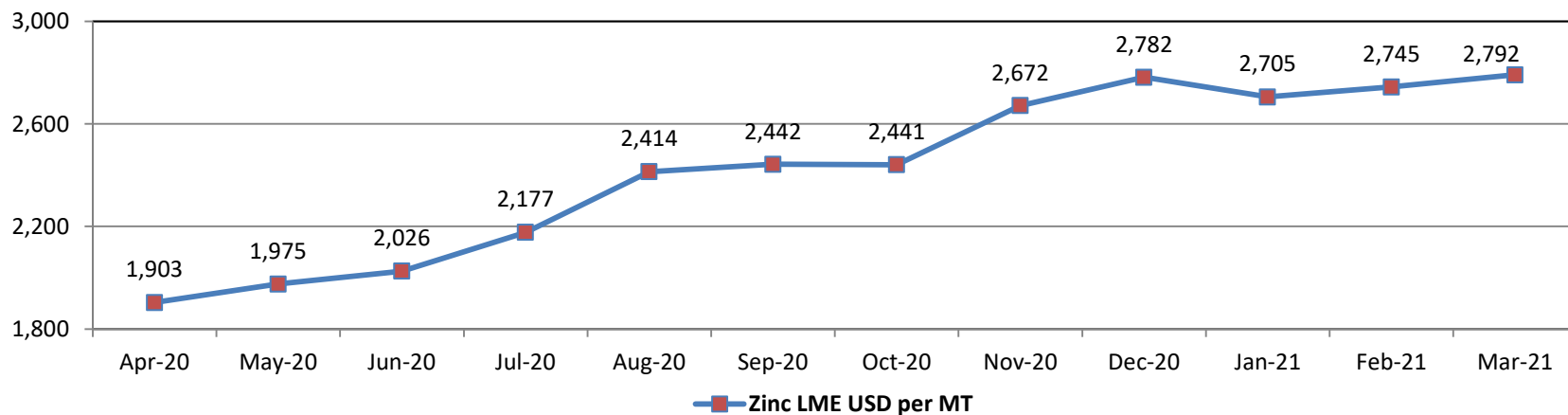
## Billet Domestic INR /MT



Source – Steelmint

USD/ MT

## LME Zinc USD / MT



Source – IMF



**The company is taking all necessary steps to tackle & neutralise the impact of this temporary RM volatility issues in its Fixed Type Contracts and protect margins -**

## Mitigation Strategy

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**Securing Newer Contracts at elevated price level**

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**Taking advantage of low working capital debt level of company to keep higher raw material inventory so that a larger portion of the fixed price contracts are covered with the inventory**

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**Hedging Zinc & Flat Steel Exposure through Vendor & commodity exchange**

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**Negotiating firm prices contract with raw material supplier for longer duration**

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**Expanding Raw material supplier base**

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**Forging Tie-ups with major raw material suppliers with minimum up-liftment commitment to gain maximum possible rebates and discounts.**

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## PERFORMANCE OUTLOOK

- ❑ Company expects to clock double digit annual revenue growth in FY'22 on back of strong pending execution of engineering contracts and strong polymer segment performance;
- ❑ Expect good traction in International TL orders, While pending domestic TL ordering bids are expected to start getting awarded by Q1'22 / Q2'22
- ❑ Focus on mechanisation and automation along with several cost reduction initiatives to further improve efficiency in operations and aid to stable margins
- ❑ Implementation of TOC in both Engineering and Polymer business to significantly improve its working capital cycle and bottom-line profitability
- ❑ Continuing efforts to further strengthen the international T&D order book ; positioned to grow exports to 50% of engineering revenue in next 2 years



The White House  @WhiteHouse · 10h

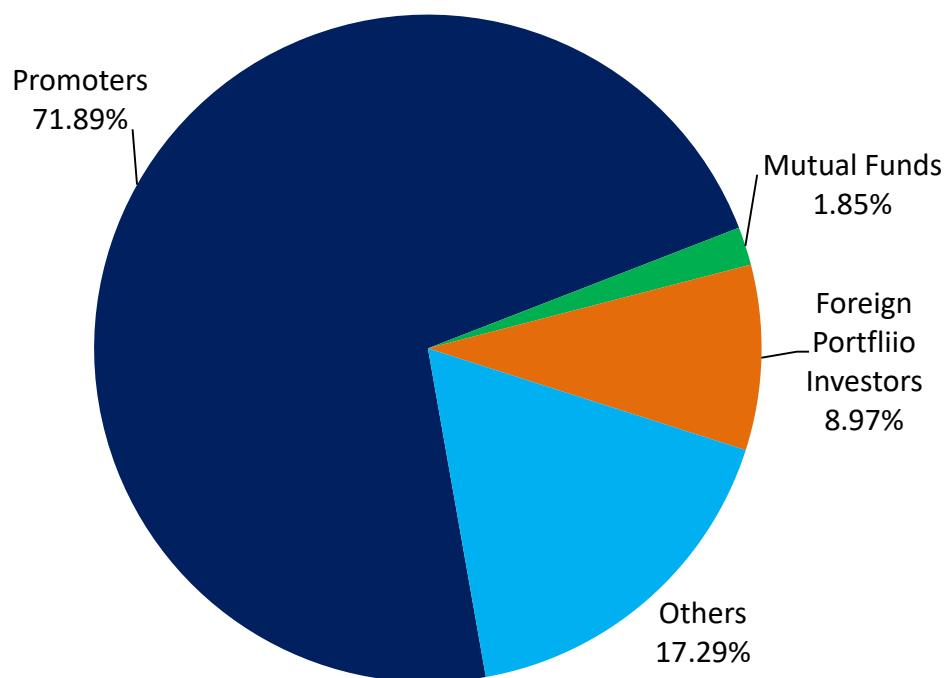
United States government organization

Right now, our power grids are vulnerable to storms, hacks, and catastrophic failures — and we've seen the tragic results. The American Jobs Plan will create jobs to lay thousands of miles of transmission lines needed to build a resilient and fully clean grid.

Tweet dated 03<sup>rd</sup> May 2021



### Shareholding pattern as on 31st March 21



### Major Institutional Shareholders As on 31<sup>st</sup> March 21

Name	%
Ocean Dial Asset Management India (ICGF)	5.33%
Baillie Gifford - Pacific Horizon Investment Trust	2.72%
IDFC Sterling Value Fund	1.85%
Polus Global Fund	0.78%

# Future Ready



## **Skipper boasts of largest Tower & Monopole Load Testing Station in India, which is also one of the largest in the world.**

- Started Operations in the state of art Transmission Line Tower Testing Station is spread across 14 acres of land in Howrah, West Bengal commissioned in March'20.
- Approved and recognized by Dept. of Scientific and Industrial Research (DSIR), Govt. Of India.
- One of the largest Testing facilities of India and first of its kind in Eastern India
- Capable of Full scale load testing, a reliable tool for validating the structural design
- The facility is designed to Test all kinds of Lattice Towers, Monopoles & Guyed Towers with World Class Technical Parameters
- Ultimate Destination for OHTL Contractors & Manufacturers for Prototype Testing

**For the first time ever, all new large T&D projects in domestic markets comes along with Design and Load testing scope; Our new R&D centre will give us distinct advantage over competition.**



## Skipper USP

- Towers upto 1200kV with 110m height (highest in the country) can be tested seamlessly
- Automated central loading and supervision system to regulate the actual loading
- Customized designs by our Designers for optimum efficiency
- Dual-speed VFD Driven Electrical Winches for smooth loading
- Exceptionally heavy Towers can be loaded optimally (1000t per leg) and large base width (up to 35m)
- Skipper's dedicated in-house R&D center allows study and up gradation of various Transmission Tower Testing methodologies. The center helps our team offer customized and breakthrough solutions to our clients every time



## Test Bed Key Features

- |  |   |
|--|---|
| • Maximum Test Tower Base Width        | – 35M x 35M   |
| • Maximum Test Tower Height            | – 110M  |
| • Maximum Compression / Uplift per Leg | – 1000T   |
| • Allowable Overturning Moment         | – 60,000 T-M  |
| • Maximum Cross Arm Spread             | – 70M   |
| • Maximum Transverse Wire Load         | – 120T per point  |
| • Maximum Longitudinal Wire Load       | – 80T per point   |
| • Maximum Vertical Wire Load           | – 60T per point   |
| • Load Application System              | – 60 Nos. 5T & 10T capacity Electrically Operated Winches |
| • Load Measurement System              | – Strain Gauge Type Load Cell                             |
| • Material Testing and Calibration     | – 60t digital UTM   |
| • Tower Erection through               | – 10t Tower Crane   |







# Thank You

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*For any queries please contact:*

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