SKIPPER Limited

SKIPPER LIMITED

INVESTOR PRESENTATION

Broad-basing the pyramid

Skipper Limited is India’s largest and world's most competitive integrated transmission tower manufacturing company

- Flagship company of the S.K. Bansal Group (incorporated 1981).
- Angle rolling, tower, accessories and fastener manufacture coupled with EPC line construction
- One of India's largest and fastest growing polymer pipes & fittings companies

- Four Power Grid Corporation of India-approved transmission tower and pole manufacturing plants (combined engineering capacity 300,000 MTPA)
- Among the most effective knowledge pools in the sector comprising 2,450+ members

- Widely respected player; awarded Largest Tower Supplier Award by Power Grid for 3rd consecutive year
- Awarded Best Industry in Water Resources sector by Central Board of Irrigation and Power.

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

Revenues (FY'20)
Rs11,425mn

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

Revenues (FY'20)
Rs1,363mn

Infrastructure projects

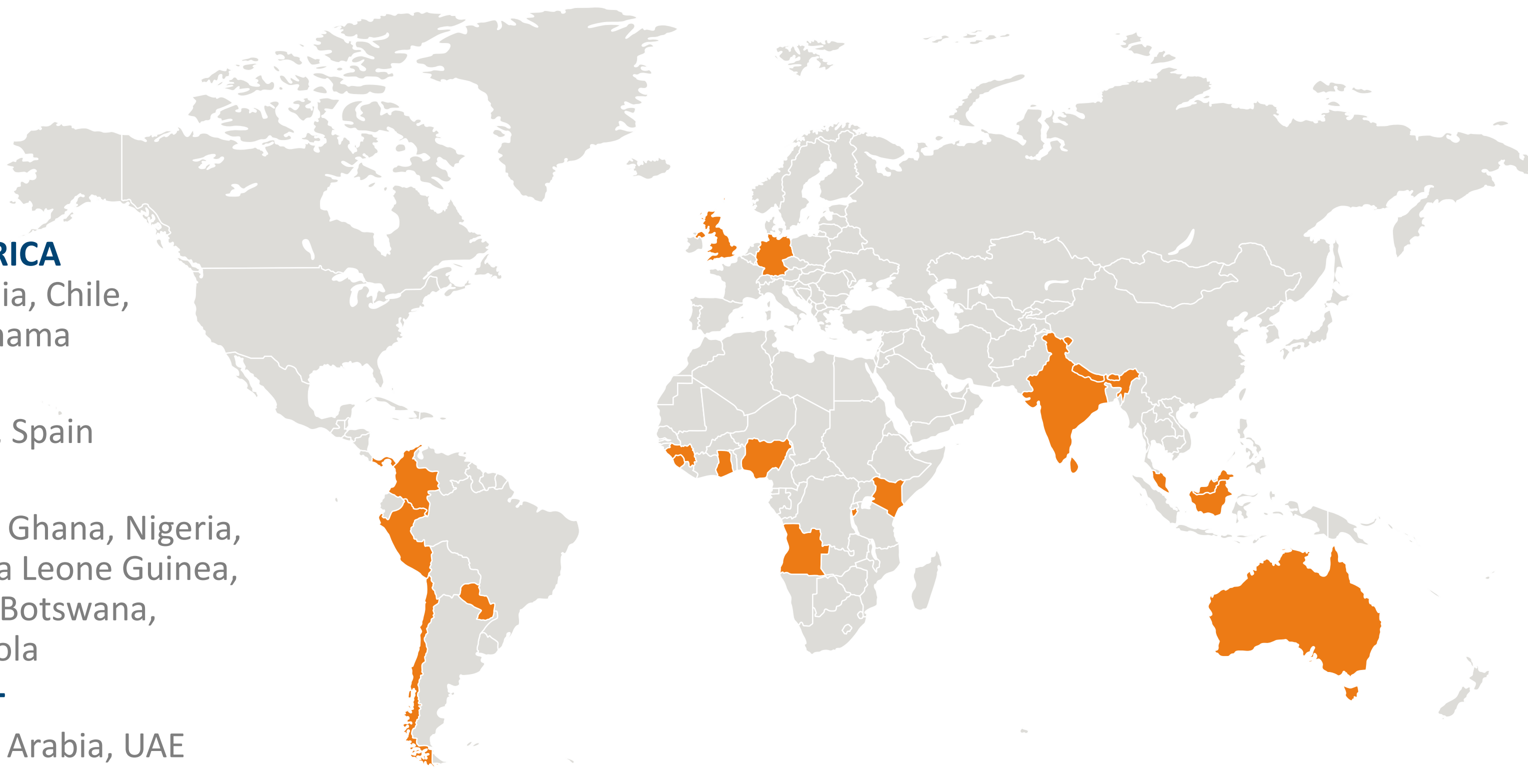
- Transmission Line EPC
- Railway Electrification EPC
- Underground Utility laying by HDD

Highlights

- Forward integration activity
- Aimed at high-margin projects

Revenues (FY'20)
Rs 1,116mn

GLOBAL PRESENCE



SOUTH AMERICA
Peru, Colombia, Chile, Paraguay, Panama

EUROPE
UK, Germany, Spain

AFRICA
Kenya, Egypt, Ghana, Nigeria, Zambia, Sierra Leone Guinea, South Africa, Botswana, Burundi, Angola

MIDDLE EAST
Jordan, Saudi Arabia, UAE

SOUTH AND SOUTH EAST ASIA
Nepal, Bangladesh, Sri Lanka, Indonesia, Philippines, Malaysia

AUSTRALIA

SKIPPER LIMITED

Performance Update

Q4 & 12M FY'20 Update

Stand Alone – Financial Performance

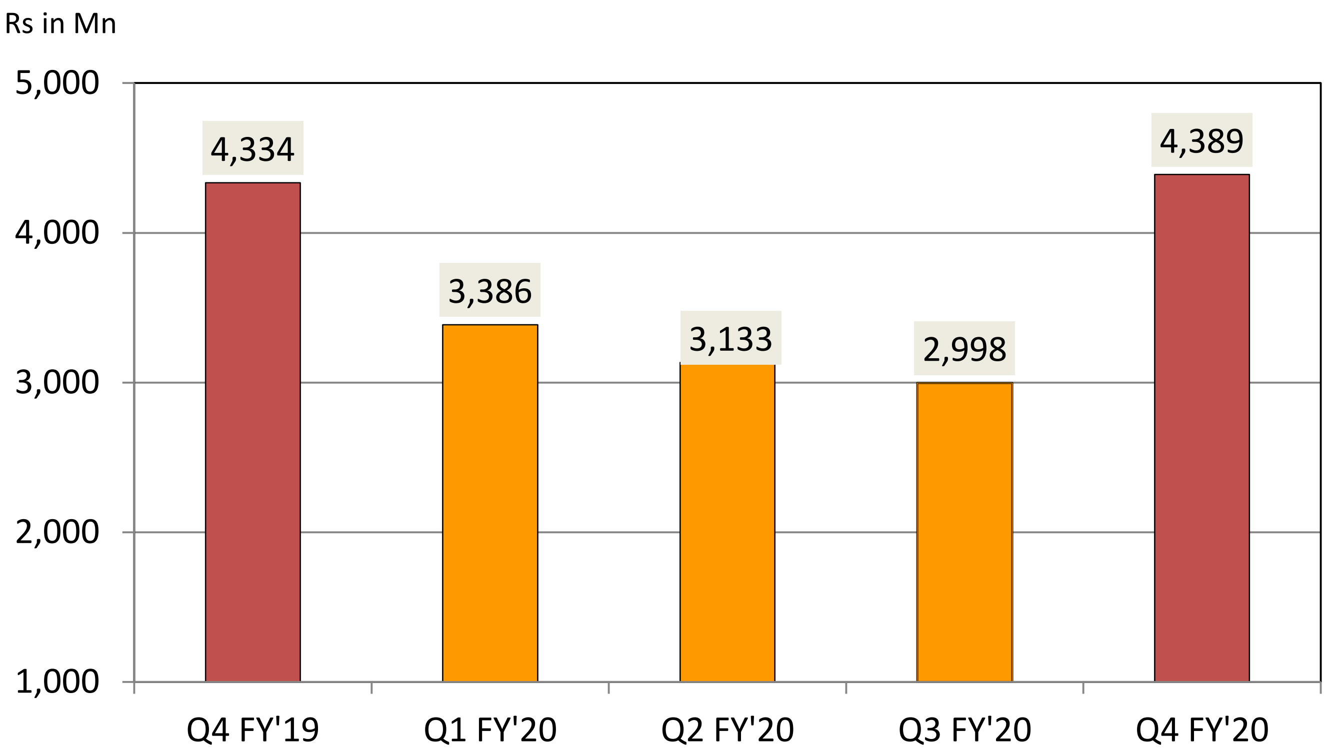
Rs in Mn

Sl	Profit & Loss Summary	Q4 FY'20	Q4 FY'19	12M FY'20	12M FY'19
1	Revenues	4,338.5	4,333.9	13,905.1	18,708.7
2	Operating EBITDA (without Forex)	466.4	526.6	1,546.4	1,840.3
	% of Revenue	**10.6%**	**12.2%**	**11.1%**	**9.8%**
3	Depreciation	96.8	81.7	381.0	378.7
4	Interest Expenses	198.6	250.4	847.6	1,015.9
5	Other Income	3.0	3.6	19.6	13.7
6	Operating PBT (2-3-4+5)	174.1	198.2	337.4	459.4
7	Forex Gain / (Loss)	(194.5)	24.4	(155.1)	(29.5)
8	Profit Before Tax (Reported PBT) (6+7)	(20.4)	222.6	182.3	429.8
9	Tax	(294.3)	44.9	(232.6)	117.7
10	Profit After Tax (8-9)	273.9	177.6	414.9	312.1

Note :

1. Emergence of nation-wide lockdown from 3rd week of March-20 arising from COVID19 situation, led to marginal loss of revenue & Profitability in Q4 Fy'20.
2. Forex derivatives MTM loss arising on account of sharp depreciation of rupee has resulted mainly in decrease of profitability of the current year quarter and 12 month period and an increase in profitability numbers of the previous year corresponding quarter. **The nature of impact is largely notional.**
3. Thus all comparative growth numbers are required to be calculated excluding impact of forex gain/loss for better understanding and analysis on like to like basis.

Strong Q4 Revenue Performance



Strong Rebound in T&D Business activities

Q4 FY'20 Revenue at 4,389 million, scaled up to beat previous year level

Highest Revenue quarter of the Year, in spite of 8 days of Corona Lock down in March 20.

- **Post Lockdown - Quarterly Average Revenue Rate of Rs 4,500 – 5,000 million will be the new normal, Backed by strong pending execution.**

- Received necessary govt permission to restart plant in May; Factory operations and construction activities have resumed with limitations and logistical challenges

- On the Project front, things are slowly getting back into action – Almost all our domestic project sites have commenced operations, though in phased manner.

- Enhancing safety & hygiene standards and workplace practices for offices, factories and construction site operations

- Leveraging Digital & SAP – Work from home for employees & virtual project management

Our Integrated Plant functions , close proximity to raw material sources and employment of local labor in our Mfg plants - provides us a great edge and control in our operations and supply chain management, helping us to overcome this crisis quickly.

SKIPPER Limited

Reasons impacting Revenue –

Q4 Fy'20

- Emergence of nation-wide lockdown from 3rd week of March-20 arising from COVID19 situation, Led to marginal loss of revenue in the quarter .

First 9 months

- Consciously slowed down supplies to the customer unwilling to give secured payment terms
- Considering the liquidity situation in the market, Limited our credit risk exposure across our customers ; at this stage we find it more prudent , not to chase growth in revenue at the cost of financial discipline.
- Very limited Size contracts in domestic market has come up for offering in the past 2 years.
- Lack of short term orders in market
- Structural changes undergoing implementation in Polymer Segment

Management ideology of not chasing growth at the cost of financial discipline will be maintained and adhered.

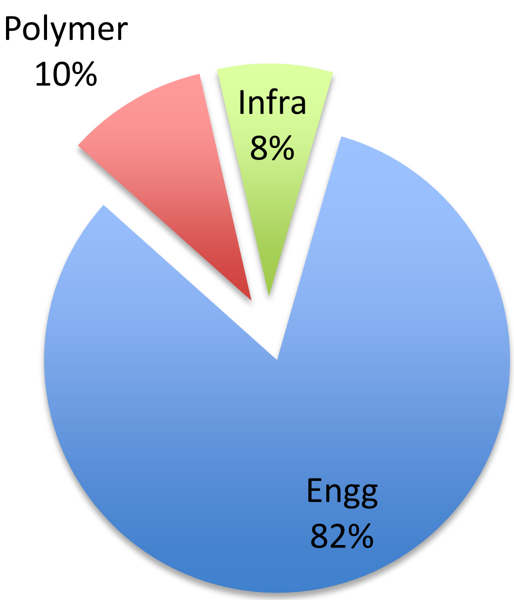
Key Update

- 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's Tower & Pole Testing Bed got commissioned during the quarter, The said facility has also been recognized by Department of Scientific and Industrial Research (DSIR, GOI) as an In-House R&D unit, allowing the company to avail certain expenditure (including Capital expenditure other than Land & Building) as deduction under Income Tax Act
- Skipper became first Company in India to have successfully designed, fabricated and type tested a 765 KV S/C Monopole

Performance Highlights

- Stand Alone operating EBITDA margins improved to 11.1% for the year in compare to 9.8% in previous year in spite of lower sales;
- The margins of engineering business are back to their normal historical range of 12-13%.
- Efforts continues on cash flow & balance sheet consolidation; Interest expenses down by 17 % in compare to previous year
- Stable raw material prices and corrective steps undertaken to reduce overhead and fixed costs leaded to improved margin performance ; Stronger expected execution in our Engineering & Polymer business going forth will further boost its performance.
- Productivity and cost reduction initiatives at the plant and site level are expected to further improve efficiency in operations and aid to stable margins
- Polymer TOC implementation Progressing well; Improvement continues on both Revenue & Margin front

Segment Performance Q4 & 12M FY'20



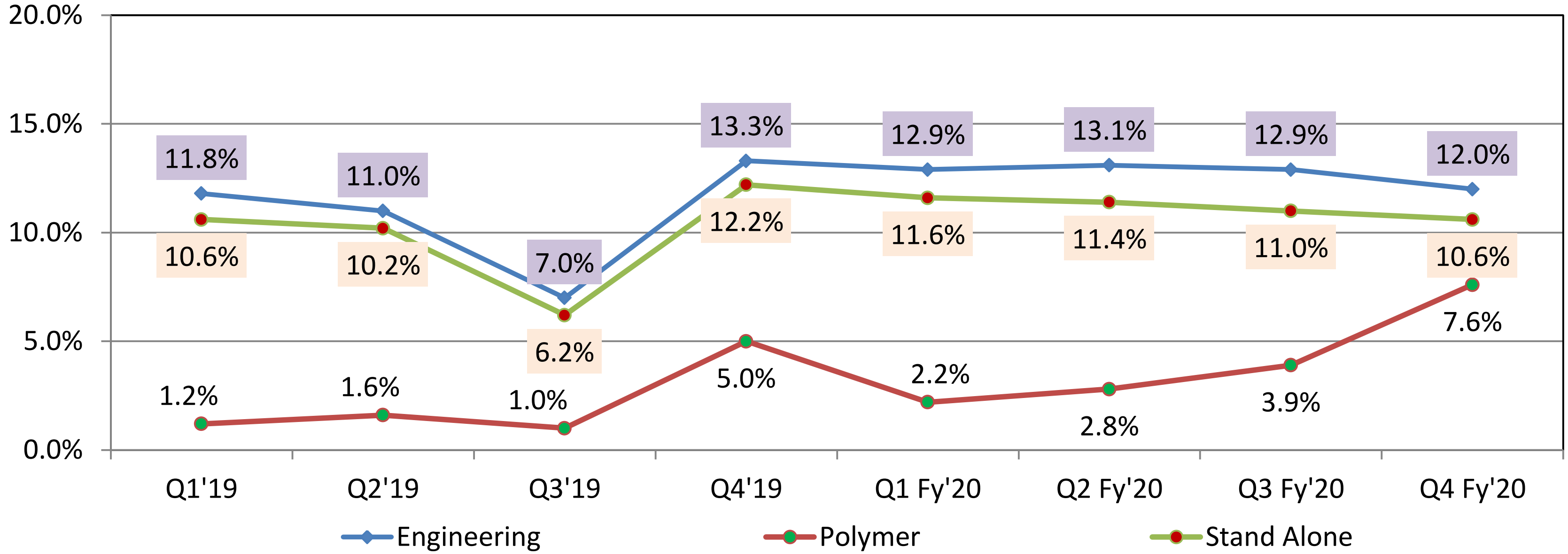
Revenue Mix – 12M FY'20

Rs in Mn

Segment	Financial Summary	Q4 FY'20	Q4 FY'19	12 M FY'20	12 M FY'19
Engg. Products	Net revenue	3,565.0	3,795.9	11,425.5	16,452.2
	EBIDTA (w/o forex)	429.0	506.4	1,448.8	1,778.5
	% of Revenue	12.0%	13.3%	12.7%	10.8%
Polymer products	Net revenue	438.2	347.4	1,363.2	1,598.2
	EBIDTA (w/o forex)	33.5	17.3	62.1	33.0
	% of Revenue	7.6%	5.0%	4.6%	2.1%
Infra projects	Net revenue	385.4	190.7	1,116.4	658.3
	EBIDTA (w/o forex)	3.9	3.0	35.5	28.9
	% of Revenue	1.0%	1.6%	3.2%	4.4%
Total	Net revenue	4,388.6	4,334.0	13,905.1	18,708.7
	EBIDTA (w/o forex)	466.4	526.7	1,54	1,840.4
	% of Revenue	10.6%	12.2%	11.1%	9.8%

Note: Segment EBITDA is net of Forex and includes allocation of un-allocable expenditure in pro-rata share of sales in their respective segment

Op. EBITDA Margin (without Forex)



- **Engineering & Stand Alone EBITDA margin are back to its normal range , Clocked the desired range for past 5 consecutive quarters.**
- **Polymer Margin at year high level of 7% in Q4FY'20 on account of operational consolidation and TOC benefits.**
- **Improved margin performance inspite of lower sales ; Corrective steps undertaken to reduce fixed cost, Stable Raw material prices and better operational efficiencies resulted in such improvement.**
- **Margins to get better with expected increase in Engineering execution on both domestic and international front going forth.**

Note: Segment EBITDA is net of Forex and includes allocation of un-allocable expenditure in pro-rata share of its sales

Debt Details

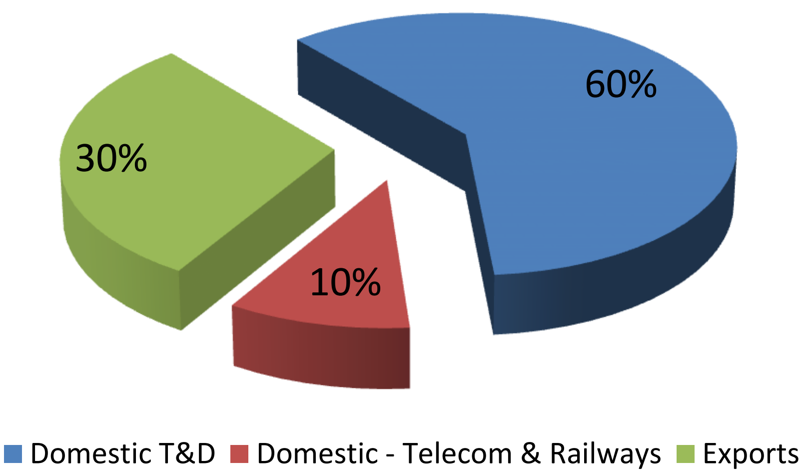
Rs in Million

	31.03.2020	31.03.2019	Inc / (Dec)
Long Term Debt	1,569	1,640	(71)
Current Maturities of Long Term Debt	344	457	(113)
Short Term Debt	2,624	3,133	(509)
Gross Debt Level	**4,538**	**5,231**	**(693)**
Debt Equity Ratio (X)	**0.66**	**0.81**	**(0.15)**

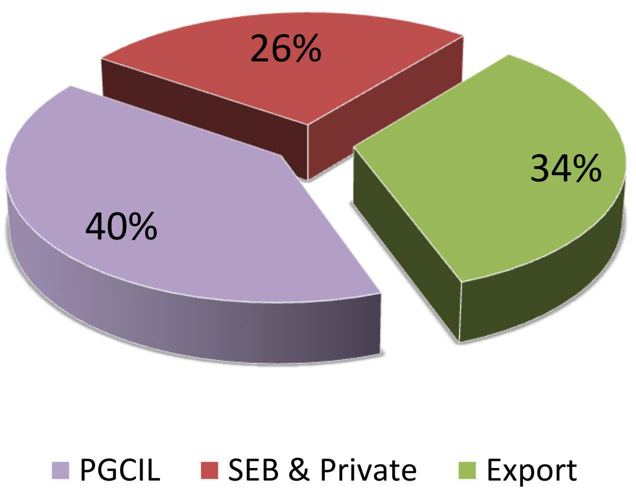
- **Gross Debt to Equity ratio improved to 0.66 (X) ; Long Term Debt Equity at 0.28 (X)**
- **Gross Debt reduced by Rs 693 million during the year, on account of better working capital utilisation.**
- **Focus continues on Balance sheet consolidation; Implementation of TOC in both Engineering & Polymer business to significantly improve the working capital cycle and bottom-line profitability**

Engineering Products – Order Book Composition – March 2020

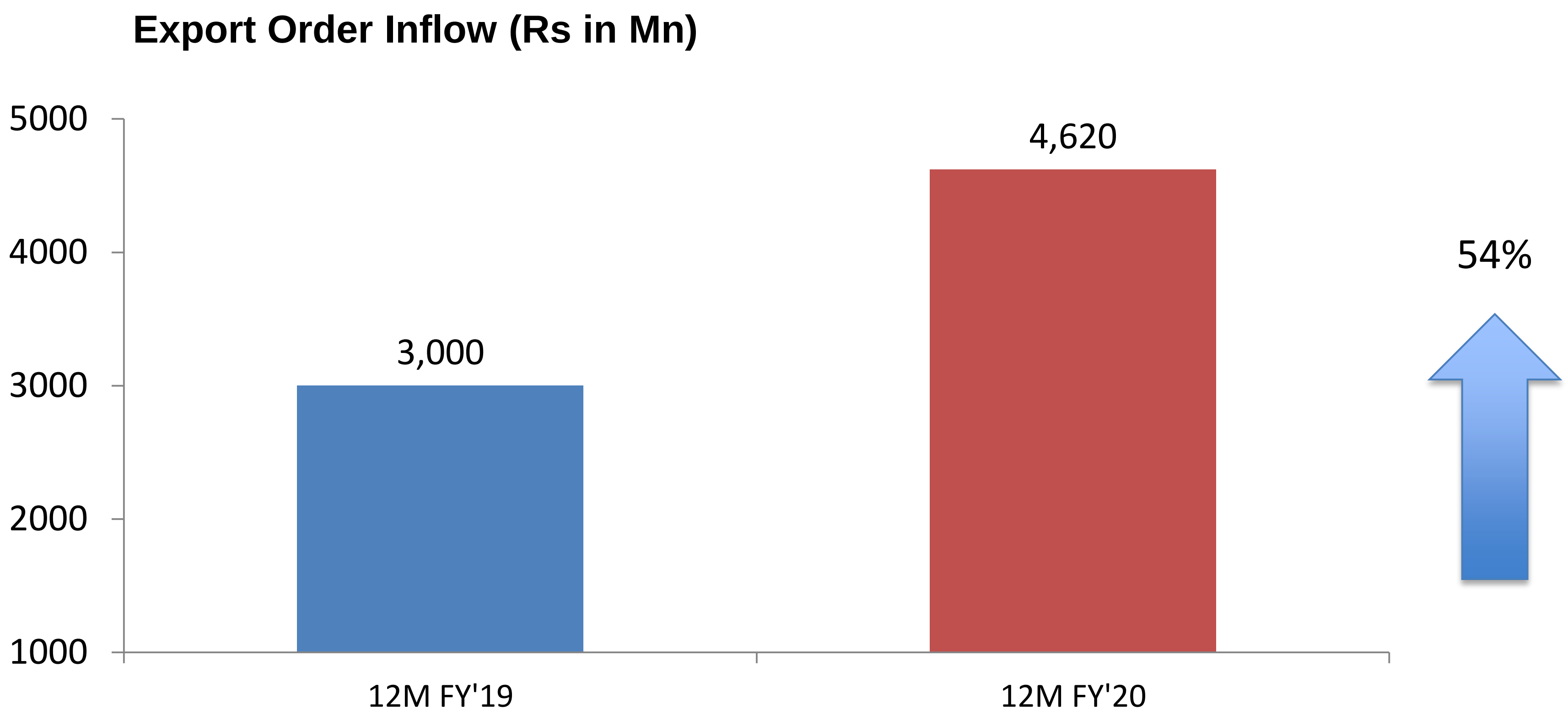
Total Order Book
Rs 20,110 Mn



T&D Order Book
Rs 18,110 Mn



Order Book to Sales stands > 1.5 X



- **Export share in T&D Order book increased to 34% against 16% previous year**
- **In advanced Stages of negotiation to secure some good size contract by next 1-2 quarter**
- **Targeting to double the order inflow from international markets in Fy’21.**

Export - Positioned for Growth

FY'19

Steps towards growing international presence

- International Certifications
- Credential Establishments
- Audit Approval of Plant
- Registration with International EPC players

FY'20 & 21

Time to ripe the benefits

- Major regulatory approval done
- Established relations with 100 global EPC players
- **Our International bidding pipeline of 31,000 million are at the highest level in company history, is a true testimony of our efforts**
- **We are at inflection juncture** **and targeting to grow exports to 50% of revenue in next 2 years**

Highest Ever Bidding Pipeline of 51,500 Million as on 31st March 2020;
International – 31,000 Mn & Domestic - 20,500 Mn

The domestic T&D activities are showing signs of strong recovery and rebound after a 2 years of lull, The company expects Ordering & Execution to gain pace post lifting of lockdown with increased participation opportunities from Power Grid, SEB, TBCB projects, Exports and Infrastructure push in North East & East India.

International

- ✓ Growing global competiveness; Focusing on international markets to drive the ordering growth;
- ✓ Recent rupee depreciation has made us more competitive against our global peers;
- ✓ 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

Domestic

- ✓ After a 2 years lull, The domestic T&D actvities are showing signs of strong recovery and rebound
- ✓ Large bunching up of order that remained postponed + Rs 500,000 million of GEC related projects to come up for bidding this year will provide much needed boost to the domestic transmission industry
- ✓ Process already kick started with Tenders worth of Rs 250,000 million are under different phase of bidding for new Interstate & Intrastate 765 Kv & 400 KV transmission Lines; Power Grid alone has come out with tenders worth of Rs 150,000 million.

These developments reinforce our belief of a strong business rebound, post lifting of restrictions.

PERFORMANCE OUTLOOK

Covid Lockdown impact is more of a Revenue deferment for us rather than revenue loss, Any Revenue Shortfall on account of this will be made up in subsequent quarter; None of our projects got cancelled neither faced any significant deferment.

Backed by strong Order book pending execution, We estimate an average quarterly revenue of Rs 4,500-5,000 million post lifting of restrictions.

Operating margin to sustain at current levels despite some increase in employee or other cost , owing to benefit arising out of softening commodity prices, Savings in interest cost and various improvement measures.

Focus on mechanisation and automation along with several cost reduction initiatives to further improve efficiency in operations and aid to stable margins

Continuing efforts to further strengthen the international T&D order book ; Positioned to grow exports to 50% of revenue in next 2 years

DISCLAIMER

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