"Skipper Limited
Q1 FY27 Earnings Conference Call"
August 12, 2026

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Moderator: Ladies and gentlemen, good day, and welcome to Skipper Limited Q1 FY27 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 the conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Navin Sahadeo. Thank you, and over to you, sir.

Navin Sahadeo: Thank you, Anushka. Good evening, everyone. On behalf of ICICI Securities, I welcome you all to the Q1 FY27 Earnings Call of Skipper Limited. From the company, we have with us Mr. Sharan Bansal, Director; Mr. Shiv Shankar Gupta, CFO; and Mr. Aditya Dujari, EVP, Finance and Head, Investor Relations.

So without any further ado, I hand over the call to the management for their opening comments. Over to you, sir.

Sharan Bansal: Yes. Good afternoon, everyone, and thank you for joining us today. Before we proceed, I would like to draw your attention to the fact that certain statements made during the call may be forward-looking in nature and should be considered in conjunction with the risks and uncertainties associated with our industry and business.

We are pleased to report another quarter of resilient execution despite a challenging external environment. We ended last year with a lower-than-expected order inflow due to subdued domestic bidding and various geopolitical and tariff-related uncertainties in various -- in a lot of our export markets.

During the quarter, geopolitical developments temporarily impacted export dispatches and revenue recognition. However, the strength of our domestic business, disciplined project execution and continued focus on operational excellence enabled us to deliver our highest ever first quarter revenue while further improving profitability across every metrics.

For the quarter, revenue grew 4.5% year-on-year to a record INR1,310 crores. More importantly, EBITDA increased 10% to INR140 crores with margins expanding by 60 basis points to 10.7%. PBT grew 27%, while PAT increased 26% to INR56.5 crores, reflecting the benefits of improved operational leverage, a better project mix and continued cost optimization.

Finance costs reduced to 33.6% of revenue from 4.2% last year, further strengthening earnings quality. Beyond financial performance, this quarter marked an important milestone in strengthening our balance sheet. We successfully completed a INR433.5 crores preferential equity raise from marquee global and domestic long-only institutional investors, substantially enhancing our financial flexibility.

This was followed by CRISIL upgrading our long-term credit rating to A+ stable in July, validating our stronger financial profile, prudent capital allocation and consistent operating performance. Together, these developments are expected to lower our cost of capital and support our next phase of growth.

Operationally, business momentum remained robust as we continue to build on our leadership position in the transmission infrastructure sector. We closed the quarter with our highest ever unexecuted order book of over INR9,200 crores, representing healthy growth over March '26 and providing strong multiyear revenue visibility.

During the quarter, we secured fresh order inflows of approximately INR1,674 crores, while our bidding pipeline expanded to an all-time high level of INR35,000 crores, supported by robust domestic transmission investment and improving opportunities across international markets.

We secured two 765 kV projects from a reputed developer in the state of Maharashtra and successfully completed qualification audits and from developed market customers, including U.S.A., Finland and Australia, while strengthening our international presence with establishment of subsidiaries in Brazil and UAE. The U.S.A. entity is also expected to become operational shortly.

Further, the ongoing 75,000 ton capacity expansion is expected to become operational during the second half of the year, taking our total manufacturing capacity to 450,000 tons per annum, further strengthening our position as the largest power T&D structure manufacturer in the country.

Looking ahead, we expect FY27 to be H2 weighted. As export logistics normalized, capacity utilization improved and recently secured orders move into execution, we expect stronger growth momentum during the second half. Our focus remains on improving project mix, driving operational efficiencies, expanding exports, strengthening return ratios and maintaining a disciplined balance sheet.

The long-term outlook for the power transmission sector remains exceptionally strong. Accelerated investments in renewable energy integration, HVDC corridors, interstate transmission infrastructure and rising electrification across both and global markets continue to create significant opportunities.

With our strengthened balance sheet, expanded manufacturing footprint, healthy order pipeline and improving profitability, we believe Skipper is well positioned to deliver sustainable growth and create long-term value for all stakeholders.

Thank you, and I look forward to your questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Aditya Welekar from Axis Securities.

Aditya Welekar: Congrats for the decent set of numbers. So my question is with respect to ordering and awarding. So are we seeing any pickup in ordering activity -- means as compared to last year in FY26, we have seen some slowdown. So is the ordering environment improving? Any color on that?

Sharan Bansal: Yes. Thank you for the question. And definitely, the ordering has certainly picked up in this financial year. We have seen a number of bids getting finalized. And we believe that those order inflows will start translating from quarter 2 itself.

We have seen -- we are expecting bids of close to INR90,000 crores to INR1 lakh crores of bids in the Indian transmission market in this financial year. And also on terms of the export side, we are seeing good traction coming from a number of markets, including our focus areas, which is the developed markets of U.S.A. and Australia. So these markets also, we are seeing very good positive development. So we definitely do expect FY27 to be much better compared to FY26 in overall ordering.

Aditya Welekar: Understood. And just to get a broader perspective on the sector in general means we have INR9.2 trillion of capex earmarked, but that has been divided into two parts from FY22 to '27 and then '27 to '32. So currently, where are we in that entire execution capex cycle? And how much is still remaining?

Sharan Bansal: We are seeing annually, we can expect that, like I said, INR90,000 crores to INR1 lakh crores of bids in the transmission sector. Like this year, that is what we are expecting to see. So our estimate is so far about -- just about 40% of the total bids of INR9 lakh crores have been bidded so far.

Aditya Welekar: Understood. Just one last one. On the -- we have seen in this quarter, our finance cost has declined and that has led to growth in our PAT. So is it due to the drawdown or the decline in our gross debt post our QIP?

Sharan Bansal: No. Our fundraise actually came in the month of -- end of July or in fact, the first week of August is when we received the fund. So quarter 1 did not see any benefit from the fundraise. Whatever improvement you are seeing in the finance cost is purely due to better operational -- better working capital management and overall operational leverage of the company.

Aditya Welekar: That's great to hear. So how much are we expecting the finance cost to go down once this -- because you will use that fund to reduce your debt? And how much is the current debt position and how much it will go down to further?

Sharan Bansal: I believe that this year, our finance cost should be somewhere between 3.2% to 3.5% for the whole year after this fundraise.

Moderator: We take the next question from the line of Rengavarshini from Wealthified.

Rengavarshini: Congratulations on the good set of numbers. Am I audible? My first question is on the export revenue. Is it completely lost or delayed for a longer period due to geopolitical disruptions? My second question is on the growth guidance of approximately 15 percentage given for the financial year. And for this quarter, we were able to achieve some 4 percentage kind of growth. For the remaining quarters of the year on which segment do we expect growth to achieve this target of 15%?

Third, we have a strong order book of INR9,200 crores. So can you please quantify on what percentage of it will be completed by the end of, let's say, FY27 and end of FY28? That will be helpful sir.

Sharan Bansal: Okay, sure. So regarding your first question, I can tell you very strongly that export revenue is just export ordering has certainly not stopped or slowed down. Last year, we saw certain uncertainties with regarding to tariff as well as overall geopolitical issue in the Middle East. However, this year, there is already a strong bounce back. We are in advanced level of contract discussions with a number of buyers, and we should start seeing those orders coming in from quarter 2 itself.

So definitely, the export opportunity is very robust. All over the world, there is a very strong push for transmission grid investments, thanks to renewables and AI data centers. In fact, in many locations in the U.S., data centers are not getting clearance because the grid does not have enough power to supply to the new data centers.

So certainly, we believe that export opportunities are going to be very robust. We ourselves are expecting more than a 50% jump in export order inflow compared to last year. So this is on the export side, it is definitely much, much more positive compared to last year.

Regarding your second question about guidance of 15%. So despite the first quarter growth of about 5%, see, the first quarter 1 and quarter 2 are generally the lowest -- the slowest in terms of execution because of incoming monsoons and monsoon period. And of course, this first quarter, we were also impacted by West Bengal elections and the freight disruptions in the export side.

So overall for the year, we still maintain our 15% guidance. We are quite confident we will achieve that. And it will come as a combination of all our three segments in Engineering, Polymer and Infra. Infra, we expect that this year, already in the first quarter, we have seen a good growth. So we are definitely expecting a higher growth in Infra segment overall in the year, thanks to all the execution that will likely pick up post quarter 2 as well.

And regarding your third question about order book of INR9,200 crores. So typically, our orders are executable over a period of 2 to 2.5 years. So we believe that in this year, in FY27, out of this INR9,200 crores, approximately INR5,000 crores will be executed. And then there will be certain short-term orders also that will come during the year. So that -- I hope that answers all the three of your questions.

Moderator: We take the next question from the line of Keval from Axis Capital.

Keval: Am I audible? Congratulations for the decent set of numbers. So sir, my first question is regarding the sector outlook. So in the TBCB market, we saw some bidding moderation in FY26. So with our strong Q1 inflows, are we seeing any deferred projects? And likewise, how much growth in percentage terms do you expect in TBCB side for FY27?

Sharan Bansal: As I was telling the previous caller that last year, we saw a muted bidding activity of close to about INR50,000 crores to INR60,000 crores only in the TBCB segment. But this year, we expect that the number to go up from INR90,000 crores to INR1 lakh. And it is further boosted by the fact that now we are seeing a lot of intrastate projects also come up for bidding. Earlier what used to happen that the interstate project, the ISTS projects were the only ones coming up for TBCB. And all the intrastate was still being done by the state transmission companies through EPC route.

However, now what we are seeing is that all projects, whether it is interstate or intrastate, they are all coming through the TBCB route. And the project pipeline is also very robust as published by the NTC, National Transmission Council. And also what we are the bidding activity, which we are seeing. So we are quite confident that the INR90,000 crores to INR1 lakh crores will be bidded this year. Already a number of bids have already been floated.

And in fact, in the sector, the large number of new players, new developers are also coming in. A lot of foreign capital has also been coming in by -- if you have heard -- you might have heard of I Squared, which has set up a platform, CubeGrid, then NIIF, which is the sovereign government of India fund, they have launched a new fund -- they have launched a new platform called AnantGrid. So there are a lot of new foreign capital also, which is saving the transmission sector.

Moderator: We take the next question from the line of Harsh Motika from SKP Securities.

Harsh Motika: Congratulations on a decent set of numbers. I just wanted to get some clarity on the polymer segment. When you look at the segment, last year, we achieved about more than INR500 crores of revenue. But this particular quarter has been slightly muted, but we maintain the margins for sure. So can you please give us a guidance on how the rest of the year will look like? And what has driven this dip in revenue?

Sharan Bansal: So again, it's mostly due to ongoing commodity price fluctuations, what we have seen in the market. So most players have suffered in this current scenario where the trade has just been very cautious as because the commodity price movement has been very sharp on both sides, upper side and lower side. So that's why I would say that trade has been cautious and there has been some amount of destocking that has taken place.

However, having said that, we are happy in the direction that the margin profile is moving in this business. And we are quite confident that for the full year, we will be able to deliver a 20% improvement -- a 20% growth in top line with some improvement in margins as well.

Harsh Motika: And sir, do we expect to increase the volume as well going forward? Or will this mostly be driven by higher additions?

Sharan Bansal: Yes. This will come with both volume and value.

Moderator: We take the next question from the line of Navin Sahadeo from ICICI Securities Limited.

Navin Sahadeo: Sir, a couple of questions. So my first question was about the margin improvement that we have seen this year. Now you would appreciate that this quarter was particularly known to have some cost inflation even on the commodity side, each of the things. So I just wanted to get more if you can talk about more as to how did we manage the Q-o-Q margin improvement as well? And is this more sustainable or structural?

Sharan Bansal: Yes. Yes, absolutely, Navin. So as I -- we have mentioned before, our long-term aspirational margins are 12% for the company. So we are happy that we are moving towards that direction on the right track. We have also benefited from some of our legacy contracts now getting over. And now hardly any of those are left in our order book, which were low margin. So definitely, that's why -- and the new contracts are obviously -- coming with a better quality, better margin profile.

Apart from that, obviously, see our constant effort on operational leverage, et cetera, is also giving us results. In -- with regard to commodity prices, as I've mentioned earlier, we have a combination of both firm price and variable price contracts. And even on the firm price contracts, we do deploy a number of ways, a number of measures to secure ourselves on the raw material side.

So I would say due to all these efforts only, we have dealt with these commodity price fluctuations that are taking place in the market and yet delivering a margin expansion. So that definitely will be structural, and we will consistently move towards our long-term aspirational margin of 12%.

Navin Sahadeo: Understood. And in the previous participant's question, did you say we are aspiring for 20% revenue growth this year because that would be like increasing our guidance from 15% in the past?

Sharan Bansal: No, I mentioned in the Polymer segment, 20%. Overall, for the company, we are expecting 15% revenue growth only.

Navin Sahadeo: Sure. And sir, just one more question, if I may slip in. Is there a way we are like -- is the scope of work seeing any change? Because now in the past two quarters, the infra segment is seeing a significant jump, whereas like our engineering main segment is a little soft in this quarter. So is there a difference in the scope of work that we are doing for the client or new orders or some new projects we would have received in infra, which is driving this?

Sharan Bansal: No, there's nothing different. What is happening is, see, the Engineering segment mainly is suffering what I've mentioned earlier was of a lower order intake last year, both on domestic and particularly on the export side. See, bulk of our new capacity that we have built up last year also the 75,000 tons capacity, which we built up is primarily focused on exports. And export order intake was poor last year.

And even on --right now this year, there is still the --disruption is there in terms of high shipping prices where customers are delaying the lifting because they don't want to pay the additional shipping charges right now. So they are constantly deferring the shipments also.

So I would say that these are temporary in nature. Long-term, the outlook is very, very positive. As I mentioned, we are guiding for a 50% jump in export order inflow this year compared to last year. So certainly, the engineering slowdown is temporary for this year and not structural at all. Our new capacities, which are going to come up in -- very soon, the capacity is going to go up to 450,000 tons. And with the normalization of shipping rates, I would say with these new orders coming in, certainly, we will see a bounce back in engineering revenue from next year also.

Moderator: We take the next question from the line of Abhijeet Singh from Systematix.

Abhijeet Singh: Actually, Navin sir has asked almost all the questions that I wanted to ask. But sir, one thing I just wanted some more clarity on. So exports have declined in the revenue mix, right? And as far as we understand, both steel and aluminum have risen about 10% for steel and about 30%, 40% for aluminum in Q1 on a Y-o-Y basis.

And also across the industry, we have seen gross margin, which is essentially reflecting the raw material cost as a percentage of revenue has compressed sharply both Y-o-Y and Q-on-Q. And on the contrary, we have done an exceptional job wherein even the export lever wasn't there in the mix. So export was down. And therefore, that could pull the gross margins down.

So what is, I mean, driving this kind of margin sustenance is very impressive. And in Q2, Q3, if these cost pressures continue, would we see a similar margin range, 10.5% to 11%?

Sharan Bansal: Right. So as I was mentioning to Navin earlier also, see, our -- firstly, we had the burden of some legacy contracts till last year also, which are now almost negligible in the order book. So that also has contributed to the revenue or to the margins going up.

Secondly, we have maintained in the past that, see, we are not that impacted by the commodity price movement because we have a combination of firm price and variable price contracts and see variable price contracts anyway get adjusted on a month-to-month basis based on the commodity prices. And as far as the firm price contracts are concerned, they already have that buffer built in to take care of the prices increase.

And plus we also deploy a combination of other measures like increasing inventory and also doing some part hedging for some materials. So that's why we are able to manage and not let the commodity prices impact.

However, to answer also your statement about steel and aluminum, see steel, which is our major raw material, that did see some increase earlier in the quarter. But by the month of May, we saw the steel prices had normalized to the pre-February or January levels quite a bit. So now they are completely back to the pre-February level. So in steel, there was only a temporary spike. Even aluminum prices have rationed to a quite extent.

And -- but like I said, we do deploy a number of measures, including increasing inventory and hedging, et cetera, which -- so we don't expect that commodity prices are going to be really a big concern for us to our margins.

Abhijeet Singh: Understood, sir. And sir, this export order inflow growth that you are expecting for the current financial year, this would primarily come from U.S.A. and Australia. Is that correct?

Sharan Bansal: North America and Australia are going to be our main market. Europe is still going to take some time because we are yet to get our approvals, et cetera, in place. So we are a bit ahead in these two markets, North America and Australia. So for this year, yes, certainly, we do expect most of our inflows in developed countries to come from here. Of course, our traditional markets of Middle East, Africa and Latin America, we are expecting substantial flows from there also.

Abhijeet Singh: Right. Because I think for the full year, we are maybe targeting about INR1,100 crores of inflow from exports around that number -- based on the last year export number, yes.

Sharan Bansal: Absolutely.

Abhijeet Singh: So -- and of course, this is also coming from the fact that we've been thinking of increasing our export mix to 50% and half of that would come from developed markets and half from the other markets, we are on track.

Sharan Bansal: We're on track for that, yes.

Abhijeet Singh: Amazing, sir. And sir, lastly, infra projects, what is the project that we are executing right now, this INR250 crores revenue that you've got for the two quarters?

Sharan Bansal: These are all -- we do infra projects in India only. We don't do any EPC project outside of India. So all of these projects are the transmission projects, which we have won under the -- from various TBCB developers.

Abhijeet Singh: Right, right. So EPC -- these are the EPC projects and the civil portion, non-product portion of the EPC projects, right, that you book under infra?

Sharan Bansal: The services portion, correct.

Moderator: We take the next question from the line of Basant Bansal from NBG Investment.

Basant Bansal: I have three question on the P&L. The one is about the labor stores and other project expenses, which has increased from INR122 crores to INR195 crores. So if you can throw some light on that. Similarly, the employee cost has also increased from INR55 crores to around INR71 crore. So it will be helpful if you can also throw some light on that. And lastly, on the other expenses, which has increased from INR117 crores to INR129 crores.

Sharan Bansal: Sorry, the second and third aspect, the first one was the labor and store. The second was employee and the third one was?

Basant Bansal: Other expenses.

Sharan Bansal: The other expenses. Okay. Just a minute please. Can you hear me?

Basant Bansal: Yes, yes.

Sharan Bansal: Okay. So sir, the labor store and other project expenses, these are directly linked to the EPC side as the EPC revenue has grown, so that's why we see an increase in these expenses, which are primarily site related. The employee cost, if you see, it is in line with the March quarter. March quarter also, the cost was INR69.6 crores. And in this quarter, it is INR71 crores. So it is not much of an increase on that front.

And with regard to the other expenses, see, these always have a varying impact because of the kind of contracts which we are executing. In many cases, when we are executing CIF or DDP or DAP contracts, then the export freight also comes into other expense and the export -- the logistics cost also goes into the revenue.

So honestly, this will vary from -- on a quarter-to-quarter basis. You will have to -- it will not -- you will not be able to draw any particular trend from the other expenses.

Basant Bansal: So coming back to this project expenses I understand your explanation that it is variable in nature. So the revenue, and it is in proportion to increase in the revenue?

Sharan Bansal: Increase in the infra revenue, yes.

Basant Bansal: Yes, infra revenue, yes obviously. Your EPC revenue.

Sharan Bansal: Sorry, this is a combination of not just only linked to infra, but also this is our factory, labor, stores and other expenses also. So it's a combination of that. But because infra revenue has increased, so maybe there's a heavier increase here compared to other quarters.

Moderator: We take the next question from the line of Vanshita Amlani, an Individual Investor.

Vanshita Amlani: As there is a delay in capacity expansion. So will it affect the revenue growth...

Moderator: Sorry to interrupt ma'am. But your voice is coming a bit muffled. Could you please speak back.

Vanshita Amlani: Is it clear now?

Sharan Bansal: It's more or less clear, ma'am. If you can just speak a little loudly, we'll be able to understand.

Vanshita Amlani: Yes. As there is a delay in capacity expansion, so will it affect the revenue growth of guided 15%?

Sharan Bansal: No. Actually, there's only a few months deferment in the capacity expansion. So we are going to be commissioning by the end of quarter 2. So honestly, we don't see any impact on our overall target of 15% revenue growth this year.

Vanshita Amlani: And if you can give any estimate of the amount -- that will be used to repay the debt from the fund that is issued from QIP?

Sharan Bansal: Yes. As of now, see, the entire proceeds, we have used for debt repayment only. And the idea is to strengthen the balance sheet and obviously provide enough ammunition to the company for future capex.

Vanshita Amlani: Okay. And as you previously said that interest cost will be around 3% to 3.5% of revenue.

Sharan Bansal: Correct. So now we will see some improvement -- further improvement from that because of the fundraise.

Vanshita Amlani: Yes, because if we calculate for FY27, it comes to INR220 crores, which is currently the expense. So will it reduce as a percentage of terms of revenue?

Sharan Bansal: Yes, yes. I think like I mentioned to the previous caller, we are expecting that this -- after the fundraise, this number should come anywhere between 3.2% to 3.5% of revenue.

Moderator: We'll take the next question from the line of from Deepam Gala, an Individual Investor.

Deepam Gala: Congratulation on a good set of numbers. I just wanted to know the order book breakup between EPC and Engineering Products segment?

Sharan Bansal: Right. So out of the total order book -- out of the total order book of INR9,200 crores, you can assume about INR1,800 crores is infra revenue order book out of this.

Deepam Gala: That pertains only to T&D, right?

Sharan Bansal: That pertains mostly in T&D and some portion in telecom.

Deepam Gala: Any percentage would you be able to give for that?

Sharan Bansal: I would say about 75%-25%.

Deepam Gala: Okay. And for order inflow, is it possible to give the same breakup?

Sharan Bansal: The order inflow is 95% T&D. The order inflow this quarter you are saying?

Deepam Gala: Yes, yes.

Sharan Bansal: Yes, yes. This quarter, INR1,600 crores is almost all T&D.

Deepam Gala: All T&D. EPC and non-EPC any breakup?

Sharan Bansal: See, you may basically assume about 25% of the overall order to be infra related.

Deepam Gala: 25% to be?

Sharan Bansal: 25% for the infra portion and the balance 75% for the engineering portion.

Moderator: We take the next question from the line of Navin Sahadeo from ICICI Securities Limited.

Navin Sahadeo: Sir -- if I missed it, sorry, but I just wanted to check what is the order inflow guidance for FY27?

Sharan Bansal: FY27, Navin, I think we should do anything -- we should be able to do INR7,000 crores plus for this year. INR1,600 crores we've already got. So we are well on track. But I think for the full year, INR7,000 crores should be very much possible. And that should take us to a closing order book of INR10,000 crores plus.

Navin Sahadeo: Great. And that -- and in this INR7,000 crores inflow, how much exports orders are you budgeting? And it's about INR1,000 crores or how should one look at?

Sharan Bansal: About INR1,100 crores -- about INR1,100 crores. As I mentioned a 50% jump over last year.

Navin Sahadeo: Right. Exactly. So --then the follow-up question on this is, if the vision is to like be a significant export-oriented player, how would you now peg because you also mentioned about starting the U.S. operations in this particular year to floor -- start the U.S. entity.

So how should one broadly look at export as milestones, let's say, in the journey from current 9% to, let's say, 40% or 50%? Would it be fair to assume 10%, 10% increase each year? Or would it be more staggered? How should one look at it?

Sharan Bansal: It's possible. See, we will go where --we get a combination of margins as well as execution visibility. See, what happens is many times some projects can -- although they may come into order book, but the execution cycle can be very, very long. So we will have to then not necessarily that all order inflows translate into revenue execution on a immediate basis. So I think we'll have to adopt a combination of this.

And definitely, like I said, this year, with the increasing of exports, if we are able to achieve this, that translates to about 15% of the total inflows coming from exports. By next year, certainly, we can expect anywhere between 20% to 25% on a higher order inflow target. So I think that we are on the right track, and we are also happy that orders are now flowing in from developed countries, which is our main target.

So I think, look, hard to put like a number to it, okay, what exactly will happen next year or the year after that. But directionally, we are in the right direction, just like we are directionally in the right direction in terms of margin. So even on the export inflow, we are in the right direction.

And long-term aspirational, just like our margin aspiration is 12%, our export order inflow is also targeted at 50% of our overall order inflow. And we'll get there. I think I can't say by when, but I think definitely, we are on the right track.

Navin Sahadeo: Appreciate. I then wanted to understand if one should look at this 15% revenue guidance also as a very steady compounding kind of a number year-on-year? Or you would want to revisit it closer to once we have more orders finalized? How should one look at revenue growth vision for the company?

Sharan Bansal: No, I think definitely with the increasing order inflow of this year, we can potentially target a higher revenue growth of next year. I think this year, revenue guidance is constrained by the lower order intake of last year. So I'd say that now with our increasing capacity and better order inflows, both in domestic and export market, we can target higher revenue guidance for next year.

Navin Sahadeo: Understood. And lastly, if you could just help us understand how much is the legacy order drag on the order book as of now very broadly? And then by what time or by what time frame -- within what time frame would it get executed so as to know that thereafter, the margins could actually see better improvement on new orders?

Sharan Bansal: Yes. The legacy orders are like less than 5% now. And I think by and large, it will be over this year.

Moderator: We take the next question from the line of Basant Bansal from NBG Investment.

Basant Bansal: I just have one question on -- from macro perspective that are there any challenges or concern that keeps you worried?

Sharan Bansal: Good question, sir. I think on the challenges side, like with any sector where there are a lot of tailwinds and there's a lot of demand, I would say the biggest challenge is quality manpower, especially in the technical side, both on the manufacturing as well as the project side.

And definitely because there is so much of spurt in demand that has taken place. So recruiting and retaining quality manpower is probably the biggest challenge and which keeps us awake at night. So other than that, honestly, there isn't really much challenges in the sector.

Basant Bansal: Understood. So how do you manage that aspect?

Sharan Bansal: We are learning every day. But I think we have a robust HR team, and they do a good job in making sure that all the manufacturing additional requirements and the site additional requirements are constantly met, and we are able to fulfill our commitments to the customers.

And of course, then we also have a very robust system of taking in fresh graduate trainee. Every year, we take in close to about 200 plus or close to about 250 graduate trainee from very good institutions, and we have a very robust training program also. So I think that is what I think any good corporate would do, and we are also following the same.

Moderator: We take the next question from the line of Navin Sahadeo from ICICI Securities Limited.

Navin Sahadeo: And just one last question, sir, from me. On the visibility of the short-term orders, I believe if I'm not wrong, this quarter, we saw short-term orders of almost about like INR233-odd crores, just arithmetic that I'm doing. So I wanted to understand that would it be more like a steady state? Can we see this kind of short orders or they are -- they can be as unpredictable as it gets?

Sharan Bansal: In terms of short-term orders, see, they are -- we do get short-term orders every quarter. However, short-term orders right now are a challenge in terms of export market at least because, like I said, export customers, even the ones where we have orders right now, they are deferring shipments because they don't want to bear the increased shipping costs.

So I think with a lot of these projects which are getting finalized, they will lead to a spurt in short-term orders, both on the domestic and export side because lot of players will be challenged for capacity towards the later part of the year.

Moderator: Thank you. As there are no further questions from the participants, I would now like to hand the conference over to the management for their closing comments. Over to you, sir.

Sharan Bansal: Thank you, everyone. Looking ahead, we are confident of delivering a significantly better FY27. A multi-year-growth runway ahead lies ahead of us. With a record order book, rising capacity utilization, improving margin profile, expanding export footprint and a structurally scalable manufacturing base, Skipper is entering a phase where growth, profitability and return ratios are set to compound together. We appreciate your continued support and look forward to interact with you again next quarter. Thank you.

Moderator: Thank you. On behalf of ICICI Securities Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.