Operator: Ladies and gentlemen, good day and welcome to Skipper Ltd. Q2 FY27 Earnings Call hosted by ICICI Securities Limited. As a reminder, all participant lines will be in 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 touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Navin Sahadeo from ICICI Securities. Thank you, and over to you.

Navin Sahadeo – ICICI Securities: Thank you. Good evening, everyone. On behalf of ICICI Securities, I welcome you all to the conference call of Skipper Ltd.

Today, we have with us from the management Mr. Sharan Bansal – Director, Mr. Shiv Shankar Gupta – Company CFO, and Mr. Aditya Dujari – AVP Finance and Head IR. Without any further ado, I hand over the call to the management for their opening comments. Over to you, sir.

Sharan Bansal – Director: Good evening, everyone, and thank you for joining today's Skipper Ltd. concall for Quarter 2 FY27.

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 strong quarter with record revenue, sustained margin expansion, robust order inflows, and a significant improvement in our balance sheet, despite an inflationary cost environment, continued geopolitical uncertainties, and temporary disruptions in export markets.

Let me begin with our financial performance. During Quarter 2 FY25, we achieved our highest-ever second-quarter revenue of 1,111.4 crores, registering 44% year-on-year growth. For H1 FY25, revenue reached a record 2,176.7 crores, growing 38% over the corresponding period last year.

Profitability continued to strengthen, reflecting improved execution, favorable project mix, and disciplined cost management. Q2 EBITDA grew 52% year-on-year to 107.5 crores, with margin expanding to 9.7%. Profit before tax increased 72% to 49.3 crores, while PAT grew a strong 71% to 35.8 crores, with PAT margins improving by 50 basis points to 3.2%.

For H1, we delivered our highest-ever half-yearly PAT of 55.7 crores, representing 86% growth year-on-year.

An important highlight has been the continued improvement in our financial position. Our finance cost as a percentage of revenue declined to 3.8% in Quarter 2 from 4.7% a year ago, supported by lower borrowings and better financial discipline. Our debt-to-equity ratio improved to 0.44x, while gross debt, including interest-bearing acceptances, declined by approximately 358 crores year-on-year to 964 crores. The recent 433.5 crores preferential equity raise and our CRISIL rating upgrade to A- Stable further strengthen our financial flexibility.

Coming to the business performance, our order book reached a new milestone of 6,666 crores as of September 2024, providing strong revenue visibility. We secured record Q2 order inflows of 2,111

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crores, up 170% year-on-year, taking H1 order inflows to 3,786 crores, up 80%. Our bidding pipeline remains strong at over 25,000 crores, supported by sustained domestic transmission investments and expanding international opportunities.

Exports remain a key strategic priority for us, and we are particularly encouraged by the changing composition and diversification of our export order book. Our geographical exposure is now well diversified, with the Middle East accounting for less than 18% of our export order book.

Management: A majority of our export order inflows are increasingly coming from developed markets, particularly the US and Australia, where we are witnessing strong customer traction, growing engagement, and encouraging order opportunities. Our record quarterly export order inflow of 1,055 crores, which surpassed the entire export order inflow of FY26, is a strong validation of our growing international competitiveness and expanding global customer relationships. We believe this diversification significantly strengthens the quality and resilience of our export portfolio and positions us well for sustained international growth.

Further, the ongoing 75,000 MTPA capacity expansion is on track and likely to be commissioned and operational in H2 '27, taking our total installed capacity to 450,000 MTPA from the existing 375,000 MTPA. This expansion will strengthen our ability to serve larger orders, improve operating leverage, and capitalize on opportunities in both domestic and international markets.

We continue to work towards our longer-term capacity roadmap of 600,000 tonnes by FY29, alongside customer qualification initiatives across developed markets and expansion of our global presence.

Looking ahead, the structural outlook for the power transmission and distribution sector remains encouraging, supported by grid expansion, renewable energy integration, rising electricity demand, and investments in high-voltage transmission infrastructure. We believe Skipper Ltd. is well positioned to benefit from these opportunities through its integrated manufacturing capabilities, execution track record, expanding capacity, and growing international footprint.

With a record order book, improving profitability, a stronger balance sheet, and increasing traction in developed export markets, we remain focused on delivering sustained growth and creating long-term shareholder value.

With these opening remarks, I would like to hand over the call for follow-up questions from participants.

Operator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Dheeraj Mali from {? [unclear] ?}. Please go ahead.

Dheeraj Mali: Good evening, and thank you for the opportunity. My question is regarding the previous concall. You maintained your FY27 revenue growth target of 15% and said you were

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confident of achieving it. However, H1 revenue growth is currently around 7.1%. To achieve the 15% full-year target, we would need around 21.6% growth in H2. Are you still confident of achieving this target, and what will drive the higher growth in the second half?

Management: Yes, thank you for the question. We are largely on track to achieve our 15% growth target for the full year. However, there are continued geopolitical uncertainties, and shipping lines and freight remain elevated across the world. We are facing shipment deferrals from a lot of customers who are waiting for prices to come down. At worst, we may see a 1-2% drop from our 15% guidance. However, we remain optimistic that we are largely on track to achieve our revenue growth.

Dheeraj Mali: Okay, so you mean 13-14% will be your target?

Management: At worst, yes, at worst.

Dheeraj Mali: Okay, got it. Thank you.

Operator: Thank you. A reminder to all participants to press star and one to ask a question. The next question is from the line of Navin Sahadeo from ICICI Securities. Please go ahead.

Navin Sahadeo – ICICI Securities: Good evening, Sharan, sir, and team. I have a couple of questions. My first question is to understand that this is the first quarter in which the export share of the order book has increased to 17%. How should one look at it, particularly in light of the recent order that you won, but also considering the challenges that we are seeing at the global level?

Management: Thank you, Navin. You are right that our traditional market, which is the Middle East, there we have [trails off] So, which is why, right from the beginning of the year, we took a keen focus on diversifying the breakup of our export orders. We are very happy that we have been able to achieve that to a large extent.

As I have been sharing for the last several quarters, our focus continues to be on developed markets, particularly the US, Canada, Australia, and the European region. We have started seeing good order inflows there. In fact, North America now makes up almost 44% of our total export order book. Australia makes up almost 18-19%. Combining all of these, more than 60% of our order book is now coming from developed markets, and the Middle East is now only 18%.

I think this is something that we are very happy about, and we hope to see further business coming from the developed geographies, particularly the USA, where AI-led data center power transmission investments are seeing very strong momentum. We have a large bidding pipeline in these markets, and we should see further conversion taking place in the subsequent quarters.

That is what the export side is concerned with. The Middle East continues to remain a bit of a challenge, so we are not very optimistic about that geography. However, if this war situation gets better, then we should start seeing that region revive again.

Navin Sahadeo – ICICI Securities: Thank you.

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Operator: Thank you. A reminder to all participants to press star and one to ask a question. Ladies and gentlemen, if you wish to ask a question, you may press star and one. The next question is from the line of Ashwini Agarwal from Demeter Advisors LLP. Please go ahead.

Ashwini Agarwal – Demeter Advisors LLP: Good evening. I would like some more color on the export order book. Are these all orders on an FOB basis, or are they cost including freight? If it is the latter, how are you managing the freight? That is one question.

Second, if there are delays to the international orders, do you have some flexibility in supplying local orders to meet your revenue target? How are you internally thinking about all this?

Management: On the first part, yes, largely the new orders that we are taking are either on an FOB basis, with the ocean freight to be taken care of by the customer, or, even if we are taking the sea freight, the understanding is that it is variable and will be finalized and frozen at the time of shipment.

I would say that we are quite well covered in terms of the risk. We do not have a risk on account of further escalation in shipping freight, though I do believe that globally we have seen more or less the peak of shipping rates already, and from here on, we are definitely expecting reductions to take place.

On the second part of your question, if we continue to face challenges, what is our plan for the domestic market? I would say that the domestic market is also quite vibrant. Last year, we did see muted ordering on the domestic side, but this year the domestic order inflow has also been quite robust, and there are tremendous opportunities on the domestic side as well.

We have also secured a good number of orders in the first half. We are looking at more orders in the second half. Our total order inflow target for the year is 7,500 crores, and we are well on track to achieve that. I would say that now, on the domestic side also, there are enough opportunities for us to make up for any further hindrances to export order shipments.

Ashwini Agarwal – Demeter Advisors LLP: Of your export order book, how much of that would be CIF, what you already have in the bag—the 17% of your total 10,000-odd crores? How much of that is CIF, where you might have to take the hit on freight?

Management: Nearly less than 25-30%.

Ashwini Agarwal – Demeter Advisors LLP: Okay. And the margin profile of the new orders coming in, both from outside India as well as within India—how do the margins on the new orders compare with what you reported in the first quarter, at 10-10.5%? How do you think about that number changing as we move ahead?

Management: Last year also, we delivered a good increase in our EBITDA margins, and this year, in both quarters, we have seen EBITDA margins improve. We would have liked to see the EBITDA margins improve further, but we are facing some cost pressures due to fuel price increases and other commodity price increases. Otherwise, the EBITDA increase could possibly have been even higher.

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I would say that the new orders coming in are definitely coming with good margins. We are steadily moving toward our long-term aspirational margins of 12%. We will definitely move there, and now, with exports coming in with good volumes, we feel that the journey toward 12% will be faster.

The margin trajectory will definitely continue to be upward.

Ashwini Agarwal – Demeter Advisors LLP: Okay, thank you. I will come back in the queue. Thank you.

Operator: Thank you. A reminder to all participants to press star and one to ask a question. Ladies and gentlemen, if you wish to ask a question, you may press star and one on your touchtone telephone. The next question is from the line of Navin Sahadeo from ICICI Securities. Please go ahead.

Navin Sahadeo – ICICI Securities: My question was around the employee cost. This quarter, we are seeing a fair amount of increase in this particular cost. I wanted to understand whether this is the run rate that we should factor in for the balance 2 quarters in the fiscal year.

Management: This quarter, particularly, I think the employee cost increased because increments were implemented in Quarter 2, so the arrears for Quarter 1 were also paid out along with the salaries in Quarter 2. I think that also had an effect.

I would say that probably Quarter 3 will be lower. For Quarter 3, we should expect approximately 5.5% as a percentage of revenue for employee cost.

Navin Sahadeo – ICICI Securities: Understood. My second question was about the segmental revenue breakup. It is encouraging to know that you are still broadly sticking with the revenue growth guidance, which also implies a much higher requirement in the second half.

Management: Correct.

Navin Sahadeo – ICICI Securities: My question was around the segmental breakup because, distinctly in the first half, the bulk of your revenue contribution is from engineering products, where the year-on-year growth is fairly muted, while EPC or infrastructure projects are driving revenue growth for us.

In the second half, how should one look at growth? Will it be the same, with the infrastructure project segment driving growth, or will equipment or engineering products also drive revenue growth?

Management: Overall in the year, the infrastructure segment is definitely going to see significant growth. That is something that we saw right from the beginning of the year, and it is also reflected in the actual execution in H1. Similarly, in H2, we will likely see infrastructure playing a major role in revenue growth.

The engineering segment will also grow. However, the muted order inflows of last year and the ongoing export hindrances are playing a part and are not allowing engineering revenues to grow as much as we would like.

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I would say that both these challenges would probably be addressed much better in the coming financial year. Because of all these new export order inflows from other geographies, we should see more even growth across the segments in our overall company.

Navin Sahadeo – ICICI Securities: I appreciate it. Arithmetically, I just wanted to check because infrastructure, as a segment, has much lower EBITDA margins. If that is driving growth, how can you convince us a little more [cut off]

Navin Sahadeo – ICICI Securities: More on margin stability in the second half, with infrastructure driving growth. Thank you.

Management: Even in the first half, we have seen that infrastructure has been the main driver of revenue, but despite that, we have grown EBITDA margins overall. I would say that the quality of the contract is getting better, and that applies to both engineering and infrastructure.

For sure, we are confident that whether engineering or infrastructure is leading the growth, overall in the company we will see EBITDA margin improvement. Thank you.

Operator: Thank you. A reminder to all participants to press star and one to ask a question. The next question is from the line of Ashwini Agarwal from Demeter Advisors LLP. Please go ahead.

Ashwini Agarwal – Demeter Advisors LLP: Thanks for taking my question again. The major concern, if you go through the first few questions on this call, is whether the growth rate will pick up in the second half. I wanted to explore that a little further.

If growth is largely going to be driven by the domestic market or domestic supplies, and these are infrastructure projects, typically you have visibility ahead of time because you would know which lines are coming up and where the right-of-way has been secured.

How much visibility do you have of the revenue target that you have for the full year? If you back out the first half, how much visibility do you have of the revenue target for the second half at this point? How much of it is contingent upon events that are still to unfold?

Management: I would say that we have a good amount of visibility, which is why we are maintaining our guidance of 15%, give or take, and at worst, a drop of 1-2% in growth.

We are well aware of what our order book is and what is up for execution. I would say that we have full visibility, and execution remains robust. In that sense, we do not see a challenge anywhere in achieving that overall growth target, both in terms of the top line as well as the bottom line.

If you look at the bottom-line number also, firstly, if you talk about the top line, in the first quarter we saw only a 4-5% increase. But in the second quarter, we have already seen an improvement of about 10%. That trend will obviously be much better in Quarter 3 and Quarter 4. H2 is always heavier for execution.

On the bottom-line side, if you look at H1 overall, we have delivered almost a 50% increase in the bottom line. I would say that we are on the right track, and we definitely have very good visibility considering the orders to be executed in H2, which supports the guidance that we have given.

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Ashwini Agarwal – Demeter Advisors LLP: That is very comforting. The other thing is the capacity expansion that you are discussing. How much will it cost, and will you be able to generate enough cash flows to fund it, or would you be borrowing money? Could you provide some guidance on capex over the next 2–3 years?

Management: Our annual capex has been in the range of approximately 250–300 crores, and that is what we have been investing to add capacity. Our current expansion is also costing us approximately that much.

In terms of funding, the company is quite comfortable. We recently completed a fundraise, a preferential equity raise of about 430 crores, which has brought down our debt-to-equity ratio to 0.38, below 0.5. We are obviously very comfortable.

I would say that the balance sheet has a lot of strength. With operating cash flows also improving, this year we do expect operating cash flow to be at least 75% of our total cash flows. I would say that we are in a comfortable position to meet all our capex requirements.

Ashwini Agarwal – Demeter Advisors LLP: My last question is about export cash flows. How do they work? These are long shipping cycles and long receivables. Do you discount bills with or without recourse? How do you manage the working capital cycle with rising exports in the revenue mix?

Management: There is a mix of contracts. In certain countries, we get LCs, which we discount upon shipment itself. In certain countries, mostly developed countries, where we do not have LCs, payments could be made directly against shipment. Other discounting options are also available because the customers' quality generally tends to be of the highest standard.

I would say that there is not a very long cash conversion cycle in the export orders despite the long shipping time. Generally, our payments are available to the company upon shipment.

Ashwini Agarwal – Demeter Advisors LLP: So, your working capital cycle will not materially change as exports increase in the revenue mix?

Management: Not really. What typically happens is that, as I have said earlier, we see collections happening sooner for exports, but the inventory cycle expands somewhat because of the value-added grades, inspection and shipping requirements. We probably have to hold the inventory for a little longer, and the production time cycles are also longer.

On the domestic side, the inventory cycle is shorter, but the collection cycle tends to be a little longer. Overall, they are both comparable. Domestic and export are comparable from a working capital perspective.

Ashwini Agarwal – Demeter Advisors LLP: Okay, perfect. Thank you so much. All the best.

Management: Surely.

Operator: Thank you. Ladies and gentlemen, if you wish to ask a question, you may press star and one. The next question is from the line of Aditya Welekar from {? Fyers AMC ?}. Please go ahead.

Aditya Welekar – {? Fyers AMC ?}: [inaudible]

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Operator: Sorry to interrupt you, sir. Aditya, your voice is breaking.

Aditya Welekar – {? Fyers AMC ?}: Hello, am I audible?

Operator: It is sounding a bit muffled.

Aditya Welekar – {? Fyers AMC ?}: Is it better now?

Operator: It is still muffled.

Aditya Welekar – {? Fyers AMC ?}: Is it better now?

Management: We can try. Let us try hearing him and let him ask his question.

Aditya Welekar – {? Fyers AMC ?}: Is it better now?

Management: Just continue. It is not very clear, but we will try. Please go ahead.

Aditya Welekar – {? Fyers AMC ?}: I want to understand the phasing of the capacity expansion, which we are expanding from 45 kt to 60 kt. What is the status in terms of whether this will be a greenfield capex? Is the land finalized, and by when are we expecting Phase 1 and Phase 2? I would appreciate some more detail on the capacity expansion.

Management: Phase 1 was when we moved from 300,000 tons a year to 375,000 tons last year. Phase 2 is when we are moving from 375,000 to 450,000 tons, and that will happen in H2 this year.

All of these have been mostly brownfield expansions so far in the company's existing plants. The further expansion could possibly be greenfield. We are looking for new land, and our plan is to take the ultimate capacity to 600,000 tons. That should happen over the next 2–3 years, for which we are looking at greenfield investment land options.

Aditya Welekar – {? Fyers AMC ?}: For this greenfield capex, what will be the capex intensity? So far, we have been undertaking brownfield capex. Going forward, will our capex intensity rise as we move through the further phases, up to 60 kt?

Management: No, the capex intensity will not rise much, but the cost of land will possibly be added. So far, it was being done largely on existing land, but going forward we could possibly acquire some land. Therefore, the cost of land might be added to the capex.

Aditya Welekar – {? Fyers AMC ?}: What kind of timelines can we factor in? By when can you proceed with land acquisition, and is there anything material that you can share on that?

Management: We are at an advanced stage of identification, and very soon we should be able to meet the target of identifying a new location within this quarter. Possibly, we could start the first phase by the end of next financial year, and the second phase could be completed by the end of the subsequent financial year. By the end of FY28 and FY29, we should be able to fully operate the new unit.

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Aditya Welekar – {? Fyers AMC ?}: Understood. My last question is with respect to the overall macro and capex cycle of transmission infrastructure. As we will be undertaking greenfield capex in the future, will we be able to maintain the book-to-bill ratio at the current level?

I understand that we have a bid pipeline of more than 50,000 crores, but at what stage of the overall transmission capex cycle are we currently? Do we have a long runway to justify this kind of greenfield capex, which will come up in the next couple of years?

Management: Yes, absolutely, because the transmission outlook is extremely robust, not just in India but in several parts of the globe where we are already active.

I would say that even in India itself, we expect to see at least 1 lakh crores plus of bidding every year up to 2032-33. Some accounts suggest that even up to 2035, we should continue to see at least 1 lakh crores of investment annually, if not more.

On the global side, as you have seen in H1, we have started securing a good amount of orders from developed countries, including the US, Canada, Australia, and others. I would say that trend should also continue.

Overall, in every market where we are active, whether it is Africa, the Middle East, or South America, we are seeing excellent opportunities for power transmission because all countries are pursuing greater electrification, more renewable integration into the grid, and more transmission systems to cater to AI data centers.

I would say that this trend should definitely continue, and the business outlook will not pose any challenge for this new greenfield capacity.

Aditya Welekar – {? Fyers AMC ?}: Understood. Just one last question, if I may, with respect to our contract assets and contract liabilities. Is there any guardrail as we expand and grow in terms of the top line and explore export markets? How do you see the working capital, especially in terms of contract assets and liabilities?

Management: In terms of working capital, over the last 4-5 years, we have been able to bring it down from almost 200 days earlier to close to 90 days. I believe that this is the best in the industry. If you look at all our peers, they are all operating at 120 days plus, and 90-95 days is a reasonable and stable working capital level for the company.

As the company's operations continue to grow, the contract assets and liabilities will grow in proportion to the operations. However, I would say that the net working capital days of the company should remain in this stable region of 90-100 days.

Aditya Welekar – {? Fyers AMC ?}: Understood. That is it. Thank you very much for these detailed answers.

Management: Thank you.

Operator: Thank you. The next question is from the line of Darshil Pandya from {? Thinkers Capital ?}. Please go ahead.

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Darshil Pandya – {? Thinkers Capital ?}: Hello, am I audible?

Operator: Yes, sir.

Darshil Pandya – {? Thinkers Capital ?}: Thank you. I have just one question. What was the capacity utilization during this quarter, if you could highlight it?

Management: [pause] Hello? Approximately 80%.

Darshil Pandya – {? Thinkers Capital ?}: Approximately 80%. This is on the 3.75 lakh capacity that we are operating, correct?

Management: Correct.

Darshil Pandya – {? Thinkers Capital ?}: Is this the maximum that we can achieve from this capacity, or is there some headroom?

Management: No, we can possibly—we have gone up to 90% in the past as well. I think 90% is quite achievable. However, because of the export challenges, we are currently not able to push for full capacity utilization.

Darshil Pandya – {? Thinkers Capital ?}: What are the export issues that we are facing? What products or other factors are causing this issue?

Management: It is mainly on account of shipment deferrals. In many cases, customers are choosing to defer shipments because shipping rates are currently very high. If the customer has to bear the increase in shipping costs, they are choosing to defer and wait for prices to come down before allowing further shipment.

That is all that is happening. That is the main reason for this reduction in exports. As you can see, in this quarter also, exports declined about 46% year-on-year to about 106 crores versus 19 [trails off]

Management: ...28 crores in the previous year's Quarter 2.

Darshil Pandya – {? Thinkers Capital ?}: Okay. And one last question: when is this new capacity expected to be completed? We are already in Q2, so could you share a timeline for this capacity?

Management: It could possibly take place by the end of Quarter 3 itself or, at the latest, at the beginning of Quarter 4.

Darshil Pandya – {? Thinkers Capital ?}: All right. Thank you so much for answering my questions.

Operator: Thank you. A reminder to all participants to press star and one to ask a question. Ladies and gentlemen, if you wish to ask a question, you may press star and one. The next question is from the line of Vinay Choudhary from Invexa Capital LLP. Please go ahead.

Vinay Choudhary – Invexa Capital LLP: Thank you for the opportunity. Congratulations on the set of numbers and the fundraise. I wanted to understand the utilization of the funds from the preferential equity raise and our strategy on debt going forward.

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Management: Thank you. Even before the fundraise, the company was in a very comfortable position where debt was concerned. We were at a 0.64 debt-to-equity ratio before the fundraise, which came down to 0.38 after the fundraise.

The main idea behind the fundraise was to strengthen the balance sheet because we do have a decent amount of capex over the next couple of years. The idea was to strengthen the balance sheet and be ready for any new opportunities that may arise in the business, whether through M&A or new plants.

This quarter, we also announced the acquisition of a small manufacturing company in South India. That is a small acquisition of about 15-16 crores. I think more such opportunities may arise in the future. We want to be ready, and that is why the idea behind the fundraise was to strengthen the balance sheet and be prepared for all opportunities.

Vinay Choudhary - Invexa Capital LLP: Thank you for answering the question.

Operator: Thank you. The next question is from the line of Navin Sahadeo from ICICI Securities. Please go ahead.

Navin Sahadeo - ICICI Securities: Having achieved reasonably good order intake in the first half, what is now the full-year order inflow guidance for us?

Management: We maintain our order inflow guidance of 7,500 crores. Hopefully, we should be able to do much better than this, but as of now, we want to maintain the guidance given last time at 7,500 crores.

Navin Sahadeo - ICICI Securities: And, and... [crosstalk]

Management: [overlap] The focus is to get more and more export orders into the mix.

Navin Sahadeo - ICICI Securities: Exactly. That was my question. Is there more visibility that you have, following the recent order, which was a very good order that we received from exports? I was wondering whether you have more visibility that could support order book and order inflow exceeding the guidance, largely through export execution.

Management: It is definitely possible. Our idea would be that, first, we would like to see more and more export orders coming in because they come with better margins. Developed-country exports come with even better margins.

It is hard to say because export orders tend to have a somewhat uncertain finalization timeline. Many times, we feel that an order is about to be finalized and that we are favorably placed, but then another 2 quarters pass and the order is not finalized.

Keeping all optimistic views in mind, I would say that in the subsequent quarters also, we should take in a similar amount of export orders to what we have already taken. Officially, we will maintain that for the full year we should take in about 1,500 crores of export orders, out of which we have already taken about 1,100 crores.

We maintain our guidance of 1,500 crores of total export order inflows this year.

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Navin Sahadeo – ICICI Securities: That is helpful. My last question is about the margins or risks to margins in light of the general inflationary cost environment. How much of the order book is fixed-price, or has flexibility to pass on the cost impact to customers? Also, when we take export orders and say that they are fetching much higher margins, are these also on a fixed-price basis, or are they on a flexible contract basis?

Management: Our orders are now mostly on a fixed-price basis. However, because the margin profiles are comfortable, whenever we have a firm-price order, we get a sufficient amount of buffer from the customer in the pricing. We are also able to secure a higher amount of down payment to cover a good portion of that inventory.

I would say that the risk to margins is nil because, even in the first half of the year, cost inflationary pressure has been present pretty much from the beginning of the year. What can happen is that our overall target for margin expansion may see some impact. However, there is no chance of our margins dropping.

Overall in H1, we improved margins by about 20-30 basis points. I would say that this should at least continue. Our target would be to improve margins further, and our order book does have those kinds of margins available.

However, if cost pressures continue as they are, margin expansion may not be as high as we had targeted at the beginning of the year. That is about it.

As more and more export orders come in, with execution likely to take place next year, we will definitely move gradually and steadily toward our aspirational margins of 12%.

Navin Sahadeo – ICICI Securities: In the interim, is it safe to say that margins will remain in the range of 10-11%, regardless of circumstances?

Management: Absolutely. Absolutely.

Navin Sahadeo – ICICI Securities: Understood. Thank you, sir. Those were my questions.

Operator: Thank you. Ladies and gentlemen, if you wish to ask a question, you may press star and one.

A reminder to all participants to press star and one to ask a question.

As there are no further questions from the participants, I now hand the conference to the management for the closing comments.

Management: Thank you, everyone. Looking ahead, we are confident of delivering a significantly better H2. A multi-year growth runway lies ahead for us.

With a record order book, rising capacity utilization, improving margin profile, expanding export footprint, and a structurally scalable manufacturing base, Skipper Ltd. is entering a phase where growth, profitability, and return ratios are set to compound together.

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We appreciate your continued support and look forward to interacting with you again in the next quarter. Thank you.

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

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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