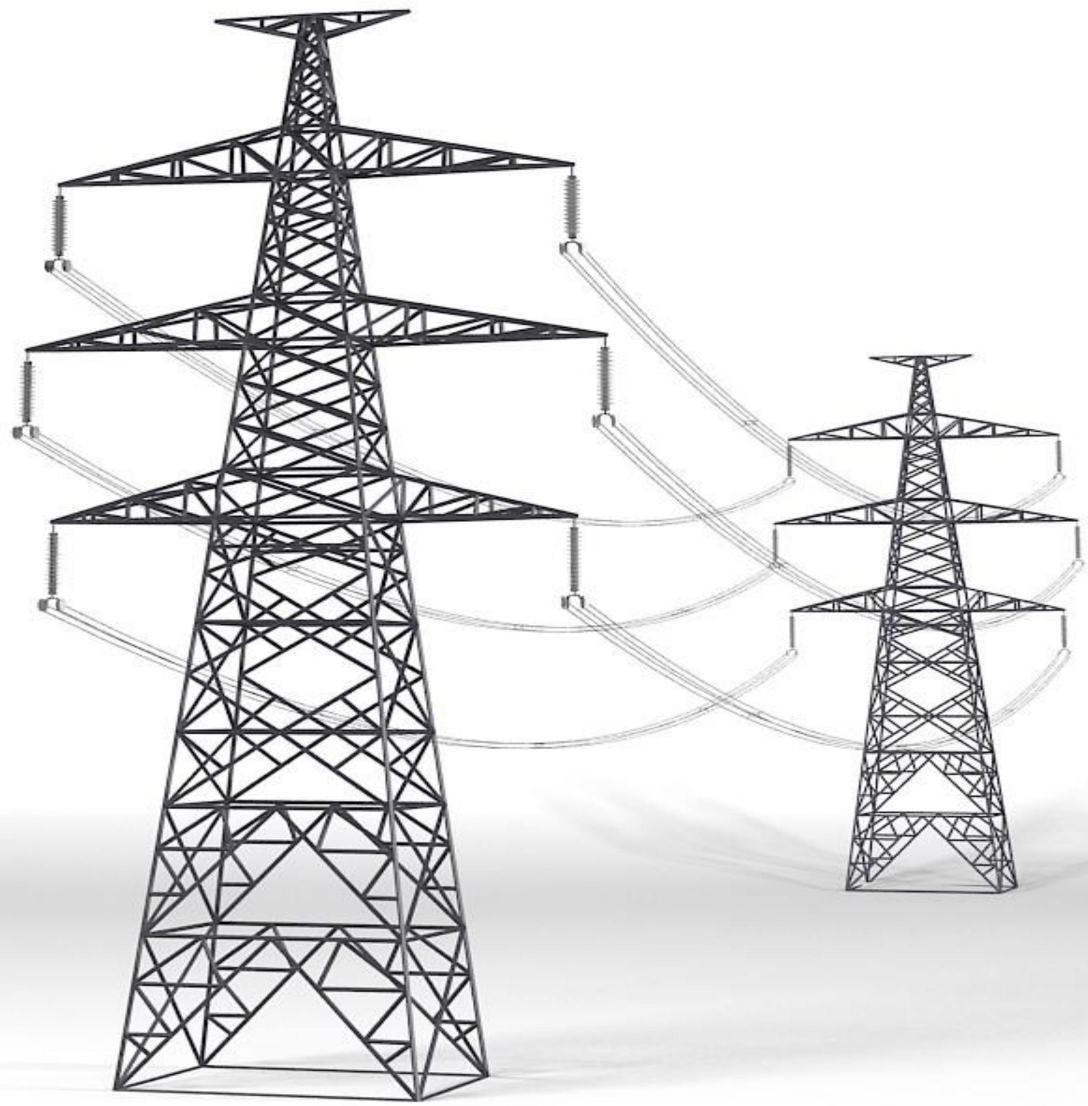

Skipper Ltd.

Skipping the obstacles

March, 2016

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BUY

Skipper Limited

Skipping the obstacles | **CMP INR: 140** | **Target Price: 212**

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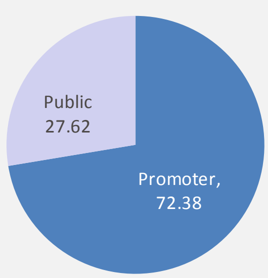
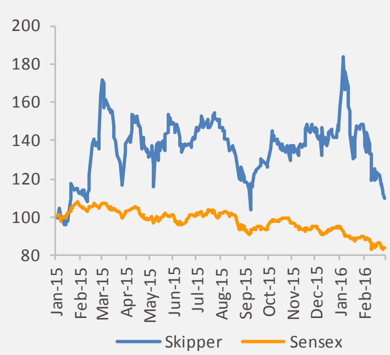
Bloomberg:	**SKIPPER:IN**
52-week range (INR):	220 / 117
Share in issue (crs):	10.2
M cap (INR crs):	1,432
Avg. Daily Vol. BSE/NSE :('000):	62.3/ 180.8

SHARE HOLDING PATTERN (%)





Date: 15th March, 2016

Skipper Limited (Skipper) is one of India's largest integrated transmission tower manufacturing companies with strengths in angle rolling, tower accessories, fastener manufacturing and EPC line construction. Skipper has also diversified into PVC and CPVC pipes and presently has 10% market share in Eastern India. Skipper is on the cusp of the next growth phase based on metrics such as: strong order book of INR 2,450 crore (2.1x FY15 engineering products revenue); huge capex lined up for power transmission in India and abroad; and proven track record of strong execution. We expect revenue and core profit to grow at 25% and 56% CAGR respectively over FY15-FY18E with company set to achieve ROCE>30% by FY18E. We perceive Skipper as a re-rating candidate and initiate BUY with a price target of INR 212.

Healthy order book and improving outlook for power transmission to enable robust growth

The existing order book at the end of FY15 stood at INR 2,450 crore (2.1x FY15 engineering products revenue of INR 1,134 crore), indicating strong revenue visibility. About 88% of the FY15 pending domestic order book is for supply to PGCIL's projects whereas 85% of the export order book constitutes supply to the Latin American (LATAM) transmission system operator (TSO). In spite of having an installed capacity of 282 GW, the peak power demand need of 149 GW is not being met across the country due to significant transmission losses of about 23% of the power generated. The government is considering an aggregate capex of around USD 50 billion (INR 3,25,000 crore) over the next five years that would entail improving the old inefficient T&D infrastructure and setting up greenfield projects like the green corridor to cater to the renewable energy space. With a proven track record, we believe that Skipper would be a key beneficiary of the strong bidding pipelines of PGCIL, state transmission utilities (STUs) and BOOT transmission developers. We expect total order inflow of INR 6,330 crore, which will drive top line over FY16E-FY18E at 30% CAGR.

Strategic location, backward integration, strong execution will continue to support superior margins

Skipper has three manufacturing facilities located in close proximity in the Howrah district in West Bengal. The company is the third largest domestic player in terms of capacity, which stands at 1,75,000 MTPA. These three plants are located in the vicinity of their raw material suppliers, which greatly reduces the raw material sourcing cost for the company. Skipper's peers such as KEC and Kalpataru that have their manufacturing capacities spread out in Maharashtra and Gujarat respectively do not enjoy similar locational advantage. Skipper's tower manufacturing capacity is backward integrated with the 2,15,000 MTPA hot rolling mill that manufactures angles, which is the main raw material for the transmission towers. The 100% backward integration and strong execution capabilities differentiate Skipper from competition and enable it to continue to have a 200 bps-250 bps margin advantage over EPC players such as KEC and Kalpataru.

Diversification into PVC business and other value addition products & services to enhance margin profile

Skipper ventured into the PVC pipes segment in FY14. Having commenced PVC manufacturing in West Bengal, Skipper today has an operational capacity of 29,000 MTPA spread pan-India and has successfully captured 10% market share in Eastern India. Through an asset light capex model, Skipper aims to reach a total capacity of 40,000 MTPA by FY16E and 80,000 MTPA by end-FY18E. We expect PVC revenues to grow fourfold to INR 350 crore by FY18E from INR 89 crore in FY15.The entry into CPVC pipes and plumbing systems through tie ups with international players will help expand margins further for Skipper.

Outlook and Valuation

A sizeable order book, huge opportunity size and diversification into the PVC business firmly place the company on a higher growth trajectory. Valuing the consolidated business at 12x FY18E earnings of INR 17.6/ share, we initiate coverage on Skipper with BUY with a price target of INR 212.

Year to March (INR Cr)	FY14	FY15	FY16E	FY17E	FY18E
Income from operations	1,073	1,270	1,492	2,054	2,526
YoY Grth%	15.6	18.4	17.5	37.7	23.0
EBITDA	118	172	201	288	359
EBITDA Margin%	11.0	13.6	13.5	14.0	14.2
Reported PAT	27	88	84	138	180
YoY Grth%	43.8	72.5	81.3	64.5	30.2
Core EPS	2.6	4.5	8.2	13.5	17.6
ROAE (%)	13.2	17.3	24.8	31.9	31.7
ROACE (%)	15.4	21.4	23.3	29.9	31.7
P/E*	53.2	30.9	17.0	10.3	7.9
EV/EBITDA	15.6	10.2	8.7	6.3	5.0

*Core EPS has been used

Story in a nutshell

Chart 1: Increasing order book over FY12-FY18E

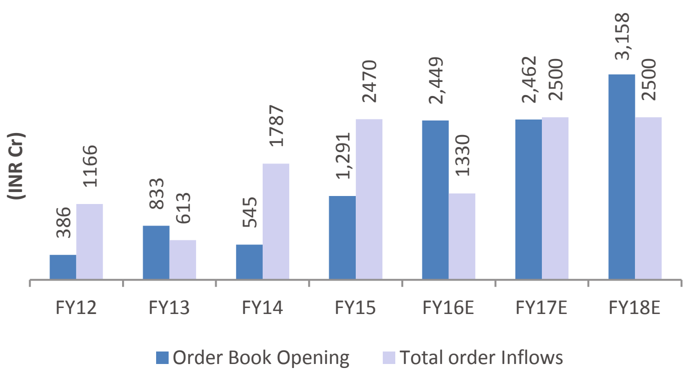


Chart 2: Huge opportunity from Power Grid

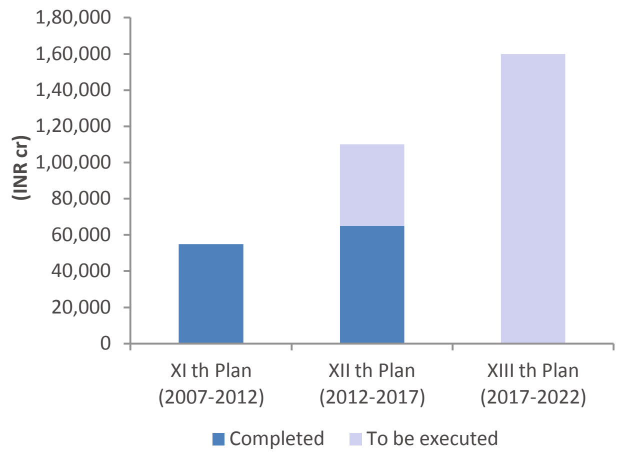


Chart 3: Robust growth over FY12-FY18E

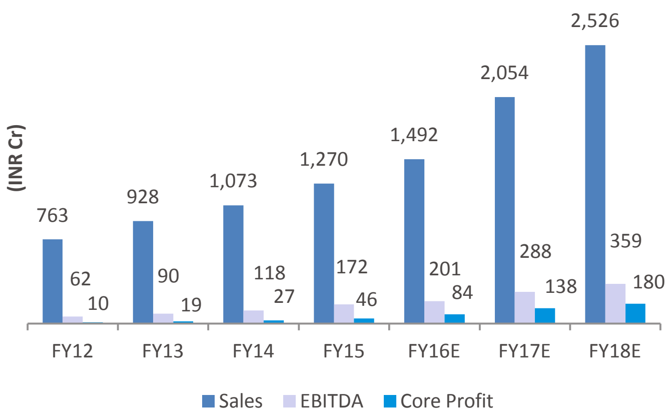


Chart 4: Strong margins

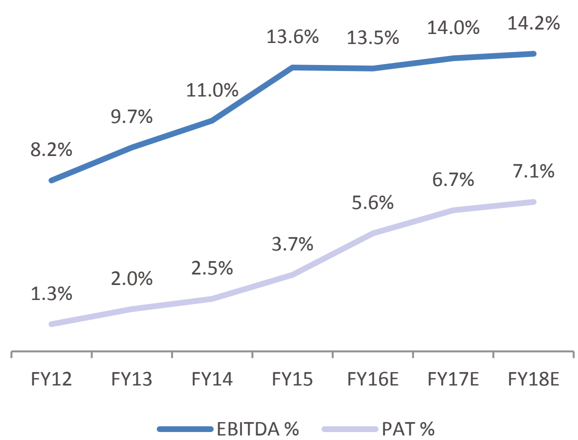


Chart 5: Healthy Core RoCE

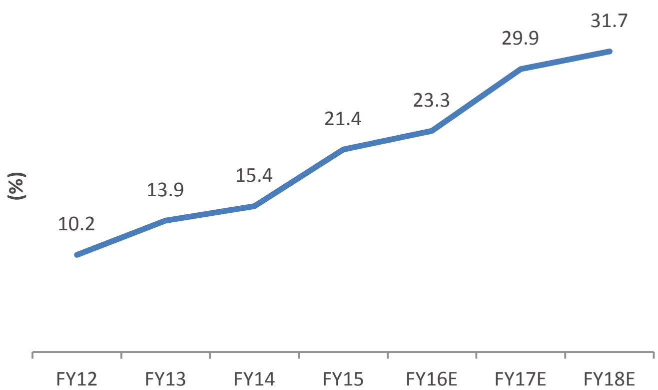
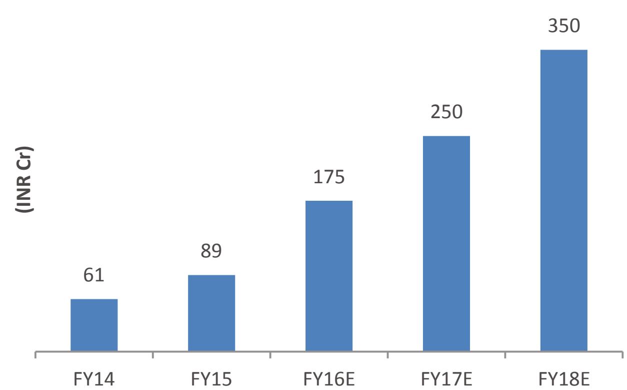


Chart 6: Increasing PVC revenues



Source: Company, Edel Invest Research.

Valuation

A sizeable order book, huge opportunity size and diversification into the PVC business firmly place the company on a higher growth trajectory. On the back of proven expertise in the transmission sector and robust order book, we expect revenue and PAT to grow at 25% and 56% CAGR respectively over FY15-FY18E with core ROCE>30% by FY18E. In addition, Skipper enjoys a better margin profile and one of the best return ratios in the industry.

Valuing the consolidated business at 12x FY18E earnings of INR 17.6/ share, we initiate coverage on Skipper with BUY with a price target of INR 212.

Table 1: Valuation

Components	Method	Value per share(in INR)
Consolidated FY18E earnings	12x FY18E EPS	212
Total		**212**

Source: Edel Invest Research.

Almost 88% of the FY15 pending domestic order book of INR 1320 crore is for supply to PGCIL projects and the export order book is predominated by the order from the largest Latin American (LATAM) Transmission System Operator (TSO) constituting 85% of the export order backlog.

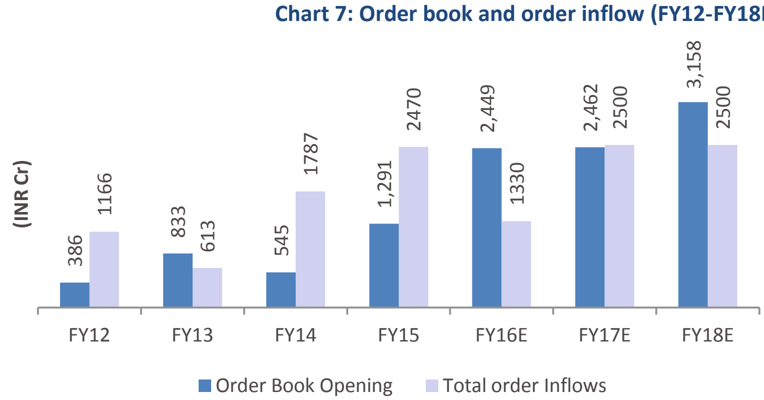
(A) Healthy order book and improving outlook for power transmission to enable robust growth

Skipper has an existing order backlog of INR 2,450 crore (2.1x FY15 engineering products revenue of INR 1,134 crore), which provides revenue visibility for FY16E and FY17E. Moreover, Skipper, with a proven track record, would be a key beneficiary of the strong bidding pipelines of the central transmission utility (CTU) - PGCIL, state transmission utilities (STUs), BOOT transmission developers such as Isolux, Adani, Sterlite etc. and international transmission system operators (TSOs). The strong bidding pipeline, particularly in regions where Skipper has a strong presence – north and north eastern parts of India, provides Skipper with a high order win/ intake potential in the near term. We expect a total order inflow of INR 6,330 crore for Skipper over FY16-FY18E.

(I) Healthy order book provides revenue visibility for FY16E and FY17E

Skipper has focused on its core competence of supplying towers and has reaped rich dividends from this strategy. The existing order book at FY15 end stood at INR 2,450 crore (2.1x FY15 engineering products revenue of INR 1,134 crore), indicating strong revenue visibility for FY16E and FY17E. The order book has grown at a CAGR of 17% over FY12-FY15 on account of 18% CAGR growth in order inflows over the corresponding period. The order book is dominated by tower manufacturing, which contributes more than 90% to its total order book whilst less than 10% comes from T&D EPC. Almost 88% of the FY15 pending domestic order book is for supply to PGCIL's projects and the export order backlog is predominated by orders from the Latin American (LATAM) transmission system operator (TSO), constituting 85%. The healthy existing order book is well diversified within India with orders spread across different regions.

Chart 7: Order book and order inflow (FY12-FY18E)



The company has witnessed strong order inflows of over INR 6,000 crore over FY12-FY15. We expect the momentum to further increase over FY16-FY18E on the back of a robust PGCIL bidding pipeline and export opportunities arising from TSOs in Africa and Latin America.

Source: Company, Edel Invest Research.

Table 2: Order Book as on 31st March, 2015

Particulars (INR Cr)	Contract value	Deliveries already completed	Pending order in hand
Domestic Project - PGCIL	1,820	661	1,159
Domestic Project – Others*	345	185	160
Exports	1,283	154	1,129
Total	**3,448**	**1,000**	**2,448**

Source: Company, Edel Invest Research.

**Domestic projects - Others* comprises INR 150 crore from SEBs and the remaining INR 195 crore from private players such as Tata Projects, EMC etc. Note: The order book for Skipper as on Sep, 2015 stood at INR 2,200 crore

For FY16E, Skipper has already bagged projects worth INR 900 crore and is also the lowest bidder for more orders from PGCIL.

Table 3: Domestic order book FY12-FY18E (INR Cr)

Engineering Products division	FY12	FY13	FY14	FY15	FY16E	FY17E	FY18E
Opening Order Book	386	819	530	644	1320	1783	2578
Order Inflow for the year	1,166	580	1,130	1,936	1280	2000	2000
Closing Order Book	**819**	**530**	**644**	**1,320**	**1783**	**2578**	**2902**

Source: Company, Edel Invest Research.

Table 4: Export order book FY12-FY18E (INR Cr)

Engineering Products division	FY12	FY13	FY14	FY15	FY16E	FY17E	FY18E
Opening Order Book	-	14	15	647	1129	679	579
Order Inflow for the year	25	33	657	534	50	500	500
Closing Order Book	**14**	**15**	**647**	**1,129**	**679**	**579**	**579**

Source: Company, Edel Invest Research.

We expect a total order inflow of INR 6,330 crore for Skipper over FY16-FY18E, helping it maintain its growth trajectory.

Until FY22 INR 1,60,000 crore would be allocated for 400 kV and above transmission lines — the segment Skipper caters to.

(II) Existing power transmission and distribution (T&D) scenario in India

India has invested substantially in the power generation with the total installed capacity standing at 282 GW against a peak demand of 149 GW. In spite of such superior installed power generation capacity, the peak power demand needs are not being met across different regions of the country. A chief reason for this is the high technical losses faced during power transmission. The minimal capex that has been spent for transmission and distribution (T&D) is the reason for the high technical losses. The desired investment ratio between power generation and T&D should be 1:1. However, in India this ratio is at a low 1:0.5, which has led to aggregate power transmission losses of 23% of the total power generated in the country. The government aims to plug this gap by investing substantially in the T&D space going forward. The government is considering an aggregate capex of around USD 50 billion (INR 3,25,000 crore) over the next five years to improve the old inefficient T&D infrastructure and also for greenfield projects such as the green corridor, which is being set up to transmit renewable energy. The capex on the transmission side will be led by Power Grid for inter-state transmission and by the respective STUs for intra-state transmission. While Power Grid, with its strong execution track record will continue to get transmission projects from the government on a nomination basis, a lot of projects will also be bid on the tariff-based competitive bidding (TBCB) model thereby creating huge opportunities for private players such as Adani, Sterlite etc. Skipper, with the third largest tower manufacturing capacity of 1,75,000 MTPA in India stands to gain from not only PGCIL but also the private build own operate transfer (BOOT) players who do not have captive transmission tower manufacturing capacities.

The 20 Year transmission plan to provide the blue print for transmission capex in India

The Ministry of Power (MoP) has formulated a 20-year (2014-2034) transmission plan that outlines the capacity addition required for having an adequate transmission line infrastructure in the country. The transmission plan has been evolved based on state-wise demand projections and generation plants under various stages of implementation. The transmission system requirements have been evolved at State level that is then aggregated on regional level and there on at the National level. The aggregation of import export requirement of States within a region, and taking into consideration the diversity factor, translates into Inter-regional power transfer requirements. According to the 20-year plan, the total requirement for the 13th Five Year Plan (2017-2022) is 62,800 circuit kilometres (ckm) of transmission lines. This will require capex of INR 2,60,000 crore with around INR 1,60,000 crore allocated for 400 kV and above transmission — the segment Skipper caters to.

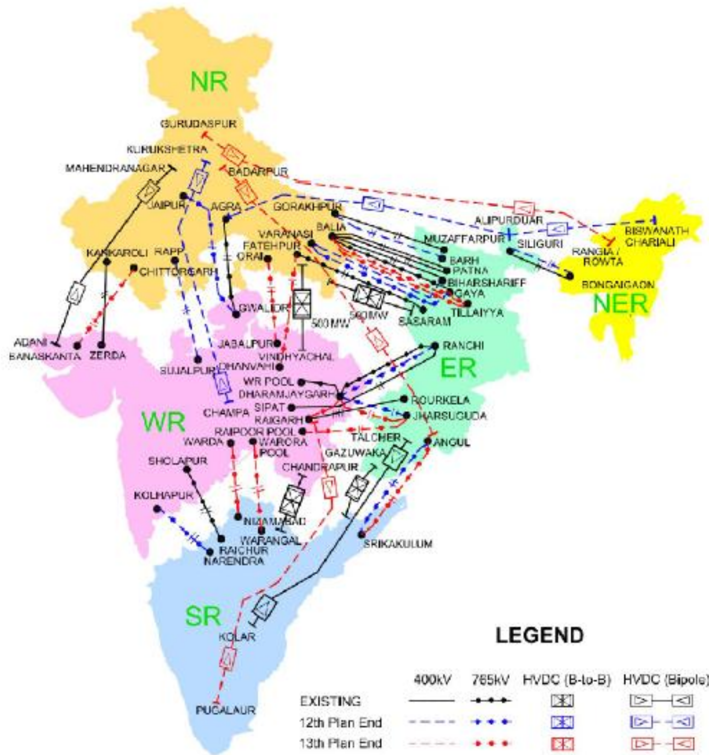
Table 5: Inter Grid Transmission Targets

(All figures in MW)	Existing (till March, 2014)	Incremental addition in the 12th Plan	End of 12th Plan(by March, 2017)	13th Plan addition	Total (by March, 2022)
EAST-NORTH	14230	5300	19530	7200	26730
EAST-WEST	6490	6300	12790	8400	21190
EAST-SOUTH	3630	4200	7830	4200	12030
EAST- NER	1260	1600	2860	0	2860
WEST - NORTH	8720	8200	16920	15600	32520
WEST - SOUTH	5720	2200	7920	14400	22320
NER - NORTH	0	6000	6000	3000	9000
Total	**40050**	**33800**	**73850**	**52800**	**126650**

Source: Edel Invest Research, MoP's 20 Year Transmission plan.

Note: The total inter grid transmission capacity stands at 47.4 GW as on Sep, 2015.

Figure 1: Inter Region Links by 2022



Source: Edel Invest Research, GoI's 20 Year Transmission plan.

(III) Opportunities aplenty from domestic as well as international markets

Skipper with its strong execution credentials is set to gain from the Government of India's (GoI) capex on improving the existing transmission network in the country and on setting up Greenfield corridors for renewable energy. We have factored order inflows of at least INR 5,280 crore over FY16E-FY18E from the domestic market predominated by PGCIL orders. With a presence in the international markets as well, Skipper looks to reap benefits of focus on transmission network augmentation especially in the continents of South America and Africa. We have factored in order inflows to the tune of INR 1050 crore from exports over FY16E-FY18E for Skipper.

The three major order intake avenues for Skipper would arise from PGCIL, BOOT players from the private sector such as Adani, Sterlite etc. and the export opportunities from geographies of Latin America, Africa and Europe primarily. These three opportunity sets have been discussed in more detail below.

Of the total capex that PGCIL has lined up over FY16-FY18E, the opportunity size for transmission towers is expected to be around INR 28,000 crore

The PGCIL opportunity over FY16-FY18E

PGCIL has incurred capex of INR 65,000 crore since March, 2012. Going forward, PGCIL has an objective to award projects worth nearly INR 22,500 crore in each FY16E and FY17E, and projects worth INR 25,000 crore in FY18E. Of the total capex that PGCIL has lined up over FY16-FY18E, the opportunity size for transmission towers is expected to be around INR 28,000 crore (40% of the total capex) — this could provide a big opportunity for players such as Skipper.

For projects that PGCIL is awarded through nomination from the Ministry of Power (MoP), PGCIL usually announces EPC contracts wherein the EPC player is responsible for constructing and commissioning the entire transmission corridor length. Skipper bids for these projects in a joint venture (JV) with EPC players wherein the EPC work is carried out by the JV EPC partner and Skipper is only responsible for supplying the transmission towers. For these projects, Skipper raises the invoice for the towers supplied as soon as deliveries are made to the project site. The invoices are processed by PGCIL and the corresponding payments are made to Skipper. The ability to raise invoices based on the deliveries made enables Skipper to have a working capital cycle of ~100 days and not fall prey to the entire ~180-day working capital cycle of the EPC player. Skipper has, in the past, successfully won and executed projects with its JV partners and will continue to bid for more projects through the JV route in future.

For projects that PGCIL secures through the TBCB mode, PGCIL splits the entire transmission corridor into individual constituents and then makes out separate tenders for supplies of (i) conductors and cables, (ii) towers, (iii) tower erection etc. This mode of bidding by PGCIL enables Skipper to bid for the tower supply tenders individually. Skipper has already been successful in securing split contracts of around INR 508 crore in FY15 and INR 298 crore in Q1FY16. As the Ministry of Power is shifting focus towards bidding more projects through the TBCB route, pure play tower suppliers such as Skipper stand to benefit the most.

Shift towards tariff based competitive bidding (TBCB) to open more opportunities for private sector also

The National Tariff Policy of 2006 has made TBCB mandatory for all projects after January 2011. Although the number of projects that are being bid for through competitive bidding has increased, PGCIL continues to get the major chunk of transmission projects from the Ministry of Power on a nomination basis. However, the TBCB route has opened up the sector for private players with the private sector players now having a 5% market share in transmission compared with 1% in FY12. Private players have witnessed traction in order inflows in the recent past with players such as Adani and Sterlite bagging numerous BOOT projects in FY15 and FY16 through the TBCB route. Most of these private BOOT players do not have their own transmission tower manufacturing capacities; and this can provide incremental opportunity to players such as Skipper to bag tower supply orders.

Skipper has in the past successfully bagged and executed projects from BOOT players such as Isolux Corsan - Skipper had supplied transmission towers for Isolux's 765 kV Mainpuri tranmission project in Uttar Pradesh. Going forward, the government is looking to award a higher quantum of projects through the TBCB route and this should provide a huge opportunity for players such as Skipper to win tower supply orders.

Skipper has in the past successfully bagged and executed projects from BOOT players such as Isolux Corsan - Skipper had supplied transmission towers for Isolux's 765 kV Mainpuri tranmission project in Uttar Pradesh. In FY16 alone, orders worth INR 8,852 crore have already been awarded through TBCB and Skipper's management has indicated that they are keen to sign up MoUs with these BOOT players to supply transmission towers for these BOOT projects. Going forward, the government is looking to award a higher quantum of projects through the TBCB route and this should provide a huge opportunity for Skipper to win incremental tower supply orders.

Table 6: Recently awarded BOOT transmission projects (INR Cr)

Project	Awarded to	Project cost	Winning bid per annum*
Jharsuguda-Raipur Power line	Sterlite Grid	2596	140
Chattisgarh A	Adani Power	1930	178
Chattisgarh B	Adani Power	823	132
Sipat Thermal power station line	Adani Power	867	79
Maheshwaram power line	Sterlite Grid	396	55
Transmission system for power supply from Bhutan	Kalpataru Power	2240	129
Total		**8852**	

Source: Edel Invest Research.

*levelized transmission charges

In 2013, the largest Latin America (LATAM) Transmission System Operator (TSO) signed an alliance agreement with Skipper for a period of 3 years to be the exclusive supplier for transmission towers for its projects in Latin America. The LATAM TSO order enjoys a 100 bps additional margin over the 13% margin that domestic projects offer.

Pass through clause for variation in raw material prices and hedging ensures that Skipper is able to mitigate the commodity and forex risk respectively.

Export order wins likely in FY17E and FY18E

The big breakthrough for Skipper in terms of export orders came in FY14. Skipper had participated in a “by invitation” tender from the largest Latin America (LATAM) transmission system operator (TSO) and in spite of having the second lowest (L2) financial bid, Skipper was chosen as the preferred vendor due to its strong execution track record. A MoU was signed with the LATAM TSO in FY14 that made Skipper the exclusive supplier of transmission towers for any projects that the TSO undertook in Latin America for a period of 3 years. From the LATAM TSO, Skipper has bagged orders worth USD 90 mn in FY14 for supply of towers to Peru, Chile and Columbia. The TSO awarded incremental orders to Skipper in FY15 worth USD 60 million. Skipper’s execution on these projects has been robust with the company having booked almost INR 350 crore of revenues in 9MFY16; and we expect Skipper to book another INR 150 crore in Q4FY16E. The margins on these orders are around 100 bps higher than the 13% EBITDA margin that Skipper makes on orders from the domestic market. The contract with the TSO has a pass-through clause for any variation in the raw material prices, ensuring that Skipper is insulated from the input price risk. Also, Skipper has hedged the forex risk through forward contracts, which cover the entire LATAM TSO project cost.

Going forward, Skipper is looking to secure more such orders not only from this LATAM TSO (MoU is due to come up for renewal in October, 2016) but also other TSOs in the geographies of Latin America and Africa. The management has guided for export order opportunities from Europe as well. We have factored in annual export order inflows of INR 500 crore over FY17E and FY18E.

(B) Strategic location, backward integration & strong execution to continue to support superior margins

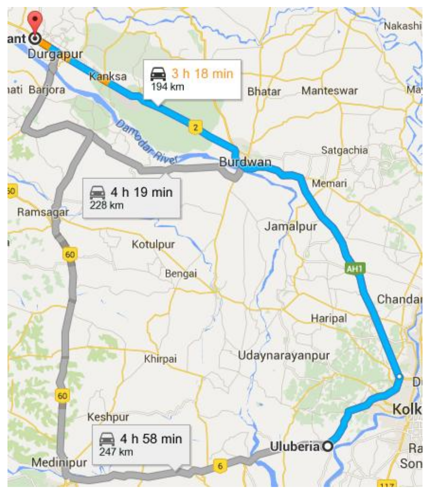
With an operating margin of 13%+ Skipper has the highest margin amongst other players in the power transmission sector. The higher margin can be attributed primarily to the strategic location of its manufacturing facility for transmission towers, complete backward integration of tower manufacturing and strong execution capability for the tower supply orders as well as for the EPC projects until date.

The three plants located in close proximity to the source of raw materials greatly reduces the logistics cost for transporting raw materials

(I) Strategic location provides advantage over peers

For its transmission towers, Skipper has three manufacturing facilities located in West Bengal in Uluberia and Howrah. These three plants located in close proximity to the source of raw materials greatly reduces the logistics cost for transporting raw materials. Skipper's peers such as KEC and Kalpataru, with their manufacturing capacities in Maharashtra and Gujarat respectively, do not enjoy such locational advantage, as their plants are located away from the source of raw materials. Although KEC and Kalpataru have a larger installed capacity compared to Skipper's capacity of 1,75,000 MTPA, their plants are spread out and for the same reason they do not enjoy the advantages of scale that Skipper does because of the close proximity of its manufacturing units within Howrah district.

Figure 2: Distance of source of raw material from Skipper's manufacturing facilities



Source: Edel Invest Research, Google maps

Table 7: Operational Capacities of India's biggest tower manufacturers (MTPA)

Company	Operational capacity (FY15)	Locations
KEC	3,13,200	Spread out across Nagpur (Maharashtra), Panagar (Madhya Pradesh) and Jhotwar (Rajasthan)
Kalpataru	1,80,000	Spread out across Gandhinagar (Gujarat) and Raipur (Chhattisgarh)
Skipper	1,75,000	All 3 facilities are in Howrah district - Uluberia and Jangalpur

Source: Company, Edel Invest Research.

Skipper can expand its transmission towers capacity up to 3,00,000 MTPA from its existing facilities at a minimal capex of INR 9000 per tonne - to scale up to 2,20,000 MTPA by FY17E total capex of around INR 40 crore will be required.

Table 8: Capacity addition plan for Skipper till FY17E (MTPA)

Present capacity(FY15)	Additional in FY16E	FY17E	Total by FY17E end
1,75,000	25,000	20000	2,20,000

Source: Company, Edel Invest Research.

With surplus land availability at its existing facilities Skipper can opt for brownfield capacity addition up to 3,00,000 MTPA. The incremental capacity addition can be done at a minimal capex of INR 9,000 per tonne.

(II) Complete backward integration creates value addition

Skipper's 1,75,000 MTPA tower manufacturing capacity is backward integrated with the 2,15,000 MTPA hot rolling mill that manufactures the angles — the main raw material for the transmission towers. In-house manufacturing of accessories (hangers and D-shackles) and fasteners further supplement the backward integration making Skipper the only 100% integrated player in India. KEC and Kalpataru, with their primary focus on transmission line EPC projects, are not totally backwardly integrated for tower manufacturing. Sale of transmission towers makes up for less than ~30% of sales for KEC and Kalpataru. As such, they are unlikely to set up a hot rolling mill (a 2,00,000 MTPA hot rolling mill will require capex of INR 250 crore) as it will make a negligible effect on their profitability. We believe that in the future also both KEC and Kalpataru, owing to their primary focus on EPC projects and the fact that the locations of their existing transmission tower manufacturing plants do not enjoy locational advantages of proximity to source of raw materials, will not aim to become as backward integrated as Skipper.

Figure 3: Illustration of backward integration at Skipper

Purchases steel billets and blooms from Steel plants located less than 200 Km away	Converts the Steel billets and blooms into Angles	Angles are converted into Transmission towers

Source: Company, Edel Invest Research.

(III) Strong execution capabilities

Skipper has established efficient manufacturing processes that enable it to maintain quality and make timely delivery of its transmission towers. Skipper has shifted towards greater automation for its manufacturing operations by increasing dependency on computer numerical control (CNC) machines, the 25 angle and plate CNC machines drive 75% of the manufacturing at Skipper. The company has seven in-house galvanizing plants up to 14 m length, which enable it to make towers in the 400kVA-1,200 kVA categories. Also, the senior management's hands-on-approach ensures that Skipper successfully completes projects within the stipulated deadlines while managing working capital efficiently. We note Skipper's strong execution capabilities from its past track records:

The advantages of strategic location, complete backward integration and strong execution, Skipper will continue to enjoy a 200 bps-250 bps margin advantage over EPC players such as KEC and Kalpataru.

- Lead supplier to Nellore Kurnool TL – the longest 300 KM highest voltage 765 kV D/C single transmission package ever awarded by PGCIL with requirement of over 50,000 MT of structures and over 12 different types of towers and overall 30 unique structures. Skipper completed supplies before time, getting an appreciation letter from M/s Tata Projects Ltd., the EPC contractor for the project.
- Completed engineering activities for Mantaro-Montalvo project in Peru and P1-Obras Nuevas de Transmission Troncal 1, 2, y3 Decreto 115/2011 project in Chile. These projects required designing and testing of over 43 critical towers, ranging from 220 kV to 500 kV. Many of these towers were deployed in extremely harsh mountainous conditions.
- Chosen by Latin America's largest TSO to enter into an exclusive alliance for these projects. For its strong execution track record the TSO chose Skipper as the preferred vendor for transmission towers in spite of the fact that Skipper's financial bid was the second lowest (L2) trailing a Chinese manufacturer, which had the lowest (L1) bid.

Ergo, due to the aforementioned advantages of strategic location, complete backward integration and strong execution, Skipper will continue to enjoy a 200 bps-250 bps margin advantage over EPC players such as KEC and Kalpataru.

(C) Diversification into PVC pipes and other value accretive businesses to enhance margin profile

Skipper, which was earlier present in the business of GI/ ERW pipes, ventured into the PVC pipes segment in FY14. Having commenced PVC manufacturing in West Bengal, Skipper has an operational capacity of 29,000 MTPA spread pan-India and has successfully captured 10% market share in the North East. Skipper increased sales for the segment 48% YoY to INR 90 crore in FY15. The company has already achieved sales worth INR 97 crore in 9MFY16E and the management has set an ambitious target to double turnover each year and achieve INR 1,000 crore of sales by FY19E. On the back of falling commodity prices, we have factored in gross sales from the PVC segment of INR 175 crore, INR 250 crore and INR 350 crore for FY16E, FY17E and FY18E respectively.

(I) PVC and CPVC pipes market structure in India

Plastic piping Industry in India has a market size of INR ~21,500 crore and the metal industry is about INR 6,000 crore. The PVC and CPVC pipes are not only cheaper than the conventional GI pipes but also have more longevity and for the same reason the replacement of metal by plastic has been taking place rapidly, The plastics industry is expected to grow at an accelerated pace in the coming years. The plastic piping industry has also witnessed strong demand growth due to the increasing construction activity in the country especially in the tier I and tier II cities and also due to rising demand for branded agricultural piping systems.

Table 9: Comparison between GI, PVC and CPVC pipes

Pipes segment	Galvanized iron(GI)	Poly vinyl chloride (PVC)	Chlorinated poly vinyl chloride (CPVC)
Life span (in Years)	10-15	30-40	40-45
Corrosion Resistance	No – corrodes faster	Yes	Yes
Fire Resistance	Easily catches fire	Less resistance than CPVC but better than GI	Does not catch fire
Leakage	Vulnerable	Leakage free	Leakage free
Bacterial Growth	More than PVC	Lesser than GI	Lesser than PVC
Thermal Conductivity	Very high thermal conductivity leading to high heat loss	Low thermal conductivity – reduces heat loss	Low thermal conductivity – reduces heat loss

Source: Edel Invest Research.

Asset light model to create a pan-India presence

To cater to the India-wide market, Skipper is setting up manufacturing units across India. While four units are already operational, one more unit is being set up in Hyderabad. The Hyderabad unit will enable Skipper to participate in projects being bid for by the newly formed state of Telangana and the recently commissioned Sikandrabad unit will help cater to the huge National Capital Region (NCR) market.

The management has been prudent with its capex plans and has followed an asset light model wherein the land and shed are being leased out and Skipper is only undertaking capex for the manufacturing line. This strategy has helped rein in capex in the range of INR 8,000-INR 10,000 per tonne (average of INR 8,600 per tonne) compared to the INR 20,000 per tonne required for a greenfield unit to manufacture PVC pipes.

Table 10: Skipper's manufacturing facilities for PVC pipes

Plant location	Capacity(MTPA)	Commencement schedule
Uluberia	15000	Operational
Ahmedabad	10000	Operational
Assam	4000	Operational
Sikandrabad	6000	Operational
Hyderabad	5000	March, 2016
Total	**40000**	**Operational by FY16E end**

Source: Company, Edel Invest Research.

Table 11: Capacity addition till FY18E for PVC pipes (MTPA)

Present capacity	Additional in FY16E	FY17E	FY18E*	Total by FY18E
35,000	5,000	20,000	20,000	80,000

*The management has indicated that it will add incremental capacity in FY18E only if the market demand scenario is strong and existing capacities are being run at optimal utilization.

Source: Company, Edel Invest Research.

Table 12: Installed capacities of the major organised players

Company	Installed capacity as on March, 2015(MTPA)
Astral	1,02,000
Finolex	2,50,000
SIL	3,00,000
Jain irrigation	2,00,000
Ashirvad	1,08,000

Source: Company, Edel Invest Research.

Strong existing presence in the Eastern regions of India

Aided by the existing ERW pipes distribution network, Skipper has been able to establish a distributorship network of 500+ distributors spread across Eastern India quickly and the company is continuing to expand its distributorship network pan India as well. These strategies appear to be working well as Skipper's PVC pipes are selling at a premium versus other branded players in the North East; and Skipper is already the market leader in the states of Bihar and West Bengal. In terms of marketing, the company is focusing on initiatives such as providing incentives to plumbers and dealers in order to increase sales pan India and take its market share in the eastern parts of the country to 20% within the next two years from 10% currently.

Tie up with global giants to help expand product range

The CPVC pipes offer higher realisations and Skipper has tied up with Sekisui Chemical Co of Japan for the CPVC resin. We note Skipper is only the fifth Indian company to have a tie up for the CPVC resin. Riding on the CPVC pipes Skipper will be able to cater to the agricultural and urban plumbing segments. To get a foothold in the higher margin plumbing systems, Skipper has entered into a JV with Wavin, Netherlands.

To focus on taking share from unorganized players

The unorganised players have been losing market share to the organised sector. Market share for the unorganised players stood at 35% in FY15 compared to 50% in FY13. Skipper's management believes that they will be able to increase PVC sales not only due to the ever increasing market size, which is expected to reach INR 27,000 crore by FY18E, but also by cannibalising share from the unorganised players. Retail sales comprise 90% of sales for the PVC segment and that has insulated Skipper from any cyclical impact.

We believe that small base for PVC sales and an asset light model-led capex will enable Skipper to increase its revenue fourfold from INR 89 crore in FY15 to INR 350 crore by FY18E.

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Table 13: Revenues from the PVC segment FY14-FY18E

Year	FY14	FY15	FY16E	FY17E	FY18E
Revenues (in INR cr)	61	89	175	250	350

Source: Company, Edel Invest Research.

Although, other products such as monopoles and ERW pipes (job work for third parties) contribute very minimally to the top line these products enjoy very strong margins, which are greater than 20%. Going forward, increased contribution from monopoles to the top-line will provide further profitability expansion.

(II) Other value-accretive products and services to provide additional lever

Monopoles: Monopoles are self-supporting tubular structures that carry transmission lines from 11 kVA to 400 kVA. Monopoles are the only solution for setting up transmission lines in a crowded urban setting as they require less aerial and low ground consumption. Skipper already has an installed capacity of 15,000 MTPA for monopoles and is one of the three companies in India producing monopoles. Monopoles are extensively being used for new telecom capacities and 4G network expansion. In the past, Skipper has been providing monopoles to Reliance Jio and other telecom players. Recently, PGCIL and SEBs have also started using monopoles for experiential lines and if further traction is witnessed in monopoles, Skipper can raise its capacity for monopoles to 40,000 MTPA from 15,000 MTPA from its existing units in West Bengal. Margins from monopoles are higher than 20% and additional revenues from this segment will aid profitability.

ERW pipes contract work: Skipper derived around 35% of the engineering products revenues from the ERW pipes division in FY14. However, the commoditized nature of the ERW pipe industry was resulting in negligible margins for Skipper. The management decided to move away from the ERW pipes business and focus more on the higher-margin transmission towers business. The ERW pipes business employed a gross block of INR 50 crore until FY14. Out of this gross block of INR 50 crore, around INR 30 crore was moved to other verticals such as distribution poles, and the balance around INR 20 crore remains deployed for ERW pipes. Skipper has been getting repeat orders for contract/job works from Tata Projects for ERW pipes and the annual topline from this vertical is around INR 15-20 crore. Raw materials for the ERW pipes are provided by Tata Projects and Skipper has been successful in churning out margins of around 25% from this business from third parties such as Tata Projects.

Execution of small ticket EPC projects to shore up bidding capacity: Skipper has been slowly improving its bidding capacity by executing relatively small EPC projects with an average size of INR 40-50 crore over the past few years. It has successfully commissioned its first transmission EPC project - 'Multi-circuit portion of 400 kV D/C Punchkula Patiala project'. Although, the management wants to remain focussed on the tower supply business versus the EPC business, the higher bidding capacity in the EPC segment will give Skipper an opportunity in the future to bid for specific projects that offer higher margins.

Although, other products such as monopoles and ERW pipes (job work for third parties) contribute very minimally to the top line these products enjoy very strong margins, which are greater than 20%. Going forward, increased contribution from monopoles to the top-line will provide profitability expansion.

Valuation and Peer comparison

A sizeable order book, huge opportunity size and diversification into the PVC business firmly place the company on a higher growth trajectory. On the back of proven expertise in the transmission sector and robust order book, we expect revenue and PAT to grow at 25% and 56% CAGR respectively over FY15-FY18E with core ROCE>30% by FY18E. In addition, Skipper enjoys a better margin profile and one of the best return ratios vis-à-vis other peers such as KEC and Kalpataru.

Valuing the consolidated business at 12x FY18E earnings of INR 17.6/ share, we initiate coverage on Skipper with BUY with a price target of INR 212.

Table 14: Peer comparison

Profitability Ratios and Valuation

	Skipper				KEC International				Kalpataru Power			
	FY15	FY16E	FY17E	FY18E	FY15	FY16E	FY17E	FY18E	FY15	FY16E	FY17E	FY18E
RoE(%)	17.3	24.8	31.9	31.7	12.8	12.8	17.4	17.4	8.2	8.6	10.0	10.5
RoCE(%)	21.4	23.3	29.9	31.7	17.8	16.6	18.6	19.4	14.0	13.6	14.8	15.5
P/E	30.9	17.0	10.3	7.9	18.6	16.7	10.8	9.2	18.0	16.0	12.8	11.0

Financials (INR cr)

	Skipper				KEC International				Kalpataru power			
Financials	FY15	FY16E	FY17E	FY18E	FY15	FY16E	FY17E	FY18E	FY15	FY16E	FY17E	FY18E
Sales	1,270	1,492	2,054	2,526	8,467	8,748	10,290	11,693	4,422	4,269	5,160	5,926
Sales Growth	–	17.5%	37.7%	23.0%	–	3.3%	17.6%	13.6%	–	-3.5%	20.9%	14.8%
EBITDA	172	201	288	359	512	671	841	969	427	456	537	617
EBITDA Growth	–	17.0%	42.8%	24.7%	–	31.2%	25.2%	15.3%	–	6.8%	17.7%	15.1%
EBITDA Margins	13.6%	13.5%	14.0%	14.2%	6.0%	7.7%	8.2%	8.3%	9.6%	10.7%	10.4%	10.4%
Core PAT	46	84	138	180	161	180	279	325	166	185	233	270
PAT Growth	–	81.3%	64.5%	30.2%	–	12.0%	54.5%	16.7%	–	11.8%	25.7%	16.2%
Core EPS(INR)	4.5	8.2	13.5	17.6	6.3	7.0	10.8	12.7	10.8	12.1	15.2	17.6

Source: Company, Bloomberg and Edel Invest Research.

Risks & concerns

Lower-than-expected order wins

Future growth for Skipper depends on PGCIL's capex in the transmission sector. We have assumed domestic order inflows worth INR 1,280 crore, INR 2,000 crore and INR 2,000 crore for FY16E, FY17E and FY18E respectively. Therefore, lower-than-expected order inflows will likely be a key risk for future earnings and sales projections.

Aggressive bidding of projects

Skipper is focusing on PGCIL's projects and will face competition from other players such as KEC, Kalpataru, EMC etc. Any aggressive bidding environment may negatively impact its margin profile.

Delay in project execution

Any delay in project execution will lead to margin and working capital deterioration.

Aggressive foray into EPC projects

Although the management has guided that they will continue to focus on the tower supply business, any drastic increase in revenue contribution from EPC projects vis-à-vis the products business will stretch the working capital and hurt margins.

Low capacity utilisation for the incremental PVC pipes capacity

Failure to utilise the incremental capacity being set up, will dent margins and impact RoCE negatively.

Financial Outlook

Expects healthy revenue growth over FY15-FY18E

We expect revenue to grow by 25% CAGR over FY15-FY18E. Although the revenue growth in FY16E is expected to be 17%, revenue growth is expected to have a CAGR of 30% over FY16E-FY18E on account of the pick-up in execution of existing projects as well as higher revenue booking from international projects in FY17E and FY18E.

Chart 8: Revenue Growth (FY12-FY18E)

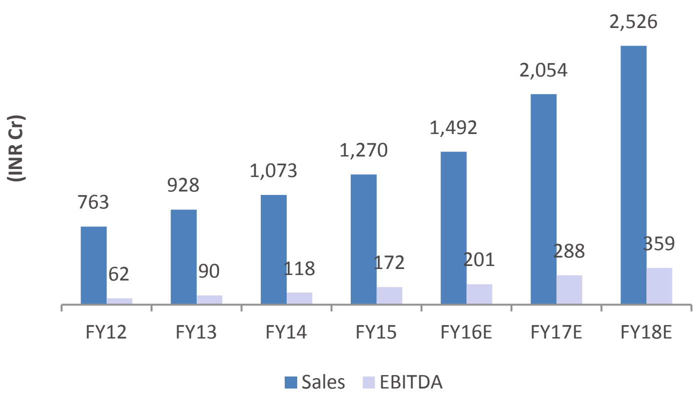
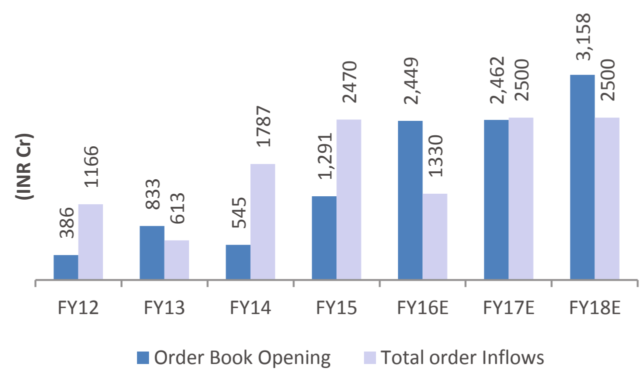


Chart 9: Order book & order inflow (FY12-FY18E)



Source: Company, Edel Invest Research.

Margins to stabilize between 13.5%-14.2% over FY16E-FY18E

Skipper has witnessed EBITDA and core PAT CAGR of 40% and 67% respectively over FY12-FY15 with EBITDA margin of ~13% in FY15. EBITDA margin moved up sharply to 13% during FY15 on account of: (a) increased revenue contribution from the transmission towers segment; and (b) revenue mix from ERW pipes sliding from 35% of FY14 revenues to around 2% for FY15. The expansion in EBITDA margin was also helped by the lower raw material (steel) prices. We expect EBITDA margin to expand to around 14.2% by FY18E due to increased contribution of PVC and export orders and expect Skipper's EBITDA to grow at a CAGR of 27% over FY15-FY18E. We expect interest expenses to remain flattish on account of only a slight increase in debt (owing to the repayment schedule of the company and an asset light capex model). Flattish interest cost is likely to benefit the bottom-line of the company and we expect core profit to grow at a higher CAGR of 56% over FY15-FY18E.

Chart 10: EBITDA and core Profit (FY12-FY18E)

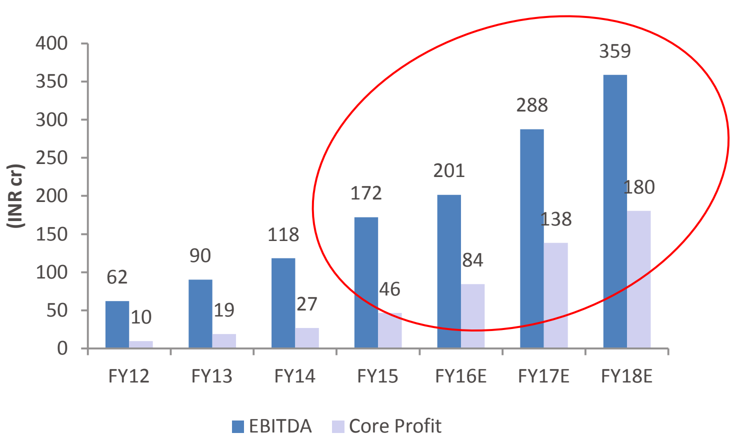
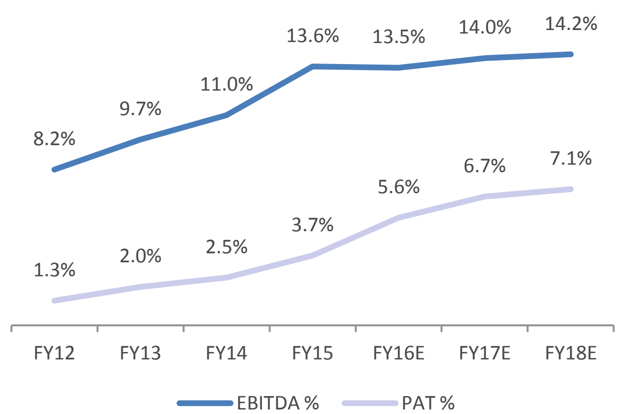


Chart 11: EBITDA margin to stabilize between 13.5%-14.2%

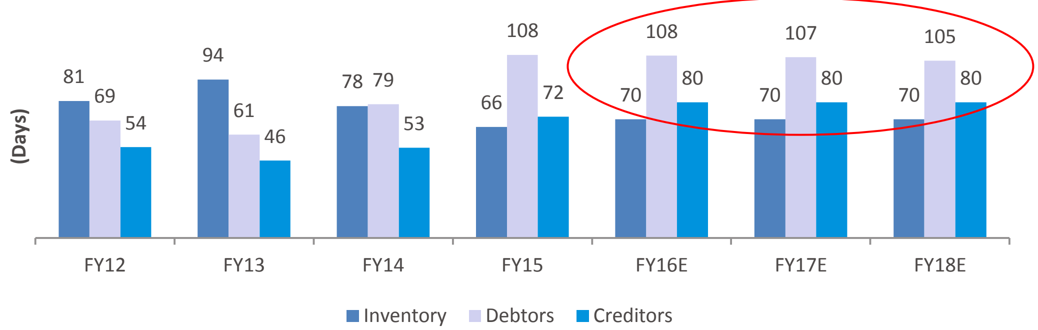


Source: Company, Edel Invest Research.

Balance sheet continues to remain strong; stable cash conversion cycle

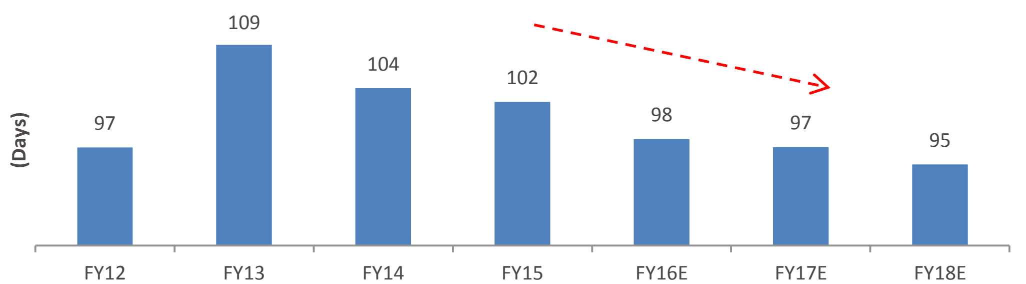
Unlike peers, Skipper's cash conversion cycle remains well under control at 102 days (versus ~210 days for EPC players such as KEC and Kalpataru). We expect the cash conversion cycle to improve further to 95 days of FY18E sales, led by an increased share of revenues from the PVC segment and better working capital management.

Chart 12: Debtors, inventory and payables (FY12-FY18E)



Source: Company, Edel Invest Research.

Chart 13: Cash conversion cycle (FY12-FY18E)

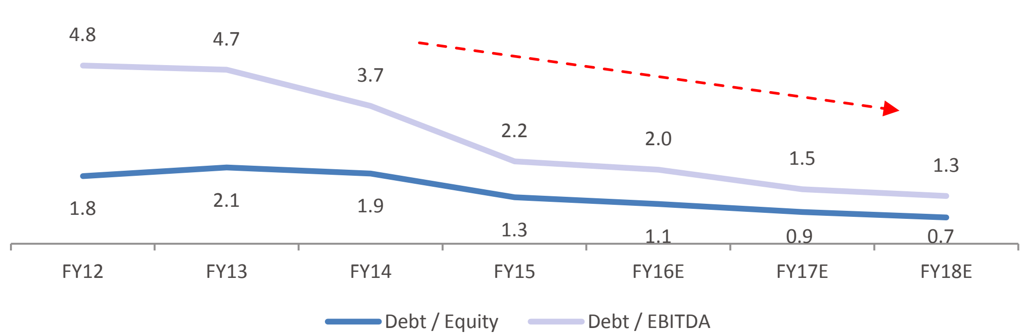


Source: Company, Edel Invest Research.

Leverage well under control

The company's gross standalone debt as of March 2015 was INR 383 crore. The management has indicated that the capex will be undertaken through an asset light model, and therefore, the additional debt requirements would be minimal. Capex for PVC as well as for the engineering products segment will be mostly through internal accruals and we expect the planned incremental capex to lead to an increase in the gross debt of the company to INR 463 crore by FY18E. The Debt/ Equity will improve further to .7 by FY18E.

Chart 14: Leverage ratios (FY12-FY18E)

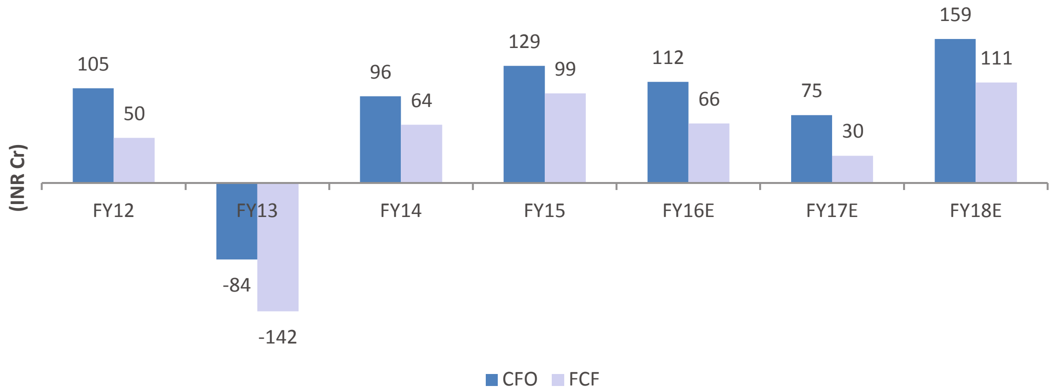


Source: Company, Edel Invest Research.

FCF to remain positive over FY16E-FY18E; RoCE to increase further

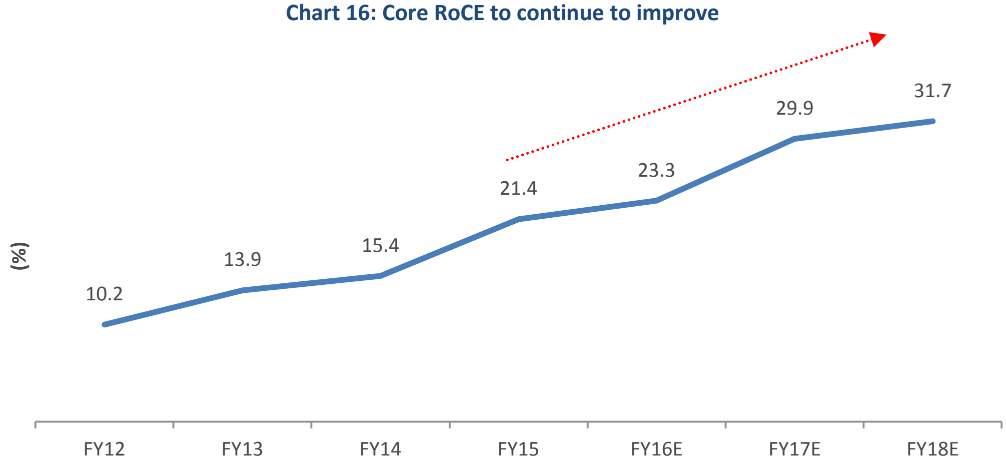
We believe that over FY16E-FY18E, Skipper will continue to post positive FCF. The company had a RoCE of 21% in FY15 and we expect the RoCE to increase even further over FY16E-FY18E, aided by 29% CAGR growth in EBIT over FY15-FY18E and fixed asset turnover increasing from 3 in FY15 to 4.4 by FY18E.

Chart 15: FCF to remain positive



Source: Company, Edel Invest Research.

Chart 16: Core RoCE to continue to improve



Source: Company, Edel Invest Research.

Company Background

Skipper Limited is one of the world's largest Integrated Transmission Tower manufacturing companies with Angle Rolling, Tower, Accessories & Fastener manufacturing and EPC line construction. Skipper’s manufacturing capacity is among the top 3 in India and among the top 10 in the world. Skipper's market reach spans across 20 countries around the globe from South America, Europe, Africa, the Middle East, South and Southeast Asia and Australia. Within India, it is a preferred manufacturer of choice for customers pan India, from J&K to Tamil Nadu and from North East India to Gujarat.

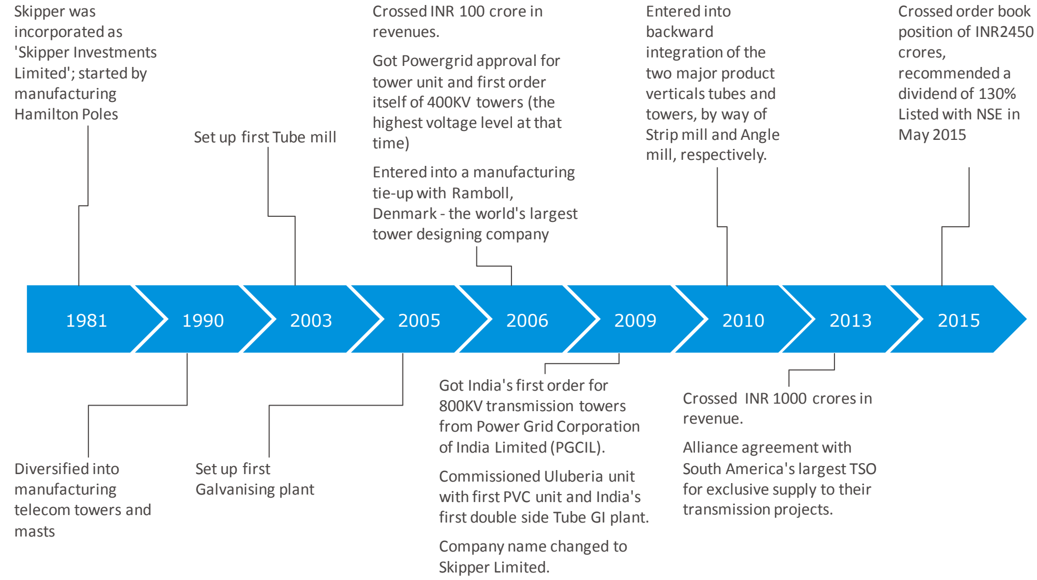
Skipper is also the largest producer of PVC pipes in West Bengal and already has market share of 10% in Eastern India. Skipper offers a huge range of pipes and fittings, which are used in different areas such as Plumbing, Sewage, Agriculture and Borewell sectors.

Figure 4: Skipper – Products and Service offerings

Engineered Products	PVC Division	Infrastructure projects
Power Transmission Towers	UPVC Pipes	Transmission Line EPC
Power Distribution Poles (Swaged, High Mast and Octagonal)	CPVC Pipes	Underground Utility Laying by HDD (Horizontal Directional Drilling)
Transmission Line Monopoles	SWR Pipes	Water EPC
Mild Steel and High Tensile Angles	Fittings	
Fasteners		
Tower Accessories		
Galvanised and Black		
ERW Pipes		
Highlights		
• Third largest transmission tower manufacturer in India	• Strong dealership network • Aggressive capacity expansion plan to become a pan India player	• Recently forayed as part of forward integration activity • Targeting high margin business only

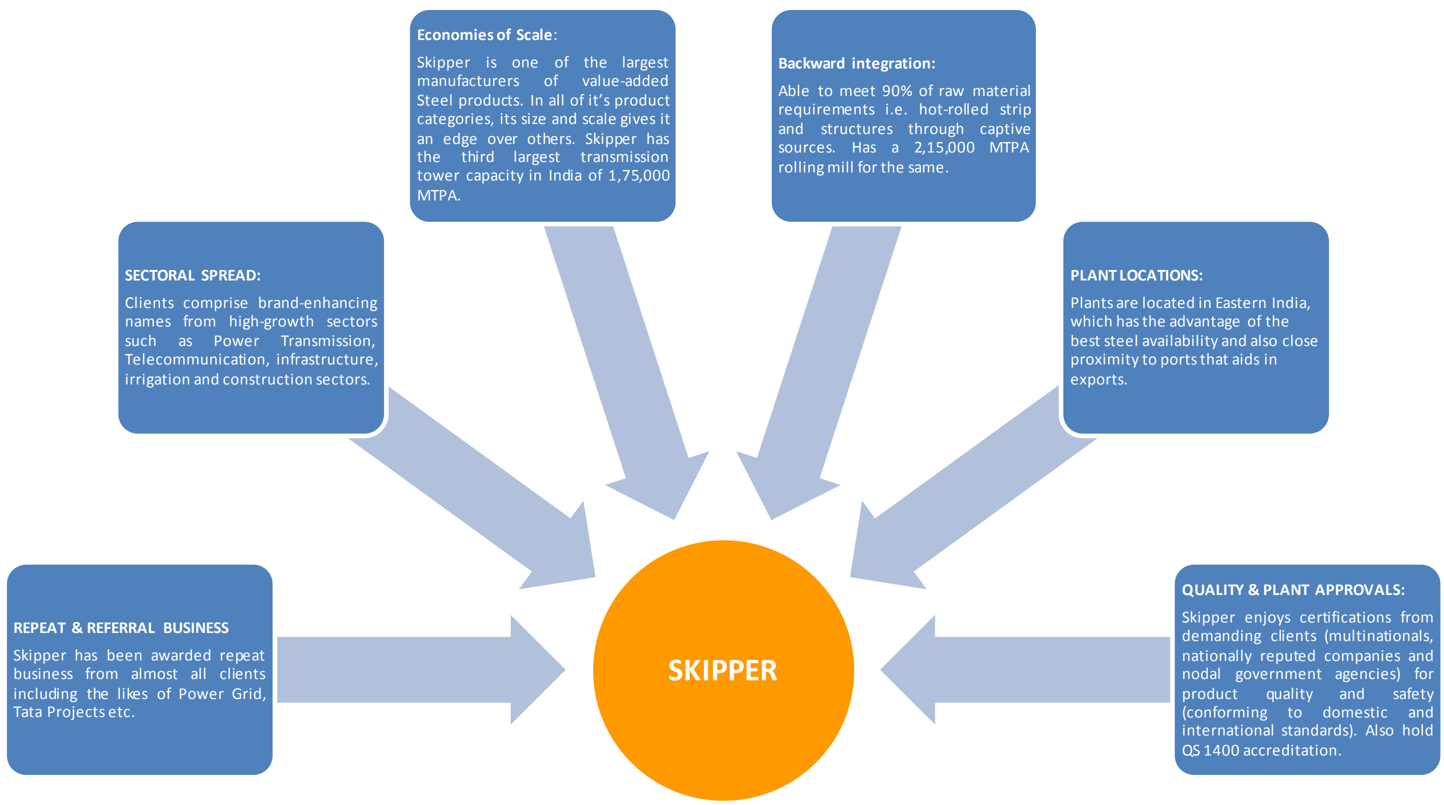
Source: Company, Edel Invest Research.

Figure 5: Timeline



Source: Company, Edel Invest Research.

Figure 6: Skipper — core competence



Source: Company, Edel Invest Research.

Strong management credentials

The management of Skipper has strong credentials and work experience. This has helped Skipper build a strong name in the engineering products as well as the PVC divisions.

Table 14: Management Profile

Name	Designation	Experience
Sajan Kumar Bansal	***Managing Director***	He is the driving force behind the company's exponential growth since the beginning of the new millennium. Under his visionary leadership, the company has grown from a single unit, single product manufacturer to multi-unit, multi product manufacturing, ranging from Steel to Plastics.
Sharan Bansal	***Director***	A Mechanical engineering graduate, he is heading the tower manufacturing and the EPC business of the company.
Devesh Bansal	***Director***	He has a Master's in International Business and is heading the tubes and tubular products segment of the company. Pioneered the production of monopoles. Responsible for the group's pan-India PVC expansion.
Siddharth Bansal	***Director***	He has a degree in Entrepreneurship and is responsible for the PVC pipe manufacturing division of the company.
Amit Kiran Deb	***Independent Director***	He has held several responsible and important portfolios in the West Bengal State Government, before finally retiring as Chief Secretary and Tourism Secretary. He has profound knowledge and experience in various industries.
Manindra Nath Banerjee	***Independent Director***	In his long spanning service career, he has served as Managing Director as well as Chairman of more than 10 State Government undertakings. He has also worked in Durgapur Steel Plant on deputation from the State Government.
Shyam Bahadur Singh	***Independent Director***	Joining the Steel Authority of India Ltd. as a Graduate Engineer in 1959, he rose to become Managing Director of Durgapur Steel Plant and a director on the Board of SAIL in 1993, finally retiring from that position in 2001. Widely travelled, he is associated with several reputed business houses.
Mamta Binani	***Independent Director***	Mrs. Binani is presently Vice-President of the Institute of Company Secretaries of India. Her professional career includes 17 years of experience in corporate consultation & advisory.

Source: Company.

Financials

Income Statement (INR Cr)

Year to March	FY14	FY15	FY16E	FY17E	FY18E
Income from operations	1,073	1,270	1,492	2,054	2,526
Raw Materials Cost	812	932	1,104	1,510	1,859
Employee costs	24	30	30	41	49
Other expenses	119	135	157	216	259
Total operating expenses	955	1,098	1,291	1,767	2,167
EBITDA	118	172	201	288	359
Depreciation and amortisation	15	22	25	27	29
EBIT	103	150	177	261	329
Interest expenses	69	58	53	55	60
Other income	2	2	4	4	4
Profit before tax	37	94	128	210	273
Provision for tax	10	47	43	71	93
Core profit	27	46	84	138	180
Extraordinary items	0	42	0	0	0
Profit after tax	27	88	84	138	180
Minority Interest	0	0	0	0	0
Share from associates	0	0	0	0	0
Reported net profit	27	88	84	138	180
Equity shares outstanding (mn)	102	102	102	102	102
EPS (INR) basic	2.6	8.6	8.2	13.5	17.6
Diluted shares (mn)	102.3	102.3	102.3	102.3	102.3
EPS (INR) fully diluted	2.6	8.6	8.2	13.5	17.6
Dividend per share	0.2	1.3	1.2	2.0	2.7
Dividend payout (% of Core PAT)	5.7	15.0	15.0	15.0	15.0

Common size metrics - as % of net revenues

Year to March	FY14	FY15	FY16E	FY17E	FY18E
Operating expenses	89.0	86.4	86.5	93.0	93.0
Depreciation	1.4	1.7	1.6	1.3	1.2
Interest expenditure	6.4	4.6	3.6	2.7	2.4
EBITDA margins	11.0	13.6	13.5	14.0	14.2
Net profit margins	2.5	7.0	5.6	6.7	7.1

Growth metrics (%)

Year to March	FY14	FY15	FY16E	FY17E	FY18E
Revenues	15.6	18.4	17.5	37.7	23.0
EBITDA	30.8	45.7	17.0	42.8	24.7
PBT	32.2	155.6	35.9	64.5	30.2
Net profit	43.8	72.5	81.3	64.5	30.2
Core EPS	36.9	228.5	81.3	64.5	30.2

Financials

Balance sheet					(INR crs)
As on 31st March	**FY14**	**FY15**	**FY16E**	**FY17E**	**FY18E**
Equity share capital	10	10	10	10	10
Equity Warrant	0	0	0	0	0
Reserves & surplus	221	294	365	483	636
Shareholders funds	231	304	375	493	646
Secured loans	318	254	274	294	334
Unsecured loans	121	129	129	129	129
Borrowings	440	383	403	423	463
Deffered Tax Liability	22	26	26	26	26
Sources of funds	**692**	**713**	**805**	**942**	**1,136**
Gross block	394	430	479	524	572
Depreciation	56	78	103	130	159
Net block	339	351	376	394	413
Capital work in progress	8	3	0	0	0
Total Fixed Assets	347	355	376	394	413
Investments	0	0	0	0	0
Inventories	229	228	286	394	484
Sundry debtors	232	376	440	600	724
Cash and equivalents	26	56	77	52	117
Loans and advances	48	49	55	55	55
Other current assets	0	0	0	0	0
Total current assets	535	709	858	1,102	1,381
Sundry creditors and others	186	329	407	530	634
Provisions	3	21	22	23	24
Total CL & provisions	189	350	429	554	658
Net current assets	346	359	428	548	723
Net Deferred tax	0	0	0	0	0
Misc expenditure	0	0	0	0	0
Uses of funds	**693**	**713**	**805**	**942**	**1,136**

Cash flow statement					
Year to March	**FY14**	**FY15**	**FY16E**	**FY17E**	**FY18E**
Net profit	27	46	84	138	180
Add: Depreciation	15	22	25	27	29
Add: Misc expenses written off	0	0	0	0	0
Add: Deferred tax	4	5	0	0	0
Add: Others	0	0	0	0	0
Add: Interest Expense	69	58	53	55	60
Gross cash flow	114	131	162	220	270
Less: Changes in W. C.	18	2	50	145	111
Operating cash flow	96	129	112	75	159
Less: Capex	32	30	46	45	48
Free cash flow	**64**	**99**	**66**	**30**	**111**

Financials

Ratios

Year to March	FY14	FY15	FY16E	FY17E	FY18E
ROAE (%)	13.2	17.3	24.8	31.9	31.7
ROACE (%)	15.4	21.4	23.3	29.9	31.7
Debtors (days)	79	108	108	107	105
Current ratio	2.8	2.0	2.0	2.0	2.1
Debt/Equity	1.9	1.3	1.1	0.9	0.7
Inventory (days)	78	66	70	70	70
Payable (days)	53	72	80	80	80
Cash conversion cycle (days)	104	102	98	97	95
Debt/EBITDA	3.7	2.2	2.0	1.5	1.3
Adjusted debt/Equity	1.8	1.1	0.9	0.8	0.5

Valuation parameters

Year to March	FY14	FY15	FY16E	FY17E	FY18E
Core EPS	2.6	4.5	8.2	13.5	17.6
Y-o-Y growth (%)	*43.8*	*72.5*	*81.3*	*64.5*	*30.2*
CEPS (INR)	4.1	6.7	10.6	16.2	20.5
Diluted P/E (x)	53.2	30.9	17.0	10.3	7.9
Price/BV(x)	6.2	4.7	3.8	2.9	2.2
EV/Sales (x)	1.7	1.4	1.2	0.9	0.7
EV/EBITDA (x)	15.6	10.2	8.7	6.3	5.0
Diluted shares O/S	10.2	10.2	10.2	10.2	10.2
Basic EPS	2.6	4.5	8.2	13.5	17.6
Basic PE (x)	53.2	30.9	17.0	10.3	7.9
Dividend yield (%)	1.1	9.5	9.0	14.9	19.4

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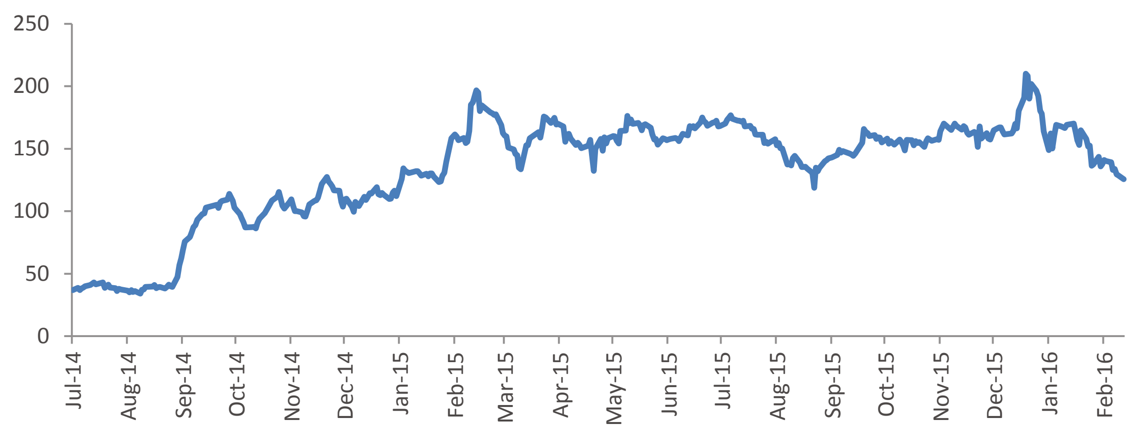
Rating	Expected to
Buy	appreciate more than 15% over a 12-month period
Hold	appreciate up to 15% over a 12-month period
Reduce	depreciate more than 10% over a 12-month period

Skipper Ltd. Price Chart



Skipper was listed on 18th July 2014 on BSE.

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