Operator: Ladies and gentlemen, good day and welcome to the Q2 and H1 FY27 earnings conference call of Sathlokhar Synergys E&C Global Ltd. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions, and expectations of the company as of the date of this call. These statements do not guarantee future performance and may involve risks and uncertainties that are difficult to predict. 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 the operator by pressing star and then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. G. Thiyagu. Thank you, and over to you, sir. Sir, your line is unmuted. You may please unmute yourself and proceed.

G. Thiyagu: A very good evening, everyone. A warm welcome to the Q2 and H1 FY27 earnings conference call of Sathlokhar Synergys E&C Global Ltd. Thank you for joining us today and for your continued trust and confidence in the company. I would also like to welcome our investor relations team from {? Apt Partners IR ?}, who are joining us on the call today.

I am pleased to share that Q2 FY25 has been a strong quarter for us, with revenue reaching an all-time high of 297 crores, nearly doubling year-on-year. Our profitability has grown even faster, registering growth of around 111% over the same quarter last year. The first half of the year has also been encouraging, and we believe the progress we are making today is laying a strong foundation for the next phase of our growth.

For those joining us for the first time, Sathlokhar Synergys E&C Global Ltd. was established in 2013 and is headquartered in Chennai. We provide integrated turnkey EPC solutions across civil construction, pre-engineered metal building, mechanical, electrical, plumbing, firefighting systems, solar installation, interior fit-outs, and associated infrastructure services. We cater to a diverse range of industries, including manufacturing, warehousing, healthcare, pharmaceuticals, food processing, commercial infrastructure, and renewable energy, among several others.

Our strength lies in bringing multiple capabilities under one roof, giving customers a single point of accountability from project planning and engineering through execution and delivery.

Looking at the broader industry, we continue to see meaningful opportunities emerging from India's manufacturing expansion, industrial capacity additions, warehousing requirements, and investments in sectors such as data centers, pharmaceuticals, food processing, and renewable energy. As companies expand their facilities and establish new manufacturing operations, the need for reliable EPC partners who can manage multiple aspects of a project efficiently is increasing.

Of course, the EPC business is not without its challenges. Project execution involves close coordination across procurement, manpower, subcontractors, customer approvals, and site readiness. Managing costs, maintaining quality, meeting delivery timelines, and controlling working capital are equally important.

In our view, the companies that can combine engineering expertise with execution discipline and integrated capabilities will be best positioned to benefit from the operational opportunities ahead. This is where we believe Sathlokhar Synergys E&C Global Ltd. has an important advantage. We are

Report is AI-generated and may contain inaccuracies.

building our capabilities beyond conventional construction toward an integrated execution model and a growing presence across multiple industrial and manufacturing segments. Our client list of established customers reflects the confidence customers place in our ability to execute their projects. The repeat business we receive and the range of projects we are winning are encouraging indicators of the strength of our customer relationships.

During Q2 FY25, we secured orders worth approximately INR 352.65 crores, taking our order inflow for H1 FY25 to INR 624.73 crores, including GST. These orders span civil construction, PEB, and MEP works across several customer industries. We believe this diverse order intake, combined with our existing order book, provides a strong platform for growth.

Given our integrated capabilities, established customer relationships, and expanding execution capacity, we are well positioned to grow at a pace significantly faster than the broader industry.

Alongside growing our EPC business, we are also investing in capabilities that can strengthen our execution model over the long term. In this regard, we are pleased to announce the inauguration of our new pre-engineered metal building manufacturing facility, marking an important milestone in our journey toward backward integration.

Spread across 155,000 square feet, the state-of-the-art facility is equipped with specialized machinery and is designed to achieve a production capacity of approximately 1,200 metric tons per month under optimum utilization. The installation and commissioning of the imported machinery were partly completed on August 30, 2024. The facility was fully geared to commence commercial production, which is expected to begin in December 2024, subject to receipt of certain statutory approvals.

The facility has been funded largely through internal accruals along with preferential funds and limited bank borrowings. This reflects our focus on prudent capital allocation while continuing to invest in capabilities that can support our long-term growth. We believe this investment will give us greater control over a critical part of project execution, improve coordination and delivery timelines, and create opportunities for better efficiency and improved PAT margins, subject to operating conditions and market factors. More importantly, it strengthens our ability to cater to the growing demand for PEB and structural steel solutions in India and support the next phase of our growth and expansion.

With a design production capacity of approximately 1,200 tons per month, the facility is expected to contribute to our revenue growth as commercial production commences and capacity utilization progressively improves. At the envisaged level of utilization, we expect the facility to contribute a production capacity of 4,500 tons for the current financial year. In the initial phase, the facility is expected to support our captive project requirements, while we also evaluate opportunities to serve external customers. The actual contribution will depend on the pace of production ramp-up, order mix, capacity utilization, and market demand.

Over the next 5 years, we plan to establish new PEB manufacturing facilities across India. Our intention is to build these capabilities progressively closer to key industrial markets and support both our captive project requirements and potential external demand. We see this as an important step in building a more scalable and integrated EPC organization, rather than relying entirely on

Report is AI-generated and may contain inaccuracies.

external manufacturing partners as the business demands.

Execution discipline remains central to this growth strategy. Our typical civil construction and PEB projects take approximately 5-6 months to complete, while projects involving MEP works may require 7-9 months, depending on their scope and complexity. These timelines help us plan resources and project execution, although actual schedules vary with customer requirements and project-specific milestones. As our order book grows, our focus remains on matching new business with our execution capacity, maintaining quality standards, and managing working capital effectively.

On the business development front, our confirmed order book stood at approximately 1,239 crores, as communicated in our business updates dated October 1, 2024, excluding GST. Adding our bid pipeline to that, the total is approximately 3,505 crores. Historically, we have maintained a bid-to-order conversion rate of around 10-12%. While the conversion of this pipeline will depend on customer decisions, project approvals, and commercial viability, it gives us a substantial pool of opportunities to pursue. The current order book provides us with healthy revenue visibility for the coming quarters and a strong foundation for our growth trajectory.

Given the typical execution cycle of our civil construction and PEB projects of approximately 5-6 months, and the longer execution cycle for projects involving MEP works, we expect the existing order book to translate into revenue progressively over the coming quarters. Our focus will remain on converting this visibility into timely execution while maintaining project quality, cost discipline, and prudent working capital management.

As our business continues to scale and our operational and financial performance strengthens, we are also evaluating the next phase of our capital market journey through a proposed migration from the SME platform to the mainboard. We believe that such a transition, subject to applicable regulatory requirements and necessary approvals, could enhance our visibility among a wider investor base, improve market participation, and provide a broader platform to support our long-term growth ambitions. We will take the process forward after assessing the applicable eligibility criteria and completing the required preparatory steps.

Our order momentum has continued beyond the first half as well, with order intake of approximately 120.61 crores, excluding GST, reported for the October 2024 period. We see this continued traction as encouraging, particularly as we enter the second half of the financial year, when project execution and revenue contribution are typically stronger for our business. The combination of fresh order wins, an established order book, and a substantial pipeline reinforces our confidence in the company's growth prospects.

Let me now turn to our financial performance for Q2 FY25. Revenue from operations stood at INR 297 crores, compared with INR 148 crores in the corresponding quarter last year, registering year-on-year growth of 100%. Operating EBITDA grew by 137% year-on-year to INR 44 crores, with EBITDA margin improving to 14.9% from 12.6% in Q2 FY24, an expansion of approximately 232 basis points. This improvement is particularly encouraging as it came despite the costs associated with the startup of our new PEB facility.

Report is AI-generated and may contain inaccuracies.

Profit after tax grew by 111% year-on-year to 29 crores, while the PAT margin improved to 9.9%, compared with 9.3% in the corresponding quarter last year. Overall, we are pleased with the strong growth in both revenue and profitability, along with the improvement in our operating margins.

Moving toward our H1 FY25 performance, revenue from operations stood at INR 502 crores, compared with 271 crores in H1 FY24, registering year-on-year growth of 85%. With the commissioning and gradual ramp-up of our PEB manufacturing facility, we expect to realize additional operating efficiencies and incremental margin improvement of approximately 1%. The expected benefits are likely to arise from backward integration, better control over material procurement, reduced dependence on external manufacturing vendors, improved production planning, and greater control over project execution.

Operating EBITDA grew by 131% year-on-year to 74 crores, with the EBITDA margin improving by 296 basis points to 14.8%. This reflects the improvement in our operating performance and our ability to translate strong revenue growth into higher profitability.

Taken together, our healthy order book and revenue visibility, the planned ramp-up of the PEB manufacturing facility, the expected benefits of backward integration, and our proposed mainboard migration represent important milestones in the company's next phase of development. We believe these initiatives can strengthen our business fundamentals, improve operational scalability, support margin expansion, and enhance our ability to deliver sustainable growth in earnings over the coming years. Our focus will remain on disciplined execution, prudent capital allocation, and transparent engagement with our shareholders and investors, with the objective of creating long-term shareholder value.

Profit after tax grew by 120% year-on-year to 51 crores, with the PAT margin standing at 10.1%.

Overall, our H1 performance reflects strong business momentum, healthy margin expansion, and continued improvement in profitability. The year-on-year comparisons reflect the progress we have made in scaling our business and executing our broad project portfolio. We will continue to focus not just on the pace of growth, but also on the quality of earnings, operating efficiency, and prudent working capital management.

Management: As communicated earlier, our revenue guidance for FY27 is approximately 70% growth over FY26 revenue. We remain confident in our growth outlook, supported by our order book, continued inflow of new business, repeat orders from established customers, and our expanding execution capabilities.

The continued order book through October further strengthens our confidence in the opportunities ahead as we move into the second half of FY27.

Our priorities are clear: execute our existing projects on schedule, convert suitable opportunities from our bid pipeline, ramp up our PEB manufacturing operations, and ensure that growth is supported by the right operational capabilities and financial discipline.

We recognize that winning orders is only one part of the journey. Delivering them efficiently and building lasting customer relationships is what will ultimately determine the quality and

Report is AI-generated and may contain inaccuracies.

sustainability of our business growth.

Lastly, I would like to thank our customers for their continued confidence in Sathlokhar Synergys E&C Global Ltd., our employees and vendor partners for their commitment, and our shareholders and investors for their continued support. We remain focused on building a stronger, more integrated, and scalable organization, and we look forward to sharing further progress with you in the upcoming quarters. With that, I would like to open the floor for questions and answers.

Operator: Thank you very much, sir. 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 Shreyas Jayawant Mantri from Mangaldas {? Venish and Page ?}. Please go ahead.

Shreyas Jayawant Mantri – {? Mangaldas Venish and Page ?}: Hello, sir?

Management: Hello, happy evening, sir.

Shreyas Jayawant Mantri – {? Mangaldas Venish and Page ?}: Yes.

Management: Go ahead, sir.

Shreyas Jayawant Mantri – {? Mangaldas Venish and Page ?}: Happy evening, sir. My question is, will the current borrowing limit suffice for FY27 capacity demand? And [cut off]

Management: Sir, your voice is not audible. Kindly check your line.

Shreyas Jayawant Mantri – {? Mangaldas Venish and Page ?}: My question is, will the current borrowing limit [cut off]

Operator: I am sorry to interrupt, Shreyas. May I request you to please use handset mode? We are not able to hear you properly.

Shreyas Jayawant Mantri – {? Mangaldas Venish and Page ?}: Hello? Can you hear me?

Management: Yes, go ahead, sir.

Shreyas Jayawant Mantri – {? Mangaldas Venish and Page ?}: My question is, will the current borrowing limit suffice for FY27 capacity demand? And for FY28, will you need any additional borrowing limits? What is your borrowing limit that will suffice for FY27, and in FY28, how much additional borrowing will you need?

Management: Sir, as such, we are working with our bankers. In the first phase, we are working with our internal accruals, and we are also trying to assess, based on the order book, especially the contract performance bank guarantee and the bank guarantee requirements, whether we may need additional funds. In the first phase, we are coordinating with our bankers for the debt.

Report is AI-generated and may contain inaccuracies.

Shreyas Jayawant Mantri – {? Mangaldas Venish and Page ?}: Okay. What is the bank guarantee limit compared to the working capital that you require? For the additional 100 crore revenue that you raise, for each 100 crore of revenue, how much working capital will be needed?

Management: Sir, to achieve every 100 crores, we need 25–30 crores in our business model.

Shreyas Jayawant Mantri – {? Mangaldas Venish and Page ?}: For every 100, you need 25–30 crores?

Management: 25–30, yes.

Shreyas Jayawant Mantri – {? Mangaldas Venish and Page ?}: Okay.

Management: This includes PBG and ABG, meaning performance bank guarantee and advance bank guarantee, including working capital.

Shreyas Jayawant Mantri – {? Mangaldas Venish and Page ?}: Okay. So, the current 200 crores that you have as short-term borrowing will suffice for FY27?

Management: Yes. As of now, for the ongoing projects, we have sufficient working capital to fulfill our guidance for FY27. When it comes to FY28, as we have already intimated, we have bid for almost 2,505 crores. Even a success rate of 10% would result in 250 crores. To support that 250 crores, we have to provide the performance bank guarantee for the security contract, as well as the advance bank guarantee, and once the order is booked, we also require working capital. That is the reason we mentioned that we are predominantly trying to work with our bankers to obtain debt. Otherwise, we may plan to use other alternative sources of funds, such as NCDs. We have to consider this, and we are working with the bankers based on the order book.

Shreyas Jayawant Mantri – {? Mangaldas Venish and Page ?}: Okay. So, will this be only from debt? Will there be any equity raising?

Management: At this juncture, we do not have such plans, but the plan is predominantly to obtain bank debt. Otherwise, we may plan for NCDs. We are exploring this.

Shreyas Jayawant Mantri – {? Mangaldas Venish and Page ?}: Okay. My other question was regarding the guidance you have given of around 70% growth from FY26. That comes to around 1,400 crores. So, another 800–900 crores is required in H2 to deliver that kind of guidance. Will that be possible, or are you positive about achieving it?

Management: Yes, we are very positive because, as you are aware, in our business model, most clients give us almost 30–40% of orders from existing clients, both in the current year and last year. As you are aware, over the last 2 years we have been successfully executing Reliance Group projects. Hopefully, we will receive further orders from Reliance. We need to wait for the orders to be received. We are waiting to receive a good amount of orders from Reliance Group.

Shreyas Jayawant Mantri – {? Mangaldas Venish and Page ?}: Okay, sir. In the last quarter, it was said that the orders received until October would be delivered only until March 27, correct? Based on that calculation, around 600 crores of orders were remaining, which is why I was asking. It

Report is AI-generated and may contain inaccuracies.

comes down to around 1,100 crores. So, an additional 200–300 crores would be required. Will you be taking any short-duration orders that can be fulfilled in 3–4 months? How will you fulfill that gap?

Management: That is a great question, and I would like to thank you. Overall, the FY26 Sathlokhar Synergys E&C Global Ltd. order book as of today is 1,239 crores. As already intimated, 501 crores were booked until H1. The balance yet to be executed is 738 crores. In addition, another 150 crores worth of orders are expected within the ongoing projects themselves. Wherever we execute projects such as civil and PEB works, there are further packages, mainly electrical, mechanical, plumbing, firefighting, data, STP, and ETP works. Those packages are also expected to be awarded, possibly before December. Once we receive them, we will execute them in January, February, and March, because all the projects are expected to be completed in the first quarter and second quarter of the next financial year.

In all respects, we will have additional orders in line with the guidance. Sathlokhar Synergys E&C Global Ltd. is expected to receive an additional 150 crores within the ongoing projects themselves. That is the first point.

Second, whatever orders are expected from November and December, those packages will also be executed in January, February, and March. Even for orders that are expected to be booked in November and December, 30% billing will take place in the fourth quarter of the following year, that is, January, February, and March. That itself will serve the purpose of meeting our guidance commitment.

Shreyas Jayawant Mantri – {? Mangaldas Venish and Page ?}: Okay, sir. Thank you. Thank you for the opportunity.

Management: Thank you, sir.

Operator: Thank you. Ladies and gentlemen, before we take the next question, a reminder to all participants: anyone who wishes to ask a question may press star and one.

The next question is from the line of Mahesh Kumar from Helios Investment. Please go ahead.

Mahesh Kumar – Helios Investment: Hello, sir. Thanks for the opportunity. Congratulations on the good set of numbers. I have a couple of questions. The company's borrowing has increased by approximately 90 crores, from March 2026 to 235 crores as of September, while cash and cash equivalents stood at 46 crores on the balance sheet. Could you provide a detailed explanation of the increase in borrowing, the utilization of these funds, and the expected trajectory of debt for the next few quarters? Should investors expect further borrowing requirements as the business scales?

Management: Specifically, as I mentioned in our business model, to achieve every 100 crores, we need 25–30 crores. To answer your question, out of an order book of 1,239 crores, 25–30% itself represents a requirement of approximately 250 crores to cater to this financial year's guidance. Therefore, to fulfill our commitment and guidance to our investors, we need bank debt to achieve the numbers that we have promised.

Mahesh Kumar – Helios Investment: Okay, sir. That makes sense. Another question from my side: we have secured several significant orders during this quarter, including air conditioning, Carrier,

Report is AI-generated and may contain inaccuracies.

Blue Star, Havells consumer products, and High-Glory Footwear. Could you elaborate on some of these projects, such as their execution timelines and expected contribution to revenue over the coming quarters? Are these predominantly new customer relationships or expansions of existing engagements?

Management: Sir, frankly speaking, Carrier is not a repeat order for us. Carrier is a new company for us. To answer your question, Titan is also a new company for us. Every year, we are trying to establish new connections and new business, while also obtaining repeat orders from existing clients. As I mentioned, 30-40% of orders are ensured from our existing client list. We are trying to obtain the remaining 50% from new clients.

To fulfill our guidance, we are working hard to build more orders. From November and December, good volumes are expected to be booked from the sector to cater to this financial year and also carry forward to the next financial year. At this juncture, we are in touch with our clients, and I am sure that we are not restricted to Tamil Nadu. We are working across India. We are now meeting clients in almost 7 states and taking steps to pitch our services and strengthen our business connections.

As of now, as we have mentioned, a maximum of 2,505 crores is expected to be booked before the end of March. We will be beginning from 1,000-plus crores when we start from April 1, 2027.

Mahesh Kumar – Helios Investment: Okay. We have had an inflow of around 624 crores for the first half of FY27. Can you give me some composition of the current order book in terms of civil, PEB, and MEP? Additionally, what execution timelines apply to the existing order book?

Management: Sir, as I mentioned, most of the projects are structured in this manner. Many clients, when it comes to the overall turnkey scope, award the entire turnkey package. However, when they award the package, there are many challenges concerning the advance, because they do not want to pay an advance when the steel work will take place in the seventh or eighth month. For us also, there is greater comfort if, in case of price fluctuations, we receive the next package after completion of the civil and building work.

We can then obtain the next package, such as MEP, and assess the price variations and market challenges that arise from time to time. The same thing happened in March, April, and May. We faced significant challenges.

The point is that wherever we execute projects, other packages will also be awarded, and those packages are going to be awarded to Sathlokhar Synergys E&C Global Ltd. because we are now fulfilling our commitment to our customers. It is also easier for the clients to support us and award the contract to Sathlokhar Synergys E&C Global Ltd., whereby their inauguration date can be ensured, like a marriage-date commitment. That is the kind of commitment Sathlokhar Synergys E&C Global Ltd. is making to our clients.

Mahesh Kumar – Helios Investment: Okay. That is all from my side, sir. Thank you for answering my questions, and best of luck for the remaining second half.

Management: Thank you, sir.

Report is AI-generated and may contain inaccuracies.

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

The next question is from the line of Dhwani Shah from {? Jain ?} Investment. Please go ahead.

Dhwani Shah – {? Jain ?} Investment: Hi, sir. Congratulations on the set of numbers. Which sectors and business verticals are expected to contribute the most to future order inflows?

Management: Happy evening. Thank you for raising this question. Predominantly, we are working with the manufacturing sector. As I have mentioned repeatedly to all our investors, for us, the length and width of the building, floor loading, wind speed, and geographical location are the key factors.

At the end of the day, as an EPC, engineering, procurement, and construction turnkey construction company, for us it is a factory building. For customers, it may be an auto-components, garment, food, semiconductor, or any other business. Based on their business application, we have to undertake internal works. For cold storage, for example, we have to provide PUF panels and certain activities required for toxic flooring. At the end of the day, 70% of the work relates to the length and width of the building. The rest depends on the application.

As I mentioned, in our business model we have strong sector-wise prequalification. Specifically, in garment manufacturing, we have repeatedly executed factory projects; we have also worked in the chemical industry, food industry,

Management: car manufacturing, semiconductor manufacturing, fan manufacturing, and other sectors such as institutional and commercial buildings, warehouses, data centers, plug-and-play manufacturing, chemical manufacturing, and steel manufacturing.

When it comes to prequalifications, {? Sathlokhar Synergys E&C Global Ltd. ?} has complete and strong capabilities in design solutions, liaisoning solutions, and execution of civil, PEB, MEP, and finishing works, as well as turnkey solutions, including inaugurations, which are our responsibility and commitment to all our clients.

Dhwani Shah – {? Jain ?} Investment: Understood. I have one additional question. What steps is management taking to improve cash conversion and manage receivable days?

Management: As I mentioned, when we raise a bill, from the date of submission of our bill to the client, the project management company or the client's management professional takes 3-4 weeks to certify the entire bill. From there onward, the management takes another 4 weeks. Therefore, predominantly, payment realization takes a maximum of 45-60 days from the date of submission of the bill, madam.

Dhwani Shah – {? Jain ?} Investment: Understood. Thank you, sir. That answers my question.

Management: Okay.

Operator: Thank you. A reminder to all participants: to ask a question, please press star and one. The next question is from the line of Chaitrika from Arham Advisors. Please go ahead.

Chaitrika – Arham Advisors: Hi, sir. Good evening. Thank you for the opportunity. My first question is, what is the current operating status of our PEB manufacturing facility?

Report is AI-generated and may contain inaccuracies.

Management: The factory is ready for commencement of production. We are waiting for certain approvals from the government, and we are coordinating with the government on this. Hopefully, we will receive them in November. We will commence production from December onward.

Chaitrika – Arham Advisors: Okay, sir. What revenue mix is expected to evolve across our civil and infrastructure, PEB, MEP, and other operations?

Management: Specifically, the PEB manufacturing facility itself will cater to almost 140–150 crore of turnover per annum, madam.

Chaitrika – Arham Advisors: Okay. All right. Understood, sir. Thank you.

Operator: Thank you. Ladies and gentlemen, to ask a question, you may press star and one. The next question is from the line of Tejpal Singh, an individual investor. Please go ahead.

Tejpal Singh – Individual Investor: Hi, sir. Congratulations on the good set of numbers. I hope I am audible.

Management: Yes, certainly. Go ahead, sir.

Tejpal Singh – Individual Investor: My question is more on the long-term side. Once we cross the 2,000 crore top line, what are our plans? To grow from 2,000 to 3,000 crores, we need to grow our bid pipeline exponentially. Even when we are at a 1,000 crore top line, we are not growing our bid pipeline or converting at the rate at which our revenue is growing. Where will our next leg of growth come from?

Management: Sir, we have been demonstrating this. As I have mentioned repeatedly, in 2022, turnover was 87 crores. From there, we jumped to 247, from 247 to 367, from 367 to 827, and from 827 to the current guidance of 1,400. The point is that growth is not determined by {? Sathlokhar Synergys E&C Global Ltd. ?}; it is predominantly determined by the clients.

At the end of the day, clients are asking us to execute more projects, they are giving us volumes, they are giving us opportunities to participate, and we are sincerely making our best efforts to convert the orders. Hopefully, our growth rate will definitely be at least above 50% year-on-year even for the next financial years. That is what we are working toward and aiming for.

Tejpal Singh – Individual Investor: No, sir, I do not think I was clear about my question. If we consider our revenue at 2,000 crores and we have to grow to 3,000 crores, the next 1,000 crores will come from the additional bidding pipeline. We would therefore have to add an additional 10,000 crores of bidding, assuming a 10% win rate. Do you see that kind of demand in the market? Will the size of the orders increase? What are the specific plans?

Management: Sir, again, I think I answered in a different way. I will explain it again. In 2022, the entire turnover of our company was 87 crores. Today, each order is approximately 50 crores, 60 crores, 80 crores, or 100 crores. That is the reason I mentioned that 4 years ago, the entire turnover of the company was equivalent to one single order in today's {? Sathlokhar Synergys E&C Global Ltd. ?} order book list size.

Report is AI-generated and may contain inaccuracies.

Tejpal Singh – Individual Investor: Sir, I appreciate your journey. I am a shareholder of the company. However, to grow from 80 crores to 1,000 crores, we have to develop approximately 8,000 crores of bid pipeline. When we grow from 2,000 crores to 3,000 crores, our bid pipeline should grow to at least 30,000 crores, for which we should bid for the year. Then we will obtain orders of at least 2,000–3,000 crores and convert them into revenue.

My question is whether you see sufficient demand to bid for 30,000 crores during the year, win orders worth 2,000–3,000 crores, and then convert them into revenue.

Management: Yes, that is what I answered. It is possible. That is the reason I mentioned that the overall turnover of the company became equivalent to one single order in today's business. It is all about where we are now, how we capture the market, and, based on the volume and size of the project, how we choose, meet the client, and secure the orders.

Tejpal Singh – Individual Investor: Okay, sir. Thank you.

Management: Our past turnover was 400-plus, and last year's turnover was also 400-plus. Now that order has become one single order of today's {? Sathlokhar Synergys E&C Global Ltd. ?}. Opportunities are plentiful, sir. It is up to us to make the decision. Hello? Hello?

Operator: Thank you. A reminder to all participants: you may press star and one to ask a question. The next question is from the line of Analyst2. Please go ahead.

Analyst2: Hello, sir. My first question is, how much of the existing order book is expected to be executed during the remainder of FY27?

Management: As of today, the order book is 1,239 crores. We have already billed 501 crores until Q1, and the balance is 528 crores. Overall, our FY27 guidance is 1,400 crores.

Analyst2: Okay. Thank you, that makes sense. Another question I had is: how does management view the conversion potential of the 22,654 crore bid pipeline into executable orders?

Management: Yes. Our minimum conservative conversion assumption is 10%. If you apply that, 2,300 crores is expected to be booked.

Analyst2: Okay. That answers my question. Thank you.

Operator: Thank you. The next question is from the line of Titiksha Shah from Patel Investments. Please go ahead.

Titiksha Shah – Patel Investments: Hello. Good evening. Firstly, congratulations on a good set of numbers. I have two questions. One is, what is the expected contribution from the company's first international project? Which geographies are being considered for further expansion?

Management: Yes, absolutely. Thank you very much. We are currently executing a project in Sri Lanka. In Sri Lanka itself, we are currently submitting two offers. Hopefully, we will come back to you regarding the project that has already been bid.

Report is AI-generated and may contain inaccuracies.

Apart from Sri Lanka, at this juncture we are not working with any other country. We are focusing on strengthening our presence in India. There is no restriction for {? Sathlokhar Synergys E&C Global Ltd. ?} to operate only in Tamil Nadu. We have already established ourselves in other states and neighboring states, including Pune and Varanasi, and now even Haryana. We are trying to secure orders everywhere.

At this juncture, the company is considering the fact that India itself has significant potential. As we have already proved, we have to concentrate more on booking a good amount of orders in India.

Titiksha Shah – Patel Investments: Secondly, what is the expected trajectory of debt levels, such as finance costs and working capital requirements, as the order book expands?

Management: As I mentioned, to achieve every 100 crore, we need 25–30 crore, including corporate bank guarantees, advance bank guarantees, and working capital requirements. When it comes to next year and the FY28 guidance, we will definitely need additional funds, either through bank debt or by opting for NCD proceeds. This will depend on the situation, the clients' demands, the order book, and the order requirements. We have to plan the fund requirements accordingly.

Titiksha Shah – Patel Investments: Okay. That answers my question. Thank you.

Operator: Thank you. A reminder to all participants: you may press star and one to ask a question. The next question is from the line of Manav Das from Mehta Investments. Please go ahead.

Manav Das – Mehta Investments: Hi. Congratulations on the good numbers.

Management: Thank you very much. Happy evening.

Manav Das – Mehta Investments: I have two primary questions. First, what are the key factors that have driven our strong revenue for this quarter? Compared with our last quarter, we have performed exceptionally well, so what are the key factors behind that? Second, how sustainable are our current EBITDA margins as we scale up our operations?

Management: [pause] Regarding the key factors, I would say that customers are pushing us to fast-track completion. That is the primary reason for us to concentrate more on executing fast-track projects that have been booked and executed. What was the second question?

Manav Das – Mehta Investments: The second question is how sustainable our current EBITDA margins are. As the company moves forward, how sustainable will those EBITDA margins be?

Management: The primary reason is to gain confidence from the clients, and integrated civil material building will definitely support further improvement in our bottom line. As we have mentioned, we expect to scale up or sustain the 9.5% to 1.5% level that we have achieved in the past. We are working on it.

Manav Das – Mehta Investments: Okay, sure. Thank you. That answers my questions.

Operator: Thank you. The next question is from the line of Priya Shah from Shah Capital. Please go ahead.

Report is AI-generated and may contain inaccuracies.

Priya Shah – Shah Capital: Good evening, sir. Am I audible?

Management: Yes, very much. Go ahead, madam.

Priya Shah – Shah Capital: Congratulations on the great numbers, sir. I have two questions. First, what contribution does management expect from the PEB business to overall revenue and profitability over the next few years? My second question is, what is the expected contribution from the company's first international project? Also, which geographies are being considered for further expansion?

Management: The contribution from the PEB company would be as I mentioned earlier. This factory can cater to 140–150 crore of turnover from the manufacturing facility under the {? Sathlokhar Synergys E&C Global Ltd. ?} order.

When it comes to our presence in India, we are not limited to Tamil Nadu. We are already executing projects across India. We already have a presence in 7 states, and we are strengthening our presence further in other locations, including Kolkata, Delhi, Haryana, Assam, and Odisha. We are functioning and participating everywhere. Hopefully, we will book the orders.

Priya Shah – Shah Capital: Okay, sir. That answers my question. Thank you very much, sir.

Management: Thank you.

Operator: Thank you. The next question is from the line of Narendra S. Patel, an individual investor. Please go ahead.

Narendra S. Patel – Individual Investor: Hello, sir. Am I audible?

Management: Happy evening. Go ahead, sir.

Narendra S. Patel – Individual Investor: The company has reported strong profit growth, so congratulations for that. However, we can see that operating cash flow remains negative while borrowings have increased, and cash flow is still very low. Could you please explain the key reason for this cash flow gap and provide a clear timeline for when actual operating cash flow is expected to turn positive? We have been seeing this negative position for many quarters.

Management: Sir, as I have mentioned in past investor meetings, in our business model, the work done and billing for each quarter are collected in the following quarter. We have demonstrated and explained this in investor meetings, and even in every year's financial discussion. At every quarter-end, the [trails off]

G. Thiyagu: When it comes to the next quarter, by that time you would have received the entire amount from the clients. What we have been proving and highlighting in every investor meeting is that whatever work we complete in a quarter is billed and received in the following quarter. This is what we are trying to communicate.

According to our business model, the EPC turnkey construction business model, this is not a negative factor. It is a regular and natural process. Even if I construct my own building, it will take some time to certify and settle the payment at the next stage. It will not be settled on the same day.

Report is AI-generated and may contain inaccuracies.

We are in the EPC turnkey construction business, where we deliver an entire facility from barren land through inauguration. This includes the complete design solution, liaisoning, and turnkey construction involving civil, PEB, electrical, mechanical, plumbing, firefighting, data, voice, CCTV, and everything else. Clients definitely take time to certify, process, and settle our bill. This is entirely natural in our business model, madam.

Narendra S. Patel – Individual Investor: Okay. Thank you. Thank you for answering the question.

Operator: Thank you. The next question is from the line of {? Tushar ?} from {? Avya Advisors ?}. Please go ahead.

{? Tushar ?} – {? Avya Advisors ?}: Hi. Am I audible to you, sir?

G. Thiyagu: Very happy evening. Go ahead, sir.

{? Tushar ?} – {? Avya Advisors ?}: First of all, congratulations on a good set of numbers, sir. My first question is, what is the expected trajectory of debt levels, finance costs, and working capital requirements as our order book expands?

G. Thiyagu: Sir, you are referring to bank loans, correct?

{? Tushar ?} – {? Avya Advisors ?}: Yes. The debt levels and working capital required for our new order books and related requirements.

G. Thiyagu: [pause] Sir? Sir, am I audible?

{? Tushar ?} – {? Avya Advisors ?}: Yes, hi, sir.

G. Thiyagu: Yes. The overall current limit that our bankers have considered is around 300 crores.

{? Tushar ?} – {? Avya Advisors ?}: 300?

G. Thiyagu: Yes, the overall sanctioned limit. We currently have sanctioned limits.

{? Tushar ?} – {? Avya Advisors ?}: That is the credit limit, correct?

G. Thiyagu: Credit limit, yes.

{? Tushar ?} – {? Avya Advisors ?}: Okay. And?

G. Thiyagu: Out of 300, 100 is being utilized as non-fund-based BG and LC, and an unused limit of almost 50-60 crores is available.

{? Tushar ?} – {? Avya Advisors ?}: Okay. And how much is [cut off]

G. Thiyagu: Okay?

{? Tushar ?} – {? Avya Advisors ?}: How much working capital is required for our basic projects?

G. Thiyagu: Sir, in our business model, to achieve every 100 crores, we need 25-30 crores overall, including working capital. This includes ABG, PBG, and everything put together. We need 25-30

Report is AI-generated and may contain inaccuracies.

crores to support 100 crores of turnover.

{? Tushar ?} - {? Avya Advisors ?}: Okay. My next question is, what is the company's planned capital expenditure, or capex, for the remainder of FY25 or for the next 2-3 years?

G. Thiyagu: [pause] Sir, sorry?

{? Tushar ?} - {? Avya Advisors ?}: Hello?

G. Thiyagu: At this juncture, the plan is that, as we have already planned, we need to establish one PEB factory every year. That is the plan, and we are aiming to achieve it. At this juncture, we have just completed our first factory at Chennai, Kanchipuram. Hopefully, we will commence another PEB project next year.

{? Tushar ?} - {? Avya Advisors ?}: I also saw your presentation. It is a very good presentation, sir, showing all the details of our projects, such as capacities, manufacturing infrastructure, and clients. It is very informative. I have one last question: what were the primary drivers behind the growth in our EBITDA and PAT during this quarter?

G. Thiyagu: [pause] I am sorry, I am unable to understand.

{? Tushar ?} - {? Avya Advisors ?}: I was asking what the primary drivers were for the growth in our EBITDA and PAT during this quarter.

G. Thiyagu: [long pause] It was fast-track execution because of client demand. Nowadays, clients are the driving factor, and we follow them. When clients ask us to execute fast-track projects, we have to work day and night and complete the project.

At this juncture, some clients came and asked us to get their factories up and running on a fast-track basis. We accelerated our speed, executed the projects, and fulfilled our commitments.

{? Tushar ?} - {? Avya Advisors ?}: Great, sir. Do you provide any future guidance numbers for FY25 or the next 2-3 years?

G. Thiyagu: Yes, sir. As of now, over the last 4 years, we have been achieving that, and we are definitely aiming to achieve more than 50% year-on-year growth every year over the previous year's performance. That is our dream and our aim.

{? Tushar ?} - {? Avya Advisors ?}: Okay, great, sir. Best of luck for the future. That is all from my side.

G. Thiyagu: Thank you.

Operator: Thank you, ladies and gentlemen. We will take that as the last question for today. I would now like to hand the conference back to management for closing comments.

Mr. Thiagu, over to you for closing comments, sir.

Report is AI-generated and may contain inaccuracies.

G. Thiyagu: Thank you all. On behalf of Sathlokhar Synergys E&C Global Ltd., thank you for joining us for our H1 FY25 earnings conference call and for taking the time to understand our business and our vision for the future. We look forward to engaging with you as we move ahead on this journey.

With that, I would like to thank our clients, shareholders, investors, financial institutions, vendor partners, and employees for their continued trust and support. We remain committed to strengthening our capabilities and building a scalable organization for the years ahead.

For further queries or clarifications, please reach out to our investor relations team at Stellar IR. We will be happy to assist you. Thank you all.

Operator: Thank you very much, sir. On behalf of Sathlokhar Synergys E&C Global Ltd., that concludes this conference. Thank you all for joining us today, and you may now disconnect your lines.

G. Thiyagu: Thank you. Happy evening.

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.

Report is AI-generated and may contain inaccuracies.