

- Construction of Buildings & Infrastructure Facilities for Industrial | Commercial Institutional | Warehouse | Pharma | Hospitals | Hotels & Solar Power Projects.
- Electrical HT & LT (EA 3018) Contractors | HVAC | FPS | PHE | IBMS | Utility Projects.

November 12, 2024

To,

The Manager - Listing Department
National Stock Exchange of India Limited
'Exchange Plaza', C-1, Block G,
Bandra-Kurla Complex
Bandra (East), Mumbai 400051

Scrip Symbol: SSEGL

Subject: Submission of Transcript of the Earnings Conference call held on Friday, November 08, 2024 at 02:00pm.

Dear Sir /Madam,

In continuation of our earlier letter dated November 08, 2024 informing about the audio link of the Earnings Conference Call and Pursuant to Regulation 30 of Securities Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015, the Company is hereby submitting transcripts of Earnings Conference call of the analyst/investor conference call which was held on Friday, November 08, 2024 at 02:00 P.M. to discussed the Un-Audited Standalone Financial Results of the Company for the Half Year ended 30th September, 2024. Kindly acknowledge and take the same on records.

Thanking you,

Yours faithfully,
For Sathlokhar Synergys E&C Global Limited

Anil Prasad Sahoo
Company Secretary and Compliance Officer

SATHLOKHAR SYNERGYS E&C GLOBAL LIMITED

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“Sathlokhar Synergys E&C Global Limited
H1 FY 2024-'25 Earnings Conference Call”

November 08, 2024



MANAGEMENT: **MR. GOPALAKRISHNAN THIYAGU – MANAGING DIRECTOR – SATHLOKHAR SYNERGYS E&C GLOBAL LIMITED**
Ms. SANGEETHAA THIYAGU – WHOLE TIME DIRECTOR – SATHLOKHAR SYNERGYS E&C GLOBAL LIMITED
MR. VIGNESHWARAN – INDEPENDENT DIRECTOR – SATHLOKHAR SYNERGYS E&C GLOBAL LIMITED
MR. HITESH – STATUTORY AUDITOR – SATHLOKHAR SYNERGYS E&C GLOBAL LIMITED

MODERATOR: **Ms. KAJOL GOWDA – AKMIL ADVISORS**

Moderator: Ladies and gentlemen, good day and welcome to the H1 FY '25, Sathlokhar Synergys E&C Global Limited Conference Call. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star, then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Kajol Gowda. Thank you and over to you, ma'am.

Kajol Gowda: Thank you. I am Kajol Gowda from AKMIL Advisors. I welcome you all to the earnings call of Sathlokhar Synergys E&C Global Limited. Today, we have with us Mr. Gopalakrishnan Thiyagu, the Managing Director; Ms. Sangeethaa Thiyagu, Whole Time Director; Mr. Vigneshwaran, Independent Director; and Mr. Hitesh, Statutory Auditor.

Now, I hand over the call to Ms. Sangeethaa. Over to you, ma'am.

Sangeethaa Thiyagu: Yes. Thank you, Kajol. Good afternoon, everyone, and welcome to our H1 FY '25 earnings call. Thank you for joining us today to review our company's performance and discuss the progress we have made so far this half year. It is an honor to be here with our valued investors and stakeholders who continue to support us on this journey.

About our company and performance highlights, at Sathlokhar, we are dedicated to excellence and innovation in the EPC and infrastructure sector. A comprehensive service portfolio spans industrial warehouse, commercial, institutional, healthcare, and solar projects, positioning us as a reliable partner for both public and private sector clients. Leveraging our in-house expertise across mechanical, electrical, and plumbing, solar installations, HVAC, and office interiors, we manage every aspect of the project lifecycle from planning and design through execution and commissioning.

Our listing on NSE emerged on 6 August, 2024, marked a significant milestone in our growth journey, setting the stage for our continued success. The exceptional results which we have achieved since then underscore our strong commitment to excellence and relentless drive for innovation. With our comprehensive end-to-end project management capabilities, we are empowered to deliver high-quality solutions efficiently and at competitive cost.

Comparing our performance with H1 FY '24, we are proud to report significant growth across all key financial metrics. A total revenue surged from INR4,657.30 lakhs to INR14,250.98 lakhs, a year-on-year growth of 205.99%, while EBITDA increased from INR561.57 lakhs to INR2,334.88 lakhs, a growth of 315.78%, with the EBITDA margin expanding from 12.06% to 16.38%, reflecting improved operational efficiency.

Our PAT grew from INR387.67 lakhs to INR1,644.65 lakhs, a year-on-year increase of 324.31%, with the PAT margin strengthening from 8.32% to 11.54%. These achievements highlight the strength of our strategic initiatives and our dedication to delivering sustained value to our shareholders. About our ongoing projects and order book strength, our growth is a testament to the unwavering dedication of our team and the confidence our clients place in Sathlokhar as a trusted partner for executing large-scale, high-quality projects.

With a robust order book of INR761.06 crores and INR141.37 crores built through September of this year. We are on track to achieve an additional INR260.63 crores in the second half of the year, targeting a total building of INR402 crores for the financial year '24-'25. A strong position as an authorized channel partner for Tata Power Solar Systems Ltd. has enabled us to capitalize on the growing demand for sustainable energy solutions, adding substantial value to our project portfolio and enhancing our competitive edge in the market.

Operational efficiency and strategic focus. One of our key strengths is our in-house, integrated operational model, which allows us to streamline project delivery and reduce reliance on third parties. Our project teams are equipped to manage every phase from concept to completion, and our expertise in civil engineering, MEP installations and solar projects has enabled us to maintain a high-quality standard.

As we move forward, our focus remains on providing innovative sustainable solutions that address the dynamic needs of our clients. Our expertise spans a wide range of services in EPC turnkey construction, from civil and PEB to MEP, IBMS, utilities, office interiors, and solar projects. We are dedicated to playing a significant role in the growth of India's infrastructure, while consistently upholding our commitment to quality and customer satisfaction.

With a strong financial foundation, we are well-positioned to seize opportunities in rapidly expanding sectors, including EPC turnkey solutions for industrial buildings, warehouse, logistics, parks, commercial and institutional facilities, hospitals, hotels, and solar energy projects.

In alignment with this, we aim to broaden our footprint across various regions and sectors by enhancing our focus on high-growth areas such as solar and industrial warehousing and exploring joint ventures in MEP and interior projects. We are positioning ourselves to capture the largest share of the market. Furthermore, our strategic emphasis on larger projects will help optimize fixed costs and create operational efficiency that drive higher profitability.

To conclude, I want to emphasize that our performance in the first half of FY '25 is a testament of the hard work and dedication of our team and the effectiveness of our business model. With a robust order book, strong financial metrics, and a growing reputation as a trusted EPC partner, we are well-prepared for continued success.

Our commitment to shareholder value remains paramount, and we are excited to explore new avenues of growth while building on our legacy of operational excellence and project execution. I'm incredibly optimistic about the road ahead, and I'm confident that Sathlokhar Synergys E&C Global Limited is positioned to capitalize on emerging opportunities.

Thank you once again for your support and confidence in our journey. We would like to now take the questions from our investors.

Moderator: Thank you very much.

G. Thiyagu: Happy afternoon. This is Thiyagu here now. Yes.

- Moderator:** We will now begin the question-and answer-session.
- G. Thiyagu:** Yes, yes. Go ahead, sir.
- Moderator:** Our first question comes from Agastya Dave from CAO Capital. Please go ahead. Thank you very much.
- Agastya Dave:** Thank you very much. Am I audible?
- G. Thiyagu:** Yes, you are audible, sir. Happy afternoon. This is Thiyagu here, Sathlokhar.
- Agastya Dave:** Hello, sir. Sir, first of all, I would like to thank you and madam for a very comprehensive pre-IPO meet that you did. And a lot of the questions regarding the business model and the past history of the company, they were very nicely taken by both of you. And those were very useful. You were a very fresh, like a new company, which I had not even heard about. But those are very critical to build a proper understanding before investing in the company post-listing. So thank you very much for that.
- G. Thiyagu:** Thank you so much, sir. Yes. Yes. Go ahead, sir.
- Agastya Dave:** Congratulations for an excellent first half. So I have two questions. One is you have surprised at least me on the margins. The margins have come in at 16%, which is more than what I was expecting. So can you give some commentary on what factors led to better margins? And also, how do you see this margin trajectory going forward as your scale increases further? So what is an upper limit or a ceiling for these margins to reach?
- G. Thiyagu:** Sir, actually, post-IPO, and we have a strong financial strength, we could be able to negotiate better from our vendors by paying upfront payments. And then it's purely a better negotiation, sir. Instead of taking credits, we are trying to minimize the procurement costs.
- Agastya Dave:** So these margins are sustainable, sir? Should we put in a base of 16% margins going forward?
- G. Thiyagu:** Sir, as such, we are trying to do our best and we'd like to scale up our better margin gradually, sir. Yes, we are working towards that, sir.
- Agastya Dave:** Great, sir. So further improvements are possible, sir?
- G. Thiyagu:** Yes, we are sincerely taking efforts to increase our net margin, yes.
- Agastya Dave:** Excellent, sir. Sir, my second question is, you mentioned in the press release that you are participating in a certain number of tenders and projects which are in the pipeline. And you mentioned a win rate. So historically, what is your success rate in winning the bids? You mentioned, I believe, 15%.
- G. Thiyagu:** Yeah, 15% we have mentioned. And as such, in the past, we were able to achieve whatever we have bid. Our success rate in the two years to three years before 12% and scaled up to 15%. Even this year, we are trying to further improve. And we'd like to understand ourselves the -- earlier years like were in some of the locations where we are unable to give bank guarantees

prior to IPO. Now that since we have got financially sound position, we've been able to increase our success rate gradually, sir. Yeah.

- Agastya Dave:** Great, sir. So thank you very much, sir. And congratulations again, sir. Best of luck.
- G. Thiyagu:** Thank you so much, sir.
- Moderator:** Thank you. The next question comes from Sridhar Jadhav from JMFL. Please go ahead.
- Sridhar Jadhav:** Sir, am I audible?
- G. Thiyagu:** Yeah, you are audible, sir. Happy afternoon. Yeah, tell me, sir.
- Sridhar Jadhav** Sir, congratulations on a good set of results. Sir my first question is, how do we look at your business? Is it like on a year-on-year basis or on a half-year-to-half-year basis?
- G. Thiyagu:** Look -- as a company, we are looking forward to increase our sales at least 40% to 50%. That's a commitment. As a company we are trying to -- achieve. And I'm sure when we compare the last year performance of INR247 crores is we are aiming to achieve our goal of INR402 crores, which is 63%. That's what I understand from INR247 crores to INR402. But we are pretty confident that we've been in a position to achieve the set goals, sir.
- Sridhar Jadhav:** Okay. Sir, my next question is more of a bookkeeping. Our debt has almost become nil from March 2024 to September 2024. But I can see that the interest costs have gone up to INR1 crores when the debt has gone down. So any particular reason for that?
- G. Thiyagu:** The reason, like as such, the book orders from Tidal Government and some of the multinational companies wherein we forced to take bank guarantees wherein we'd be paying the earlier period we have not taken the bank funds, whereas now we started taking bank guarantees and some of the area where we would like to increase the, you know. That's the reason the bank interest has gone up.
- Otherwise, I don't -- for a simple reason that the order book from Vinfast, it's a Vietnam-based company, and XyloSuisse is a Switzerland-based company, and Reliance Group of companies, and Tidal, all those companies are now looking at the bank guarantee. So we forced to take performance bank guarantee as well as the advanced bank guarantee. That's the reason we are able to spend that much money, sir, yeah.
- Sridhar Jadhav:** Okay, okay.
- G. Thiyagu:** If you look at the past performance prior to the last financial year, as a company, we never ever given bank guarantees to book any of the orders in the last five years, and this is the first year we have started giving advanced bank guarantee and performance bank guarantee to book the order. That's the reason we are able to do, and we are increasing the volumes
- Sangeethaa Thiyagu:** Volume?
- G. Thiyagu:** Volume of the business, yes.

Sridhar Jadhav: Okay. And sir, what will be, so your receivables for this period have gone up from almost INR13 crores to INR73 crores, so what is the typical collection period?

G. Thiyagu: Actually, what happens is that in our business model, as I have said, pre-IPO also, once we book the order, and exactly on the ninth month only, we'd be in a position to bill -- until the certain stage we are not in a position to -- raise the bill, and if you look at our performance when it comes to September, out of INR142 crores we have billed INR50 crores in the month of September. So that's the reason the outstanding is shown higher, sir.

Sridhar Jadhav: Okay, okay. Okay. Sir, very last basic question that I want to understand from a long-term vision perspective. And in far -- India execution capabilities and you know, experience with good clientele like Reliance, HP Apparel, Godrej, etcetera, and having manpower handling capabilities, what is also long-term vision? Do you want to venture into Solar EPCs? Do you want to, you know, venture more on the real estate side? What is your long-term vision?

G. Thiyagu: The plan is to have a greenfield project. As such as a company, we are pretty strong in APC design and the construction of industrial and warehouse, logistics and hospital buildings. And we would like to strengthen the other region, like, you know, extending the other states, and also increasing the MEP works, like air conditioning, electrical, mechanical, plumbing, firefighting, integrated building management system, office inter-works, and solar. That's the area we are now increasing the, as I mentioned, pre-IPO also. Earlier days, we used to construct the skeleton. Nowadays, we would like to book orders as a term, wherein when they hand over, when the clients are handing over the paddy field, we would like to hand over the ribbon cutting.

That's the kind of order booking we are looking at now. And as such, as we have mentioned, our advertisement we had spent a lot of money, and we are able to now capture around, we have attended 48,000 business calls out of 48,000 around 12,000 potential business calls. Even out of 12,000 business calls, around 1,700-plus as such, if you look at that, the 1,721 prospective future clients are lined up, wherein we have to, again, in touch with them to give design solutions, and then quotation, then proceed.

If you look at, according to our company, the way in which we are progressing on the advertisement and the existing committee, as such, as my personal policy, I'm looking at the way we have attained 300 clients, successful clients. I'm sure our one decade will go easily, because each and every client, in fourth year or third year or fifth year onwards, they would like to expand or they would like to go for the next building.

So the moment we attain 300 clients, our growth of the company for the next one decade is taken care of. At this juncture, we have already achieved 68-plus projects, and pipeline projects, around 19 projects are happening and lined up and offer submitted to 450 various clients worth of INR5,795 crores. So if you look at that, we'll be in a position to easily connect before 20, 27, 300-plus clients. Then, obviously, our past is ruling like each and every client will refer four more new clients. That's what I'm understanding. So the moment we attain 300-plus clients, I'm sure 1,200 clients are taken care of for business agreement for next one or two decades.

- Sridhar Jadhav:** Okay, sir. I understood. So basically, the existing market is extremely big for you, and so till the time you achieve, you would – you know you have a visibility of next three, four years. And sir my last question would be, you mentioned that your current order book is INR760 crores.
- G. Thiyagu:** Yes, yes, yes. INR760 crores. Yes.
- Sridhar Jadhav:** And we are on track to do INR250 crores by -- FY 2025?
- G. Thiyagu:** Yes, yes, you're right.
- Sridhar Jadhav:** Okay, sir.
- G. Thiyagu:** That's a goal set by the company. By doing that, we are achieving 63%, but though we are committed 40% to 50%, we are aiming to achieve INR402 crores minimum. Yes.
- Sridhar Jadhav:** Okay. And sir, what would be guidance for FY 2026?
- G. Thiyagu:** The same ratio, like a minimum of 40% growth, it's a good number we are in. If you look at the growth, and then we have to look at the sustainability of the business moving forward.
- Sridhar Jadhav:** Okay. Thank you, sir. I'll come back in the queue.
- G. Thiyagu:** Yeah.
- Moderator:** Thank you. Our next question comes from Rajesh Vora from Jainmay Venture. Please go ahead.
- Rajesh Vora:** Good afternoon, Mr. Thiyagu.
- G. Thiyagu:** Happy afternoon, Rajesh.
- Rajesh Vora:** Happy afternoon. Congrats on very strong numbers. My first question is on Sathlokhar. What is the USP? How is it compared to the competition? What are the competitive advantages that your company has its system...
- G. Thiyagu:** As I have explained, our company into EPC design, approval, and construction of various sectors such as industrial, institutional, commercial, hospitals, hotels, and solar. The competitive advantage with respect to Sathlokhar, we don't subcontract to any of the disciplines pertaining to the project, which is civil, pre-engineered metal building, high-tension, low-tension electrical works, plumbing, firefighting, interior works, and solar.
- If you look at that, whoever is coming to Sathlokhar, they will be getting the one-stop solution wherein their hassle-free building construction and handover, the commitment which you have been signed off and the agreement has been honoured. That's what we would like to say. As a company, we do have a sister concern to fabricate the pre-engineered metal buildings.
- As a company, we do have authorized electrical contractor from the government of Tamil Nadu Electricity Board. And we are working with Central Electricity Authority as well as Chief Electrical Inspector to government.

- Rajesh Vora:** Okay, interesting. And you mentioned about corner win rate. Whatever you bid, you get 15 out of 100 contracts in win. So is this win rate very good? How is the competition? Who are your competitors in the area, every order where you don't get it? Who gets it?
- G. Thiyagu:** Sir, actually, our focus is – like with the respective clients -- the aggressive clients. Example -- to give you an example, we are flying down on Monday, Tuesday to Varanasi and even Odisha with our team members. And both the clients are asking us to construct a building in five months to six months time. That's the area where we would like to know. As a company, we always pick up project, fast track projects. And we also look at though they commit six months almost obviously, our focus as a company, we like to book the orders within 12 months completion. That's the area we concentrate. Yes sir.
- Rajesh Vora:** Okay. No. So my question is who are your competitors? Since you win only 15 out of 100, who are the other companies who get this order?
- G. Thiyagu:** So if you look at Southern side or Chennai region, URC Construction is our competitor. They are not a Public Limited Company, but they are real competitors.
- Rajesh Vora:** Sorry, you said U-R-C?
- G. Thiyagu:** U-R-C, U-R-C yeah.
- Rajesh Vora:** U-R-C.
- G. Thiyagu:** Yeah. Subramanian & Co.
- Rajesh Vora:** Yeah.
- G. Thiyagu:** Yeah. According to me, ...
- Rajesh Vora:** Yeah. Are they bigger than you or smaller than your company?
- G. Thiyagu:** URC is bigger than us and Subramaniam & Co., is I think turnover is there could be around 100 plus I think foster.
- Rajesh Vora:** Okay. Okay. So can Sathlokhar improve this win rate of 15% to 20-25% Is that possible or not possible?
- G. Thiyagu:** Sir, I am unable to comment our commit arguments, but we are working to improve in all possible ways. We are trying to improve.
- Rajesh Vora:** Okay. Okay. And last question, your current team in terms of number of people and infrastructure that you have that handle what level of orders or revenues?
- G. Thiyagu:** As a company we have recently completed worth of INR250 crores in one particular location. And we also have the other locations INR50 crores, INR30 crores, INR45 crores, INR15 crores, INR10 crores, INR7 crores, INR8 crores, but we have the benchmark of booking orders of minimum of INR3 crores though earlier we used to say INR1.25 crores, but at the end of the

day, we pick up sizes that varies, but we do have a discipline of based on the order books we have a structure like, if the value is less than INR10 crores, this is how the rates and this is how the team people would be deployed.

Second is that rest of the volume and turnover of the sites. We always give weightage to centralized purchase control and labour control and then, project coordination in a successful way in coordinating with architectural consultants are various like they are taking Mechanical Plumbing everything is being handled from Head Office, so I don't see any challenges on any number of orders until -- probably I would say that in case if I am booking a single order of INR1,000 crores it would be a challenge because the working capital may not be easier to -- for us. But our focus is, we would like to pick up more number of sizes like INR10 crores, INR50 crores worth of orders into 20 numbers instead of taking one project of INR500 crores

Rajesh Vora: Sure. That's very useful. I mean, as a whole company in the full year of operation, if your company has to handle INR1,000 crores total revenues worth of orders, what is it required? Current team can do it in one full year or is it you need to add more people, more infrastructures to institute total orders of INR1000 crores in a year.

G. Thiyagu: Yeah. At this juncture the company is having only employees of 285 professionals and 1,422 here. When we are scaling up definitely another 60% of the things will go up.

Rajesh Vora: Okay.

G. Thiyagu: Yeah.

Rajesh Vora: Okay. And what is the typical working capital, because there has been significant increase in receivables of INR60 crores, there are loans and advances INR46 crores, given so typically for INR100 it is continue what is the working capital required in your business?

G. Thiyagu: In our business model, if we have INR20, we can achieve INR100, but when we have INR30, we will achieve better margin in the bottom-line, the better negotiation skill is being improved. That's what I felt. And one more answer is, we have built in the month of September INR50 crores, sir, that's the reason the outstanding is shown higher.

Rajesh Vora: Okay. So you have to give advances to whom, so much of advances INR46 crores?

G. Thiyagu: Yeah. Vendors.

Rajesh Vora: To your vendors.

G. Thiyagu: Yeah. Vendors. Vendors. When we release the order, it is upfront we will be in a position to reduce the margin and they are happy to take money upfront then they are able to reduce their margin and they are happy as long as the secured people are willing to trim down the margin.

Rajesh Vora: Okay. But usually working capital is 20% of revenue, is that what you are saying?

G. Thiyagu: No. I am saying like, if we have 20% -- if we have INR20 crores to achieve INR100, if we have INR30 crores we will do better margin that's what I am trying to say.

- Rajesh Vora:** Okay. Okay. I understand. So you operate where? You try to operate at INR30 and get more margin that's how you do.
- G. Thiyagu:** That's what I am on the job on the offers side yeah.
- Rajesh Vora:** Okay. Okay. All the very best, thank you so much.
- G. Thiyagu:** Thank you, sir. Thank you. Thank you.
- Moderator:** Thank you. The next question comes from Siddharth Goyal from SOL. Please go ahead.
- Siddharth Goyal:** Good afternoon Thiyagu sir, Am I audible?
- G. Thiyagu:** Happy afternoon sir. Yes sir.
- Siddharth Goyal:** Congratulations for this consistent growth.
- G. Thiyagu:** Thank you, sir.
- Siddharth Goyal:** So sir I want to understand on the debt position like you mentioned that we require somewhere around 20-30% working capital so somewhere around INR20-30 crores for every INR100 crores of revenue.
- G. Thiyagu:** Yes sir.
- Siddharth Goyal:** And as you mentioned the three IPO call, that we have enough working capital to reach somewhere around INR500-600 crores of revenue, right?
- G. Thiyagu:** Yes sir.
- Siddharth Goyal:** I just wanted to understand, how are we planning how much growth can we foresee with the same level of debt and when will we need to require raising debt? And how are the plans accordingly?
- G. Thiyagu:** Sir, the way in which we are now progressing, I am pretty confident that as a company we will be in a position to touch INR1,000 crores by 2026 and 2027, sir if everything goes in with the blessings of God. That's how we are working it out. And we are pretty confident that we will be in a position to achieve that sir.
- Siddharth Goyal:** And we will be able to achieve that without raising any further external debt?
- G. Thiyagu:** Sorry?
- Siddharth Goyal:** We will be able to achieve those revenue targets without raising external debt?
- G. Thiyagu:** That's a plan. That's a dream. And we are working towards that sir.
- Siddharth Goyal:** Great. Thank you. Best of luck.

- Moderator:** Thank you. The next question comes from Preeti Jayaswal from S J Logistics. Please go ahead.
- Preeti Jayaswal:** Hello sir. Good afternoon.
- G. Thiyagu:** Happy afternoon.
- Preeti Jayaswal:** Yes sir. My question to you is sir with EBITDA margins increasing by over 400 basis points, can you provide more detail on your margin expectations by project type or sector?
- G. Thiyagu:** I mean, so when it comes to lets say, 2024, FY H1 12.90 and when it comes to 2023 FY H1 INR16.38, that's the difference, you are talking about right?
- Preeti Jayaswal:** Yes.
- G. Thiyagu:** Yeah.
- Preeti Jayaswal:** Yes sir.
- G. Thiyagu:** So see. As I mentioned when it comes to last year H1 and this year we are learned a lot in terms of are we booking one shot solution including civil infra and there maybe that's the area where we had scaled up the business model without executing the structure in the same location.
- and we execute including the same or its like secrete repayment, lab repayment and the area staff quarters and when you are scaling the for example, when we are executing one particular location under core when you are executing 20 which includes one security. Everything put together or the balance portion may not be even 10%.
- Preeti Jayaswal:** Okay sir. One more question is, Are certain segments more profitable and if they are is there any segment that is more profitable then do you prioritize them moving forward?
- G. Thiyagu:** See our goal to book with any claims instead of booking only structure and skeleton we would like to convince the clients including Structure, Skeleton, Electrical, Works, Plumbing, Fire Fighting Data, Voice, ETP, Effluent Treatment Plant, Sewage treatment plant, RO plant, Boiler, Air Conditioning, and Interior. So, we are trying to convince all the clients considering the last two years performance. And they are also convinced. And they are -- some of our clients are giving us one time solution.
- Some of the clients -- if you look at VinFast, who have recently booked from a Vietnam company, but as a policy they do have a policy that they don't want to give everything in one bucket. They would like to have five different distributors, which includes civil and infra one vendor, MEP one vendor, utility is another vendor. So some of the companies, some of the projects they do have a discipline-wise -- they are splitting and avoiding -- because of instead of giving it to one client. So, we are meeting various clients in various expectations but when it comes to company's policy, we can't deviate.
- When it comes to single-client of contract wherein the clients are understood the advantage. For example, as I mentioned, Mr. Muttiah Muralitharan, cricketer, is running a company in Sri Lanka

for can manufacturing and candy. And when we awarded the contract -- we awarded the contract 15 months from last year to this year.

In fact by this time only the Campa Cola up and run in Mysore whereas we have completed the project in eight month on 17th April. They started running and taking out the juice from the factory and that's the reason we have given with a happy note that the video clips have been shot by our investors.

If you look at the appreciation from our clients that because of the advantage given to one single contractor giving a core comprehensive package, which includes starting from study field, clearing land, Civil P, mechanical, plumbing, firefighting data, CCTV, CTP, WTP, interior, complete turn case including landscaping. That's the advantage -- that's what we would give few clients. So some of the clients are interested to give one shot or one client and some of them -- they wanted to have split for a simple reason they deploy project management company to show their performance so they are splitting and awarding. So it's up to the clients and then management to take a call.

- Preeti Jayaswal** Okay, sir. I understand. Okay. Thank you for answering my question, sir. Thank you.
- Moderator** Thank you. the next question comes from S. Akhilesh Reddy, who is an individual investor. Please go ahead.
- Akhilesh Reddy** Yes sir. Hello. Good afternoon, sir.
- G. Thiyagu:** Happy afternoon.
- Akhilesh Reddy** Sir, congratulations on the good growth in numbers.
- G. Thiyagu:** Thank you so much for the trust and support sir.
- Akhilesh Reddy** I visited our stall in Mumbai and the experience was very good. However, I noticed that many companies participated in the exhibition. In my opinion competition is increasing in the industry. What is your opinion on the competition and growth side? Thank you, sir.
- G. Thiyagu:** Thank you. And thanks for your question that open forum like the opportunity for me to explain. Sir, in today's -- especially in India, there is no one to correctly communicate that we are here to serve and hand over the building in seven to nine months. When it comes to industrial building, we commit INR996 for civil and PEB, excluding equities, excluding extra walls, excluding compound wall and ceiling.
- The commitment from our company is different than the other competitor company. They pick up projects. Some of the company -- the PEB companies are expertise in their order booking. Civil companies are showing interest in booking the civil works. Whereas when it comes to Sathlokhar, we are providing single client contact to handover the building on time, over and above we facilitate the production machines are being positioned inside the factory with the electrical power, with the piping, with the air line, with the pneumatic line, with the SS piping, with the process piping, complete integrated solutions are being ensured by Sathlokhar wherein

they start producing the products on time. So that's the competitive advantage we have given to various corporate companies.

if you look at even the stall, our own team members would have explained you that number of clients we execute in India, 80% of the clients are international clients than the Indian clients. Of course, we are working with Godrej now, Reliance now, and other Indian companies. But the point here is that the advantage for an international company to look at Sathlokhar is one-stop solution wherein this company is giving complete design solution not only limited to civil, we provide architectural services, we provide pre-engineered material building design services. We are getting our design from Anam Institute and IIT whatever -- based on the client recommend and we provide electrical design solutions, plumbing, firefighting, data, voice, CCTV, ETP everything.

See in any project, designs are very important. The advantage here, whoever is coming to our company, they are getting complete design solution and approvals facilitation. We provide complete facilitation to the clients to get the approval in terms of blueprints, like we know our architects -- our design team is pretty strong.

Around 12 to 15 people are working with our design and we provide inexpensive way of designing and trimming the unwanted expenditure, and over and above we submit to the third party like Anam Institute to vet our design and then proceed for construct. That's how the discipline of the company and we would like to protect our team, because end of the day, Sathlokhar is families, Sangeetha Thiyagu, Lokesh, Ashish, the family name. We want to grow -- like over a period of time, I would like to demonstrate that this is a Mini L&T in India.

- Akhilesh Reddy** Okay. Thank you, sir. Thank you for your detailed explanation. All the best for the coming future.
- G. Thiyagu:** Thank you, sir.
- Moderator** Thank you. The next question comes from Sagar from HNI. Please go ahead.
- Sagar** Yeah. Am I audible?
- G. Thiyagu:** Yeah. Audible, sir. Happy afternoon. Welcome.
- Sagar** Yeah. Thank you for taking my question, sir. Sir, I have two questions. The first one is what is the typical timeline for executing an order?
- G. Thiyagu:** Sir, if you look at -- it depends on the client requirement. As a company, we book projects nine to 12 months, sir.
- Sagar** Okay. So in that case, considering the number of orders that you are working on, say, INR5,000 crores plus, and assuming the same conversion rate, which you historically achieved above 15%.
- G. Thiyagu:** Yeah.
- Sagar** Is it safe to say, next year we are looking at an INR800 crores plus kind of top line, like FY '26?

- G. Thiyagu:** Sir, as a promoter director, my dream is to increase turnover and definitely we are on the job, but however, we are looking at the minimum of 40% growth and maximum of God's blessings.
- Sagar:** No, no, sir, I get that. I am just doing mathematics here, INR5,000 something crores of orders that you are working on, 15% plus conversion ratio, so that gives you whatever INR800 crores plus kind of number for next year.
- G. Thiyagu:** Yes. Sir, we are sure that we have been in a position to book the numbers which you have mentioned, but we are working towards it. Definitely, we are pretty confident in converting the success rate, minimum of 15%, for sure, yeah.
- Sagar:** Okay, excellent. Thank you, sir. Thank you.
- G. Thiyagu:** Yes, sir.
- Moderator:** Thank you. The next question comes from Kunal Jogdankar from MWEALTH. Please go ahead.
- Kunal Jogdankar:** Hello.
- G. Thiyagu:** Yeah. Happy afternoon, sir.
- Kunal Jogdankar:** Yes, sir. My question is, like, most of our projects were in specific -- concentrated in specific states, so how we are planning to diversify in, like, geographic footprints?
- G. Thiyagu:** Sir, as such, we are already in Varanasi and Azamgarh, Mysore. Now we are trying to, again, strengthening the location where we already pitched in, like, same Uttar Pradesh and Karnataka, and now we are scaling up and trying to expand in Odisha and Andhra, since the new government and they are taking lot of initiatives, I'm sure, Chandrababu Naiduji, especially in my neighboring state and Odisha, both the states are looking at probably next one decade will be a really successful state, like Pune and Chennai.
- Kunal Jogdankar:** Okay, sir. Thank you. Thank you.
- G. Thiyagu:** Thank you.
- Moderator:** Thank you. The next question comes from Krupa Desai from Electrum Capital. Please go ahead.
- Krupa Desai:** Hi, sir. Am I audible?
- G. Thiyagu:** Hi. Happy afternoon. How are you?
- Krupa Desai:** I'm fine. How are you, sir?
- G. Thiyagu:** Yeah, yeah. Go ahead, ma'am.
- Krupa Desai:** Sir, firstly, congratulations on good set of numbers. Sir my question was that I understand that we have to pay advances to our supplier, but can you tell me when will we become OCS positive and what will be our average working capital day cycle going ahead?

- G. Thiyagu:** When it comes to vendor, for example, when we are releasing an order of INR1 crores to a particular vendor, usually we used to get – to give 10% to 15% while releasing the order and they would be taking with some margins or more. So we would like to further skews down, then we'll pay extra 20%, we'll pay 30%, wherein we would like to ensure that our margin is scaling up, yeah.
- Krupa Desai:** No sir, my question was what will be our average working day cycle and when will we become cash flow positive? Right now we are cash flow negative, right?
- G. Thiyagu:** Because we have built INR50 crores in the month of September 2024, usually 90 days is our working capital cycle, yeah.
- Krupa Desai** Okay.
- Moderator** Ms. Desai, you have any further questions?
- Krupa Desai** No further questions. Thank you.
- Moderator:** Thank you. The next question comes from Shridhar Jadhav from JM Financial. Please go ahead.
- Shridhar Jadhav:** Sir, I just wanted to understand, if we are seeing any big orders?
- Moderator:** Sorry to interrupt Mr. Jadhav, you are sounding a bit muffled. If you are using speaker phone, may be request you to use handset please.
- Shridhar Jadhav:** Yeah, is it better now?
- G. Thiyagu:** Yeah, yeah. Go ahead, sir.
- Shridhar Jadhav:** Sir, I just wanted to understand if we are seeing any repeat orders from our existing customers, for example any big orders from Reliance, Godrej, SP Group?
- G. Thiyagu:** Yes, sir. As you mentioned, I am working with Reliance multi-model logistic park in Chennai and even Nagpur also, again a multi-model logistic park wherein NHML National Highways, they are tying up with the repeat orders and we are working with other companies like Chemin, US-based company, SP Apparels Limited, it's a repeat order from a company. Those companies are, you know, we are constructing fourth factory and second factory in currently, sir, yeah. And even Uttar Pradesh also, we are going to construct again a B.D. Foods Pvt. Ltd. wherein the negotiation and discussions are happening now.
- Shridhar Jadhav:** So, sir, with these repeat customers, with this repeat large order work, can we say that going forward our wind ratio and the incremental projects would be higher or this 15% is specifically for new customers?
- G. Thiyagu:** Sir, as such, till when we submitted the number of clients we have submitted to worth of INR5,795 crores and if you look at the total number of clients are 450, definitely the people and the clients like Mr. Muttiah Muralitharan is giving continued orders to Sathlokhar wherein he wanted to construct Pune also. He is now working with Pune on one more new project and across

India, Campa Cola for example, Pepsi is having 195 lines production and Coca-Cola is having 265 lines production to ensure the India market, catering the India market. When it comes to Campa Cola, it's a new company taken over by Reliance.

Now they have got only 9 to 10 lines and both the factories are constructed by us and now they are planning to have apart with Pepsi and Coke for next one decade. They would like to have various manufacturing segments and at this juncture, we are the preferred EPC 20 contractor who insured two factories constructed in 8 months and 6 months time, both Varanasi and Mysuru. So obviously, the expectation from Reliance would be towards Sathlokhar would be the benchmark company for their preferred EPC 20 contractors. So definitely, our percentage of success rate may go up. That's what we are working towards.

Shridhar Jadhav: Understood, sir. I appreciate that with your clients growing, your order book and profitability would grow. So my next follow-up question is, are we the exclusive EPC vendor or there are other players also like for example in SP or Gold Reliance when they set up new factories or when they have expansion plans, are there multiple contractors or you would be the -- you currently enjoy an exclusive kind of a relationship at least in the states where you have most listed your track record?

G. Thiyagu: Sir, for an example, SP Apparel Limited is an LLC listed company and they are listed in 2015 and we are constructing their fourth manufacturing facility in Tamil Nadu now. And they have plans every two years, they are constructing, they are scaling up their business and similarly, Reliance also, they have plans to increase their region-wise they are trying to store for Campa Cola and some of the other consumer products and Godrej also now we are working with Godrej at this juncture in Chennai and they do have plans to construct other factories across India, but at this juncture, two factories are happening in -- two factories are under pipeline with Godrej and tenders are expected soon sir.

Shridhar Jadhav: My question was that, so for example, take the example of Reliance, Campa Cola, so you may want to set up five new factories, so will all of the five new factories come to you or it is like three may come to you and two may go to your competitor? That was my question, like are we currently enjoying exclusive kind of relationship?

G. Thiyagu: At this juncture, I would like to say that for Reliance, we have constructed Varanasi, we have constructed parallelly Chamarajanagar. Hopefully, I expect the same support and blessings from the clients that's what I am trying to say.

Shridhar Jadhav: Okay sir.

Moderator: Thank you. The next question comes from Satark Goyal from SOL. Please go ahead.

Satark Goyal: Yes sir. So [pre IQSO 0:45:410] you had mentioned that we are creating a separate vertical for solar and we are also the authorized channel partner for Tata Solar, right?

G. Thiyagu: Yes sir.

Satark Goyal: So I just wanted to know, what is the progress on that?

- G. Thiyagu:** Sir, as such we are trying to now capture the residential segment since the Pradhan Mantri scheme is available now and we have scaled up earlier strength from the solar now. We are increasing the solar vertical in order to increase that turnover of solar itself in a different number including green field solar projects and rooftop projects and residential projects, all the three we are working towards now.
- Satark Goyal:** Okay. And how is the margin profile as against the other EPC work that we are doing?
- G. Thiyagu:** Specifically, if you look at solar is definitely we have been a position to ensure 15% sir.
- Satark Goyal:** Okay, so similar margin profile.
- G. Thiyagu:** Yeah. So when we are executing solar within 3 to 4 months, we will be in a position to complete. The cycle of business is maximum of 4 months.
- Satark Goyal:** Okay, so the turnover ratio will be faster.
- G. Thiyagu:** Yeah, that's what I am trying to say it.
- Satark Goyal:** And like we are the authorized channel partner for Tata Solar, so are we just using the solar for whatever plants that we are manufacturing or are we taking separate projects for just putting up the solar.
- G. Thiyagu:** Actually between Sathlokhar and Tata, even Tata is encouraging us wherever we do exhibition, wherever we do advertisement, they would like to become partner in even advertisement expenditure also they would like to contribute, that's what they are trying to have a better understanding with Sathlokhar, so we are very much connected with Tata group and they are supporting us a lot in terms of supplying panels on time, complete solutions including design and energy consumption, everything is being taken by solar Tata quality team yeah
- Satark Goyal:** Okay, I didn't get the advertisement part as well as advertisement...
- G. Thiyagu:** I mean like even today if you look at, I have given a big advertisement in Chennai, whoever is checking in Chennai airport, around 6 screens have been visible to see that they have to cross through without seeing my company as well as they can't check in. That's the area where I have given display similarly Coimbatore airport, same way Madurai and Tuticorin.
- So I have taken wherever the potential leads are expected to in terms of Chairman, Vice President, CEO or GM or deciding people who are travelling in various segments, I have given advertisement in those locations. Our advertisements are very much visible and they would like to capture and we will be getting the calls
- Satark Goyal:** Okay and they are willing to share extensions for the advertisements
- G. Thiyagu:** Yeah, yeah, definitely sir.
- Satark Goyal:** Okay, great, thank you so much.

- G. Thiyagu:** Thank you.
- Moderator:** Thank you. As there are no further questions, I would now like to turn the conference over to Ms. Kajol Gowda for closing comments
- Kajol Gowda:** Thank you. Thank you everyone for joining the earnings call of Sathlokhar Synergys E&C Global Limited. If you have any queries, you can write us to info@akmiladvisors.com or kajol@akmiladvisors.com. Thank you
- Moderator:** Thank you. On behalf of Sathlokhar Synergys E&C Global Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.