Management Discussion

Suraj Dubey - Company Secretary, Sattva Engineering Construction Ltd
Thank you, madam. Good afternoon, everyone, and thank you for joining us today. I hope you had an opportunity to go through our financial results and investor presentation, which is available on the website. Joining me on this call today, Mr. S. Seshadri, whole-time director, and Mr. R. Sekar, whole-time director, and Ms. G. Sujatha, whole-time director and chief financial officer, and Mrs. Harsha Hotmani from Atlas Capital, our investor relations consultant.

I will now hand over the call to Mr. S. Seshadri for his opening remarks. Over to you, sir.

S. Seshadri - Whole-time Director, Sattva Engineering Construction Ltd
Yeah, thank you, Suraj. Good afternoon to everyone. First of all, I hope all of you had a wonderful Diwali and got opportunity to spend some quality time with your family. Thank you for joining us on Sattva Engineering Constructions Limited H1 FY27 earnings conference call. First half of '27 has been a period of continued operational progress for the company. We have delivered healthy revenue growth, improved profitability, strengthened our cash flow position, and continued to expand our presence in North India.

Moreover, importantly, we have remained focused on building business where growth is the supported by a sustainable margin, disciplined project execution, and stronger cash conversion. Let me brief take you through the key developments during H1 financial '27. Revenue from operations has increased 35% year on year to 81.1 crores compared with 65 crores in the corresponding period of last year. Our profitability growth at a faster pace than revenue, with profit after tax increasing approximately 64% to 7.4 crores compared with 4.5 crores in FY26.

PAT margin improved approximately 9.1% compared with 6.9% corresponding period last year. We continue to remain focused on maintaining the EBITDA margin around 15% and PAT margin around 9% as we scale up our operations. One of the most encouraging developments during the first half being improvement of our operating cash flow. We generated positive cash flow from our operating activities of 15.9 crores during H1 '27, compared with negative operation cash flow of 12.7 crores for the full year FY '26.

We also made a progressive reducing our borrowings and improving the overall financial positions of the company. As September 30, '26, we have collected 95% of our FY26 outstanding trade receivables. Collections have continued thereafter, and our focus remains on maintaining this momentum. Based on the current collection position, we expect to release approximately 80% of our September '26 receivable by end of November. For us, Object is not merely a growth business but ensure the growth transfer into the cash generation and support by efficient working capital management.

On operational front, we have continued to strengthen our position in water and wastewater infrastructure segment. Our project wins in Karnataka and Tamil Nadu during the first half We have further strengthened our execution portfolio. These projects also include long-term operation and maintenance commitments, such provides an opportunity gradually develop a more diversified revenue portfolio profile. We have also rendered in industrial, re-entered in industrial and utility building segment through our contact with Bimbo Brackes India, providing an additional revenue for business development.

Alongside our established market, we are actively processing opportunity in Bihar, Jharkhand, Uttar Pradesh. Our approach to expansion remains selective. We intend to prioritize opportunities where

project funding, execution requirements, and payment visibility and adequacy are evaluated. I would also like to address the revision of our growth expansion. Earlier, we had indicated an aspiration of 60% revenue growth for 2027-28. However, certain developments during the year Largely outside the control of our company have impacted the timing of project approval and execution.

Specifically, in May and June '26, we have secured 2 STP projects from BWSP in Karnataka and 1 STP project in Tiruvannamalai Municipality, Tamil Nadu. All these projects involve design, construction, long-term operation and maintenance, under their respective contract structures. At the time of securing these projects, we had expected a complete initial design activity for the BWSP project by September. However, progress has been slower than anticipated, primarily due to delays in obtaining statutory clearance, including approvals from the Pollution Control Board and handover of the land acquisition for the project execution.

There are external developments are largely beyond our control. We received possession of the land of one of the projects towards the end of August, while positioning for remaining 2 projects are still awaited since land permissions and necessary statutory approvals and to have reactive programmed with design and subsequent execution activities. These delays have impacted commitment timeline of the project continuously. While these projects remain part of our secured order book, the commitment execution and the associated revenue conversion have been deferred.

Based on the current status, we expect the revenue contribution from these projects begin towards end of Q4 '27, with progress view built thereafter. While these developments have not been attended to our assessment of long-term opportunity in this sector, they have influenced near-term revenue visibility and pace which project can be executed accordingly. We believe the prudent adopt more measured and relative approach to our growth aspiration. We now guiding our 30% revenue growth for in '27.

For '28, our current growth aspiration is in range of 30 to 35%, supported by our existing execution basis, anticipated tender activity and opportunity across our near We are working we believe this revised outlook provided more calibrated assignment of the business considering the current operating environment, project execution timelines, and the visibility available to us today. While the timing, project approvals, and tender award can influence the pace of growth, we remain confident in long-term demand for water wastewater, and environmental infrastructure in India.

Our prospect remains consistent: execute the project efficiently, sustain profitability, improve cash conversion, build a stronger platform for long-term growth. Our focus is on delivering sustainable growth without compromising the execution quality, profitability, cash flow discipline.

With that, I request Mr. Sekar, Full-Time Director, to take you through the operational developments and project profile and business outlook greater depth.

R. Sekar - Whole-time Director, Sattva Engineering Construction Ltd
Thank you, Mr. Seshadri ji, and good evening to everyone on the call. I will now take you through the key operational developments, our project portfolio, and the opportunities we are pursuing across our business segments. We as Sattva continue to benefit from a healthy project portfolio, providing visibility for execution over the coming years. Our order book stood at 486 crores as of September 30th, 2026. During the first half, we secured important contracts that have strengthened our presence in the water and wastewater infrastructure segment.

In May 2026, we received 2 orders from the Bangalore Water Supply and Sewage Board with a combined order value of 123.9 crore. The project comprises the 20 MLD STP at Koramangala and 10

MLD STP in Basunapura. Both projects involve design, construction, and commissioning, along with 7 years of operation and maintenance. These awards represent an important milestone in our expansion into Karnataka and strengthen our relationship with a major urban water utility. Subsequently, in June 2026, our consortium secured a 108.4 crore wastewater treatment project that is in Tiruvairakodu Municipality in Tamil Nadu.

The project involves the development of a 46 MLD sewage treatment plant at Kolarivillage under the design-build-operate-transfer model. The contract includes a construction component of 78.8 crore and an O&M component of 29.6 crore, with a 10-year operation and maintenance period. These projects are strategically important because They combine our engineering and construction capabilities with the long-duration operational responsibilities. We see this as an opportunity to progressively build our O&M portfolio alongside our core EPC business models.

Over time, over the time, this can contribute to greater revenue visibility and a more diversified business model. Another important development has been our re-entry into the industrial and utility building segment. In August 2026, we secured an order from Bimbo Bakeries India Private Limited for civil construction works at its manufacturing facility in Tamil Nadu on northern side. The contract value is 9.5 crore with an execution period of 20 weeks. The project provides an opportunity to strengthen our credentials with the private sector manufacturing customers and re-establish our presence in industrial civil construction.

We intend to pursue such opportunities selectively while continuing, continuing to build on our established capabilities in water and wastewater infrastructure. Our approach is to balance order book expansion with execution capability, project economics, and quality of counterparties. Coming to our current business development pipeline, we have quoted for projects with an aggregate value of 225 crores. Based on our current assessment, we are confident of converting about 40 to 50% of these in our order book.

I would also like to address the operating environment, particularly in Tamil Nadu. During the first half, tendering activity in the state remained relatively subdued following the change in government. Several projects have been progressing through the change in government have been, sorry, progressive administrative approvals, technical evaluations, financial assessments, and funding arrangements. Consequently, the pace of new tender releases has been slower than initially anticipated. We understand that necessary processes are progressing and we expect tendering activity to improve over the coming months.

However, the actual timing will depend on the relevant government departments and project authorities. And we also would like to mention here, we are actively pursuing the possibility of establishing our footprint in Bihar, Uttar Pradesh, and Jharkhand. For your information, we have already quoted a tender in Bihar in the surface water sector system. We are actively exploring the possibility of quoting few more tenders in the same states. And the other states I mentioned else. Looking ahead, our focus remains on executing the existing project portfolio, improving geographical diversification, and converting suitable opportunities from our bidding pipeline into awarded contracts.

We believe that our engineering capabilities, project execution experience, and growing presence across water and wastewater infrastructure provide a sound foundation For participating in the sector's long-term opportunities.

With that, now I will request Mr. Sujatha, Madam, the whole-time Director and CFO, to, you know, take you through the performance of financial and balance sheet developments in detail. Thank you

very much.

G. Sujatha - Whole-time Director and Chief Financial Officer, Sattva Engineering Construction Ltd
Yeah, thank you, Mr. Sekar sir and Seshadri sir. For giving me an opportunity, and good afternoon to everyone. I will now take you through the company's financial performance for the first half year of FY 26-27, along with the key developments in our profitability, balance sheet, and cash flow statements. Starting with starting with H1 FY 27 performance, revenue from operations stood at 81.1 crore. Compared with 65 crores in the corresponding last year period of last year, representing a year-on-year growth of 25%.

Our profitability grew at a faster pace than revenue. Operating EBITDA stood at 12.8 crore compared with 8.4 crore in H1 FY26, representing growth of approximately 52%. EBITDA margin improved to 15.8% compared with approximately 13% in the last corresponding period of last year. Profit before tax for the period stood at 10.15 crore compared with 6.10 crore in H1 FY26, registering growth of 66%. Profit after tax increased to 7.38 crore compared with 4.5 crore in the corresponding period of last year, representing a growth of 64%.

Our PAT margin improved to 9.1% compared with 6.9% in H1 FY26. The improvement in profitability reflects the growth in our operating scale and our continued focus on maintaining cost discipline. Going forward, we remain focused on sustaining EBITDA margins around 15% and PAT margins around 9% as we expand our business. Moving to the balance sheet, we have continued to make progress in strengthening our financial position. Total borrowings reduced from approximately 30.1 crore as of March 31st 2026 to approximately 20.4 crores as of September 2026.

This represents a reduction of approximately 9.8 crores during the first half. Our short-term borrowings declined from 29.9 crores to 17.7 crores, while long-term borrowings stood at 22.6 crores at the end of September. The reduction in overall borrowings reflects our continued emphasis on financial discipline and reducing dependency on external funding. Our cash and bank balances stood at approximately 10.65 crore at the end of first half year. One of the most encouraging development during H1 FY27 has been improvement in our operating cash flow.

Cash flow from operation activities stood at a positive of 15.9 crore during the first half, while, uh, as compared with negative 12.7 crore for the full year FY26, cash generated from operations before direct tax payments stood at approximately 18.6 crore. The improvement reflects the combined impact of operating profitability and working capital movements during the period. While receivables and certain current assets continued to absorb funds, this was offset by the improvements in operating liabilities, including trade payables and current liabilities.

We have also continued to focus on the collections of outstanding receivables. As previously communicated, 95% of FY26 outstanding trade receivables had been collected by September 30th, 2026. Collections have continued thereafter. We remain focused on improving collection efficiency, maintaining tighter working capital discipline, and ensuring that incremental business growth translates into operating cash generation. This has contributed to the reduction in overall borrowings and improvements in our balance sheet position.

To conclude, H1 FY27 has been a period of improved financial performance for Sattva. As we move into the second half, our financial priorities remain focused on sustaining profitability, improving cash conversion, maintaining an efficient capital structure, and supporting growth through disciplined working capital management. We believe these measures will be important in building a financially stronger and more scalable business.

With that, we will now open the floor for questions. Thank you.

Questions & Answers

Operator
[Operator Instructions] We take the first question from Vishwender Singh of Prudent Equity.

Vishvender Singh - Analyst, Prudent Equity
Hi sir, I'm audible?

Operator
Yes sir.

Vishvender Singh - Analyst, Prudent Equity
Uh, sir, congratulations on a good set of numbers. Uh, just a clarification on the, uh, consortium order book. Uh, We have received like two orders from two different set of companies. So are we [Foreign Speech] are we booking for the whole consortium?

G. Sujatha - Whole-time Director and Chief Financial Officer, Sattva Engineering Construction Ltd
Sir, we are booking for the whole consortium sir. Then we are only executing.

Vishvender Singh - Analyst, Prudent Equity
Got it. So what is our share from the total order? In both of them, ma'am?

G. Sujatha - Whole-time Director and Chief Financial Officer, Sattva Engineering Construction Ltd
Both the orders, whenever we take the from these consortiums, since we executed 100%, the entire 100% revenue will flow down to our system.

Vishvender Singh - Analyst, Prudent Equity
Okay, so we receive 100% of the order. So how does that nature work for the, uh, joint venture partner? What will they receive in like participating in the order?

R. Sekar - Whole-time Director, Sattva Engineering Construction Ltd
Yeah, yeah, yeah. I have checked here to answer your question. See, the JV will be on paper for some arrangements, and we take the entire, you know, their part also on us to execute it. And they, you know, they'll give the NOC in such a way the entire thing will be handled by Sattva, and all the payments will be routed through the. So that's how we operate, where we have some lapses in meeting the qualification criteria.

Vishvender Singh - Analyst, Prudent Equity
Okay, so there is not any cash outflow to these parties after the completed this project.

R. Sekar - Whole-time Director, Sattva Engineering Construction Ltd
No no no, yeah yeah, it is clear. Got. We also uptaken certificate from the and customers' payments are [Foreign Speech] we have full proof for that.

Vishvender Singh - Analyst, Prudent Equity
Okay, got it. And can you share the bifurcation between Karnataka and Tamil Nadu of a current order book?

R. Sekar - Whole-time Director, Sattva Engineering Construction Ltd
In Karnataka, we have just received 129 crores, 123.9 crores from Karnataka, just received and work has started. Out of 486 crores in Karnataka, we have obtained 123.9 crores. Rest and all in Tamil Nadu only.

Vishvender Singh - Analyst, Prudent Equity
Got it. And in one of the last calls, sir, you mentioned that

R. Sekar - Whole-time Director, Sattva Engineering Construction Ltd
I am notyou are not adding the new

Vishvender Singh - Analyst, Prudent Equity
segment we are NSE business, but. Is it better now?

R. Sekar - Whole-time Director, Sattva Engineering Construction Ltd
No, I am not still clear about your question.

Vishvender Singh - Analyst, Prudent Equity
Hello?

R. Sekar - Whole-time Director, Sattva Engineering Construction Ltd
Yes, sir, go ahead. I am not still clear about your question. I said,

Vishvender Singh - Analyst, Prudent Equity
okay, sir, uh, on the margin side, you mentioned in one of the last calls that the new segments like order control will have higher margins than our legacy business, but it has not reflected in our H1 numbers. So what's the take on that?

R. Sekar - Whole-time Director, Sattva Engineering Construction Ltd
To the best of my knowledge, you know, um, I don't know, you should be correct, but we are making overall profit as sustainable as we had been doing in the last financial year. Okay, sir. So there will be about 1% or 1.5%, individually it will be more Collectively, when it comes to the system in the balance sheet, you know, we ensure that same percentage is sustained.

Vishvender Singh - Analyst, Prudent Equity
Got it, sir. And lastly, on the recent bakery order that you received, it was such a small order. So was it just testing the waters, or is what it is, was it a one-time order and you won't be entering that?

R. Sekar - Whole-time Director, Sattva Engineering Construction Ltd
No, no, no, it is not exactly so. We don't have to test the water. It is from our renowned, you know, known consultant from Delhi to whom we had been working several years. Since we called them, they inquired I mean, floated the inquiry to us also. We became alone and got the order. And other quoting process is underway already. We have quoted for 2 private projects, one in Tutukaring, one in Chennai. Each are about 40-50 crores. in volume.

Vishvender Singh - Analyst, Prudent Equity
Okay, sir, that will be all. Thank you, sir.

Operator
We take a next question from Mr Mitesh Bora. Hello. Yes, sir. Hello.

Mitesh Bora - Analyst
Thanks for giving me the opportunity. Yeah, now with regards to the projects that were stuck up, and you said you have received land for one of the projects and 2 are going to start by the end of the year. So with the execution being pushed to next year, will the next year's growth rate be higher than the current rates?

R. Sekar - Whole-time Director, Sattva Engineering Construction Ltd
Growth rate, I can't exactly say. The growth rate will be between 30 to 35% only, sir.

Mitesh Bora - Analyst
Okay, and, uh, what, what is the EBITDA and profit margin and the growth you expect, uh, going forward for the next 2 or 3 years?

R. Sekar - Whole-time Director, Sattva Engineering Construction Ltd
CFO will answer this.

G. Sujatha - Whole-time Director and Chief Financial Officer, Sattva Engineering Construction Ltd
Yeah, it will be sustained, is that between we will maintain the EBITDA between 15 to 16% and same way at also 9 to 9.5% to 9.8%.

Mitesh Bora - Analyst
And will you be able to execute the current order book from the existing internal accruals, or will there be any need for raising of funds going forward?

R. Sekar - Whole-time Director, Sattva Engineering Construction Ltd
We will, sir. We will execute with the internal accruals only. We are not in the mood of going for fund generation in the near future.

Mitesh Bora - Analyst
Okay, okay. Thank you. That's it from my side.

Operator
Yes. Our next question is from Harshir Patel of Strata Capital. Yes, sir.

Harshir Patel - Analyst, Strata Capital
Yeah, congratulations on great set of numbers. My first question is that our actual revenue grew by 25%, while we guided around 30-35% earlier. Even the current distribution done at 10%

R. Sekar - Whole-time Director, Sattva Engineering Construction Ltd
Respected sir, could you please repeat your question little clearly?

Harshir Patel - Analyst, Strata Capital
Yes, yes, now it's clear. Hello?

R. Sekar - Whole-time Director, Sattva Engineering Construction Ltd
Yeah, you are audible, but voice is not clear to us. Please go ahead, sir.

Harshir Patel - Analyst, Strata Capital
Is it.

R. Sekar - Whole-time Director, Sattva Engineering Construction Ltd
It sounds

Harshir Patel - Analyst, Strata Capital
yeah, so I was saying hello.

R. Sekar - Whole-time Director, Sattva Engineering Construction Ltd
Yeah, yeah.

Harshir Patel - Analyst, Strata Capital
So yeah, so my question is on our revenue growth that we achieved in this half yearly, 25%, while we guided around 30% earlier. So given the current situation, what will be our revenue trajectory in second half? And what level of confidence do we have to achieve that?

G. Sujatha - Whole-time Director and Chief Financial Officer, Sattva Engineering Construction Ltd
In the second half, we will be achieving that 30% revenue growth, sir, because, uh, earlier also in the first half, the second half will be better than the first half. Traditionally, it is like that only. And we have got an increase of 25% growth in the first half, and Second half, it will be little bit more than this. And anyway, on an average, we will achieve this 30%, and we are confident of doing so.

Harshir Patel - Analyst, Strata Capital
Okay, great. Second question is regarding our order book, which stands around 500 crore currently. Could you throw some light on composition of current order book across the key business segments? And additionally, uh, how we are targeting to achieve or complete the order book by next 12 to 18 months?

G. Sujatha - Whole-time Director and Chief Financial Officer, Sattva Engineering Construction Ltd
Our current order book position is 486 crores and it spans around 18 to 24 months. And as and we have also bid for some projects worth of 225 crores. And with that, we can give you the expected growth of 30% by FY27, and going forward also, we have we can do so.

Harshir Patel - Analyst, Strata Capital
Can you provide bifurcation of business segments, like how much it coming from WSS, WTO?

R. Sekar - Whole-time Director, Sattva Engineering Construction Ltd
Sir, by and large, that other than the BIBO factories, rest and all in, you know, Um, same sector only, EPC and general construction of waterline distribution system. So if you want the number, we can work out and share. We are right now the EPC contracts are 147 MLA WTP, 120 MLA STP, 112 MLA STP under construction, and the rest and all pipeline projects and a surface waterline distribution system.

Harshir Patel - Analyst, Strata Capital
Okay, sir, helpful. And my last question is on, uh, we have seen meaningful shift in revenue mix during this half year, um, towards the STP and WTO, uh, so, but our WSS and UGS revenues decline year on year, right? So in terms of profitability, uh, Could you quantify how much this change benefited us on margin level? And going forward, how we, we are targeting this mix to evolve?

G. Sujatha - Whole-time Director and Chief Financial Officer, Sattva Engineering Construction Ltd
Overall, in all these segments, the margin levels are almost same. Only some 0.25% like that, there'd

be a difference. But on average, the margins are same in all the sectors.

Harshir Patel - Analyst, Strata Capital
In previous con call, we indicated that WTP margins were impacted by initial ramp-up and commencement-related expenses. So could you provide update on stabilization of operations and why margins are not seen, uh, seen in P&L?

R. Sekar - Whole-time Director, Sattva Engineering Construction Ltd
Margins are not seen?

Harshir Patel - Analyst, Strata Capital
Yes.

G. Sujatha - Whole-time Director and Chief Financial Officer, Sattva Engineering Construction Ltd
The margins are almost same. When we do STPs or WSS or something,

R. Sekar - Whole-time Director, Sattva Engineering Construction Ltd
sir, as I told you, well, when we do 10 to 12 projects, in one project there will be 12%, one project there will be 9%, one project will be 8.5%, one will be 11%. So on an average, the company is capable of maintaining the 9 to 9.5% profit of tax. So that's what we would like to present you, sir.

Harshir Patel - Analyst, Strata Capital
Okay, okay, okay. And thank you all. That's all from my side. All the best for the future.

R. Sekar - Whole-time Director, Sattva Engineering Construction Ltd
Thank you, sir. Thank you very much.

Operator
We move forward to our next question from Darshan Chandra of Om Investment. Mr. Chandra, please unmute your connection. As there is no response from Mr. Chandra, we'll take our next question from, uh, Tejas Singh.

Unidentified Participant
Hello, am I audible?

Operator
Yes, sir.

Unidentified Participant
So I just have one question. So we had won the order on 12th of June, uh, for 108 crores. So the filing says that we along with JSR Infra developers have won the orders. So what is this? Yeah, JSR Infra. So I wanted to know I wanted to know the revenue of our revenue share from this order.

R. Sekar - Whole-time Director, Sattva Engineering Construction Ltd
So our revenue on paper, it is 51%.

Unidentified Participant
51%?

S. Seshadri - Whole-time Director, Sattva Engineering Construction Ltd
No, see, JV, being in the JV agreement, it is 51.49%, but on execution part, no, we have an agreement with them and then we'll be doing their portion of job also. And, and, no, it will be 96 percent for Sattva, 4 percent to JSER, so.

Unidentified Participant
We will do all the work and on the path we will share 4 percent with JSER, is it?

S. Seshadri - Whole-time Director, Sattva Engineering Construction Ltd
No, not on the path, no, only the working bill itself. And the total volume it will be divided into 4 percent and 96 percent.

Unidentified Participant
Okay, so on the pad, will we be sharing anything with like, no

S. Seshadri - Whole-time Director, Sattva Engineering Construction Ltd
No, no, no, on our 96 percent, we will be only doing it.

Unidentified Participant
Okay, okay, understood .

S. Seshadri - Whole-time Director, Sattva Engineering Construction Ltd
4% is Desicon cover which they will do it okay

Unidentified Participant
okay okay sir understood

Operator
Our next question is a follow-up question from Vishwender Singh of Prudent Equity.

Vishvender Singh - Analyst, Prudent Equity
Hi sir, just a clarification. As the previous participant asked on the JSR Infra Developers, so what is the percentage share of our Satwa like with Likutech environment order that we received?

R. Sekar - Whole-time Director, Sattva Engineering Construction Ltd
So with the Likutech 20% and 80%, right? Now with JSR as a sorry,

Vishvender Singh - Analyst, Prudent Equity
can you please repeat the percentage numbers?

R. Sekar - Whole-time Director, Sattva Engineering Construction Ltd
See, you are asking about JSR or Liquitec?

Vishvender Singh - Analyst, Prudent Equity
Liquitec, sir.

R. Sekar - Whole-time Director, Sattva Engineering Construction Ltd
Liquitec, JB portion was 20% by them and 80% by Satwa. They will do 20% of the contract and we will do the 80% of the contract.

Vishvender Singh - Analyst, Prudent Equity
Okay, and is there any profitability share in this order or is it same structure as the JSR?

R. Sekar - Whole-time Director, Sattva Engineering Construction Ltd
No, no, no, liquid tank there is no profit sharing. They are the manufacturers, we will, uh, they are our subvendor also. For technical qualification we brought them for 20% share. And then we are buying the equipments and then membranes from them. That way we are giving business, and there is no question of or there is no, you know, contractual obligation with them for sharing the PAT.

Vishvender Singh - Analyst, Prudent Equity
Got it. Just, uh, confirmation on what you said. You mentioned that 20% will be with Ecotec and 80% will be Sattva for this order. And for the JSR, it will be 51% with Sattva and the rest with JSR. But on the profitability, 96% will be retained by Sattva and 4% will be by JSR order. Is that correct?

S. Seshadri - Whole-time Director, Sattva Engineering Construction Ltd
I have clarification on this. See, on the overall contract between Sattva and JSR, their portion of job, even though if it is there in the paper, on execution part Sattva we do the execution of 96 percent, JSR we do only 4 percent, and there is no question of profit sharing and all that. We will be executing total 96 percent. And liquidity as of both revenue. tell me.

Vishvender Singh - Analyst, Prudent Equity
no sir please continue.

S. Seshadri - Whole-time Director, Sattva Engineering Construction Ltd
revenue part it is 96% we will get. 4% they will get it. That's all.

Vishvender Singh - Analyst, Prudent Equity
Got it, got it. Thank you, sir, for the clarification. Thank you.

Operator
Our next question is from Darshan Chandra of Omen Home Investment.

Darshan Chandra - Analyst, Om Investment
Yeah, ma'am, congrats, uh, on maintaining the margins and, uh, a little bit of, uh, miss on the revenue side of 30% growth to 25%. Maybe you cover in the H2. My question is ma'am on the bidding pipeline of 224 crore and maybe something that you said the 50 percent will be the will be the coming when when we expect that order too coming has an announcement.

S. Seshadri - Whole-time Director, Sattva Engineering Construction Ltd
maybe around 2 to 3 months it will take sir

Darshan Chandra - Analyst, Om Investment
not more than that right

S. Seshadri - Whole-time Director, Sattva Engineering Construction Ltd
not not more than that

Darshan Chandra - Analyst, Om Investment
Means after the tender application process and announcement of the tender going to Satwa, right?

S. Seshadri - Whole-time Director, Sattva Engineering Construction Ltd
No, see, already tender has been come and then we have bidded for all the core projects.

Darshan Chandra - Analyst, Om Investment
Yeah.

S. Seshadri - Whole-time Director, Sattva Engineering Construction Ltd
it is at the evaluation stage.

Darshan Chandra - Analyst, Om Investment
Okay, means it will means within 2 or 3 months we can know the tender has come to us, right? No?

S. Seshadri - Whole-time Director, Sattva Engineering Construction Ltd
Yes, yes, you are right.

Darshan Chandra - Analyst, Om Investment
And when will the execution of that project will be? We can start in the 28, or it will be, uh, it will take more than 1 year from that, uh, announcement of the tender? No,

S. Seshadri - Whole-time Director, Sattva Engineering Construction Ltd
no, no, most likely end of the financial year. Okay, as soon as the tender is issued,

Darshan Chandra - Analyst, Om Investment
the order will start, I mean, the execution will start, right?

S. Seshadri - Whole-time Director, Sattva Engineering Construction Ltd
No, after, see, after the finalization of the tender, the process for signing of the, um, LOA and then agreement, all those things takes around 45 days to 60 days. Then once if it is completed, then we will start the work.

Darshan Chandra - Analyst, Om Investment
Yeah, yeah, because I am asking because, uh, in the, in this H1, uh, because of the Karnataka land issue and approval, we, we got some, we, we got delayed, no, by 5 or 6 months. And, uh, according to financial, H2 will be the much better than H1, ma'am?

S. Seshadri - Whole-time Director, Sattva Engineering Construction Ltd
Obviously, obviously.

Darshan Chandra - Analyst, Om Investment
On the terms, and on the operational efficiencies also, if the H1 to revenues are better, can we have an increase in the margin little bit from 15 to say EBITDA 16% or more than that, and PAT will be around 10%?

S. Seshadri - Whole-time Director, Sattva Engineering Construction Ltd
No, already we have made a budget and everything has been done, and general trend is around the increasing trend will be there on the H2. But the PAT margin and the EBITDA margin will be sustainable.

Darshan Chandra - Analyst, Om Investment
Okay, it will not fall below 15%, right, sir?

S. Seshadri - Whole-time Director, Sattva Engineering Construction Ltd
Yes, yes, yes, yes.

Darshan Chandra - Analyst, Om Investment
Okay, thank you, sir. I will be in queue if another question comes.

S. Seshadri - Whole-time Director, Sattva Engineering Construction Ltd
Okay.

Operator
Our next question is again a follow-up question from Vishwender Singh of Prudent Equity.

Vishvender Singh - Analyst, Prudent Equity
Hi, sir. I had a question on the bid pipeline. So you mentioned you we have a strong bid pipeline as of now. So you previously mentioned you will be moving away from lower margin WSS segment. So in what category are we targeting future order bids?

R. Sekar - Whole-time Director, Sattva Engineering Construction Ltd
So these tenders which are in pipeline, 2 of them are private. Okay, uh, part of this last question answer is 2 of them are private job. Immediately after placing the order, we can start the work. 2 of them are government, which are to be designed, approved, and started the work.

Vishvender Singh - Analyst, Prudent Equity
Okay, so what sort of order inflow do you expect, sir, in the second half of this financial year, sir?

R. Sekar - Whole-time Director, Sattva Engineering Construction Ltd
Sir, this financial year, you know, um, we these out of these tenders quoted, we expect about 40 to 50% conversion. Okay, that will happen in 2 to 3 months, and still we are in the process of quoting many tenders now. So we are vigorously working on capturing orders before this financial year ends.

Vishvender Singh - Analyst, Prudent Equity
Okay, and is it fair to assume that Karnataka and Tamil Nadu will be our sole focus for at least 2 years?

R. Sekar - Whole-time Director, Sattva Engineering Construction Ltd
Ah, Karnataka Tamil Nadu yes when the tenders are floated we will be actively you know involving in coating here right now since there is subject in this state we are seriously and actively focusing on Karnataka and specifically in open Bihar also in Jharkhand

Vishvender Singh - Analyst, Prudent Equity
OK and lastly are we any Are we in L1 in any of the orders that we have bidded for? Are we announced?

R. Sekar - Whole-time Director, Sattva Engineering Construction Ltd
No, it's in the evaluation stage, sir. We, we are not aware of this. It's all being under the evaluation.

Vishvender Singh - Analyst, Prudent Equity
Okay, okay, that is helpful, sir. Thank you, sir. Thank you.

Operator
We take our next question from Kinjal Jain of Investnova Advisory.

Kinjal Jain - Analyst, Investnova Advisory
hello

Operator
yes ma'am

Kinjal Jain - Analyst, Investnova Advisory
Hi everyone. Am I audible?

R. Sekar - Whole-time Director, Sattva Engineering Construction Ltd
you are absolutely helpful ma'am

Kinjal Jain - Analyst, Investnova Advisory
so sir thank you for the opportunity and sir our OCS business contributed 18.3 crore in H1 FY 27 it is emerging as a meaningful addition to our business mix. Could management elaborate on the profitability achieved in this segment so far?

R. Sekar - Whole-time Director, Sattva Engineering Construction Ltd
Yeah, CFO will answer on this,

G. Sujatha - Whole-time Director and Chief Financial Officer, Sattva Engineering Construction Ltd
madam. See, in H1 we have made around 18 crores of, uh, turnover in this, uh, 4 years, and the balance will also fall in line in the next Uh, half year balance order is there which will fall in line in the next coming year. In FY27, it will be closed. And going forward for '28, uh, in main mainly it will contribute around 20 to 25% in the overall revenue of FY27, this OCS portion. And for the next years and all, we are awaiting some tenders in these sectors, in these segments. so FY28 and all, we can not give any picture, we are not able to give any picture about it right now. but we are expecting some orders in FY28 also, because tenders are to be floated in these areas.

Kinjal Jain - Analyst, Investnova Advisory
okay ma'am, and regarding our O&M Over the medium term, with the addition of projects carrying 7-year O&M obligations in Karnataka, how does management envisage the recurring revenue base evolving?

G. Sujatha - Whole-time Director and Chief Financial Officer, Sattva Engineering Construction Ltd
Yeah, after the completion of the, uh, projects which we have taken recently, after that only that O&M revenues will start flowing into our revenue system. So it will take another 2 years.

Kinjal Jain - Analyst, Investnova Advisory
And ma'am, what margin profile and cash flow contribution can this segment deliver?

G. Sujatha - Whole-time Director and Chief Financial Officer, Sattva Engineering Construction Ltd
It is also same as construction only. It is also around 15% EBITDA margin. So we are quoting for O&M also.

Kinjal Jain - Analyst, Investnova Advisory
Ma'am, do we have any timelines for this?

G. Sujatha - Whole-time Director and Chief Financial Officer, Sattva Engineering Construction Ltd
What, madam? I'm not timelines

Kinjal Jain - Analyst, Investnova Advisory
timeline yes

G. Sujatha - Whole-time Director and Chief Financial Officer, Sattva Engineering Construction Ltd
O&M portion or O&M for Kalandara it is of seven years O&M after just after the completion of the construction of the plant. this O&M we will be starting this O&M

Kinjal Jain - Analyst, Investnova Advisory
okay ma'am

Operator
thank you our next question is again a followup question from Vishwender Singh of Prudent Equity.

Vishvender Singh - Analyst, Prudent Equity
Hi ma'am, just a confirmation. Out of our total order book, what is the portion of the O&M part?

G. Sujatha - Whole-time Director and Chief Financial Officer, Sattva Engineering Construction Ltd
140 crores is our O&M portion of total order book of 486 crores.

Vishvender Singh - Analyst, Prudent Equity
Ma'am, your voice was

R. Sekar - Whole-time Director, Sattva Engineering Construction Ltd
140 crores is the O and W part, sir.

Vishvender Singh - Analyst, Prudent Equity
Between can you please repeat?

R. Sekar - Whole-time Director, Sattva Engineering Construction Ltd
140 crore is the O and W part out of 486 crores.

Vishvender Singh - Analyst, Prudent Equity
Okay, so 340 crore is the executable part, sir?

R. Sekar - Whole-time Director, Sattva Engineering Construction Ltd
Yes, that's the CapEx.

Vishvender Singh - Analyst, Prudent Equity
Got it. And just a small suggestion, if you could like re-upload the results with the cash flow statement being expanded and showing the bifurcation of that, that would be much helpful for us instead of the condensed one that we have uploaded. So if you could do that, that would be helpful.

R. Sekar - Whole-time Director, Sattva Engineering Construction Ltd
The bifurcation of the order status, is it?

Vishvender Singh - Analyst, Prudent Equity
No, no, no, no, the cash flow statement. The items are the cash flow statement. So we have given the condensed form.

G. Sujatha - Whole-time Director and Chief Financial Officer, Sattva Engineering Construction Ltd
Yeah, we have given the condensed form and we will check and do it.

Vishvender Singh - Analyst, Prudent Equity
Got it. Thank you, sir. Thank you.

Operator
Our next question is from Vishrut Shah of VFS Advisory.

Vishrut Shah - Analyst, VFS Advisory
Hi, am I audible?

R. Sekar - Whole-time Director, Sattva Engineering Construction Ltd
Yes, sir, you are audible, sir.

Vishrut Shah - Analyst, VFS Advisory
Hi, sir. So congratulations on a great set of numbers. I just have one question related with balance sheet. So the cash conversion cycle improved significantly by approximately 50 to 60 days, right? And our operating cash flow also increased to 16 crores. So while our other current assets remain at 68 crores approximately, uh, could you help us understand the composition of the current assets?

G. Sujatha - Whole-time Director and Chief Financial Officer, Sattva Engineering Construction Ltd
Yeah, that is, we have improved the our borrowings has got decreased this year, this time. Yeah. Um, do you want the breakup for other current asset?

Vishrut Shah - Analyst, VFS Advisory
Yeah, yeah, if you could provide the breakup for that

G. Sujatha - Whole-time Director and Chief Financial Officer, Sattva Engineering Construction Ltd
other current asset. Other current asset, no, it comprises of retention money receivables and the unbilled revenues. Unbilled revenue is at 48 crore and the retention money receivables, it will be around 27 crores.

Vishrut Shah - Analyst, VFS Advisory
Okay, and how do you compare it YOY? Has it increased, decreased, or

G. Sujatha - Whole-time Director and Chief Financial Officer, Sattva Engineering Construction Ltd
Yeah, the, uh, due to the change in unbilled revenue, it got increased. You know, the unbilled revenue got increased by 2 crores, and that retention money receivables also got increased. For the 81 crores, that will be again the retention money receivable now.

Vishrut Shah - Analyst, VFS Advisory
Okay, they have increased by how much approximately, if you could give a percentage?

G. Sujatha - Whole-time Director and Chief Financial Officer, Sattva Engineering Construction Ltd
Percentage of increase, that I, I need to check percentage-wise.

Vishrut Shah - Analyst, VFS Advisory
Okay, no worries. Thank you for the opportunity and all the best for the future.

G. Sujatha - Whole-time Director and Chief Financial Officer, Sattva Engineering Construction Ltd
Yeah, thank you.

Operator
We take our last question from Darshan Chandra of Om Investment.

Darshan Chandra - Analyst, Om Investment
Uh, sir, just I want to know that for order control, uh, the business line for FY28, how much of the order can you means are looking to acquire in the tender base? In this year we have 40 crores of order for FY28. How much order do you see the Sattva getting,

R. Sekar - Whole-time Director, Sattva Engineering Construction Ltd
sir? I will, you know, explain the whole, you know, history of this business, how it evolves. So in certain states all over India, wherever the public missions are there, this system is implemented. In Tamil Nadu, especially in Chennai, About 46 stations we took, about 60 stations some other contractors took. So nowadays what government is strategizing is that when they float the tender for STPs, they include this, you know, part along with the tender. So now all tenders are carrying the provision of water control system itself, 1 crore, 2 crores.

So that way It is reducing. But however, for the existing old pumping stations, sewage pumping stations which are placed amongst the residential cluster, separate tenders are being floated. So next financial year also, we are trying to, you know, uh, bag the same volume or little less. We are working on it, sir. Now we are not able to, you know, commit any number over that business. But we are actually working anywhere in India. We will be working on it, sir.

Darshan Chandra - Analyst, Om Investment
Ah, that's that's what I was asking, Missy. All over India, are you bidding for this existing sewage treatment or odor control for odor control business in Maharashtra also, in Gujarat also?

R. Sekar - Whole-time Director, Sattva Engineering Construction Ltd
Yes, yes. We will be bidding there.

Darshan Chandra - Analyst, Om Investment
Okay. Sir, sir, how how much big opportunity in the last con call or two con call you said the opportunity is very big. Means for Satwa, so how much year-on-year growth do you see? You see from 40 to 80 crores jump in the order book next year?

R. Sekar - Whole-time Director, Sattva Engineering Construction Ltd
Next year, not exactly, sir. At least about 10 to 15 crores we expect in the same line.

Darshan Chandra - Analyst, Om Investment
Okay, from 40 crores you may expect 50 to 60 crores of order from order control business, right?

R. Sekar - Whole-time Director, Sattva Engineering Construction Ltd
No, no, sir. Total revenue for water control will be 15 to 20 crore, I said.

Darshan Chandra - Analyst, Om Investment
Okay.

R. Sekar - Whole-time Director, Sattva Engineering Construction Ltd
As a minimum benchmark. But based on the opportunities, we will be bidding more also, but we are not able to commit now.

Darshan Chandra - Analyst, Om Investment
Okay, okay, okay, sir. Thank you.

R. Sekar - Whole-time Director, Sattva Engineering Construction Ltd
Yes, sir.

Operator
Ladies and gentlemen, that was the last question for today. I now hand over to management team for their closing remarks.

R. Sekar - Whole-time Director, Sattva Engineering Construction Ltd
So, uh, we earnestly thank for the entire team and all the shareholders and advisory committees to put forth the valuable questions. Hope we 3 have, you know, answered them well. So we request all the shareholders, I know, to keep supporting Sattva. For better performance still. That is from Shekar. Yes, we also request all investors to support us as we are doing, and definitely we approve point whatever we said. We are there to do that and we will do that. Thank you very much. We will, we will keep performing well. We will also keep securing good orders. That is for sure.

G. Sujatha - Whole-time Director and Chief Financial Officer, Sattva Engineering Construction Ltd
Thank you all, uh, for joining this call, and we can we will be giving our reviews or performances, uh, for the Q3 results also. We will keep performing and we will meet after the Q3 results or after the Q3 review cycle.

Operator
[Operator Closing Remarks]