

SCOOP

INVESTMENT



**Sattva Engineering
Construction Limited**

IPO Note

About

The company is an ISO 9001:2015, ISO 45001:2018, and ISO 14001:2015 certified EPC firm specializing in water resource management solutions. Its portfolio includes execution of Water Supply Schemes (WSS) with overhead and underground tanks, Underground Sewerage Systems (UGSS), Sewage Treatment Plants (STPs), and Water Treatment Plants (WTPs), primarily for government authorities. In addition to EPC execution, the company also provides operation and maintenance services for STP projects, ensuring long-term sustainability of infrastructure.

Investment Rationale

Strong order book – The company's order book has grown from ₹126 cr. in FY22 to ₹308 cr. in FY25, with annual execution steady at ₹77–94 cr.. Order inflows have scaled to ₹181 cr. in FY25, reflecting its ability to win larger-value contracts. With more than 85% of revenue from tender-based government projects, the order book provides strong visibility, though dependence on tendering remains high.

Proven execution credibility – With ₹500+ cr. worth of infrastructure delivered across 50+ projects, the company has demonstrated scale and reliability in executing water management contracts (12.5–50 MLD). This enhances prospects for winning larger government tenders.

Industry tailwinds – India's water and wastewater market is set to grow at 11% CAGR to USD 3.7 bn by 2030, while the EPC water treatment segment is projected to expand at 11.4% CAGR to USD 3.5 bn. Such sustained double-digit growth ensures multi-year demand visibility, creating a strong pipeline of tenders for specialized EPC players.

Entry into high-value projects – Executing projects up to 60 MLD has strengthened the company's credentials to bid for larger WSP and STP contracts that offer better margins, lower competition, and economies of scale. This also strengthens pre-qualification for high-value tenders. To support this scale-up, ₹27.5 cr. is being allocated to working capital, ensuring timely execution and resource optimization.

Recurring revenue – With two STPs under Operation & Management (O&M), the company secures stable, long-term revenues while deepening client relationships. Dedicated in-house teams ensure efficient operations, enhancing execution credibility.

Issue Details

Fresh issue of 47,16,800 equity shares aggregating up to ₹ 33.02 Cr. - ₹ 35.38 Cr.

Issue Summary

Issue Size	₹ 33.02 Cr. - ₹ 35.38 Cr
Face Value	₹ 10
Price band (per equity share)	₹ 70 - ₹ 75
Market Lot	1,600 Equity Shares
Minimum Investment	₹ 1,12,000 - ₹ 1,20,000
No. of Shares pre-issue	1,27,51,816
No. of Shares post-issue	1,74,68,616
Listing	NSE Emerge

Indicative Timetable

Issue Opens on	26 August, 2025
Issue Closes on	29 August, 2025
Listing Commences on	01 September, 2025

Issue Breakup

	Up to No. of Equity Shares	(₹ in cr. upper band)
Market Makers	2,40,000	1.8
QIB	8,88,000	6.66
NII	6,91,200	5.18
Anchor Investor	13,29,600	9.97
Retail	15,68,000	11.76
Total	47,16,800	35.38

Objects of the Issue

Funding Working Capital Requirement- ₹ 27.5 cr.
General Corporate Purpose – [*]
Total Gross Proceeds - ₹ 35.38 cr. (upper band)

Shareholding Pattern

	Pre-Issue	Post-Issue
Promoters	86.18%	62.91%
Public & Others	13.82%	37.09%

Book Running Lead Managers

Vivro Financial Services Private Limited

Registrar

MUFG Intime India Private Limited

Key Risks

Geographic concentration – All completed projects are in Tamil Nadu and Puducherry, exposing the company to regional policy and funding risks. While registration as a Class I contractor in Karnataka is a step toward diversification, execution beyond its core geography remains a key monitorable.

Dependence on government schemes – A large share of revenue (more than 89% of total revenue) is derived from tender-based government projects, primarily under Jal Jeevan Mission (JJM) and AMRUT schemes. Any reduction in budgetary allocation, policy delays, or change in government priorities could materially impact order inflows and revenue visibility.

Exhibit 1 : Revenue split from tender based projects

Particulars	FY 23	FY 24	FY 25
Revenue from tender based projects	85%	96%	89%
Revenue from non-tender based projects	15%	4%	11%
Total Revenue from Operations	100%	100%	100%

Source: Company, Scoop Investment

Exhibit 2 : Revenue split from various orders

Particulars	FY 23	FY 24	FY 25
Water supply scheme	56%	60%	63%
Under ground sewerage system	0%	24%	26%
Sewage treatment plant	29%	12%	3%
Water treatment plant	3%	1%	-
Other services	13%	3%	7%
Revenue from operations	100%	100%	100%

Source: Company, Scoop Investment

Low entry barriers & high competition – The EPC water management sector faces low entry barriers and high competition, pressuring margins and order wins. However, the company's move into larger, higher-capacity projects provides some insulation, as these contracts demand greater technical expertise and face lower competitive intensity.

Supplier concentration – Dependence on key suppliers has increased, with the top 10 contributing 51% in FY23, 83% in FY24, and 74% in FY25. Reliance on the top supplier surged to 41% in FY25, heightening exposure to supply disruptions and pricing risks despite slight diversification from FY24. Although FY25 shows marginal diversification versus FY24, the broader trend indicates a growing procurement risk concentrated in fewer hands.

Exhibit 3 : Supplier concentration

Particulars	FY 23	FY 24	FY 25
Revenue from top 1 supplier	12%	26%	41%
Revenue from top 3 suppliers	26%	59%	53%
Revenue from top 5 suppliers	35%	72%	61%
Revenue from top 10 suppliers	51%	83%	74%

Source: Company, Scoop Investment

Working capital intensive business – As project volumes scale, the company's working capital needs are expected to rise sharply, increasing reliance on borrowings and tightening liquidity. High receivable cycles in government contracts further amplify this risk, potentially pressuring margins and cash flows during periods of rapid execution. Also, the company faces competition from larger, established EPC players with stronger balance sheets and execution capacity.

Customer concentration – The company remains heavily reliant on a few clients, with the top three contributing more than 90% of revenues. However, the share of the top client has declined from 70% in FY23 to 59% in FY25, indicating gradual diversification, though overall concentration risk remains high.

Exhibit 4 : Customer concentration

Particulars	FY 23	FY 24	FY 25
Revenue from top 1 client	70%	64%	59%
Revenue from top 3 clients	91%	98%	94%
Revenue from top 5 clients	100%	100%	99%
Revenue from top 10 clients	100%	-	100%

Source: Company, Scoop Investment

Exhibit 5 : List of completed projects

Description of Project	Total Contract Value (₹ Cr)	Location	Year of Completion
A. Water Supply Schemes			
Providing water supply scheme to Pallavaram Municipality - Package I	44.45	Pallavaram, Chennai	2021
Providing Water Supply Scheme at Tiruchengode Municipality, Namakkal District	24.75	Tiruchengode, Namakkal	2017
Providing water supply scheme to Pallavaram Municipality - Package III	17.85	Pallavaram, Chennai	2021
Providing Water Supply Scheme at Komarapalayam Municipality, Namakkal District	14.91	Komarapalayam, Namakkal	2017
Providing Comprehensive Water Supply Scheme to Maduravoyal	14.15	Chennai	2012
Providing Water Supply Scheme at Rasipuram Municipality, Namakkal District	13.34	Rasipuram, Namakkal	2017
B. UGSS/STP Projects			
Design, Engineering, Build and Commissioning of 50 MLD STP in Nesapakkam with SBR tech	85.13	Nesapakkam, Chennai	2023
Civil works for 54 MLD STP at Perungudi	10.77	Perungudi, Chennai	2006
Sewage collection system, Pumping station at Chandra Prabu Colony & Pumping main UGSS	7.62	Chennai	2012
C. Water treatment projects			
Design, Build and Operate of 45 MLD capacity TTRO plant at Kodungaiyur including supply and laying of DI Transmission mains for Manali areas, Chennai	66.95	Chennai	2022

Source: Company, Scoop Investment

Exhibit 6 : Profit & loss statement

INR Cr	FY23	FY24	FY25
Revenue	84	77	94
Revenue Growth (YoY, %)		-8%	22%
Operating Expenses	76	65	75
Operating Profit (Excl. OI)	7	12	19
OPM %	9%	15%	20%
Other Income	0	1	1
Interest	6	6	7
Depreciation	0	0	0
Profit Before Tax	1	6	13
Tax	0	2	3
Net Profit	1	5	9
NPM %	1%	6%	10%

Source: Company, Scoop Investment

Exhibit 7 : Balance sheet

INR Cr	FY23	FY24	FY25
Share Capital	1	1	13
Reserves and Surplus	18	23	31
Total Equity	19	24	43
Long Term Borrowing	3	1	1
Other Non-Current liabilities	0	0	0
Total Non-Current Liabilities	3	2	1
Trade Payables	18	14	19
Short Term Borrowings	29	31	35
Other Current Liabilities	14	17	16
Total Current Liabilities	61	62	71
Total Liabilities and Equities	83	87	115
ASSETS			
Non-Current Assets			
PP&E	4	4	4
Capital Work in Progress	-	-	-
Other Non Current Assets	3	5	7
Total Non-Current Assets	7	9	11
Inventories	18	25	43
Total Receivables	30	31	32
Cash and Bank	4	2	3
Other Current Assets	24	20	25
Total Current Assets	77	79	104
Total Assets	83	87	115

Source: Company, Scoop Investment

Management

Exhibit 8 : Key personnel

Name	Designation	Background
Mr. Santhanam Seshadri	Whole Time Director	He holds a Diploma in Civil Engineering from Chengalvaraya Naicker Polytechnic and has over 35 years of experience in civil engineering and infrastructure. He previously managed his own EPC firm and has been associated with the company since 2005, contributing significantly to project execution and technical leadership.
Mr. R Sekar	Whole Time Director	He holds a Diploma in Civil Engineering and a Diploma in Construction Management, with over 35 years of experience in wastewater engineering, infrastructure, and procurement. Associated with the company since 2005, he plays a key role in project execution and operational management.
Mrs. G Sujatha	CFO	She holds a Bachelor of Commerce from the University of Madras and a Certificate of Excellence from Microsoft. With nearly 30 years of experience spanning administration, accounts, banking, and finance, contributing to its financial and administrative functions.

Source: Company, Scoop Investment

Valuation & View

At an implied market capitalization of ₹ 131 cr., the IPO is valued at 14.3x FY25 earnings, the IPO is valued at a discount to peers trading in the 16.8x–36.5x range. The planned deployment of ₹ 27.5 cr. IPO proceeds towards working capital will be crucial to executing the ₹ 308 cr. order book and scaling into larger projects. Sustained bid conversion, geographic diversification beyond Tamil Nadu, and growth in recurring O&M revenues could unlock further value. We therefore assign a “**Subscribe**” rating.

Disclaimer

Details of terms used

Investment Rating	Definition
Buy	Expected absolute returns of more than 20% over specified time period
Hold	Expected absolute returns between 20% and -15% over specified time period
Sell	Expected absolute returns of less than -15% over a specified time period
Entry Price	Price at which stock was recommended
Target Price	Expected price of stock at end of specified time period
Potential Upside	Expected absolute returns from entry price over a specified time period
Upside Left	Expected absolute returns from current price to Target price

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Chirag Jain

Chirag@Scoopinvestment.com

Founder & CEO

**G-17 Shyam Plaza,
VIP Road, Surat – 395007**
