Management Discussion

Unidentified Participant
Good afternoon, everyone. This is the first day of Bharat Connect Conference 2026 September edition. I welcome you all to the call of Sattva Engineering Construction Limited. Today from the management we have Mr. Suraj Dubey; and S. Seshadri who's the Director of the company; R. Sekar who is the Director of the company; and G. Sujatha who is the Director and CFO of the company.

G. Sujatha - Whole-Time Director & Chief Financial Officer, Sattva Engineering Construction Limited
Hi, everyone.

Unidentified Participant
So before I hand over the call to the management I will lay out the flow of the event. We will start with opening remarks by the management and then we will move on to the Q&A round. [Operator Instructions]

Now I hand over the call to management. Over, to you. Thank you.

S. Seshadri - Whole-Time Director, Sattva Engineering Construction Limited
Yeah. Welcome to all. I'm Seshadri, Whole time Director of Sattva Engineering Construction Limited. And with me, my Whole time Director cum CFO, Ms. Sujatha ma'am is here. My CS and Compliance Officer is with me. And the other co-director will join us in a few minutes. And as regards to Sattva Engineering Construction, we have formed this season 2005 as a private limited company. In last year, September, we made this company as a [Indecipherable] Limited Company. And we are into these fields for-- starts from the dates of something around 2025. Three decades we are there in the business. And we do the water and water-related subjects, infrastructure contractors.

And see, our core segments, business segments, are all water supply schemes consisting of underground water tanks and the pipeline with house service connection to all dwelling units. And second segment is the sewage treatment plant where we collect the water, or the sewage from the dwelling units, and taking them through manhole and the pumping stations and all that. And third segment comes to the STP, the sewage treatment plant, where we collect the raw sewage and then treat it with sludge and water separation, and then no water will be -- made it as -- with whatever the [Indecipherable] to be done. We prepare it and then leave it to the lake. From the sludge, we generate power by biogas and by providing gas cylinder and all that. And from the power, we run the plant. And we have done one prestigious project in Chennai, where -- it's 20 ml DSTP, where we have done -- project has been completed and three years O&M has also been completed out of 10 years O&M on the contract itself, on the part of the tender.

And then we also do the water treatment plant. Water treatment plant, whatever the raw water is available, we will take into the plant and then treat it and then make it as -- adding the chlorine and then we use it for potable water. We are also doing that and we are also doing one current project in water treatment plant in Chennai. That is also going on [Indecipherable].

And the other segment is the O&M, where whatever the STP and WTPs are there, and part of the project itself, it consists of the O&M also. It varies from 7 years to 10 years O&M will be there. That is also there on the treatment plant side. And there is also one segment which we run with the -- O&M team also is here, and then we are doing -- that division also is there. And other than that, we are also into the industrial where we are -- we were earlier doing, and then now we have opened an

industrial division, and where we do the larger size factory buildings on a key-to-key basis with [Indecipherable] factory buildings [Indecipherable] we are doing it. And we have taken one new order of something around INR10 crores from [Indecipherable], and we have just started that also.

And regarding the financials, my CFO will take over and then speak.

G. Sujatha - Whole-Time Director & Chief Financial Officer, Sattva Engineering Construction Limited

Yeah. Good evening everybody. And I'm Sujatha, Whole Time Director and CFO. As far as our last financial performance is concerned, for the FY26, our revenue from operations grown up around 32% year-on-year from the previous year and we closed our books with INR143 crores with an EBITDA margin of 19% and PAT margin of around INR13.1 crore.

And the EBITDA margin stood at 15.4% and PAT margin stood at 9.1%. And our ROE stands at 19.9% and ROCE 32.7%. As far as the EBITDA margins are concerned, we have moderated our EBITDA from 17.1% to 15.4% from FY25 due to some initial ramp up cost of this -- with respect to that WTP segment and all -- water control system, like that. So now -- at present, we are targeting to maintain a sustainable EBITDA which ranges between 15% to 16%.

And the order book position order book position as on 30th June stands at INR530 crores. And in the month of August, as our Founder Director has said, we have taken on new order of INR10 crores -- around 10 crores from Bimbo Bakers Limited [Phonetic] in the industrial segment which we have pre-started that. And our order book is diversified between WSS, Water Supply Schemes, underground sewage scheme, sewage treatment plant, WTP and along with the EPC portion and the O&M portion both put together. We got great opportunities in the EPC, as well as in [Indecipherable] O&M. There will be visibility of revenue for the future -- for the next five to seven years or around 10 years like that. And we are having an order along with O&M.

And this year we have bagged a very prestigious project from Bangalore Water Supply Scheme. That is -- so far we were operating in Tamil Nadu. And we have stepped into Karnataka market, and there we have taken close to 118 crores worth of orders. One 20 MLD of STP and one 10 MLD of STP in two different locations. And in Tamil Nadu also, in the Q1 we have taken around INR100 crores of order from Tamil Nadu Government for an STP to be constructed at Thiruverkadu Municipality which is adjacent to our Chennai area. It is of a 46 MLD capacity.

Geographically, as already committed, we have moved from Tamil Nadu to Karnataka. And in future we are also aiming such type of projects in other areas also. We are just trying to bid for some new projects in the future in Bihar and all we are just trying. And we have added our strength in the category of Vice President and all have, included some new top officials. So that will help us in bringing some good new orders. And this year we are just targeting top line of -- growth of around 35% from the last year for this financial year.

So that's all from my side. And if there is anything -- any questions can be asked

S. Seshadri - Whole-Time Director, Sattva Engineering Construction Limited

As madam was saying, as regards to this -- our internal infrastructure facilities and all that, we have our own in-house team where we can do the design and see -- hydraulic design and the structural design and the mechanical/electrical designs involved. And then we order also some 3, 4 SMPs into our category and the procurement also we have brought in a new person where we have got a larger size projects when it comes, we'll be able to do the competitive rate and all that. All the strength has been there available as of now. We have included some -- last three months we have

included some two, three top SMPs into the fold. And we are sure of doing our target and we are on the target and definitely we'll be able to do much better on them during courses and all that.

After doing this IPO we got extra exposure in the market and then with that we are also getting good number of inquiries and then we started doing it. And then -- and we are thorough in that, and we'll be able to do good business.

Questions & Answers

Unidentified Participant
Okay, thank you. So the first question we have from Darshan. Please go ahead.

Darshan Chandra - Analyst, OM Investment
I'm audible. Yeah.

S. Seshadri - Whole-Time Director, Sattva Engineering Construction Limited
Yes. Yes.

Darshan Chandra - Analyst, OM Investment
Thanks for giving the opportunity. Just now the madam told for the revenue growth for this year will be 35%. But in the last two con calls and in the AGM the company said the target for revenue growth for next two years will be 50% to 60%. Right?

G. Sujatha - Whole-Time Director & Chief Financial Officer, Sattva Engineering Construction Limited
No, no. We were expecting only around 35% to 40% only.

Darshan Chandra - Analyst, OM Investment
No, in the last AGM also you said it will be in the 50% to 60%, revenue growth, and in the last con call also you said that the revenue growth will be 50% to 60%. Last three con calls -- two con calls. On 12 September, you said in the AGM as revenue growth will be in between 50% to 605 you are targeting for this year and next year also 50%.

G. Sujatha - Whole-Time Director & Chief Financial Officer, Sattva Engineering Construction Limited
Maybe in the next year we could have -- for the FY28.

Darshan Chandra - Analyst, OM Investment
Just hold on.

G. Sujatha - Whole-Time Director & Chief Financial Officer, Sattva Engineering Construction Limited
For FY28 only I think we could have told like that.

Darshan Chandra - Analyst, OM Investment
You gave the target of 330 crore to 350 crore revenue for FY28.

G. Sujatha - Whole-Time Director & Chief Financial Officer, Sattva Engineering Construction Limited
We have not given any numbers so far. We are not supposed to give any numbers actually.

Darshan Chandra - Analyst, OM Investment
But ma'am, how can -- it can be suddenly -- within one or two months it can be reduced from 50% to 60% to 35%. I was certainly shocked. I was certainly shocked by hearing 35% from -- just now.

G. Sujatha - Whole-Time Director & Chief Financial Officer, Sattva Engineering Construction Limited
In the last call also we were expecting the 35%...

Darshan Chandra - Analyst, OM Investment
In the last con call I have asked regarding the conservative revenue growth. You said it will be conservative 50%. Now suddenly within -- after one month you are saying 35%. How can we trust -- in every con call different guidance given by the management.

S. Seshadri - Whole-Time Director, Sattva Engineering Construction Limited
No, sir. Yeah, sorry. She may be right. I don't know. See, I have not gone through that. And see, we have order booking and all that. There is some -- the position of the side and all that, it was there. But it is all being getting resolved. And with that only our CFO would have said that. But definitely we will be doing -- see, whatever she said, maybe the conservative one. No doubt about it. But definitely we'll be able to achieve this target whatever she committed now.

Darshan Chandra - Analyst, OM Investment
You are reducing guidance from 50% to 60% to 35% now for FY27. And for FY28, how much?

S. Seshadri - Whole-Time Director, Sattva Engineering Construction Limited
No, you're coming for '26 -- '26-'27.

Darshan Chandra - Analyst, OM Investment
Okay, you are talking only of '26-'27.

G. Sujatha - Whole-Time Director & Chief Financial Officer, Sattva Engineering Construction Limited
For '27.

S. Seshadri - Whole-Time Director, Sattva Engineering Construction Limited
'27 March.

Darshan Chandra - Analyst, OM Investment
Oh my God.

S. Seshadri - Whole-Time Director, Sattva Engineering Construction Limited
We'll try to retrain and then we'll try to maintain the same thing for even '27-'28.

Darshan Chandra - Analyst, OM Investment
Sir, you may hear the recording of your earlier con calls and the AGM recording. You said 50% to 60%. Now you are reducing from 50% to 60% to 35%. This is right. And any new order pipeline -- bidding pipeline or order control?

S. Seshadri - Whole-Time Director, Sattva Engineering Construction Limited
Now water, already we are on the job, sir. We are doing it. But we have not quoted any job now. And we are looking out for something. But water itself, a specialized subject. You do not get regular

orders and all that. Something comes in future then definitely we'll come back to you. We are trying to target for water supply and the STP, WTP and all that. And see, our team also planning to visit sometime this month end to Bihar. And then we are also trying to work out something there also. But it's all in the initial stages.

Darshan Chandra - Analyst, OM Investment
How much AMC order is there in our whole order book?

S. Seshadri - Whole-Time Director, Sattva Engineering Construction Limited
Something around 120 crores is there, O&M.

Darshan Chandra - Analyst, OM Investment
Okay. I will be in the queue for -- if any new question.

S. Seshadri - Whole-Time Director, Sattva Engineering Construction Limited
Okay, thank you.

Unidentified Participant
Okay, thank you. There are a few questions in the chat box. So the question is from Nitesh Vora. So the first question is what is the CAGR revenue growth and margin that the company expects to maintain over next three years?

G. Sujatha - Whole-Time Director & Chief Financial Officer, Sattva Engineering Construction Limited
Yeah, we want to maintain the CAGR of 35% to 40% -- the range of 35%.

Unidentified Participant
Okay, thank you. And the next question is what is margin in the order control segment and how much revenue do we expect in this segment next year?

G. Sujatha - Whole-Time Director & Chief Financial Officer, Sattva Engineering Construction Limited
Yeah, the water control also it is same as STPs, WTPS only. It is the same -- around -- here also we'll maintain that same 15% to 16%.

Unidentified Participant
Okay, thank you. The next question is from Raju Singhal [Phonetic]. Please go ahead.

Raju Singhal - Analyst
Can you hear me? Hello.

Unidentified Participant
Yeah, go ahead, sir.

Raju Singhal - Analyst
Yeah, good afternoon. My question to the management is as you have said that water odor system is going to be the emerging business with you, and with the current orders of INR40.5 crores at the Karnataka order. Beyond that what is the current OC these -- this odor control system opportunities pipeline? And what's the meaningful business that is going to come for Sattva in the coming years?

G. Sujatha - Whole-Time Director & Chief Financial Officer, Sattva Engineering Construction Limited
So odor control system is on a very initial stage where we have taken this odor control system model work for 46 sewage pumping stations in Chennai. And there is -- that will be as a market in the future, because as for the pollution control pumps, this odor control system will be put up in all the pumping stations. And it will be for the future projects only, for the next year, like that only. It will take a little bit time.

Raju Singhal - Analyst
Okay. With your existing relationship with your municipal and water -- wastewater authorities, what do you think -- what is the cross-selling opportunity do you see in the OCS across the existing customer base? And do you see this tender would be increasing with this coming OCS system?

S. Seshadri - Whole-Time Director, Sattva Engineering Construction Limited
Odor, see, now only this started coming, sir. It will take some time. And whatever the project which we are going to take it -- now we are all taking it, no, that all consist of odor also in that. And the one of the users which we are doing it, odor control is there. And whatever the future tender is going to come, it will come along with the odor also. Something around 50% to 60% of the -- part of new project where will be -- odor also will be included in the project itself -- the tender itself.

G. Sujatha - Whole-Time Director & Chief Financial Officer, Sattva Engineering Construction Limited
The revamping of old pumping stations will have --

S. Seshadri - Whole-Time Director, Sattva Engineering Construction Limited
It will take time.

G. Sujatha - Whole-Time Director & Chief Financial Officer, Sattva Engineering Construction Limited
It will take little bit time.

Raju Singhal - Analyst
Okay, thank You.

Unidentified Participant
Okay, thank you. The next question is from Ved Shah [Phonetic]. Please go ahead.

Ved Shah - Analyst
Hello. Am I audible? Good afternoon, sir. Good afternoon ma'am. My question is related to the STP and WTP evolving. So how do you envisage -- how it will evolve over the next two to three years and which segment do you think is a primary growth driver?

G. Sujatha - Whole-Time Director & Chief Financial Officer, Sattva Engineering Construction Limited
Yeah, STP and WTP, of course, this is a very -- growing segment only, STP and WTP also. And already we have done two -- now we are doing two STPs and two STPs also -- we have taken new orders of three STPs. And one WTP we are executing. And in future also we expect such type of orders in Tamil Nadu and where -- we are trying in Bihar and everywhere.

Ved Shah - Analyst
Okay. And as a mix shift towards STP and WTP, should we expect that this change in business mix will translate into higher margins and larger average project size? Or are the economics broadly similar across these segments/

G. Sujatha - Whole-Time Director & Chief Financial Officer, Sattva Engineering Construction Limited
So, the existing orders which we have taken from Karnataka and all, it will get translated only in the Q4 -- from Q4 only we can...

S. Seshadri - Whole-Time Director, Sattva Engineering Construction Limited
It will get started.

G. Sujatha - Whole-Time Director & Chief Financial Officer, Sattva Engineering Construction Limited
It will get started, because there is -- a design portion is there and for that design timing is there. And It will give revenue in Q4 and the next year --coming year.

Ved Shah - Analyst
Okay, got it. Thank you.

Unidentified Participant
Okay, thank you. So we have one more question in the chat box from Nikita Jadav [Phonetic]. So the question is what does bidding pipeline currently company have? How much order we are expecting in remaining financial year?

S. Seshadri - Whole-Time Director, Sattva Engineering Construction Limited
No, see as of now, we have just quoted one job in Tamil Nadu where this evaluation is not yet started. It will take some time. But there is -- as of now, as per the market, I think, it will take some more time for us to do that. There is only one job. And we expect something to be done in near future only. And we are planning to quote some more jobs and all that in the last quarter. Before December, we'll be participating something around INR300 crore to INR400 crores tender in which we will be participating in Q3 and Q4, both the quarters.

Unidentified Participant
Okay, thank you. So, one more question we have in chat box. It's written that as you have successfully entered Karnataka with orders, what parts of the Sattva business model are transferable across states, and what capabilities do you need to build locally before entering markets such as UP, Rajasthan, Bihar, and Andhra Pradesh?

S. Seshadri - Whole-Time Director, Sattva Engineering Construction Limited
No, as of now, we have pre-qualification on STP on our own because we have completed and commissioned and then trial run also has been over, and O&M also is running for last three years. As of the qualification criteria we have, if you're going for a larger project, anyway we can have joint venture partners and then do that. That is not a problem. And water supply also, we have full-fledged qualification. As regards to WTP, for us to quote on our own, it may take another year's time to get the project, whatever we are doing, it will get completed. Meanwhile, something comes, we can go for a joint venture. And we have full back office infrastructure with us for the design team

and other things are there, including the execution team. There won't be any problem.

Unidentified Participant
Okay, Thank you. [Operator Instructions]

G. Sujatha - Whole-Time Director & Chief Financial Officer, Sattva Engineering Construction Limited
Meanwhile, [Speech Overlap]

Darshan Chandra - Analyst, OM Investment
Good evening to all.

Unidentified Participant
Okay, so we have a question from Darshan.

Darshan Chandra - Analyst, OM Investment
In the last con call and in the AGM you told me the receivables have already come in. So is that already come in, or it's still coming?

G. Sujatha - Whole-Time Director & Chief Financial Officer, Sattva Engineering Construction Limited
No, the receivables, whatever pending in March, we have already received before June itself. 95% we have received in June. And now also we don't face any issues in the receivables right now. It is on time. We are receiving on time.

Darshan Chandra - Analyst, OM Investment
Miss, you told that receivables on June and July will be received from remaining -- part was remaining. All received now up till September?

G. Sujatha - Whole-Time Director & Chief Financial Officer, Sattva Engineering Construction Limited
Yeah, already we have received. That is what I'm saying. Before June itself, what was pending in the March closing, that -- 95% of that we have received. And now also we are receiving our receivables on time.

Darshan Chandra - Analyst, OM Investment
Okay. And, ma'am, going forward, what will be the working capital cycle going forward?

G. Sujatha - Whole-Time Director & Chief Financial Officer, Sattva Engineering Construction Limited
Yeah, we wanted to have a working capital cycle around 90 to 95 days. Just we wanted to maintain that and we are trying to do that.

Darshan Chandra - Analyst, OM Investment
Okay. It will be in the range of 90 to 100 days, right?

G. Sujatha - Whole-Time Director & Chief Financial Officer, Sattva Engineering Construction Limited
Yes, 90 to 100 days.

Darshan Chandra - Analyst, OM Investment
So for FY27 can we see a -- cash flow positive from the operation will be how much?

G. Sujatha - Whole-Time Director & Chief Financial Officer, Sattva Engineering Construction Limited
So in FY27 closing we are trying to move on a positive cash flow. And we are working on that.

Darshan Chandra - Analyst, OM Investment
What I'm asking is, as we are working, we are working with INR220 crores of revenue and INR22 crores of PAT. So what will be our cash flow positive? How much will be the cash flow positive from the operation -- cash from the operating activity -- free cash flow?

G. Sujatha - Whole-Time Director & Chief Financial Officer, Sattva Engineering Construction Limited
Free cash flow, at present I cannot commit anything on that, sir. But we are trying to give you a positive free cash flow. And we are working towards it.

Darshan Chandra - Analyst, OM Investment
It will be in the positive, no, ma'am? Last year it was minus.

G. Sujatha - Whole-Time Director & Chief Financial Officer, Sattva Engineering Construction Limited
Yeah, it will be positive. Yeah, yeah. That only we are trying to reduce and we are moving towards some positive cash flow.

Darshan Chandra - Analyst, OM Investment
And again on the same point of the earlier -- means in the earlier con call and AGM guidance of 50% to 60%, due to some deferment of the order or something, maybe orders not sustaining, you have reduced the guidance from 50% to 35% or 40%> anything on -- can you throw light on this within a period of one month how it has gone down, please ma'am.

S. Seshadri - Whole-Time Director, Sattva Engineering Construction Limited
See, here, sir, whatever we have planned, last one month there was some -- one of the project which was planned to start we could not able to start even in Bangalore and this Thiruverkadu. That is one of the reason for us -- I am not very sure. But whatever you were saying -- second time you are repeating it saying that we have committed something around 50%. No doubt about it. But definitely -- no, no, I don't deny that.

Darshan Chandra - Analyst, OM Investment
In the AGM recording you said -- you have repeated three or four times the 50% to 60% guidance.

S. Seshadri - Whole-Time Director, Sattva Engineering Construction Limited
Okay, I do agree. I'm not disputing it. To be very frank...

Darshan Chandra - Analyst, OM Investment
If a small investor having a running family office can -- within a period of not a even one quarter result -- within one month the guidance has been reduced tremendously from 50% to -- conservatively 50% to 60% -- from 60% to 35%. So how can the investor invest in your -- companies doing like this?

S. Seshadri - Whole-Time Director, Sattva Engineering Construction Limited
No. See, as of today...

Darshan Chandra - Analyst, OM Investment
You can understand, we are managing money of the small people.

S. Seshadri - Whole-Time Director, Sattva Engineering Construction Limited
Can I talk now?

Darshan Chandra - Analyst, OM Investment
Yeah, yeah.

S. Seshadri - Whole-Time Director, Sattva Engineering Construction Limited
Sir, this -- whatever we have targeted, all those things are okay. Whatever we are committed is there. But as of today, no -- this today's call and we are focusing something around -- we'll be able to do definitely 35% on the March portion. That is what today's scenario which we are targeting.

Darshan Chandra - Analyst, OM Investment
Yeah, right. Fine. Fine. It's okay. It's okay. Nothing on that. But if you given the guidance of 35%, we are okay with that. Nothing to worry. But suddenly within a period of one month after the AGM was on 12th -- AGM was on the 12th September. I was there in the AGM.

S. Seshadri - Whole-Time Director, Sattva Engineering Construction Limited
Anyway, t hanks for accepting it.

Darshan Chandra - Analyst, OM Investment
Yeah. Thank you.

Unidentified Participant
Okay, thank you. We have two more questions from the chat box. It is. The first question is from Mitesh Vohra. It's written, will the company require any additional fundraise for execution of the current order book at expected growth rate?

G. Sujatha - Whole-Time Director & Chief Financial Officer, Sattva Engineering Construction Limited
We don't require any funds -- any more funds. We have already -- we are in place and we don't require any funds for executing our existing orders.

Unidentified Participant
Okay. And the second question is given the lower valuation of the company, is the company looking good for any buyback going forward?

S. Seshadri - Whole-Time Director, Sattva Engineering Construction Limited
As of now, no, we don't have.

G. Sujatha - Whole-Time Director & Chief Financial Officer, Sattva Engineering Construction Limited
We don't have any buyback.

Unidentified Participant
Okay, thank you. The third question is, with the newer WTP, OCS and Karnataka projects carrying long-term O&M contracts, how meaningful do you expect O&M revenue to become over the next three to five years and what kind of margins do you expect from this recurring business?

S. Seshadri - Whole-Time Director, Sattva Engineering Construction Limited
Year-on-year, definitely we want to have a minimum target of increasing something around 35 is our plan. And we will also try to do more, no doubt about it. As regards to this bottom line, we will try to sustain and then we'll maintain the same. And if it increases, it's good. And definitely, we can assure you that we'll be able to maintain it.

G. Sujatha - Whole-Time Director & Chief Financial Officer, Sattva Engineering Construction Limited
In O&M also the same margins only sir, there is no much difference between the execution and the O&M part.

Unidentified Participant
Okay, thank you. [Operator Instructions] Okay, so we have two more questions in the chat box. So the first question is, as you enter multiple new states, do you intend to build a broad pan-India presence, or would you prefer to establish a strong position in few southern and adjoining markets before expanding further?

S. Seshadri - Whole-Time Director, Sattva Engineering Construction Limited
Already, we have opened our office there in Karnataka and we have put in a team there and we have started working. And as we have committed that we are planning to move to Bihar at present, it's on the very, very initial stage. We'll be doing it. And as of now we don't have a plan for pan-India but we'll be definitely moving state by state and year-on-year.

Unidentified Participant
Okay, thank you. And the next question is [Technical Issues] EBITDA margin.

G. Sujatha - Whole-Time Director & Chief Financial Officer, Sattva Engineering Construction Limited
Yes. The EBITDA margins will be sustained between 15% to 16%.

Unidentified Participant
Okay, thank you. And the next question is what's the update on our UP and Bihar expansion?

S. Seshadri - Whole-Time Director, Sattva Engineering Construction Limited
Bihar, our team is going on. We'll be seeing Bihar. Then we'll see the other states.

Unidentified Participant
[Operator Instructions] Okay. So the next question from the chat box is what kind of orders are we expecting in Bihar?

R. Sekar - Whole time Director, Sattva Engineering Construction Limited
Bihar -- this is Sekar, another Whole Time Director. In Bihar, we are exploring the possibilities of general construction which contains waterline distribution system and WTP. Additionally, STP construction. Lot of tenders are coming. We have already started looking the prices and local

competition. We are discussing with the people there. We have counterparts who is identified about six months back. Our top-level team is visiting Patna by 29th. They are staying there for three days. So we are seriously and actively looking for the same line of business, WTP, STP which are under EPC model. Then general construction model, pipeline networking for waterline distribution system. This is our plan as of now.

Unidentified Participant
Okay. Thank you. The next question is from Dharsan Chandra. It's written how much debt will be reduced in 2027?

S. Seshadri - Whole-Time Director, Sattva Engineering Construction Limited
Debts? Debts from bank.

G. Sujatha - Whole-Time Director & Chief Financial Officer, Sattva Engineering Construction Limited
Debts from bank, we are not increasing our debt, sir.

S. Seshadri - Whole-Time Director, Sattva Engineering Construction Limited
We are not increasing or not reducing.

G. Sujatha - Whole-Time Director & Chief Financial Officer, Sattva Engineering Construction Limited
Not reducing. We'll be having...

Unidentified Participant
So the question is written, how much debt will be reduced in 2027?

G. Sujatha - Whole-Time Director & Chief Financial Officer, Sattva Engineering Construction Limited
Yeah. Our existing CC limit of INR25 crores will be utilized.

S. Seshadri - Whole-Time Director, Sattva Engineering Construction Limited
No, reduced in parallel. You are asking how much debts will be reduced or what is...

Unidentified Participant
Debt will be reduced. Yes. How much debt will be reduced.

S. Seshadri - Whole-Time Director, Sattva Engineering Construction Limited
No, bank facilities will be maintained for at least couple of years from now.

Unidentified Participant
Okay. Okay. Thank you. The next question, what's the reasonable revenue guidance for FY27 and FY28?

S. Seshadri - Whole-Time Director, Sattva Engineering Construction Limited
'27, '28. So like our Director sir told, year-on-year we are working out the possibilities of 30% to 35% increase of our top line, making the PAT margin sustainable.

Unidentified Participant
Okay. Thank you. The next question, how much of our receivables cleared in H1 FY27?

S. Seshadri - Whole-Time Director, Sattva Engineering Construction Limited
Receivable, CFO will answer.

G. Sujatha - Whole-Time Director & Chief Financial Officer, Sattva Engineering Construction Limited
So whatever is due on FY26 closing that receivables we have received right now. And in H1, we won't see that scenario what we saw in 31st March. We'll have a better picture.

Unidentified Participant
Okay, thank you. And the last question we have is what is our current order book and what is order inflow on quarter-on-quarter basis?

G. Sujatha - Whole-Time Director & Chief Financial Officer, Sattva Engineering Construction Limited
Yeah. The current order book as on the 30th June is INR530 crores. And after that we have got around INR10 crores of order. And something we have bid and we have to wait and watch.

Unidentified Participant
Okay. And one more question we have is, is the second generation going to enter the business?

S. Seshadri - Whole-Time Director, Sattva Engineering Construction Limited
So that will take some time, sir. They have taken some time to think and they will revert us. They are actively thinking on it.

Unidentified Participant
Okay thank you. [Operator Instructions] Okay, so if there are no further questions, I'd like the management to give a closing remark.

S. Seshadri - Whole-Time Director, Sattva Engineering Construction Limited
Yeah, thank you very much, Mr. Darshan. And to be [Indecipherable], we are targeting to do -- move forward and we will definitely do things better, no doubt about it. And there will be -- definite increase will be there in 35%. Keep supporting us and we will do our best. Thanks for joining.

Unidentified Participant
Okay thank you. I to thank the management and the participants on behalf of Arihant Capital for sparing time and sharing insights about the company. If the participants have any further doubts, they can get in touch with the team at Arihant Capital. Thank you so much for joining.

G. Sujatha - Whole-Time Director & Chief Financial Officer, Sattva Engineering Construction Limited
Thank you. Thank you. Bye Thank you.

Unidentified Participant
Thank you. Bye-bye.