Management Discussion

Manoj Kumar Gupta - Chairman and Managing Director, Envirotech Systems Limited
Thank you. Good afternoon everyone and have a warm welcome to Envirotech Systems Limited earning conference call for the half year ending September 30, 2026. I hope all of you are doing well and I sincerely appreciate you taking the time to join us today. Our unaudited financial results for the H1 financial year '27 and the accompanying investor presentation has been uploaded to NSE portal and our corporate website. I trust you have had the opportunity to review them. I will come to our strategic information point and core positioning.

For those joining us for the first time, Envirotech Systems is a specialized acoustic engineering company delivering end-to-end noise measurement and control solutions across industrial, commercial, architectural, and defense applications. Over the years, we have built deep domain leadership in anechoic chambers, semi-anechoic chambers, acoustic enclosures, test cell acoustic treatment, noise barrier, and various specialized acoustics work, as well as fire-rated doors that we are serving to multi-clients across defense, power sector, HVAC, automobile segment, along with our HAL, DRDO labs, we are serving Indian Navy, NTPC, GE, as well as some other corporate clients too.

Today we have a pivotal strategic inflection point. Over the last six months, we have moved from planning to actual execution of our major capacity and product expansion that positions Envirotech Systems for its next multi-year wave of growth. What are the key drivers behind H1 performance? To give you clear visibility into the numbers, three deliberate strategic factors shaped our H1 financial '27 performance. They are new capacity expansion, R&D partnership, and future guidelines. Looking ahead, our growth roadmap is backed by concrete capacity additions High margin defense demand and premium R&D collaborations.

Automatic fire-rated door vertical, we have just initiated and we have developed established automatic plant for manufacturing of fire-rated door. We are equipped with advanced laser cutting technologies, machines, online powder coating lines, had an annual capacity for 36,000 doors, w hich represents incremental revenue potential of something around INR72 crore at full utilization. Operating at an initial 20% utilization in financial year '27, this vertical will scale progressively across financial year '27 and financial year '28 to deliver both top line growth and operating leverage.

Upcoming, our new facility, that is a new plant at D-3, We're having a potential to grow up to INR300 crore. We have secured required regulatory approval for our new 1 lakh square feet facility. It is we are going to construct the basement plus four floors in Greater Noida. Construction and commissioning are on track for the completion of within 12 months, positioning this facility to contribute meaningfully in financial year '28-'29 and financial year '29-'30 and unlock up to INR300 crore in total revenue once the all facility will be fully utilized.

High margin defense institutional orders, we are seeing strong recurring demand from the high margin defense sector, executing specialized anechoic chamber and acoustic solution For the RDO, HAL, BEL, and other Indian Navy and Air Force at different locations like Hyderabad, Bengaluru, Delhi, and Visakhapatnam. Several segment areas we are working with them. We are also trying to enter B2C with some soundproofing solutions. We also doing something good in R&D and global technology tie-ups. We have signed exclusive partnership as most of you will be aware, with IIT Delhi, which is for converting agriculture and plastic waste into sustainable acoustic material.

This development is at advanced stage. We have also done CSIR National Physical Laboratory for

developing solar noise barrier with so that it will generate the power as well protect the noise. That is also at advanced stage. Hope that both two will be developed soon to give a kickoff in the markets here for a very specific and unique segment. We are also associated with an exclusive product of CKM Taiwan, that is a micro-perforated aluminum having a very unique performance properties, and it's a patented technology. So we have tie-up with them. We have having robust order book and financials supported by your current active order is something around INR31-plus crores as of now in the November '26. And we are at advanced discussion with the some large orders and repeated institutional orders. We are striving to achieve approximately 20% full year top line growth in financial year '26. We are targeting something around INR 70 crore nearby in revenue for the company. For the total revenue in the year end, as utilization scales across our new verticals over the coming quarters. Operating leverage will drive sustained margin recovery, keeping us firmly on track towards our medium-term revenue aspiration of INR300 crores over the next three to four years. That is for sure.

Now I would like to hand over to Mr. Arun from the Finance Department to take you through our financial highlights. Mr. Arun, please.

Arun Kumar - Finance Department, Envirotech Systems Limited
Thank you, sir. Hello, ladies and gentlemen. I would like to take you through our H1 financial year 2027 financial highlights. Our revenue came in at around INR24.82 crores for the first half. This is almost around 95% of our last year's revenue for the same period, that is INR26.25 crores. Our operating profits, we generated positive EBITDA of INR2.9 crores and PAT of INR10.2 lakhs with an EPS of around INR0.05. While our near-term margins reflect upfront commissioning costs of the new expansion and a step-up in depreciation, which rose from like INR19.65 lakhs in H1 financial year 2026 to INR2.01 crores in H1 financial year 2027 as new assets came online. Our core operations remain profitable throughout this transition.

Our net worth has increased , I mean, from, -- has increased to INR76.11 crore in as of September 30th, 2026, from INR69.88 crore in, yeah, for the same period last year. Now we have successfully capitalized a lot of our plant and equipment, and that is why that you see our fixed assets have increased to INR43.55 crores. While our -- I mean, there has been substantial capex cycle, but our debt-to-equity ratio still remains quite conservative at around 0.21x. Our trade receivables have improved to INR30.84 crores from -- I mean, this is a slight improvement over March 2026, which were at around INR31.51 crores. As of date, that is as of 1st November 2026, our receivables have gone down to INR22 crores. Underscoring healthy milestone-linked collections. Meanwhile, our inventory has increased to around INR11 crores. Now, this increase in inventory is more to support our new production lines, and it is also a hedge against raw material price volatility. Because of the US-Iran war, our raw material supply, I mean, the cost of raw materials across the has increased a bit. So taking that into account, we had stocked some inventory in advance.

Now, our key drivers behind H1 performance: upfront commissioning and fixed cost absorption. As our automated manufacturing lines and expanded facilities ramped up, upfront fixed overheads, including a 25.1% increase in employee benefits expenses to INR4.75 crores and higher operational commissioning costs flow through the P&L ahead of full revenue realization. Non-cash depreciation, our depreciation has increased quite steeply from around INR19 lakhs to more than INR2 crores. This is because of the our asset buildup and because the new facilities commissioning online that is how our depreciation costs have increased. So initially because of the commissioning of the new facility and other things, the costs both on the expensive side as well as depreciation, everything has

increased. And -- but going forward, once the facility is fully operational, our overall margins will revert back to a normal thing. So for, for a short while, I think for almost one year, our margins would be under pressure.

With that, I would now like to open the floor for Q&A. Thank you.

Questions & Answers

Operator
Thank you very much. We will now begin the question- and- answer session. [Operator Instructions] The first question is from the line of Aman Soni from Seven Alpha Investors Private Limited. Please go ahead.

Manoj Kumar Gupta - Chairman and Managing Director, Envirotech Systems Limited
Yeah, sir. Good afternoon.

Aman Soni - Analyst, Seven Alpha Investors
Yes, good afternoon. In FY26, we have guided for the revenue of approximately INR100 crores, whereas we achieved only INR57.6 crores, resulting in significant shortfall over 42% guidance. For FY27, we are targeting around almost 22% revenue growth , but in H1 FY27, we have reported a revenue decline of 5.45%. Which are the key -- what are the key reasons behind the continuous gap between our growth expectations and actual performance?

Arun Kumar - Finance Department, Envirotech Systems Limited
There has been some gap last year, and that was more so because of the US-Iran war, which affected the supply of raw materials. Also on the demand side, I mean, various infrastructure projects were kept on hold, and I mean, there were certain changes that happened and that affected us. And that was the reason why our revenue for even last year, we couldn't meet the targets. Now instead of giving lofty revenue targets, we have given a very conservative revenue guidance which we are very, very hopeful of achieving this year.

So our expansion and transition is ongoing. So what is happening is that the -- our expenses have gone up because number of employees and everything have increased. So that is the reason why you'll see that the top line growth, although that is just 5% down, but our overall margins have declined a lot. Going forward, once this -- our facility and everything is operational, these costs and everything will be absorbed and our margins would would revert to normal. Thank you.

Aman Soni - Analyst, Seven Alpha Investors
Okay, understood. That's all from my end . Thank you.

Operator
Thank you. The next question is from the line of Prateek, an individual investor. Please go ahead.

Prateek - Individual Investor
Hi, am I audible?

Manoj Kumar Gupta - Chairman and Managing Director, Envirotech Systems Limited
Yes.

Prateek - Individual Investor
Hello. Yeah. Hi, thanks. So on the margin front, I understand the depreciation and employee expenses have taken up quite a bit of the margin, but even the raw material inflation was quite high. So don't we have the ability to pass on the raw material inflation to our end customers?

Arun Kumar - Finance Department, Envirotech Systems Limited
See, currently, what you see is the temporary effects since we had taken certain projects and in that, we could not pass on the increased costs fully, and that is why it has affected our operating margins. Going forward, we have built in the new raw material costs and everything in our costing. And we are very confident that going forward our margins would improve and will go back to normal levels. But of course, all this is all but of course, all this is considering that the macro picture remains more or less the same.

Prateek - Individual Investor
No, irrespective of the macro, even so, for the correct current order book, how much of the pass-through is built in in the order book and like what portion of the order book does not have?

Arun Kumar - Finance Department, Envirotech Systems Limited
See, the pass-through is dependent on each project. In some cases, we do negotiate with the customers and we are able to pass through entirely. In some of them, it is like 50-50. It depends from each contract. It's quite separate. So I mean, I can't give you a one reason that will be satisfactory for all projects. But it is from -- it depends from project to project. In certain projects, we do not have the flexibility to pass on the increased cost. But in some of them, we are able to cross, I mean, pass on. In most of the cases, in fact, we have been able to pass. But in some cases, of course, we do not have the capacity.

Prateek - Individual Investor
For the current [Speech Overlap].

Arun Kumar - Finance Department, Envirotech Systems Limited
Going forward, we have taken all these into account. And if we do not see any drastic or major changes in the macro picture, we are very confident that our margins will revert to normal. Thank you.

Prateek - Individual Investor
Okay. S orry, just to kind of dig deeper, on the current order book, would you say majority of them have a pass-through clause, like some kind of pass-through clause?

Arun Kumar - Finance Department, Envirotech Systems Limited
Sorry, in current order book?

Operator
Speak a little louder, please.

Prateek - Individual Investor
Sorry, again. On the current order book, would you say that majority of the order book has a pass-through clause, some kind of pass-through clause?

Arun Kumar - Finance Department, Envirotech Systems Limited
No, in our normal tendering and everything, escalation clause is not there. Okay, so we can't change it ourselves. Normally we bid for government projects or PSU projects and other things. In that, it is quite strictly, I mean, there is no pass-through clauses as such. But yes for most of our clients which are long-term we are able to negotiate and pass it through. Only in certain very few cases, it becomes a little difficult. But in this, our order book most of it case we are very confident that we have taken into account escalated costs and everything.

Prateek - Individual Investor
Got it, thanks. My second question is on the new facility on the doors, so the fire-rated doors. Just wanted to understand our competitiveness over here. Firstly, like, what will be our distribution channel to sell this? And secondly who are our major competitors and how are we placed against them? Like, what is our motive?

Manoj Kumar Gupta - Chairman and Managing Director, Envirotech Systems Limited
One second. So with regards to the fire-rated door facility, we have developed because of the fire-rated doors as the regulations as per the government norms and having a huge market and it's increasing drastically. So yes, there are few big players are there and the localized player. We are trying to pitch the major government projects as well as top-level building builders. So that we are targeting for. So we got our product duly certified. That was the reason it was delayed a little bit because of some certain regulations and certain certificate need to be obtained to pitch it into the market. Now we are ready with all the necessary certificates. So we have developed the enhanced facility to cater the high volume of the market demand. So you said -- I hope I have replied you with the government large builder product. We will be bidding directly. We are not going with any distribution network in the retail. So we'll be targeting for the big projects only.

Prateek - Individual Investor
Got it. Have we had our first sale yet on that side?

Manoj Kumar Gupta - Chairman and Managing Director, Envirotech Systems Limited
I'm sorry.

Prateek - Individual Investor
Have we had -- have we gotten any sale yet, or are we still in still to do the first sale through that [Speech Overlap]?

Arun Kumar - Finance Department, Envirotech Systems Limited
This is not our first thing. We have been into fire-rated doors for quite a long time. In fact, we had done very prestigious projects in the new Parliament building, in many auditoriums and all, like all the Singapore's auditoriums, you will find our fire-rated doors. Okay, so it's not a new product at all, it's just that we have -- we are making it on a very commercial scale now. Okay? So instead of like one or two or 10 or 20, we are -- we have developed a specific facility for fire-rated doors itself. So we'll be doing it something like 3,000 doors a month, that is around 36,000 doors. That is the capacity that we have built up. And very few players have this ratings and certification that we have taken. It has taken us time to reach there, but I mean, there are very, very few players who have that kind of certifications for this.

Prateek - Individual Investor
But we are confident on the utilization based on the demand for this, right?

Arun Kumar - Finance Department, Envirotech Systems Limited
See, utilization would not happen on day one. I can't say that 100% utilization will happen in, say, even first six months. It would be gradually ramped up. So we are confident that we'll be reaching 100%, but that will take some time. I can't give you a picture that it will happen within one year or so, but yes, we are looking to ramp it up in two to three years.

Prateek - Individual Investor
Okay. Lastly, I think previously you all had mentioned that you will be focusing on large orders like INR10 crore plus. We haven't seen any coming through, so any update on that? Like, when can we start seeing such kind of orders?

Manoj Kumar Gupta - Chairman and Managing Director, Envirotech Systems Limited
Yes, so currently you can see we are serving with an order of INR1 crores or INR1.5 crores or INR2 crores. That order we are executing. The large-scale projects that we are projecting earlier are still in pipeline. Few of them are the government, leading government. So amendment and some technical clarification, that is all is ongoing. So it's not like that we will not initiate with the good order as of now, but in the first half of this financial year, that cannot be matured. Although they are in pipeline and we are sure that definitely few big orders will come into our funnel. Besides that, we are regularly serving our whatever the capacity we are having, we are having sufficient orders itself. And that we are managing and executing. So that is taking some time.

Arun Kumar - Finance Department, Envirotech Systems Limited
See, sometimes the delay happens from the government side also, right? And this is our first time that we have been bidding for such large orders. So initially we were not -- I mean, we didn't have an idea that it would take so long. So what happens is sometimes the decision-making from the side of the government or the PSU takes time. Sometimes the project itself is on hold. So we have bid it, we are still waiting for the outcomes, and we are very hopeful of having one or two or maybe more large-size orders very soon.

Prateek - Individual Investor
Got it. Thank you very much and best of luck. I'll get back in the queue.

Operator
Thank you. The next question is from the line of Abhishek Singh from Sixth Sense Securities. Please go ahead.

Abhishek Singh - Analyst, Sixth Sense Securities
Hello, am I audible?

Operator
Yes, sir.

Abhishek Singh - Analyst, Sixth Sense Securities
So I have two questions. I'll start with the first one. So as of September 2026, the receivables stood around INR31 crore that is just about INR1 crore less than the previous year. And in the November presentation, we are mentioning that the receivables have dropped to around INR22 crore. So it is

around INR8.8 crore decrease in the receivable. So all that amount has been collected in cash [Speech Overlap].

Arun Kumar - Finance Department, Envirotech Systems Limited
Actually, what happened was that I couldn't we couldn't hear the first part. It was inaudible. So can you just repeat your query, please?

Abhishek Singh - Analyst, Sixth Sense Securities
Yeah, so I'm thinking that in September 2026, the receivable were around INR31 crores. Okay? But in the presentation, we are quoting that the receivables came down to INR22 crores. So all the INR8.8 crore...

Arun Kumar - Finance Department, Envirotech Systems Limited
Correct, has been -- I mean, that has been recovered. And none of our receivables as of now is -- I mean, all of them are good and none of them for which we have to make any provision or so. But yes, our receivables were high at that point. Now the collections and all are going on fine and I mean, receivables are coming down. That is what the reason that we -- as of 4th November, we posted the update.

Abhishek Singh - Analyst, Sixth Sense Securities
Okay, so none of the outstanding ones are like we are making any provisions or they are outstanding for let's say 180-plus days? So no, nothing of that sort?

Arun Kumar - Finance Department, Envirotech Systems Limited
No, no, most of our customers are long-term customers, so we have a comfort and I don't think that we will need any provision as of now.

Abhishek Singh - Analyst, Sixth Sense Securities
Okay, okay, thank you. Uh, my next question is on the order book part. So we have a current order book of around INR31 crore. That is broadly in line with all the previous years and the previous commentary, but we are guiding for a 20% growth year- on- year this time. We are still having Unit 3 at not 100% utilization and the incurring cost that we are facing due to the ramp-ups to the higher employee cost and the higher depreciation. So what is the EBITDA margin that we are expecting maybe in the next financial year or the next half year? And how much of the 100,000 square feet unit capacity of Unit 3 are we currently utilizing?

Arun Kumar - Finance Department, Envirotech Systems Limited
See, as far as EBITDA margin is concerned I think it would be not right for us to comment as of now because expansion process and everything is ongoing. We are still adding more employees still expenses are being incurred on, I mean, expansion, growth, and all that. So our margins as of now, I mean, will remain under pressure for some time. And once our utilization picks up, then the margin itself will recover.

Abhishek Singh - Analyst, Sixth Sense Securities
Okay, okay. And on the Unit 3, how much of that 100,000 square feet are we currently utilizing? How much percent? Hello.

Operator
Management line got disconnected. Stay connected. So let me connect to them.

Abhishek Singh - Analyst, Sixth Sense Securities
Okay.

Operator
We have connected with the management. Yes, sir, go ahead.

Arun Kumar - Finance Department, Envirotech Systems Limited
Yeah, sorry. So what the on the second part, we are utilizing approximately 20,000 square feet of the D-3 facility. The total size would be more than 1 lakh square feet once it is fully developed. I would say that of the 20,000 square feet, we have we are utilizing around 80%, 85% of the space. And the we have received approvals that were pending for the remaining part, and the work is going on to develop that. I think it will take approximately 12 months to develop it entirely.

Abhishek Singh - Analyst, Sixth Sense Securities
Okay, okay, thank you.

Operator
Thank you. The next question is from the line of Son Pan, an individual investor. Please go ahead.

Unidentified Participant
Hello?

Operator
Yes, sir.

Arun Kumar - Finance Department, Envirotech Systems Limited
We can't hear the query. I mean...

Operator
Mr. Son Pan, go with the question, please. As there is no response from the participants, we'll move to the next. The next question is from the line of Manish, an individual investor. Please go ahead.

Manish - Individual Investor
Sure. Hello?

Arun Kumar - Finance Department, Envirotech Systems Limited
Yeah.

Manish - Individual Investor
Hello? Yeah, I'm audible now. I'm Manish.

Arun Kumar - Finance Department, Envirotech Systems Limited
Yeah, you are audible.

Manish - Individual Investor
Actually, I have two, three questions. One question is about your expansion plan which you have described last year where 40% capacity was started around July '25 and 60% was due to start in January '26. So that capacity, 1.21 lakh square foot, I think so, is started or is due?

Arun Kumar - Finance Department, Envirotech Systems Limited
No, no, what has happened is that it was partially operational in July 2000 -- I think 2025. Right? And after that we were stuck with the approvals and all. Approvals have come now and we are in the process of completing that D-3 facility entirely. So I think it will take approximately 12 months to complete that. Once that is complete, we'll be adding in total approximately 1 lakh square feet.

Manish - Individual Investor
And 36,000 doors which you have said in recent...

Arun Kumar - Finance Department, Envirotech Systems Limited
That is our -- we have another plant which is existing with us that in that we have created this -- the facility for fire-rated doors. So that is 30,000 -- 36,000, yeah, doors k ind of capacity.

Manish - Individual Investor
And any plans to raise money within next one year or so?

Arun Kumar - Finance Department, Envirotech Systems Limited
At our current prices, no, not at all.

Manish - Individual Investor
Not at all. I mean, last year you have given guidance which was too high. So what do you expect for FY28?

Arun Kumar - Finance Department, Envirotech Systems Limited
See, the point is there were many things that were out of our control. I mean, war happened in February and it impacted our projects, our raw material availability, and anything. That was something unforeseen. Okay? So that has impacted us. And of course, there were certain what should I say, our approvals didn't come as we expected. So yeah, we could not achieve the guidance that we could -- that we gave. But this year, that's why we are very, very conservative, and we say that approximately around 20% is the guidance that we give that we'll perform over last year. If we are able to do better, then that's good for everyone, but I think it's better to be conservative.

Manish - Individual Investor
Okay, okay. And that's all from my side. Thank you. Thank you.

Operator
Thank you. The next question is from the line of Dhrivekam Gupta from Investec. Please go ahead.

Dhrivekam Gupta - Analyst, Investec
Yeah, hi. So I had a couple of questions. First is on the capital allocation. So I just wanted to understand the reasoning behind the dividend that you've declared, because we've reported negative operating cash flow this quarter for this half year. And then we do have debt and we're also going through expansion. So it looks like the business does need cash, but we've still declared a dividend. So I just wanted to understand the reasoning behind that.

Arun Kumar - Finance Department, Envirotech Systems Limited
The point was that -- I mean point was to bring some positivity. I mean our share price has corrected a bit and we have been getting a lot of queries from from the shareholders, and we just wanted to

bring in some kind of positivity. It's -- and of course, you must have also read that the promoters have waived their right to dividend. Okay? So it is only for I mean, outside shareholders. And we have the confidence that we will be able to transition to a much larger capacity. And once that those capacity come online, we'll be doing far, far better than what we are doing right now. So we are confident of that. And that also reflects in our decision-making.

Dhrivekam Gupta - Analyst, Investec
Sure. My only concern is that if we're reporting negative operating cash flow, are we going to be doing this on a continued basis, or is this just a one-off case?

Arun Kumar - Finance Department, Envirotech Systems Limited
Right now, it is a one-off, but this is not -- I mean, once our capacities are operational, our revenue and everything picks up, we intend to make it on an almost annual basis.

Dhrivekam Gupta - Analyst, Investec
Okay. Then the next question I have is on the products that we're offering. I just wanted to understand, are there any products for which we are sort of sole producers or we have some differentiated offerings?

Arun Kumar - Finance Department, Envirotech Systems Limited
See, for all our acoustic products, for most of them, we have a very unique positioning. Because in this line, this is mostly an unorganized line. There are very few players who are operating at an organized level and at such a scale. I mean, most of our competitors are local competitors who are restricted to a certain thing. Certain thing means either they are just making enclosures or just making acoustic, I mean, architectural holdings. So we are almost, I mean, one of the very few who are into all lines of acoustic insulation.

So that is there. Also, we have a research team and all design team. So for high-end products, for, I mean, defense and high-end solutions, we have a kind of a unique positioning. That is our USP, and that is where we feel that it will be very difficult for any new player to come in and compete with us.

Dhrivekam Gupta - Analyst, Investec
So would you say that we have a cost advantage over the other producers in India?

Arun Kumar - Finance Department, Envirotech Systems Limited
See, we have a kind of a USP is more of a technological advantage. I would not say cost or something, it would not be right, but technological advantage. The kind or the thorough solutions, customized solutions that we provide, some of them cannot be provided by almost anyone. So for defense purposes, we have provided certain things. That we can proudly say that we are one of the unique ones.

Dhrivekam Gupta - Analyst, Investec
Good. And lastly, I just wanted to get an idea on the revenue. So, I just wanted to get an idea. So in case we reached to utilizations close to, let's say, 80% to 90%, what sort of revenue can we generate from an from our installed asset base, and what revenue can we generate from our new expansions that are going, let's say, two, three years down the line? If you could give me the numbers individually.

Arun Kumar - Finance Department, Envirotech Systems Limited
See, D-3 facility has a capacity of revenues up to INR300 crores, and the fire-rated doors, we see something around INR70 crores to INR75 crores. Of course, later on, this, this can change slightly. But we see that once I mean, this capacity of almost 90% to 100%, we should reach in approximately two to four years. We can't give a timeline because this is I mean, this kind of expansion we have we are doing it for the first time. We try to do it I mean, we ramp up the capacity as soon as possible, but I mean, with our last year's guidance and all that experience, we would like to be more conservative this side.

Dhrivekam Gupta - Analyst, Investec
So you'd say based on the capacity, once the capacities go online, the current capacity and that can give us at a peak utilization of around INR370 crores to INR400 crores?

Arun Kumar - Finance Department, Envirotech Systems Limited
Correct, correct. Now if we'll be able to reach that in two years or three years or four years, that is something is still open. I can't give any time because this is something, this kind of expansion we are doing it for the first time, but we are hopeful that we'll be able to reach that at the earliest.

Dhrivekam Gupta - Analyst, Investec
Sure, best of luck.

Operator
Thank you. The next question is from the line of Dinesh Jain, an individual investor. Please go ahead.

Dinesh Jain - Analyst, Individual Investor
Yeah, hello sir. I wanted to know what is the capex requirement, balance capex requirement for our D-3 going for launch and how it is going to be funded?

Arun Kumar - Finance Department, Envirotech Systems Limited
Capex funding, see, gradually it is from internal accruals.

Dinesh Jain - Analyst, Individual Investor
And how it would be funded?

Arun Kumar - Finance Department, Envirotech Systems Limited
Currently, it is through bank funding and internal accruals, bank debt and internal accruals. Going forward, I mean, see, this is a slow ramp-up that is happening, but going forward, mostly through internal accruals and bank debt. That's what we see right now.

Dinesh Jain - Analyst, Individual Investor
Okay, and what is the balance capex that is required?

Arun Kumar - Finance Department, Envirotech Systems Limited
Balance capex that is required, I think close to -- see, it would be -- on the maximum side, it would be close to INR8 crores to INR10 crores.

Dinesh Jain - Analyst, Individual Investor
Okay. INR8 crores to INR10 crores Okay, and the next thing I would like to know is whether this expansion will be gradual. Like D-3, you're already occupying 20% of the area which is under

commercial production, right? So balance, whenever you are developing, it will also be gradual, or it will commercial production will start only after 100% thing is set up?

Arun Kumar - Finance Department, Envirotech Systems Limited
No, gradual.

Dinesh Jain - Analyst, Individual Investor
It will be gradual process. Okay, so can you just let us know, like, in financial year '26-'27, how much would be completed in '26-'27?

Arun Kumar - Finance Department, Envirotech Systems Limited
No, not in '26-'27. I think right now we have GRAP provisions, so there can't be any construction till January. I think GRAP provisions will be in place . In Delhi NCR, y ou must be aware that because of the pollution, we have GRAP provisions, right? So there is no construction going on, and I think this position will remain till January, if not February. I'm right. So once those GRAP provisions and all are gone, only then we'll start. So this year you can't we are expecting next year gradually, I mean, this construction and everything should happen, and slowly the new capacity should come online. A lot of work is going on behind the scenes training of employees, hiring new employees, because scaling is not just adding capacity, it is also about creating a second line of management and adding.

Dinesh Jain - Analyst, Individual Investor
Yeah, right, correct, understood. And I wanted to know, like, what are long-term loans and advances of INR583 lakhs which are shown in balance sheet?

Arun Kumar - Finance Department, Envirotech Systems Limited
Sorry, long-term loans and advances of?

Dinesh Jain - Analyst, Individual Investor
INR583 lakhs which are shown on 30th September?

Arun Kumar - Finance Department, Envirotech Systems Limited
Sorry, I'll have to check that and I'll get back to you. I mean, right now...

Dinesh Jain - Analyst, Individual Investor
I mean, I paid any capital advances for fixed assets?

Arun Kumar - Finance Department, Envirotech Systems Limited
What I'll do is, I mean, we'll take this question offline and then we'll answer you.

Dinesh Jain - Analyst, Individual Investor
Okay. And my next question is, sir, you are projecting a turnover of around, I mean, 20% plus for this financial year '26-'27.

Arun Kumar - Finance Department, Envirotech Systems Limited
That would be around 70%.

Dinesh Jain - Analyst, Individual Investor
Yeah. So majority of the turnover will come from just fire-rated doors because we are...

Arun Kumar - Finance Department, Envirotech Systems Limited
No, no, no, fire rated doors it, it's still to be ramped up and all. Hardly -- y eah, most of it are traditional business. Okay? And from fire- rated doors, I think most of it will come from next financial year, not this one.

Dinesh Jain - Analyst, Individual Investor
But fire- rated door is -- project is 100% complete? No. So I wanted to know like what it means.

Arun Kumar - Finance Department, Envirotech Systems Limited
Not 100%, machinery installation and other things are still happening. Okay, so we have commenced, we are executing certain orders, but that is at a very preliminary level. If I say that I mean, the real ramp-up will happen next financial year. It cannot be this financial year. Of course, we have started operating it, but that is at a very minuscule scale right now.

Dinesh Jain - Analyst, Individual Investor
Okay, okay. Thank you very much for answering my all questions.

Operator
Thank you. [Operator Instruction] The next follow-up question is from the line of Prateek, an individual investor. Please go ahead.

Prateek - Individual Investor
Hi, thanks for the opportunity again. So on our current revenue, I just wanted to understand would there be a government versus private split, like the revenue that we are booking from government entities versus non-government?

Arun Kumar - Finance Department, Envirotech Systems Limited
Sorry, I -- your voice not very clear.

Prateek - Individual Investor
So what I wanted to check is whether we have a split of government versus non-government revenue from the current revenue that we have booked. Like in general?

Arun Kumar - Finance Department, Envirotech Systems Limited
I think it would be around 60-40 ratio, 60% private and 40% government.

Prateek - Individual Investor
Okay.

Arun Kumar - Finance Department, Envirotech Systems Limited
Slight changes does happen, but most probably I would say ballpark would be 60-40 ratio.

Prateek - Individual Investor
And how much of the government would be defense related? Is all of it mostly defense?

Arun Kumar - Finance Department, Envirotech Systems Limited
In defense, that we have not calculated it, but this is something that we calculate and get back to you. Defense earlier, I remember, was approximately 30%. Let's see, I mean, we'll have to work out those numbers. For defense, we do not work out -- I mean, it's not a separate division for us, so that's why we haven't worked out those numbers. But we'll get back to you on this.

Prateek - Individual Investor
Okay, no problem. Second question is I might have missed this earlier Unit 1 and Unit 2 utilization has dropped. What is the reason? Like, what is happening there?

Arun Kumar - Finance Department, Envirotech Systems Limited
Sorry, what has happened?

Prateek - Individual Investor
Unit 1 and Unit 2 utilization, if I'm not wrong, in the presentation it shows around 11%.

Arun Kumar - Finance Department, Envirotech Systems Limited
So what has happened is Unit 1 and 2 we have created this fire-rated door facility in that, and the existing utilization that was happening, some of it we have shifted to D-3. Okay? So D-3 now is almost at 80-85% level. The earlier Unit 1 and 2, we have created this facility of fire-rated doors. So that has become operational and it will ramp up, and once it ramps up, then the utilization for Unit 1 and 2 will also change. So what has happened is the actual, I mean, the traditional work, we have shifted a bit from, from the Plant 1 and 2 to D-3 unit.

Prateek - Individual Investor
Okay, understood, makes sense. Lastly on the private side, do you get any orders from GCC? Like, there is a boom of GCC in India, and I know that there are a lot of soundproof rooms that are required there, but I'm not sure if that's a big market for you. Just wanted to understand that.

Arun Kumar - Finance Department, Envirotech Systems Limited
GCC, I mean, can you just, I mean, give the full form so that we'll be because we don't...

Prateek - Individual Investor
Like, global capability centers, like banks and other institutions setting up their commercial complexes here. There are a lot of rooms like meeting rooms and stuff that are soundproof and require like special materials.

Arun Kumar - Finance Department, Envirotech Systems Limited
And actually, for data centers, we are doing a lot. Almost for almost all data centers, or say 90% of the data centers, we are the ones who are doing acoustic insulation.

Prateek - Individual Investor
Got it. That makes -- that's helpful. Thanks. Lastly, I'd just like to appreciate the management on the investor communication piece. It's commendable that a company your size is conducting con calls. And even when there is a bad result, usually companies tend to kind of skip it. But thanks for keeping the con call and keeping the communication lines open.

Arun Kumar - Finance Department, Envirotech Systems Limited
Thank you.

Operator
Thank you. As there are no further questions from the participants, I would now hand the conference over to the management for closing comments. Over to you, sir.

Arun Kumar - Finance Department, Envirotech Systems Limited
Thanks everyone for participating in the earnings con call. Uh, we are committed to maintaining our transparency and and to ramping up our capacities. So I would say the near term we have challenges, but going forward, once this all these capacities come operational, we think that we'll be having a very good growth Going forward. So thanks a lot everyone for participating in the con call.

Operator
[Operator Closing Remarks]