Management Discussion

Vaishnavi Vaity - Investor Relations, Ackman Strategic Advisors Private Limited
Good evening everyone, I am Vaishnavi Vaity from Ackman Strategic Advisors Private Limited. It is my pleasure to welcome you all to the H1 FY27 earnings conference call of Apex Ecotech Limited. Today we are joined by Mr. Anuj Dosad, Chairman and Managing Director. Welcome, Anuj sir. With this, now I would like to hand over this session to Anuj sir to tell us more about the company's growth. Over to you, sir. Thank you.

Anuj Dosad - Chairman and Managing Director, Apex Ecotech Limited
Thanks very much and good evening to all. And we can start with the presentation and then we'll give an opening address after that.

Vaishnavi Vaity - Investor Relations, Ackman Strategic Advisors Private Limited
Yes,

Anuj Dosad - Chairman and Managing Director, Apex Ecotech Limited
Sir. So generally, I wish to do- I wanted to have a, you know, brief presentation about our company. So this is the- we are a water and wastewater treatment company and The revenues from the operations this H1 has been 94, 26.79 lakhs. The EBITDA is 525, the PAT is 400, and the EPS 3.04. There's an incremental in all these year-on-year from the last year H1. So this is the bright side of the performance. Next slide, please. So if you see in comparison, the company has done better, but for one of the major issues which I'll be deliberating as we continue.

So like you see, the revenue has become almost, uh, from 32 we have grown to 94, and the PBT has also increased in absolute numbers from 344 to 542 and from 257 to 400 PAT. Next slide, please. We can move on, Vishnu. Yeah, so I basically wanted to emphasize on a few things and brief commentary which we had given was also, you know, published. But thereafter, the major points are that we have almost Rs 150 crores worth of total order booked. Out of which 95 crores have been successfully executed, and 55 is plus 55 is the balance which we have at hand.

Next slide. So generally, this is an overview about our company that we have been 17 years in. Business, and we have, uh, presently, like earlier slide was stating, we have Rs 150 crores of order book, and we have been treating large quantities of water with every year we have grown. And we have an experience of almost more than 250 turnkey projects, and we have also been, uh, into 15 different kind of industries. So this is just an overview of our company's capabilities and what we've been performing.

Next, please. So our journey basically started in 2009, and thereafter, with the advent of time, in 2015 we did our first MBR evaporator system commission. In 2017, we did the first state-of-the-art EDR plant. '18, we did, uh, we had our first $100 million order. And 19, we did the mill scale filtration in the steel sector. 20, we did pharma sector. We did our first CDD. And in the automobile sector was 23. We've been given and we have received a lot of accolades and awards from different companies, global companies who are the world leaders like Suez and Veolia.

And we have last year, like we had received some big orders from Larsen& Toubro and Reliance Industries. So last year was phenomenally, the second H2 was a phenomenal, you know, growth in terms of everything. And then there was a spillover which we had to complete with the time-bound kind of projects which we had in hand. Next, please. So this is our team basically. I am the chairman and managing director. Mr. Ramakrishna Nair is the Executive Director who looks after the

technology and innovation and other important parts of the company like design and proposal.

Mr. Ajay Raina is the Executive Director who looks after all the sales and marketing in the company. Mr. Rakesh Kaul is the CFO and Ms. Vishakha is our CS and Compliance Officer. So each one of us are having fairly large amount of experience. Next, please. So generally, water treatment consists of- the sector asset consists of pretreatment and sewage treatment plants, wastewater treatment plants, liquid- zero liquid discharge, MVR. So there are some of the projects. These are all- these photographs are the projects which we have Completed.

Next, please. So similarly, I mean, these are the other actual site plans photographs, which is just to showcase that what we have been able to do. And as with time, we are introducing more technologies and adding more advantages for the customer to, you know, to have better efficiencies. Next, please. So some of our esteemed clients, we are into varied sectors like we had mentioned earlier. So right from Hindalco of Aditya Birla to Anna Oils, which is into oil, Apotex is a pharma company, we all know Haziram, FMCG, JSW, Kohler, Lenskart, all from different industries, Shimozo, Reliance.

So RCP, that is Reliance Consumer Products, and into ice cream, Racket, Caramel, PepsiCo. So I mean, we have a fairly large gamut of industries which we are serving to. Next, please. So generally, few of the salient features why our company is, you know, is considered strongly, or we are strong contenders in the market to grow and to do better and to provide, you know, systems and designs which will stand out and which will help the customer also in terms of value addition. So we have an in-house team which takes care of everything.

And we generally are- all the orders are done against- all the procurement is done against orders only, though we keep certain amount of inventory for spares and chemicals. Our forte is zero liquid discharge, and with different kind of effluents coming in, it is important that the understanding of each effluent is also, you know, in-house and retained with us. Next, please. So, you know, this is just the graph for the last couple of years, and this is in the midst of the year we have given our H1 reports.

So I guess most of you would be aware of this itself. Next, please. Thank you. Now I'll come down to, you know, there's a I wanted to address everyone, so I would once again thank you all, and I- good evening to everyone. A warm welcome to our investors, shareholders, analysts, and all participants joining us at Apex Ecotech Limited H1 FY27 earnings discussion. Thank you for being with us. The first half of FY27 has been an important period for Apex, marked by substantial scale-up in project execution and further strengthening of our ability to deliver complex water and wastewater treatment solutions.

As industries place greater emphasis on water conservation, recycling, regulatory compliance, and zero liquid discharge, we see sustained opportunities for experienced engineering and execution companies. With over 17 years of experience, more than 250 completed turnkey projects, and a presence across 15 industries, Apex is well positioned to address these requirements. I would now like to dwell on the financial performance of H1 FY27. Revenue from operations grew approximately 189% year-on-year to Rs 94.27 crores, compared with Rs 32.57 crores in H1 FY26.

EBITDA increased approximately 75% to Rs 5.25 crores, while profit after tax rose approximately 55% to Rs 4 crores. Earnings per share improved to approximately Rs 3.04. The significant expansion in revenue reflects the higher level of execution during this period. We also successfully executed major projects during this period and demonstrated our ability to manage projects at a greater scale. One of the important questions which I have been also been, you know, dwelling upon

and I have been asked is, what are the margin and expected H2 certifications?

I would like to address the moderation in operating margins during the H1. The first is the input costs. Certain earlier contracts were impacted by the rise in input costs arising from the ongoing geopolitical conflict, and these contracts had no provision to pass on price increases. As material procurement for most of these projects is substantially complete, the impact has largely been absorbed in H1. For newer projects, our pricing has been revised to reflect prevailing input costs. And this was one of the reasons which increased our cost, basically, that is the material cost, thus impacting the profitability.

The second is the timing of the revenue recognition, primarily on 2 large sites. I, I would request everyone to please listen to this a little more diligently because this is an important factor in, you know, the short-term aberration which has happened. These projects were structured in 2 parts: supply of equipment and material and installation and commissioning. The later activity of installation and commissioning has been progressively simultaneously been done across both the sites, and the related labor and site costs have also been charged in H1.

So whatever- what we are trying to state over here is that there are 2 parts of a project. One is the supply, the other is the installation and commissioning. So while the supplies have been done, the installation and commissioning activity continues as a simultaneous activity. The remaining revenue for installation commissioning is yet to be recognized on completion of these milestones. So the expense which has been incurred towards the ongoing erection and commissioning processes has already been taken care into the H1.

However, the majority of it- I don't mean the whole of it, but the majority of it. Since there we had 2 large sites forming a major part of our execution, and their given size, the impact was meaningful. So based on the progress achieved and our ongoing customer engagement, we expect these milestones to be completed during H2 FY27, which should contribute positively to margins in the second half. Now, based on some comment on the working capital and cash flows, The substantial increase in project execution and invoicing during H1 has also resulted in higher receivables and greater working capital deployment in the form of vendor advances payments to mitigate the incremental costs.

This is an important area of management focus. With significant execution milestones achieved during the first half, we are prioritizing meeting the installation commissioning milestones, timely collection, and improved cash conversion during H2. Our objective is to ensure that growth in business activity translates progressively into stronger operating cash flows while maintaining financial discipline. Our order book at the end of H1, that is the pending order book, stood at Rs 55+ crores following substantial execution and completion of the projects during the first half.

We are presently actively engaged in the discussion of several significant opportunities. Across our core business segments, we expect progress towards finalization during the coming weeks. Our focus remains on securing projects that offer an appropriate balance of growth, profitability, execution capability, and working capital requirements. The FY27 priorities and long-term capabilities- we continue to work towards our previously communicated objective of achieving approximately 30 to 40% year-on-year growth.

This is on the revenue side. H2 will therefore be important for converting opportunities, completing certifications, and improving profitability. These remain our key priorities for the second half. Alongside our core EPC business, we are also strengthening our capabilities in operation and maintenance with the objective of progressively developing this segment into a recurring revenue

stream. We expect to initiate commercialization efforts towards the end of the current financial year itself. As I conclude, the H1 '27 has demonstrated our capability to scale execution meaningfully.

Our priorities remain clear: strengthen our order book with quality products- projects, complete pending customer certifications, improve operating margins, accelerate collections, and translate business growth into sustainable cash generation. Historically, the second half of the financial year has been particularly important for Apex in terms of order inflows. Project execution, revenue generation, and profitability. We are working towards maintaining this trend during FY27. We remain confident in the long-term opportunities in the water and wastewater treatment industry and in Apex's ability to build a stronger, more scalable, profitable business.

Thank you, shareholders, customers, employees, and business partners for their continued trust and support. I would now like to take you- Okay, I'm sorry, I probably took the investor presentation earlier. Following which we'll be pleased. So we can start the Q&A. Probably there was a mismatch, uh, that the presentation was supposed to happen later and this was the opening remarks, so I probably did the other way around. However, the content remains the same. So thanks very much once again, and we can have the Q&A.

Questions & Answers

Vaishnavi Vaity - Investor Relations, Ackman Strategic Advisors Private Limited
Yes, yes, thank you, Anil sir. Participants, the floor is now open for Q&A session. To ask a question, kindly raise your hand and unmute your line. Or drop your questions in the chat box. So we have first question from Mr. Mohan. Mr. Mohan, you can go ahead and ask the question. I also request participants to limit their questions to 2 each. Thank you.

Mohan - Analyst
Hi, hi, Anu sir. Am I audible?

Anuj Dosad - Chairman and Managing Director, Apex Ecotech Limited
Yeah, very much. Please go ahead, Mr. Mohan.

Mohan - Analyst
Yeah, hi. Thanks for the opportunity, sir. One thing, you know, looking at the closing order book that we have at the end of H1 and, you know, the kind of order inflows that we are getting in last last, uh, 6 months or so. Uh, is it, is it safer to assume that the last year was an exceptional, uh, I mean last year H2 and present H1 was an exceptional year because of the, uh, you know, the high-end orders that we received last year, uh, one from, uh, you know, Reliance, uh, 100 crore plus, uh, 40 crores from L&T, uh, because apart from these 2 major orders, you know, we haven't seen that kind of order flow in last, uh, last 6-7 months.

So is it deliberately that we were not accepting, uh, orders, or there is a slowdown in the, in the, you know, order book. So that, that is what, what, what, uh, you know, as an investor, uh, was worrying me.

Anuj Dosad - Chairman and Managing Director, Apex Ecotech Limited
Then your question is very valid and well appreciated, and, uh, I guess anybody would think in the same vein as you are. And see, what has happened was, you know, last year was definitely a fillip. It was a jump from what we were doing earlier. See, India per se is changing. Most of the projects

which are coming now are large value products. So the ticket size of the water and wastewater treatment has also increased multifold. So it's no more, you know, that people are going in for smaller projects.

Everybody is going into mega projects, which is there in the newspaper every second day. We got these orders was actually our- we were opening our doors to larger, you know, sites and larger customer base. So that first is there are 2, there were 2 very important points. One was that are we capable of delivering what we had, you know, taken or had we chewed too much, you know, to ask. So I guess by completing the projects or almost at the fair end of the projects, it has shown that we have been able to do this meaningfully for the last 2 half years basically because it was The last H1 of- H2 of '26 and H1 of '27.

So yes, there is definitely- that gives us a lot of confidence that we are capable of handling larger ticket size orders. The second part is, yes, the number of orders which we had expected were a little muted. There are a couple of, again, big ticket orders, you know, negotiations which have been going on for the last 2, 2 and a half months. They were expected to be finalized much earlier. But however, I think that, you know, these are now in the stage where they are very, very in the advanced stage, and we are also in advanced stage of negotiations.

So probably the next 1 month or 1.5 months would, would be a different- may throw up a different picture altogether.

Mohan - Analyst
Okay, okay, thanks for clarifying. And sir, do you mind sharing what is the order pipeline we have as on date? I mean, orders under discussion?

Anuj Dosad - Chairman and Managing Director, Apex Ecotech Limited
It's a little difficult to answer, but the point is that definitely when I'm talking about multiple number of big ticket size orders, so we have at least, I mean, you know, 5 or 6 big orders which we are negotiating. And it is only something I think, though the value varies anything between 20 to 60 CR, this is what I can comment.

Mohan - Analyst
Okay, okay. And we are expecting, as you said, a closer maybe, you know, in a month or 2. For some of these? Yeah, definitely, because

Anuj Dosad - Chairman and Managing Director, Apex Ecotech Limited
This has been going on and, you know, there is a very funny thing which generally takes place. You know, the goalpost of the customer in terms of expectation of the project to be finished doesn't change. So, however, you know, these orders were- quite a few of these orders were supposed to get finalized in H1 itself. So we are very well placed in a few of them. However, you know, it is subject to what kind of orders we get and whether we get the value addition and the discipline which we are working on.

H1, we did lose some orders and some we deliberately did not take because though they were larger size orders again, but then, you know, we felt that some of them we were not very comfortable in terms of either payment terms or in terms of contribution. A couple of them we lost. And, you know, that's what I can say.

Mohan - Analyst
Sure, sure. Thanks a lot, sir. That's it from my side. Thank

Anuj Dosad - Chairman and Managing Director, Apex Ecotech Limited
You. Thank you, Mr. Ram.

Operator
Thanks. Thank you. Next question is from Mr. Shiva Mehra. Mr. Shiva, you can go ahead and ask the question.

Shiva Mehra - Analyst
Hello. Yes, hi, good afternoon.

Unidentified Speaker - Executive, Apex Ecotech Limited
Yeah, sir.

Shiva Mehra - Analyst
So, uh, firstly, you know, congratulations on- as the company grows, you know, as we transition to a larger scale company You know, just wanna ask, what are some measures in terms of the management is taking to, you know, handle now, as you said, multiple contracts, you know, which now, you know, each of some contract will be at an early stage, at a later stage. So how we poised to handle multiple large contract executions that, you know, we ensure that we are able to take on multiple, you know, multiple large-scale orders.

So what are we doing in those terms as we grow to the next size of a company?

Anuj Dosad - Chairman and Managing Director, Apex Ecotech Limited
See, Shivam, what we are actually working on is one is that we are strengthening our systems in the organization. I'm, as a part of the management and as an individual, I'm not very keen on increasing manpower with respect to the number of orders that come. So it is extremely important with such advancement in software and, you know, things like that. So my son also is a software engineer and he has done his MBA and he has joined me. And so is the other director's daughter also joining. So we expect, you know, this to be kind of a business where, you know, our next generation can also pitch in and, you know, take it forward.

So with the younger blood and younger intelligence, these systems are being in progress. So ERP is one of them, which should, we should be live, you know, next month in all probability. So that cuts down a lot of things supported by, I won't say AI, but then some semblance of, you know, something which can, we can use from there is also being tried incorporated. That's one thing which we are doing within the company itself. Second is that we had declared ESOPs in our company. You know, we wanted to retain our bench strength and, you know, people who have been with us by not only rewarding them but also retaining them.

So that gives us a lot of you know, Philip, and a lot of confidence that yes, we can move forward. One of the important factors was like this last year, as you scale up, you definitely- I'm not saying that it happens to everyone, but it did happen to us that some of the margins also got moderated because, you know, we were just jumping into bigger jobs. And some- and we have learned quite a few things during these- this one year because Like you rightly said, you know, taking up a bigger job is a different ball game.

Working with some of the largest companies in the world and still maintaining financial discipline

with them is quite a challenge by itself. And we are ensuring that, you know, we have the right team of people with us. And with our learnings, we are able to execute the projects faster, better, have more people who can make sense and can you know, give us the advantage in the industry. And we ourselves are also organically learning, you know. So I mean, you know, all these things are simultaneously happening.

I can't say I can't pinpoint one specific thing, but then our projects have been inspected and, uh, by the end user itself, and we are talking to some of the projects which are already- we have received orders. So one of the reasons where, where we were wanting to go ahead in even at the initial years was to work with companies who have multiple opportunities or multiple plants so that, you know, we have to do less of marketing later on. And probably, you know, the doors are open in terms of that.

So this is what we are in general, you know, trying to work out.

Shiva Mehra - Analyst
Yes, I mean, just referring to our last- the last call which was there, I'd asked you regarding, you know, the share price and you said, you know, we don't see that. This is- we run this as it's a family business. And I, you know, I agree with you. But, you know, I definitely agree with you a lot of points and I feel you know, the support is there and we should just, you know, look at how we can, you know, what are we working towards to innovate in our R&D that, you know, we can be pushed to be a market leader in the years to come.

And see, I have no other questions. Yeah, so I have no other questions.

Anuj Dosad - Chairman and Managing Director, Apex Ecotech Limited
Thanks. I just wanted to comment, we just changed our website. You know, one of the captions of the website was technology-driven water and wastewater treatment company, you know. So we don't want to be run-of-the-mill kind of a company. We are talking to a lot of people. See, water is- and wastewater equipment and treatment technologies are highly advanced across the globe. Incidentally, India is still remaining as a very, very sensitive, price-sensitive market, but wanting and expectations of having, you know, you have- you want to have the gold at silver price kind of a thing.

But slowly now people are trying to understand that technology is going to form a very important part and We have already executed some plants where till date nobody has done those kind of technologies. And we are also bringing in few more things. In fact, today I was- I'm out of the office. I had a sudden travel plan because the customer wanted to meet us. So I'm actually calling. I am attending this through from the customer's office itself.

Shiva Mehra - Analyst
Okay. So yes, we are working

Anuj Dosad - Chairman and Managing Director, Apex Ecotech Limited
On that for sure.

Shiva Mehra - Analyst
Thank you so much, sir.

Anuj Dosad - Chairman and Managing Director, Apex Ecotech Limited
Thanks very much. Thank

Shiva Mehra - Analyst
You.

Operator
Thank you. Next question is from Mr. Priyansh Miri. Priyansh, you can go ahead and ask the question.

Priyansh Miri - Analyst
Hello, sir. Hope audible.

Unidentified Speaker - Executive, Apex Ecotech Limited
Yes, Priyansh. Good evening.

Priyansh Miri - Analyst
Yeah, good afternoon, sir. Uh, so, uh, sir, my, uh, question to you is, uh, first We see there is a seasonality between H1 and H2, right? And given you mentioned we have Rs 50 crore of order book in our hand and few more deals planned for next 2-3 months, right, to be closed. So do you see same trend we can- we will be following, like H2 higher than H1, and overall the margin, PAT margin will revert for year-on-year basis? It will be in same line what we did last year.

Anuj Dosad - Chairman and Managing Director, Apex Ecotech Limited
See, the thing is, I had earlier also commented that the orders which we receive by the month of October generally get delivered or, you know, executed in the sense that the supplies are made. Majority of the supplies are made by the financial year end. The ones which are up to January are partial. So you can have a certain percentage, maybe 70% of the supplies are done by that time. So, uh, yes, I, I feel that, uh, as we grow, I mean, if we have to achieve 40%, which we are very confident that we will be able to do that, we'll definitely- we have to surpass our, you know, H1 revenue.

But it was also important, as I had stated in my earlier, you know, meeting, was that we did not want to have a lot of surges and spikes, and we wanted to have a little more uniform trend. So, uh, may not be in the same vein, but, uh, it is a little difficult to, you know, or premature for me to answer that question because last year the, the incremental from was extremely sharp, you know, from 25 to 75%, I mean from 32 to 150%. So that may not happen this year in terms of the absolute numbers have increased, but we are, yes, we are hopeful that we should do well also this year itself.

As far as your PAT margin is concerned, uh, see, even this H1 is, is basically a mismatch. It's an abrasion. Uh, like Shivam said, I don't watch the market closely, but then I do see at times, you know, that there are, you know, what is happening to the share market, you know, just out of curiosity and interest. But, uh, what is happening is that the, the PAT will take a little bit of a, you know, backseat because, because of the input costs which have been absorbed in H1. But then H2 is we are ready with the new pricing, and that was on expected lines.

There is nothing unexpected or nothing which has happened out of the ordinary because of the conditions which are prevailing. We had to absorb that cost, and there are no escalation clauses as such in, in this kind of, uh, industry. So now I feel that we'll be limping back to Pretty close to what we had, you know, thought so. But I'm not sure whether we'll be able to match it like last year.

Priyansh Miri - Analyst
Makes sense, sir. Sir, also to like as a shareholder, I also want to understand, sir. One thing is price transfer rate like to safeguard our margin. That is one. But is there any other project or any industry or type of work that we are looking to, which would accredit to our overall EBITDA impact?

Anuj Dosad - Chairman and Managing Director, Apex Ecotech Limited
See, again, the market is huge. If you see, there are so many companies which are coming up. One is that we want to focus a little more on something which we have done in the last one year. That is, we have done a lot in beverage industry. We have done a lot in certain specialized industry also. And there are opportunities in similar industries which will- it is not because when we got this order, the orders were not- we were still maintaining good contribution. It is over the period of time, you know, that we had to absorb the escalation in the cost.

So this time we are better prepared. We have a better understanding of how to execute large ticket orders. We have a more pragmatic approach towards it so that, you know, we can do certain things. That would also be one of the reasons that we had to mitigate costs by giving higher advances to our vendors. You know, that was one of the things. We are also entering into some rate contracts unless there is a very large variation. So all these things are going on, but the industry per se is, you know, welcoming a lot of investment as such.

And they are- I mean, I think we are in sync with whatever is happening. So I really- I mean, every industry is growing for that matter in India at the moment. So whatever opportunity comes to us, we'll definitely grab it.

Priyansh Miri - Analyst
Sir, just to more sharpen this question, I was looking for some backward integration project also. Like when we implement, say, zero water discharge or say sewer treatment, right? There are technology components that also goes into that. So are we trying to do something in-house so that dependency on this price fluctuation could be reduced? Uh, something on that line, sir?

Anuj Dosad - Chairman and Managing Director, Apex Ecotech Limited
No, I don't think so that we are very keen to introduce any self-manufactured products at the moment because the, the outside market across the boundary lines are far more advanced and, you know, it will- and more proven and commercialized. So I am not too keen towards that, but maybe, you know, tomorrow it can happen. We are more concentrated now towards Also going into operation and maintenance of our plants so that you know we can if these kind of surges or these kind of bumps come so that can be mitigated by having a constant revenue and profitability because of these O&M's.

Priyansh Miri - Analyst
Oh, I have few more questions, sir. I will join back in the queue. Thank you for answering the questions.

Anuj Dosad - Chairman and Managing Director, Apex Ecotech Limited
Yes.

Operator
Thank you. Next question is from Mr. Abhinav Gupta. Mr. Abhinav, you can go ahead and ask the question. Good evening, Abhinav ji. Abhinav sir, you can unmute your mic and ask the question.

Okay, sir, we'll take the next question from Mr. Dhruvish. Hello, Dhruvish. Please go ahead. Dhruvish, you can unmute your mic and ask the question. Dhruv sir, please try now.

Dhruvish - Analyst
Yeah, now I am able to unmute. Yeah, so sir, firstly, thanks for the opportunity and thanks for your time. So I have, uh, 2 questions. First is, uh, if we just zoom out and look at last 7 years, so the gross margins for the business in 2019 was, I think, 40%, which has come down to 25%, 24-25%. So firstly, what is driving this? Is it competition or is it like some change in strategy? And how do we see this moving forward?

Anuj Dosad - Chairman and Managing Director, Apex Ecotech Limited
See, to be very frank, which I've not gone back so many years, so I'll go back and probably study it a little more. But, you know, the scale-up from what was 7 years back and today is very different. Today, definitely the competition is a little more severe and the order sizes are more. So the, the, the customer is more intelligent and evolved. And the expertise towards doing larger projects will come to fore with a little more time. You know, India is now just becoming big. So, and we are also, you know, we were, we are also scaling up.

So for projects of such magnitude, such large numbers like 40% of is still not, you know, possible. But yes, in absolute terms, definitely the growth is, uh, would be better. But I'll, I'll def- definitely be, you know, in sync with whatever the standard margins are which are acceptable to market. Because, uh, for smaller size orders, when we were a smaller company, you know, these margins could have been at times been made because of maybe more of a product mix which was skewed. But with a larger order booking, I think it would be, it would be difficult to, you know, look into those kind of margins.

Dhruvish - Analyst
Got it. So, got it. So, sir, when we bid, right, what is, what is the thought process? Like, we have a number that, okay, I'm bidding X and I can make 15% EBITDA on that, or you think that, okay, I can maybe do it in, let's say, 3 months instead of 4 months and make a little higher margin. How does it work? More on the cost side and the bidding side?

Anuj Dosad - Chairman and Managing Director, Apex Ecotech Limited
There are multiple things which factors which allow us to look into it. Definitely we are very, very concerned about whom we are dealing with, whether our money is safe or not. So that's the primary thing which we do. Am I audible

Unidentified Participant - Analyst
Now? Abhinav sir, there's

Anuj Dosad - Chairman and Managing Director, Apex Ecotech Limited
Question going

Vaishnavi Vaity - Investor Relations, Ackman Strategic Advisors Private Limited
On. After Dhruv sir, we'll take your question.

Anuj Dosad - Chairman and Managing Director, Apex Ecotech Limited
So coming back to your question, so we see a lot of things in a customer when we quote. One is that the customer, what is its background? You know, how well they have been and how good they have

been in terms of making payments to their vendors. So we do a little bit of diligence in that. The second is what are the future opportunities when we associate ourselves with a customer or a group? The third is then once we are convinced, we will work on audit orders or prospective orders by, by giving certain kind of margins for ourselves.

Now that will depend again whether, you know, the, the length of the or the duration of the project is one. Definitely this one of the aspects. The second is what is the minimum margin that we are making. At times it could be a little more strategic, you know, because if you're entering into a niche field or a new field, you need to take- probably you need to take an order at a lower price, which will allow you to, you know, be a standout player in the later stage. This typically has happened to us earlier also.

We were no one, nobody in the automobile sector, maybe 10, 12 years back. We took an order at a very low contribution, and thereafter, you know, the doors opened and there was the floodgates opened. So today we feel that there are certain kind of industry which if we are able to, you know, step in and even if take the order at a lower contribution to start with, keeping the other things in mind that the customer and the opportunities are good, uh, I think that would be- that is also one of the major factors.

So I'm not really going in for that what I have to achieve every month or every year. Or every- I mean, every half year or quarter. It is important that I have a larger vision with my colleagues, you know, and that is how we want to work.

Dhruvish - Analyst
Got it, got it. Uh, sir, and what would be the market share, uh, for us, uh, broadly speaking? And what is the lead indicator for growth? Because we tend to look at order book, but then again you have maybe capability and number of people who are capable of doing that, uh, that is not growing, right? I think employee count, as you said, is not growing, and we also don't expect that to grow, which I think is a leading indicator. So I'm just trying to understand how should we think about the growth and what, what, what are the market share we are right now?

Anuj Dosad - Chairman and Managing Director, Apex Ecotech Limited
Thanks. See, I guess India would be a $10 billion company. I mean, you know, opportunity for water and wastewater, and our number doesn't even fit into quite a few decimals. So market share in India with respect to water and wastewater treatment is a misnomer. Even the largest company in India for water and wastewater, BIBAG, is doing around Rs 3,000 crores, which is nowhere close to Rs 10 billion or Rs 7 billion expected market. And these are only reported figures. So I mean, you know, it is, it is something The volume is so high and then the water treatment companies are so heavily distributed.

So unless there is a major consolidation which happens in the next 5 to 10 years, market share would remain just a- I mean, I don't know, it will remain irrelevant as far as water and wastewater treatment companies are concerned. The scaling up per se is your own driven and your own company's ambition and vision. So we want to grow, like I have earlier said also, at least 40% year on year. That remains our motive and that is our driving force also. So there are, there'll be times when it will be higher.

And so, but that is as and when it comes to, it's not, but that figure of 40% remains etched with us and we want to maintain that.

Operator
Thank you.

Anuj Dosad - Chairman and Managing Director, Apex Ecotech Limited
Thanks, Ravish.

Operator
Abhinav sir, you can go ahead and ask the question.

Abhinav Gupta - Analyst
Yeah, hi everyone. So like I want to ask one question related to the EBITDA and PAT margin. Like EBITDA and PAT margin have declined As compared to H2 '26, if we compare from '27 H1, what are the key reasons of these declines?

Anuj Dosad - Chairman and Managing Director, Apex Ecotech Limited
See, primarily I have also stated that and commented in my remarks, there are 2 primary reasons. One reason is of course that there has been an incremental cost of the commodities inputs, uh, you know, for the last 6-odd months or little more than 6 months because of the attrition of war going on such a long time. So whether it's your crude or whether it is your everything which has gone up, you know, anything associated- so polymers, membranes, any metals, everything has gone up. So that's one of the reasons.

But in our case, you know, uh, the present scenario which we had given is a slightly mismatch of timing. So typically, uh, As I would like to re-explain, the fact is that, see, the orders- but we were generally taking orders of full value and the payments were milestone payments. So giving a typical example, if you have an order of Rs 100, you do something like 80% of supplies and 20% goes to your erection commissioning in terms of milestones. However, your revenue generated from that order is Rs 100.

So you have a retention also associated to it. You may be getting the payment later, but your order book is Rs 100. So in these couple of- or in these 2 cases through L&T, the Rs 100 was divided into 3 parts. Rs 85 was for supply, Rs 7.50 for erection, and Rs 7.50 for commissioning. While the 85% has almost been completed, The 7.5% to 7.5%, that is 15%, was an ongoing process. Now it is not- unless it is verified and certified by the customer, it is not considered as a- as we can take it in as a part of our revenue.

So since it was not something which was at the, you know, one specific time that you had to do this, it was an ongoing process. So we have already invested in terms of election commissioning to a very large extent into these projects, and now they will translate into, uh, revenue in the next 2. So 15% of these orders are actually, uh, the, the other part- I mean, the one which has still got to be recognized in, uh, as revenue. Out of the 15%, 15-20% has already been done. The balance 12%, 10 to 12%, remains.

Which is a substantial amount. So by H2, these figures will be very different again.

Abhinav Gupta - Analyst
Okay, now one more question. I hope I answered your question. Yeah, yeah,

Operator
Sure.

Abhinav Gupta - Analyst
Yes, and one question related to working capital. Like, despite of reporting the PAT of around Rs 4 crores, the company has reported a negative operation cash flow of Rs 7.7 crore. In H1. So what's the driving working capital outflow?

Anuj Dosad - Chairman and Managing Director, Apex Ecotech Limited
There are 2 things. Again, like, you know, there are 2 months in every year, that is September and March, where you have to do a higher amount of invoicing. So it is because of the higher receivables, as we had done the, you know, the invoicing in the month of September, which is now being Which is actually the, you know, portraying as the negative cash flow, but otherwise it's not negative only out of our operations, it is positive only. The second is we have paid our vendors and OEMs higher advances and upfront payments to mitigate the incremental cost.

So therefore, you know, the advances are higher. And the third thing which has benefited us is because of the structure of the order, which I told you earlier for the larger projects. When you book 85% of the supplies as revenue itself, there are no more retention than that. Whereas if you book 100%, there are retentions. So the positive side is that we have had lower retentions. We have improved in that recovered amounts and we have given higher advances and we have given, because of which the working capital is higher.

So, I mean, you know, if you take the 2 things, it is not actually a negative cash flow. It is a mix. The operating cash flow is positive and the other, the working capital is on the higher side. So that's why it's showing as negative. I hope I am able to, I have been able to explain this in the right perspective. Or you can ask me another question.

Abhinav Gupta - Analyst
Yes, yes. And one more thing, like what do you expect this to convert in cash?

Anuj Dosad - Chairman and Managing Director, Apex Ecotech Limited
Uh, this time, please, can you repeat your question?

Abhinav Gupta - Analyst
Like, uh, like working capital outflow, uh, that driving the working capital outflow, when you expect to convert it into cash?

Anuj Dosad - Chairman and Managing Director, Apex Ecotech Limited
It's, it's, it's H2. See, what happens is the whatever- generally the cycle is around 45 to 60 days. So whatever has been invoiced in the month of September will get realized in the- by October, November, and so on and so forth. So probably we'll be talking the same thing in a different vein at different values in the month of March also, but that would be a different scenario. All these which have been in the- which have been invoiced in the month of September would be realized or would have got realized by now.

The other positive aspect is already there that the deductions are reduced. And the advances will also now take a different picture because the reason for giving higher advances, and like I said, upfront payment, was to mitigate the incremental costs. So that would not remain true for a long period of time because anyway we are now taking care of the, or booking all our proposals at the revised incremental pricing costing.

Abhinav Gupta - Analyst
Okay, that's, that's it, sir.

Anuj Dosad - Chairman and Managing Director, Apex Ecotech Limited
Thank you very much. Thanks.

Vaishnavi Vaity - Investor Relations, Ackman Strategic Advisors Private Limited
Thank you. Next question is from Mr. Keshav Garg. Mr. Keshav, you can go ahead and ask the question.

Keshav Garg - Analyst
Sir, I'm sorry, I joined the call a bit late, so I missed whether are we expecting some growth over the

Operator
Sorry, I missed your voice after that. After growth, I didn't hear. Is your- I hope I'm audible.

Keshav Garg - Analyst
Hello?

Operator
Yeah, you're audible now. Yeah, yeah, yeah.

Keshav Garg - Analyst
So, so I was asking whether can we expect some growth over the second half of last year wherein we did Rs 116 crore revenue.

Anuj Dosad - Chairman and Managing Director, Apex Ecotech Limited
Oh, I would not take the benchmark as 116. I would take the benchmark of 148, what we did last year. And like I mentioned, we are looking at 30 to 40% growth year on year.

Keshav Garg - Analyst
So since already we are doing that kind of a growth, uh, including H1, so it seems that the second half, it's by and large, uh, it is expected to be flat over last year. Is that understanding correct?

Anuj Dosad - Chairman and Managing Director, Apex Ecotech Limited
It could happen, yeah. But then actually I didn't look at it in that kind of perspective. It may or may not happen, but yes, uh, with the kind of time left, this could also come true because it meets the, the expectation of the organization.

Keshav Garg - Analyst
And so since you mentioned that the new orders we are taking at the current prices, so we can expect the previous 15% or thereabout EBITDA margins, if not in the second half, but in FY28, can we that kind of EBITDA margin?

Anuj Dosad - Chairman and Managing Director, Apex Ecotech Limited
See, definitely, Keshav, I would be- I'm a very, uh, I'm a big promoter of bottom line. The thing is, there are some things which are not in your hands, and, uh, it is also a learning experience. Like I said, we graduated from probably an order, typical order of 15 to 20 crores, to 40-60 crores worth of orders. You know, we, we executed them. So there is a learning curve whenever you do something fresh or new, which we did it. I would not say with aplomb, but definitely with not much of

sacrifice also.

The primary reason for not, you know, meeting expectations in terms of EBITDA was the input cost. I'm not too concerned about the second part, you know, that is the unbilled or whatever that the erection and commissioning of what I was trying to explain. So that anyway is going to come. Yes, 28 remains for us. We are a company which believes in double digits. Bottom line, you know, Pat. So yes, unless we don't do that kind of an EBITDA, we will not reach those numbers.

Keshav Garg - Analyst
Sir, and how is the bidding pipeline looking?

Anuj Dosad - Chairman and Managing Director, Apex Ecotech Limited
Very, very optimistic. Very good. It's there. It's, it's very nice.

Keshav Garg - Analyst
So, so as you have mentioned in your investor presentation that we can expect around 30 to 40% revenue growth year on year for the full year. So, so is it only for this current year or that kind of growth momentum we can expect Even going beyond, like FY28 onwards also?

Anuj Dosad - Chairman and Managing Director, Apex Ecotech Limited
Yeah, yeah, very much. You know, this is- we are very, very small company, and then water is a big issue nowadays. So a lot of industries is coming up, a lot of investment is coming up. We, we, we look- we foresee this to happen for a pretty long time. I mean, otherwise we'll stagnate too soon.

Keshav Garg - Analyst
Great, sir. Sir, I think in business margins keep on fluctuating, but our working capital management is exceptional, that despite posting such blistering growth, we remain debt-free. So that's a huge achievement. And sir, I hope that we continue on this trajectory. And so just one feedback, sir, if we could give even Rs 1 dividend, uh, in the year end, so that will boost the investor confidence usually, uh, so because we'll join the list of dividend-paying companies. So, so if you could consider, if not Rs 1, say even Rs 0.50 is fine, but at least we'll become a dividend-paying company.

So, so that is just a feedback from my side. Thank

Anuj Dosad - Chairman and Managing Director, Apex Ecotech Limited
You. One is that thanks for appreciating, you know, gone into, you know, we, we are very strong in terms of getting our money from people, and it's a challenge when you work with bigger companies. But, uh, the dividend part, you know, even I would be benefited out of it. So let's see if it is helping our, you know, numbers. And surely, you know, at the end of the day, it is important that the shareholder and the investor gets their due, you know. So I, I will definitely look into it.

Keshav Garg - Analyst
Thank you, sir. Best of luck.

Anuj Dosad - Chairman and Managing Director, Apex Ecotech Limited
Thanks, thanks very much.

Operator
Anuj sir, I think we can conclude the call.

Anuj Dosad - Chairman and Managing Director, Apex Ecotech Limited
I see one Mr. Upesh, his hand's been there for quite some time. Can we take his question, please?

Operator
Yes, yes, sir.

Upesh - Analyst
Yeah, thank you for the opportunity. While the previous participant had asked a relevant, like the question that I wanted to ask, but can you give the quantum of unexecuted order and the order pipeline and the bidding pipeline in quantum, in rupee or whichever currency you want to give?

Anuj Dosad - Chairman and Managing Director, Apex Ecotech Limited
See, the orders in hand is there. It's 55 crores plus. It's Difficult, I feel, you know, the orders which we are working on. What I can give you a semblance of idea is that there are 4-5 big ticket orders and couple of medium level orders. So the overall pipeline is quite decent. It is only that I don't want to come to a number because, you know, these- we had expected some of these orders to get finalized 2 months back. The picture would have been totally different. I don't want to be a little premature on this.

So if you could please excuse me on this comment at least.

Upesh - Analyst
No problem. One follow-up question there. So any particular reason that you are seeing because of which these orders are not closing? And secondly, we recently saw a large player had a big order cancellation. Do you have any impact because of that? And are you also seeing such similar situations in the market?

Anuj Dosad - Chairman and Managing Director, Apex Ecotech Limited
No, actually, you know, I guess I know what you're talking about in terms of the cancellation part of it. It is something very related to an individual organization, nothing to do with or impacting any other organization. It is one of the blue moon things. I'm sure they will also get over it. And, um, as far as we are concerned, uh, we- the, the- our gestation period is, number one, is between 10 to, you know, 18 months, you know, that is the maximum. So there are not very long-term orders. The second is we are not into any municipal government or infrastructure jobs, so it is very unlikely that the orders get cancelled with the- when it comes down to, you know, uh, utility companies or manufacturing companies.

Unidentified Participant - Analyst
Great, great. Thank you, thank you. I appreciate your fiscal prudence and, uh, the growth plans that you have for the company. Thank you. Best of luck.

Anuj Dosad - Chairman and Managing Director, Apex Ecotech Limited
Thanks very much. Thank you, thank you. There's one left, Priyansh. You can also please ask and we can then close it.

Vaishnavi Vaity - Investor Relations, Ackman Strategic Advisors Private Limited
Yes, Priyansh, you can continue with your questions.

Priyansh Miri - Analyst
Yeah, thank you, Anushka, for being kind-hearted and extending, uh, your time. So, uh, quick question, sir. Uh, we don't have a split between, uh, domestic and export revenue, sir? Can you give us the number in terms of sales percentage?

Anuj Dosad - Chairman and Managing Director, Apex Ecotech Limited
For the time being, because the thing is, hands are a little full on the domestic front, to be very frank. With this coming up on the focus on the operation and maintenance, which we were not very, very concentrated earlier, but now we want to make it as a revenue stream, uh, we are thinking, we feel that India is is, is, is probably the biggest market at the moment. But yes, we are also, we, you know, we did start some activity in the Gulf, but that has, you know, taken a backseat. So just want to be a little prudent in how we want to go forward.

But I think India offers a lot of opportunities for the time being.

Priyansh Miri - Analyst
Okay. So if I understand, like majority of our revenue is from India only, right, sir? And for forcible futures, that is about Okay, sir, just to wait for

Anuj Dosad - Chairman and Managing Director, Apex Ecotech Limited
The next 1 minute, please. Yeah, please.

Priyansh Miri - Analyst
Yeah, also, when you hinted, sir, we are working with 4 to 5 big orders, right? Are we expecting to close before H2 end, or that will also, like, there could be a spillover to next FY28 also?

Anuj Dosad - Chairman and Managing Director, Apex Ecotech Limited
Yes, see, whatever these orders, they will get finalized in the next, say, 2 to 3 months. There would be proportionate some portion which will be, you know, invoiced in the month of, uh, by March, I mean in the H1 and H2 '27, and there will be a spillover. So it is difficult when these- because these subject to customer finalization and whether we are the favored on the preferred party or not. So, uh, yes, but what I'm trying to- what I said earlier was that we are in the advanced discussions and we are one of the Uh, you're strong contenders in all these cases.

Okay,

Priyansh Miri - Analyst
Um, sir, not name, but are these government entities or private? Just to get understanding.

Anuj Dosad - Chairman and Managing Director, Apex Ecotech Limited
Okay, we are not into government at all presently, at least, and for the next couple of years I don't foresee our company moving into infrastructure. Understood,

Priyansh Miri - Analyst
Sir. That, that itself gave us some hint on the working capital requirement going forward. So yeah. That is good to hear that, sir. All the best, sir, for the next quarter. Thank you. Thank you for the overall performance. Thank you so

Anuj Dosad - Chairman and Managing Director, Apex Ecotech Limited
Much. Thanks very much. There is, just before we actually- there is, there was a couple of mails

which have come from some of the investors, and, uh, I really want to thank and appreciate, you know, their effort in giving, sending us the mails stating, uh, you know, certain queries. So this gives us a lot of happiness that, you know, people are looking at our company and, you know, are involved in what we are doing. Most of these questions have been answered, but I'll quickly run through them. Our order book is 55+ CR.

The short-term loans and advances, which was- is due to the advance to vendors and higher invoicing. And The third question was the revenue which is pending is like, you know, the erection and commissioning costs which have to be taken here is quite significant. The earlier, I mean, I would say around 10 to 12% which is remaining and which will be recognized in H2. The newer orders are with respect to, or the prospective newer orders will be with, is, are in line with the costs which we have considered, which are the prevailing costs.

So we are working on those kind of numbers only. The operating cash, I was- I've already answered that, but then it is primarily because though we are operating positive, the- it is only because of the higher invoicing in the month of September and certain advances to the vendors. And that's it, Bhaskar.

Vaishnavi Vaity - Investor Relations, Ackman Strategic Advisors Private Limited
Thank you, Anuj sir. Thank you to all the participants for joining the phone call and Anuj sir for your time. If you have any further queries, you can write to us at info@atmeladvisors.com. Thank you, thank you everyone.

Unidentified Speaker - Executive, Apex Ecotech Limited
Thanks everyone for being present. Thanks very much.