Fabtech Technologies

Operator: Ladies and gentlemen, on behalf of the Kaptify Consulting Investor Relations team, I welcome you all to the Q2 and H1 FY27 post-earnings conference call of Fabtech Technologies Ltd.

Today, on the call from the management team, we have with us Mr. Ashvini Singh, Chief Executive Officer; Mr. Aman Anavkar, Chief Growth Officer; Mr. Chirag Doshi, Non-Executive Director; and Mr. Arihant Dhariwal, Head of Investor Relations and Finance.

As a disclaimer, I would like to inform all of you that this call may contain forward-looking statements, which may involve risks and uncertainties. Also, a reminder that this call is being recorded.

I would now request the management to brief us about the business and performance highlights for the period ended September 2026, the growth perspective, and the vision for the coming year, after which we will open the floor for Q&A. Over to the management team.

Ashvini Singh – Chief Executive Officer: Thank you. Thanks. Thanks, Vinay. Good afternoon, everyone, and thank you for joining Fabtech Technologies Ltd. Q2 and H1 FY27 earnings call.

The first half of FY27 has reinforced our confidence in the direction we have chosen and the business we are building. In Q2, consolidated revenue grew 22.8% sequentially to Rs 92.09 crore, EBITDA more than doubled to Rs 15.57 crore, and profitability strengthened significantly.

Our order book remains robust at over 900 crores, with a strong pipeline of opportunities across our core international markets. We have navigated geopolitical disruption, protected our customer commitments, and continued investing in the capabilities required for our next phase of growth.

Our strategy is clear. We have established the infrastructure, strengthened our regional operations, and positioned the organization to execute at a significantly larger scale. Our focus now is on accelerating execution, improving operating efficiencies, and translating our order visibility into sustainable and profitable growth. We know where we are going, we have built the capabilities to get there, and we are focused on delivering.

With that, I invite Aman Anavkar, our Chief Growth Officer, to take you through our business, global growth strategy, and the opportunities shaping Fabtech's future. Over to you, Aman.

Aman Anavkar – Chief Growth Officer: Thank you. Good afternoon, everyone, and thank you for joining us today.

I am Aman Anavkar, Chief Growth Officer of Fabtech Technologies Ltd., and I'll take you through our Q2 and H1 FY27 performance and how we see the rest of the year. Then we'll open up for your questions.

For anyone who is new to Fabtech, here's the simplest way to understand us. Every vaccine, IV solution, tablet, capsule, and biotech product is made inside a certified, compliant facility. We are responsible for designing, engineering, building, and validating these facilities. We provide end-to-end design and build services for pharmaceutical companies, vaccine institutes, governments, and private industries.

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We are a design and build organization focused on the pharmaceutical, healthcare, and biotech industries, offering our in-house solutions where process, air, and water are manufactured and designed under one roof. This gives us complete control over quality, speed, and cost.

We've worked in over 62 countries over the last three decades, have over 2,000 installations and more than 500 projects designed and built, and we have a strong order book of more than 900 crores.

Our regional focus is on emerging pharmaceutical markets. This includes the Middle East, Africa, GCC, and ECO zones, where pharmaceutical capability is needed.

Now, moving directly into the performance highlights, we've had an extremely strong EBITDA. There are five things to take away from the quarter.

Number one, EBITDA more than doubled quarter-on-quarter to 155.7 million, which is 15.57 crores, in Q2 FY27.

We know and expect revenue and margins to improve in H2 as the project milestones move into execution.

Number three, we've started exploring and entering new markets with a new turnkey design and build project in the CIS region.

Number four, we remain confident of an adjusted PAT margin of 8% to 9% at the end of FY27.

Number five, we continue our participation in the largest shows globally, such as CPHI Milan, which is one of the most important platforms for engaging with industry stakeholders and having new conversations that will build our pipeline for the future.

As an operational update, H1 wasn't an easy environment. We dealt with geopolitical uncertainty and freight volatility across the GCC markets. That being said, we are proud that our UAE team kept every site running and every customer commitment on track. We also kept winning orders.

This came at a cost. We put enhanced security and protective measures in place for our people on site, which added to the installation costs this half. We'd make the same call again in the future. The commitments remain on track, and performance has remained steady.

In terms of visibility, our order book stands at 900 crores, which is about 2.2 times last year's revenue. On top of the 900 crores, we're working on another 800 to 850 crores of additional revenue over the next 1 year. We expect Africa and Saudi Arabia to be significant contributors to our pipeline.

The initiatives are growing. Advanced technology capabilities are increasing. We're focused on developing our cell and gene therapy capabilities, advanced high-tech facilities, and data center infrastructure.

We're maintaining execution, cost control, and customer commitments, and each region is being ring-fenced for further growth.

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That being said, I would like to hand over to Arihant for the detailed numbers. Over to you, Arihant.

Arihant Dhariwal – Head Investor Relations and Finance: Thanks, Aman. Move the slide to the next one?

Management: Yes.

Arihant Dhariwal – Head Investor Relations and Finance: Let me take you through our financial performance for the second quarter of financial year '27, with a focus on sequential improvements over Q1.

We have delivered a strong recovery in Q2, with improvement across revenue, EBITDA, and profitability levels. Our revenue from operations has increased by 22.8% quarter-on-quarter, from 749.8 million to 920.9 million in Q2. This reflects an improvement in project execution during the quarter.

Total income grew by 24.8%, from 781.5 million to 975.4 million.

Moving to EBITDA, we reported 155.7 million in Q2, compared to 74.1 million in quarter [trails off]

Arihant Dhariwal – Head Investor Relations and Finance: Q1, representing growth of 110% quarter-on-quarter. Our EBITDA margin expanded by 647 basis points, from 9.5% to 16%. This improvement reflects the benefit of higher revenue, improved operating leverage, and better absorption of our cost base as execution picked up during the quarter.

For reported PAT, we achieved 150.2 million, compared to 42.1 million in Q1. However, Q2 reported PAT includes an exceptional item of 65.9 million, which is net of tax. Excluding the exceptional item, adjusted PAT for Q2 stood at 84.5 million, almost double the 42.1 million reported in Q1. Adjusted PAT margins improved from 5.6% to 9.2%, an expansion of 354 basis points.

Overall, Q2 represents a meaningful sequential improvement in our financial performance. While H1 performance reflects the impact of slower execution in Q1 and the operating environment, the Q2 recovery provides a positive base as we move to the second half of FY27.

As highlighted earlier by Aman, our focus for H2 remains on accelerating project execution, converting a healthy order book into revenue, and improving profitability while maintaining disciplined execution and cost control.

This is an update on our financial performance. Now, I hand it over to Aman to take it ahead.

Aman Anavkar – Chief Growth Officer: Thank you, Arihant.

We have a stronger profit trend and clear visibility into H2. Let me now talk about where we are putting our focus.

Our priorities for the rest of the year are simple.

Number one, accelerate delivery and business development in Africa and the UAE, while we carefully manage Saudi project timelines.

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Number two, move up the value chain into cell and gene therapy facilities, other high-technology facilities, advanced technology facilities, and data center infrastructure.

Number three, we're exploring an operational opportunity in Europe targeting Q4 FY27 or Q1 FY28, subject to due diligence and approvals, and this is in process.

Number four, we maintain disciplined execution, cost control, and customer commitments, as our management has been focused on.

Now, when we talk about deepening our local presence market by market, this slide shows how diversified the business has become. Saudi Arabia is our largest market at 462 million rupees, up 18.5% year-on-year. Africa, across Morocco, Kenya, and Algeria, contributed about 470 million rupees combined. India, our home base, is now 16% of that revenue. That reflects a real turnaround in our core standalone business. No single market carries us, and that is deliberate. We are diversified so that our exposure is spread across multiple markets. Even if geopolitical turmoil increases, we remain balanced.

Talking about CPHI Milan, which is the industry's largest global event in the pharmaceutical, healthcare, and biotech industries, our international team met clients and partners from Europe, Africa, and the Middle East, and several of those conversations are already turning into inquiries. These exhibitions are responsible for the lead pipeline and the hot inquiry pipeline that grows over the next few years.

Now, talking about Fabtech 4.0 and the growth flywheel that you see on the screen, this slide explains how our business compounds. Walking you around the circle, it starts with successful execution, which leads to references in the regulated pharmaceutical industries. A client cannot take a risk on an unproven contractor. When a vaccine plant or a sterile line fails validation, the client loses years. So, the first thing that every tender asks is, "Show me where you have done this before." That is the reference project. That is what Fabtech already has.

Every project we deliver becomes that proof of reference. More references allow us to enter more geographies. When we win in Saudi Arabia, Nigeria, Kenya, or Morocco, that site becomes the reference that we show to the next client in the same region. More geographies bring larger projects because clients now trust us with full turnkey scopes, not just a cleanroom package. Large projects build deeper customer trust, and that trust brings the next round of projects. This is the loop. This is the cycle, each time from a higher base.

We call this Fabtech 4.0 because we're now adding technology at every step of that loop. Digital engineering lets us design faster. Integrated global procurement lowers our costs. Real-time execution tracking keeps the project on schedule. Each of these makes the flywheel spin faster and protects our margins at scale.

You can see the result today: the 900 crore order book built project by project and reference by reference. Because our international projects are backed by lines of credit and letters of credit, this growth comes with payment security.

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The five structural drivers are the five forces that are working in our favor. Pharmaceutical and healthcare capex is growing across emerging markets. Countries want to make their own medicines, and clients prefer one partner for process, air, and water. That is the integrated capability. New categories are opening up, including cell and gene therapy, high containment, data centers, veterinary, and medical devices. We already have visibility of a large revenue opportunity of 900 crores-plus as of September 2026, and emerging infrastructure opportunities are growing.

Adding to that, because we are a global but local player in emerging geographies, we have something called in-country value, which is a preferred project partnership for most projects locally. We are positioned at the intersection of healthcare infrastructure, manufacturing localization, and specialized engineering.

And the real moat: the natural question for any investor is, what stops someone from copying this cycle? Our answer is that our competitors always come in three types. Cleanroom or HVAC contractors are one type. Equipment and machine manufacturers are another type, but they do not build the facility. The third type is large global engineering companies that can do everything, but at a price and pace that does not work for most emerging-market clients. They also do not have teams on the ground in Africa or the Gulf.

Fabtech combines these five capabilities, and this is the most difficult part to put together: the global execution that we already have in 62-plus countries and are expanding further; the in-house validation capability, which matters the most because a plant isn't completed until a regulator accepts it; the in-house engineering know-how and in-house manufacturing know-how for process, air, and water, through which we control the quality, cost, timeline, and entire scope; and integrated execution, meaning one partner and one point of accountability for the client. Any competitor can have one or two of these. Very few have all five.

The hardest one to copy is time. Over 500 projects, over 2,000 installations, and references built in over 62 countries are very difficult to replicate. Building local execution ecosystems in high-growth healthcare markets is what Fabtech is focusing on, and that is why our clients have trusted us to build an order pipeline of 900 crores-plus.

The core capabilities: there are six capabilities in our domain that we focus on in-house. As the slide says, we don't build buildings. We build the most critical infrastructure inside them: cleanrooms, HVAC, MEP, utilities, electromechanical works, water systems, utilities, pure water generation, WFI generation, all cleanroom equipment, and material transfer equipment; process equipment from O... to introduction and production scale; containment and isolators with negative and positive pressure; and each of these solutions is custom-built for each individual client's requirements.

These are the areas covered by our in-house capabilities. That is what allows us to perform projects not only for tablets and capsules, but also for sterile liquids, vaccines, anti-cancer products, hormonal products, biosimilars, veterinary products, medical devices, and more.

When we talk about a single-stop solution for the entire life cycle, it is one platform and one accountable partner. The project cycle starts with the first step, which is design and engineering, advisory and consulting, and identifying which products need to be produced by a country or a customer. It then moves into BOQ preparation and detailed engineering.

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Then comes the process system, which includes procurement, vendor and partner selection, equipment and system procurement, identifying the cleanrooms, HVAC, utilities, and all user points, and then moving into the entire construction management and project controlling.

This covers greenfield projects, brownfield projects, technology transfers, auditory training and validation, annual maintenance contracts, project management, post-project support, and, most importantly, regulatory compliance. Customers reduce coordination and complexity by working with one integrated engineering partner like us. Designing, engineering, and delivering the complete solution is our scope of work and reflects our experience. That is how we need to be viewed by investors and the market, because that is how clients perceive us.

Now, what is the need for Fabtech's experience and expertise? We need to understand the growing critical infrastructure layer in global pharmaceutical manufacturing and the fact that the industry is changing structurally. Customers have a real coordination problem, and we have the capability to solve it. That shows up in a global order book, financial inflection, and a scalable model.

In summary, the integrated execution that we have is not just a slogan. It means single-point accountability, control over critical systems, faster and more predictable timelines, and integrated quality and compliance. Each step that you see on this slide is one of the most critical aspects that Fabtech provides, giving us the advantage of controlling the entire project life cycle.

The next three slides that we're discussing cover process, air, and water individually, and what we manufacture in each area. When we talk about air solutions, any pharmaceutical plant requires cleanrooms, HVAC, and utilities. We manufacture these with our partners. We manufacture isolators, including negative- and positive-pressure isolators for aseptic and non-aseptic applications, sterility, filling, and dispensing. These isolators are used in the most critical facilities, such as anti-cancer, vaccine, hormonal, insulin, and biosimilar facilities.

Having these solutions in-house gives us the benefit of meeting prerequisites in tenders, and clients trust companies that manufacture these critical solutions from the start. Therefore, controlling and delivering the entire project later is far easier for Fabtech.

The same applies to water. Every pharmaceutical plant requires clean water to be added to formulations, whether tablets, capsules, liquids, or IV solutions, especially for vaccines and biosimilars. Pure water, steam, process vessels, chilled water piping, cleaning-in-place systems, sterilization-in-place systems, and all utility systems are what we design and manufacture.

For processes, which are at the heart of the manufacturing side of the finished formulation itself, we manufacture equipment for tablets and capsules, including fluid bed dryers, granulation equipment suites, auto coaters, and other ancillary equipment. We also manufacture all injectable lines for pre-filled syringes, vials, ampoules, and dental cartridges. This gives us an edge over all the individual players in the market who would develop a project piece by piece.

In the business overview, we scale through our own arms in the UAE and India. Our joint venture in Saudi Arabia is the one that we will discuss later, along with our strategic partners. Most of our ecosystem focuses on the growth of Fabtech Technologies Ltd. by delivering as a local organization.

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Now, talking about our global presence, we're a global engineering company with local execution. Our engineering and manufacturing base is in India. We have a regional headquarters in the UAE, an in-country team and a joint venture in Saudi Arabia, and local teams in Egypt, Algeria, Nigeria, and Jordan. Being local is how we win government projects and in-country value tenders, and being local is the reason we are preferred, because our team is always on site developing the market.

Management: Now, when we talk about turnkey projects, these are just a snapshot of an injectable and pharmaceutical facility for Fidson Healthcare in Nigeria, which is one of the largest pharmaceutical manufacturing brands in Nigeria and West Africa. We delivered, over a 15-month cycle, six blocks that produce injectables, tablets, capsules, liquids, syrups, ointments, disinfectants, and other finished pharmaceutical formulations. The entire turnkey scope delivered in a 15-month cycle gave us our pipeline in Nigeria.

Talking about Himalaya Wellness, which all Indians have consumed at some point in their lives, we built one of their largest projects for producing nutraceutical tablets and liquids in Dubai. It was delivered over a span of 12 months, in under 12 months. It was a turnkey project, and we were able to deliver this because of our on-ground teams and operations in the UAE.

Mechnikov, Nicaragua, was the first influenza human vaccine fill-finish facility in Nicaragua. It was invested in by the European Investment Bank and other international agencies and approved by WHO GMP. We handled end-to-end project management and commissioning.

Or let's talk about Sudair Pharma, which was the first oncology tablet and capsule facility for which we handled Phase 1 and Phase 2, an anti-cancer plant in Saudi Arabia that has made anti-cancer medicines and healthcare available in the GCC region.

From facility infrastructure to commissioning, we have executed complex turnkey projects across regulated pharmaceutical markets. These are some of the clients that all of India and the world know about, and these are already our references. This becomes the USP for a customer choosing Fabtech.

Now, what is the way forward? Let me talk about where we're going. The opportunity is large and structurally funded. Turnkey pharmaceutical and biotech projects represent about a $180 billion market globally. It is growing at close to 8% compounded. In our core geographies, the GCC, Africa, and MENA, the serviceable market is $28 to $30 billion.

Two pipelines stand out. Saudi Arabia plans over $15 billion of pharmaceutical manufacturing investment under Vision 2030, and Africa plans over $60 billion of total medicine production investment until 2040. Much of this is backed by the WHO, the Global Fund, and other grant agencies. On a typical project, our scope covers close to 50% of the spend.

The pharmaceutical reliance cycle is growing. Globally, during COVID, every country wanted to make its own medicines and vaccines. That means new plants and biotech facilities are growing. At the core of each of these are cleanrooms, HVAC, utilities, and process, which is exactly what we do.

Beyond that, data centers, renewable energy, and cell and gene therapy projects are growing in the GCC using the same engineering skills. These are the natural adjacencies for Fabtech.

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Talking about driving growth, glocalization has translated for us into numbers through the optimization of tax and cost in these local markets and greater local execution capability, which has made us a preferred partner.

Number two, alternative sourcing is smarter and potentially increases our margin opportunities by 2% to 3%.

Number three, Green Shield, which includes solar and pre-engineered buildings and execution, is increasing our ticket sizes and improving our execution efficiency because we will be responsible for the entire project cycle from start to finish, including pre-engineered buildings and sustainable energy.

Over the next 3 to 5 years, we are looking at 25% to 30% growth. Margin expansion is expected to be driven purely by these three factors.

Now I would like to thank everyone for the time while I was speaking, and I would love to open the floor for questions so that we can take this into the next phase and make it more interactive.

Operator: Thank you. All those who wish to ask a question may use the raise-hand option. In case you are unable to raise your hand, you can drop a message in the chat window, and we will invite you to ask the question. We'll take the first question from Milan Deep Jain. Milan, you can go ahead.

Milan Deep Jain: Hi, thank you for the opportunity. My first question is about Q2 revenue being down 24% year-on-year, and H1 being down about 12% year-on-year. To reach the FY27 guidance, which is guided at around 20% to 25% growth, we are looking at H2 growing by roughly 50% year-on-year, if my calculation is correct. I want to understand from the management's perspective whether the guidance is still intact and what we are expecting from H2 in terms of year-on-year revenue growth and margin growth.

Management: Perfect. I'll take this up. Last year's Q2 had a concentration of a lot of large milestones, Milan, right? Very good question to ask. This year, execution is weighted to H2, and our 900 crore order book and Africa ramp-up are supporting that.

Our guidance remains the same. We're very confident about the coming two quarters, and our performance will speak for itself. But if you look at the last quarter and H1 of last year, we were clearly told that we needed to understand how our market moves, and that is what we have done this quarter. We have understood the direction in which global geopolitical conditions are moving and where we need to add more weight to reduce our exposure to difficult markets, I would say.

That being said, our quarterly performance is sustainably better than last quarter, and that is what we're ramping up. As previously mentioned, our business is lumpy. Q4 carries the maximum weightage, and that is going to happen. But this year, we were able to perform quarter-on-quarter, unlike last year, when we were criticized somewhat by investors and the market for performing exceptionally well in Q2 and then dipping in Q3. We're avoiding that.

Milan Deep Jain: Got it, sir. Also, could you share some more color on what we are expecting in terms of H2 year-on-year growth?

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Management: As mentioned previously, we're looking at 8% to 9% PAT at the end of the year, right? In qualitative terms, I can tell you that there are many new high-tech projects that we're currently closing in the Middle East and Africa. We're also entering some new geographies with our new references in the CIS region, and that is helping us expand our markets while also ring-fencing the existing markets.

The presentation was there, and the numbers have spoken for themselves in terms of what we're looking at for H2 and for the full year. As previously mentioned, 25% to 30% is the year-on-year growth that we're targeting.

Milan Deep Jain: All right, sir. My second question is about the previous presentation, where there was mention of 400 crores of PEB bids in Africa and the Middle East, and the SEC's first civil order in Saudi Arabia. What revenue do you expect from PEB and civil works in FY27 and FY28? How do the margins on this work compare with the core pharmaceutical projects?

Management: I would say that, if we are looking at absolute numbers, only 20% of our entire project pipeline would be focused on the PEB scope of work, because customers still prefer to have their own local partners. They are able to manage the civil infrastructure locally and issue those as standalone contracts.

But the 20% that adds to our project pipeline is a significant number, and it is also a significant milestone for us because these would be our first few projects in the PEB space. As the references build, as we mentioned with the first PEB or civil infrastructure contract in Saudi Arabia, our references will bring in more contracts for general contracting purposes. That is related to PEB.

Milan Deep Jain: So, sir, could you share some [crosstalk]

Management: Milan, Mr. Milan, I would like to add here. Last time, when we projected our PEB and civil business, this was in an incubation period. The more clarity will come once we run through 1 year, because we have to educate our client and align with our supply chain. It will take 1 year to mature before we can provide a specific answer and numbers on this. I hope this is understandable.

Milan Deep Jain: Okay, sir. So, on the PEB side, are we expecting the additions not from FY27 but perhaps from FY28 onwards?

Management: This is in process right now and under consideration. Depending on the situation and the geopolitical situation, that can come in H2 FY27 or H1 FY28.

Milan Deep Jain: Okay, sir. Thank you. My third question was about the Italy acquisition. On the last call, management said that due diligence on the Italian acquisition was underway. I want to understand the status as of now and when you expect to close it.

Management: The European acquisition is moving positively. We expect to close it within the next 6 months or in the first quarter of next year.

Milan Deep Jain: Okay. Could you also share some more color on the fact that we are looking for further Saudi acquisitions and a JV? Apart from SAS and Fabtech Lifecare, what is the size and type of business we are targeting on the Saudi side, and how far have the discussions progressed so far?

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Management: The discussions have progressed really well. We're already through on the JV front, and that is helping us enter the critical electromechanical and non-pharmaceutical sectors for projects such as Saudi Aramco, SABIC, and government projects as well.

These are very large-ticket orders that we're currently bidding for, and it is a new market entry for us apart from the pharmaceutical sector, which we've already established in Saudi Arabia. That being said, and I would be very honest, the feasibility is strong. We're already taking up orders from these projects. As we mentioned, there is already a civil contract that we have undertaken. With the new bids that we have, we're looking at a very strong pipeline from the non-pharmaceutical sector in Saudi Arabia as well.

Milan Deep Jain: How soon can we expect disclosure about the JV?

Management: I would say another quarter, because before we announce the JV, what we're trying to do is establish the entire model and the human resources aspect of it. While we announce the JV and our new position in the markets, we must also make sure that the right people are associated and the right pipeline is already intact so that we can start delivering. Right after we announce the JV, the next question from investors will be, "When can we expect the results?" So, we're working in an engineering fashion where we're driving the results through each step of the way.

Management: In a nutshell, Mr. Milan, every JV will be announced with a clear vision for the next 3 years and at a specific growth rate.

Milan Deep Jain: Okay, thank you. Just one last question about FY25. I could see that a 3.6 crore commission was paid as sales commission to G7 Universal LLC, a related party. I want to understand what services we took from them and whether we should expect such payments to continue.

Management: Yes. In the future also, certain sales commissions will arise because many of our international partners bring a lot of partnerships to the table. Through their influence in project introductions, partnerships, and consultancy that they bring to us, there is no free lunch, right? We have to keep all of those sales commissions in mind, and they will arise in the future as well. It is a reward. It is not just for an introduction or a finder's fee. It is a conversion fee that is paid tactically.

Milan Deep Jain: All right. One last thing: I want to understand that there is also land being bought at Khalapur for 18.6 crores. What do we plan to use it for?

Management: I hope you will get clear visibility by the H2 result. That is in process right now.

Management: There are some things that we're waiting to announce because the land is going to be utilized for the right ecosystem build for Fabtech.

Milan Deep Jain: Okay. All right. That's all from my side. Thank you so much.

Management: Thank you, Milan. Thank you for your questions.

Operator: Thank you, Milan. We'll take a few questions from the chat Q&A box. Chandrashekhar Daga is asking, "What is the impact of the West Asia geopolitical situation on the company?" and

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"Any thoughts on receivables?" On the same lines, Raju Pathak has also asked a similar question: "Given the focus on liquidity, could you outline the specific milestones on your roadmap to accelerate receivable collection and what target days sales outstanding or working capital efficiency metrics are you aiming for over the next 3 to 5 years?"

Management: Okay. {? AS ?}, you can take this up.

Management: Arihant, can you respond to this?

Arihant Dhariwal – Head Investor Relations and Finance: Yes. With respect to receivables, I would say that most of our receivables are secured because most of them are LC-backed. You might see that receivables have increased, but that is mainly because of the increase in revenue. There is also some slowness in collection because of geopolitical uncertainty, but we are very confident that most, or a significant portion, of the collections will be realized by Q3 and Q4.

From a receivables perspective, we are very much secured because most of them are LC-backed. From a liquidity and cash flow perspective, we are somewhat secured on that side.

Ameet: To talk about the West Asia geopolitical situation's impact on the company, everybody is correct to assume that there has been an impact, right? In terms of freight, raw material prices, and market volatility, there has been a significant impact, but it has not canceled or impacted our pipeline.

There has been a delay in conversions, as you have rightly seen, and I'm sure the investors have seen. There has definitely been an impact on raw materials, freight, and the security measures that we discussed so that our people could perform and execute the projects smoothly.

But we have dealt with each and every situation, and there is deliberate action that we're taking to ensure that our investors are secure, our company is secure, and, most importantly, our people on site are secure. In view of this, the clients are also interacting with us further and discussing new projects with us because our people are on site, which is giving them client confidence. I hope that answers your question, Chandrasekharan.

Management: Yes.

Operator: Thank you, sir. We'll take the next question from Maitree Shah. Maitree, you can go ahead.

Maitree Shah: Yes, hello. Am I audible?

Ameet: Yes.

Management: Yes, Maitree.

Maitree Shah: Hello, good afternoon. Firstly, on the gross margin, since you just mentioned that we've had impacts on raw materials and freight, and there has also been volatility and security measures have been taken. Last quarter, I think, you mentioned that we've been sourcing more from China, and we've seen a significant improvement in gross margins. Do you see this improving further? Do you see these margins stabilizing? Just some color on that.

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Management: Yes, definitely, definitely. Ameet, please.

Ameet: I would say yes, Maitree. Firstly, thank you for the question, and secondly, yes, I would like to say that the entire management is working in that direction, not just to stabilize margins but also to scale them.

When we talked about pooled resources and procurement optimization, that was one factor, but localization was one of the most important factors allowing the procurement strategy to be driven more powerfully, right? The margins we're looking at are 2% to 3% from each strategy, adding to our ending PAT over the next 2 to 3 years.

Every strategy is an incubation, right, Maitree? I'm sure you've seen all businesses grow in the same way. Every strategy that we implement takes 1 or 2 years to drive results, but that is the compounding factor. The management is moving in the right direction. As I said, each action and each strategy is deliberate, and we're looking at scaling margins, not just actualizing them again.

Maitree Shah: That is great. Once this geopolitical situation probably normalizes, we'll see better freight costs and better raw material prices. I think the impact will be even more significant on gross margins. How do you see that incrementally flowing to our EBITDA margins perhaps 2 or 3 years down the line?

Ameet: I would say this is something that I would love for investors to also ponder over. When we were booking orders, let's say 2 years back, we got a forex gain, right? Right now, raw material costs are extremely high, and we're closing orders based on these current prices, right?

Later on, when the war ends, freight goes down, and RMC goes down, what kind of impact do you think that will have on our margins? I hope it provides some insight, because we're not just trying to secure the RMCs or the prices for ourselves or our clients; we're also trying to look at all strategies that will add to our EBITDA and PAT margins.

Maitree Shah: Any quantification of how you see the direction going 2 or 3 years down the line? Or would it be too early to say?

Management: I'll take this question, Ameet. Maitree, it is not related only to profitability, because in the entire supply chain, every function currently works as a profit center. After having so many earnings calls, we also learned that every function, if it generates a profit, helps us acquire an economical market.

When we have optimized COGS, we can definitely enter more economical, or weaker, countries or geographies where we can also participate. That helps us increase our market acquisition globally.

Maitree Shah: Great. Got it. You also mentioned that we are looking at the non-pharmaceutical order book increasing. Apart from data centers, what other opportunities are we adding here? Also, on the data center side, how do you see the opportunity, especially in the MENA region?

Ameet: The MENA region opportunity for data centers is quite strong. Many European, South African, and American companies are entering the Saudi Arabian, Omani, and UAE-based markets.

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That being said, our bids are already ongoing for data center projects involving critical infrastructure. Apart from data centers, we are also looking at the food and beverage space, electrical industries, lens manufacturing, diaper manufacturing, baby products, and anything that requires critical infrastructure.

By the way, with our acquisition of FTS 2 years back, we already have references in the UAE that speak for themselves. Therefore, we have already entered the reference base and reference markets for these industries.

Maitree Shah: Okay. On the data center opportunity, could you help me understand what we are helping them with and what we are offering on the project side? What percentage of our contract value would represent the total data center opportunity? Just some quantification on that. If it is a 100 crore project, what percentage of the work value can Fabtech receive?

Ameet: I would say 30%.

Maitree Shah: Okay.

Ameet: That is the scope of work that Fabtech can execute because, as you know, in data centers, data management systems, AI integration, security, and civil works are not executed by Fabtech. But all the critical infrastructure, which includes cleanrooms, HVAC, MEP coordination, project management, and integration, is executed by Fabtech.

Maitree Shah: Got it. So, 30%.

Ameet: [overlap] So that is close to 30%, yes.

Maitree Shah: That is fine. Thank you so much.

Ameet: Thank you, Maitree.

Operator: Thank you, Maitree. We'll take the next question from Harleen Kaur. Harleen, please go ahead.

Harleen Kaur: Hello, am I audible?

Ameet: Yes.

Management: Yes, Harleen.

Harleen Kaur: Sir, my first question is: can you throw some light on what steps you are taking to streamline revenue execution on a quarterly basis, and how much time would it take to streamline it?

Management: Arihant.

Arihant Dhariwal – Head Investor Relations and Finance: Right now, we are working on that methodology. We are working with our auditors and consultants to ensure that our billing, which is currently based on shipment, can move towards project completion. However, we still have to

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understand the prospective impact on our old contracts and determine how we could enter into new contracts.

We are currently working with our auditors and consultants on that. As also communicated in previous earnings calls, I can say that we are looking towards this somewhere in financial year '28.

Management: Right.

Harleen Kaur: Okay, sir. Would this also mean stability of margins across these quarters?

Arihant Dhariwal – Head Investor Relations and Finance: Obviously, yes, because once this helps us achieve sequential quarter-on-quarter revenue growth, margins will automatically keep improving. We are also taking additional steps to improve our gross margins through alternative vendor procurement and cost optimization. That will definitely give us better EBITDA margins as well as better PAT margins.

Harleen Kaur: Okay, sir. I have one more question. The company is currently sitting on cash and bank balances of more than 200 crores. What is the plan for utilizing this cash and bank balance?

Arihant Dhariwal – Head Investor Relations and Finance: Basically, out of the 200 crores, as you are aware, we got listed last year, so we have IPO proceeds with a utilization plan that includes working capital, general corporate purposes, and inorganic activity. Those utilizations will more or less fall due and be completed by the end of financial year '27.

The balance cash, which is free cash, will be used more toward acquisitions or internal working capital purposes, as well as optimizing costs or increasing revenues.

Harleen Kaur: Okay, sir. Thank you so much for answering my questions.

Arihant Dhariwal – Head Investor Relations and Finance: Thanks, Harleen.

Management: Thank you.

Ameet: Thank you.

Operator: Thank you. We'll take the next question from Neeraj Chhajer. Neeraj, you may go ahead.

Neeraj Chhajer: Hi. Thanks for the opportunity. One question: this 900 crore unexecuted order book—across how many projects is this, how many projects have received an advance, and how many projects have received the notice to proceed where we have started work?

Management: Mr. Neeraj, generally, we have a mix of orders, and that helps us execute. For example, we allocate 70% of the value to large projects, and 30% of the value consists of multiple small orders that can provide a faster execution run rate.

Right now, out of the 900 crores, approximately 700 crores are commercially cleared and on the floor for detailed engineering, with the client requirements needed to plan the execution and everything else.

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In the last 6 months, we added a good number of orders, and even after executing our orders, we are still maintaining 900 crores. We are taking a forward-looking approach by adding approximately 500 to 600 crores of orders, which will help us maintain a 25% to 30% growth run rate for the next year.

Neeraj Chhajer: Got it. Another question is coming from the first speaker, Milan, regarding 25% growth. If I do the math correctly, we are looking at almost 2 times our revenue in H2. Is this understanding correct? If we have to achieve 25% growth compared to the previous year, we are looking at a 510 to 515 kind of top line. We would then need to do about 340 or 335 in H2. If we have to maintain a 9% PAT margin, I assume this excludes the extraordinary profit from the TSA process equipment sale. We are then looking at close to a 9.8% profit margin in H2. Is this understanding correct?

Management: Yes. As we already discussed, we are maintaining sequential quarter-on-quarter growth, and this is the learning from all our previous earnings calls. For H2, approximately 30% of the WIP material is already ready with our associate company and within the organization.

So, we are definitely adhering to our agreed annualized target. I hope this answers your question.

Neeraj Chhajer: Okay. Lastly, can you give a qualitative assessment of where the European acquisition is and where it will add value to the company? Will it bring a certain skill set that the company is looking to develop, project references from projects already executed, or local manufacturing capability in Europe? What exactly are we looking to acquire, and what exactly will we do with this European acquisition?

Ameet: I think, Neeraj, you have answered 50% of the question yourself. We're looking at local manufacturing capability. We're looking at diversification of the product profile. We're looking at the image and references that they have already built in the European market.

Adding to that, in our emerging pharmaceutical markets, the budgets that we discussed in the presentation—close to $16 billion in Africa, $18 billion in Saudi Arabia, and so on—are often funded directly from Europe. The prerequisite for a European investment bank investing in a project in the Middle East or Africa is that procurement also needs to happen from Europe. That is one of the clauses, right?

Having this acquisition allows us to increase our success rates from 10% to 20% and increase the pipeline that we already have, because I am sure you've noticed that I am Indian, right? If I am white, blue-eyed, and blond-haired, and have a Western appearance, when I sit across the table with a customer in the Middle East or Africa, the conversation is not about negotiation or margins or [trails off]

Aman Anavkar - Chief Growth Officer: Profitability. The negotiation and discussion are about when the customer needs the money and how we can deliver it, right? So we're trying to acquire that image through the European acquisition.

Neeraj Chhajer: Okay. So this acquisition will also come with the employees?

Aman Anavkar - Chief Growth Officer: Absolutely. 100%. And they—

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Ashvini Singh – Chief Executive Officer: Otherwise, we would have just opened an office, but that is not feasible. That is not impacting our build.

Neeraj Chhajer: And will it be EPS-accretive from day one, or do you have to build some synergies to make it EPS-accretive from day one?

Ashvini Singh – Chief Executive Officer: Can you repeat?

Neeraj Chhajer: Will it be EPS-accretive from day one, or do you have to build some synergies to make it EPS-accretive from day one?

Management: That's a forward-looking statement, so I think we will not answer that. Yes.

Neeraj Chhajer: You wanted to add something, Ashvini? Yes, please go ahead.

Ashvini Singh – Chief Executive Officer: The long-term vision of the company is that the European acquisition will be the gateway to the US market as well. Although we are present there, we have executed some Indian-driven US projects in the past. Europe will be the gateway to the US market, which is an ocean of opportunity in pharmaceuticals and healthcare.

Neeraj Chhajer: Agreed. Any number you can give for your hot pipeline, in terms of new orders? Only the major ones get announced, but can you give a broad number for the hot pipeline that is at an advanced stage of bidding or something similar?

Aman Anavkar – Chief Growth Officer: The hot pipeline, I would say, is between 3,600 and 4,000 crores. The conversion cycle that we're seeing over the next 12 months is close to 800 to 850 crores. That will add to our order pipeline. Leads are leads, so we don't talk about leads much. We talk about the hot pipeline.

Neeraj Chhajer: But you are talking about 850 crores from Saudi Arabia alone in your presentation. Is this additional?

Aman Anavkar – Chief Growth Officer: No, it is for the Middle East and Africa.

Neeraj Chhajer: The Middle East and Africa. Thank you. All the best.

Aman Anavkar – Chief Growth Officer: Thank you, Neeraj.

Ashvini Singh – Chief Executive Officer: Thank you. Thank you, Neeraj.

Operator: Thank you. We'll take the next question from Tanya Kalra. Tanya, you—

Tanya Kalra: Good afternoon, sir. Thank you for the opportunity. How much of the H2 recovery is dependent on UAE operations normalizing, and how much is expected to come from Saudi Arabia and the African markets?

Aman Anavkar – Chief Growth Officer: Honestly, I would like to change one part of the question. When we keep saying recovery, it means that we're trying to manage, right? We're not looking at recovery. We know where it is coming from, right? We are managing customer expectations. So,

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we're not recovering H2; we're moving toward H2, right? That's the first thing. Ashvini, please, you can go ahead.

Ashvini Singh – Chief Executive Officer: You are right, because that is what I wanted to say. Secondly, when we look at the annualized guidance, we are not looking at who will participate and to what extent. Every associate and every related revenue stream has already been given a target. We generally work toward a cumulative number. This is already in place, and, as Aman said, we are following our plan and targets. That is all.

Tanya Kalra: What is the average EBITDA margin embedded in the current order book? Has the company consciously moved toward high-margin projects, or is the current order book largely similar in profitability to the historical portfolio?

Ashvini Singh – Chief Executive Officer: Tanya, when you have a diversified geography, you always average out. So, you cannot say high margin or low margin; it is a blend. Every time, it is a blend.

Every month there is a management meeting where the finance department and operations team understand which order is going first and which order is available. Sometimes we follow the FIFO method. Sometimes we proceed according to availability during the geopolitical disruption. Every time, we take immediate action and move forward.

Tanya Kalra: Okay, sir. Fabtech is positioning itself as an integrated design and build engineering solutions provider. How much of the company's current revenue is generated from design, engineering, in-house manufacturing, and specialized process solutions, as opposed to conventional project execution?

Ashvini Singh – Chief Executive Officer: We never divide it like this. Arihant, can you answer it, because we have never thought about it in this way?

Arihant Dhariwal – Head Investor Relations and Finance: We have never thought about that, actually. We segment it only by geography. Aman, perhaps you can take this.

Ashvini Singh – Chief Executive Officer: Because we are integrated. Yes, yes, yes, Aman.

Aman Anavkar – Chief Growth Officer: To add some clarity, Tanya, when we're doing a design and build project, I would say 30% of the entire project is manufactured in-house by us, number one. The rest of the scope of the critical infrastructure, turnkey project, or process machines is purchased from different vendors and partners that we select.

If you're looking at the cost of design as part of our revenue cycle, I would say that when we're closing a design and build project, 10%, which is the advance received after approval of the detailed design, would add to the value or the assumption attributed to design services and detailed engineering services.

However, we do not undertake standalone design projects. It is always a collective design and build project, and then there are internal terms. That is why, when Ashvini Singh and Arihant say that we have never gotten into that conversation, it is because we have never split the cost of design, project execution, and project management fees. We do not undertake standalone scopes like that.

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Tanya Kalra: Okay, sir. That's it from my side. Thank you so much for taking my questions. All the best.

Aman Anavkar – Chief Growth Officer: Thank you, Tanya.

Operator: Thank you. We'll take the last question from Amit Manjrekar. Amit, you can go ahead, please.

Amit Manjrekar: Thank you. Am I audible?

Arihant Dhariwal – Head Investor Relations and Finance: Yes, Amit.

Aman Anavkar – Chief Growth Officer: Yes.

Ashvini Singh – Chief Executive Officer: Yes, Amit.

Amit Manjrekar: Great, thanks. I just wanted to confirm the earlier comment on order inflow. Is my understanding correct that we are expecting about 800 crores of fresh orders in the next 12 months?

Aman Anavkar – Chief Growth Officer: Yes, Amit.

Amit Manjrekar: What type of EBITDA margins will there be? I understand it is something in the future that we probably have not won yet, but when we bid, are we bidding with the expectation of achieving EBITDA margins similar to what we are reporting now, or will they be slightly better? Any comment on that?

Ashvini Singh – Chief Executive Officer: Arihant.

Aman Anavkar – Chief Growth Officer: There are some projects—sorry, just to add one point before I hand over to Arihant. There are some projects that we're taking on that are extremely vital projects for the market. These are reference projects for us.

As previously mentioned in one of our filings, our margins were affected because there was a very major and important vaccine project that we took up in India, for which we accepted a lower margin. Arihant, you can go ahead.

Arihant Dhariwal – Head Investor Relations and Finance: Yes, I was about to say that. It depends on the project. Some projects are reference-based, where our margin would be comparatively lower. However, that is very important for us to enter other geographies and obtain other projects.

Some projects would be routine, where our margin would be higher. On a blended basis, I think it will be very close to the current margins. On a project-by-project basis, however, it would differ depending on whether it is a reference project.

Ashvini Singh – Chief Executive Officer: Mr. Amit, as we said earlier, we are definitely maintaining a good increase in profit; there is no problem. But the market acquisition and the references that we create today are an investment for the company.

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I hope you understand, because each reference that we undertake at cost is available for every customer to review. That is a kind of investment made out of profit.

Amit Manjrekar: I wanted to understand a little bit about the competitive intensity. When we are bidding for these new projects, who are we competing with? Are there any Indian or Middle Eastern names? If not names, any color on competitive intensity would be helpful.

Aman Anavkar - Chief Growth Officer: Names are also fine. There are companies such as Telstar, Jacobs, and Exyte Engineering, based out of Europe, that are considered the main competitors.

These companies are already in the multibillion-dollar valuation range because they have been doing projects in Europe and Western markets for the last 50 years. As I said, the entry barrier is extremely difficult for a design and build scope, and the risk is too high for a customer to arrange a project piece by piece.

That is why the competitive advantage is always with Fabtech. We do things in-house. We manufacture process, air, and water systems in-house; we do the design and detailed engineering in-house; and we handle the entire project management and execution in-house.

When customers ask us, "What references can you show me, or which customers can I speak to?", we give them the details of any of our previous references, and the reference always speaks for itself.

We have never approached the market by asking how the competition will be or what competitors are trying to do. We are very well aware of who our competitors are. But we focus more on what we have to deliver to ensure that Fabtech's brand value remains strong and the references keep getting stronger.

Amit Manjrekar: Great. I just want to understand a little bit about pricing. When we are bidding for these projects, how intense is the pricing? Is it really cut-throat, with customers negotiating for 1% or 2%, or is it more about quality and having good references? From the customer's perspective, what are they looking for?

Aman Anavkar - Chief Growth Officer: This is entirely dependent on the culture and the region in which we're operating. Amit, people are people. Everybody loves to negotiate.

If I'm dealing with an Indian customer who is setting up a project internationally, the culture is to negotiate. If I'm dealing with a European customer who is setting up in an emerging market, the relationship is more about the value they are receiving. They do not want to talk as much about price, but about what they are getting for that price.

So yes, it is cut-throat, because there are times when the customer knows what they want and how much they want it for. There are also certain situations where the customer offers a premium to Fabtech because they know the kind of service and experience Fabtech will provide.

Amit Manjrekar: Understood. Great. My last question is somewhat subjective. When we look 2 or 3 years out, or 3 or 4 years out, do we have any ROE metrics, North Star, or internal goal for return on equity? What type of ROE do we want to maintain at the company level, or what type of IRR do we

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target when bidding for projects? Any color on that?

Ashvini Singh – Chief Executive Officer: Arihant.

Arihant Dhariwal – Head Investor Relations and Finance: If you're asking more from a project-based perspective, I think it is different. Currently, our ROE is somewhere around 9%. As we grow, ROE will definitely grow for the company.

I do not know whether Aman or Ashvini can answer regarding project-wise IRR, if we have anything specific in mind, because I do not think we have a specific IRR fixed for any particular customer or project.

Amit Manjrekar: Even at the company level, typically, people prefer to have 15% plus ROE or something in that range. I was checking whether we have a plan to reach that point or that number at a certain point in time.

Arihant Dhariwal – Head Investor Relations and Finance: Obviously, we want to grow by more than 20% and 30%, and we want to see that type of return on equity. That is also our target: to reach those levels. When we look 2 or 3 years down the line, perhaps we will be very close to 30% or more than 30% return on equity.

Amit Manjrekar: Okay, sir. Thank you. Thank you very much.

Ashvini Singh – Chief Executive Officer: Thank you. Thank you. Thank you, Amit.

Operator: Thank you, Amit. Since there are no further questions, we would like to—

Aman Anavkar – Chief Growth Officer: There were 2 questions in the chat box related to customer collections, if I may put them to Arihant. The group's receivables stood at approximately 230 crores. Could you clarify how much was overdue beyond the agreed payment terms and how much of this balance has been collected since then?

Arihant Dhariwal – Head Investor Relations and Finance: I will answer the first part. Gross receivables are 235 crores. If we remove ECL provisioning, the net amount is almost 226 crores. Of this, the amount not due is almost 145 crores, and the overdue amount is approximately 81 crores, of which almost 25 crores relates to retention. We are continuously working on the balance 50 crores and ensuring that we collect against those 50 crores over the next few months.

Aman Anavkar – Chief Growth Officer: Regarding operating cash flow, there was a question: "The group reported operating cash flow of approximately 41 crores for the first half, while other current assets increased from 35 crores to 75 crores. Could you explain the main reasons for this outflow, what makes up the increase in other current assets, and when you expect operating cash flow to turn positive?" The question was from Shobhit Jaiswal.

Arihant Dhariwal – Head Investor Relations and Finance: The increase in other current assets is mainly because of vendor—

Management: Vendor advances. Since our focus is more toward higher revenue in H2, we have to give advances to vendors for the supply of materials and equipment. That is how we are planning to

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build H2.

Approximately 38 crores of the increase is toward vendor advances. That answers the question about the increase in current assets.

With respect to when operating cash flow will turn positive, that is a forward-looking statement, but you can see that as of March '26, we had positive operating cash flow. Our target is to again achieve positive operating cash flow by March. That is what I would say on that.

Management: We can assure you of that.

Management: Yes, definitely.

Management: I don't see any other questions. If not, then I would like to say something before we conclude. {? Vina ?}, is that okay, Kaptify team?

Operator: Yes. I would request the management team to give their closing comments.

Management: Perfect. I'd like to leave everyone with one thought. Every country that we are working in is asking the same question: Can we make our own medicines? After COVID, that's no longer a policy. It is a national priority with real money behind it.

Fabtech exists to answer this question. We build the heart of these plants: the process, the air, and the water. We design it, make it, and validate it under one roof.

This H1 tested us, but our teams kept every site running through real uncertainty. Profitability more than doubled in the quarter, and we carry 900 crores of work into H2.

We're not building buildings. We're building the capacity and capability for countries to look after their own people. That's a long runway, and we intend to execute it with discipline.

I'd like to thank everyone who joined and asked questions, and we look forward to the next call.

Management: Yes. Thanks. Thanks, everyone.

Management: Thank you, everyone.

Operator: Thank you. Thank you to the management team for your valuable time, and thank you to all the participants for joining the call. This brings us to the end of today's conference call. You may all disconnect now. Thank you.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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