

Pennar Industries

13 August 2026

Operator: Ladies and gentlemen, good day and welcome to Pennar Industries Limited Q1 FY27 earnings call. As a reminder, all participant lines will be in listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal the operator by pressing star and then zero on your touchtone phone. Please note that this conference is being recorded. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions, and expectations of the company as of the date of this call. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict. I now hand the conference over to Mr. Vikram Suryavanshi. Thank you, and over to you, sir.

Vikram Suryavanshi: Thank you. Good morning and a very warm welcome to everyone. Thank you for being on the call of Pennar Industries Limited. We are happy to have the management of Pennar Industries with us for the question-and-answer session. The management is represented by Mr. Aditya Rao, Vice Chairman and Managing Director; Mr. Shrikant Bhakkad, Chief Financial Officer; Mr. Manoj, President, Corporate Planning; and K. M. Sunil, Vice President, Investor and Media Relations. Before we start the question-and-answer session, we will have opening comments from the management. I now hand the call over to Mr. Aditya for his opening comments. Over to you, sir.

Aditya Rao – Vice Chairman & Managing Director: Thank you so much. Good morning, and thank you to all of you for joining Pennar Industries' Q1 FY27 investor conference call for the quarter ended June 30, 2026. We will cover the numbers for the quarter, take you through each of our businesses, and share how we see FY27 unfolding. I will walk you through the quarter's headline numbers and the story behind each of our growth engines. Shrikant, our CFO, will then take you through the detailed financials. We will, as usual, end with the Q&A from all of you.

Q1 has come in well. Revenue grew 2.58% year-on-year to 884.55, and PBT grew 16.04% to 46.8. Revenue growth was moderate this quarter. A few segments moved a little slower than planned, but profitability held up because we ran the business quite tightly on cost and mix.

Our key growth drivers for the next few quarters are PEB India. The order book now stands at 1,028 crores, the highest we have ever carried. Revenue will come in as clearances are received. We also have several large data center orders coming in over the next few days. Conversion picks up sharply in Q2, and we expect this business to do well.

PEB US also has a new peak order book. We have now crossed \$100 million in U.S. dollar order backlog. Revenues are running ahead of what we had built into the plan for the quarter, and here again, from Q1 to Q2, we expect very strong growth in this industry.

Engineering services and structural engineering grew by 26.3%. It was a strong quarter, and our U.S. sales team is closing more work than before.

Tech Pennar has been the weak spot. The order book was thin, and a few execution slips occurred with some customers. A new sales team is now in place, and we expect that trajectory to improve from Q2.

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Hydraulics has an order backlog of 30 crores. Quote activity in the U.S. has slowed, although Europe has performed well. The introduction of some tariff uncertainty, even though it has passed the Senate and not the House, and the expectation that something may come in are causing order backlog and order bookings to run a little lower than we expect. We are in wait-and-watch mode on hydraulics. Every other business has a clearly articulated growth plan, and we are confident of revenue and profit growth. For hydraulics, we will wait and see over the next few quarters as far as the U.S. is concerned. The U.S. is one of the biggest markets for us for hydraulics, so we will monitor this.

Boilers also have the highest-ever order backlog, at over 115.75 crores. We achieved two firsts this quarter. Our first industrial power boiler has been achieved. This is a good pre-qualification achievement for us and allows us to dramatically improve our addressable market. We also received our first order in the pharmaceutical sector, which is a new industry vertical for us.

On profitability and margins, PBT margin was 5.28%, up from 4.77% last year. The mix is moving in the right direction. Higher-margin businesses, including PEB US and engineering services, are growing faster, and the group margins are following. This is the same trend we have followed for the last 3-4 years, and we expect this to continue.

On capitalization, ROCE rose to around 20%, and ROE is around 12%. We want both to move higher. We are deliberately stocking a little more raw material in anticipation of revenue growth. With PEB India, PEB US, and other businesses in a strong position from an order backlog perspective, we want to put ourselves in a position where we can dramatically expand revenue. ROE at 12% and ROCE at 20% are lower than what we would traditionally want to see, but we expect to improve this further, and we are quite certain that we will see very good improvement in the September quarter.

This is the quarter's summary. There is no change in our strategy: put capital into prioritized business units, expand our order backlogs, and consequently expand our revenue and profitability. Keep working capital tight and make sure ROCE guides all of our decision-making.

I now hand this call over to our CFO, Mr. Shrikant Bhakkad, for the detailed financials. Thank you to all of you again, and I look forward to your questions.

Shrikant Bhakkad – CFO: Thank you, Aditya. A very warm welcome to all our shareholders and investors joining us today. Q1 FY27 reflects the continued evolution of our business toward profitable and sustainable growth. While the quarter saw moderate revenue growth, our operational discipline, improvement in the product mix, and project execution translated into stronger profitability across the businesses. Our strong performance this quarter reinforces that our strategic priorities remain unchanged. This initiative has helped us deliver double-digit growth in EBITDA and profit before tax, despite a challenging operating environment.

The key financial highlights are as follows. Revenue from operations has increased from 821.4 crore to 845.7 crore, a growth of 2.9%. EBITDA has increased to 106.8 crore from 94.3 crore, representing growth of 13.3% and reflecting an improved product and project mix. Profit before tax has increased by 16% to 46.8 crore. The most encouraging aspect of the quarter is that profitability growth significantly exceeded revenue growth, reflecting the strong operating leverage and the efficiency measures that we have been working toward over the last several years.

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In terms of customized design building solutions, the investment made over the last year, including the integration of the Talco acquisition, has strengthened our platform and customer reach in the U.S. As a result, revenue from the custom design building solutions business has grown from 411 crore to 507 crore and continues to be an important driver for our transformation journey. Profitability from this initiative is taking time to fully materialize as we continue to invest in process-strengthening activities.

In India, while we have adequate capacity, execution in the PEB business was impacted by operational challenges. We have strengthened the execution team, and we are now focused on improving project delivery. In view of this, we view this as an operational rather than a structural issue. The combination of process strengthening in the U.S. and overcoming the operational issues will help us drive growth in customized building solutions. Importantly, as Aditya has mentioned, our order pipeline remains at an all-time high, and we expect the momentum to improve over the coming quarters. We remain optimistic about the medium- and long-term growth of this business.

Our diversified engineering business experienced a softer quarter due to lower activity in PEB and hydraulics and the other businesses that we have exited over the years, such as module mounting structures and Pennar Enviro, which decreased our base from 450 crore to 385 crore. However, we continue to view this business as an important contributor to our diversified portfolio and remain focused on enhancing competitiveness and operational efficiency, which continues to bring profit to the table.

Coming to the margins, one of our key highlights is the operating margin. While quarterly fluctuations remain from quarter to quarter due to the nature of the business, we believe that the structural measures we plan to undertake will yield results over time. Gross margins have expanded from 42.56% to 43.85% at a consolidated level, while contribution margins have increased from 27.14% to 28.51%. The increase in terms of the numbers was from 231.81 crore to 254.12 crore.

One important aspect is other income, which includes interest income on bank deposits of 2.26 crore, gain on the sale of investments of 2.16 crore, rental and export-related incentives of 3.05 crore, and some write-back of liabilities and provisions that contributed the rest. A substantial portion of these items arises from normal business activities and treasury management activities.

Coming to costs, employee expenses increased during the quarter from 92.5 crore to 107.32 crore, up 16%, primarily reflecting investment in the Talco capabilities across the U.S. operations, which increased by 13.24 crore, or 37%. These investments are focused on sales and business development activities, project execution capabilities, and growth initiatives in the U.S. market.

Coming to finance costs, we continue to maintain a disciplined approach to capital allocation, although the finance cost remained slightly above our internal target during the quarter. Our long-term guidance remains around 4% as a percentage of revenue. Interest cost for the quarter stood at approximately 4.18%, slightly higher. Term-loan costs are primarily attributable to the Talco acquisition cost, which has already begun contributing to revenue growth. As the scale improves, we expect the cost to normalize as a percentage of revenue.

Working capital allocation and utilization remain elevated due to the investment supporting further revenue growth and the higher order book. As we move into Q2 FY27, management priorities are to

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enhance inventory turns, accelerate collections, and optimize current assets. We believe this will strengthen our cash generation, improve our return ratios, and also provide additional flexibility for our future growth initiatives.

Before I close, I would like to mention that, in terms of the milestones of our order book, we are at a record high in PEB India, PEB US, and the boiler division. This provides strong revenue visibility and reinforces our confidence in the growth outlook for the coming quarters of FY27. Thank you. I would now like to hand the call back to the moderator, who will be happy to take your questions.

Operator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question comes from the line of Kanishk Gupta from SS Family Office. Please go ahead.

Shubhankar Gupta – Equitri Capital: Very good morning. I would like to ask, broadly, with our FY27 debt-to-equity target of 0.8, what kind of ROCE can we expect for the full year FY27?

Aditya: Thank you. ROCE for the year, I mean, the stated target is higher, at around 30%, but we will definitely be over 20% for Q2, higher than that. Over the year, as an average, I think a 25% figure overall would be the baseline. We can reach 25%.

Shubhankar Gupta – Equitri Capital: 25% being the baseline and a 25–30% range?

Aditya: That is correct. EBIT divided by capital employed.

Shubhankar Gupta – Equitri Capital: And, sir, what is our revenue from the {? Zetwerk ?} JV in Q1, if you can answer that?

Aditya: We do not consolidate that because we are a minority shareholder in that business unit. I am unsure if we are allowed to give {? Zetwerk ?} numbers in that sense, or if that is something we have to discuss. As of now, I can tell you that it is going well. The order book and everything are in good shape, and I think it should be a very good value generator for Pennar. However, as of right now, we do not have numbers to share on that. I think I will have to speak with them and come back to you on that.

Shubhankar Gupta – Equitri Capital: No worries, sir. What kind of qualitative value has been created from that JV within the company till now?

Aditya: Till now, I think the value of our investment there would be about the valuation of that company, the equity valuation of that company. Considering the capacity of 2 gigawatts, which has a topline revenue potential of about 4,000 crore, and Pennar holds 45%, I believe, you would have to value what a profitable company with that kind of revenue stream would be worth. That is a revenue stream we expect they will achieve. It would be difficult for me to comment on exactly what that valuation would be, but I think I can speak to them and have a narrative for you the next time we speak, next quarter.

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Shubhankar Gupta – Equitri Capital: No worries, sir. Thank you, and all the very best for the future.

Aditya: Thank you, Shubh.

Operator: Thank you. The next question comes from the line of Nitin Jain from Fair Value Equity Advisors. Please go ahead.

Nitin Jain – Fair Value Equity Advisors: Thank you for the opportunity. In your PEB business, the drop in EBIT margins is more than 200 basis points. This is, I think, the highest among your peers. A lot of your peers were able to get price hikes from clients to mitigate the steel price hike. Were we not able to do the same? Could you elaborate, please?

Aditya: We were able to get the vast majority of the steel price increases passed through. That did happen. There was, I think, a little bit of a bleed effect where it took some time for us to get those increases, so a lot of them are in now. Our operating margins or contribution on our backlog, both in India and the U.S., are back up. However, there was a period of about 1-2 months when it was not passed on, and that is probably what you are referring to in terms of the 200-basis-point drop. I would strongly suggest that you see this as a momentary blip. We are extremely confident that our operating margins will move back to where they were for PEB India and PEB US from this quarter onward.

Nitin Jain – Fair Value Equity Advisors: Will it be from this quarter onward or gradually over the year?

Aditya: From Q2 onward.

Nitin Jain – Fair Value Equity Advisors: Q2, okay. You indicated that PEB is expected to grow well in India as well as the U.S., given the record-high pipeline. What revenue growth are we expecting in both PEB and at the overall company level?

Aditya: I think PEB will be a big driver of revenue in this quarter, both in India and in the U.S. As I have mentioned, the order backlogs are very high, and everything is at a stage where drawings and clearances are available, working capital is being deployed, and our labor situation is in the past. We are going to see higher growth numbers. As an individual figure, I think for PEB overall, as a component, you should expect double-digit growth from last quarter to this quarter and from last year to this year. Whichever way you look at it, we should see good growth in Q2.

Nitin Jain – Fair Value Equity Advisors: Sir, is it possible to quantify the number, please?

Aditya: That would be providing guidance, which I do not think we usually provide. The best picture I can give you is that order backlogs are strong, and they are going to translate into revenue and double-digit growth.

Nitin Jain – Fair Value Equity Advisors: And at the overall company level?

Aditya: For both the individual component and the overall company level, PEB revenue would be high, and growth would be high.

Nitin Jain – Fair Value Equity Advisors: Okay, thank you.

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Operator: Thank you. The next question comes from the line of Vidhi Shah from CRK Investment. Please go ahead.

Vidhi Shah – CRK Investment: Good afternoon. You mentioned that there was a revenue slowdown in this quarter. Can you explain what would be the key drivers for revenue growth in the coming year?

Aditya: The narrative we have been providing you for the last 3 years continues. We are seeing a fair amount of revenue decline in what we call the legacy businesses, which comprise our steel business unit and our railway business unit. We did not deploy capital into either of those business units. Although we believe the revenue drop there is also temporary, I think that will come back in Q2.

The message we have for you is that our growth vectors—PEB India, PEB US, Boilers, BIW, and engineering services—are all fine. The only one for which we do not have a great narrative to provide is hydraulics, because the tariff situation is creating a fair amount of confusion. However, that does not derail the regular story, where our revenue growth is predicated on these four revenue streams growing.

The other legacy businesses, which comprised about 1,300 crores of revenue annually, have seen a little bit of a decline. That is why you see the smaller numbers. If you were to remove that, then you actually had pretty good growth in our prioritized business units in the quarter. Overall, I agree that 4% does not look like very high growth, but it is planned in that manner: as the older business units decline, this goes up. In any case, for Q2, with the higher levels of growth being achieved in multiple business units, we will be in a position for the combined entity to grow in the double-digit range.

Vidhi Shah – CRK Investment: Thank you. As the share of these legacy, low-margin businesses has declined, what kind of margins should be expected for the company over the next 2–3 years?

Aditya: As you can see, not just in this quarter but over the last 4 years, apart from momentary quarter-on-quarter blips, you have seen our operating margins improve as these deprioritized businesses reduce. Accordingly, you have seen in this quarter as well that, although our revenue grew by only 4%, our operating margins grew at a healthier rate. First, that will continue.

What we have guided is that over the next 3 years we will reach a PBT margin of 7%. We are right now at around 5%, I think—5.38%, 5.38% or 5.48%, I am told, is where we are right now. We are quite confident that simply executing this plan will take our PBT higher.

Vidhi Shah – CRK Investment: Understood, sir. Can you clarify what the current order book of the company is?

Aditya: In what? Sorry?

Vidhi Shah – CRK Investment: Order book.

Aditya: We do not combine everything. PEB India is at 1,008 crores. PEB US has just crossed—I mean, this is not as of the end of the quarter; it is as of right now—they have crossed \$100 million in order backlog for Ascent, which is our U.S. subsidiary. The boiler order book is at 150 crores. We do

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not measure an order book for BIW, but our body plant is being commissioned this month, and that should double our revenue over the next 3 months from a scheduled order backlog point of view. Everything except hydraulics is in great shape.

Vidhi Shah – CRK Investment: Understood. Thank you, and all the best.

Operator: Thank you. The next question comes from the line of Shubhankar Gupta from Equitri Capital. Please go ahead.

Shubhankar Gupta – Equitri Capital: Hi, good afternoon. Thanks for the opportunity. The first thing is—

Operator: I am sorry to interrupt, Shubham. Your voice is not clear. May I request you to please use the handset?

Shubhankar Gupta – Equitri Capital: Is it better now?

Operator: Yes, please go ahead.

Shubhankar Gupta – Equitri Capital: I am asking whether you can provide a segmental breakup of EBITDA for all the segments, if possible, because that would help us segregate how EBITDA is distributed across the segments.

Aditya: I believe this is something we discussed last time, when I promised some clarity on this. We have discussed this internally. Please give us a little more time. We are setting these businesses up for high growth, high scale, and capital deployment, and I agree that it is important to get that segmental picture. If I can request you to give us until next quarter to achieve this, that is directionally where we are going. We will get there, but please give us the quarter to present it because, to be honest, we have not prepared that data for dissemination yet.

We obviously have it internally within the company. Every revenue stream has separate P&Ls, balance sheets, and capital allocation information. However, at this point, we are not able to share the segmental information. You have the management's commitment that we will get ourselves there. Please give us this quarter to complete that.

Shubhankar Gupta – Equitri Capital: Sure, no problem. That is helpful. From the other-income perspective, can we see that other income has gone from 8 crores to 14-14.5 crores on a quarterly basis? I just want to understand whether this is sustainable or more of a one-off, and what is the expected other income from an FY27 perspective?

Aditya: As I had mentioned, perhaps not last quarter but a couple of quarters ago, from a reporting standpoint there are certain revenue categories that we have to declare in other income. These include items such as foreign exchange gains, and some of them are not one-time events; they are consistent events. Our operating margin or contribution only makes sense when you look at our revenue, including both net revenue and other income.

It is not a separate item that is one-time or not part of our regular income. It is simply that accounting rules require us to put it there. It is composed of various other components, including

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gains from the sale of investments, export-related incentives, certain foreign exchange fluctuations, and certain write-backs of liabilities as a project was completed. All these are part of the other-income component, and this would continue.

We definitely target a certain operating margin taking these into account. Removing them would perhaps not give an accurate picture because the model works because we take those items into account, and we are fairly good at estimating them. As they come in, you will see some variation in this, but the combined other income plus net income and net sales picture is what gives you our actual sales. That is the narrative we also provided 2 quarters ago.

Shubhankar Gupta – Equitri Capital: Understood. One last question on debt. Aditya, what is the debt-to-equity ratio we are targeting from an FY27 perspective? I think we had plans to reduce it. What targets are you taking over a 2–3-year horizon, even if not for FY27?

Aditya: We consider what constitutes healthy debt versus unhealthy debt. With our treatment of the LCL item, all debt is now being combined. We would consider a debt-to-equity ratio of around 0.7 to be healthy. From an actualized point of view, by the end of the year we are quite confident that we will be able to get close to that number. If we are slightly higher than that number, it would perhaps be because of acquisitions we have made or other factors. However, anything higher than 0.7 is something that we will not accept.

We will ensure this. From the promoter point of view, about 50 crores of capital has been brought in, and about 20 crores has already been brought in. That too will, to some extent, reduce debt-to-equity, although that is not the main metric. Staying around 0.7 is the target.

Shubhankar Gupta – Equitri Capital: Understood. That is helpful. Thank you.

Operator: Thank you. The next question comes from the line of Vashishth Parekh from LS Finance. Please go ahead.

Vashishth Parekh – LS Finance: Hello, hi, management.

Aditya: Yes, hello. Perhaps a little louder.

Vashishth Parekh – LS Finance: Hello. Okay, does this work?

Aditya: It is still not very clear, but please go ahead and we will try to understand.

Vashishth Parekh – LS Finance: I am a new investor in the company, and I have gone through the last 3–4 years' worth of conference calls. One of the things I am a little concerned about is how the goalpost keeps moving in terms of the targeted PAT margin.

For example, I think in earlier years there was a stated goal of reaching a 5% PAT margin by FY24. That was missed. Then I think there was a mention, quite confidently, of a 7% PAT margin by FY28 or FY29. As of today, I think Aditya just spoke about a 7% PBT margin by those years—

Vashishth Parekh – LS Finance: The goalposts continue to shift, which does not inspire a lot of confidence in me. What makes you—or why, as an investor, should I be very confident that you will achieve at least what you have promised?

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Management {? Aditya ?}: Let me first clarify that you are right. I think it would be extremely inappropriate if we gave you guidance and then changed it and said something else. Let me try to explain how we are seeing this, and perhaps that will help clarify this a little more.

For us, it is not that we have a certain margin and stop there, any more than we would say that we have reached a certain revenue or profit number and will stop there. Our guidance is on a consistent and sustainable increase in operating margin and profit margin, which we have demonstrated over the past few years.

While there may have been a specific time or time period in which we would reach a certain percentage, what is definitely on the record and what we have shown is that, in a capital-efficient manner, while maintaining our ROCE above 20%, we have managed to grow our profit margins from 2%, 2.5%, 3%, 3.5%, and above that as well. In fact, for the quarter we have just closed, I think our PAT margin would be {? 4.07% ?}.

What is creating this increase is effectively our focus on higher-margin businesses. The operating margins in these businesses, whether you take our U.S. business or simply the India businesses, are growing. We are focusing on operating margins that are higher than 15%. As additional revenue comes in and the older legacy business revenue streams—the commodity revenue streams with lower EBITDA and PAT margins—go away, margins tend to expand.

That is all we are doing, and that is the narrative that is emerging. If there is a shift or a little bit of what you described as the goalposts moving in terms of when we achieve that, it is primarily because of the quarter-to-quarter impact of higher commodity pricing, which tends to have a temporary effect.

Over the longer term, that is the driver. How do we know what our margins would be 2 years or 3 years from now? We have an articulated plan for where we want to be and what the operating margins in those businesses should be. If we execute that, what we have committed to you automatically happens, and more or less it has been happening. We have doubled our margins in the last 3 years, and that trend will continue.

That is the narrative I want to provide. When do we reach 5%? Do we stop at 5%? Do we go to 6% or 7%? PBT versus PAT? I agree that we should give you as much clarity as we can. However, I think we have put ourselves in the best position to show you where we are headed by showing consistent profitability and PAT margin improvement, which we have demonstrated.

Consistently ensuring capital efficiency is also important. You cannot simply have high profit while capital efficiency declines. That is also something we need to ensure happens. We commit to you that we are targeting 25% ROCE and ROE above 12%. We used to be at 7–8% ROE, and it has now reached 12%. All of those margins will grow. Along with that, our PAT margins and PBT margins will increase.

One other factor to take into account specific to this quarter is that we had a higher tax rate because of a one-time item relating to the last quarter. We had a tax adjustment relating to arrears, which was {? 1.75 crore ?}. PBT is the metric we should use. Let us use PBT. PAT tends to move a little because we have India tax and U.S. tax, both of which tend to be around 25%. There are not

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massive changes there. That is the answer I have, although it is a long one.

Vashishth Parekh – LS Finance: Understood. I fully understand the various geopolitical and other factors, and I do believe that the higher-margin businesses should perform very well. Since I want to value the business, I do not fully understand how I should value it. I understand that it will grow at a certain pace, but how much it will grow is the concern.

The second question I have goes back to some of the comments Aditya made. You mentioned in the past that a 7% PAT margin seemed like the sustainable goal. At one point, I am not sure whether this was a slip of the tongue, or whether you mentioned that in the long term perhaps even 10% is the goal. Maybe over the next 10 or 15 years, or whatever the timeframe is. What would stop you from reaching those numbers, apart from geopolitics and macroeconomic factors? What are the key challenges that management sees in reaching those numbers?

Management {? Aditya ?}: Considering the model we follow, it is based on TAM, or large addressable markets. Our current addressable market, from a total addressable market point of view, is {? 2.25–2.3 lakh crores ?}. Our specific obtainable market is about {? 80,000 crores ?}. The revenue we generate every year, from a gross-sales point of view, is about 4,400 crore. If you look at it as a share, it is about 6% or 7%.

Provided the addressable market stays large, our revenue opportunity stays large. Provided the revenue remains where it is, operating margins in the industry tend to be static over the longer term. They do not tend to move around too much unless there is a massive technological change or temporary competitive intensity is reduced.

If those things happen, fixed costs are effectively a function of payroll and other asset costs. As long as those things fit within our model, what falls to the bottom line, or the limiting factor for our PBT, so to speak, in any business—not just for us—is effectively how much scale you can bring in.

Typically, half of your operating margin is EBITDA, and half of EBITDA tends to be PAT for most manufacturing businesses. Considering that the operating margin we are all adding right now is in the 15–20% range, a natural boundary will result, which means that you cannot really get past 10% from a PAT point of view.

That being said, it would be better for us to look at this as Mount Everest, which is what we need to reach. Many businesses have reached the PBT Mount Everest, but all our competitors are also benchmarking against it. If you look at them, they are all at 7–8%, and many of them are at 7–8%. The market would prevent us from reaching those numbers. What else would? Poor execution is one thing. Our goal is to ensure that this does not become a reason for us not to achieve our revenue and profit growth aspirations.

Vashishth Parekh – LS Finance: Understood. My last question is: I understand there is a separate CEO for the U.S. PGB business. How else are you making sure that middle management and people with skills at the lower levels are helping the company grow? If Aditya decides that he wants to retire, what is your backup plan?

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Management {? Aditya ?}: Our human capital agenda is probably the most important thing for me. None of this growth is driven by me alone. It is driven by the team, including many accomplished, seasoned professionals who have spent decades in this industry. Every one of our business units is headed by people with decades of experience in the field they represent. There is no exception to this rule.

From a human-capital perspective, we are focusing on what the company needs to look like 5 years from now and what it needs to be. We have mapped out the organizational structure. There have been several new additions in leadership roles just in the last quarter. We have brought in people from INEOS, and we have brought in people from Hero Honda, including senior management there.

Again, we are not talking about the managerial level; we are talking about the COO, CEO, or president level. We have brought in people from Murugappa Group, Tube Investments, INEOS, as I said, and also {? Wipro Hydraulics ?}. There were 5 senior team-member additions in the last quarter, and we expect this to reach 20 people over the course of this year, all of whom are people with relevant experience.

Our attrition rate in senior management is, whether that is a good or bad thing, really quite low. We do not really fire people either, in that sense. We believe that our human capital is strong. Our organizational structure has been defined for what we want to look like 4 years from now. It is good, lean, and filled with people with a tremendous amount of execution experience.

I am very confident. They refer to what is called the "hit-by-the-bus test." Tomorrow, if I get hit by a bus, the story continues. It is not driven by me or Aditya in any sense. It is driven by the team, and I am proud of the team that we have. They are all ambitious, and their ambition will be the limiting factor, not me.

Vashishth Parekh – LS Finance: Correct. Thank you. Thank you for your time.

Management {? Aditya ?}: Thank you so much. Those were great questions. Thank you so much.

Operator: Thank you. Ladies and gentlemen, you are requested to restrict yourself to 2 questions per participant. I repeat, you are requested to restrict yourself to 2 questions per participant. The next question comes from the line of Vinod Krishna from Avendus Capital Private Limited. Please go ahead, sir.

Vinod Krishna – Avendus Capital Private Limited: Am I audible, sir?

Management {? Aditya ?}: Yes, sir.

Vinod Krishna – Avendus Capital Private Limited: If you can help, I have been with this company for the last 4-5 years. Could you help us understand how to think about growth? You have been guiding PAT growth of 20%. How should we think about medium-term revenue and PAT growth, given that there is a legacy business of around 20-25%? Will that really go to zero, or will it stay there while the other part grows? How should we think about tailwinds division-wise? What are the factors driving growth and giving us the ability to gain market share?

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Also, is this 20% PAT growth the peak, or will you definitely achieve it? You used to use the words "at least 20%." Could you help us understand this, because it becomes important for us to value the company? How should we think about growth drivers for each of your divisions, and is this 20% maximum growth, or will you definitely achieve at least 20% PAT growth?

Management {? Aditya ?}: Let me speak first about the legacy business units: the specialty steel units, tubing, and railway businesses. These are good, profitable businesses. We should not allow them to go to zero. However, capital is not infinite, management bandwidth is not infinite, and we have to focus on our growth drivers and ensure that we do not create many small-scale businesses.

We have focused on growth drivers, and we are not going to deviate from them. That being said, we need to have an organizational structure that allows those businesses to continue. They should not go to zero. That would be wrong. Pennar should realize value from those revenue streams. We are looking at the best ways to achieve that. It takes time to put those things together.

This is similar to what we did in Solar, where we took all our solar utilities and created a joint venture with Zetwerk, which has the potential to generate some amount of revenue and profit. It did not go to zero. It is something that holds value for Pennar. By value, I do not mean 50 or 100 crores. We should ask what a company like that would be worth. That is a good question to answer.

Similarly, we should do something similar for these {? 300 crores ?} of legacy revenue streams in the business. We are working on it, and we should have something for you soon. Let me put it that way. I have no commitment in terms of a timeline, but we are working hard on this. That is point one.

As far as PAT margin growth and PAT growth of 20% are concerned, as I said, as these new revenue streams come in and pick up scale, with higher operating margins and our net margins from a PBT point of view currently in the {? 4-5% range ?}, simply adding revenue takes care of profitability. There is no natural limitation that it has to be 20% and cannot be more than that.

Take our BIW business, for example. It is expected to double in revenue size in the next few months once {? INA ?} comes in. The plant has been commissioned today. There are no sales involved. The 3 programs are all there. We simply have to keep producing and executing well, and our revenue grows in scale.

We have created these seeds everywhere, and all of them are seeds. The U.S. business, even though it is a \$120 million P&L right now, is also a seed. There is a tremendous amount of potential for it to grow because our competitors there are billion-dollar companies.

As we grow, achieve a large addressable market, and get revenue streams to comply, that is something we need to execute. Once we do that, there is no such thing as 20% being the criterion or not, or being the only criterion. I think the best way to value us is to look at our addressable market, our revenue growth, and our potential PAT margins, which will be range-bound. They are not going to be 15%, but they are not going to be 4-5% either. They will scale.

That should be sufficient to give you a valuation range. Of course, from a capital-efficiency point of view, you should assume that we reach the 25% benchmark that everyone wants to achieve from an

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ROCE point of view. Those numbers together should give you a foundation for how you want to look at our business.

Vinod Krishna – Avendus Capital Private Limited: My second question is this. I am assuming there are enough tailwinds because you always say that we should not give market reasons for growth in all these divisions. So our PAT growth of 20% should be assumed even for this year. My second question is regarding Zetwerk: when you say 4,000 crores, by when, sir? How should we look at that? Also, please clarify my assumption that 20% PAT growth is being given for this year as well, for the full year.

Management {? Aditya ?}: Zetwerk, the {? Zap91 ?} subsidiary, which is majority-owned by Zetwerk, with Pennar as a shareholder, is something for which we will discuss internally what numbers we want to share. What I mentioned as 4,000 crores is typically what a 2–2.5-gigawatt solar plant, which is the capacity we set up, tends to generate. That is not guidance by any stretch. When they will achieve that and all the related details need to be discussed at a later point.

As of right now, it is an investment for Pennar. It is a minority investment and a way for Pennar to unlock value from its long presence in the solar field. At one point, solar used to be a {? 600 crore ?} revenue stream for us. Instead of allowing that to go to zero, we decided that this was the best way to proceed. That is the narrative on Solar. The exact revenue of the Zetwerk subsidiary is not something we would be able to comment on right now.

Vinod Krishna – Avendus Capital Private Limited: But PAT growth of 20% for this year—we can assume that, right?

Aditya: Yes, that is our target. We will achieve those numbers.

Vinod Krishna – Avendus Capital Private Limited: Are you seeing headwinds in most of our revenue lines, or are you seeing all the revenue lines firing in terms of tailwinds?

Aditya: Yes, the order book is strong, we are capitalized well, and our asset–capacity utilization is ready to take on additional revenue. We are confident that from Q1 to Q2 sequentially, you will also see very decent growth.

Vinod Krishna – Avendus Capital Private Limited: Over a 3–4-year period, what kind of revenue can we look at at the company level?

Aditya: I am trying to answer that question without it seeming like guidance. The market is not going to prevent us from growing, clearly, based on our order backlog, as you can see. It is not the market. Our competitors are large, so we will sustain consistent revenue growth and profit growth over 3–4 years. That will continue.

Vinod Krishna – Avendus Capital Private Limited: Thank you, sir. Thank you, and all the best.

Aditya: Thank you, sir.

Operator: Thank you. The next question comes from the line of Rahul Kumar from Vaikarya Fund. Please go ahead.

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Rahul Kumar – Vaikarya Fund: Hi, Shrikant. You mentioned in your opening remarks that the India business faced some operational challenges. Can you elaborate a bit more on what exactly happened?

Shrikant Bhakkad – CFO: In the India business, we had some impact on account of PEB, specifically relating to the execution team and focusing on project delivery. Now that we are focusing on project delivery, we will address certain issues relating to project delivery and other matters. These are more operational issues rather than structural issues on that side.

Aditya: There were also tactical adjustments to engineering and clearances in the PEB space. It was more of an internal matter that we needed to align, but—

Rahul Kumar – Vaikarya Fund: Are these issues resolved, or do they continue to be a concern?

Shrikant Bhakkad – CFO: As we scale up, these issues sometimes arise, but they are viewed as operational issues that need to be addressed. It is not that they will remain permanently or have a lasting impact. These are temporary blips. There are no long-term or red-flag reasons that would prevent our growth.

Rahul Kumar – Vaikarya Fund: Based on the order-book traction we have seen, and considering that the order book has increased sharply in this quarter, are we geared up to cater to that order book this year in terms of delivery and execution?

Aditya: Should Mr. Shrikant answer, or should I?

Rahul Kumar – Vaikarya Fund: Either of you can answer.

Aditya: We will both answer. The order book is strong, and production capacity is up in both the U.S. and India. We have the capacity to deliver all those orders. It would be dangerous to maintain a much higher order backlog if we could not dispatch it. We have consciously decided to ramp up our order backlog in preparation for higher revenue because the capacity is available, and the previous issues we had for a few quarters relating to labor supply and other matters have been resolved.

We have added significantly more automation, diversified our input sources considerably, and the larger order backlog, along with the short cycle time required for engineering, clearances, and drawings, has also been addressed for boilers, PEB India, and PEB US. We are well positioned to grow and scale these businesses.

Rahul Kumar – Vaikarya Fund: My second question is on diversified engineering. Out of this 385-crore revenue item, how much is legacy and how much is the focused business? Also, how was it in Q4 of last year?

Aditya: We do not have that precise breakup. What I can tell you is that the legacy business units I referred to include our specialty steel business, our cold-rolled steel strips business, which was primarily the company when we started. Twenty to 25 years ago, it accounted for 90% of our revenue.

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It also includes our railway coaches, wagons, and components, as well as our precision tubing business. Those legacy revenue streams currently contribute about 25% of our revenue.

Shrikant Bhakkad – CFO: Sorry, it was 35%.

Aditya: A year ago, it was 35%, {? 33–32 something ?}. It is reducing quarter-on-quarter.

Rahul Kumar – Vaikarya Fund: Out of 385 crores, how much would that be?

Aditya: I do not have the exact number at the moment. We will come back to you with the exact number. I could calculate 25% of our sales, but I think you would be better served if we give you an exact number. We will come back to you on that, sir.

Rahul Kumar – Vaikarya Fund: In this diversified engineering decline of 15% on a year-on-year basis, is the entire decline explained by the de-focused business, or is the rest of the business also somewhat slow?

Aditya: The decline was predominantly because of these three businesses—the de-diversified businesses. In the diversified segment, the predominant decrease is because of the legacy businesses and a small amount from hydraulics, which is one of our growth verticals. That happened because of the geopolitical issue. Other than that, we have not seen any other blip.

Rahul Kumar – Vaikarya Fund: Understood. Thank you.

Operator: Thank you. The next question comes from the line of Nilesh Narendra Shah from Arrow Investment. Please go ahead.

Nilesh Narendra Shah – Arrow Investment: Hi, Aditya, and hi, Shrikant. Good afternoon. I have 2 questions. Am I audible and clear?

Aditya: Yes, hello.

Nilesh Narendra Shah – Arrow Investment: It is always reassuring to hear you. I like the confidence with which you present the numbers, but something does not add up when we look at the entire business model overall.

My first question is on employee costs, which Mr. Shrikant tried to explain. Quarter-on-quarter, I think we have reached 107 crore as of now. Is this due to wage inflation or an increase in the number of employees? That would be my first question. Are we looking at 400–500 crores of employee expenses for the year? They seem to be growing faster than our profitability. That is a very concerning factor for me.

Second, I think we are spreading ourselves too thin and are receiving a holding-company-type discount. We have boilers, Cadnum, BIW, and so many verticals. As far as the market or valuation is concerned, that is why I am here speaking to you. I think we are receiving more than a holding-company discount. What steps is management going to take to address concerns that there are so many fragmented pieces of businesses?

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You are moving out of the old legacy businesses, but the businesses you are working on now will become legacy over a period of time. How are you going to address this concern? As someone mentioned earlier, the goalpost keeps moving, and every year something new is happening in terms of how we are growing.

Cadnum is more than 3–4 years old. We have marquee clients, but apparently nothing is coming in terms of business volume. We have no clarity on what is happening there. That is the second part of the question.

The last part concerns the warrants. You bought warrants at 168 in a personal capacity. Why not pick up equity from the open market to provide more confidence to shareholders? Why was a warrant issue given? I do not understand the reason for that. Could you shed some light on these 3 matters? Thank you.

Aditya: Let me try to address those one by one. The first question concerned salary costs. Our salary costs are higher because we have undertaken an acquisition in Genco and, as I have mentioned, as we ramp up the order backlog, we also need to ramp up engineering manpower, project managers, production staff, and labor. This typically comes before the order backlog actually translates into higher volumes.

Against this background, we are happy to commit that there will be strong double-digit growth in our U.S. businesses. A significant part of the increase in salary costs is because of that. That addresses the first point regarding why costs have increased and whether the increase is justified by revenue growth.

Over the next few quarters, if you see our U.S. business revenue stream growing at strong double-digit rates, that will justify the salary increase. I agree with you that profit also has to grow faster than fixed costs; otherwise, there is no operating leverage. I accept that point, and you should look at it over the next few quarters.

Speaking specifically about whether the goalposts are moving in terms of what is growing, you mentioned Cadnum. I would like to state that we have been very clear about our growth model. Over the last 2.5 years, or close to 10 quarters, we have been very clear that the business units we believe will grow and scale our revenue are PEB India, PEB US, the body-in-white business, hydraulics, and boilers.

Cadnum is a good aerospace business and a good small vertical. However, as I have said, we have many other such transitional businesses and legacy streams. It sits within our railways business. We are finding ways to realize some value from those businesses. The growth vectors we have discussed have always been these 5 revenue streams.

All of them operate in large industries, so I cannot really speak to a holding-company discount. There are several companies with a similar profile to ours. If the company's P/E multiple is not at a level that we like, that is something that will take care of itself as we execute and show consistent growth in profitability and capital efficiency.

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In the last 2 years, we have seen P/E multiples of 28, and we have seen P/E multiples lower than that as well. I would suggest that we look at whether we are growing revenue and profitability and whether we are consistent in our messaging about our growth vectors. I think the answer to both those questions is yes.

Other revenue streams exist within a company. We do have the choice of stopping them immediately and not talking about them, so that, as you said, the goalposts do not move. However, I think we have a responsibility not only to others in the company and to Pennar to realize value, but also to our employees, customers, and others.

We have stopped revenue streams such as our industrial water and wastewater business, and we do not want to be that kind of corporation. I do not think that is healthy for us over the long term, even if we were to look at consistency of profitability.

To summarize, the revenue streams that are going to grow are PEB India, PEB US, our body-in-white business, our engineering services business, and our boilers business. Hydraulics is the one area where, as I mentioned, there is a lack of clarity regarding the addressable market. We will come back to you on that, sir.

Apart from that one revenue stream, which for us is a 100-crore-per-year revenue stream and is not an extremely material part of our business, we unequivocally tell you that we will grow and scale our other revenue streams. We have large order books in all of them. We have increased capacity in engineering, deployed capex, and increased total capacity. We are commissioning our new BIW plant for M&M, which itself will double the size of that business. Look at it over the next few quarters.

If the messaging continues to change, then obviously you should hold us accountable. However, I strongly contest that we have changed the narrative regarding our growth vectors.

The last part of your question was about the warrants. Speaking now as the promoter of the company, I think the decision to take warrants is not only about the market price. The share price in the market can be anything, but it is a measure of the confidence that we as promoters—and I am speaking again as the promoter—have in the business model.

We are confident today that we can deliver revenue and profitability growth in a capital-efficient manner. Therefore, we have deployed 50 crores, which is what we committed to deploy, and 20 crores of that is already in the company.

Whether the founders also purchase shares from the market is a discussion for another day. If such actions are taken, I think we will report them to the exchange, and there is no real way to map that in advance.

To answer your question, I understand where you are coming from. Salary-cost increases are higher, but there is a method behind that, and I have explained it. Regarding revenue-stream growth, I commit to you that we are not changing the narrative and will not introduce a new revenue vertical and say that it is the next vector of growth. I do not think any vector we have discussed has been different from what we have said would grow the business over the last several quarters.

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Regarding the warrants, I have already said that they are a measure of our commitment, and we wanted a price that was locked in. Whether it is 168 rupees, 150 rupees, or higher is not the metric. We went through a process of price discovery and followed what corporate governance requires. That is what we are going to do.

We do not want to be opportunistic about the founders or promoters increasing their stake. There is a process by which this should be done, and that is the process we followed. Thank you for your questions.

Nilesh Narendra Shah – Arrow Investment: I am trying to understand where this is going. There have been too many things and too many good things at the same time. We are in an industry with significant visibility in terms of growth and profitability, and other companies are achieving it.

If I reduce this to simple cases, if I subtract the other-income component and add the net profit, it would be less than 2–2.5%. Our profit margins, if I subtract other income, are less than 20 crores. It does not seem justified. Something is not—

Nilesh Narendra Shah – Arrow Investment: The team and management need to undertake some introspection. As an owner and business owner, I would look at the expenses I incur in terms of revenue growth, and something is not adding up. I wish you all the very best, and I am committed to remaining a shareholder in the company for many more years. Thank you.

Aditya: Thank you.

Operator: Thank you. The next question comes from the line of Venkatasubramanian Raman from Organic Capital. Please go ahead.

Aditya: Please go ahead with your question, sir.

Venkatasubramanian Raman – Organic Capital: Hello, am I audible?

Aditya: Yes, you are audible.

Operator: Yes, please go ahead.

Venkatasubramanian Raman – Organic Capital: Hi, Aditya. I have a couple of questions. Do we declare our Engineering Services revenue specifically? How many people do we have, and what kind of growth path do we have for that business?

Aditya: I do not believe we provide the segmental breakup, but from a revenue standpoint I can tell you that it is about {? 70 ?} crores per year. It is composed primarily of structural engineering and building information modeling. The primary markets are the U.S. and Europe. In fact, those are the only markets.

Venkatasubramanian Raman – Organic Capital: Some parts of the industry believe that this is one segment that would not be disrupted by the advent of AI. Do you have any specific thoughts or guidance on this?

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Aditya: We obviously monitor that because this is a high-margin business. What we have found is that many of our customers, which are multi-billion-dollar firms, have tried to bring in some automation and AI. We refer to it as automation. In effect, they are looking at which workflows on the engineering side, particularly design engineering, can be automated through platforms such as OpenCloud and others.

They have tried, but the nature of the business is such that, while certain aspects of the workflow can be automated, the entirety of it cannot. We believe that the result will be some improvement in productivity, up to about 30–35%, which is what we have mapped out, and we have already started using it.

However, the overall business is not under threat of disappearing because no one will outsource engineering work anymore. I believe that question has been answered. I do not believe the business is under threat.

Venkatasubramanian Raman – Organic Capital: That is what I hear from industry players as well. Is it playing out on the ground? Are we receiving new inquiries? Is our margin being affected on new bids? How is it playing out in reality?

Aditya: As I mentioned, one of our customers is a multi-billion-dollar firm in the U.S. It has spent a lot and tried to automate some work, but that did not go in that direction. As it stands right now, we are running 3 shifts, and we work Saturdays and Sundays for our engineering work.

I think that revenue stream grew by about 26% in the last quarter. We have high hopes for this as well. We have also hired in this area in both the U.S. and India, and we have brought in senior professionals in the building information modeling space.

As I mentioned, this is one of our 5 growth sectors. We are quite confident that it will continue to grow and scale. I have not seen a threat of this work being automated or of the pricing of the man-hours being reduced. These are quite robust revenue streams at the moment.

Venkatasubramanian Raman – Organic Capital: There was some discussion about Cadnum. One of the previous investors referred to it. After a long time, we saw some mention of Cadnum in your press release in terms of new orders and so on. What is your view, and what can be expected?

Aditya: Cadnum is our aerospace business, which exists within our railways business. Railways consists of railways plus what we call aerospace machining, assembly, treatment, and tooling. That is the Cadnum business.

It is stable right now. It is not growing, and we are not deploying any further capital into it. It is effectively where it is. It is profitable, like the rest of the railways business and the rest of our legacy revenue streams. We are trying to find a way to realize some value from it.

Venkatasubramanian Raman – Organic Capital: My second question is on the PEB business in India. What do we need to do to achieve the profitability metrics and return-on-capital-employed metrics that some of our competitors have? You spoke about this a couple of quarters ago. There is a significant difference on the capital-employed side between us and the competitors you referred to. You said some work needed to be done a few quarters ago. Has there been progress?

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Aditya: A lot of work has been done. We looked at the entire process flow of the business and building, and we looked at what was different between us and our competitors.

There were 3 differences. The first was a much higher advance percentage at our competitors, which tends to reduce working capital. We have since instituted that, and our advance percentage has now grown close to 25%. There is still some headroom for it to increase, but that is a massive improvement from where we were, which was closer to 5-10%. That is the first change.

The second change was engineering optimization. We can achieve post-order-booking savings of perhaps 1-2%. That may not sound like much, but all of it goes into the bottom line. This can be a powerful driver of capital efficiency, especially when net margins are single-digit percentages.

The third aspect is that the nature of the contracts we have tried to sign has changed. We have now removed the linkage between supply and erection. When we ship, there used to be an element in previous contracts where the money came in only after certain milestones on the erection side had been met. If there was a delay in erection for any reason, that led to our accounts receivable being higher because technically the money was not due until we completed those milestones.

We have now removed that linkage because our competitors are increasingly doing the same. It is a combination of many things. We are now in a position where, because of these changes, you will slowly see our capital efficiency, especially our working capital, improve and reduce. Our operating margin will also improve to a certain degree, which will bring us more in line with our competitors.

Venkatasubramanian Raman – Organic Capital: In terms of value-addedness and deliverables—

Operator: I am sorry to interrupt, sir.

Venkatasubramanian Raman – Organic Capital: I understand. Thank you. Thank you.

Aditya: I am sorry, I was just speaking.

Operator: The next question comes from the line of Deepak Poddar from Sapphire Capital. Please go ahead.

Deepak Poddar – Sapphire Capital: Am I audible, sir?

Operator: Yes, please go ahead.

Deepak Poddar – Sapphire Capital: I wanted to understand our strategy and focus. Are we looking at the significant opportunities in aerospace and defense? You just touched upon aerospace. In precision engineering, are we focusing on these areas as a strategy? Could you throw some light on that?

Aditya: First of all, no, sir. I am not denying that there are good opportunities for growth there, but I think we are focused on what we have chosen. Even if we execute across our 5 growth vectors, and even if 3 or 4 of them succeed, we will achieve our stated long-term growth and profit objectives.

While there are good opportunities in aerospace, it is not something we are looking to pursue. However, we will find a way for these legacy revenue streams, similar to what we have done with

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our solar business, to find a home so that they can become somebody else's responsibility. We will explore that.

As of right now, we are looking at the best way to achieve that. Growing those businesses with our capital and management hours is not the right approach at present. They are in steady-state mode, with no material capital expenditure going into them. They are strong, stable, and profitable. Our aerospace business is also profitable and is a good business, but it is no longer our job to scale it.

Deepak Poddar – Sapphire Capital: In terms of growth, in the first quarter you mentioned that there was some slowness in a few sectors, including PEB US and India. However, you indicated that from Q2 onward we would see growth in both, given the strong order book in PEB India and the U.S. Is sequential growth what one can envisage in the coming quarters as we move ahead into FY27?

Aditya: If you are asking about sequential growth from Q1 to Q2, you should expect growth. You should expect double-digit growth in revenue and profitability.

Deepak Poddar – Sapphire Capital: What about Q3 and Q4?

Aditya: As I said, our model is not based on the order backlog going away. If you map out what we have in PEB and PEB US, it is 1,008 crores and \$100 million. All of that has to be completed in the near term, over the next few quarters. It will sustain high growth rates over the medium term. Our order backlogs will sustain. We simply have to execute on them.

Deepak Poddar – Sapphire Capital: If we look at some of the peers in the PEB space, most of them have grown by around 20–25%. Why are we not growing at those levels? You did mention that we have a legacy business. Could you comment on what is stopping us from growing at those levels?

Aditya: We are not at 25%, but if the reduction in the legacy business is taken into account, then we are around those levels. It is not 25%, but I believe it is 16% or 17%. I do not have that number right now.

We are not outside the revenue-growth metric or range in which they operate. We are confident in our model. PEB US alone will exceed that 25% as well. It is a matter of execution. We simply need to execute.

We have had some issues because of the unique way we structured some of our businesses, specifically PEB India, over the last few quarters. We are working through that. Transitions sometimes take a few quarters, but we are committed to growing. Our strong order backlog demonstrates that we can go into the market and obtain orders. We will ensure that we improve our output in both India and the U.S. and grow and scale revenue.

Deepak Poddar – Sapphire Capital: So our PEB India and PEB US segments have grown by 16–17%?

Aditya: That is correct. In terms of the design-build solutions, if you look at the details we have provided, it is closer to 16%.

Deepak Poddar – Sapphire Capital: Close to 16%, understood. That is very helpful, sir. That is all from my side.

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Aditya: It is more or less the same. I do not see us as laggards compared with the market, at least from a revenue-growth standpoint in these businesses. More will come, and it will improve further in this quarter and the next quarter.

The order backlog was 1,008 crores in Q1 as of that time, and it is higher now. It was \$100 million in Q1, compared with only about \$70 million previously. A larger order backlog and greater execution capacity equal revenue growth. That is the equation here, and we want to ensure that we realize it.

Deepak Poddar – Sapphire Capital: Understood. That is very helpful, sir. That would be all from my side. I wish you all the best.

Aditya: Thank you.

Operator: Thank you. Ladies and gentlemen, we will take that as the last question. I would now like to hand the conference over to the management for closing remarks. Thank you, and over to you.

Aditya: Thank you to all of you for your questions. We will continue to execute on our plan. In the interim, for the questions we were not able to address, my apologies. We will keep an open line of communication so that I and the rest of the team can address some of these questions.

My takeaways are to ensure that we execute on our growth plans, convert the large order backlog into revenue, and, with your support, achieve our goals for this financial year. We will continue to execute on our plans. Thank you so much.

Operator: Thank you. On behalf of PhillipCapital (India) Private Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your line.

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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