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**“Pennar Industries Limited
Q4 and FY '25 Earnings Conference Call”
June 02, 2025**



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MODERATOR: MR. VIKRAM SURYAVANSHI – PHILLIPCAPITAL

Moderator:

Ladies and gentlemen, good day, and welcome to the Q4 and FY '25 Earnings Conference Call of Pennar Industries Limited, hosted by PhillipCapital (India) Private Limited. Please note that this conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on the date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone.

I now hand the conference over to Mr. Vikram Suryavanshi from PhillipCapital. Thank you, and over to you, sir.

Vikram Suryavanshi:

Thank you, Pooja. 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 with us the management of Pennar Industries for question-and-answer session with the investment community. The management is represented by Mr. Aditya Rao, Vice Chairman and Managing Director; Mr. Shrikant Bhakkad, Chief Financial Officer; Mr. Manoj, Vice President, Corporate Planning; and K.M. Sunil, Vice President, Investor and Media Relations. Before we start with the question-and-answer session, we'll have opening comments from the management.

Now I hand over the call to Mr. Aditya for opening comments. Over to you, sir.

Aditya Rao:

Thank you so much. I hope my voice is audible. If there are issues on the clarity, please don't hesitate to let us know, and we will try to address them. So good day, and thank you to all of you for joining us for Pennar Industries Q4 Investor Conference Call and for the financial year ending March 2025. We're pleased to have this opportunity to walk you through our recent performance and share insights into our strategic direction. So today's session will begin with a review of our fourth quarter and our full year results.

We will be focusing on key metrics such as revenue, profit before tax, working capital dynamics and major growth drivers. Following this overview, Mr. Shrikant Bhakkad, our CFO, will present a detailed financial analysis, and we will conclude with a Q&A session to address your questions. Let me start with the performance highlights for Q4 and FY '25.

In the fourth quarter, our revenue rose by 10.1%, reaching INR905.8 crores. PBT climbed by 20.35% to INR47 crores. For the full fiscal year, revenue expanded 3.1% to INR3,226 crores with our PBT showing an overall 20.5% we have reached INR158.4 crores in PBT, which is our highest ever. Our revenue growth drivers for the next few quarters continue to be our PEB division. We anticipate continued double-digit growth in our PEB line. This is supported by a healthy order backlog and improved capacity utilization.

Raebareli plant continues to scale and improve its performance. And on the back of that, we expect this business to achieve significant growth and to be a significant growth engine in this fiscal -- FY '26. Ascent, our U.S. subsidiary, their performance remains strong. It's backed also

by a growing active order backlog. We also forecast double-digit increases in both revenue and PBT for the current fiscal in Ascent. Body in White is another of our prioritized views. We've onboarded key clients, including Hyundai, Ceer Automotive, Taiwood, Ashok Leyland and Maruti.

Ongoing capacity expansions have started contributing to revenue growth. And in the next following quarters, we will see this capacity come online. There are good meaningful revenue gains in this year for this business unit as well. Engineering Services has continued to scale efficiently. We expect sustained revenue growth in this segment for the next few quarters. Hydraulics has seen an uptick in order backlog, fueling our confidence in revenue expansion. This fiscal will see strong hydraulics growth as well.

Boilers and process equipment is geared for robust double-digit growth. We are actively scaling our order backlog activities to support this trajectory. Let me move now to profitability and margins. While the growth vectors that I mentioned, PEB, asset, BIW, engineering services, hydraulics and boilers and process equipment will continue to drive our revenue growth. Our profitability, it's important for us, as I mentioned on my previous calls, for us to continue to continuously scale it.

So PBT margin for Q4 now stands at 5.2%, and we expect to improve this figure as we increase the share of our higher-margin businesses in our revenue portfolio. Capital efficiency metrics, our ROCE is at 21.5% and Return on Equity is 11%. We are targeting significant improvements in both metrics over the course of this financial year and over the next -- in the medium term as well.

Our working capital currently stands at 76 days. This is one number where we came in slightly above our ideal range. This was due to the capital employed being a snapshot number, elevated raw material costs and ensuring that we have what we need for our order backlog impacted higher procurement.

So we anticipate this will normalize. Very, very short term, we should reach 72 days and a long-term target of 60 days. We do not, as management, see an issue here. This is by design that it's at 76, but we should expect very quick moderation in this. Let me stop there and hand over to our CFO, Shrikant, for his detailed overview of our performance for the quarter and for the financial year.

Shrikant Bhakkad:

Thanks, Aditya. Welcome to the shareholders and investors for the fourth quarter FY '25 earnings call. Total revenue is INR905.8 crores, up from INR82.8 crores, overall increase of INR83 crores, which is up by 10%. EBITDA has increased from INR81.31 crores to INR98.4 crores. It is up by 21% and PBT has increased by 20.35% at 5.2% and up by 44 basis points. PAT has increased overall by INR23.98 crores. It is now at 3.94% and up by 44 basis points.

Going through the details on each of these metrics. Revenue has grown from diversified engineering business as well as increase coming from 14% from customized design building solutions. And as a result, our blend revenue has increased by 10.09% -- keeping continued

focus to improve our margins and cut down the sales with the lower margin businesses, you see the growth in the profit -- in the revenue as well as the profitability.

The growth in the customized design Building Solution is a result of Raebareli plant, which is now functional and started yielding growth. The custom design Building Solutions revenue is now at INR460 crores compared to INR403 crores, up by 14%. PEB India order book has increased to INR780 crores and PEB U.S., it has reached INR53.1 million. Other income includes deposit income, income from mutual funds, road map incentives, exchange fluctuation, collection of old receivables and write-back of debtors.

Employee benefit expense increased by INR9.43 crores on account of increment and wage revisions of workers on account of and as well as additional plant at Raebareli aggregating to some INR4.7 crores and increase at subsidiaries at INR468 crores. Moving next on finance cost. Overall increase in finance cost is at INR7.44 crores at a consolidated level, out of stand-alone is at INR6.99 crores, increase on account of additional revenue and increase in capex of building at Raebareli. The overall finance cost is well below the 4% mark that we have outlined, and that's our expectation that it will reach.

Now that we have done the capitalization of those buildings, the interest will slightly grow up in the coming quarter, and it would reach near 4%. Overall, you can see the net working capital will be at 3% and term loan interest will be at 1%. Interest to net sales this quarter is at 3.71% when compared to 3.18%, which is increased by 53 basis points and which is what we have guided you earlier. Depreciation and amortization, the overall increase is INR1.68 crores stand-alone and consolidated.

This is on account of the capitalization that we have done in the last quarter. Other expenses predominantly grew by INR42 crores on account of majorly in stand-alone, INR21 crores, which is on account of higher erection expense, subcontract expense and stores and spare consumables, what we have. Subsidiaries is on account of legal professional costs and onetime costs related to acquisitions, what we have planned.

Tax is lower due to onetime credit that we have received on account of closing of one of the tax assessment year, and there is a reversal of INR1.36 crores related to earlier years. Federal tax is at 21%, state tax is at 5.7% in the U.S. and average rate around 25.6%. We continue to guide this to consider as a consolidated rate to be at 25% to 26%. Overall analysis in terms of profit and loss account, revenue has increased on major of our growth business streamlines and across the geographies in India as well as the U.S.

Due to increased revenue, there is a corresponding increase in PBT, and we continue to be on the growth path. Moving forward to the balance sheet analysis. First, let us take up asset side. Changes in the asset is on account of increase in property, plant and equipment, overall net INR60 crores. Inventories has increased by INR110 crores and debtors by INR70 crores.

Cash and cash equivalents, we are sitting at a healthy cash balance of INR141 crores. PP increase was predominantly on account of the Raebareli building and the BIW expansion, which

we have carried out last year. An increase in the ascent because of the expansion that we did of the Phase 3 of close to INR28 crores.

Inventory consolidated has increased by INR110 crores and debtors by INR69 crores as explained by Aditya, this is a little higher because of the order backlog that we have and because of the increased revenue that we are planning, we have this higher, and this is expected to moderate in the coming two quarters. Cash and cash equivalents, we are sitting at a healthy cash balance of INR141 crores, as I said, in stand-alone at INR47 crores and at a consolidated level of INR141 crores.

Moving now to liabilities. Increase in borrowings overall is close to around INR1,092 crores to INR1,197 crores, increase of INR105 crores, out of which long-term liabilities contribute to INR71 crores increase and short-term liabilities contribute to INR30 crores increase. The other increase in liabilities on account of trade payable due to higher credit from our vendors and LCs at INR95 crores, there is an increase.

Income tax liabilities have decreased due to settlement of tax assessment year as well as there is a decrease in lease liabilities on account of vacating of our corporate building what we had earlier and reduction in lease liabilities. The other current liabilities has increased due to advance from customers in India as well as the U.S. Overall, equity has increased by INR122 crores due to the overall profit in India and at a consolidated level.

Coming to cash flow analysis. Overall, we are at a healthy cash flow of INR345.36 crores. The operating activities out of this contribute to INR31.27 crores at a consolidated level and stand-alone at reduction of INR42.03 crores. Working capital changes on account of higher inventories and other assets.

Net cash used in the business, our investing activities close to INR151 crores and cash proceeds from financing activities at INR78 crores, which is on account of long-term borrowings. Overall, the cash and cash equivalents has increased by INR51.59 crores at a consolidated level from INR89.78 crores to INR141.43 crores.

With this brief analysis of profit and loss on balance sheet and cash flow, I hand over the call to the moderator for the questions in the investor community.

Moderator:

Thank you very much. The first question is from the line of Agastya Dave from CAO Capital. Please go ahead.

Agastya Dave:

Congratulations on great set of numbers. All your efforts are definitely bearing fruits. It's very, very visible now. Sir, the questions that I had, you briefly touched upon them in your opening remarks. I was wondering if you could go into further details there. One thing which is clearly visible in the company is that the ROEs are at least -- they track roughly 1,000 basis points below the ROCs. And you mentioned that we will see substantial improvement. So what are the levers which you can pull which would lead to better ROEs going forward?

And a very similar questions on the margins. So there is a lot of shift in the mix of businesses. So can you also go into a little bit more detail what kind of trajectory we can see on the margin side? And final small question is on the capex. What is the capex for the next 2 years?

Aditya Rao:

Okay. The first question was on the ROCE versus ROE, the 10% drop and potential rise in the future or what -- how would it increase in the future? Capex for 2 years, what was the middle question, sir?

Agastya Dave:

Sir, a very similar question on the margins, gross margins, EBITDA margins because there is so much shift happening in the business mix across various verticals. For the consolidated entity, what kind of trajectory will we see on the margins, similar to the ROE question, sir?

Aditya Rao:

Okay. Yes. As you just mentioned, the ROCE and the ROE are both -- the EBIT is a very important number for us, and we continue to focus on EBIT improvements. 21.5% if we had perhaps a more normal working capital cycle, which we typically tend to have, the ROCE would have been higher. Our long-term goal for ROCE is to reach about 30%.

There are voices that it should be even higher than that, but that as a blended margin of what we expect our revenue profile to be from the different geographies are presented, the different margin profile, the revenue streams come in. We are quite confident of 30% in the medium term, and that's our target.

How that's going to come about is simply through -- I don't -- we don't anticipate that our working capital days, if you see the average for the last few quarters is around mid-70s, getting that to 60 is something that would -- that is sustainable, right? That is in the longer term sustainable is what we feel. So combine that with an increase in EBIT, and that's where your ROCE growth is going to come in.

So not a dramatic reduction, say, about 20% reduction in our capital employed as a proportion to sales, but the larger -- which by itself should be able to get our -- if you take the 20-21, it should get us to 25% approximately. The remainder will come from our EBIT growth. And as we keep adding higher revenue, higher-margin revenue streams, that's something we believe to be automatic. And if you look at -- and I do use this as an example a lot.

Just look at what we've been doing for the last few quarters for the last 3 years, we are going to be doing the exact same thing, and we will expect to see similar output in terms of we will see revenue growth, we will see EBIT growth, we will see margin growth, and that will tend to take up ROCE and ROE.

The large ROCE, ROE drop is effectively because of the interest cost being where it is. As our working capital moderates, then that gap will also lessen. But it should take a 5% to 7% drop in all circumstances. That's just the way they are structured.

Agastya Dave:

Right. And on the margin side, sir, the revenue growth needs to kick in, right? My guess would be that there would be competitive pressures on your gross margins. So you can't really take price hikes, right? Or there would be some pressure on the pricing, right? So revenue growth has to kick in and operating leverage has to kick in for the new plant to start delivering better

margins. So what kind of revenue growth can you actually see? And then the question on the capex and then..?

Aditya Rao:

So all of the businesses that I covered on my initial review, which is our PEB division, our U.S. business, Ascent, Body in White, engineering, hydraulics and boilers, right? All of them have operating margins. Let me talk about margin after variable and EBIT, but let me talk about margin after variable because when you talk about additional revenue, that is what drops down to EBIT.

So all of them have well over 15% in terms of operating margins, in terms of contribution margins, as we call them. In some cases, such as engineering services, Hydraulics and Ascent, it's vastly above 15% also. It's about 20%. So as we bring this revenue in, what drops down to your EBIT, what drops down to your PBT are these higher-margin revenue streams, which should drive our PBT up, which should drive our EBIT margin up.

So I do guide you to our EBIT margin being around in the 10% to 11% range and our PBT being around 5%, 5.2% range. When you add substantial amount of revenue and you add it at a higher -- at the operating margin, we're adding at the impact on PBT and what you said operating -- that's exactly what operating leverage is, and that's what we expect to see that going forward.

In terms of an exact number, I would say that the fact that our market shares are low in all of these businesses gives us confidence. It's a good thing in the context that we expect as we add revenue and that margin. And we're not saying that we'll cross 10% in any of our businesses. Again, it's good in the context that it will be easy for us to add revenue without compromising on gross margin another point that you brought up.

So I guess the picture we are presenting to you is one where our revenue grows, our market share grows, but not above 10% and they are going to be adding it at a gross contribution margin, which is substantially up current EBIT and PBT margins. Therefore, our PBT margins will go up. That's the way it is.

Agastya Dave:

That's very clear. And sir, just the capex -- budgeted capex for the next 2 years?

Aditya Rao:

We do have that mapped on internally, but we would be comfortable sharing that once it's finalized. So we will -- we do not have a capex number for the next 2 years to share. We can tell you we've come -- there's well over INR100 crores this financial year that -- for this financial year, which we have already greenlit. And we do not expect this to change our debt equity and reserves itself, as you would see, our cash reserves are.

Moderator:

The next question is from the line of Venkata Subramanian from Organic Capital.

Venkata Subramanian:

Congrats on walking the path on what you've been promising. I have a couple of questions on engineering services. Now we probably have 2 links to engineering services. One is what is given purely as a service, probably along the lines of BIM, etcetera. And the other, which kind of lays the foundation for our EPC.

Aditya Rao: Just to clarify, sir, our engineering services is entirely 100% third-party design, engineering, product development and retailing services. Our erection revenue for PEB is not captured in this at all. It is completely captured in our PEB revenues.

Venkata Subramanian: Now in that business, what's our vision overall? Because I see a lot of report about BIM and engineering services being a few billion dollar business. Now what is our broad vision there, let's say, over the next 3, 5 years?

Aditya Rao: It's driven from a core capability standpoint. We have very strong capabilities in structural engineering. We are one of the largest teams in the country in structural engineering, as I've said sometimes. There are adjacencies and -- I mean, opportunities, shall we say, such as building information modeling, which we have started very strongly in Europe, which is over -- it's a multimillion euro business for us now.

Our addressable markets here are massive, but we will be focusing in the near term on structural engineering and building information modeling as the major drivers. Both of those combined will be well over 50% of our engineering services revenue. And our competitors in this field are thousands of crores.

So we would not guide you today to reaching appreciable market share in that business. But we can tell you it will be a fast-growing business. And the net bottom line is something that is going to be quite healthy. So it will help us also from a margin expansion perspective. But it is a driver of our profitability, not necessarily a driver of our revenue.

Venkata Subramanian: Given the size of that market, Aditya, why would it not be a driver of revenue? Meaning is it because of any constraints? Do we have constraints on the talent side or we don't have enough on the front end? Why would we not want to chase even, let's say, about a 3%, 4% kind of market share, which itself will be very sizable?

Aditya Rao: Yes. I mean 3%, 4% in the field that I mentioned, as you said, would be a substantial increase or a very high -- multi-fold increase in our current revenue. We are working to achieve higher numbers. But right now, I think we'll have to think about it foundationally. We're present in most of our customers in engineering -- all of our customers in the engineering services business are in the U.S. and in Europe.

I think the path we want to take is one where we provide easier level engineering services, then expand into solutions and larger value propositions, which give us the larger addressable markets. The reason I may sound a little circumspect and conservative on that is that some of our competitors in this business, be they Pinnacle, be they [inaudible 0:23:53] and be they others in the structural engineering space, they've been there for a long time. And yes, the revenues are much higher than us, but they've spent the time building that human capital base.

I think we need to right now focus on building that base and then project the higher numbers. I think it would be premature for us to say that we will reach 3%, 4% market share and then -- because this is not -- a lot of other businesses, it really is a question of deploying capital and building up our asset base. Here, it's -- there's a lot of confidence building. There's a lot of work

that has to be done to set up that initial customer and relationship base. It's a very relationship-based business.

So at this point, we would not be willing to commit to higher market share. But I can certainly say it's an opportunity that exists, and we are serious about seizing that opportunity. But right now, we will see strong growth, but not the numbers that we project -- that are being projected, which is 3%, 4% market share is not on the cards right now.

Venkata Subramanian: Fair assessment. I appreciate that. My second question is again on PEB. One of our listed competitors in India has almost negative working capital in this business. While we still are struggling to come back to maybe about 65 days or so, what is it that we need to do to actually have customers have more faith in us advancing, etcetera?

Aditya Rao: So in my opinion, and I'm aware of the firm which you're speaking of, and there are others as well in the market, unlisted strong players as well who we can comply benchmark ourselves against. Moderating our working capital is a task that I think we take seriously. And if you take the industry as an average, it is in the range that we are in.

The way we are structured, we make use a lot of non-cash LCs. It comes into our total debt, it comes into our interest cost, but we don't use a lot of cash. We use a lot of non-cash. So that automatically lends us to have certain terms with our vendors, which perhaps prevents us from seeing the shorter working capital numbers.

Advances from our customers too, we do not use the same instruments, which allows us to get the higher percentage advances. Our average advances from customers is about 15% to 20%. Some of our competitors get 40% to 50%. But they do guarantee some of that. There are bank guarantees that are given out. So we are exploring ways in which we can refine it.

What I can tell you is that the working capital for PEB has seen an improvement from 100 days to 90 days to 80 days to 70 days, and we do expect further improvement. I will definitely not guide you to no working -- negative working capital. I don't believe that is -- at least the business model we have adopted, I don't believe that is possible. But whatever we don't take in terms of advances, whatever we don't give, also reduces an element of risk from our side.

So I think as per industry norms, we are comfortable with the 60-day working capital cycle. I think that works well for us. I think we will use that to get higher margins, higher scale and improve our revenue reach. So I can -- but we are looking at all options in terms of rationalizing our working capital.

Venkata Subramanian: Understood. My last question is on -- is a follow-through on your initial remarks. I heard you kind of guide to high double-digit kind of value growth on at least about 4 of our focused businesses. And therefore, our profit growth should be well above 20%, right?

Aditya Rao: We will not guide towards profit, sir, but we do expect strong double-digit profit growth this fiscal. And we are very, very confident of that.

Moderator: The next question is from the line of Avnish Tiwari from Vaikarya.

Avnish Tiwari:

I have a question on diversified engineering. So how much did your defocus businesses grew this quarter-over-quarter and what is the progress in last quarter on these businesses in terms of which ones are scaling down as you desire? And where are you able to release capital or which ones are still capital consuming? And any strategic action you are evaluating the way you took on the solar?

Aditya Rao:

So our deprioritized BUs or the BUs, which are not growth vectors, I think I would prefer that nomenclature because sometimes these things can be perceived differently. But the non-revenue growth BUs actually degrew in the last quarter. The growth of the prioritized BUs were substantially higher. And we expect that trend to continue. It's a simple impact of restricting capital, not really growing it. And there are strategic growth options which are on the table which we can realize value for those BUs.

As we bring them online, I will communicate them. But we have plans for each and every one of those revenue streams. What we don't want to see is those BUs go to zero revenue and then it's effectively -- we have not gained anything from being present in some of those business units such as railways and steel and form sections and special grids.

These are all good, decent revenue streams. They still make money. They're still all profitable. We should, as a company, realize value for them, and we're going to work to realize just as we have for solar, for example. So those options we will bring to you. From a revenue standpoint, about 35% what was the attribution of 35% of revenue was the deep as we used.

Avnish Tiwari:

This 35% of the consolidated revenue?

Aditya Rao:

That's right.

Avnish Tiwari:

Second question I have was if we subtract your U.S. subsidiary business from overall PEB business, and it appears India PEB margins are a bit soft quarter-over-quarter. Is that the right assessment? And shouldn't this be improving if Raebareli is ramping up on the utilization?

Aditya Rao:

Let me answer the Raebareli question first. I think we've -- the setup time lines, the time it took for us to ground it was a little bit longer. But that's good. I think a good job has been done. And month-over-month, it's increasing, it's scaling. It's still not reached peak capacity utilization rate, but that's imminent. We definitely see that as something that is going to happen, and it's already at a healthy pickup now.

Overall revenues have gone up. Our operating margins have stayed the same, but our PBT percentage, you should have -- in the -- let me call it, the stand-alone PEB business, not including our U.S. business, has also scaled up. So it is not flat, but it has also improved and will continue to grow.

But we don't give segmental PBT in that sense. So we can't give you an exact number, but I think you can definitely take the U.S. PBT margins would sustain and India PBT margins will grow as a percentage. And the values of both will, of course, grow strongly in the next fiscal.

Avnish Tiwari:

Great. One last question I have was that how is the demand...

Moderator: Sorry to interrupt you, but we request you to rejoin the queue for follow-up questions. The next question is from the line of Rahul Kumar from Vaikarya.

Rahul Kumar: The question which I have was on the order book for the two business, PEB India and PEB U.S. We have seen not a very strong order inflow this quarter. So what would you attribute that to?

Aditya Rao: The order inflows in the quarter have actually been quite strong. We've been a little picky considering the price increase. But to give you an example, even in the last two weeks, we have booked two large orders. I would -- I do not have any order book concerns in -- either in India or in the U.S. I think we need to build up our capacity.

We're increasing scale. There's also an acquisition in the U.S. for additional structural fab capacity that we're bringing online. very, very quickly in the next few weeks, we hope. So no, I mean, it probably is something that this is a snapshot number differences because we tend to bleed out our order book towards the end of a quarter and then it goes back up towards the end.

But as of right now, both businesses have very strong and very healthy order backlogs. And I think as our capacity utilization increases, we can increase it. But I don't think we're constrained by the market right now.

Rahul Kumar: Okay. And second question, which I had was on the gross debt part. What is our plan on reduction in the gross debt over FY '26 if we are doing a capex of close to 100?

Aditya Rao: Let me request Shri to answer that.

Shrikant Bhakkad: Yes. See as we said, for our growth, we would need working capital for us to grow. So working capital wouldn't necessarily low as a percentage as we grow our revenue. Long-term loan is the long-term decisions that we make to invest in the capex and invest in technology. So these are the amounts which will see a growth depending upon the growth that we have.

So what we should -- what we would guide you to is look interest as a percentage of the working capital as a net number where you can see, and we have guided toward this towards 4%. So we will have this 4% is what we will maintain and that would be our target for us to maintain. But overall, working capital will see a growth as the revenue grows and the term loan will increase as we do more capex and more acquisitions.

Moderator: Sorry to interrupt you, but we request you to rejoin the queue for follow-up questions. The next question is from the line of Aniket Nikumb from ABN Capital.

Aniket Nikumb: Congratulations, sir, on a great set of numbers. We've been owning and following this company for over 3 years. And quarter after quarter, you have delivered and just kept on getting better. And I think that's just so wonderful to see. So firstly, congratulations to you and the full team for this extraordinary performance.

Sir, my first question is on the acquisition that we have done. So I see we've acquired a company called Telco Enterprises. So could you tell us a little bit about that and how that sort of fits in with our U.S. strategy? And what is the one-off in EBITDA around the acquisition expense?

Aditya Rao:

Thank you. So Telco, before I answer the question, let me just take a minute while I have all of you. We do understand that many of you have questions. And as the management, we consider our duty to adequately answer these. Even if we don't perhaps address all of your questions or even address them to the extent that we would be -- that is satisfactory, we are going to be upping our investor engagement, and we have an investor conference that is scheduled as well, which we will be doing on a quarterly basis.

We will have that in Bombay next month is when we have our next investor conference, and we will make sure that we keep you apprised of it and also spend more time so that the 1-hour time that we have on investor conference calls, if it's not sufficient to address some of these questions, I think a longer term -- longer time period and a frequent recurring time period will help us better address a lot of your questions.

But we welcome the questions and speaking for -- on behalf of the management, we are happy to have so many of you engage with us. I think it's something that we are very excited about. Coming to Telco, your question on Telco. Telco is a structural steel fab acquisition out of -- close to Birmingham in the U.S. The reason for that is because we can now build out an order backlog in structural steel as opposed to metal buildings as well in the U.S.

Now to give you some numbers, the metal buildings market in the U.S. is obviously one of the largest in the world. It's quite massive at about 8 billion to 10 billion. The structural steel fab business is even larger. And when you look at our capabilities in designing Class A buildings, which we've been doing for our U.S. customers for a long time, we can take turnkey structural steel fab projects as well.

So we have picked a company which is old, which is -- which has been promoter driven in the U.S., very well regarded by their customers, about \$25 million in terms of revenue and very healthy profit margins. And again, very low working capital, which is the case, frankly, for all of our revenue streams in the U.S. as well. So the acquisition has been greenlit.

We have not completed the acquisition as yet. That is imminent in the next few weeks, and that was what I was referring to. Once that is done, it will substantially -- even without that, we're going to -- acquisition we're going to have strong double-digit growth in our U.S. business. But with that, we will have even further growth.

We're very excited, but it opens up a new revenue stream and market for us. So the Board has debated it, and we are very positive about it. We will complete this in the next few weeks. And from the next quarter onwards, hopefully, you will see us reporting those numbers as well.

Aniket Nikumb:

My other question that I had was just on the debt side. Will we benefit from any rate cut? And how are we -- how are we thinking about credit rating and so on? Do we think there's an opportunity for us to better -- just given our performance and our significant improvement is there a way for us to better manage our capital structure a couple of years out? What are some things or levers we could do?

Aditya Rao:

So our credit rating is a matter of high importance for us. We are right now for our working capital, were rated A1 and our overall is rated -- long term is rated A. Our goal is to get to A+

and working capital, I guess, cannot be upgraded much more. But we have talked to the rating agencies, and we've asked them what they would like to see, what is -- I mean they will never tell you do this and therefore, we give you a rating.

That's not the way it works, but they have told us directionally what we will need to do in order to them to review our rating for us. So the next few quarters, we are going to attempt to move our balance sheet to where it needs to be. It will speak to our working capital utilization. If our margins improve, if our cash improves and our working capital cycle reduces by the goals that we set for ourselves, we believe a rating upgrade is imminent, and that is what we'll work towards.

However, I will not speak for the rating agencies. We will do our job in improving our positioning. We know what the numbers they want to see are, and we are hard at work to achieve those numbers. But our next goal is A+.

Aniket Nikumb: Great, sir. Thanks again. Congratulations to all of you.

Moderator: The next question is from the line of Rehan Lalji from Equitree Capital. Please go ahead.

Rehan Laljee: Sir congratulations on a great set of numbers. I think you've been walking the talk very evidently. So first of all, I just want to congratulate you on that. Secondly, a couple of quick questions, mostly they've been answered. I just wanted to understand from Rae Bareli perspective, what is the peak revenue we can generate from Rae Bareli?

Aditya Rao: Sorry?

Management: Peak revenue.

Aditya Rao: Peak revenue Okay. So peak revenue at 36,000 tons, Rae Bareli would be about INR38 crores.

Rehan Laljee: INR38 crores. And...

Aditya Rao: I'm sorry we should have made that clear. So INR38 crores per month peak revenue.

Rehan Laljee: Understood. And this is across all formats? Or is this only for a certain business unit or a business segment?

Aditya Rao; This is gross.

Rehan Laljee: Okay. On your debt profile, everyone has been asking you about the same. I just wanted to -- your net debt to equity -- sorry, your debt to equity has come down, if you see it from 0.9 to 0.83. But the absolute figure of debt has gone up by about, I think, INR40 crores, INR41 crores. Going forward, with the growth that we're talking about, how do we see the debt to equity growth over the next, let's say, 2 to 3 years?

Because we are, I think, in a very sweet spot of growth with every -- all you're gaining market share, you're doing the right things, but the only black box still happens to be your debt. So if

you can just explain to me how we see the debt to equity in the next 2 to 3 years and not debt in an absolute format, it would be great.

Aditya Rao:

So there are 2 components to this from our internal planning point of view. One is the debt equity piece, which I will address and I'll request Shrikant also to address. Then there's interest cost in revenue because the reason we don't have very high long-term debt. If you just take a long-term debt, then our debt equity is 0.1 or something to my knowledge.

Rehan Laljee:

That's right.

Aditya Rao:

Yes. I mean, it is accurate. So, I think it speaks to our revenue growth and our working capital cycle. Our debt cost is a direct straight line extrapolation of those 2 numbers. So let me ask Shrikant to extrapolate what he sees the interest cost and debt as a percentage of revenue and revenue growth. From a debt equity point of view, I believe including long term, short term, all kinds of debt, I mean, LCs, bank guarantees, all of that, I think getting to 0.7 is what we are targeting. We are at 0.8 right now.

I'm confident that we will be able to achieve that with a little bit of moderation in our working capital also. I think that is well within the ballpark of us being able to achieve. Let me pause there, Shrikant, your thoughts on -- yes, this question.

Shrikant Bhakkad:

The debt-to-equity ratio is a combination of how much is the debt that additionally we'll be taking and what the equity that we are generating. Equity, we are on a strong growth path. You will have the equity raise that equity increase that will come up, that is in the form of increase in the profitability that we have on quarter-on-quarter and year-on-year.

Given that, you also have to increase in long term and the working capital. Working capital is a result of increase in your revenue. And as I spoke, the working capital numbers, working capital debt will grow as we grow our revenue. The long term, we do not have too much of a debt as we speak, but we take the debt only when we invest in long-term capital projects. And this long-term capital projects as we grow and do acquisition of more, it will slightly increase.

While our target is to reach 0.7 over a period of time, but we are higher and our plan is to gradually reduce over a period. So the debt -- long-term debt will increase only when we have acquisitions or the things, but working capital will tend to increase as the revenue grows.

Rehan Laljee:

Mr. Bhakkad, I just wanted to understand the interest cost as a percentage of revenue is capped at 4%. Is that -- is my understanding right?

Shrikant Bhakkad:

Yes. Overall, we should guide you towards 4% interest on the net sales. Slightly, it may increase or decrease in the quarters. As we see today, we are at 3.71% because the complete interest on long-term loans was capitalized till the last quarter. But yes, you would see the range bound at 4%, while our target is to get below 4%.

Rehan Laljee:

Right. And...

- Moderator:** Sir, sorry to interrupt you, but we request you to rejoin the queue for follow-up questions. Thank you. The next question is from the line of Deepak Poddar from Sapphire Capital. Please go ahead.
- Deepak Poddar:** Thank you very much, sir, for this opportunity and congratulations on a good set of numbers. So first is just a clarification. I mean you mentioned, I mean, we are looking at EBITDA of 10% to 11% and PBT margin of 5% to 5.2% this year, FY '26.
- Shrikant Bhakkad:** No, no, those are last year's numbers, last quarter numbers.
- Deepak Poddar:** Okay. So how -- so what is the range of PBT margin we might look at for FY '26?
- Shrikant Bhakkad:** I would be giving a projection, sir. I can commit to an improvement, but giving an exact PBT percentage. But I can say that long term, we believe 200 basis point improvements in our PBT is very achievable. But by long term, I mean in the next 3 years.
- Deepak Poddar:** In 3 years, right?
- Shrikant Bhakkad:** Those can be targeted. But I want to be clear, these are not -- these are forward-looking numbers. The numbers I mentioned were what was already achieved last year, last quarter, and we expect to have improvements on those.
- Deepak Poddar:** Understood. So what you're saying is that at least on a PBT margin on a quarter-on-quarter basis, we can see improvement from what we have seen 5.2%. I mean, not giving an exact number, but yes, directionally.
- Shrikant Bhakkad:** Directionally, you will see improvements. And again, as I keep saying, sir, look at what's been happening last 3 years, it's the same business model, the same trend. We are following the exact same figures that for the next 2, 3 years, all you will see us execute is that plan, and it will yield us these improvements.
- Deepak Poddar:** And my second question is on your revenue part. I mean, in the last call also, we were kind of indicating quarter-on-quarter improvement or a sequential improvement in your revenue. I mean fourth quarter is generally the best quarter. But from here also, we are expecting the same in terms of sequential improvement in our revenue?
- Shrikant Bhakkad:** We will not be able to provide that guidance, sir, but I can assure you from a financial year point of view, we will have growth in our revenue.
- Deepak Poddar:** And any range we want to provide? I mean, what sort of range we might -- because you are reducing your non-prioritized revenue mix, right?
- Shrikant Bhakkad:** Yes. So that process is running through. But in spite of this process, you will see double-digit growth in our revenue on a financial year basis. Quarter-to-quarter, you may see -- you will see revenue growth, that I can tell you. There's no way for us to grow profit substantially if we don't grow our revenue.

- Deepak Poddar:** Double-digit growth is what we are looking. Okay, okay. That's very helpful, sir. I mean, that would be it from my side. All the very best to you.
- Shrikant Bhakkad:** Thank you, Sir.
- Moderator:** Thank you. The next question is from the line of Balasubramanian from Arihant Capital. Please go ahead.
- Balasubramanian:** Good afternoon, sir. First question...
- Moderator:** Sir, sorry to interrupt you. Your voice is too low. Can you use handset?
- Balasubramanian:** Sir, we have a lot of JVs and subsidiaries and have mixed contributions. Which one are profitable and which one are drags on a consolidated basis?
- Management:** JVs which are profitable and which are not?
- Aditya Rao:** JVs which are -- there are certain JVs and subsidiaries, how much -- what are the subsidiaries profit and -- okay. All of our business units are profitable. We do not have any loss-making units. As far as the joint venture is concerned, you may be aware that last quarter, we had declared a joint venture with Zetwerk. That JV is just being set up. It will start revenue in the second half of this year.
- And we have every expectation that when it does, it will be profitable. We do not anticipate -- I mean, as of right now, we are consolidating a minority interest loss, a small amount, but that's those are preoperative in nature, small amounts. We have high confidence that our JV partner, who is the majority partner in that business is committed to strong revenue and profit growth. And we don't anticipate any of our subsidiaries or JVs making losses.
- Balasubramanian:** Okay, sir. Sir, PEB order book around INR780 crores, but U.S. orders are around \$53 million. I just want to understand about tariff purpose, like whether we are completely taking care of tariffs or it's shared by the customers? And what's the margin difference between PEB India and U.S. orders? And how this forex volatility impact our revenue and margins?
- Aditya Rao:** Let me clarify this a little bit. So our U.S. manufacturing supply chain is completely independent from our India manufacturing supply chain for metal buildings. For hydraulics, there's an overlap. Now for the question that you asked, our U.S. order backlog is \$53 million and not \$43 million. It's usually a very short gestation order backlog. I mean our execution time lines in the U.S. are substantially quicker than they are in India.
- To your question, we -- both of those are healthy order backlogs, and we expect both of them to scale. There is no need for us to worry about tariffs at all because we do not have any -- the vast, vast majority of our production in the U.S. is sourced locally, produced locally, and we do not import many things. And it's the same thing with India. We produce and procure locally.
- So because of these independent supply chains, tariffs are not a big factor at all, just very little 5% bought out items, which even if you see a little bit of an increase, they're easy to pass

through. We work in an operating margin model and all of our order books take into account our current pricing and that our expected and desired operating margin on top of that and staged.

So impact for us on revenue, as I mentioned in the last quarter, because of perhaps policy changes in the U.S. are not projected to increase -- to affect our revenue or our profitability or our order backlog. So we don't see any change coming on that front. And our order backlog looks forward for the next quarter or 2, no changes there. Margin point of view, our operating margins in the U.S. are substantially higher, and that will continue to be the case is my expectation.

Balasubramanian: Got it, sir. Sir, other current liabilities spike to more than 100% in this year? Like is there any specific delay in payables or contingent liabilities? Like any specific reasons for that?

Aditya Rao: Both our current assets and our current liabilities are a little bit higher. It's just because of higher procurement cycle. I do want to say our average accounts payable is...

Shrikant Bhakkad: 45 Days.

Aditya Rao: 45 days. So we pay more -- the vast majority of our vendors get paid in 45 days. So we don't -- we are pretty pro on that. So we don't foresee any working capital sustenance issues.

Moderator: The next question is from the line of Nilesh Shah from Arrow Investments.

Nilesh Shah: Congratulations Aditya, on a fabulous set of numbers and wishing you all the very best. I had quite a few of my questions have already been answered. The question pertaining to the JV with Zetwerk. Now Zetwerk has a lot of JVs with a lot of players. We have 49% stake in the JV. There has been a small loss for the quarter, I think, for the year. If Zetwerk were to dilute their equity further for fundraising plans, would Pennar be participating in that?

Aditya Rao: No, sir. We would not look to participate in further rounds. Right now, the plan is for what we have put in, in terms of our assets, in terms of capital we have put in, it is -- that's where it's at. We will implement that. That itself should make the JV INR1,000 crores plus revenue. It doesn't matter to us because we are not going to be consolidating that revenue. What's most important for us and we realize value from our investments.

And longer term, I think Zetwerk would want to take it. We are a strong partner. We are -- as you said, our equity stake gives us some as well. But we are very aligned us in terms of growing the company through the reserves that we have through profitability we make as well. And if anything additional is needed, I assume that they will -- there's debt option and other options. So there's no equity expansion plan and investment plans from Pennar right now.

Nilesh Shah: All right. Perfect. And just to follow up on the Cadnum subsidiary that we set up around a couple of years ago. If you can throw some color on Cadnum?

Aditya Rao: Cadnum is a subsidiary we acquired. It sits right now in our aerospace business. It's -- the operating margin there is quite high, 50%, 60%. So we are debating a potential because it's, again, a scalable, good model, good and there's a fair amount of engineering and product

development also that can we put in place. We're debating whether we can house it in our prioritized Industrial Components and Hydraulics business unit. But as of right now, the revenue levels there are quite small. I mean, they're about EUR1 million per year. So not very large, not very material.

Moderator: The next question is from the line of Prateek Bhandari from AART Ventures.

Prateek Bhandari: First of all, I just wanted to understand about the figures you mentioned for the peak revenue potential from your Raebareli plant? And how much of it would start flowing from the Q1 of FY '26?

Aditya Rao: A substantial number. Exact amount, I think we can tell you we're at about 50% of our peak capacity utilization. But this -- as we add manpower, as we -- Q1 tends to be a muted quarter sometimes. In Q1, Q2, in the first half of this year, you'll see us reach very high capacity utilizations. And we are not committing to the entire INR38 crores gross sales of INR30 crores net revenue being reached in the next few months, but a very high percentage of that, sure, we are committing to.

Prateek Bhandari: So INR38 crores is the annual sales figure you're talking about, right?

Aditya Rao: Maybe correct that. That's not annual. No, it's -- it's monthly, absolutely. And INR38 crores gross net sales, we should say closer to INR30 crores.

Prateek Bhandari: Okay. Got it. Got it. And also, you have mentioned in your previous calls about your plans for the BIW vertical to scale up to INR1,000 crores. So by when we are expecting the same to happen?

Aditya Rao: So that would take us a few years. Right now, it's -- we are in the process of picking up customers. And the kind of customers we are picking up gives us a lot of confidence in the business. We are picking up programs quite strongly. We are investing more into our -- both our hot stamping business, which is a high-value technology and there are a few players in India who have it.

And also tailor-welded labs are also another investment we are making. Tool development is another that we're making in that business. The combination of all of those 3 is giving us customers such as Hyundai. We expect Kia to come on board soon as well. We've just signed Ceer Automotive. We have Maruti, Ashok Leyland and others as well. So all of these are revenue streams that are in the future. As they all come in, I think we will be able to achieve our revenue targets. But we are not constrained there by the market.

Some of our competitors are INR10,000 crores in that business in just in body wires. So the market will not prevent us from doing. Building customer relationships, building with OEMs is the key success factor here, which we are doing. So after that, it's just a question of execution, which we will do over the next 2, 3 years and get our revenue up.

Prateek Bhandari: All right. And one last question on the acquisition you have highlighted in your presentation based out of Dubai. So if you can throw some light on what exactly the company is into? And

are we targeting the Middle East area only through this acquisition or any other geographies as well.

Aditya Rao: So the acquisition is for engineering services, structural steel engineering. The Middle East does have a significant construction market. And a piece of that is on the design, detailing engineering side is building information modeling side is what we are looking at. That business is immediately accretive. We believe we have the manpower increase. We have built up our manpower in the last 2, 3 months.

We are working 3 shifts. We're working Saturdays, Sundays as well. We are confident we'll be able to cater to that. So from next quarter onwards, we think revenue from there will start and I think we can commit immediate profitability from that. Yes. So immediately revenue positive, immediately profit positive, and it can grow at scale. It is right now only for the Middle East, engineering services.

Prateek Bhandari: Specifically for Middle East, right?

Aditya Rao: I'm sorry?

Prateek Bhandari: Specifically for the Middle East?

Aditya Rao: For the Middle East

Moderator: Sorry to interrupt you, but we request you to rejoin the queue for follow-up questions. The next question is from the line of Ankur Agarwal from RC Business House.

Ankur Agarwal: Sir, on the larger frame time frame, let's say, by 2028, what is the management assessment for the top line and margin?

Aditya Rao: The management assessment in 2028 for what, sir?

Ankur Agarwal: For top line and the margins?

Aditya Rao: We won't be able to provide guidance, sir. As I said, I think the narrative we are providing you is our addressable markets are all very big. We have built good strong capabilities in them. As we build up our asset base, our revenue and profit increases. So that's all we're going to do. The revenue potential is quite vast. What exactly the revenue we will achieve, we will not be providing guidance. But I can definitely say on behalf of my team, we're committing to double-digit revenue and profit growth year-on-year.

Ankur Agarwal: We have enough capacity to attend that addressable market?

Aditya Rao: We -- right now, we are at about our capacity utilization across businesses, and it's a blend. In some cases, we have higher, some cases are a little lower. It's between the 60%, 65% range. We typically aim for 75%. Once say 75% on an OE perspective, I think it's important for us to expand capacity.

Ankur Agarwal: Okay. And what is the raw material...

Moderator: Sorry to interrupt you, but we request you to rejoin the queue for follow-up questions as there are participants waiting for the turn.

Ankur Agarwal: Okay.

Moderator: The next question is from the line of Ashish Soni, who is an Individual Investor. Please go ahead.

Ashish Soni: Sir, congrats on the good set of numbers and gradual improvement. My question is more to do with scaling up high-margin business like U.S. business or engineering services. What is stopping or why are we not able to get more aggressive in that regard? Can you throw some quit given that market share can improve, but it's gradual improvement, but what is stopping us really growing aggressively on those businesses?

Aditya Rao: I wouldn't say anything is stopping us. I think we've defined out a plan, a methodical plan to scale. I think there are 5 revenue streams we want to grow and grow aggressively. And our definition of aggressive is sustained double-digit growth. A higher revenue growth numbers possible? Absolutely.

And we will not say no to that. But as you mentioned, our market share in both engineering services and metal buildings in the U.S. are quite low. We are number 10 in the U.S., and we can easily climb into the top 5 and scale, and we intend to do that. We are mapping out the market. We are expanding capacity.

As you know, we are investing significant capital in all of these businesses. There's acquisitions which are under play. So work is happening, sir. I think I'm quite confident that all of these businesses have spoken out, the 2 businesses specifically you spoke of, we'll continue to see growth, and they will continue to scale well. But it is not conservatism. We just want to make sure that the foundation is well prepared and then growth is automatic. That's all.

Ashish Soni: So do you think in next 2, 3 years, it can substantially grow with all the base building lessons learned and everything in place for you in this business?

Aditya Rao: Yes. I think your question was whether in India, we will be able to grow. Yes. I mean even in something like PEB, right, which is one of our largest businesses, which probably is one of our largest business, we are at number 3 or number 4. So we are trying to get to number 3, number 2 as well. But our goal is not market dominance. Our goal is decent market share, good revenue, good capital efficiency and profitability. That's our goal.

And we don't -- our goal is not to be number 1 in anything. That's not the way we think. We think about sustainable market, sustainable growth, good R&D, good product development. And I think our plan is working, so we're going to go ahead with it.

Moderator: The next question is from the line of Dilip Kumar Sahu an Individual Investor. Please go ahead.

Dilip Kumar Sahu: The question was regarding the U.S. business and in continuation of the previous speaker's question. Aditya, if you can give us some qualitative change that has happened in U.S. business

in the last 3 years because I see the order book moved from \$30 million to \$50 million in the last 3 years, but the business in the dollar revenue business hasn't really scaled accordingly.

In the past, you were looking at people change and recruiting sales team and having manufacturing capital on the ground, etcetera. With the current acquisition, can you just let me know how things are going to look in the next 2 to 3 years?

Aditya Rao:

That's a good question and a good point you made if you were to review the last 2, 3 years. Our PBT -- let's talk structurally where we are. About 3 years ago, the raw material price of steel in the U.S. or the finished price product for what we were selling was about \$6,500 per ton. We're right now at about \$4,500 per ton.

So that, in effect, is something that has given us -- It looks like is there strong growth, okay, there's some growth, but is there strong growth. I want to assure you that raw material pricing aside, our capacity increases have happened. There's a lot of automation that has been put in.

Our market presence in terms of our DMs has expanded beyond a few states in the South and the Midwest to -- we are not still captured anywhere near all of the East and the South of the U.S., but we are going to be adding a lot of states.

With this acquisition, we get a lot of the manufacturing states as well such as South Carolina, we get Alabama. We get some element of Florida as well. This expansion in our market itself is making us very confident that this year from a revenue perspective, yes, as you said, the order backlog has grown. Revenue also is going to grow very strongly this year.

And with the acquisition of Telco, that will grow even more. So you should -- we can definitely guide you to high growth in Ascent this financial year. And foundationally, the work we have done in the last 2 years, building up our design teams, expanding our capacities and prepping this acquisition and completing it, that is going to bear fruit in the next 2 years, 3 years.

We're very happy with the progress they have made and retaining margins. And they've done it in a manner where they generate a lot of free cash as well. So it's one of our best performing units. It will scale well.

Dilip Kumar Sahu:

Yes. My second last question is to Shrikant. We talked about, I think, the other income this quarter, some one-offs and some, I think, nonrecurring expenses. So can you give some color on how the other expenses are going to look like this year, this current FY?

Shrikant Bhakkad:

As I told in my opening remarks, the other income predominantly come from bank deposits, margin monies that we have with the bank. The investment that we have in mutual funds, the gain in the foreign currency transactions and translations and there are certain liabilities, which are no longer required which we write back and the rental income that we get on our -- some of these buildings.

So bank deposits and other things will continue to be at the similar what we have closed around INR3 crores. Other income, which is other than the debt basically, which is on your mutual

funds, it is close to around INR2 crores, INR2.5 crores there, liabilities, which are no longer required to return back, which as a result of quality issues and other things that we have.

There's another component to it and foreign currency translation transaction reserves. So most of these items are going to be there as we speak. And as we see, this has been over the full year, it has been close to around -- yes, INR6 crores. I think approximately INR2 crores to INR3 crores will be there every month.

Dilip Kumar Sahu: Other expenses, I'm so sorry. It is other expenses you commented on.

Shrikant Bhakkad: Okay. Yes. Other expenses as a result overall has been from INR609 crores to INR654 crores. Predominant part of other expenses also include certain job work processing charges, subcontracting expenses and erection expenses. While these are variable costs, but the group gets regrouped separately as we do not have the separate line of reporting for these items. So these are contractual things when we have additional orders and other things that we execute, we let this out as subcontracting erection expenses.

Moderator: The next question is from the line of Vivek Kumar, who is an Investor.

Vivek Kumar: Sir, can you throw more light on your U.S. business in terms of growth, sir?

Shrikant Bhakkad: Yes, I understand. So in the interest of time, I'll make it quick. Our U.S. business is predominantly custom design building systems, what we call metal buildings, hydraulics and engineering services. All 3 are projected for high growth.

We have strong assets there, and I think the markets there are huge on the back of large addressable market, good quality assets equals automatic revenue growth and profitability. Let me suggest this. We will have an investor conference. So I think we should -- there are a lot of questions which are still on the table, which we are not able to get to.

So I think it will be healthy for us to have an investor conference set up next month where we have all of our stakeholders present. And we are also present for the whole day or 2 so that we can adequately address some of these last [inaudible 70:14].

Moderator: Thank you. Ladies and gentlemen, in the interest of time, we will take this as our last question. I now hand the conference over to the management for closing comments.

Aditya Rao: Thanks to all of you for your interest. We will work hard to achieve the goals that we have set for ourselves. As always, I'm very thankful and very grateful for the support that we have received from our team, especially the investors who have been with us for many years. We hope to execute well, and we hope to talk to you soon next month on our performance and our growth and our strategy. Thank you very much.

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