Management Discussion

Vikram Suryavanshi - Analyst, PhillipCapital (India) Pvt. Ltd.
Uh, 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 with us the management of Pennar Industries here today for question and answer session with the investment community. The management is represented by Mr. Ajit Teraw, Vice Chairman and Managing Director, Mr. Srikant Babkat, Chief Financial Officer, Mr. Manoj President, Corporate Planning, and Mr. K.N. Sunil, Vice President, Investor and Media Relations.

Before we get started with question and answer session, we'll have opening comments from the management. Now I hand over call to Mr. Aditya for opening comment. Over to you.

Aditya Rao - Managing Director and Vice Chairman, Pennar Industries Limited
Thank you so much. Good morning. Thank you to all of you for joining Pennar Industries Q2 FY27 investor conference call for the quarter ended 30th September 2026. We will cover our numbers for the quarter and take you through each of our businesses. First, I will walk you through the quarter's headline numbers, the story behind each of our growth engines. Srikant will then take you through the detailed financials. We will end with a Q&A. So for the 2nd quarter, it has come in quite strongly. The total revenue grew 11.92% year-on-year to Rs 1,029.25 crores, and PBT grew 24.3% to Rs 50.89 crores.

Profit growth ran at more than twice the rate of revenue growth this quarter. This is operating leverage and the revenue mix doing their work. We also came in ahead of our Strategic Plan 2026 forecast on both the top line and the bottom line. Going to the key revenue drivers, PV India, the order backlog continues to be very strong. We crossed 1,000 crores last quarter. We've now sustained above that level. Margins have improved during the quarter on the back of larger orders from Catrolas and Tata Projects.

And the productivity output in the business has stabilized too. In PV US, the order backlog stands at $93.1 million. The business recorded one of its highest ever quarterly revenues at $35 million, and margins improved sequentially over Q1. Boilers order backlog is now at Rs 152 crores. 2 things worth calling out this quarter: notable retrofit and revamping order for the supply of pressure parts for TPH for AFBC boilers. And our first orders in pressure vessels. It's a new revenue line that opens a new addressable market for the boiler business.

Uh, in BIW, the first phase of hot stamping CapEx has been successfully completed. We have completed what's called as the LP2 status with Hyundai, and, uh, so both the projects will be commencing production over the next few weeks. The second phase of hot stamping and cold stamping CapEx investments is expected to be completed by March 2027. The business has secured new orders from Hyundai, SIA, Tiwolt, and has strengthened the order book and future growth prospects as well. Revenue is projected to increase in the 4th quarter.

This is supported primarily by new orders and the commissioning of additional capacities. Engineering Services has grown 36.5% year on year, the strongest quarter this business has had. The US sales team is, uh, improving further, higher sales order volumes, and has onboarded new customers These include Malshoop, Promine, and Borga Steel. Techpanar is stabilizing and steadily widening its customer base across Europe, the United States, and also we've opened up Australia as a, uh, as a sector. Hydraulics, the order backlog is Rs 35 crores.

This is the, the, the, the, the one of the issues, one of the revenue streams we need to focus on. The

business is focused on strengthening its domestic and European market presence. Uh, the US market continues to be Uh, from a, from a policy point of view, a little confusing. Uh, we will look to, over the medium term, continue to build new product development capabilities and build the order backlog up. But the order backlog for every one of our revenue streams, all of our verticals, is strong, hitting targets, and we are confident of growth.

In this one revenue stream, we have to be a little patient. Moving to profitability and margins, PBT margin for the quarter was 5.01%, up from 4.52% in the second quarter last year. Direction is the same one we've been reporting through FY27. Higher margin businesses like PEPs US and engineering services are growing faster than the rest, and the group margin follows. On capital efficiency, ROCE was 20%, ROE around 11.7%. We are not happy with 20%. We want both to move higher as the business scales.

So it's a stated aim for us to get, uh, our capital allocation, uh, improved. Uh, there, there are root causes to why the capital allocation is higher, why the ROCE is a little lower than what we had expected to be or what we'd want it to be. And, uh, we will go through that over the call. Srikanth has some narrative on that as well. But our intent is to dramatically improve that over the next couple of quarters. My closing remarks- this is a quarter in summary. Our strategy has not changed: put capital into businesses where we have the clearest right to play, right to win, keep working capital tight, and let ROCE guide our decisions.

I will now hand this over to our CFO, Mr. Srikanth, for our- for his detailed analysis. Thank you again for your interest. Thank you. A very warm welcome to all our shareholders and investors joining us today. Q2 FY27 reflects the continued evolution of our business towards profitable and sustainable growth. The quarter delivery, uh, delivered the healthy revenue growth and our operational discipline, improved product mix, and better project execution, which facilitated to stronger profitability across the businesses.

Like we've said earlier, our strategic priorities remain unchanged: expanding our addressable market, improving the execution, enhancing productivity, and maintaining disciplined capital allocation. This initiative has helped us deliver double-digit growth in revenue, EBITDA, and profit before tax, as well as profit after tax, in a challenging operating environment that we have. Taking you to the key financial highlights, revenue From the operations has increased to Rs 1,029.25 crores. This is the first time ever that we have crossed Rs 1,000 crores, uh, in a quarter, and a growth of 11.96%.

EBITDA has increased, uh, to Rs 114.8 from Rs 94.4 crores, a growth of 21.6%, reflecting improved, uh, operating efficiency and the project that we are moving towards, the transforming businesses unit, growing faster than The other businesses which we are exiting. Profit before tax has increased by 24.3% to Rs 50.9 crore, uh, from Rs 40.9 crore. PAT is lower due to the corresponding, uh, prior tax which we had corresponded in the last quarter, one-time adjustments of Rs 1.8 crore. Cash PAT has increased to Rs 62.2 crore from Rs 51.7 crore.

Let's tell the underlying earnings. The most encouraging aspect is that the profitability growth remains exceed the revenue growth. This reflects the operating leverage efficiency benefits we have been working towards over the last several quarters, and we are confident of continuing this. Uh, taking you through the segments, uh, custom design building solutions revenue has grown, uh, from the segment from Rs 455 crores to Rs 563 crores, a growth of 21% year on year, and is also 11% over the last, uh, Q1 FY27.

The investments of the past year, including the integration of the telco, uh, continuing to strengthen

our platform and customers reach in the United States. Profitability has started growing from the acquisitions as we continue to invest in the process strengthening. In India, we have adequate capacity as we have strengthened, and now we have strengthened the execution team and focused on project delivery. Sequential revenue momentum In the segment, shows these efforts are beginning to yield results.

We continue to view the earlier challenges operational rather than structural. Our order pipeline remains strong and we expect execution momentum to keep improving over the coming quarters in India as well as the US. Diversified Engineering revenue held steady at Rs 467.9 crores versus Q2 Rs 468.3 crores despite the businesses that we are exiting. It recovered strongly from Rs 385.3 crores in Q1 FY27, as sequential growth of 21.5%. Segment profit, depreciation, and finance cost has also grown. We remain focused on enhancing competitiveness and the operational efficiency in this business.

Coming to margin expansions, our gross margins, EBITDA margins, and PTT margins have grown. While margins will fluctuate quarter on quarter given the nature of our business, we believe the structural measures that we have taken will deliver the results over a period of time. Moving from revenue to other income, other income includes, uh, Rs 13.5 crores, includes the interest and bank deposits income of Rs 2.09 crore, gain on sale of investments Rs 1.15 crore, gain on forex fluctuations Rs 1.52 crore, rental income and export incentive Rs 3.23 crore, and liabilities written back Rs 6.98 crore.

A substantial portion of these items, uh, arise from normal business activities and treasury management. Cost management and investment for growth. Employee expenses have increased from Rs 95.9 crores to Rs 115.9 crores, up by 20%, primarily reflecting the continued investments in telco and expanding capabilities in India for our growth operations. The investments are focused towards sales and business development, project execution capability, and growth initiatives that we have taken in the US markets for our engineering services vertical capital allocation and balance sheet financials to the quarter is 39.5 crore about 3.9 percent of the revenue and with and this is within our long term guidance of around 4 percent term loan costs are primarily attributable to the quarter, which is contributing to our revenue growth.

Also, we expect the cost to remain within this range. As the scale improves, they will- we will have term loan cost reducing and the working capital cost going up. During the quarter, the promoter warrant holders exercised the options of 5,50,000 warrants, and the company received Rs 6.93 crores as the balance consideration. Overall, the company has received Rs 19.53 crores in the form of Margin money and the shares allotted. This also has lifted, uh, lifted our shareholders' equity from 12- to 1,259 crores from 1,163 crores.

Working capital, uh, utilization remains elevated, supporting the higher revenue and the order book. Uh, we are high here in terms of inventory, but we have taken a conscious call to procure higher inventory for the record order book that we have. Net debt, uh, was approximately 1,062 crores as of September 30th, '16. As we move into Q3 FY27, management's priority is to enhance inventory turns, accelerate the collections, and optimize the current assets. We believe this will strengthen our cash generation, improve our return ratios, and provide flexibility for our future growth.

Uh, taking you through the balance sheet, PP has increased by Rs 48.68 crores to Rs 986.2 crores. Primarily, these have been driven by 2 things. One is the BIW, uh, CapEx that we are carrying out and the land that we have acquired in the US. This was relatively earlier sitting in ROU, which was, uh, which was in one of our subsidiaries. Now that particular leasehold land was converted into our

own land, uh, hence the ROU has come down and the PP, uh, cost has increased. Overall, uh, the earlier land which was on lease has now been bought by the company.

Equity accounted investments, uh, for Rs 5.86 crores on account of further, uh, Rs 6 crores investments that we have carried out in the joint venture. Uh, inventories, as I said earlier, this is to support our order book and execution in the coming quarters. Trade receivables is higher, and we, we will be hard at work to get this collection, uh, collect, uh, to get this collection in the coming quarter. Cash and cash equivalents, predominantly the amount has been utilized for working capital and for the funding that we have done for our CapEx activity.

Oh, moving to liabilities, borrowings has increased by Rs 51.54 crores to Rs 1,193.06 crores. Long-term, uh, amount is close to Rs 42 crores and short-term is Rs 9.03 crores. Short-term changes are due to working capital requirements that we have carried out. Overall, the short-term borrowings have not increased in relation to the revenue that we have during H1. The long-term proceeds have predominantly been used for our CapEx activities. Trade payables have slightly increased, predominantly on account of subsidies, which is Rs 46 crores, and offset by decrease in standalone liabilities by Rs 36 crores.

Other current liabilities are higher by Rs 95 crores. This is predominantly due to the higher customer advances that we are sitting on against the large order book that we have. So we see an upward movement in the other current liabilities on account of customer advances that we have received. Other current liabilities are predominantly Rs 24 crores paid on account of subsidiaries payout. Uh, gross debt, I think, uh, debt-to-equity for us has been improved from 0.95 to 0.98. Our particular, uh, goal is to reach 0.8 in the medium term.

Operating, uh, coming to the cash flows, operating cash flows before the working capital changes have been Rs 280.28 crores. Working capital, uh, changes, uh, from operating activities at Rs 29.68 crores. The amount that we've invested is Rs 201 crores, and totally the cash from the financing activities is Rs 34.38 crores. We are sitting at a healthy, uh, cash 70 crores, uh, with us. Management priority for H2 is to convert the inventory and receivables building to cash. Before I close, I would like to highlight our order book positions.

PEN India order book is approximately at 1,008 crores. PEN US order book is at 93 million, and boiler division is 152 crores. This provides strong revenue visibility, reinforces our confidence in growth outlook for the remainder of FY27. Thank you, and I would like to hand over the call back to the moderator, and we'll be happy to take any questions that you have.

Questions & Answers

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 1 on the touchtone telephone. If you wish to remove yourself from the question queue, you may press star and 2. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we'll wait for a moment while the question queue assembles. The first question is from the line of Nitin Jain from Fair Value Equity Advisory. Please go ahead.

Nitin Jain - Analyst, FairValue Equity Advisors
Yeah, thank you for the opportunity and congratulations on a decent set of numbers. So my first question is, uh, our gross margins, uh, we have seen some decline over the last 2 quarters. So, uh,

can you elaborate, is this due to raw material inflation or product mix or both? And the follow-up to that is, uh, like some of the peers, they are putting in place long-term sourcing arrangements to reduce the input cost volatility. So what kind of measures are we putting in place to fight raw material inflation?

Thank you.

Aditya Rao - Managing Director and Vice Chairman, Pennar Industries Limited
Thank you. Uh, our gross margins, as you have mentioned, have- uh, there's been a decline. Uh, we believe this to be temporary. Uh, it is- the major factor on this is the RM price inflation. As you are aware, for both in Q1 and Q2, there was substantial amount of price inflation. We do believe that this increase is now moderating. I think by the end of this quarter, we should reach a stage where there's relative flatness, perhaps even a fall. So though To answer how we are looking to protect ourselves and our margins from this, over the medium term, any short-term increase in pricing is passed through.

It just takes a little bit longer time. So what we put in place are price variation clauses for all of our order backlogs. In effect, this solves not for the percentage but the value. So the gross contribution value is protected. However, if you want to preserve the percentage as well, that does require renegotiations. So we have- we're using the combination of price variation clauses for orders and negotiation in terms of scheduled orders to ensure that we protect our margins. The other thing we do have is quarterly pricing from some major steel producers.

JSW, we have quarterly pricing that's protective in nature as well. So we can afford to wait a bit before we pass on costs because our input costs also comes in- increases come in a little bit later. And the other aspect to longer-term sourcing, as you said, price negotiations with our- with the vendors so that we close an order pricing for a certain amount, for a certain value at the time of booking an order. So we book an order, we go to the vendors and tell them for this order we would like to close at this pricing, and they hold pricing for the medium term, perhaps not the long term, but for the medium term.

The combination of all of this is protective to margins. In spite of that, because of differences in terms of when these margins are passed, when these price increases are passed on, and when PVC clauses do kick in, you do see slight adjustment. But what we have in place right now is very protective from a dramatic increase or decrease in, uh, in our margins. So we would, we would, uh, we would not be susceptible to large-scale margin declines. And if even if you see a slight quarter-to-quarter decline, we will catch up.

And over the medium term, over a year, if you see, you will see our gross margins Stabilizing and in some cases even increasing. Thank you.

Nitin Jain - Analyst, FairValue Equity Advisors
All right, so for H2, what kind of margin trend should we pencil in? Just to follow up.

Aditya Rao - Managing Director and Vice Chairman, Pennar Industries Limited
H2, we- H2, we believe that the dramatic price increase- and the price increase was quite substantial- uh, that is mitigated quite a bit. We don't see a repeat of that happening. So you should- we will definitely guide towards margin stability. Uh, what we're working on internally is improvement. Because of all the factors that we have said, that gives us a stability piece. Renegotiation, some piece preserves not just the value but also the percentage. And, uh, if there's a

price fall, of course, then we have the opposite impact at a temporary improvement slightly in margins.

But, uh, PVC losses obviously will, will then play the opposite role at that point of time. But the other aspects such as our quarterly pricing, then, uh, there will be a slight advantage, uh, for prices that we, we, we don't yet pass on. So we don't pass on the price decrease as quickly. So, uh, in, in conclusion, I think for the, for the second half of the year, you should not expect to see much margin variability, and we could probably guide you towards internally an effort to improve those margins.

Nitin Jain - Analyst, FairValue Equity Advisors
Right, that's helpful. My next question is on the employee expenses. We've seen a significant rise this quarter. So, uh, is this like we are hiring aggressively for any particular business division, and what kind of trend, uh, should we see here going forward?

Aditya Rao - Managing Director and Vice Chairman, Pennar Industries Limited
Yes, uh, our fixed cost increases is on the standalone and a consolidated basis is, uh, a matter that we've taken up and we are very cognizant of. We covered this a little bit in the last quarter as well. So salaries are up 31% year on year. Yes, and structural is the primary reason for the consolidated number going up. We also had a workman salary revision in this year in the standalone entity. And that too has resulted in an increase. These, you should not see to have these replicated. From the Essent side, this is an anticipation, again, of an order backlog and revenue that's increasing, which is why our order backlog in consolidated has increased.

So the costs have increased, fixed costs are 20%, our revenue and profit isn't going to increase a lot more than that on a consolidated basis. So that's for consolidated subsidiaries. Uh, in the standalone entity workman's comp, uh, that's once in 3 years that comes in. Uh, you should expect to see further increases of this nature. So for overall for the year, we are aiming at, uh, in a 10 to 15% range from a compensation increase point of view. And over the next year, it will be much less than that.

Nitin Jain - Analyst, FairValue Equity Advisors
All right, that's helpful. And my last question is, uh, in your order wins, you have indicated that you have won an order from EPAT Prefab. So which is another listed PEB company. So would you- could you elaborate more on the nature of this contract and whether, you know, this is a common industry practice between PEB companies?

Aditya Rao - Managing Director and Vice Chairman, Pennar Industries Limited
I believe the order that you refer to would have been received by, uh, what we call our legacy businesses. This is not from our- obviously from our PEB businesses. So, uh, there's arm's-length pricing that we have that we maintain for our customers. So whether they happen to be a competitor in another field doesn't matter. And a lot of our customer profile is like that. For example, we compete with Thermax. We also suffer- we are also a long-standing supplier to Thermax, both in boiler tubes and ESPs.

Kirby as well, and others as well. So these are totally independent revenue streams, and the fact that we perhaps compete with EPAC in some revenue streams would play zero role in our engagement with them. In our other revenue streams. So the pricing we have for them would be exactly the pricing that we have for them. The margins we get from them would be exactly the same. So, uh, so no, there's no- and there's a deliberate attempt to remove our margins. One more point to add on this. Even in our US businesses, we compete, as you are aware, in the US market in metal buildings.

But every major US metal building provider is also a customer for engineering services. So it's important for us to maintain these differences in terms of operating Chinese walls, if you will, where one BU acts independently of the other. And we have worked hard to make sure that our compliances, information security compliances, are all in place so that we don't have one business in some way compromising any other business's revenue stream.

Nitin Jain - Analyst, FairValue Equity Advisors
Right. Thank you for the detailed answers and best of luck. Thank

Operator
You. The next question is from the line of Vivek Kumar from Geometric Securities. Please go ahead.

Vivek Kumar - Analyst, Geometric Securities
Sir, am I audible?

Operator
Yes, please go

Rahul Kumar - Analyst, Vaikarya Fund
Ahead.

Vivek Kumar - Analyst, Geometric Securities
Sir, given the change of political climate in U.S., how should we look at this order backlog, or it's too soon to comment, or address because our markets are so less, it doesn't matter to us and we are flexible enough to find our share of growth. And any comment on that? First question

Aditya Rao - Managing Director and Vice Chairman, Pennar Industries Limited
Is, if you're referring to the Democrat- uh, Democrats winning the midterms in the US, from an addressable market standpoint, we have not seen a decline. Uh, of course, the elephant in the room is, of course, data centers. There seems to be a pretty powerful backlash against them. We do not yet have narrative on this, but I will say that our data center orders have not declined either in India or in the US. And we are quite confident that for Siemens, for others that we are supplying data center- data centers that we are constructing and we are building in the US, we have not seen a decline in our order backlog in any of them.

And we intend to book more as well. Case in point is we look at Texas as a bellwether and 40% of all data centers in the US are apparently built in Texas. We are very clear that irrespective of what the political environment is, when it comes to the matter of actually getting down to it, data centers represent a pretty big market and I don't think any government, whatever the political leanings, would in any way take a decision that would harm that in any dramatic way. So short answer, no, we don't expect it to, and it has not impacted our order backlog, and we don't expect it

Vivek Kumar - Analyst, Geometric Securities
To. So given that in our AGM- I was in the AGM- so you guided, I don't know whether it's a vision or guidance, that we will grow around 25% for the next 3 years, and we are looking at Rs 10,000 crore sales by FY30. So, and we also have seen huge increase in our order bookings this quarter. So should we expect this kind of momentum to continue, or this is one-off quarter? So Uh, that's my first question. Second question is, sir, receivables is growing at faster rate than sales. So what should we look at it in terms of receivables part?

Aditya Rao - Managing Director and Vice Chairman, Pennar Industries Limited
Thank you for your- as regards your question on order backlog, which effectively has a 1:1 relationship with revenue on a, on a, on a medium-term basis, we expect order backlogs to go up further. We continue- we are going to continue adding capacity, and we're going to make sure that we're doing in a capital-efficient manner. That's the fundamental investment ethos. And you are right, I mean, uh, currently our net sales for this year are expected to be higher than ever. We expect that to continue year on year, and we have aggressive growth plans over the next 3 to 4 years.

Uh, our backlog would be combined with asset- uh, our, our asset size increasing, our capacity increasing is the fundamental unit of revenue growth. And, and Making sure we do that in a capital-efficient manner is our initial- is our intent. Uh, you referred to our AR growing faster, a very temporary artifact. Our overall AR growth days for the company was about, uh, 4 days. Uh, now I would like you to encourage you to look at this, uh, in a different perspective. In our sitting in our current liabilities is our advances.

Now advances is effectively pre-revenue, pre-collections. Now that number also has gone up. So effectively, if you were to look at AR, you should, in my opinion, net off against that, because as the course of an order- over the course of an order, the advance, uh, that we have been given by our customers is removed. If you take both of those in, then our AR actually has not increased at all. Be that as it may, we do have certain more improvements we are giving in terms of AR discipline, and, uh, whatever you are seeing, the 4-day increase is temporary.

On that, I can absolutely- Thank you. Guide you to.

Vivek Kumar - Analyst, Geometric Securities
So you're not seeing any problem in receivable from any, any market or customer, right? That's what my question is, not about exact the quantum, more than the quantum.

Aditya Rao - Managing Director and Vice Chairman, Pennar Industries Limited
None whatsoever. And, and we do not, we do not have a receivable problem. In fact, we have the provisionings as well. So I'm quite certain that we will not have, uh, we will not have an issue in receivable collection.

Vivek Kumar - Analyst, Geometric Securities
So my last question is on, uh, if you have 4 divisions, if you see B2B, body-in-white, PEV, Boilers, hydraulics, and maybe other small divisions, industrial components. So if we can see, can you highlight which are subscale in this currently and where you see more capacity and what are the drivers of ROC over the next 3-4 years? I'm not saying 1-2 years, but because if you see many engineering companies, uh, to get a sustainable good, good valuation- I'm not talking about multiple 20 or 30- sustainably good valuations, both our margins and ROC should be on a sustainably better level and maybe this is because of some of our divisions being subscale.

So if you can go detail where, where they are subscale and where over 3-4 years we can see good scale-up in those businesses and drivers of ROCE and sustainably good margins. I'm not- whatever is that margin sustainable, and like you can- because that's what will actually help us value. Temporarily we can get valuation temporarily, but to have a- because look at all the engineering companies, most of them trade at much better valuations because of sustainability of ROCEs and margins. So you can help us understand these 4 divisions which are subscale and which would become better as we achieve the scale in those businesses and drivers of ROC.

I, I don't know if I've confused or made clear.

Aditya Rao - Managing Director and Vice Chairman, Pennar Industries Limited
Sorry. Not at all. I, I thank you. First of all, I believe what you said is a very, is a very important question. And, uh, if you- to answer your question about which of our businesses are currently subscale, which means that either A, our capacity utilization is low, or the level of market share we have is, uh, is much lower considering our competitors. The unfortunate truth is that in all of our businesses, you will see one or the other in place. Now, that can be seen as a negative, as you're absolutely right.

Only when you reach substantial scale will you actually see these businesses reach the higher ROCs, the higher ROEs. And that is exactly our intent- improvement of ROC, improvement of ROE is our intent. And over the past few years, just by improving our market share, we have done that. Even in the context of our legacy business units being deprioritized- so we deprioritized water treatment, solar businesses, even our railways business and others- it isn't because they're bad businesses. It is because we don't have infinite capital and infinite management man-hours.

So our goal for the next few years is if all we do is increase our capacity utilization in PEB India and PEB US, build up capacity and reach a higher market share there. Increase our capacity utilization in BIW- we have 2 OEMs already. If we get 2 more OEMs, we can easily triple our size. Uh, engineering services- if we are able to ensure we take advantage of the opportunities being represented by AI, which we are hard at work trying to put in place, several automation work, automating a lot of our workflows in there, we can expand our addressable market dramatically there.

Hydraulics and industrial components- I think it a lot depends on some amount of policy environment. So we'll have to, we'll have to look at that. But apart from those, just these 3 business units that I've mentioned, 4 business units that I've mentioned, maybe India, maybe US, body-in-white and engineering services, just expanding our addressable market enough so that, and making sure our market size gets to a point where you don't need to be about 10%, even in the 5 to 10% range, we will have all the growth in the world and our current 4,000-odd crores in revenue can more than double.

That's our plan, that's our intent. Just doing that and ensuring that ROC stays above 20%, maybe creeps up to 25%, and ROE reaches 15% will ensure that all of the other metrics fall into place. So you do have these quarter-on-quarter things where you- sorry, go ahead, please.

Vivek Kumar - Analyst, Geometric Securities
No, no, sir. My question was, like you said, your market says you're cute to go to 5-10%. So what are the drivers? Because engineering is highly oligopolistic. Why do clients- will- why will clients shift to you? Question in boilers, or why are you getting the room to grow in those segments where- and why are you so confident that you will be able to garner some market share? Is the end growth so high that there's a room for players, or is some other dynamic playing out that is helping you garner market share?

Aditya Rao - Managing Director and Vice Chairman, Pennar Industries Limited
Gaining market share does mean that you have to grow faster than the market allows for. I think the bedrock of why we are saying we will gain market share faster than our- or we will gain revenue faster than our than our competitors in each of these businesses is predicated only on the fact that our core engineering talent covering all of these sectors is quite strong. We have the largest

structural engineering team in the country. We just need to leverage that and ensure that we bring out growth in engineering services and pre-engineered buildings, both in India and in the US.

And which is why we have- this is the exact same policy philosophy we've been on for the last 4 years. So what you're saying today is, and it wouldn't be hard to gain market share, absolutely it would be, but The advantage for us is our large pool of engineering talent, our large execution history, and of course the basic standard model where all of these business units have a common core- metal forming technology, fabrication technology, engineering technology. All of that is- and our presence in the sector that we're present in, I think, puts us in a better place to gain market share.

And that is, I mean, also what we've seen being playing out over the last 4 years as well. I mean, we've We've doubled revenue, we've increased market share in each of these verticals that we're present in. I'm quite confident that since we're not aiming for a market share above 10%, it's not actually cannibalization of the market. There's a natural amount of growth that the market itself has. We'll capture a portion of that, and existing market also we will capture. And I'm, I'm confident we can achieve that.

Vivek Kumar - Analyst, Geometric Securities
So 10,000 is not a vision, it's more of a reachable goal in the next 3 years, but FY30, not 3 years, 3 and a half years. For the Rs 10,000 crore revenue that you are sharing in the AGM?

Aditya Rao - Managing Director and Vice Chairman, Pennar Industries Limited
It's stated ambition, sir, and we have done the hard work of backing- of converting that into what needs to happen in each business vector, business vertical, and also build risk management in place so that in case one or two- like hydraulics, what's happening, uh, we- while it is a short-term issue, we should have enough strength in our modeling that even if something like that happens, our overall strategic plan stays in place, and it has stayed in place. We are tracking above it right now.

Vivek Kumar - Analyst, Geometric Securities
Because, so why I'm asking this question, because then you're almost- it's about 20-25% growth, which we have not seen in the last, like, at least last 4-5 years. So that's why I'm repeating that question, like, are you so confident? Because we have not done in the recent past. Maybe I'm not saying that doesn't mean it won't happen, just so that- just asking, uh, why is that? That's the thing. Thank

Aditya Rao - Managing Director and Vice Chairman, Pennar Industries Limited
You, sir. It's a very fair- it's a very fair question. And, uh, part of that reason is that, uh, the non-prioritized BU, right? You're right, you need to have that 20-25% growth rate. Now if you remove the non-prioritized BUs, we actually have that growth rate. We are growing above that. But the non-prioritized BU, which comprises about Rs 1,300 crores in gross sales, tends to make the denominator longer. So the 12%-13% revenue growth you're seeing this year, do keep that in the back of your mind that that is on the base of that Rs 1,300 crores not only not growing but actually declining a little bit.

Both steel and railways are non-legacy business units have declined in revenue. So in effect, if you were to factor that in, then you are seeing a number where we are achieving those higher percentage revenue growth rates and also profit growth rates.

Vivek Kumar - Analyst, Geometric Securities
Thank you, sir, and all the best. Thank you very much, sir.

Aditya Rao - Managing Director and Vice Chairman, Pennar Industries Limited
Thank you so much for your questions.

Operator
Thank you. A reminder to all the participants to press star and 1 to ask a question. Ladies and gentlemen, if you wish to ask a question, To reiterate, if you would like to restate your question, you may press star and 1. The next question is from the line of Dilip Kumar Sahu, an individual investor. Please go ahead.

Dilip Kumar Sahu - Unidentified Participant
Yeah, hi. Um, regarding the $90+ million of backlog in the US, is it possible to give the breakup between telco and SM in that, in that bit?

Aditya Rao - Managing Director and Vice Chairman, Pennar Industries Limited
We, we can. Uh, Ascent is at 62 and, uh, 21 is- 31, I'm sorry, 31 is, uh, is Structurals.

Dilip Kumar Sahu - Unidentified Participant
Yeah, so Structurals, which we were expecting around 200-250 crore business, has done much better, it looks like, into the order backlog. Any specific tailwinds in the structural business? You talked about data centers in the US, but is that really helping us to get into And what kind of cycle time you are talking in telco? I understand asset is around 6 months. Uh, what is the cycle time to convert them to revenue?

Aditya Rao - Managing Director and Vice Chairman, Pennar Industries Limited
So asset structurals, uh, is dependent on data centers for some work, about 50% of the order backlog. So a good amount of increase has been data center driven. Uh, we expect this to continue. We do not- I answer as I answered previous question. Uh, I do not see any moderation in the data center market. Push comes to shove, practicalities are practicalities. Uh, they will find answers for it, but I don't see any change in the macroeconomic data center outlay environment. If anything, it's quite fast.

Uh, that's as far as Essent Structures is concerned. Uh, Essent Buildings has also done quite well. They've had a healthy quarter, and the revenue base for that revenue stream also is growing. It's just not as fast as SM Structurals, but from a growth point of view, if you look at last year, this year, and the next year, both those revenue verticals are expected to do very, very well.

Dilip Kumar Sahu - Unidentified Participant
Yeah, and cycle time in terms of conversion of this backlog in, in terms of telco, are they like in SM, 4 to 6 months, or is it higher?

Aditya Rao - Managing Director and Vice Chairman, Pennar Industries Limited
It is around 6 months, and that is the weight- that is an average. Some of them convert a lot quicker. For example, if you are building There's a lot of work we do for GCs who spin out dollar center stores, small warehouses, those tend to go a lot quicker. So it's not- the spread is quite quick. Some of them are as low as 3 months and some of them can take up to 9 months as well. And data centers tend to be the longer duration ones.

Dilip Kumar Sahu - Unidentified Participant
Great, great, thanks. So, you know, Essent has moved on the last 4-5 years, has grown at around 25-30% CAGR. From 30-odd million to- I'm looking at backlog- 30 million to 60+ million in last 3-odd years. So is this, uh, you know, so are you, uh, comfortable with the sales team and market-making team that you have in place? Is it like the optimum configuration, or you see some changes in the, in the, in the team?

Aditya Rao - Managing Director and Vice Chairman, Pennar Industries Limited
We are dramatically expanding our business development teams. Uh, it's dealt differently for the buildings business and the structural business. For buildings, you have to go through DMs. We are expanding our DM capacity. And for structural, uh, it's, it's different. A lot of it is repeat revenue, scheduled revenue, and the sales team we have for that, we are also ramping that up. Yeah, so this is a continuous process of understanding our sales funnel. So yeah, we will need to invest further in our sales funnel.

In fact, as more and more engineering work and other work gets automated, the killer app here is- I wouldn't say it's a totally relationship-driven business, you do have a lot of value comparison, but it's not a commoditized business as it is in some other geographies. You do have to have a very- you have to field a very good sales team. Frankly, that's true in India as well, you have to have a very good sales team in order to maintain large order backlogs.

Dilip Kumar Sahu - Unidentified Participant
Great. My second question is regarding India business. Uh, we had, you know, in DIW, uh, 2, 2 and a half years back, we had one customer, Stellantis. Now you were talking about Hyundai, Kia, and a couple of others also are there, but the business hasn't really grown, uh, to that extent in that similar fashion. So is it that we are not in You are in very selected programs, like in Stellantis we were in one or two programs. When it comes to domestic brands like Hyundai, Kia, how widespread within that organization we are, you know, why is that business not growing multifold?

Aditya Rao - Managing Director and Vice Chairman, Pennar Industries Limited
You are correct. I think we've, over the last 3-4 years, we've just, we have nearly doubled in sales in BAW. And that's right, and we have Obviously, as a priority, as BU needs to grow a lot faster than that. Yes, we just had Stellantis and we have now brought in Hyundai, SEAT, Daihatsu, and several others. And Hyundai itself is a massive opportunity. As I mentioned in my opening comments, we need, I think, 2 more OEMs to reach the higher numbers. But you are right. And the reason that the growth hasn't been higher than the numbers that you see is Stellantis.

We've not had the offtake it wanted to. For whatever the reason, uh, our ability to scale revenue with programs from Hyundai and others, we believe, is going to be vastly superior. They're much larger volume. So, and this, this difference is also in domestic supply versus, uh, versus export. So as it is right now, we have an extremely high degree of confidence that over the next few quarters you're going to see our BIW revenue expand dramatically. And all of that is based on our new projects, which- for which trial production has been done, testing has been done.

We're quite confident that over the next few quarters we'll see a pretty large expansion. So yes, growth not very, very high, but over next 2 quarters you would see much higher growth in BAW.

Dilip Kumar Sahu - Unidentified Participant
Yeah, particularly because we both expanded capacity as well as in terms of competency. I think we

have scaled up in value chain, but somehow it's not reflecting in the numbers. So yeah, hopefully we will, we will do better. My, uh, this is regarding the comment you made about pressure vessels. If I heard correctly, is it for data centers that you're manufacturing pressure vessels?

Aditya Rao - Managing Director and Vice Chairman, Pennar Industries Limited
I do not have that exact data point right now.

Dilip Kumar Sahu - Unidentified Participant
Yeah, regarding- go ahead. Yes, you made some, you made some comment about- I did.

Aditya Rao - Managing Director and Vice Chairman, Pennar Industries Limited
Yes, yes, I did. Uh, as to the end use of that, I don't exactly have that data, but I will come back to you on that. But the boiler business, entire order backlog is at Rs 152 crores and growing quickly. That, that was the narrative I was able to provide in my opening comments. The composition of that I don't have, right?

Dilip Kumar Sahu - Unidentified Participant
Okay, thank you. I, I, you know, if it is pressure vessels for data center, uh, you know, I would, I would like to know about if it is for that, and I'll, I'll revert back to the IR team if they can answer that, because that's a very large business coming up in the data center space, and not many, many players are there. So hopefully you, you have made an entry there. My last question is, any, any guidance on the profitability? Because gross margin this year, this quarter has been really erratic, and another, it actually not a very pleasant surprise.

So FY28, can you give some guidance in terms of profitability? What do you mean by stable? Will it be stable at this point, or is it going to be stable at what we used to do earlier? That's what I was asking. Thank

Aditya Rao - Managing Director and Vice Chairman, Pennar Industries Limited
You. So from a quarter- from a year-on-year comparison basis, our PBT margin has increased. From a quarter-on-quarter sequential basis, it has declined, uh, primarily owing to the impact of raw material prices where we were able to pass on the increase in the pricing. But the, but the, but the, that plus margin is what is ideally intended to be passed on, and that takes a little bit of time, further time than, than that. So we don't have value declines in terms of operating, uh, profit, but we do have percentage slight declines.

Uh, from a going-forward point of view, uh, We will get back to those and cross those from a gross margin point of view. From a PBT point of view, as I stated on my previous conference calls, we are- our long-term goal is to hit the 7%. We are at about 5% right now in this quarter. But if you take the year, I think from a yearly comparison picture is probably a better way to look at it than a quarter-on-quarter because the revenue mix changes sometimes from a quarter-on-quarter basis. There's also other attribution allocation methodologies that we follow in terms of how we would put- what cost would we put in what center.

So my suggestion would be that gross margins be taken on a yearly basis, PBT be taken on a yearly basis. Our goal, which we had articulated, is that our PBT should reach 7%. We are well on our way to doing that. We were at- to give you a comparison, we were at 3% 2, 2.5 years ago. We've reached 5%. We're quite confident we'll be able to reach 7%. It's not extremely difficult as a task. We just have to have discipline and ensure that our revenue goes faster than our costs, and that's

what we are intending to do.

We have a- we have a- we have agreed to do it. Uh, do look at the yearly picture, and, uh, from our- on behalf of management, I'll definitely commit to a 7% target being achieved in the medium term for the year.

Dilip Kumar Sahu - Unidentified Participant
Yeah, that's, that's great. That's great. Thank you, Aditya.

Operator
Thank you. The next question is from the line of Malhar Biljani from Equity Capital. Please go ahead. Malhar, you may unmute your line.

Malhar Biljani - Analyst, Equitree Capital
Hello, am I audible?

Operator
Yes, sir, you are audible. Please go ahead.

Malhar Biljani - Analyst, Equitree Capital
Uh, I just had one question with regards to the legacy business as it was referred. Uh, what is the plan and guidance for that, uh, for steels, railways, and also is tubes included in that?

Aditya Rao - Managing Director and Vice Chairman, Pennar Industries Limited
So legacy businesses, we are not- I mean, there was a decline in this quarter. We don't expect further declines. Foundationally, I think it's at a place where we expect it to do, uh, do well. We don't expect further declines in the sequential quarter. We expect stability, perhaps even moderate growth in future. Uh, as to a longer term, what we can do with that, the, the, at the board level and at, uh, we are looking at options on what we can do, what, uh, what can be done. We will get back to you on that.

By nature, these things are medium-term in nature. I wish I had more news on you on that, uh, about that for you, but we are working on the problem. We can't just keep it there in the company and not grow it. So we are looking at what options are available on the table. We'll have more for you over the medium term. So the next couple of quarters, I'm quite confident that we'll give you more narrative. Uh, request your patience on this.

Malhar Biljani - Analyst, Equitree Capital
Uh, thank you for that. Um, just in terms of the legacy business, uh, what is the difference on the margins in the legacy business for steels and tubes and the high-growth business such as PAV, hydraulics, and such?

Nitin Jain - Analyst, FairValue Equity Advisors
Correct.

Aditya Rao - Managing Director and Vice Chairman, Pennar Industries Limited
So I think it's kind of a drag on the business. If you had to remove that, then the numbers, the ratios look a lot prettier. But that doesn't mean these are bad businesses. I do want to stress that They are profitable businesses, they can grow. We just need to figure out what we need to want to do with these businesses because capital, as I said, is a constraint. We can't continue to operate subscale

businesses. So we pick these 5 vectors, 4 vectors manufacturing-wise, and they consume capital, they consume management man-hours.

We'll grow those, we'll find a pathway so that there's good value realization for the legacy business. We'll, we'll get- we'll give you more on that in the next few quarters. At this point, I'm not at liberty to, to tell, to give any further narrative on this, but, but it's an important question. I agree with you, it's important.

Malhar Biljani - Analyst, Equitree Capital
Uh, thank you. That's it from my side.

Operator
Thank you. The next question is from the line of Vivek Kumar from Gematrik Securities. Please go ahead.

Vivek Kumar - Analyst, Geometric Securities
Am I audible?

Operator
Yes, sir. Yes,

Aditya Rao - Managing Director and Vice Chairman, Pennar Industries Limited
Please.

Vivek Kumar - Analyst, Geometric Securities
So you said, uh, we'll be at much better scale if we can add 2 more customers in our BIW business. Uh, how confident are you it will happen over the short term, or it's a long-term thing?

Aditya Rao - Managing Director and Vice Chairman, Pennar Industries Limited
So the process of adding new customers in BIW is you are invited to participate in RFQs, you are then technically shortlisted, you go through a bidding process, and after you're shortlisted, tool development, and then you start doing parts supply. That's the process Typically, that workflow typically takes about a year and a half to work out. As of right now, we have several OEMs who are already working on them on this, and we are quite confident that we will be able to close with a few of them, and that will be enough for us to ensure that we are able to continually grow and scale this business.

Vivek Kumar - Analyst, Geometric Securities
And there was no presentation in the BSE, so if you can, uh, If you can put presentation a day or- because anyway we are connecting a call on the next day most of the time. So if you can help us with the presentation, detailed presentation, would be helpful,

Aditya Rao - Managing Director and Vice Chairman, Pennar Industries Limited
Sir. Correct. Uh, so this- let me explain that a little bit. The reason for that is that we decided in this quarter we are going to make some of the changes that have been requested by, uh, by some of our investors and others to the presentation. They want it to be a true reflection of it reflecting what strategy is, what's happening quarter on quarter. Some of you have requested segmental EBITDA and ROCE as well. That's something- a lot of numbers we've developed internally. While we are working at this, and part of the reason we had not wanted to put that out there is that specifically the

segmental EBITDA and ROCE require consistent allocation of capital overheads.

There's this- the shared services across business units which have to be dealt with. Whatever way we deal with it has to be dealt with in the same with across multiple quarters. We also have the drag of the legacy businesses and how we allocate capital there and how we describe that quarter on quarter, especially as if there are corporate action spending in that regard. Putting all of that together, we felt we want to work out a format and come back to you on this. So the first quarter where we have decided not to put the presentation up temporarily, from next quarter onwards the new format will be live.

Both are- Sunil, our Head of Corporate Affairs, our CFO Shrikant have been working hard at this. They will ensure that we put this up before, but we had decided at this juncture that the new format needs a little bit more patience from our side. And I, and I know I've been given some rope on the segmental EBITDA and ROCE front. A lot of you have been quite patient on that. Again, last quarter I said there would be progress on this. There has been internal I do request for one more quarter and we will get our ducks lined up and get that across to you.

On an overall basis, effectively imagine in your minds a table, all of our POs listed, all of that revenue listed, the capital, the EBIT listed next to that, the capital employed in the business, and you have your ROCE for that. We won't go below that. We won't be going to ROEs. That we have found is, uh, more complicated. But this we will start with, and you have our word that this will be a consistent treatment, a consistent mechanism of how we're allocating costs and capital, and that'll give a lot of clarity.

So that's the reason why the presentation wasn't there. Do give us this quarter, and I, I do thank you for your patience. You've been very patient. I just request a quarter more.

Vivek Kumar - Analyst, Geometric Securities
Sir, how should we call the boiler business, and how should we see our positioning and, uh, the way we want to scale that business up, sir? Boilers, because there's a lot of things happening, like there's a Sorry, sir. Sorry, there's a lot of CapEx happening, like there's a CapEx boom. So how are we going to like benefit from it kind of thing?

Aditya Rao - Managing Director and Vice Chairman, Pennar Industries Limited
So our focus on boilers is twofold. One, physical capacity augmentation, a lot more capacity to system integrate, fabricate, uh, in at our factory. That's point one. Point 2, from a technology standpoint, we find AFBC, RG, TG grade, uh, CFBC to be the core technologies can drive us to, well, essentially any revenue that we want. I mean, the market leaders are reaching thousands of crores, uh, some- what the market leader per se is, 10,000 crores across all of these

Rahul Kumar - Analyst, Vaikarya Fund
Vectors.

Aditya Rao - Managing Director and Vice Chairman, Pennar Industries Limited
So we're quite confident that once we add these and add capacity, the revenue will grow up. We're also doing a lot of team augmentation. We have new business development team capabilities, people that have joined us from some of the best. These are, uh, going We are going to have dramatic order backlog growth. Our order backlog growth has grown by last year this time to now. Also, there's been a substantial amount of growth. There will be further growth and that will drive up revenue. Just like I told in BIW, even in a boilers business, you should see extremely aggressive

growth over the next couple of quarters.

We are predicting this, and a very high double-digit growth is what I would guide you to for both boilers and BIW. The same growth story.

Vivek Kumar - Analyst, Geometric Securities
In terms of market share, should we think in terms of market share and markets? Where are we more present in when it comes to just boilers? Or should we think like, are we more of India-specific? Or how are we going? Like, how- and if it is, then what is our market share kind of thing? Or it doesn't- it's not relevant way- it's not the relevant way to look at it? Sorry.

Aditya Rao - Managing Director and Vice Chairman, Pennar Industries Limited
At this, at this point, it would not be relevant. It would be too low. Uh, the plus side on that, we have plenty of headway to grow. The minus side on that We are not a relevant player at this point with that revenue base. We have 2 sectors: industrial boilers and power boilers. On both of those, we have tremendous references in place now. I think it's a simple story of our order backlog going up, which has happened. That driving and dragging into revenue growth is something you will see play out in the next few quarters.

So I know the 12% growth isn't on the overall base, is not reflective of what these business verticals are doing. But you will see that kick in even with the legacy business stream. You will see the higher double-digit come in in the next few quarters. Uh, our market share would not be an appropriate measure, but one of the questions you'd ask, what's the addressable market? It is India. It is also- we've also picked up orders on our order backlog right now from Thailand, from Southeast Asia as well.

So those are the 2 markets right now.

Operator
I would request you to rejoin the queue for a follow-up question. Participants, I request you to limit your questions to 2 per participant. The next question is from the line of Rahul Kumar from Vaikarya Fund. Please go ahead.

Rahul Kumar - Analyst, Vaikarya Fund
Yeah, hi, uh, just one question on the order book. Uh, can you give us a sense of the order book, uh, for the India PEV and the US PEV segment?

Aditya Rao - Managing Director and Vice Chairman, Pennar Industries Limited
Yes, the India PEV is about 1,008 and the US PEV is around 900.

Rahul Kumar - Analyst, Vaikarya Fund
Okay, okay. So, uh, we've seen a strong recovery in the order book for the India PV, but the execution seems to have still been a bit, uh, slow. So what are the challenges over here?

Aditya Rao - Managing Director and Vice Chairman, Pennar Industries Limited
I think overall basis, you would have seen, uh, the revenue for, for metal for PV growing quite well. I mean, if you doing mine both. But you're right that India hasn't seen yet that growth, but we're getting there. I think the large order book translate into revenue is there. We had in the previous few quarters some, uh, labor issues, execution issues. All of that is in the rearview mirror now. So we've, uh, we now- we're still not at peak capacity utilization. There's plenty of headroom to grow, and our

order backlogs there, assets are there.

Uh, US has picked up quite well, India also in the next. But overall, yes, you, you There has been growth, but not quite what it should have been. A quarter, 2 quarters away, I think by the end of the year you're looking at both firing.

Rahul Kumar - Analyst, Vaikarya Fund
Okay. So actually, if I just compare the India PV segment versus the, you know, the PV business for the other peers of yours, I mean, over the past 4 or 5 years, if you have seen, they have actually grown 2x, 3x kind of a number. Right, versus what we have delivered is more of a- I would believe that it's more of a flat business for the past 5 years. So I mean, clearly the demand is there in terms of industry demand is there. So what are the challenges for us in terms of why are we not able to grow in this?

Aditya Rao - Managing Director and Vice Chairman, Pennar Industries Limited
As I said, if you look at all aspects of our PED coverage, we also have more than doubled in the last 3 4 years. But the point- I mean, that- but that is dodging the question. Your fundamental question is, let's say, why PE of India? Why has it not grown by 2x and 3x? I think a lot of that has to do with, uh, what we prioritize for growth. Uh, it- the market was always there, clearly, because the competitors have grown. So we now articulated that we want this business to grow. I'm pretty sure we see doubling in our India business as well in the next- within the next 3 years.

I have, I have Absolutely no doubt that the market will not prevent us from doing that. We will put our execution piece also right in India. And over the next few quarters, I hope to demonstrate this to you as well, and not- it's not just a projection, but you actually see not just the entire PV revenue grow for us as a company, but also each of the components individually growing.

Rahul Kumar - Analyst, Vaikarya Fund
Okay, okay, okay. And in the diversified engineering segment, uh, What is the share of, you know, the legacy business, uh, let's say in the quarter 4, out of this Rs 468 crore revenue, what is the legacy business in this?

Aditya Rao - Managing Director and Vice Chairman, Pennar Industries Limited
I'll request Shrikant because I'm not familiar with the exact attribution. Shrikant, if you could answer.

Rahul Kumar - Analyst, Vaikarya Fund
Yeah, diversified engineering representing steel, railways, and businesses kind of thing, and close to around 30

Operator
Participant, you may rejoin the queue for a follow-up question. The next question is from the line of Vikash from AconTree. Please go ahead.

Vikash - Unidentified Participant, AconTree
Yeah, good afternoon. Uh, actually, I just read through the AGM and the report. You have committed about the 20% rate growth in the FY27. Right now in H1, we have concluded it's 73 crores. Whether it's possible for the another 90-95 crores in H2, because the H2 FY26 also is 75 crores, that is there. It's a one. And another thing is there is a [Foreign Speech] ibbata it's palan is drastic [Foreign Speech] so whether it's we expect is a normalized conversion in future and not

Aditya Rao - Managing Director and Vice Chairman, Pennar Industries Limited
So azbik I mean I am sorry your voice a little muffled but I think I got the broad just of it so let me answer this way as for us he one is concerned he our second half revenue and profit to be substantially higher than first half. So I wouldn't just double it, I would apply a higher number. But we are looking at, uh, achieving our own internal strategic goals as far as profit before tax is concerned. You should see substantial, substantial high double-digit growth in our profitability for the financial year, which is what we have guided to.

So, uh, what was the second question, sir? Oops, I think- so I may not have answered your second question. My apologies. If you could send that to our investor relations team, we'll be glad to work on that with you. My apologies.

Operator
The participant line has dropped.

Aditya Rao - Managing Director and Vice Chairman, Pennar Industries Limited
Fair enough, ma'am. We'll reach out to you.

Operator
Ladies and gentlemen, that was the last question for the day, and now I hand the conference over to the management for the closing comments.

Aditya Rao - Managing Director and Vice Chairman, Pennar Industries Limited
To all of our investors, thank you. Uh, your, uh, candor and support has been essential to us getting here. I want- on behalf of management, I want to assure you that we are extremely confident that we continue on the path we are on- continued revenue growth, continued profit growth, but not at the expense of our ROCE and ROE. If there's one metric that I want you to take back is that we will improve ROCE. We will ensure that we, we achieve the- achieve that goal. And I look forward to your support.

All the promises we made, we have listed it down. Um, we will ensure that we, we answer those. If there's any questions that you have that we have not answered, please, I would love for all of you to please get in touch with our investor relations team. We will attempt to engage with you and, uh, And, uh, and answer these questions offline as well. Thank you so much, uh, for your support, sirs. Thank you.

Operator
On behalf of Philip Capital India Private Limited, that concludes this conference. Thank you for joining us, and now you may disconnect your lines.