

Pitti Engineering Limited

(Formerly Pitti Laminations Limited)

ISO 9001:2015 ISO 14001:2015

www.pitti.in



27th October 2026

To,
BSE Limited
Floor 25, P J Towers, Dalal Street
Mumbai – 400 001

To,
National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex
Bandra (E), Mumbai – 400 051

Scrip Code: 513519

Scrip Code: PITTIENG

Dear Sir,

Sub: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Transcript of the Audio Conference call for investors on 23rd October 2026

With reference to our letter dated 16th October 2026, intimating about the conference call with investors to be held on 23rd October 2026, please find attached transcript of the aforesaid conference call.

The above information is also available on the website of the Company at www.pitti.in.

This is for your information and record.

Thanking you,

Yours faithfully,

For Pitti Engineering Limited

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“Pitti Engineering Limited
Q2 & H1FY27 Earnings Conference Call”
October 23, 2026

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 20th May 2026 will prevail



**MANAGEMENT: MR. AKSHAY S PITTI – MANAGING DIRECTOR AND
CHIEF EXECUTIVE OFFICER, PITTI ENGINEERING
LIMITED**

Moderator:

We welcome you all to the Q2 and H1 FY27 Earnings Conference Call of Pitti Engineering Limited. 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 do not guarantee the future performance of the company and may 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 touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Akshay S. Pitti, Managing Director and Chief Executive Officer from Pitti Engineering Limited. Thank you, and over to you, sir.

Akshay Pitti:

Good afternoon, everyone, and thank you for joining the Q2, H1 FY27 Earnings Conference Call of Pitti Engineering Limited. Along with me are members of the senior management team and our Investor Relations partners from SGA. Our financial results and investor presentation and related disclosures are available on the stock exchanges and on the company's website. I hope you have had the opportunity to go through the same.

The global economy continued to face inflationary pressures and supply chain disruptions amidst the ongoing conflict in the Middle East. With geopolitical uncertainties likely to persist, we are also witnessing price increases across our raw materials. Despite these challenges, demand remained robust. India's investment-led growth and rising demand for value-added engineering solutions continue to provide a favorable long-term outlook for our business.

At Pitti Engineering, we have evolved from a manufacturer of electrical laminations into a broader engineering solutions company, with capabilities across laminations, castings, machining, and other value-added components. This evolution has been driven by our focus on customer needs, expanding our manufacturing capabilities, and building long-term relations with leading global OEMs.

Looking ahead, we believe three structural forces are shaping the demand for engineering industry and creating opportunities for us. First, the sustained investment in infrastructure and manufacturing. Ongoing public and private investment in railway, power, and manufacturing is expanding the installed base of rotating electrical equipment.

As infrastructure and industrial activity grow, so does the need for motors, generators, and precision-engineered components that go into them. This creates opportunities for us to support customer across wider range of applications.

Second, the growing electrification and digitalization of economy. Driven by AI data centers and infrastructure, the shift towards a more electrified and digital economy is increasing the need for efficient motors, generators, and reliable engineering components, as these applications evolve and customers are looking for products that deliver greater efficiency, precision, and

performance. Our expanding capabilities across lamination, casting, and machining positions us to address this broad range of requirements.

Third, the consolidation of global sourcing. International OEMs are increasingly looking to work with manufacturing partners that can offer scale, consistent quality, reliable execution, and wide range of capabilities. This creates an opportunity for integrated companies like us to deepen existing customer relationships and increase our share of business and participate in new platforms. Together, these trends provide a favorable long-term demand for our business.

Our focus on converting these opportunities into sustainable growth by expanding capacity in a phased manner, strengthening our engineering capabilities, and continuing to deliver on customer expectations. A few months ago, we had announced the first of our major capacity expansion for a greenfield facility in Hyderabad covering the casting and machining.

The project was to be commissioned in a phased manner through FY30. This investment was backed by strong order visibility from marquee customers across high-growth sectors such as data centers, mining, off-highway vehicles, and railways.

Building on this, now we are announcing a new capacity expansion in lamination and machining. The objective is to consolidate our lamination operations in Bangalore and progressively increase our sheet metal capacity to 160,000 metric tons per annum and machining capacity to 1.31 million hours by financial year '31. This expansion will strengthen our ability to serve existing customers, pursue new opportunities, and support long-term growth.

The total planned capex for this project is INR450 crores, comprising approximately INR125 crores towards land procurement and the remaining INR325 crores towards infrastructure, plant, and equipment. The new greenfield facility will provide a platform for consolidating the Bangalore operations and creating capacity for the next phase of growth.

The entire investment will be incurred in a phased manner till FY31, with capital deployment linked to project milestones and capacity requirements. This approach will allow us to align investment with business needs while ensuring that capacity comes on-stream in a timely manner. The project will be funded through a combination of internal accruals and debt.

Coming to the operational and financial performance, in terms of segment-wise revenue, Q2 FY27 traction motor and railway components continued to contribute the highest share of the revenue at 27%. Power generation accounted for 16%, followed by industrial and commercial applications at 12%, mining, oil, and gas at 10%, special purpose motors at 8%, and data centers at 7%.

This diversified mix reflects the range of applications we serve and multiple demand drivers supporting our business. Among these segments, data centers have emerged as a strong near-term growth opportunity. As we have highlighted on multiple occasions before, the demand remains robust driven by significant power requirements of AI-led data center infrastructure, the need for reliable primary and backup power generation.

We are seeing strong demand from customers such as Cummins, Marathon, and Nidec in this segment. We are also developing new opportunities with few additional marquee customers in the same segment. Beyond data centers, we continue to see strong demand visibility across railways, metros, mining, off-highway equipment, and specialized industrial applications.

In railways, the modernization of North American infrastructure, along with investments in rail networks and mobility solutions, is supporting demand for our products. Similarly, increasing mining activity and demand for off-highway equipment are creating opportunities for our machine component segment.

Overall, our diversified end-market presence allows us to participate in multiple growth opportunities. On the volumes front, total lamination and assembly volumes for the quarter stood at 21,600 tons, a growth of 26% Y-o-Y. H1 lamination volumes increased to 41,000 tons, up by 22% compared to H1 FY26. Total raw casting and machine components volume for Q2 FY27 was 3,086 tons, growing by 6%, and 6,054 tons for H1, with a growth of 1.6%.

Coming to our financial performance, before discussing the numbers, I would like to highlight that in September 2026, the company merged its two subsidiaries, Pitti Industries Private Limited and Dakshin Foundry Private Limited, with the parent entity, Pitti Engineering. Accordingly, the financial results for Q2 and H1 have been reported on standalone basis, with previous numbers restated to ensure comparability.

For Q2 FY27, our total income stood at INR581 crores, compared to INR499 crores in Q2 FY26, registering a growth of 16.3%. For the half year, revenue grew by approximately 15% to INR1,110 crores, compared to INR963 crores in H1 FY26. Adjusted EBITDA for the quarter stood at INR91 crores, compared to INR80 crores in Q2 FY26, a growth of 13%.

The EBITDA margins stood at 15.8%, impacted by an increase in forex loss, increase in consumable and packing cost, and along with increase in fuel and power costs. Adjusted PAT for the quarter stood at INR36 crores, compared to INR43 crores in Q2 FY26. It's important to note that in Q2 FY26, we had INR21 crores of other income from Maharashtra government for the Package Scheme of Incentives that we enjoy for our Aurangabad facilities investment.

We have decided to defer this claim of incentive in the current year to the next financial year, with the objective of maximizing its cash flow. To conclude, we remain focused on strengthening our market positioning and building capacities to support long-term growth. Our diversified end-market presence and strong customer relations provide a solid foundation for future opportunities.

We continue to remain focused on operational efficiency, cost management, and disciplined capital allocation with our ongoing expansion plans. We remain confident in our ability to deliver sustainable growth over the coming years. Thank you, and now we can open the floor for the Q&A session.

Moderator:

Thank you very much. We will now begin with the question-and-answer session. The first question is from the line of Pranay Roop Chatterjee from Burman Capital Management. Please go ahead.

Pranay Chatterjee: Hello, good afternoon, sir. Am I audible?

Moderator: Yes sir. You're audible.

Pranay Chatterjee: Yes, my first question was obviously on the margins. You mentioned three things, FX, packing, and consumable inflation, and fuel and power cost inflation. Will you be able to quantify how much was the FX loss portion? And how much was the same loss or gain recorded in the previous quarter?

Akshay Pitti: Just one second on that. Apart from this, also, the raw material prices have gone up. That would have anyways, reflected in a lower EBITDA margin as a percentage. So, they are actually also on the RM front. The forex loss in the quarter, INR4.61 crores.

Pranay Chatterjee: And what was it in the last quarter, like Q1 FY27?

Akshay Pitti: Q1 FY27, just hold on. I don't have that number over here. I think our partners can get that across to you from SGA.

Pranay Chatterjee: Sure. Just to be sure, this is recorded in other expenses, which is above EBITDA?

Akshay Pitti: Yes.

Pranay Chatterjee: Got it. And, okay, fine. This is something I would expect would be sort of one-off in nature. Coming to the other costs, right? How do you see those evolving? Obviously, crude has not come down at all. On fuel, packing and consumables, and also the raw material inflation, any sense on if you are able to pass on, and hence, could margins recover to the 16%, 17% range or we should expect similar levels for the rest of the year?

Akshay Pitti: See, I would say that the fuel and power cost is going to be passed on from January onwards. Typically, during the year, we don't go into the consumable level because it's a very small percentage of overall cost. This is a unique situation where, due to global supply chain issues and the oil prices due to Middle East, have remained consistently high.

So like I would say that, by quarter four, you should see that coming back because those are annually readjusted. The steel price inflation is a quarterly pass-through. So those we are able to pass through as per normal contract terms.

Pranay Chatterjee: Understood. My last question is on the casting volumes actually dropped quarter-on-quarter. And this quarter, I think your capacities also came in, around August. We had a guidance of around 16,000 tons, 17,000 tons for the year. Are we still on track to meet that guidance, because that will mean substantial pickup in the second half?

Akshay Pitti: See, the line that you see as 6,054 tons for the half year, these are casting and machine components going as pure vanilla machine components. To do the comparison vis-a-vis the overall sales, you also have to add the other machine components going into the lamination assemblies.

Pranay Chatterjee: Okay.

Akshay Pitti: Which is just above the total lamination and assembly quantity, which 2,024 tons.

Pranay Chatterjee: Got it. So your 17,000 number is after you add both of this, the target for FY2?

Akshay Pitti: Yes.

Pranay Chatterjee: Okay. And if you could just confirm one number for me. What is the incentive per year you will realize from Maharashtra? Because I think I was slightly confused. There was two different terms, 9-year and 7-year. So basis whatever term is agreed, or finalized, what would be the incentive per year you will actually be able to book from next year, not the cap?

Akshay Pitti: So we are eligible to receive up to INR400 crores of the incentive. If you take it over 7 years, the eligibility would come to INR57 crores. If we take it over 9 years, it would come to INR44 crores. However, having said that, based on the local Maharashtra sales, we don't estimate that we would be able to recover more than INR40 crores per annum, irrespective of the eligibility, at least in the near term.

Pranay Chatterjee: Okay. So, but that's still bulk of the cap, right? It's a reasonable part of the cap.

Akshay Pitti: Yes, it's a good chunk of the cap, which is why we are trying to work and increase the recovery period to 9 years instead of 7 years, so that we can maximize the recovery. And obviously, as time progress, we will be able to recover more than 40 per year also.

Pranay Chatterjee: Got it, sir. Thanks a lot, and all the best.

Akshay Pitti: Thank you.

Moderator: Thank you. The next question is from the line of Mohit Jain from DR Choksey Finserv Private Limited. Please go ahead.

Mohit Jain: Hi, sir. Good afternoon. Thank you for giving me this opportunity. Sir, on the EBITDA margin, mostly the first participant asked the question, but my question is more of a follow-up. You said this 100 bps decrease was mainly due to fuel and power cost, consumables, and raw material. I'm seeing gross margin was impacted 60 bps. So, I'm taking that raw material impact would be 60 bps, and other fuel, power would be around 40 bps. You also mentioned that...

Akshay Pitti: Fuel, power, and forex also.

Mohit Jain: And forex, yes, right. You also mentioned that, so probably you're saying that this 40 bps improvement can be seen from January onwards. But this 60 bps raw material inflation can be seen from this quarter itself? Can you just clarify?

Akshay Pitti: See, the raw material inflation is not actually impacting in that way. The gross margin reduction is not a factor of the increase in raw material cost alone.

Mohit Jain: Okay.

- Akshay Pitti:** It's the inflation. Even if you pass it on to the customer, the margin as a percentage would go down. See, my selling price would adjust from INR110 to, say, INR100 to INR110 if that cost increases by INR10. But the cost also would go up by INR10. So, the percentage margin would look lower, even if you are passing it on. So there would be a possibility to recover it.
- Mohit Jain:** So if the inflation is here to stay, let's say, for next 3 months, 4 months, 6 months, it's very hard, is very hard for us to get the margin levels to 17%? Or you are confident to reach there?
- Akshay Pitti:** See, if the steel price increased by another, say, INR10,000, I'm just giving as an illustration, we will pass that on to the customer with the increase in selling price. The customer won't give you a margin on the inflation. So the margins may look lower. The absolute margin will not go down.
- Mohit Jain:** Okay. Got it. And my second question is on the working capital. Can you just clarify, the trade payables increased to INR470 crores from INR236 crores. This has positively impacted our cash flow this semi-annual. So is it here to sustain? Can you just clarify on this?
- Akshay Pitti:** Yes, it is here to sustain. We will be looking to work more on the trade payables side rather than, leverage our cash positions to buy materials going forward, as we are going into a capex cycle over the next 4 years.
- Mohit Jain:** All right. And Akshay, sir, lastly on the capex side, so this newly announced INR450 crores capex, which you bifurcated between INR125 crores and INR325 crores, land INR125 crores and infrastructure INR325 crores. Can you just give the split between how will it be funded? I'm pretty sure it must be from internal and debt. So, can you just provide clarity, not clarification, but a touch on this?
- Akshay Pitti:** See, this capex is going to be a very long-term implementation. So apart from the INR125 crores, which will be spent for the land acquisition and the building, the remaining is going to be linked to the increase in requirement from the customers. And therefore, quarter-on-quarter, we'll be adding capacity.
- This 450 will be spent approximately in a split, something like INR150 crores in the first year, which would be FY28, and then towards FY29, FY30, and FY31, the remaining amounts, again linked to what the requirement and demand from the market is coming. I believe that over those years, we should be able to fund it entirely with the internal accruals. However, we have put a point out there that we are going to fund it through a mix of both.
- Mohit Jain:** All right. Thank you so much.
- Akshay Pitti:** Practically, it should be funded entirely from internal accruals if that clarifies.
- Mohit Jain:** Till FY31?
- Akshay Pitti:** Yes.
- Mohit Jain:** Okay. Thank you very much, Akshay sir. All the best.
- Akshay Pitti:** Thank you.

- Moderator:** Thank you. The next question is from the line of Mayank Chaturvedi from HSBC India Limited. Please go ahead.
- Mayank Chaturvedi:** Yes, hi, Akshay. Thanks for the opportunity. On the capex side, the integration for lamination manufacturing that you're doing in Bangalore, so would that would entail the entire Aurangabad facility to be integrated into Bangalore, right?
- Akshay Pitti:** No. So see, in Bangalore...
- Mayank Chaturvedi:** The lamination, part of it.
- Akshay Pitti:** No, so Aurangabad will continue to have lamination going forward. I think even in the, even when the full capex is implemented, I believe Aurangabad will be our largest lamination facility overall. The idea to integrate is that in Bangalore, when we acquired Bagadia Chaitra Industries, they were operating two units encompassing around 80,000 square feet of factory built-up areas.
- And subsequent to that, we had expanded into two additional leased facilities owing to the increase in demand from our customers in that region. What we are seeing going forward is that there's additional growth coming in Bangalore, and we would have to again go and lease more facilities. The idea is that now that we have a significant lamination manufacturing presence in Bangalore, to consolidate not only the existing leased facilities, but also what we will grow into future into a single location.
- If I were to give a background, I think between now and when the Bangalore facility will come up, we will actually have to go to a fifth and a sixth leased facility before we can move into our own facility. So the idea is that you don't want to have this manufacturing distributed across six, seven sites. It's quite inefficient, economies of scale don't come in, and your overhead costs go up.
- Mayank Chaturvedi:** Okay, because I was wondering if that is to be done, then if Aurangabad is to be shifted to Bangalore, then there will be a disruption in operations for some time on the lamination side of it. But that's not going to happen.
- Akshay Pitti:** No. So the increase in capacity is not only in Bangalore. From 108,000 to 160,000, we are not saying that 52,000 will be the increase in Bangalore. This will be an increase including Aurangabad.
- Mayank Chaturvedi:** Okay.
- Akshay Pitti:** The INR325 crores is going towards the capacity increase, and the INR125 crores is going towards consolidating the Bangalore factories into a single location.
- Mayank Chaturvedi:** Got it. And another piece on capex is, is there any plan to add copper winding to all of this? You have not discussed it, but...
- Akshay Pitti:** We have not discussed it to bring it in-house, but we are exploring to get it outsourced to start with and get into that segment slowly.

- Mayank Chaturvedi:** Okay.
- Akshay Pitti:** If we see enough demand coming and margin profile being strong enough, then we could consider bringing it in-house.
- Mayank Chaturvedi:** All right. And on this Maharashtra incentive that we're deferring to next year, can you provide some context to it, why we would not want it this year?
- Akshay Pitti:** So see, right now, our sales support a recovery of roughly about INR35 crores to INR36 crores per annum. When we had initially applied for this scheme, we were expecting to receive a 9-year recovery period. The investment that was eligible for incentive claim was INR400 crores. So that worked out to about INR44 crores per year.
- Now typically, as you ramp up your capacity and sales, this INR36 crores recovery potential per annum would have increased. So we were quite comfortable claiming this. However, the approval and sanction that we got was for 7 years. So that meant that you have to recover INR57 crores a year. So we are trying to work with the government to get this back to 9 years so that we can recover a larger portion of the investment.
- And anyways, by deferring it by a year, I'm pretty confident, like I said, by next year, we should be running at a rate of about INR40 crores recovery per year. So that increased sales would help us recover more, even if we don't end up getting the 9-year claim period from the government.
- Mayank Chaturvedi:** Okay. So, you won't be able to recover any in FY27. But to recover the whole amount, you have to defer it, and then you start recovering again from FY28?
- Akshay Pitti:** Yes.
- Mayank Chaturvedi:** Okay. Got it. And any capex incentive, state incentive for the new capex that you're putting up?
- Akshay Pitti:** In Bangalore?
- Mayank Chaturvedi:** Yes.
- Akshay Pitti:** No. In Bangalore, there won't be any incentive available.
- Mayank Chaturvedi:** All right. Okay. All right. That was from my side.
- Akshay Pitti:** The only thing you would get is land at a concessional rate. I think that would be the only support that we would get.
- Mayank Chaturvedi:** Okay. Sure. Yes. All right. Thank you so much.
- Akshay Pitti:** Yes. Thanks.
- Moderator:** Thank you. The next question is from the line of Pratik Jain from Solidarity Investment Managers. Please go ahead.

- Pratik Jain:** Hi, Akshay. Thanks for the opportunity. Akshay, I have three questions. First is, looking at the next 3 years with the visibility you have today, what kind of growth do you think is achievable? And if it's possible, can you break it down a little granularly?
- Akshay Pitti:** So see, if you talk of by FY30, '31, when this whole capex is done. And obviously, this capex is extremely modular in nature. Assuming that it's at full utilization by FY31, we should be having a revenue potential of approximately INR3,800 crores as a company, of which around INR850 odd crores would come from machine components, plain vanilla machine components, and the remaining would come from the lamination part of the business.
- Pratik Jain:** And what will be the levers for Pitti to sweat this capacity out?
- Akshay Pitti:** So see, apart from the land and building of INR125 crores in Bangalore, we are not committing to expend anything today. As we keep getting orders, see, we have got strong visibility and forecast from customers. We are developing the products for them. But obviously, these things take time to pick up in the end markets.
- Our idea is to announce this capex, get the approvals in place, and only expend the money as we see the demand coming in from the customer. The lead time on the equipment is barely 6 months to 8 months. So we can be very tactical in deployment of this capacity.
- Pratik Jain:** Got it. And this was one of my question also, given you mentioned that it is modular, are we confident that, if we get the demand, given a lot of these new capex will be coming on-stream by FY30, if there is a pre-demand jump before FY30, the capex won't be a bottleneck here for growth?
- Akshay Pitti:** So, then we'll have to dip into probably debt. See, like I said, when someone asked me about the funding structure, the reason that we have put debt and internal accruals is that we don't want to get tied down. And if, like you rightly said, the demand comes ahead of our expectation, then that flexibility is available to us.
- And similarly, we are not going to restrict ourselves just because our facility in Bangalore is not available. We are already operating in three leased premises, apart from the one fully owned facility for lamination in Bangalore. And till our facility comes up, we are not averse to taking more facilities on lease, implementing the capex, securing the business, and then re-shifting it back to a single location within Bangalore.
- Pratik Jain:** Got it. And lastly, on margins, if I take a slightly longer-term view, right, you guys are doing more of a machining value-added products, right? So margins should structurally improve here. Can you give me some sense around it? Like if you sweat this INR3,800 crores capacity, right, by FY31, what will be the steady-state margins of the business?
- Akshay Pitti:** See, on a blended basis, you should be looking -- I'm talking of current raw material prices. When I say current quarter two raw material price levels. Steel prices are obviously increasing and decreasing every quarter. But if you take a Q2 price level, your sustainable blended margin should be in the vicinity of 17% plus EBITDA.

- Pratik Jain:** But as you move to FY31 with more value-add mix, shouldn't it be to the range of 18% plus? I don't want to get involved in this quarterly fluctuations because it will eventually get passed on to the customers. But if a longer-term view, on a steady-state basis, can it be 18%?
- Akshay Pitti:** See, again, it depends on the mix of the machine component to lamination. Obviously, we are penciling in a higher growth in lamination as well. We are suggesting that lamination would do closer to INR2,000 crores plus revenue on a -- sorry, INR3,000 crores revenue on a standalone basis. So, that would bring the overall blended margin profile lower.
- Pratik Jain:** Got it.
- Akshay Pitti:** You have to see both combined, right? So, if you talk of just the machine components, you should have an EBITDA margin in excess of 25%. But if you talk of a lamination, it then depends on how much is going as loose laminations and how much is going as value-added assemblies. There are already multiple drivers for the overall lamination within itself.
- Pratik Jain:** Got it.
- Akshay Pitti:** Potentially, 18% is available. 17% would be pretty much a very comfortable number to hit with this mix.
- Pratik Jain:** Very much clear. Thanks, Akshay.
- Akshay Pitti:** Thank you.
- Moderator:** Thank you. The next question is from the line of Vivek Ganguly from TGS Asset Management Company. Please go ahead.
- Vivek Ganguly:** Thank you. My first question is on the capex. So, the new capex that you all -- the planned capex that you have announced is over and above the earlier capex that you have announced, or is this inclusive of that?
- Akshay Pitti:** No, over and above. The capex announced earlier was INR290 crores. The current capex announced is INR450 crores. And the cumulative capex for the two announcements is INR740 crores.
- Vivek Ganguly:** INR740 crores. And of this, about INR350 crores is, which is going to be much more modular depending on how the orders come through?
- Akshay Pitti:** Okay. So if you want to look at it in that manner, I would say, out of the INR740 crores, INR250 crores to INR260 crores would be kind of a committed capex, because in Hyderabad also we are doing the land and building, which is of a similar scale and value. The remaining is modular.
- Vivek Ganguly:** Right. Got it. So, approximately then you all will end up if this entire thing goes through as planned about INR150 odd crores every year?

- Akshay Pitti:** So, see, with the INR290 crores, the Hyderabad land and building in current year is also going to be there. So, the first year would be something like INR300 crores, or INR250 crores to INR300 crores.
- Vivek Ganguly:** Right.
- Akshay Pitti:** And thereafter, it would be INR125 crores, INR150 crores. It's all going to depend on what demand comes in and how quickly it comes in.
- Vivek Ganguly:** Right. Got it. So, this INR250 crores to INR300 crores for land and building, what is the schedule for this? How much of that will be incurred this year and how much the next year?
- Akshay Pitti:** I think if you take the start date as 1st of July, I would say that in 18 months you should see more than 90% of it being expended.
- Vivek Ganguly:** Okay. Got it. 18 months. Got it. Right. Okay. That's all from me. I'll again come back into the queue.
- Akshay Pitti:** Yes.
- Moderator:** Thank you. The next question is from the line of Balasubramanian from Arihant Capital Markets Limited. Please go ahead.
- Balasubramanian:** Good afternoon, sir. Thank you so much for the opportunity. Sir, the volume of byproducts and scrap, it's almost increased to more than 60% in this quarter. Is the result of increased production activity, or we are seeing higher scrap generation due to new manufacturing process, or lower yields in the initial ramp-up phases? How do we understand, sir?
- Akshay Pitti:** See, there are a couple of things. There's a higher production, obviously being a half year end, we were not able to dispatch many of the products. So, there is a little bit of an overhang from last quarter in terms of inventory of finished goods, which will get liquidated in this quarter.
- Apart from that, if you see, the high value-added assemblies volume has significantly jumped in this quarter, and that also yields into a lower utilization of the side slits. So, if we are not able to use those side slits, we prefer to liquidate them.
- Balasubramanian:** Okay, sir. Sir, I think that presentation about a strong visibility from marquee customers like Caterpillar, Siemens Mobility, etcetera. If you look at 3 years, 4 years back, our 50%, 60% of business came from the top five customers. How that mix changed currently?
- Akshay Pitti:** Yes. So, I would say that even if you look forward, I would say, the major revenue will still come from the top five, top seven customers, because when we do the grouping, we would take the beneficial ownership level. So for example, if you are going to do business with Progress Rail, we would still consider as a Caterpillar-owned entity and therefore quantified there in terms of customer concentration risk.
- Similarly, if you talk of Siemens Mobility, we would say that Siemens Gamesa and all of these companies are also Siemens-owned and therefore we would regroup it there.

- Balasubramanian:** Okay, sir. Sir, my last question, data center, we have seen a doubled increase in contribution this quarter. So, how do you look at those emerging sectors, and what kind of mix we can expect over the next 3 years to 5 years?
- Akshay Pitti:** I would say we are looking at it cautiously optimistic on data center. The good part is that, I would say, not all of our data center business is linked to AI. There's also linked to regular data centers. So, we see sustained growth coming from that segment.
- However, I would not look at it increasing more than probably 9-odd percent of the overall revenue as a segment. We see that other segments like mining and special-purpose motors, power gen in general, will also grow, and overall mix should remain similar.
- Balasubramanian:** Got it, sir. Thank you.
- Moderator:** Thank you. The next question is from the line of Rahul Kumar from Vaikarya Fund. Please go ahead.
- Rahul Kumar:** Yes. Hi. Congratulations on a strong quarter. Can you give in light of the strong volumes in this quarter and in the previous quarter as well, do you want to revise the FY27 volume numbers and FY28?
- Akshay Pitti:** FY27, I think we'll still hold on to the upgraded guidance given last quarter.
- Rahul Kumar:** Okay.
- Akshay Pitti:** Execution will be a challenge. Quarter three is always a little bit of challenge, considering the holiday season in India and Europe. We have Dussehra, Diwali, then Christmas for our European and American clients. However, quarter four, I think we should see a strong volume growth. For FY28, yes, definitely, with this capex coming in and modularly expanding our capacity from quarter two of FY28, you should see again a stronger volume growth.
- Rahul Kumar:** Okay. And the second question, I think earlier you used to give the split of the machine components and the raw castings. So, can you give the same for this quarter as well?
- Akshay Pitti:** Yes. So, machine component is about 1,600 tons, 1,700 tons, and raw casting is about 1,000 tons.
- Rahul Kumar:** Okay. So, the reason why I was asking was, if I look, the percentage-wise obviously gets deflated because of the steel prices, but if you look at the consol EBITDA per ton figure as well, I think that's seen a 10% decline over the Q1 quarter. Not sure it's 100% explained by the cost increase. So, is there anything else in terms of product mix or something which has led to this?
- Akshay Pitti:** Consol EBITDA per ton?
- Rahul Kumar:** Yes.
- Akshay Pitti:** I don't think...

- Rahul Kumar:** The denominator is the lamination volumes, obviously.
- Akshay Pitti:** See, that would not be the right way to look at the company. So that's why we had stopped giving that metric. If you see the volume in quarter two, the loose lamination and low value-added assemblies are almost 14,500 tons. And therefore, that business is obviously a lower EBITDA margin.
- Rahul Kumar:** Right.
- Akshay Pitti:** So, that change between the segments and the percentage of machining revenue will not actually give you a right metric. EBITDA per ton, you cannot take lamination as a tonnage.
- Rahul Kumar:** Okay. But actually, if you just see the value-added products share as well, that share also is sort of flat. It hasn't deteriorated. The machine component percentage also has actually increased, right?
- Akshay Pitti:** Yes.
- Rahul Kumar:** That is...
- Akshay Pitti:** How should I put it? When we say high value-added assemblies and low value-added assemblies, within the high value-added assemblies, like I mentioned in the past, there's no metric to say that 1 ton of high value-added assembly will give you X EBITDA. It is a very wide band, because it's a very wide band on the amount of value-add you do and therefore the margin that you earn.
- Rahul Kumar:** Okay.
- Akshay Pitti:** And secondly, also, if you see, while we discussed the EBITDA is down because of the inflationary pressures, you would also see that the manpower cost is significantly higher on a Q-o-Q basis. And that is mainly because the new capacity that has come in, we have geared up our manpower side to take care of the increase in capacity while it is not giving its full effect yet. So, from quarter four, you should see that margin further gaining.
- Rahul Kumar:** Understood. Perfect. Thank you.
- Akshay Pitti:** Thank you.
- Moderator:** Thank you. The next question is from the line of Kanan Trivedi from Growthfiniti Wealth Private Limited. Please go ahead.
- Kanan Trivedi:** Hi. Thank you for the opportunity. So firstly, I wanted to ask that, are we still on track to our previous quarter guidance of INR370 crores for the full year?
- Akshay Pitti:** Yes. I think we are pretty much on track. If you look at the current quarter and simply extrapolate this, you should be getting there.
- Kanan Trivedi:** And my second question was on the exports front. So, if I see from FY23 to FY26, there is a bit reduction as a percentage of our total revenue. Now, this may be more because we are more on

the domestic front in recent years, but how do you see this panning out in next, let's say, 3 years to 4 years?

Akshay Pitti: See, I think overall exports will remain stable or slightly downward as a percentage of overall sales. As a standalone number, exports will grow, and they will grow significantly. But the domestic business is going to grow faster than the direct export business.

Kanan Trivedi: Okay. So can you provide some color like, what's the various reasons for the same?

Akshay Pitti: See, the direct export opportunity would be limited to the business that we can do to sell the product as components to the customer. What is the trend that we are seeing is that most of our customers also have a manufacturing presence in India. And rather than importing components and doing the manufacturing in, say, Europe or US, they would be happier to make the product in India.

So, we cannot actually, how to put it, quantify what are our deemed exports or what portion of the revenue that we supply to our domestic clients eventually gets exported. So, that actually misrepresents the overall potential of our products, which are eventually getting exported, if that makes sense.

Kanan Trivedi: That's it from my side. Thank you.

Akshay Pitti: Yes.

Moderator: Thank you. The next question is from the line of Saksham Tyagi from Desvelado Advisory. Please go ahead.

Saksham Tyagi: Hello, am I audible?

Moderator: Yes, sir. You're audible.

Saksham Tyagi: Okay. So, thanks for the opportunity, sir. So, my first question is, in first quarter, you outlined an ongoing INR290 crores Hyderabad expansion and also mentioned a potential INR400 crores Bangalore capex for FY28 and '29, right?

Akshay Pitti: Yes.

Saksham Tyagi: And in quarter two, the Board has already approved a new INR450 crores capex phased through the FY31 to expand the sheet metal capacity, right? So how does these INR450 crores project fit into your earlier capex timeline? And how will it be funded given the total borrowings currently stand at INR640 crores?

Akshay Pitti: So, if you look at it, what I had given in a conversation in the last Investor call, INR400 crores, the Board has just approved INR450 crores instead of INR400 crores. It's just a in our estimate, which I had given that time. So, it is exactly what we discussed in the last call. In terms of timeline, it's going to be done by FY31.

And like I already mentioned in the previous query, about, if I take the entire INR740 crores, INR290 crores plus INR450 crores, roughly about INR250 crores to INR260 crores would be the committed capex in terms of land, building infrastructure.

Apart from that, everything is else is modular. So, if the business materializes faster than our expectation, we would have to dip into debt. Otherwise, we believe that we should be able to support this capex from internal accruals through this period.

Saksham Tyagi: Okay, sir. Understood. And sir, my second question is related to the previous con call. You revised the FY27 lamination volume target from 78,000 tons to 82,000 tons, implying approximately around 17%, 18% growth for the year, right?

And given that quarter one lamination and assembly volumes were around 19,200 tons, so could you update us on the volume achieved in quarter two and the cumulative first-half performance? Like what quarterly run-rate will be required in H2 to achieve the 82,000 tons target? Like are you still confident about meeting that target?

Akshay Pitti: Yes. If you see, H1 numbers are about 40,889 tons. So, if I just double this, you are at 82,000 tons. If you if you take quarter four, it's going to be similar to quarter two, maybe slightly stronger than quarter two. Quarter three volumes might dip a little bit on lamination, owing to the festivals.

Saksham Tyagi: Okay. So, the target is can still be met, sir, this year?

Akshay Pitti: Yes, 82,000 tons, 82 plus 1,000 tons for the year.

Saksham Tyagi: Okay, sir. Thank you.

Moderator: Thank you. The next question is from the line of Abhijit Mitra from Aionios Alpha Investment Management. Please go ahead.

Abhijit Mitra: Yes, hi. Am I audible?

Akshay Pitti: Yes, you are audible.

Abhijit Mitra: Yes, hi. Thanks for taking my question. Just to sort of get my understanding right, so your volumes for total castings and machine components is around 3,000 tons. Now if I look at, the capacity for casting, it's around 24,600 tons. So, the utilization is 52%, right?

Akshay Pitti: Yes.

Abhijit Mitra: Casting volume for the quarter. And out of this 3,198, 1,059 would have, gone into other machine components, which is essentially going to lamination assembly. Rest would be a mix of your raw castings and, your machine components. Is this the breakdown broadly?

Akshay Pitti: Yes. So about, about, 1,000-odd tons, like I said, is raw castings, and the remaining would be machine castings, and 300 tons are machine castings going into assemblies. Now when we talk of capacity utilization, historically, in the past, the foundry used to give its own utilization, so

we need to probably work a little bit on that metric, because we are taking the sales and, defining the utilization.

If you see the casting that is going into machining, there will be an input-output ratio. In machining, we are basically shaving off the metal to get the finished dimensions. And typically, about 30% to 40% of the weight is reduced in the machining from the raw castings level. So, if you kind of equated to a production of casting, that would be closer to 4,900 tons of casting produced. The utilization is calculated on sale basis historically, so we didn't want to change that metric for comparative purposes.

Abhijit Mitra: Okay, okay. And casting is also the, the machining hours are also given, so you use the utilization and divide it by the total castings, isn't that?

Akshay Pitti: That is just the number of machine hours that ran to get the output required.

Abhijit Mitra: Yes, but then this this for example, in this quarter you would have run it for probably 172,000 hours. So, against that, whatever would have gone into your machine casting and machine components put together, machine casting is going into lamination assembly, because that's the figure what we are getting, as well as machine component. So, you have to divide by that to get the hours of machine that's happening for this tonnage to get the extent of value-add.

Akshay Pitti: One can say that about 6 hours per ton of machine output is utilized, because the 1,000 tons of other machine components going into assembly plus 2,000 tons of machine components in total, 3,000 tons of machining was done, and 172,000 hours were utilized to get that machining done.

Abhijit Mitra: Understood. So, your value-add is, for the quarter, is around, if you get around 54 hours per ton, that's the, so it's 6 hours per ton roughly. Got it. Great, great. Thanks, thanks for this.

Moderator: The next question is from the line of Rabindranath Nayak from Nirmal Bang Securities. Please go ahead.

Rabindranath Nayak: Good afternoon, sir. Thank you for the opportunity. So, two questions. One is, this traction sales, particularly the traction motor sales, it is one of the largest business contributors, it is declining. So, what is the outlook there? That is one question.

And the second question regarding the realization. Our overall realization has almost reached around 2 lakhs per ton, but in a consolidated basis, but if we see the EBITDA per ton, it is one of the lowest in the last 6 to 7 quarters, EBITDA per ton. I understand it is not a right measure, but how to look at this, in coming periods?

And second, you mentioned about this scrap. There is a significant increase in scrap which previous participants had asked this question. And if we see the realization of scrap is also one of the lowest. So how to see these things in a totality basis? Can you please guide on this? The second question, and the first question regarding the traction motors. Thank you.

Akshay Pitti: On the traction motor share of overall revenue, I would say that earlier the overall reliance on traction motor as a segment was very high and our focus was very high there. Obviously, we are

seeing good demand coming from other segments like data center and mining, off-highway, special purpose, wind power, etcetera.

So, if you look at it on an absolute number, the traction motor has not really de-grown at a alarming rate. Out of INR580 crores of revenue, about 27% is about INR156 crores for traction motor and railway-related components. If you see, last year, it's about 32%. So, on an absolute number, it is still, I would say, solid segment for us. The other segments are growing faster.

Now coming to the EBITDA per ton, like you rightly said, that is not the right way to look at it, but if I can provide some guidance and color, unfortunately, I cannot, because if you look at the lamination business and if you are only doing lamination, an EBITDA per ton could have been a metric where you can blend everything and measure the business. But the minute you get into machining, it becomes slightly different.

On the EBITDA being lower for the overall output in this quarter, definitely, there are two contributing factors. One is your forex loss which I have mentioned which is booked in the other expense, and the second is your employee cost. It is significantly higher, because we are gearing up for the higher level of operations and the capacities that we are commissioning. So those will get spread over a larger base going forward. That's just the way it is going to be in the initial period as we set ourselves up to grow.

Rabindranath Nayak: Okay. And regarding this other income, so with this around INR70 crores of the approval for the Maharashtra incentive is already done or it is still in the process?

Akshay Pitti: Sorry, INR70 crores?

Rabindranath Nayak: No, no, the receivables from the Maharashtra government, is it already received or it is in the process?

Akshay Pitti: No, it's in the process for disbursement.

Rabindranath Nayak: Okay, okay. So that will up to some extent help for capex going ahead. Is it correct?

Akshay Pitti: It will help us definitely, but we are not linking that to our capex plans, per se. It will help in managing the overall debt level.

Rabindranath Nayak: Okay, sir. Thank you, and all the best, sir. Thank you.

Akshay Pitti: Yes, thank you.

Moderator: Thank you. The next question is from the line of Lavia Bardota from Zenflow Finance. Please go ahead.

Lavia Bardota: Hello. Thank you for giving me giving me the opportunity. My only question was, like which sector in the next 2 years to 3 years do you see like growing the fastest in your business model?

Akshay Pitti: In terms of fastest growth over 3 years, it's very difficult to predict, but given the current outlook, I would say mining, off-highway for the next 2 years looks very, very robust. Power gen overall should also, from its current level, grow the fastest.

Lavia Bardota: Okay, and what about data centers?

Akshay Pitti: Data centers, again, if you talk of a longer-term view, like I said, we are cautiously optimistic. Potentially, it can grow very, very fast, even faster than the others in the short term. Longer term, again, like I said, it's better to wait and watch. Potential to grow is there.

Lavia Bardota: Okay. Thank you so much.

Moderator: Thank you. The next question is from the line of Pranay Roop Chatterjee from Burman Capital Management. Please go ahead.

Pranay Chatterjee: Hello, sir. Am I audible?

Akshay Pitti: Yes.

Pranay Chatterjee: My question is, I'm actually slightly confused how to tie the two guidance numbers you gave, which is 17,000 tons of castings and 82,000 tons of laminations with slide six, which gives the detailed sales break up by volume. So Q2 FY27, I see total laminations is 20,612 tons and then you have other machine components going in of about 1,059 tons, and you get 21,671 tons. So, the 82,000-ton number is as against which one of this, 20,612 tons or 21,671 tons?

Akshay Pitti: Is against the 21,671 tons.

Pranay Chatterjee: Okay.

Akshay Pitti: The total. So just to give you some context, sorry to interrupt you, in the past, we never gave the breakup of other machine components going into lamination assemblies. So, there was a disconnect among people as to what was the lamination and what are the other stuff that is going into the weight of the product. So that's why we started giving this line as a separate thing so that people can clearly understand the quantum of lamination going for sale.

Pranay Chatterjee: Perfect. Understood. Now...

Akshay Pitti: So, we broke it up into this.

Pranay Chatterjee: Got it. Understood. Now when you say 17,000 tons of castings, you are not referring to just the 3,086 tons castings and machine components, right? You're also adding in the 1,059 tons which is going into lamination, so total would be around 4,100 tons in Q2?

Akshay Pitti: No. So, what we're doing is the 3,086 tons, the number, like I said, right, about 1,000 tons was the raw casting. Now the remaining is machine casting which is getting sold, not related to lamination, right?

Pranay Chatterjee: Okay.

Akshay Pitti: Now when we machine these castings, you have a scrap that is generated from those castings. The raw casting obviously goes as a finished product when we are selling it as raw.

Pranay Chatterjee: Okay.

Akshay Pitti: And the remaining gets machined, 2,000 tons. So that portion, if I equate it to a casting output, someone had asked a question as to how do you tie this to your capacity? So, I was explaining over there that 17,000 tons of casting was produced or the casting will be produced and then sold either as machined or as raw. I hope I'm able to clarify or if you're following.

Pranay Chatterjee: So, I'll probably go back and read the transcript again, but in case it is easy to answer, when you say you will sell 17,000 tons of casting in the year, is there a number on this table against which it is comparable?

Akshay Pitti: No, you'll have to actually put a utilization factor. Like I said, when in the past we have just given the raw casting sold and the machine casting sold. 17,000 tons will be the casting produced to make those sales. So, if you take the 1,059 tons, some part of those machine components are castings which are produced in our own company. The remaining 2,000 tons of machine components are produced in our company. So, if I take those machine castings, either going to the lamination assembly or as machine components, and add the raw casting, that gives a utilization of about 17,000 tons of castings.

Pranay Chatterjee: Got it. Okay, let me then ask this question in a more simplified manner. At today's prices, in Q2 prices, if you were to achieve these targets, what would be your revenue for FY27?

Akshay Pitti: For which number? For 82,000 tons and the sales of machine components and castings?

Pranay Chatterjee: You do 82,000 tons and you sell 17,000 tons of castings.

Akshay Pitti: It would be about INR2,350 crores to INR2,400 crores.

Pranay Chatterjee: Got it.

Akshay Pitti: At Q2 FY prices, sorry, at Q2 FY27 prices, right?

Pranay Chatterjee: Correct.

Akshay Pitti: That would be closer to INR23 crores, not INR2,350 crores, INR2,400 crores. That would be based on Q3 pricing.

Pranay Chatterjee: Okay. So, basis Q3 pricing, INR2,350 crores, INR2,400 crores are what you're saying?

Akshay Pitti: Yes.

Pranay Chatterjee: Got it. And how much capex do you foresee for the rest of the year, FY27, across all the programs? I think we did INR250 crores in H1.

- Akshay Pitti:** We didn't do INR250 crores in H1. We capitalized INR100 crores in H1, but that was already pre-spent, a large chunk of it. In terms of expenditure, I think about INR90-odd crores is expended in H1, in terms of cash flow. So, if you see the other non-current assets, that is predominantly the capital advances given in the balance sheet. In addition to that, maybe about INR40 crores or INR50 crores of land would have been purchased.
- Pranay Chatterjee:** Got it.
- Akshay Pitti:** So, about INR140 crores would have been the cash flow on capex.
- Pranay Chatterjee:** Understood. So, if I can chip in one last question, again, I'm coming back to the same casting thing. Against the 17,000-ton number, which I will figure out what it is, how much was the number in H1 against the 17,000 ton targets for FY27?
- Akshay Pitti:** I need to pull that out. Like I said, it's not there on this table here, so I'll have to get that number out. I think for the next call, we will try to simplify this and give the out-production numbers. Earlier, what used to happen is, if you gave the production number, people would not be able to understand if that much is produced, why so little is sold.
- Pranay Chatterjee:** Okay.
- Akshay Pitti:** So, in trying to simplify it, I think it's oversimplified, in one way to put it. So, we'll probably try to get the production numbers in place. And like I said, the capacity utilization, unfortunately, in the past, before the foundry was merged in, we never gave the utilization of foundry. We only gave the utilization of our machining. So, there are some issues in that as well. So, we'll try and clean this one up.
- Pranay Chatterjee:** Got it, sir. Okay, sir, thanks a lot again.
- Akshay Pitti:** Yes, thank you.
- Moderator:** Thank you. Due to time constraints, we take this as the last question. I now hand the conference over to the management for closing comments.
- Akshay Pitti:** Thank you, everyone, for your time and joining us today. We appreciate your continued interest and support. As we move into FY27, our focus remains on disciplined execution, improving working capital, completing ongoing capex, and scaling machine components, strengthening our position as an integrated engineering partner for our customers across India and global markets. Thank you once again and goodbye.
- Moderator:** Thank you. On behalf of Pitti Engineering Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.