Pitti Engineering Limited
(Formerly Pitti Laminations Limited)
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www.pitti.in

17th August 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 11th August 2026

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With reference to our letter dated 29th July 2026, intimating about the conference call with investors to be held on 11th August 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 Q1 FY27 Earnings Conference Call"

August 11, 2026

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 11th August 2026 will prevail

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

Moderator: Ladies and gentlemen, we welcome you all to the Q1 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 expectation of the company as on date of this call. These statements do not guarantee the future performance of the company, and it may involve risk 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 the operator by pressing "*" then "0" on your touch-tone phone. Please note that this conference is being recorded.

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

Akshay S. Pitti: Thank you. Good afternoon, everyone, and thank you for joining the Q1 FY27 Earnings Call of Pitti Engineering Limited.

Along with me are members of Senior Management Team and our Investor Relations Partners from SGA. Our Financial Results, Investor Presentation, and Related Disclosures are available on the Stock Exchanges as well as on the Company's Website. I hope you have had an opportunity to go through the same.

Let me begin with a brief overview of the broader operating environment and growth drivers:

The first is localization in China Plus One opportunity:

Historically, China has had the largest capacities across industrial areas such as electrical steel Laminations, Casting, and Machining. We are seeing customers increasingly look at India as an alternate manufacturing and sourcing base. This is particularly visible in Mining equipment, Data Center generators, as well as specialized industrial applications.

Second important trend is a shift of manufacturing from Europe to India:

The sharp increase in energy, labor, and material costs in Europe has impacted the competitiveness of European manufacturing. In motors and generators as well as Casting and Machining, customers are increasingly evaluating India for sourcing and manufacturing. Importantly, this opportunity is not limited to direct exports, as an increasing portion of what we supply to the Indian operations of our global customers are eventually getting exported, creating an indirect export opportunity for us as well.

The third driver is electrification:

Electrification is creating structural demand for electrical steel Laminations at both sides of the consumption spectrum. That is the energy generation as well as consumption. We believe this is a long-term trend that will support our growth of Lamination business in the future.

Within this environment, we are particularly well-positioned because of the breadth of our capabilities. We have progressively expanded from Lamination into Casting, Machining, shaft manufacturing, and integrated assembly. What differentiates us is our ability to provide multiple components and processes under one roof. This becomes particularly valuable in complex applications such as railways, wind power, specialty motors, and off-highway equipment. The customers increasingly prefer integrated solutions rather than a smaller supply base.

Importantly, our capacity expansion has historically been gradual and closely linked to customer demand. However, the level of demand and opportunities that we are seeing today require us to undertake larger capacity additions.

We have recently commenced operations of the previously announced ₹ 150 crores Capex, which was announced last year, increasing our sheet metal capacity to 108,000 tons and augmenting our Casting and Machining capacity. We are now progressing with the ₹ 290 crores investment for our Greenfield Casting facility in Hyderabad. This facility will help consolidate our foundry operations and provide the infrastructure required for the next phase of growth. Our objective is to build capacity ahead of the demand curve.

Speaking of sectoral demand and growth opportunity is broad-based. Our Data Centers have emerged as a strong near-term opportunity given the significant power requirements for both primary and backup power generation. We are seeing strong demand from customers such as Cummins, Marathon, Nidec, and are also developing opportunities with a couple of more marquee customers, at the same time, we remain mindful that the pace of AI Data Center investments may not be sustainable indefinitely.

Therefore, we are confident about the underlying growth in regular Data Centers driven by cloud adoption and data localization. We remain measured in our approach to the overall Data Center opportunity.

Beyond Data Centers, we are seeing strong visibility in railways, metros, Mining and off-highway equipment, and specialty end-use applications in industrial sector. Modernization of North American Railways and increasing Mining activity are all supporting demand for our products.

Over the longer term, we are also seeing automotive and electric mobility as an important opportunity. While our presence in automotive is currently limited, we are actively looking to participate more meaningfully as India's automotive manufacturing ecosystem expands and electrification creates new opportunities.

Overall, we believe Pitti is at an important stage in its evolution. The combination of global supply chain realignment, India's manufacturing competitiveness, electrification and expanding capacities and capabilities across Lamination, Casting, Machining, and integrated assemblies provide us with a strong platform for sustained growth.

Coming to the operational and financial performance for the quarter:

Our revenue mix of Traction Motor and Railway Components remained the largest contributors, accounting for 28% of revenue. This was followed by Power Generation at 15%, Industrial and Commercial Applications at 12%, Mining, Oil & Gas at 10%, Special Application Motors at 9%, and Data Centers at 5%, Renewable Energy at 3%, and Other Segments at 17%. This diversified revenue profile reflects the broad-based nature of our business and presence across several structural growth segments.

Moving to volumes:

Total Lamination and assembly volumes stood at approximately 19,200 tons, registering a healthy 19% year-on-year growth. Importantly, within Lamination, Higher Value-Added Assemblies, including Integrated Rotor Shaft and Stator Assemblies, grew faster than loose Lamination. This reflects a continued improvement in the product mix and increasing contribution from value-added offerings.

Total Casting and Machine Components volume stood at 3,191 (miss read as 13,191 on call)tons during the quarter, a growth of 4.2% YOY basis.

On capacity utilization:

We witnessed meaningful improvement across our operations during the quarter. Sheet metal utilization increased to 73% Q1 FY27 compared to 70%. Machining utilization also improved to 86% compared to 82%. Casting and fabrication utilization stood at 72%.

Turning to the financial performance:

Revenue from operations for Q1 FY27 stood at ₹ 529 crores compared to ₹ 457 crores in Q1 FY26, a growth of 16% YOY. Adjusted EBITDA stood at ₹ 89 crores compared to ₹ 78 crores for Q1, representing a growth of 14%. Adjusted EBITDA margin was 16.8% for the quarter. Adjusted PAT was ₹ 32 crores compared to ₹ 26 crores in Q1 FY26.

As our recently concluded Capex comes on stream, we are confident of achieving significant growth in the remaining year. Therefore, we are revising our annual target to 82,000 tons for Lamination from 78,000 tons, as previously stated in Q4 Conference Call.

Overall, we remain focused on executing our expansion plans and deepening our relationships with existing customers and capturing new opportunities across both domestic and global markets.

With that, I will now open the floor for Q&A session. Thank you.

Moderator: Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. We take the first question from the line of Balasubramanian from Arihant Capital. Please go ahead. Balasubramanian, please unmute your line and proceed with your question.

Balasubramanian: Yes. Good evening, sir. Thank you so much for the opportunity. Sir, I am looking at high value Stator and Rotor assemblies. The volume growth is nearly 37%, which is outpacing Lamination growth of 16%. So, which are the applications or sectors we have supplied especially for high value Stator and Rotor assemblies? And secondly, earlier call mentioned about raw Castings, EBITDA per ton, it is around ₹ 30,000 to ₹ 35,000, while machined Castings around ₹ 80,000 to Rs. 100,000. If you could mention about high value-added assemblies and integrated assemblies EBITDA per ton also.

Akshay S. Pitti: The growth in high value-added Lamination assemblies is primarily driven from Data Centers. It is driven from special industrial use, Mining, Off-Highway and wind-based. These are the areas where these higher value-added assemblies are typically used, and those are the sectors, as you can see, which have grown in the recent past. As to the EBITDA per ton of the integrated assemblies, it is very difficult to say because it depends on the kind of Casting and Machining which has been integrated into the Lamination assembly. The margin, we cannot literally go on EBITDA per ton basis there. It is a mix of all three verticals, which are Machining, Casting, and Lamination.

Balasubramanian: Okay, sir. Sir, Data Center side, you mentioned our revenue share is around 5%. If you look at most of that demand is coming from U.S. and Europe market, especially for Data Centers. So, majorly we are supplying domestically, or we are also getting lot of traction from exports market side. If you could share that is there any new customer additions across geographies? Whether it is primarily for high value Stator/Rotor assemblies for cooling and power backup system or any other components we are supplying.

Akshay S. Pitti: What we currently classify as Data Centers in our revenue mix is primarily the Power Generation side of Data Centers. Anything that we may be supplying for cooling application, we would not have that distinction given by the customer to us. It would still be classified under industrial use. As far as the Data Center that is classified into PPT, which is for the Power Generation side is concerned, we have direct exports to U.S. for one customer, and for a couple of other customers, we are supplying this product in India, which is both used for local market as well as re-export to other countries.

Balasubramanian: Okay, sir. My third question, the planned Capex of ₹ 290 crores. If you could share the breakup between Machine Components, facilities, and like castings or assemblies. If you could share the roadmap. I think it is planned to commission by Q1 FY29, so how much Capex by FY27 and FY28 we can expect?

Akshay S. Pitti: We have already incurred about ₹ 60 crores of Capex from that ₹ 290 crores Capex announcement. It is a Greenfield expansion, so we have started with land acquisition. I would say that, as you can see in the PPT, Slide #5 of Q4, we have given the breakup between machinery and infrastructure investment. Infrastructure investment is about 30% and 70% is going towards plant and equipment. I will not have a year-by-year expenditure plan, but the capacity is expected for commissioning by Q1 FY30 as we had mentioned in the previous call.

Balasubramanian: Okay, got it, sir. Thank you.

Moderator: Thank you. We take the next question from the line of Mohit Jain from Deven Choksey PMS. Please go ahead.

Mohit Jain: Hi. Akshay, sir. Congratulations on a good set of numbers again. Sir, I have just this question on exports. In absolute terms, exports was a bit flat. Last year we did about ₹ 137 crores, this year ₹ 139 or vice versa. You have been highlighting this China Plus One and tariff-driven source shifts as a tailwind for you. On the other hand, domestic grew 23%. Is this export flatness just the orders changing within the year, or are you really seeing customer delays?

Akshay S. Pitti: Exports will again pick up in Q3-Q4. The direct exports are remaining steady, registering nominal growth. What is a bigger opportunity for us is the indirect exports. Like I said in my speech, we are seeing increasingly a situation where we are supplying to the local operations of our global customers, and those products are getting made in India and then exported all over the world.

Mohit Jain: Okay. So, you are thinking in second half you will see a surge in exports.

Akshay S. Pitti: Yes, I think Q2, Q3, Q4, quarter-on-quarter, you should be seeing improvement in direct exports as we ramp up the new capacity.

Mohit Jain: Got it. Lastly, we checked that we had some LPG issues. Not only we, the entire industry because of the war. So, has that issue subsided? We were also planning to do some electrification there so what is the status there?

Akshay S. Pitti: We are currently doing the electrification. A lot of it is already done. Right now, there is no LPG issue. We have steady supplies of LPG coming in. Whatever is the incremental cost obviously is being incurred by the company, and it is being compensated by the customers as well.

Mohit Jain: Got it, sir. Thank you. Thank you and have a nice day.

Akshay S. Pitti: Yes. Thank you.

Moderator: Thank you. We take the next question from the line of Rahul Kumar from Vaikarya Fund. Please go ahead.

Rahul Kumar: I think congratulations on the great set of numbers, actually. Just one question on these margins. Actually, if you see the value-added product mix has actually improved for the Lamination, as well as the machine component also have improved as a share of overall business. But if I look at the margins, actually they are more or less flat. So, what would have driven that?

Akshay S. Pitti: If you look at the cost in the P&L, our manpower cost is slightly higher when compared to the previous time, and that is primarily because for the Capex that we have incurred, we have put in all the manpower and expenses in place. As we start using the capacity and the operating leverage kicks in, the margin will improve.

Rahul Kumar: Okay. Is there also a case that the Traction Motors, which you supply, are of higher margin versus a company average and given the fact that I think this quarter there is some more softness in the Traction Motors, does that also lead to some margin softness?

Akshay S. Pitti: No, I would not say that would be the case, because if you see the other three segments which have really grown very well this quarter, namely Mining and Oil & Gas segment as well as the Special Purpose Applications. These typically have a superior margin when compared to even Railway products in certain cases. It is just that the operating leverage needs to kick in because we have finished the Capex of ₹ 150 crores and obviously the staffing and variable costs have all come in and the leverage has not come in terms of the operating leverage.

Rahul Kumar: Understood. Got it. I think you mentioned in the opening remarks of the upgrading the volume guidance for this year to 82,000. If extending this, let us say to FY 2028 and FY 2029, what are the targets for that and do we have the capacity or you will decide to expand, let us say at the end of FY28 or something like that.

Akshay S. Pitti: If I have to look beyond FY27 towards FY28 and FY29, like I had mentioned, I think in one of the previous calls, we are strategically would look to have a fully owned facility in Bangalore akin to something like a facility that we own in Aurangabad today. So, eventually that is something that we should start working on. If I look at the capacity side, with this 82,000 tons being the target for current year and 108,000 tons being the capacity, we only have a headroom to grow about 8,000 tons with the current facility, assuming the 80% operating efficiency. So, definitely, for FY28, there will be some incremental Capex to increase the capacity, but we will do it closer towards Q3-Q4 timeframe, because we can still moderately expand in some of the facilities. Over maybe '28 and '29, we should be looking at doing the Capex in Bangalore for that facility which I mentioned.

Rahul Kumar: Okay, understood.

Akshay S. Pitti: But we will be tracking it very closely with the market trends and how the demand is shaping up because we do not want to be exposed on making the investment and not having the business.

Rahul Kumar: Okay. But in terms of volume growth, let us say if we are looking at 17%-18% growth for this year. For next two years, do you also want to look at similar kind of a growth or because of all these--

Akshay S. Pitti: If I just look at the outlook and the demand forecast from the customers, we do see that kind of growth over the next three years. But it is coming from segments which, I would say, can change very quickly. So, like Mining and Oil & Gas are segments which go up very fast and can correct very fast. And Data Center is obviously a very new segment, and it is growing very fast. So, it is something we do not want to invest ahead of time too much for.

Rahul Kumar: Understood. Okay. I think you have done the expansion of Casting facility also in this quarter. I think that is finished. If I remember right, the last time we had mentioned that the volumes for the Casting target would be somewhere around 16,000 for this fiscal, right?

Akshay S. Pitti: Yes.

Rahul Kumar: I think that currently the share of your Machine Components is (+50%). That is a pretty sharp jump actually, almost 60% kind of a jump over the last year? Do we have the demand visibility for that? And 2) What will be the share of machine component in that?

Akshay S. Pitti: I would say that both the product categories are growing, Casting and Machine Components. Obviously, the growth in Machine Components is higher as more and more customer wants Machine Components rather than just a raw Casting as a supply chain solution for them. We have very strong visibility in the Machining space. So, part of the Capex that we have announced, ₹ 290 crores, taking the Machining capacity to 1,080,000 machine hours will be progressively implemented over the next few quarters. Every quarter-on-quarter will be having capacity addition. You should see Machining volume increase. Casting capacity has gone to 24,000 tons. We would be upward guiding the Casting numbers to about 17,000 tons as well. Out of that, what will be the share of Machining would depend on how quickly our machines come in and we are able to put them to use, because the current capacity utilization on Machining is almost 86.33%. That is the biggest bottleneck for us in terms of ability to grow the Machine Components. It is not the order book, the ability to build machines fast enough.

Rahul Kumar: Understood. In summary, I think we can see a Casting volume sharp jump over this year, and depending upon the machining capacity, we can also ramp up the higher value-added machine component as well.

Akshay S. Pitti: Yes.

Rahul Kumar: Okay. That is great. Just last question, on the debt plans. I think last time when we had discussed the debt was a bit elevated because of the higher inventory situation there. So, what is the situation now, and where would the debt settle over, let us say, next one year or two years?

Akshay S. Pitti: Right now, the net debt is somewhere around ₹ 491 crores as of last quarter end. We have already incurred, like I said, about ₹ 60 odd crores of expenditure out of the ₹ 290 crores. Despite that, we have been able to meaningfully reduce the net debt, and I think there is still potential to further rationalize our working capital to the tune of about ₹ 25 crores to ₹ 30 crores.

Rahul Kumar: Okay. But actually, our interest cost has not actually gone down. I think it is even though the debt has actually reduced.

Akshay S. Pitti: Yes, that is the finance cost. Actually, this quarter if you see, the dollar has moved quite sharply due to the West Asia crisis, and there is a Forex impact of about ₹ 3-odd crores, which is accounted in the finance cost. The interest and bank charges are about ₹ 19.6 crores and the Forex impact is about ₹ 3 crores.

Rahul Kumar: Okay. Understood. Okay. That is more related to the currency translation rather than actual interest.

Akshay S. Pitti: Yes.

Rahul Kumar: Understood.

Akshay S. Pitti: If you have to take a comparative number, for Q1 FY26, it was I think about ₹ 1-odd crores, which was a Forex impact. The rationalization of interest and cost and bank charges have taken place, but the Forex is not allowing it to be visible on the P&L.

Rahul Kumar: Understood. Just a last question, I think under other income part, if I remember we had done, I think, ₹ 400 crores of Capex, and every year we are getting this incentive from the state government. You were having some shift of this seven-year plan to nine-year plan. Just can you help us understand how would it pan out in terms of impact on P&L for this year and the next year?

Akshay S. Pitti: We had done a ₹ 220 crores Capex, which was giving us the incentive in the previous years. From this year, we are supposed to move to the expansion plan, which we have done on ₹ 400 crores, which would have typically yielded us somewhere around ₹ 40 crores a year. However, the eligibility certificate that we had received is for a seven-year reclamation period. The run-rate for us to recover the money is much higher than what the current sales are. We are evaluating whether to start claiming the incentive from current year or next year so as to maximize the net cash flow. We are more or less coming to a conclusion that this year we would not be taking the incentive income because we would not be able to recover a large chunk of the money that we can recover next year.

Rahul Kumar: Okay. The last year we had some ₹ 20 crores in the Quarter 2, that was basis the previous Capex which will not reoccur this year. This ₹ 400 crores you are actually discussing with the government for 9-year plan, so possibly next year onwards you will start accruing that. Is that correct?

Akshay S. Pitti: If you are able to successfully get the 9-year plan, then we will take it this year because then the required run rate to claim would be much lower. Otherwise, we will try to defer it to next year so that the sales increase and then the opportunity to reclaim the money is higher. It's dependent on the government's decision. We may or may not do it this year but definitely for next year we shall be getting it.

Rahul Kumar: Okay. Understood. The previous incentive is already exhausted?

Akshay S. Pitti: The previous one is already exhausted. In terms of cash flow, we are yet to receive roughly about ₹ 70-odd crores from the government, which is expected to come in the next 9-12 months.

Rahul Kumar: Okay. Got it. Understood. I will get back in the queue.

Akshay S. Pitti: Yes.

Moderator: Thank you. We take the next question from the line of Srikanth from Pinpoint X Capital. Please go ahead.

Srikanth: Sir, thank you. We have capabilities in making the Stator, Rotor and Shaft, whether we are supplying our motors to industrial robot-making companies presently?

Akshay S. Pitti: We don't make the motor. We make the components for motors. I am pretty sure that some of our customers will be supplying these motors to many robotics' companies. For example, we supply Laminations to ABB, and they also make robots. We supply to CG, and we supply to Siemens, and I am pretty sure they supply to companies like KUKA and others for robots as well.

Srikanth: Okay. Next question, sir we are increasing the capacity Casting and Machining. As we have presently wind energy customers, are we planning to provide some new SKUs like Casting components to the same wind energy company going forward?

Akshay S. Pitti: Wind energy for us is a Lamination side business. We don't do much for wind energy in the Casting. On the Casting side, our largest customers would be coming from the Mining segment and the Railway segments. The Wind Energy Castings are very large. If you see, nobody is making a 1 or 2 megawatt turbine. People are doing 3, 4, 6 megawatt turbines, and the Castings are 20 tons, 30 tons. So, that is actually beyond our manufacturing capability today in terms of equipment.

Srikanth: Got the point. Sir, how is the traction from Mining companies from U.S. and Europe presently, order inquiries something like this we get?

Akshay S. Pitti: It is very good. I think that is one of the key sectors which we are seeing which will grow for us in the Casting and Machining space. You can see in Quarter 1 already, Mining as a segment has grown substantially for us from 5% of revenue to about 10% of revenue.

Srikanth: Final question, it is very helpful. If you can give any applications of our components in the green hydrogen and marine applications? What is the usage of our components in that two industries?

Akshay S. Pitti: In the green hydrogen space, we make anode and cathode plates for hydrogen electrolyzers for a customer in Europe. These are basically stainless-steel components which are machined and supplied to that customer. It is not a very large business. If I am not mistaken, it is about EUR 2-odd million kind of a business. It has got potential to grow, and this is something they keep saying all the time that there is a potential to grow, but we always seem stuck at 2 million. Coming to your marine thing, we classify that under special purpose motors. We do make components for marine propulsion, electric propulsion for marine ships. Basically, we make marine generators.

Srikanth: Okay. Whether there is scope to increase order book from these 2 segments going forward?

Akshay S. Pitti: If I think about it structurally, if there are good tailwinds, Europe and most of the world has mandated that the coastal waters, people should not use diesel engines. They should use cleaner electric propulsion, so there would be tailwinds. In terms of our ability to expand, it all depends on how quickly the market expands. We have a large market share with the key customers who make these propulsion systems in Europe. As they grow, we will grow that segment as well.

Srikanth: One final question is that we have superior capability in Machining, so we are planning for any Gear Segment Machining concept such as planning to introduce some new products.

Akshay S. Pitti: Sorry, I didn't get that. You mean, are we planning to do Gear Machining?

Srikanth: Yes, that's right. We have very strong capabilities in Machining, and we have some industrial customers who need gears. For a gear you need a superior complexity of Machining. We are targeting such type of customers because Gear Machining is Machining any compound is very critical, so we have some strong experience from last many years. That's not my question.

Akshay S. Pitti: No. We are not planning to enter the manufacturing of gears per se. The industrial gear manufacturing would be a capability that we have and we can do. However, in terms of a margin profile, we find that the products that we are making for Mining, Off-Highway vehicles and Special Purpose Applications are far superior. But eventually, yes, that can be an opportunity to expand our business into.

Srikanth: Sure. Thank you, sir.

Moderator: Thank you. We take the next question from the line of Sai Shreyas from Scientific Investing. Please go ahead.

Sai Shreyas: Hi, sir. Thanks for the opportunity. I have a couple of questions. The first one is, can you confirm whether the current utilization numbers are on the latest expanded capacity? If yes, given the company's operating at higher utilization, why is the margins in the same range and is there any meaningful margin expansion opportunity going forward?

Akshay S. Pitti: If you look at the capacity utilization, it is on 108,000 tons for Lamination in Q1. The higher utilization is on the higher capacity.

Sai Shreyas: So, is there any chance of margin improvement and any guidance for FY27?

Akshay S. Pitti: Definitely, our overall margins will improve as the utilization percentage inches up towards 80%. How much it will improve quarter-on-quarter is something I would prefer not to say right now.

Sai Shreyas: Okay, thanks. The next question is: what would be the full year tax rate because the last year Q4, you had told that it will be around 33%. Is it the same or is there any reductions?

Akshay S. Pitti: Sorry, I couldn't hear your line clearly. If you can repeat the question.

Sai Shreyas: Sir, what would be the tax rate for FY27 because in Q4, you had mentioned that it would be 33%.

Akshay S. Pitti: No, it will be about 25%, not 33%. This effective tax rate is about 25%. Quarter 1, we have a lot of right of use assets for our lease assets, and that has incurred the deferred tax, and therefore we have a lower tax rate on the P&L for Quarter 1. But the full year tax rate should be closer to 25%.

Sai Shreyas: Okay. One last question. Sir, given that the ₹ 150 crores Capex project is completed, is there any target towards debt reduction that by FY28 or FY29 we will retire the debt?

Akshay S. Pitti: See, the debt numbers will not be dynamic. We already have ₹ 290 crores Capex ongoing, of which ₹ 60 crores is spent. Like I had mentioned to someone in the previous call that if I look towards FY28 and FY29, definitely there will be requirement to enhance capacity in Lamination as the market continues to grow. Then towards FY29, definitely there will be a need for a facility in Bangalore. So, the Capex needs of the company for growth will continue. However, there will be earnings. Now, how that will impact the net debt year-to-year, again, will depend on how quickly we do the Capex or we defer the Capex.

Sai Shreyas: Okay. And the one last question is: is there any opportunity for inventory reduction and lower working capital? Do we expect the cash flows to better increase?

Akshay S. Pitti: So, like I said earlier, that about ₹ 20 crores to ₹ 25 crores is for the potential to optimize the working capital, and beyond that, there would not be any opportunity to further optimize the working capital from today.

Sai Shreyas: Okay. Thank you, sir.

Akshay S. Pitti: Yes.

Moderator: Thank you. We take the next question from the line of Pulkit Singhal from Dalmus Capital Management. Please go ahead.

Pulkit Singhal: Thank you for the opportunity. When I look at the business last 3 years, the return on capital has fallen from 19% to almost 15%. Obviously, there was a speck of acquisition also. But whatever you are saying in terms of FY27 also, this business seems to be just around, even for the future. So, how do you see this trajectory? Would it change or any particular initiative that you are doing to raise the return on capital? How should we think about it?

Akshay S. Pitti: See, the large ticket Capexes will be behind us. Apart from the Bangalore Capex, I would not see that there would be any large ticket Capex required to invest in land and infrastructure. Beyond that, the investments would center mostly around equipment and that will, kind of, again, push up your ROCE. Currently, if you see the mix of Capex which was done, and therefore the increased deployment of Capex, a large chunk of that has gone towards land acquisition and building creations.

Pulkit Singhal: Okay. So, the Capex for next 3 years, what would they likely be, and what kind of incremental turnover can they provide?

Akshay S. Pitti: If you have to really look at it, again, this is not something we are currently approved as a board or announced. But if I were to assume that we go ahead and make a facility in Bangalore, that would entail a Capex of roughly about ₹ 200-odd crores. Then in terms of another equipment, about ₹ 200-odd crores. So, ₹ 400 crores plus the ₹ 290 crores, which we have announced, would be capable of taking us to a top-line of closer to about ₹ 3,000 crores to ₹ 3,300 crores. Comfortably to that level.

Pulkit Singhal: Okay. But since earlier, the business mix is also changing in terms of Machining, etc., and that probably reflects better in terms of the margin aspect. So, historically, your margins have been 14-15% and now closer to 16%-16.5%. How should we think about it three years out? Is it going to be closer to 18%-20% or will it just be a very slow gradual increase from here on?

Akshay S. Pitti: No, for sure it will be upwards of 18% for sure. With the Capex on the Casting and Machining coming online and the value-added products increasing as well as the co-drop products increasing, your margins should be closer to 18%-18.5%.

Pulkit Singhal: Okay. But the Casting Capex would probably impact margins negatively first, right?

Akshay S. Pitti: That is unfortunately the case, Pulkit, as you are seeing, we are always having that Capex, which is pulling the ROCE and before the operating leverage comes from the Capex done, the other Capex kicks in.

Pulkit Singhal: Right.

Akshay S. Pitti: If you see we have done around ₹ 150 crores Capex and Quarter 2, Quarter 3, and Quarter 4 is the output of that Capex. However, the ₹ 290 crores Capex has kicked in.

Pulkit Singhal: Yes. What is the peak revenue, let's say, from the current facilities? The current capacity, whatever we have.

Akshay S. Pitti: From the current capacity, if I exclude the ₹ 290 crores ongoing Capex and look at it should be about ₹ 2,500 odd crores.

Pulkit Singhal: ₹ 2,500 crores and this goes to, let's say, ₹ 3,500 crores, ₹ 1,000 crores by incremental ₹ 700 crores of Capex, which you talked about.

Akshay S. Pitti: By incremental ₹ 700, but then that's not the full potential because you are investing in land and building in Bangalore as well as the foundry, which will be capable of much more.

Pulkit Singhal: Okay. Lastly, the project business also we had some thoughts. Do we have some thoughts around it?

Akshay S. Pitti: See, right now, if you look at it in terms of capital deployment, we are having a handful over here and we are trying to manage the deployment of capital as judiciously as possible. While that is an opportunity which is quite enticing, I am more inclined to stay in my lane and do the business that we know well.

Pulkit Singhal: Right. Fair point. Last question, just so tax rates are expected to be 25%. Is that understanding correct this year and going ahead?

Akshay S. Pitti: Yes.

Pulkit Singhal: But other income we will not get for this year and it will start next year onwards only.

Akshay S. Pitti: Yes.

Pulkit Singhal: Okay. Got it. Thank you,

Akshay S. Pitti: Yes, thanks.

Moderator: Thank you. We take the next question from the line of Rahul Kumar from Vaikarya Fund. Please go ahead.

Rahul Kumar: Yes. Can you just give us your targets for EBITDA and PAT for next two years? Whatever your targets.

Akshay S. Pitti: If I start from current year, I would look at an EBITDA of roughly ₹ 370-odd crores based on current outlook. For the next year, we should be looking at a turnover above about ₹ 2,500 crores if we don't do the Capex. I am obviously going to talk ex of the incremental Capex on Lamination. So, at a 90,000 ton operating level, we should be looking at a ₹ 2,500 crores turnover and an EBITDA margin of about 17%-17.2%.

Rahul Kumar: Okay. Got it. Sure.

Moderator: Thank you. Ladies and gentlemen, due to time constraint, this was the last question, and we conclude the question-and-answer session. I now hand the conference over to the Management for their closing comments.

Akshay S. 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 and improving working capital, completing ongoing Capex and scaling Machine Components, strengthening our position as an integrated engineering partner for customers across India and global markets. Thank you.

Moderator: Thank you. On behalf of Pitti Engineering Limited, that concludes this conference call. Thank you for joining us, and you may now disconnect your line.