

Pitti Engineering

11 August 2026

Operator: Ladies and gentlemen, we welcome you all to the Q1 FY27 earnings conference call of Pitti Engineering Ltd. This conference call may contain forward-looking statements about the company that are based on the company's beliefs, opinions, and expectations as of 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 participants' lines will be in listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the operator by pressing star and then zero on your touchtone 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 – MD & CEO: Thank you. Good afternoon, everyone, and thank you for joining the Q1 FY27 earnings call of Pitti Engineering Ltd. Along with me are members of the 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 the company's website. I hope you have had an opportunity to go through them.

Let me begin with a brief overview of the broader operating environment and growth drivers. The first is localization and the China-plus-one opportunity. Historically, China has had the largest capacity 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, and specialized industrial applications.

The 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 is eventually 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, energy generation as well as consumption. We believe this is a long-term trend that will support the growth of our 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 assemblies. 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, where customers increasingly prefer integrated solutions rather than a smaller supplier base.

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

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undertake larger capacity additions. We have recently commenced operations at the previously announced 150 crore 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 crore 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, the growth opportunity is broad-based. Data centers have emerged as a strong near-term opportunity, given the significant power requirements for both primary and backup power generation. We have seen strong demand from customers such as Cummins, Marathon, and Nidec, and are also developing opportunities with a couple of additional marquee customers at the same time. We remain mindful that the pace of AI data center investment 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 the industrial sector. Modernization of North American railways and increasing mining activity are supporting demand for our products. Over the longer term, we are also seeing automotive and electric mobility as important opportunities. 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 provides 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 contributor, accounting for 28% of revenue. This was followed by power generation at 15%, industrial and commercial applications at 12%, mining, oil and gas at 10%, special application motors at 9%, 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 our presence across several structural growth segments.

Moving to volumes, total lamination and assembly volumes stood at approximately 19,200 tons, registering healthy year-on-year growth of 18%. Importantly, within lamination, high value-added assemblies, including integrated rotor shaft and stator assemblies, grew faster than loose lamination. This reflects the continued improvement in the product mix and the increasing contribution from value-added offerings.

Total casting and machined components volumes stood at 3,191 tons during the quarter, representing growth of 14.2% on a year-on-year basis. In terms of capacity utilization, we witnessed meaningful improvement across our operations during the quarter. Sheet metal utilization increased to 73% in Q1 FY27 compared to 70%. Machining utilization also improved to 86% compared to 82%. Casting and fabrication utilization stood at 72%.

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Turning to the financial performance, revenue from operations for Q1 FY27 stood at 529 crores compared to 457 crores in Q1 FY26, representing growth of 16% year-on-year. Adjusted EBITDA stood at 89 crores compared to 78 crores in Q1, representing 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 the 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 the previously stated target of 78,000 tons in the Q4 conference call.

Overall, we remain focused on executing our expansion plans, 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 the Q&A session. Thank you.

Operator: Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use their handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. We take the first question from the line of Balasubramanyam from Arihant Capital. Please go ahead. Balasubramanyam, please unmute your line and proceed with your question.

Balasubramanyam – Arihant Capital: Sir, am I audible?

Akshay S Pitti – MD & CEO: Yes, please go ahead.

Balasubramanyam – Arihant Capital: Good evening, sir. Thank you so much for the opportunity. I am looking at high value-added stator and rotor assemblies. The volume growth is nearly 37%, which is outpacing loose lamination growth of 16%. Which applications or sectors have we supplied to, especially for high value-added stator and rotor assemblies?

Secondly, the earlier call mentioned that Aurangabad Castings EBITDA per ton was around 30,000 to 35,000, while machined castings were around 80,000 to 100,000. Could you also mention the EBITDA per ton for high value-added assemblies and integrated assemblies?

Akshay S Pitti – MD & CEO: The growth in high value-added lamination assemblies is primarily driven by data centers, special industrial use, mining, off-highway, and railways. These are the areas where these high value-added assemblies are typically used, and these are the sectors that have grown in the recent past.

As for the EBITDA per ton of the integrated assembly, it is very difficult to say because it depends on the type of casting and machining that has been integrated with the lamination assembly. Therefore, the margin cannot really be evaluated on an EBITDA-per-ton basis there. It is a mix of all three verticals, which are machining, casting, and lamination.

Balasubramanyam – Arihant Capital: Data center revenue share is around 5%. If you look at most of that demand, it is coming from the US and European markets, especially for data centers. Are we mainly supplying domestically, or are we also getting significant traction from the export market? Could you share whether there have been any new customer additions across geographies, and

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whether the demand is primarily for high value-added stator and rotor assemblies for cooling and power backup systems, or whether we are supplying any other components?

Akshay S Pitti – MD & CEO: 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 applications would not have that distinction provided by the customer to us, so it would still be classified under industrial use.

As far as the data center business classified in the presentation, which relates to the power generation side, is concerned, we had direct exports to the US for one customer. For a couple of other customers, we are supplying this product in India, where it is used both for the local market and for re-export to other countries.

Balasubramanyam – Arihant Capital: My third question is regarding the planned capex of 290 crore. Could you share the breakup between machined component facilities and any other components we are planning for casting and assemblies? It is a good part of the roadmap, and I think it is planned to be commissioned by Q1 FY29. How much capex can we expect in FY27 and FY28?

Akshay S Pitti – MD & CEO: We have already incurred about 60 crores of capex out of the 290 crore capex announcement. It is a greenfield expansion, so we have started with the land acquisition.

As you can see in the presentation, on slide five of Q4, we have given the breakup between machining and machinery, and infrastructure investment. Infrastructure investment is about 30%, and 70% is going toward plant and equipment.

I would not have a quarter-on-quarter or year-on-year expenditure plan, but the capacity is expected to be commissioned by Q1 FY30, as we had mentioned in the previous call.

Balasubramanyam – Arihant Capital: Okay, understood, sir. Thank you.

Operator: Thank you. Participants who wish to ask a question, please press star and one. We take the next question from the line of Mohit Jain from Dhiren Choksi PMS. Please go ahead.

Mohit Jain – Dhiren Choksi PMS: Hi, Akshay sir. Congratulations on another good set of numbers. I had a question on exports. In absolute terms, exports were roughly flat. Last year, we did about 137 crores and this year 139 crores, or vice versa. We have been highlighting the China-plus-one and terrace-driven sourcing shifts as a tailwind for us. On the other hand, domestic business grew 23%. Is this export flatness simply due to the order cycle within the year, or are you actually seeing customer delays?

Akshay S Pitti – MD & CEO: Exports will pick up again in Q3 and Q4, while direct exports are remaining steady, registering nominal growth. The bigger opportunity for us is indirect exports. As I said in my speech, we are increasingly seeing situations where we supply to the local operations of our global customers, and those products are made in India and then exported all over the world.

Mohit Jain – Dhiren Choksi PMS: Are you saying that we will see a surge in exports in the second half?

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Akshay S Pitti – MD & CEO: Yes, I think that in Q2, Q3, and Q4, you should see quarter-on-quarter improvement in direct exports as we ramp up the new capacity.

Mohit Jain – Dhiren Choksi PMS: We also had some LPG issues, as did the entire industry, because of the war. Have those issues subsided? We were also planning to undertake some electrification there. What is the status?

Akshay S Pitti – MD & CEO: We are currently undertaking the electrification, and a lot of it is already complete. Right now, there is no LPG issue, so we have steady supplies of LPG coming in. Whatever incremental cost is incurred by the company is also being compensated by the customers.

Mohit Jain – Dhiren Choksi PMS: Thank you, sir. Have a nice day.

Akshay S Pitti – MD & CEO: Thank you.

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

Rahul Kumar – Waikarya Fund: Hi. Congratulations on the strong set of numbers. I have one question on margins. The mix of value-added products has improved for lamination, and machine components have also improved as a share of the overall business. However, if I look at the margins, they are more or less flat. What has driven that?

Akshay S Pitti – MD & CEO: If you look at the costs in the P&L, our manpower cost is slightly higher compared to the previous period, primarily because for the capex that we have incurred, we have put all the manpower and expenses in place. As we start using the capacity and the operating leverage takes effect, the margin will improve.

Rahul Kumar – Waikarya Fund: Is there also a case that the traction motors we supply have higher margins than the company average, and given that there was some softness in traction motors this quarter, did that also lead to some margin softness?

Akshay S Pitti – MD & CEO: No, I would not say that is the case because the other three segments that grew very well this quarter, namely the mining and oil and gas segment and the special-purpose applications segment, typically have superior margins compared to even general products in certain cases.

Akshay S Pitti – MD & CEO: It is simply that the operating leverage needs to take effect because we have completed the 150 crore capex. The staffing and variable costs have all come in, but the operating leverage has not yet taken effect.

Rahul Kumar – Waikarya Fund: You have already mentioned in the opening remarks that you are upgrading the volume guidance for this year to 82,000 tons. Extending this to FY28 and FY29, what are the targets for those years? Do we have the capacity, or will you decide to expand at the end of FY28? If I have to look beyond FY27, what should we consider?

Akshay S Pitti – MD & CEO: Looking beyond FY27 toward FY28 and FY29, as I had mentioned in one of the previous calls, we are strategically looking to have a fully owned facility in Bangalore,

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similar to the facility that we own in Aurangabad today. Eventually, that is something we should start working on.

On the capacity side, with 82,000 tons being the target for the current year and 108,000 tons being the capacity, we only have headroom to grow by about 8,000 tons with the current facilities, assuming 80% operating efficiency. Therefore, for FY28, there would definitely be some incremental capex to increase capacity, but we will undertake it closer to the Q3-Q4 time frame because we can still expand some of the facilities in a modular manner.

Alternatively, in FY28 and FY29, we should be looking at undertaking capex in Bangalore for the facility I mentioned.

Akshay S Pitti – MD & CEO: We are tracking this very closely with market trends and how demand is shaping up because we do not want to be exposed by making the investment without having the business.

Rahul Kumar – Waikarya Fund: In terms of volume growth, if we are looking at 17-18% growth this year, do you also want to target a similar level of growth over the next 2 years?

Akshay S Pitti – MD & CEO: If I look at the outlook and the demand forecasts from customers, we do see that kind of growth over the next 3 years. However, it is coming from segments that can change very quickly. Mining and oil and gas are segments that can grow very fast and correct very fast. Data centers are obviously a very new segment, and they are growing very quickly. Therefore, it is something for which we do not want to invest too much ahead of time.

Rahul Kumar – Waikarya Fund: We also expanded the casting facility this quarter, and I think that expansion has just been completed. If I remember correctly, the last time you mentioned that the casting volume target would be somewhere around 16,000 tons for this fiscal year. Is that correct?

Akshay S Pitti – MD & CEO: Yes.

Rahul Kumar – Waikarya Fund: Currently, the share of machine components is 50% or more. Do you want to maintain that? It is a sharp jump, almost 60% growth over the last year. Do we have demand visibility for that? Also, what will be the share of machine components in that volume?

Akshay S Pitti – MD & CEO: Both product categories, casting and machine components, are growing. Obviously, the growth in machine components is higher as more and more customers want machine components rather than just raw castings as a supply chain solution.

We have very strong visibility in the machining space. Part of the 290 crore capex that we have announced, which will take machining capacity to 1,080,000 machine hours, will be progressively implemented over the next few quarters. We will add capacity every quarter, so you should see machining volumes increase.

Casting capacity has increased to 24,000 tons, and we would be upwardly guiding the casting volume to about 17,000 tons as well. The share of machining in that volume will depend on how quickly our machines come in and we are able to put them to use, because current capacity utilization in machining is almost 86.33%. That is the biggest bottleneck for us in terms of our ability

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to grow machine components. It is not the order book; it is our ability to obtain machines quickly enough.

Rahul Kumar – Waikarya Fund: In summary, we can see a sharp jump in casting volumes this year, and depending on machining capacity, we can also ramp up the higher value-added machine components.

Akshay S Pitti – MD & CEO: Yes.

Rahul Kumar – Waikarya Fund: My last question is on the debt plan. The last time we discussed this, debt was somewhat elevated because of the higher inventory situation. What is the situation now, and where do we expect the debt to settle over the next 1 or 2 years?

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

Rahul Kumar – Waikarya Fund: Our interest cost has not actually gone down, even though the debt has reduced.

Akshay S Pitti – MD & CEO: This is a finance cost issue. This quarter, the dollar moved quite sharply due to the Russia crisis, and there was a forex impact of about 2 crores, which was accounted for in the finance cost. Interest and bank charges were about 19.6 crores, and the forex impact was about 3 crores or 2 crores, by mistake.

Rahul Kumar – Waikarya Fund: So that is more related to currency translation rather than actual interest.

Akshay S Pitti – MD & CEO: Yes. If you take a comparative number for Q1 FY26, it was about 1 crore of forex impact. The rationalization of interest and bank charges has taken place, but the forex impact is not allowing it to be visible in the P&L.

Rahul Kumar – Waikarya Fund: My last question is on other income. If I remember correctly, we had undertaken about 400 crores of capex, and every year we receive this incentive from the state government. You were also considering shifting this from a 7-year plan to a 9-year plan. Could you help us understand how this will impact the P&L for this year and next year?

Akshay S Pitti – MD & CEO: We had undertaken 220 crore capex that provided us with the incentive in previous years. From this year, we were supposed to move to the expansion plan involving the 400 crores of capex, which would typically have yielded us somewhere around 40 crores a year.

However, the eligibility certificate that we had received was for a 7-year reclamation period. Therefore, the run rate required for us to recover the money is much higher than the current sales. We are evaluating whether to start claiming the incentive from the current year or next year, so as to maximize the net cash flow.

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We are more or less coming to the conclusion that we would not take the incentive income this year because we would not be able to recover a large portion of the amount that we could recover next year.

Rahul Kumar – Waikarya Fund: Last year, I think we had about 20 crores in Q2, based on the previous capex, which will not recur this year. Regarding the 400 crores, you are discussing a 9-year plan with the government, so possibly you will start recognizing it from next year onward. Is that correct?

Akshay S Pitti – MD & CEO: If we are able to successfully obtain the 9-year plan, then we will take it this year because the required run rate to claim the incentive would then be much lower. Otherwise, we will try to defer it to next year so that sales increase and the opportunity to recover the money is higher.

Akshay S Pitti – MD & CEO: It is all dependent on the government's decision. We may or may not take it this year, but definitely from next year we shall be receiving it.

Rahul Kumar – Waikarya Fund: Is the previous incentive already exhausted?

Akshay S Pitti – MD & CEO: The previous one is already exhausted in terms of cash flow. We are yet to receive roughly 70 crores from the government, which is expected to come in over the next 9 to 12 months.

Rahul Kumar – Waikarya Fund: Understood. I will get back in the queue.

Operator: Thank you. Participants who wish to ask a question, please press star and one. We take the next question from the line of Shrikant from Pinpoint X Capital. Please go ahead.

Shrikant – Pinpoint X Capital: We now have capabilities in making stators, rotors, and shafts. Are we currently supplying our motors to industrial robotics companies?

Management: We do not make the motor; we make the components for motors. I am pretty sure that some of our customers would be supplying these motors to many robotics companies. For example, we supply robot machine laminations to ABB, and they also make robots. We supply to CG and Siemens, and I am pretty sure they supply to companies such as Kuka and others for robots as well.

Shrikant – Pinpoint X Capital: We are increasing our capacity for castings and machining, and we currently have customers in the wind energy sector. Are we planning to provide some new SKUs, such as casting components, to the same wind energy companies going forward?

Management: Wind energy for us is a lamination-side business. We do not do much for wind energy in casting. On the casting side, our largest customers would be from the mining and railway segments.

Wind energy castings are very large. If you look at the market today, nobody is making a 1 or 2-megawatt turbine; people are making 3, 4, and 6-megawatt turbines, and the castings weigh 20 tons or 30 tons. That is beyond our manufacturing capability today in terms of equipment.

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Shrikant – Pinpoint X Capital: How is the traction from mining companies in the US and Europe currently, in terms of order inquiries and similar opportunities?

Management: It is very good. I think that is one of the key sectors that we expect to grow for us in the casting and machining space. You can see that in Q1 already, mining as a segment has grown substantially for us, from 5% of revenue to about 10% of revenue.

Shrikant – Pinpoint X Capital: As a final question, it would be very helpful if you could explain the applications of our components in green hydrogen and marine applications. What is the usage of our components in those 2 industries?

Management: In the green hydrogen space, we make anode and cathode plates for hydrogen electrolyzers for a customer in Europe. These are essentially stainless-steel components that are machined and supplied to that customer.

It is not a very large business, if I am not mistaken. It is about 2 million euros, with the potential to grow. The customer keeps saying that there is potential to grow, but we always see it remaining at 2 million euros.

Coming to the marine business, we classify that under special-purpose motors. We make components for marine propulsion and electric propulsion for marine ships. We also make marine generators.

Shrikant – Pinpoint X Capital: Is there scope to increase the order book from these 2 segments going forward?

Management: Structurally, there are good tailwinds. Europe and most of the world have mandated that people should not use diesel engines in coastal waters and should instead use cleaner electric propulsion. Therefore, 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 that make these propulsion systems in Europe, and as they grow, we will grow that segment as well.

Shrikant – Pinpoint X Capital: One final question: we have superior capabilities in machining. Are we planning to enter any gear-segment machining or introduce new capex for such applications?

Management: I did not understand. Do you mean that we are planning to undertake gear machining?

Shrikant – Pinpoint X Capital: Yes, that is correct. We have very strong capabilities in machining and some industrial customers who need gears. Gear manufacturing requires superior machining complexity. Are we targeting such customers? Gear machining or machining any component is very critical, and we have strong experience from the last several years. That is my question.

Management: We are not planning to enter the manufacturing of gears per se. Industrial gear manufacturing is a capability that we have and can undertake. However, in terms of the margin profile, we find that the products we are making for mining, off-highway vehicles, and

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special-purpose applications are far superior. Eventually, that can be an opportunity to expand our business into.

Shrikant – Pinpoint X Capital: Thank you, sir.

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

Sai Shreyas – Scientific Investing: Hello, am I audible, sir?

Management: Yes.

Sai Shreyas – Scientific Investing: Thank you for the opportunity. I have a couple of questions. First, can you confirm whether the current utilization numbers are based on the latest expanded capacity? If yes, given that the company is operating at higher utilization, why are the margins in the same range, and is there any meaningful margin expansion opportunity going forward?

Management: Capacity utilization is based on 108,000 tons for lamination in Q1. Therefore, the higher utilization is based on the higher capacity.

Sai Shreyas – Scientific Investing: Is there any chance of margin improvement, and do you have any guidance for FY27?

Management: Our overall margins will definitely improve as the utilization percentage increases toward 80%. However, how much it will improve quarter-on-quarter is something I would prefer not to say right now.

Sai Shreyas – Scientific Investing: What would be the full-year tax rate? In last year's Q4, you had told us it would be around 33%. Will it be the same, or is there any exception?

Management: I am sorry, I could not hear your line clearly. Please repeat the question.

Sai Shreyas – Scientific Investing: What would be the tax rate for FY27? In Q4, you had mentioned that it would be 33%.

Management: No, it will be about 25%, not 33%. The effective tax rate will be about 25%. In Q1, we have a significant amount of right-of-use assets for our leased assets, and that has resulted in deferred tax. Therefore, we have a lower tax rate in the P&L for Q1. However, the full-year tax rate should be closer to 25%.

Sai Shreyas – Scientific Investing: Given that the 150 crore capex project is completed, is there any target for debt reduction whereby we will retire the debt by FY28 or FY29?

Management: Debt numbers are going to be dynamic. We already have a 290 crore capex project ongoing, of which 60 crores has been spent. As I mentioned to someone in the previous call, if I look toward FY28 and FY29, there would definitely be a requirement to enhance capacity in laminations if the market continues to grow.

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Toward FY29, there would definitely be a need for a facility in Bangalore. Therefore, the company's capex for growth will continue. However, there will also be earnings. How that will impact net debt year-on-year will again depend on how quickly we undertake the capex or defer it.

Sai Shreyas – Scientific Investing: Is there any opportunity to reduce inventory and working capital, and do we expect cash flows to improve?

Management: As I said earlier, there is further potential to optimize working capital by about 20–25 days. Beyond that, there would not be any opportunity to further optimize working capital from today's level.

Sai Shreyas – Scientific Investing: Thank you, sir.

Management: Thank you.

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

Pulkit Singhal – Dalmus Capital Management: When I look at the business over the last 3 years, the return on capital has fallen from 19% to almost 15%. There were also some large acquisitions. Based on what you are saying for FY27, the return on capital seems likely to remain around that level in the future. How do you see this trajectory? Would it change, and are there any particular initiatives you are undertaking to raise the return on capital? How should we think about it?

Management: The large-ticket capex projects will be behind us, apart from the Bangalore capex. I would not expect any further large-ticket capex investment in land and infrastructure. Beyond that, the investment should be centered mostly around equipment, and that should push up ROCE.

Currently, if you look at the mix of capex that was undertaken and the resulting increase in capital deployment, a large portion of it has gone toward land acquisition and building creation.

Pulkit Singhal – Dalmus Capital Management: What could the capex for the next 3 years likely be, and what kind of incremental turnover could it provide?

Management: This is not something that we have currently approved at the board level or announced. However, if I were to assume that we go ahead and establish a facility in Bangalore, that would entail capex of roughly 200 crores, followed by about 200 crores for other equipment.

Therefore, 400 crores, in addition to the 290 crores that we have announced, would be capable of taking us to a top line closer to about 3,000 to 3,300 crores comfortably.

Pulkit Singhal – Dalmus Capital Management: The business mix is also changing in terms of machining and other areas, which probably reflects better in the margin profile. Historically, your margins have been 14–15% and are now closer to 16–16.5%. How should we think about margins 3 years from now? Will they be closer to 18–20%, or will there be a very slow, gradual increase from here?

Management: For sure, margins will be upwards of 18%. With the capex in casting and machining coming online, value-added products increasing, and core drop products increasing, your margins

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should be closer to 18–18.5% or 19%.

Pulkit Singhal – Dalmus Capital Management: The casting capex would probably impact margins negatively at first, in terms of the—

Management: Unfortunately, that is the case, Pulkit. As you can see, we already have capex that is pulling down ROCE. Before the operating leverage from the completed capex takes effect, the next capex project comes in.

Pulkit Singhal – Dalmus Capital Management: You earlier discussed the 150 crore capex, with Q2, Q3, and Q4 expected to provide the output from that capex. However, the 290 crore capex has also started.

Management: Yes.

Pulkit Singhal – Dalmus Capital Management: What is the peak revenue from the current facilities and the current capacity that we have?

Management: From the current capacity, excluding the 290 crore ongoing capex, it should be about 2,500 crores.

Pulkit Singhal – Dalmus Capital Management: So, 2,500 crores could become 3,500 crores, implying 1,000 crores of incremental revenue from the additional 700 crores of capex being discussed?

Management: With incremental capex of 700 crores, but that would not represent the full potential because you are investing in land and buildings in Bangalore as well as the foundry, which would be capable of much more.

Pulkit Singhal – Dalmus Capital Management: Lastly, we had some thoughts about the forge business. Do we have any thoughts around it?

Management: In terms of capital deployment, we currently have our hands full here and are trying to manage the deployment of capital as judiciously as possible. While that is an attractive opportunity, I am more inclined to stay in my lane and do the business that we know well.

Pulkit Singhal – Dalmus Capital Management: Is the understanding correct that the tax rate is expected to be 25% for this year and going forward?

Management: Yes. However, we will not receive the other income this year; it will start only from next year onward. This relates to the PLI incentive.

Pulkit Singhal – Dalmus Capital Management: Thank you, and all the best.

Management: Thank you.

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

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Rahul Kumar – Waikarya Fund: Could you give us your guidance and targets for EBITDA and PAT for the next 2 years?

Management: Sorry, I think I was on mute. Starting with the current year, I would look at EBITDA of roughly 370 crores based on the current outlook.

For next year, we should be looking at a turnover of about 2,500 crores if we do not undertake the capex. I am obviously speaking excluding the incremental capex for lamination. At a 90,000-ton operating level, we should be looking at a turnover of 2,500 crores and an EBITDA margin of about 17-17.2%.

Rahul Kumar – Waikarya Fund: Understood.

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

Management: Thank you, everyone, for your time and for 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, scaling machine components, and strengthening our position as an integrated engineering partner for customers across India and global markets. Thank you.

Operator: Thank you. On behalf of Pitti Engineering Ltd., that concludes this conference call. Thank you for joining us, and you may now disconnect your lines.