

Pitti Engineering Limited

(Formerly Pitti Laminations Limited)

ISO 9001:2015 ISO 14001:2015

www.pitti.in



11th February 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 6th February 2026

With reference to our letter dated 28th January 2026, intimating about the conference call with investors to be held on 6th February 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

Mary Monica Braganza
Company Secretary & Chief Compliance Officer
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“Pitti Engineering Limited
Q3 & 9M FY '26 Earnings Conference Call”
February 6, 2026

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 6th February 2026 will prevail



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

Moderator:

Ladies and gentlemen, good day, and welcome to the Pitti Engineering Limited Q3 and 9M FY '26 Earnings Conference Call. 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 it 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 at the end today's presentation. 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 Mr. Akshay S. Pitti, Managing Director and Chief Executive Officer. Thank you, and over to you, sir.

Akshay Pitti:

Good afternoon, everyone, and thank you for joining us for the Q3 and 9M FY '26 earnings call of Pitti Engineering Limited. Along with me are the senior management team from Pitti Engineering and SGA, our Investor Relations Partners. We have uploaded our results and related documents on the stock exchanges and the company's website, and I hope everyone had an opportunity to go through the same.

The past few quarters have been about laying the groundwork for the next phase of growth. We have been focused on improving execution and steadily increasing the share of value-added and integrated products in our portfolio. This reflects continued progress on that journey with improving mix, better visibility from customers and disciplined capital deployment.

Let me now briefly touch upon the overall business environment. Demand during the quarter remained steady, supported largely by indirect exports and a gradual shift in global sourcing towards India. Cost pressures in other manufacturing regions have continued to make India a competitive destination, and we are seeing this translate into sustained inquiry across multiple end markets.

While some domestic segments are showing high growth, the remaining are stable. Our export-linked businesses continue to provide incremental momentum. Tariff developments have recently turned more favourable with a reduction in US tariffs on India, improving visibility for export-oriented businesses such as ours and supporting customer confidence across key markets.

Over the past few years, we have steadily strengthened our capabilities in machine components and integrated products, and this is a continued focus of the company, which is now translating into better customer traction and stronger market position. As a result, we are seeing encouraging engagement across segments, which gives us confidence about sustainability of the demand going ahead.

Moving to industry and segment performance. We continue to witness strong broad-based demand across key end user segments, including railways, power generation, data centers,

industrial motors, renewables and mining. This robust demand, coupled with consistent execution has enabled healthy capacity utilizations. Railways remain a key focus area and major growth driver for the company, both through domestic and international supply chains.

During the quarter, Traction Motors and Railway Components contributed 31.9% of total revenues, reaffirming its strategic importance. Power Generation delivered a strong performance, contributing 14.4% of revenues, while Industrial and Commercial applications accounted for 13.9%. Data Center segment showed particularly encouraging momentum with revenue contribution increasing from 2.7% in the previous quarter to 3.7% in Q3 FY '26. This reinforces our confidence in the segment's potential to grow faster than the broader industry over the medium term.

On the volumes front, for Q3 FY '26, total lamination volumes grew by 21.1% on a Y-o-Y basis to 16,823 tons, up from 13,891 tons in Q3 FY '25. Total machine components volumes increased 7.7% on a Y-o-Y basis to 2,967 tons. Byproducts, including trade sales and steel coils recorded a volume of 17,155 tons.

For the 9M ended, total lamination volumes rose 11% to 48,155 tons, while total machine components volumes grew 18.6% on a Y-o-Y basis to 8,042 tons. For detailed bifurcation of volumes, please refer to our investor presentation, Slide 19.

From the financial perspective, we remain focused on improving margins through higher share of machine and shaft integrated products. Lamination margins remain steady, while machining and value-added assemblies continue to deliver meaningfully higher profitability. As the mix improves, we expect overall margins to trend upwards in the medium term.

As regards to capacity expansion and outlook, our capital expenditure plans are progressing as scheduled and are closely aligned with anticipated demand. The approved INR150 crores capex has been executed in phases and expected to be fully operational by FY '27, with incremental revenues coming in the same year.

In addition, we have structured the capex pipeline over the next 3 years to support medium-term growth and further enhance our value-added capabilities. With strong customer forecast and visibility extending up to 2 years, we remain confident that our current planned investments are well positioned to support sustained growth.

And now on to the financial performance. Total income for the quarter grew by 15% on a Y-o-Y to INR484.3 crores compared to INR421 crores in Q3 FY '25. For 9M period, revenue from operations increased by 13.9% to INR1,447 crores, up from INR1,271 crores in the 9M FY '25. Adjusted EBITDA for Q3 FY '26 stood at INR83.3 crores, registering a growth of 24.5%. Adjusted EBITDA margins expanded to 17.5% compared to 16.1% in Q3 FY '25.

For 9M FY '26, adjusted EBITDA increased by 26.6% to INR241.8 crores with adjusted EBITDA margins improving to 17.1%. Adjusted PAT after accounting for ESOP expenses and net of tax stood at INR 30.0 crores for Q3 and INR97.1 crores for 9M FY '26, reflecting a Y-o-Y growth of 4.4% in Q3 FY '26 and 12.7% for the 9M period.

Finance costs were higher during the period as we continuously maintain elevated inventory levels given the continued uncertainty around the availability of BIS certified steel from import sources. This approach helped us ensure uninterrupted execution of customer orders amid challenging global environment.

Going forward, we have secured tie-up of BIS approved steel for mills in Korea and Japan. With these arrangements now in place, we have started liquidating the excess inventory and factoring receivables. This is expected to release significant working capital and lead to a reduction in finance cost. Domestic revenues contributed 72% of total revenues during the 9-month period, while exports remained stable at 28% of revenues despite global uncertainties and geopolitical challenges.

Looking ahead, we remain confident about our growth trajectory. Over the next few years, we see a clear path to scale revenues while improving profitability, supported by capacity expansion and deeper customer engagement. Our focus remains on disciplined execution, capital efficiency and building long-term partnerships with our customers. With that, I would like to open the floor for question-and-answer session.

- Moderator:** The first question is from the line of Rahul Kumar from Vaikarya Fund. Please go ahead.
- Rahul Kumar:** Just on this quarter results, I think the exports are down on a Y-o-Y basis. So, what drove that? And what is the outlook over here?
- Akshay Pitti:** So, Q3 normally is slightly slower. We had very strong Q1 and Q2. Q3, I think, is just about the customer balancing the inventories. Q4 again looks to be strong. So, there's nothing specifically contributing to it. It's mostly supply chain realignments.
- Rahul Kumar:** Okay. Got it. And I think for your exports to Mexico, I think there is a certain amount of tariff which is being discussed to be levied on non-FDA countries. So, what are the discussions happening over there?
- Akshay Pitti:** So Mexico has the same tariff that the US had imposed under Section 232 for their free trade region, and that continues to be in effect as of date. On terms of engagement with the customer, I don't think that has any meaningful impact on our sales performance to that region. We had a small discount that we had given last quarter to secure those supplies. And I think the same will continue to be enforced over the next few years.
- Rahul Kumar:** Okay. But over there for the supplies to Mexico, I mean, who would be the competitor for our products?
- Akshay Pitti:** It would be, again, China, Vietnam and all these countries.
- Rahul Kumar:** Okay. And the third question is, I think you had mentioned that to grow the business for your exports business, I think you are in discussion with customers to take some pain or share some pain because of the tariff, etc. So how would those discussions now change, if at all? And are there any developments over there?

Akshay Pitti:

See, even the pain that you had discussed taking was mostly symbolic, as I had mentioned in the last call, given the scope of tariffs, it was huge. And even now with the lower tariff with America, it's something that a company like us cannot afford we are into contract manufacturing at the end of the day. So, whatever we are doing was mostly symbolic in terms of sharing the pain.

A more viable strategy was to ensure that we bring out a supply chain, which is more competitive at a net cost basis. So, by increasing value add and integrating more products and therefore, reducing the amount of value add that happens in US, which is already a higher cost country, we would be able to reduce the cost of the total product to the customer, the way the customer uses it. So that is the strategy that we are continuously engaging with the customer to ensure that we maintain and grow our market share.

Rahul Kumar:

Okay, okay. Got it. And can you help us understand also more on the new orders for the exports in US and Europe?

Akshay Pitti:

So in US and Mexico, basically North America, the order pipeline from our largest customer in the region remains strong. In terms of new customer acquisition, we had two customers acquired in the Mexico and US region in the last 2 quarters. And another two customers are in active engagement to get the orders. I think with the current tariff situation in US, those discussions should pick up more steam.

As far as Europe is concerned, that region is continuing to grow steadily for us. I think it's already contributing about 4% to 5% of the revenue. And going forward, I think it should be a significant contributor to our machine components business.

Moderator:

The next question is from the line of Balasubramanian from Arihant Capital. Please go ahead.

Balasubramanian:

Sir, on the export side, nearly 70% of our railway business coming from international side. I just want to understand, is there any customers are deferring, is there any delay in dispatch in this Q3? And I think India-US, the tariffs also get reduced 50% to 18%. How we are getting inquiries and how we look at in coming quarters?

Akshay Pitti:

So deferment of orders, like I said, it is a normal alignment of their supply chain depending on the lead time that is available and the current shipping time that it's taking. So, there's no deferment in Q3 specifically.

And as far as the benefit coming out of the trade deal, I think it's very recent for us to quantify it. But I think going forward, like I said, the 2 customers, which are on the fence in the US region, the improved tariff situation with US would help us hasten those customer acquisitions. So, in the mid to long term, I think it's a very good deal for the country and for us specifically.

Balasubramanian:

. But some challenges were there in terms of customer concentration, project timing, like competitive pressures. I just want to understand how this industry is shaping up and how the recent budget are also supportive for data center side and how we are going to contribute in upcoming data center story?

- Akshay Pitti:** So data centers continue to remain an extremely fast-growing market for us. It continues to surprise us quarter-on-quarter. I think Q3, we had 3.7% revenue coming from this segment. And by all indications from our clients over the next 12 to 18 months, we should look at least a 25% to 30% growth in this segment. So, data centers continue to remain strong. That's all I can say about this segment.
- Balasubramanian:** Okay, sir. Sir, out of INR150 crores capex, how much is planned for FY '26 and FY '27? How the capacities will gradually add up, if you could share more clarity?
- Akshay Pitti:** So, we have already expended close to INR80 crores in terms of capex. Most of the capacities shall be coming in the next financial year. And by end of FY '27, all of the capacities will be commissioned progressively.
- Balasubramanian:** Okay, sir. Sir, if you could share, I think you mentioned about railways, power and renewables in your commentary. If you could share about appliances and consumer durables, automotive, pumps and special purpose motors and mining and oil and gas side. How this Q3 has done well, which are the segments we are getting traction?
- Akshay Pitti:** So the segments that you mentioned continue to remain stable. The segments which I had highlighted in my speech are segments which have outperformed the market, so to speak. So, pumps, appliances, automotive, especially EVs continue to grow steadily, not significant growth. Power Generation and Data Centers have demonstrated significant growth.
- Moderator:** The next question is from the line of Mohit Jain from DR Choksey Finserv Private Limited. Please go ahead.
- Mohit Jain:** Sir, my first question is on this elevated inventory levels. Like you said, you have maintained this inventory levels over the 9M- period because it was more of a strategic decision to mitigate supply chain risk regarding BIS and all. Sir, so given that, could you quantify what is the current inventory days? And since you are also in the process of liquidation of those excess inventory because of Korea and Japan tie-ups, could you quantify where do you see inventory days going from the current levels?
- Akshay Pitti:** Yes. So as of 31st December, we had approximately INR500 crores worth of inventory, and we expect this inventory to go down to our historic levels of about INR300 crores worth of inventory. So, about a INR200 crores reduction in raw material is what we are looking at over the next 3 months.
- Mohit Jain:** And sir, again, since the finance cost has risen because of excess working capital due to inventory levels. And from the current level of finance costs, where do you see finance costs in the entire next year FY '27?
- Akshay Pitti:** So net of the capex that we are expected to incur in the next financial year, I think we estimate a INR15 crores reduction in finance cost for next year.
- Mohit Jain:** Okay, Akshay sir. And Akshay sir, basically, 15% growth this quarter is phenomenal given the geopolitical risk and BIS the supply chain risk we are facing in the last 9 months. So, we had

this guidance of like INR1,900 crores to INR2,000 crores of revenue with the entire year. I know the 9 months, a lot of things have happened. But how confident are you to touch that guidance level in the Q4 of FY '26?

Akshay Pitti: Yes. So, if you see 9 months, we've already done about INR1,447 crores of revenue. And even if you maintain the current run rate, we are estimated to hit somewhere around INR1,950 crores, which is the midpoint of our guided value. So we are very, very confident of hitting that guidance.

Mohit Jain: So you are saying Q4 will have a phenomenal growth of above 25%, I mean, based on the best calculation. And the the US tariff of 18%, when do you see Mexico releasing the tariff?

Akshay Pitti: I'm just coming back to that, I'm saying we did about INR484 crores of revenue in Q3. Even if we expect the same revenue in Q4, we are hitting our target. I'm not saying the 25% growth in next quarter, just to clarify.

Just answering your next question on the Mexico tariff, I think that's something I would not want to speculate. But logically, if they were the ones who were led into the tariff by US, I think now that India and US have struck a deal, it is only logical that in the near future, India and Mexico will sign a similar deal. As far as a repeat on Section 232 tariff is concerned, I think that's a longer-term discussion. I don't think anything will happen on that in the near-term.

Moderator: The next question is from the line of Meet Rachchh from Equirus PMS. Please go ahead.

Meet Rachchh: My first question is again for data center business. So I just wanted to understand where are we present in terms of data center value chain products, etc? And who are the main competitors here in the domestic market?

Akshay Pitti: I was saying we make basically stators and rotors for our customer, which is used in the DG sets in data centers. Our main customer here is Cummins Generator Technologies. And in terms of competition, we have about 90%-plus market share in this product with them.

Meet Rachchh: Sorry, I missed what are the main products?

Akshay Pitti: Stators and rotor, which go into the generating sets, electricity generation sets.

Meet Rachchh: Okay, Understood. And second, any update on or progress on plan our entry into forging business?

Akshay Pitti: Those are very longer-term strategies. I think right now, we are still focused on growing the existing business. We will look at it once we have critical scale in terms of our consumption of forgings. Today, we consume roughly about 250 to 300 tons of forgings in a month. Once we get to a critical scale where we feel we can do this captively, we shall explore it at that stage.

Moderator: The next question is from the line of Avnish Tiwari from Vaikarya Change LLP. Please go ahead.

- Avnish Tiwari:** This Mexico situation, so by any means are you right now, let's say, the new Mexico-India tariff issue there, are you disadvantaged compared to other countries who are alternative to you? China, Vietnam, you mentioned, how are they tariffed relative to India with Mexico?
- Akshay Pitti:** This is covered under your Section 232 tariff. No other country in the world has an exemption on this other than UK.
- Avnish Tiwari:** Okay. So Mexico had just also made those 232 tariffs with all other countries, which US already had, right?
- Akshay Pitti:** Yes. And I'm not even sure whether Mexico has exempted UK from it. I only know that US has exempted UK from the Section 232.
- Avnish Tiwari:** Got it. So these are like which products of yours are getting covered in this Section 232 with Mexico?
- Akshay Pitti:** So under Section 232 with Mexico, or even with US, any steel product on the extent of steel component of the cost of product will be taxed at 50%. The value add shall be taxed at the reciprocal rate for the country. So everyone has the same disadvantage or advantage when it comes to section 232. In terms of regular tariffs, I think India is still at an advantage when compared to China and Vietnam.
- Avnish Tiwari:** Correct. So at 50% -- other tariffs, basic reciprocal tariff, we were at a disadvantage. Now with this 18%, you should be equal or better than rest of the alternative sources, right?
- Akshay Pitti:** Correct.
- Avnish Tiwari:** Okay. So Mexico is no longer a hurdle for you. Whatever discount you gave, you may keep it or roll it back. Will you try to roll it back now?
- Akshay Pitti:** I wouldn't want to think or comment on that because we haven't had a discussion with our customer on that point.
- Avnish Tiwari:** Okay. Got it. Now coming to your export opportunity in general. These two customers you have in Mexico, US, two more in the pipeline. Whatever visibility you have, if you are, let's say, largest customer in export, which you have in US, if that guy is 100 in terms of value you are getting exporting to him, how big these four can be in a 1-year, 2-year, 3-year time frame related to that 100?
- Akshay Pitti:** See, in terms of their business, one of the customers is a direct competitor to our existing customers. So in terms of potential, it is huge. As with any relationship, it's a process. So to scale it in the next 2, 3 years, I would venture to say that it may add about 10 million to 15 million of revenue in the next 2 to 3 years from export side. Beyond that time frame, I think the opportunity is really, really huge. Like I said, they are a direct competitor to our existing customer.
- And on the other opportunities, it's related to the NEMA Motors, basically the US energy efficiency standard motors. So that's a huge market, and that's a market that we are currently not

participating in. So again, in terms of potential, it is huge. How it progresses over the next couple of years, we need to see how it plays out.

Avnish Tiwari: Got it. So one customer -- this 10 million to 15 million is across four customers you are anticipating?

Akshay Pitti: Yes. For the entire export opportunity.

Avnish Tiwari: So 10 to 15 across these four customers. And then there is a new opportunity, which if it clicks, could be even a larger number than this. Is that what you're trying to say?

Akshay Pitti: Yes. In terms of potential, it is even more than this. So, we are still trying to develop more customers.

Avnish Tiwari: Okay. And this UK FDA, which is going to come this year and EU FDA next year, do you anticipate some of the products you're already supplying can get up leg? Or was there -- the duties were anyway hindrance to you earlier or they were not necessarily the hindrance other parts like getting customer qualifications and all for the main reason you were not so big in Europe?

Akshay Pitti: So, in terms of the FDA coming one by one, the UK FDA, I don't think will have any significant benefit as it is this industry is very small, if non-existent in UK. In terms of Europe, yes, it will bring us better access to market. And apart from the access, I think the cost advantage of buying from India will be even more.

Today, as it is, if you see most of the European manufacturers, they are trying to derisk the supply chains from China, which is how the opportunities started coming to us. And additionally, the cost of these goods manufacturing in Europe was significantly higher because of their cost of steel.

So, in terms of access for Indian origin steel under the FDA will give us a better access and cost in terms of the tariffs. The customers that we currently have in Europe are quite encouraged with this prospect and more and more inquiries are also coming out of the region.

Avnish Tiwari: Got it. And in terms of your guidance, you articulated on top line revenues. How would you articulate on EBITDA level for this year or next year?

Akshay Pitti: So, EBITDA margin would remain steady around the current levels, plus/minus 50 bps. That is our expectation because that is largely dependent on product mix, which determines the sales realization. So, if you see, for example, the current quarter, the product mix was more oriented towards higher value-added assemblies and lamination, which typically take more expensive steel. So, your revenue is higher, and therefore, your margin was slightly lower in terms of gross margins.

Avnish Tiwari: Right. So, the EBITDA level, you look at like absolute units per ton kind of a number

Akshay Pitti: No, I would say around 17% as a midpoint.

- Avnish Tiwari:** 17%. And what will be the top line you would look at the range-wise look at next year, FY'27 with whatever visibility you have right now?
- Akshay Pitti:** For FY '27, we are looking at something about INR20 crores to INR50 crores of consolidated top line.
- Avnish Tiwari:** And the EBITDA margin range?
- Akshay Pitti:** Around 17% as a midpoint. For the full year, it should be around 17%.
- Avnish Tiwari:** 17%. And your depreciation charge, which is running at current level, should it change for any reason or should remain similar going into FY '27?
- Akshay Pitti:** I think for FY '27, there should be a slight increase in depreciation. By FY '27, I think cumulatively about INR150 crores will move to our fixed asset, and therefore, that depreciation would come in from full effect from FY '28 onwards.
- Avnish Tiwari:** Okay. So fiscal '27 during the year, it will flow into the depreciation, that INR150 crores capex you are doing, right?
- Akshay Pitti:** Yes. Yes. By FY '28, the entire 150 will move to fixed asset and we'll start depreciating it partially in FY '27. So I can't give you an exact number because of the commissioning dates.
- Avnish Tiwari:** Typically, what the depreciation rate you take 10, 20 years on this INR150 crores, one can break in roughly?
- Akshay Pitti:** We take about 15 years on an average.
- Avnish Tiwari:** 15 years. Right. Thank you.
- Moderator:** The next question is from the line of Ravidrnath Naik from Sunidhi Securities. Please go ahead.
- Ravidrnath Naik:** Sir, what is the end capacity you are looking at in the three segments, like you know, sheet metal, machine hours and casting for this year-end. So FY '27 you already mentioned. So what is the end capacity you are looking at? What is the utilization looking at in these three segments?
- Akshay Pitti:** So for the year-end, we should look at the capacity as the same as of December. The capacity increase will start from Q1 or maybe even Q2 onwards and get fully implemented by year-end '27.
- Ravidrnath Naik:** Okay. And what is the utilization we are looking at in terms of capacity utilization?
- Akshay Pitti:** So for this year, we are looking at about 68,500 to 69,000 as our total sales in lamination, including the child parts that go into its assemblies. And in terms of machine components, we are looking at something around 11,000 tons of total sales, machine components and castings put together. As far as next year is concerned, we are targeting somewhere around 78,000 tons for lamination and the assembly components that go into it and about 14,000 tons on machine components and castings.

- Ravidrnath Naik:** Okay, you have mentioned in the presentation in the sheet metal, machine hours and casting. Can you give the utilization in these three segments?
- Akshay Pitti:** So in percentage terms for next, once again, 78,000 over 1,08,000, so whatever that percentage comes to. And in terms of casting, it would be 14,000 over 18,600 metric tons, that will be up 72%. And in terms of machine hours, I think it will be closer to 85% to 90%.
- Ravidrnath Naik:** Okay, And regarding, you mentioned about, you just briefly touch upon this gross margin thing because if I see your presentation, we have witnessed a significant better increase in our value-added products like this high rotor, high value-added assemblies and shaft. All these things are 31%, 44%. We have also, there is an increase in scraps, but despite that, the gross margin has decreased Y-o-Y. So can you please explain that?
- Akshay Pitti:** Now if you see byproducts and scrap, it also includes trade sales related to coils that we do. So, we buy these large steel coils, which are standard sizes, for example, 1,000 millimeters or 1,200 millimeters, our utilization of that would be 700, 800 mm. So, what we call as a side strip for us, which is the off-cut is a byproduct.
- So, we have sold roughly about INR8 crores to INR10 crores worth of those products, which would obviously not have any margin on it. So that is one reason. And the second reason is, as you rightly noted, high-value items have shown a significant growth. Now those also use a more expensive raw material. So, our margins are on a fixed margin basis. So, the gross margins are slightly lower.
- Ravidrnath Naik:** Okay, okay. Okay. Understood.
- Akshay Pitti:** So, if you see at the EBITDA level, we are still kind of still better off. The gross margins will vary depending on the materials that we are using and also the amount of off-cuts that we'll have to sell. And typically, these high value-added SMDs are larger diameter products, so 700, 800 millimeters, and they require us to generate more of these offset materials, which are 200, 300 millimeters in size. So, kind of correlated with each other.
- Ravidrnath Naik:** Okay. Again, on this export front, you discussed a lot about in the previous participants' discussions about the exports. So you remember that in the past, you were actually reducing your exports because of the high working capital. So what is the working capital intensity of your now exports from onwards? But how do you this working capital going ahead for exports?
- Akshay Pitti:** So we are reducing our intensity on working capital required for exports by doing factoring, which I mentioned in my speech. So the idea is to sell our receivables and take this off our books. Cost is maybe 0.5 percentage in terms of cost since factoring will be more expensive than traditional bill discounting. But we see that having a net effect on our balance sheet, which is far better than the cost.
- Ravidrnath Naik:** Okay. And what is the debt level right now?
- Akshay Pitti:** I think the net debt is around INR550 crores.

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

Prateek Bhandari: Can you quantify on the inventory levels for the quarter? And where do you see them in the coming months? As you mentioned that inventory would be reduced. So, if you can quantify?

Akshay Pitti: So, as I mentioned earlier, I think the current inventory is about INR500 crores, and we see that going down to about INR300 crores by April.

Prateek Bhandari: By April. So, within 3 months?

Akshay Pitti: Yes.

Prateek Bhandari: Okay. And also, if you can quantify the capacity utilization for the machine components during the quarter?

Akshay Pitti: Capacity utilization for the machine components, I think it's there in the PPT, if you see it's about , 84%.

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

Abhijit Mitra: Two questions on the data center part. So just to understand the lead procurement from the main customers. So, suppose whatever sales they would have done in Q3, I mean, they would have procured it, I mean, how many months ahead?

Akshay Pitti: So, see, from what I'm being told right now, again, I need to just dive a little deeper into this. It takes about 45 days to 60 days for them to make a generator post us supplying our product to them. Now when do they sell it is something we are not aware of. I can only tell you how long it takes for them to convert it into a generator.

Abhijit Mitra: Understood, That's helpful.

Akshay Pitti: About 45 days approximately.

Abhijit Mitra: Yes. Okay. And if we look at the commentary, I think around INR260 crores, INR270 crores of domestic power gen sales is targeting or domestic data center, and I'm guessing another INR50 crores, INR100 crores would be exports. So out of this INR300 crores, INR310 crores of quarterly volumes that they are doing for power gen for data centers. We, as of now, in this quarter can see INR17 crores, INR18 crores for Pitti?

Akshay Pitti: Yes.

Abhijit Mitra: So, you mentioned 90%, but I mean, just curious, I mean, are we reading it right? I mean if they do INR300 crores, I mean, INR17 crores, INR18 crores is something that you can sort of capture. Is that the TAM how to look at it?

Akshay Pitti: See, from what we are understanding from our customer, we should be looking at doing roughly about 150 units a month on an average with an average sale value because there are multiple

different products in this category with an average sale value of about INR4.5 lakh to INR5 lakh a unit. We are looking at an opportunity of about INR100 crores, INR120 crores in a year on an upper end basis.

Abhijit Mitra: UnderstoodThanks. And last question is that they would be catering because these are bulky products. So, they are very clear, they would cater to India and probably Southeast Asia and the region around it. The part, the demand for US and all will be catered by their parents largely. So, we are sort of supplying to them as well as to the parent entity as well or we are supplying only to them?

Akshay Pitti: See, mostly whatever we supply to the European and US market is through the customer in India itself.

Moderator: Thank you. Ladies and gentlemen, we take that as the last question for the day. And now I hand the conference over to the management for closing comments.

Akshay Pitti: Thank you, everyone. I hope we have been able to answer all your queries. In case you have any additional queries after the call, please reach out to our Investor Relations Partners, SGA Advisors, and we'll get your answer as soon as possible. Thank you.

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