

**Pitti Engineering Limited**

(Formerly Pitti Laminations Limited)

ISO 9001:2015 ISO 14001:2015

[www.pitti.in](http://www.pitti.in)



20<sup>th</sup> February 2023

To,  
BSE Ltd  
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 15<sup>th</sup> February 2023

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With reference to our letter dated 10<sup>th</sup> February 2023, intimating about the conference call with investors to be held on 15<sup>th</sup> February 2023, 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](http://www.pitti.in).

This is for your information and record.

Thanking you,

Yours faithfully,  
For Pitti Engineering Limited

Mary Monica Braganza  
Company Secretary & Compliance Officer  
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“Pitti Engineering's Q3 & 9M FY23 Earnings Conference  
Call”

**February 15, 2023**



**MANAGEMENT:**

**MR. AKSHAY PITTI – VICE CHAIRMAN & MANAGING DIRECTOR,  
MR. PAVAN KUMAR, CFO  
MR. RISHAB GUPTA, PRESIDENT  
MR. SANDIP AGARWALA, PRESIDENT  
MR. VARUN AGARWAL, PRESIDENT**

**Moderator:** Ladies and gentlemen, good day and welcome to Pitti Engineering's Q3 & Nine Month FY'23 Earnings Conference Call. 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 of today's presentation. Please note that this conference will be recorded.

Before we begin, I would like to mention that some of the statements made in today's call may contain forward-looking in nature and may involve risks and uncertainties. For a list of such considerations, please refer to the "Earnings Presentation."

I would now like to hand the conference over to Mr. Akshay Pitti. Thank you and over to you, sir.

**Akshay Pitti:** Thank you. Welcome all to our Q3 & FY'23 Earnings Call.

I intend to offer you a "Brief Overview of our Operational and Financial Performance during the Quarter" before opening the floor to your Questions.

An increased capital allocation by 33% to ₹10 lakh crores in the Union Budget is expected to add further impetus to our business growth. Railways has also received the highest ever capital outlay of ₹ 2.4 lakh crores during the recent budget. We look forward to capitalize on the emerging opportunities in the RRTS, Vande Bharat, State and Metro segments in the days ahead.

We are well positioned with new product developments and coupled with China plus One supply chain strategy. We see continued growth in the company's export business.

I would like to shed some light on our “Financial Performance now.” For Q3, the revenue from operations stood at ₹ 239 crores compared to ₹ 265 crores in Q3 FY'22, down by 9.94% on a YoY basis.

Capacity utilization during the quarter was 66.25%. Our blended sale realization during the quarter stood at ₹ 260,000 per MT. Blended EBITDA margin was ₹ 42,428 per MT. Revenue degrowth and lower blended sales realization in absolute terms for the quarter is on account of softening of raw material costs. While we have reported growth in sales volume on a year-on-year basis to 9,150 MT compared to 8,500 MT. Company also recorded a net profit of ₹12.13 crores as compared to ₹11.60 crores in Q3 FY'22, an increase of 5% on a YoY basis. For the nine months, capacity utilization stood at 70%. Our net worth has improved to ₹315 crores in December '22. Net debt has declined from ₹ 336 crores to ₹ 260 crores. Consequently, net debt stood at 0.83 of equity.

Now, let's come to the “Operational Highlights.” On account of softening raw material prices and easing supply chain bottlenecks, we have been able to bring down our working capital by maintaining optimal raw material and finished goods stocks. Our continued efforts have allowed the company to reduce working capital outlay by ₹ 85 crores on a quarter-on-quarter basis.

I would like to reiterate that the company has delivered a five-year CAGR revenue and PAT growth of 20% and 35% respectively.

The demand outlook for FY'24 remains strong, and we expect about 20% volume growth in the next year. Going forward, we see equally good demand from both railways and the non-railways business.

Our focus on the machine components business will continue, which will see sizeable growth from next financial year.

Construction of new sheds and expansion-related work is on track and we expect to meet our earlier announced deadline of completion of CAPEX by the end of Q2 FY'24.

During the end of the quarter, we also have received healthy order flows, which have continued to boost our order book.

We have developed laminations for a variety of electric mobility platforms, large hydro customers, laminations for 1,200 MW and 1,400 MW pump storage application were also developed during the quarter. These machines have dual purpose of power generation and water pumping.

We further received new LoIs for manufacturing parts used in electric vehicles during the quarter.

The company has also bagged a prestigious order for making shaft used for various applications in freight locomotive. These locomotives are manufactured by a client in the North America plants and have a business potential of approximately \$10 million in the first phase over the next 10 years. We have provided the “Investor Presentation” on our website for your perusal.

Now, I would like to open the floor for questions-and-answers.

**Moderator:**

We will now begin with the question-and-answer session. We take the first question from the line of Mr. Balasubramanian from Arihant Capital. Please go ahead, sir.

**Balasubramanian:** Sir I want to understand about the realization between assembled, value added and loose laminations products. We have seen assembled and value-added volumes grew by 14% year-on-year, whereas loose laminations are down by 8% year-on-year. So, how do we understand where we are focusing on assembled and value-added components, and what would be the realization difference between loose laminations, assembled and value-added components?

**Akshay Pitti:** See, the difference between the realization of assembled laminations versus loose laminations varies dramatically. If it's a simple welded lamination stack, it is not going to be much different from a loose lamination sales realization. However, if it's the highly value-added assembled stack, then the sales realization can be multiple excess of loose laminations. Because of the various complexities involved in assemblies and child parts, which are dependent on customer design, we cannot put a firm number on the blended, assembled, value add sales realization.

**Balasubramanian:** On that shaft manufacturing, you have mentioned about \$10 million revenue over 10 years. Every year down to ₹ 10 crores kind of revenue range we may expect. How we can understand?

**Akshay Pitti:** It's approximately a million dollars per year opportunity over the next 10-years in the first phase. And depending on its success, we will be getting more and more orders on the shaft business going forward.

**Balasubramanian:** Sir right now, on the capital equipments advances, have made any advance payments to the suppliers?

**Akshay Pitti:** You're asking about the capital equipment advances?

**Balasubramanian:** Yes, sir.

**Akshay Pitti:** Yes, of course, we have done. For the longer lead time machines, we have already ordered. Machines which have less than six months lead time, we've obviously not ordered right now, because we expect the capacity to come in by Q2 FY'24.

**Balasubramanian:** If you could share any numbers for advance payments that would be really helpful

**Akshay Pitti:** Approximately ₹ 75 crores is the CAPEX incurred during the year so far.

**Moderator:** We take the next question from the line of Swati Jhunjunwala from VT Capital. Please go ahead.

**Swati Jhunjunwala:** So, my first question is, could you give me a brief break up of the raw materials that were used?

**Akshay Pitti:** So, majority of the raw material that we use is cold rolled silicon steel, which is electrical grade steel. Apart from that, we use a variety of other materials depending on the product in terms of child parts raw materials, not primary raw materials, which include aluminum, rolled steel, MS plates, castings, I mean, there's a laundry list of raw materials.

**Swati Jhunjunwala:** How much would be the cold rolled silicon steel approximately of the total RM?

**Akshay Pitti:** Cold rolled silicon steel of the total raw materials consumed should be about 70% by value.

**Swati Jhunjhunwala:** Second is, can you tell me what are the major competitors right now in the EV space that you're operating, like the products that you're selling to the electrical vehicles, how much competition is there right now at least in India?

**Akshay Pitti:** See, right now, most of the EV products are imported from China, which are consumed in India. There are many people in the North of country who are doing it as a cottage industry. As you must be aware, they are smaller manufacturers of three wheelers and two wheelers in the north, where they are getting the lamination from is predominantly the unorganized sector. The organized players are right now still starting to make their own motors. And as they increase, we'll get more competition. So, far, all the products are in the developmental stage. So, there's not really any competition for orders, it's more of product development that is going on right now.

**Swati Jhunjhunwala:** Can you give any idea of market share in all the segments that you operate in on the basis of end user application?

**Akshay Pitti:** I noted your question. We'll get the answer to you once you share your contacts. I will not have that offhand.

**Moderator:** We take the next question from the line of Mr. Keshav from RakSan Investors. Please go ahead, sir.

**Keshav:** Sir, would our focus in EV space in motor, sub-assemblies or some other value chain as well?

**Akshay Pitti:** See, right now, it is going to be mainly stator and rotors which are going into the motor of the EV. That is the current EV opportunity that we have. Going forward again, how the customers decide to develop the



supply chain, whether they want more assembled parts or they want loose parts that is currently something that we cannot comment on. It depends on their supply chain strategy.

**Keshav:** So, laminations for EV particularly, do you think that we need to step into powder metallurgy or have SMC capabilities if we look from stator cores loss perspective, I mean, it happens to offer a pretty good incentives right?

**Akshay Pitti:** Right now, most of the EVs that they are making is predominantly from very, very efficient e-steel, which is 0.19, 0.25 mm thick, 30, 200, 250 grade. As of now, this is what is going on in the market. If it decides to move into a different direction, then we'll see whether we are in a position to capture that opportunity or not.

**Keshav:** Sir, in one of your annual reports, there was a data point that China supplies 90% to 95% of windmill parts. We've also been continuously hearing China plus One echos for almost for four, five years now, and the global wind turbine market itself is some north of \$50 billion, and we do make windmill components. So, like the kind of growth we're seeing in locomotives, because of the playing field being set for domestic manufacturers, why are we not seeing that kind of traction for the windmill vertical, we are in testing and validation phase with clients, that's why or are there other companies or countries taking the lead or is the barrier to entry working for China in this particular?

**Akshay Pitti:** If you go back two and a half, three years and see the renewable energies contribution to our revenues, I think it was in the low single digits or in some quarters even zero contribution. Today, renewable energies is almost 5% of revenue. So, we are already getting those opportunities, but to move such large supply chains out of China takes time. So, the

first to move are the smaller components which are easily established, for which we also have the facility and capability to do. The bigger opportunity would be there in very large machine castings, which are used in the rotor hubs or the main frames or the blade adapters. Those are the things that we don't do as of now.

**Keshav:** So, just taking windmill parts in this particular vertical, where do we see its potential contribution coming say in another three to five years, by then I think a lot of supply chain could already be shifted, right?

**Akshay Pitti:** Right now, on the windmill components, we are focusing primarily on to generator parts and the shafts and the smaller castings. In those combined, I think the revenue potential should be close to Rs.100 crores over the next three years per annum.

**Keshav:** If we take a player like Craftsman, which is also present in many of the sub-segments we operate in, and they're also a locomotive components supply to GE for example, they have sheet metal casting, machining as well as tooling capabilities as per their disclosures. So, instead of being a pair end machining, they look like more like-to-like pair and other aspects as well. So, firstly, now we've spoken a barrier to entry with long gestation periods to onboard clients. So, do two players like as in Craftsman co-exist by the virtue of demarcation of product expertise, as in if we speak about motor assemblies such as laminations, core strator, we would be the leader –

**Akshay Pitti:** See, to the best of my knowledge, as of now, Craftsman is not supplying anything in significant quantity to Wabtec at least over the last three years. Most of the components that they used to machine have already shipped out as their focus I think is on... I don't want to comment on

what their focus is, but to the best of our knowledge, they are not adding supply any components to Wabtec

**Moderator:** We take the next question from the line of Mr. Balasubramanian from Arihant Capital. Please go ahead, sir.

**Balasubramanian:** Sir, two questions. First is, what is happening on the electric mobility side of our business right now, what kind of growth you are expected to see in the next two years if you can throw some light on the EV side of the business? Second, I've just joined late, so, I may be repetitive. On the railways side, some of our clients have received big orders. So, are you getting some queries now, what is happening at the level, sir?

**Akshay Pitti:** So, on the EV side, let's start off. As I've already mentioned, most of the work is in the developmental stage today, there's not really any significant commercial supplies. How the manufacturing of EV motors in India ramps up, will depend on how the business plays out in the next couple of years. As of now, the business indication given to us is that it can be ₹ 30 crore to ₹ 40 crore per year opportunity by two years from now. But a lot of developments needs to be done to get there. As far as the locomotive orders, I think you must be referring to the Siemens award for the 9000 hp locomotives. So, we have discussions going on with our clients on the possibility of supply of components, we are receiving orders and enquiries both. Apart from the Siemens 9000 hp locomotive order, there's also the RRTS Agra-Kanpur and Bhopal-Indore which is under the developmental stage.

**Balasubramanian:** One is now the steel prices have started picking up. So, how many days of inventory we generally kept and when we are going to see some impact on the steel prices, are we going to see some inventory gain in this quarter, sir?

**Akshay Pitti:** The very nature of the contract that we have with our clients, we are more or less insulated from any inventory loss, and by the same virtue would be not getting any inventory gains, so, we should not see any inventory gain or loss.

**Balasubramanian:** What kind of incentives we are expecting in Q4 from the GST benefits?

**Akshay Pitti:** ₹ 30 crore is expected in Q4.

**Moderator:** We take the next question from the line of Mr. Sanjeev Zarbade from Dreamladder Investment Advisors. Please go ahead, sir.

**Sanjeev Zarbade:** Sir, my question is regarding the revenue growth. So, I can understand that raw material prices have come down, while our volume growth has gone up, but overall revenue growth has declined. But, if I compare it with the other peers, who are in the same product segment, like Bharat Bijlee or CG Power, they have reported year-on-year positive growth in revenues. So, despite the very positive business environment, our revenue growth has declined on a year-on-year basis, and on top of that, we have a sizable debt also on the balance sheet. So, how do you plan to take it forward in terms of cash generation, in terms of growth?

**Akshay Pitti:** I think we are very comfortable in terms of cash generation and liquidity position. Net debt is I think less than ₹ 260 crore today, which is way lower than the peak debt that we had actually projected. So, on the debt side and the cash flow side, we are very, very comfortable. We are an intermediary to these players that you just referred to. So, revenue for us has no meaning at the end of the day, because it is determined by the raw material prices. In fact, if the revenue grows say inflation, we are actually deploying more working capital for the same amount of profit. The correct barometer for our performance is the volume growth.

**Sanjeev Zarbade:** But volume growth is in late single digit or maybe early teens. Given the kind of vibrancy we are seeing in the railways side, and even the manufacturing side, one would probably expect a company of our size to be growing high teens in volume terms. So, that's what I was actually looking at.

**Akshay Pitti:** I think on a year-on-year basis for nine months, we have grown... just to correct you, 14.63%.

**Sanjeev Zarbade:** In terms of incentives, if you could share the details how much we received in FY'22 and also in the current year?.

**Akshay Pitti:** So, in FY'22, we received ₹12 crores. Current year, so far, we have received nothing. We will be receiving it in Q4 in one shot, which is about ₹ 30 crores.

**Moderator:** We take the next question from the line of Swati Jhunjunwala from VT Capital. Please go ahead.

**Swati Jhunjunwala:** Just a small clarification. So, if I see on a per ton basis, the gross profit per ton has decreased from 92,200-odd to 83,200 on a quarter-on-quarter basis. So, any specific reason for that?

**Akshay Pitti:** Those things will keep changing. I cannot have a specific answer for that. It's a blend of all the products and services that we do. In certain products, the flow through from gross profit to EBITDA will be higher, in certain kind of products of flow through from gross profit to EBITDA will be lower, it also depends on the value add that you're doing.

**Swati Jhunjunwala:** So, is it fair to assume that EBITDA is a better judge of the profits rather than gross profit?

**Akshay Pitti:** Of course, that would be the most appropriate, because on the operating level, after all the operating costs are accounted for, EBITDA per ton would be the best barometer for the profitability of the company.

**Swati Jhunjhunwala:** On the EBITDA per ton, this quarter, I think we posted something around 42,400. So, where do we see this going into Q4 and let's say for FY'24?

**Akshay Pitti:** See, for Q4, I will not be able to give you a specific answer, because of the size, but if you take it over a long-term, say over the next two to three years, we expect this to move closer to 45,000 and upwards of that. If you see the contribution of machine, and machine components business in the overall blend of the sales. As that increases, the EBITDA per ton would increase, because those are typically the higher profit margin kind of business.

**Moderator:** We take the next question from the line of Mr. Rabindra Nath Nayak from Sunidhi Securities. Please go ahead.

**Rabindra N. Nayak:** Sir, you mentioned briefly about this Siemens products. What is the opportunity we are looking for this order? How the ecosystem will work, how you are going to benefit from this order or not benefited from this order, or how the system will work, can you please briefly tell about that, how the things will work out for you for the Siemens order if at all any opportunity comes?

**Akshay Pitti:** The locomotive will require motors, it'll require a bunch of castings for various components such as axle shafts, there's a whole list of components. Now, we'll obviously be trying to bid for all the products. It depends on how many of those products we get the order for.

Whatever we'll get the order for, will be an additional business from here on.

**Rabindra N. Nayak:** So, you will get direct orders or it will basically go through some other third-party we will get the order?

**Akshay Pitti:** Siemens has been awarded this contract less than a month ago. For the supply chain to crystallize, it's going to take time. So, I can't comment on how they're going to structure their supply chain.

**Rabindra N. Nayak:** As far as our discussions are going on, are we talking directly to Siemens or through the intermediaries we're talking to that?

**Akshay Pitti:** Those are the things I'm not at liberty to divulge.

**Rabindra N. Nayak:** So, you have given around 10 segments in the industrial exposure of your business. So, among them, which segment particularly you are doing more value addition, if you can tell the pecking order spaces, that would be helpful to understand better

**Akshay Pitti:** Renewable energy, traction motor railway components, mining oil and gas, data centers, these are the highest value addition, followed by special purpose motors, power generation and then coming to automotive and industrial commercial.

**Rabindra N. Nayak:** So, automotive comes last in terms of value addition, right?

**Akshay Pitti:** Absolutely.

**Rabindra N. Nayak:** About tonnage for FY'23 for you, what are you targeting? What about your capacity addition in terms of machining, what is the status for that, can you please highlight something on that?

**Akshay Pitti:** The capacity addition across the board is on track for FY'24 Q2 end. Machining capacity will keep getting added further beyond that as well. As we require the machines, we will be bringing them in. In terms of target for FY'23, up to now we've done about 26,700 tons approximately. We are targeting about 10,000 tons in Q4. As of now we have line of sight for that, somewhere close to 37,000.

**Rabindra N. Nayak:** If at all Siemens order we get anything, so we need to do further CAPEX for that or we don't need further CAPEX?

**Akshay Pitti:** We don't need further CAPEX. The current CAPEX, which is in process, is more than sufficient to take care of those requirements.

**Rabindra N. Nayak:** What is the targeted debt by end of FY'23?

**Akshay Pitti:** I think it should hover around the same level as Q3 end which is about ₹ 260 crore to ₹ 280 crore.

**Moderator:** We take the next question from the line of Mr. Vikram from Niveshaay Investment Advisors. Please go ahead.

**Vikram:** What is the current net debt of the company and what is our debt repayment plan?

**Akshay Pitti:** The total net debt of the company as on today is ₹ 260 crores, out of which the overall long-term debt I think is less than ₹ 90 crores which is payable over the next five years. The scheduled debt is entirely working capital.

**Vikram:** What is the interest rate?



**Akshay Pitti:** It will vary from different kind of facilities now. For example, we have significant export facilities which are dollar denominated. So, on a blended basis, we have about 8% cost of finance.

**Vikram:** And with the increase in steel prices, we can expect some increase in debt also in next quarter?

**Akshay Pitti:** If the steel prices increase, of course, a little more working capital would be required. How much would be the impact and net debt picture is a little difficult to say, but I really don't see any negative impact on the net debt side going forward. As the cash generation at the company's end is robust, I don't think we should have a net debt issue.

**Moderator:** We take the next follow up question from the line of Mr. Balasubramanian from Arihant Capital. Please go ahead.

**Balasubramanian:** Sir, out of ₹ 884 crores order book, if you could throw some light on railway orders and non-railway orders?

**Akshay Pitti:** Bala, I don't think we can give that out, because that will keep changing from time-to-time. As on that date there was the order book. I think our IR person can give you a split of that on that date. As on 31st December, whatever it is, Rama Naidu from Intellect we can get that across to you.

**Balasubramanian:** My second question is regarding this automotive segments. Last call you have mentioned around ₹ 40 crores of revenue expected by this H2 FY'23. So, how we are on track on it, and by next year you have mentioned about ₹ 90-100 crores of revenue, is there any change in that guidance?

**Akshay Pitti:** See, the development from our customer end is going quite slow. If you see, year-on-year, we have at least now Q2 growth per quarter kind of

revenue as of Q3. Going forward, as the business develops, I think, six to eight months kind of a push out should be there from the original timeline on that number at the very minimum from what we are seeing today.

**Balsubramanian:** Sir, we are also doing an additional CAPEX of ₹ 97 crores. This CAPEX will be funded through internal accrual or we are going for debt or we are planning for some QIP, if you could throw more light on that?

**Akshay Pitti:** That will be from internal accruals only. Even if I take that number, the balance CAPEX which we are planning to incur over the next two years including the first ₹ 270 crores which was approved by the board on 27<sup>th</sup> June 2020 and the second CAPEX which was approved of ₹197 crores in May of 2022. Totally, we seem to spend only ₹ 257 crores over the next two years.

**Balsubramanian:** Till now, we spent ₹ 73 crores for this quarter or the whole?

**Akshay Pitti:** For the nine months.

**Balsubramanian:** Now, how much CAPEX is left out of this ₹ 270 crores?

**Akshay Pitti:** From the first ₹ 270 crores, we have ₹ 60 crores more to be spent.

**Moderator:** The next question is from the line of Mr. Pulkit Singhal from Dalmus Capital Management. Please go ahead.

**Pulkit Singhal:** The first question is, just trying to understand on budget capital allocation of ₹10 lakh crores and ₹ 2.4 lakh crores to railways. We have seen the budget every year. So, how different this is and when we could possibly see this in your order book?

**Akshay Pitti:** Flow to the order book, certain shorter lead time businesses such as the allocation towards Vande Bharat Trains, those can flow as early as in the next four to five months. The longer-term provisions which are like the Siemens order or the RRTS initiatives, those take more time to flow in because it requires design and development and our clientele itself, and then those orders will flow to us. There is a lag which is not consistent across all product categories. If you talk of the ₹10 lakh crores capital investment the government has done, now the breakup of that is wide and diverse right from highways to power projects, everything is coupled in that ₹10 lakh crores.

**Pulkit Singhal:** How are you planning over the next two, three years? Once the budget come in, was this a surprise for you? If it was, you would accordingly have to create certain capacities as well, right. So, how did your thinking change post the budget?

**Akshay Pitti:** For us, nothing much changes post the budget. It is just that the government has actually allocated some money to the projects that they were already discussing. So, the RRTS project or Vande Bharat Express, is something that has come up in the last two months or six months. Vande Bharat trains have been in development since 2018 and we have been supplying developmental parts to it from 2018 itself. RRTS is a business that we are currently discussing and doing a design work for our clients for the last year. So, nothing much changes on the budget, except that actually the projects are going ahead rather than just being discussed.

**Pulkit Singhal:** Also, in terms of castings, any timeline for merging that entity, if you could talk about the kind of opportunities and synergies that might create once we do so?

- Akshay Pitti:** Pulkit, I won't be able to disclose anything related to that right now.
- Moderator:** The next question is from the line of Mr. Anurag Roonwal from Moneybee Investment Advisors. Please go ahead.
- Anurag Roonwal:** On the CAPEX part, I just wanted to confirm. So, you mentioned as far as the first phase is concerned, around ₹ 60 crore is yet to be spent. How much is left in the second phase?
- Akshay Pitti:** Entirely ₹ 97 crore is pending.
- Anurag Roonwal:** When do you plan to sort of cover it?
- Akshay Pitti:** That is planned to be covered starting 1<sup>st</sup> of October 2023 through end of 2024.
- Anurag Roonwal:** The new capacities which are coming till Q2FY24?
- Akshay Pitti:** You can take it approximately like ₹ 60 crore over the next six months and about ₹100 crores for six months thereon.
- Anurag Roonwal:** So, the capacity addition which have come in Q2, those are related to Phase-I?
- Akshay Pitti:** Yes, those are related to phase-I and those are related predominantly to the lamination side, then we will be doing the transfer of the lamination capacities from Hyderabad to Aurangabad and then expanding the machining facility further.
- Anurag Roonwal:** How much expansion will be happening in the machining capacity in the second phase?

**Akshay Pitti:** It is better to kind of club both the phases because it is happening in an overlapping manner. So, currently, we have four lakhs machine hours as of December, 2022. We will be going to 6,48,000 by end of December '24.

**Anurag Roonwal:** But ₹ 100 crores each year you are spending, right? I am getting a bit confused. ₹ 60 crore in the first phase, right. This will be till October, 2023, in which you are increasing the lamination capacity and then you are spending around ₹ 197 crores additional over the next two years starting from October '23, correct?

**Akshay Pitti:** Correct.

**Anurag Roonwal:** In this, there is going to be transfer of?

**Akshay Pitti:** Modernization of the existing lamination facility of Hyderabad and expansion of machining facility at both Hyderabad and Aurangabad.

**Moderator:** We take the next question from the line of Rabindra Nath Nayak from Sunidhi Securities. Please go ahead.

**Rabindra N. Nayak:** What is the total exposure from the Maharashtra government you are slated to book in this FY'23?

**Akshay Pitti:** ₹ 30 crore which I mentioned.

**Moderator:** As there are no further questions, I would now like to hand the conference over to the management for closing comments.

**Akshay Pitti:** Thank you, everyone for being on the call. If there are any more queries, you may please reach out to Rama Naidu from Intellect PR. Thank you.



*Pitti Engineering Limited  
February 15, 2023*

**Moderator:** Ladies and gentlemen, on behalf of Pitti Engineering, I would like to thank all of you for joining the call. for any further information or for visiting the plant, please be in touch with Rama Naidu from Intellect PR; he can be reached out at 99202-09623. Thank you for joining us and you may now disconnect your lines.