18th November 2022

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

Scrip Code: 513519

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

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 14th November 2022

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With reference to our letter dated 8th November 2022 intimating you about the conference call with investors to be held on 14th November 2022, please find attached the transcript of the aforesaid conference call.

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

This is for your information and record.

Thanking you,

Yours faithfully,
For Pitti Engineering Limited

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Date: 2022.11.18 15:35:07 +05'30'

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“PITTI Engineering Limited
Q2 FY 23 Earnings Conference Call”

November 14, 2022

MANAGEMENT: **MR. AKSHAY S PITTI**
VICE-CHAIRMAN & MANAGING DIRECTOR
PITTI ENGINEERING LIMITED

Moderator: Ladies and Gentlemen, good day and welcome to Pitti Engineering Q2 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 be forward-looking in nature and may involve risk and uncertainties. For a list of such considerations, please refer to the earnings presentation.

I would now like to hand the call to Mr. Akshay Pitti. Over to you, sir.

Akshay Pitti: Good evening and welcome, everyone to our Quarter 2 FY'23 earnings call. We hope you have had a chance to review our results. I will touch upon the operation and financial performance of the company and then open the floor for a Q&A session.

For Quarter 2, the revenue stood at INR304 crore, which is 25.57% higher than the previous year. Capacity utilization during the quarter was a healthy 72%. Blended sales utilization for the quarter was INR 3.45 lakh per metric ton and blended EBITDA margin was INR 41,492 per metric ton. Export income was INR 111. 69 crore, accounting for 36.72% of the revenue while domestic sales stood at INR192.84 crore. On a half yearly basis, total revenue grew by 47.2% to INR614.71 crore. Net profit grew 6.58% to INR21.86 crore. INR42.96 crore was cash accrual for the period.

In H1 FY'23, Metro and Railway Components business grew by 89% on a year-on-year basis to INR212.86 crore, accounting for 35% of total sales. Renewable Energy and Windmill Component business increased by 54% to INR27.92 crore. Other significant segments such as Industrial & Commercial Motors, Power Generation and Special Purpose Motors grew by 12%, 35%, 54% respectively on a YoY basis. We are seeing encouraging developmental inquiries as well as commercial order flows for EV motor parts.

The expansion of our Aurangabad facility was delayed on account of extended monsoon and the expected date for the completion of the same is now September 2023.

Continued softening of commodity prices is resulting in delayed offtake from our clients as they continue to rationalize their inventories. Delivery times for international clients are reducing as global logistic challenges are easing out. Given the above, we expect the sales volume for the current year would be about 37,500 metric tons.

As of 30th September '22, the net debt stood at INR336.32 crore. We expect significant reduction of net debt in the coming quarters on back of lower raw material prices and improved transportation lead times.

I would now like to open the floor for a Q&A session.

Moderator: The first question is from the line of Balasubramanian from Arihant Capital.

Balasubramanian A.: Good afternoon, sir. Congratulations for a good set of number. My first question is regarding the capacity expansion. So what about the status in construction? Which month the machines will get installed? This is my first questions.

Akshay Pitti: So the construction is delayed due to the long monsoon that we have experienced in the current year. We expect the construction to get completed around May of '23 and the machines will get start installing after that.

Balasubramanian A.: Okay, sir. My second question is regarding the changing in sales mix. Assembled and value-added components increased 70% to 76% compared to last quarter. So what kind of products you have done exactly? The change in mix?

Akshay Pitti: So the higher share is coming from railway and metro related components.

Balasubramanian A.: So that's why the revenue, like end-user applications traction motor components have increased in terms of sales?

Akshay Pitti: Yes.

Balasubramanian A.: Okay. So in terms of exports, we have seen that around 27% of sales in last year quarter 1, in current year, 37%, what are the components exported, which are the countries, if you could share more light on that?

Akshay Pitti: Majority of the exports towards North America and South America, and predominantly for locomotive related businesses and mining, oil & gas.

Moderator: The next question is from the line of Ravindra Naik from Sunidhi Securities.

Ravindra Naik: Sir, what is total capital expenditure and capacity addition in terms of tonnage during this year considering the order book is now down from INR948 crore to INR881 in the first -- second quarter? So we have already given the guidance that we would be doing around 37,500 tons for this year, so how the CAPEX is going to happen for the company in the rest of this financial year?

Akshay Pitti: See, for the rest of the financial year, we'll be spending about INR50 crore. As I have explained, the construction got delayed. Therefore, there's no chance of any machines coming in and further getting installed for the current year.

As far as the order book decline is concerned, that is only revaluing the same order book for the current commodity prices. As you know, we have a 100% pass-through on raw material pricing. So when it goes down, we have to pass on those price productions to our customers. In quantitative terms, there's no reduction in our order book.

Ravindra Naik: Okay. Then, what is the – in terms of tonnage, what is the total capacity you are looking for the current financial year?

Akshay Pitti: The capacity will be constant. We do not have any space to install any additional equipment till the construction is completed.

Ravindra Naik: So it'll be in the range of 50,000.

Akshay Pitti: It'll be 50,200 tons.

Ravindra Naik: Okay. So that will remain constant. Whether you are planning to increase the machining hours?

Akshay Pitti: No, I'm afraid for the current year there will be no addition in either machining or in terms of lamination till construction is completed.

Ravindra Naik: Okay. So in first half, you have done almost around INR50 crore of CAPEX. So it is likely to continue. There is no other addition in the CAPEX in the second half of this year?

Akshay Pitti: In the second half, we'll be spending INR50 crore. You asked me how much further we'll be spending in the current year.

Ravindra Naik: Okay. Okay. So that total would be -- the entire financial year, INR100 crore would be the total CAPEX right?

Akshay Pitti: Yes.

Ravindra Naik: Okay. Sir, is there any relation between the addition of capacity and the machining hours or it is not related to that?

Akshay Pitti: No, so the capacity for lamination and machining are somewhat related, but not completely related. Machining is the value-added product that we do on the lamination. So it can be added mutually exclusive of each other.

Ravindra Naik: Okay. So now I am asking whether if you're going for more value-added items, so you have to increase the machine hours, right? Or is it not a correct understanding?

Akshay Pitti: So the value-added products are also related to machining, but apart from the machining, we also do value addition in terms of assemblies, which do not require machining directly. So value-add can be done through both the ways.

Ravindra Naik: Okay. Sir, one strategic question because between 2015-'16, you had a very bad patch of your performance when company faced lot of difficulty in terms of growth and also profitability and when the commodity price increased suddenly and down suddenly. So are we also in the current situation, it's a similar kind situation. So how can you make us believe that these things will not be repeated which happened in FY'16?

Akshay Pitti: So what we learned from FY'16, we have taken to heart and implemented in our pricing contracts and also on our inventory strategy. So if you see the way we do our inventory management as well as a pricing strategy, it is pretty much foolproof that you will not have any kind of inventory losses like 2016-'17 kind of situation. Always, there'll be exceptions, but I don't think that is possible.

Moderator: Thank you. The next question is from the line of Shivang Joshi from Centrum PMS.

Shivang Joshi: A few questions. Just continuing the question from the previous participant. Is the INR50 core, you're saying that you are going to do in the second half, would it be primarily for the construction of the shed or, I mean, what will be the broad breakup of the INR50 crore that we are spending in the second half?

Akshay Pitti: It'll be primarily for the construction of shed and little bit for the advances for the remaining amount of machines that we have not ordered till now.

Shivang Joshi: Okay. And so in addition to our 50,000 tons capacity that we already have in place and the machining hours capacity that we do, 4 lakh hours. So how much is the machines that we have already ordered and we expect, and when do we expect the same to get delivered? I understand that you already guided that it'll not be added in this year, but when do we expect, I mean we can, can you give us a broad range of...?

Akshay Pitti: September '23, the entire capacity would be up and running, the 72,000 tons capacity. In terms of ordering, we have already ordered the equipment, but the order is considered only once you pay the advance. So we have not given all the advances for the remaining equipment, which we will start giving in due course from January onwards, once the construction picks up most things.

Shivang Joshi: Okay. And the lack time for, or the lead time for the equipment to come and get installed?

Akshay Pitti: It's about six months. The lead time for the equipment are four to six months, and installation takes about a month, month and a half.

Shivang Joshi: Okay. But can we expect the construction of shed to be completed by the end of the financial year?

Akshay Pitti: No, the construction will be completed around May of '23.

Shivang Joshi: Okay. And in the interim, so I think you just mentioned that the movement in order book is largely realization driven. So in volume terms, can we infer directionally that the order book is largely flat or in volume terms also it has gone down?

Akshay Pitti: No, in volume terms it's largely flat.

Shivang Joshi: Okay. Can you tell us, how are the electro steel prices during the quarter?

Akshay Pitti: So the quarter -- the price is quarterly fixed. So, last quarter to this quarter, the prices have fallen by about INR13,000 per ton.

Shivang Joshi: And they stand at the end of the quarter at around?

Akshay Pitti: So let me rephrase. From April-June quarter, the prices in July-September quarter had fallen by about INR17,000 a ton and a further fall of INR13,000 a ton is there from 1st of October.

Shivang Joshi: Okay. So in percentage terms, if you can quantify what was the base and...

Akshay Pitti: So if you take a typical grade, because there's so many different grades of electrical steel, on a typical grade, the pricing at the start of the financial year was around INR120,000 per metric tons, fallen by about INR17,000, and from there, another INR13,000, standing at about INR90,000 today per metric ton.

Shivang Joshi: Got it.

Akshay Pitti: Percentage, I think you'll have to work out. I don't have the percentages handy.

Shivang Joshi: Got it. Further, looking at the revenue mix that you usually give, it seems that Railway segment is doing pretty good. I mean, quarter after quarter you have been seeing higher traction and you have always been mentioning that the traction in order booking is also pretty strong in railways and the execution also seems to be on track. What will be your take on the other sectors because be it Special Purpose Motors, be it Power Gen -- Renewable, I mean Power Gen or conventional as well as renewable, both, they seem to be pretty stagnant over the last four or five quarters, as well as Industrial and Commercial Motors, I mean all the major segments. So what is your outlook on -- if you can just give some idea on individual segments please?

Akshay Pitti: So power gen and renewables, we are quite bullish. If you see YoY, for H1 from INR18 crore, we've done about INR 28 crore of revenue in renewables, which is a significant jump. And we see that momentum continuing for the next couple of years.

In conventional power generation, we are seeing traction coming in on larger hydro and thermal power plants and also the upgradation and refurbishment of old power plants. Mining, Oil and gases continuing to perform strongly. If you see, it's almost a 100% growth on a YoY basis.

So apart from Industrial and Commercial Motors, I do not see much weakness anywhere in our end user segments. And

Industrial and Commercial motors are typically a shorter lead time, slightly price sensitive kind of a market. So in easing commodity environment, those are the ones that typically kind of take a hit first. The others are pretty strong as of now.

Shivang Joshi: Pardon me, I mean, in the easing cycle, I mean, they wait -- the Industrial and Commercial Motors typically wait for the price to stabilize, I mean, that segment -- the customers in that segment? I mean, is my understanding correct?

Akshay Pitti: See, those are the segments which are like deferrable, if you can use that word. Once you start see power generation project, you can't defer it just because of commodity prices. So these other segments go on regardless. Industrial and Commercial Motors are more like a replacement market for smaller motors. These are the ones which are slightly price sensitive, so they may push a pricing -- purchase decision by a quarter or so.

Shivang Joshi: Okay.

Akshay Pitti: But not beyond that. So it's not like we are seeing lack of demand from those segments. The demand is still strong from them, but it is slightly variable than the others.

Shivang Joshi: Okay. And what about the Special Purpose Motor, which we have been explained earlier? You can say a large part of it goes for private sector CAPEX.

Akshay Pitti: No, as I've said, the public sector. I cannot say which, private or public, but large-scale CAPEX, yes. So that is going on...

Shivang Joshi: It seems to be pretty muted over last four quarters. I mean, the numbers are hovering around INR30 crore, INR35 crore. How is the order booking? Let me rephrase it that way. How is the order booking in that segment?

Akshay Pitti: Order booking is good in that segment. Order booking is pretty good in that segment.

Shivang Joshi: If I may can I continue? I have a couple more.

Akshay Pitti: Yes.

Shivang Joshi: So on, our capacity utilization have optically gone down in the quarter because we had full 50,000 tons of capacity available. Then what were the drivers of the improvement in EBITDA per tons?

Akshay Pitti: The difference in value added products and the overall product mix. It moved from 70% to 76%.

Shivang Joshi: Because if you see, Q-o-Q -- okay, that is a minor 2% improvement in value-added products. The 2% improvement is able to increase the EBITDA per ton by 2%. That is what you are intending to say.

Akshay Pitti: I didn't understand your question, I'm sorry.

Shivang Joshi: Yes, well you give volume details of loose lamination and value-added products. If I see value added products in volume terms, they've grown by 2.5% percent, roughly, Q-o-Q, quarter-on-quarter.

Akshay Pitti: So you're talking quarter-on-quarters?

Shivang Joshi: Yes.

Akshay Pitti: Okay.

Shivang Joshi: Because -- I just wanted to understand INR40,500 and Q1, what drove the INR1,000 -- What is the bridge of the INR1,000 to 41,500 during September-ended quarter?

Akshay Pitti: Quarter 1 versus Quarter 2 you're asking, correct?

Shivang joshi: Yes. What is the bridge in the EBITDA? Because capitalization going down, intuitively it seems that there should be negative operating leverage at play, which should reduce your EBITDA per ton, whereas we see an increase in EBITDA per ton. So just wanted to understand why...

Akshay Pitti: See, that will go down into the minor level in terms of the overall product mix. As you know, we have more than 5,000 different products. So when you have that kind of product variability, it will happen. I mean, it cannot be just taken linearly.

Shivang Joshi: Okay. In that case going ahead for the revised volume guidance, what is your guidance for EBITDA per ton for the full year ’23?

Akshay Pitti: Full year ’23, it should have around INR41,000. The same INR42,000 plus minus -- INR40,000 to INR42,000 we keep saying. So, I would say it's still INR41,000. Very difficult to kind of land it in a narrow bind in that.

Shivang Joshi: Okay. And can you give broad outtake on what will be the volume for the next year? I mean, FY'24. You had earlier for 48,000 tons to 50,000 tons.

Akshay Pitti: So because the capacity will come in only in September, we are seeing that about 15% CAGR for the next three years. So about 43,000 tons, around 50,000 tons and then 58,000 tons.

Shivang Joshi: 43,000 tons, 50,000 tons and then 58,000 tons. 58,000 tons would be '26?

Akshay Pitti: Yes for FY26.

Shivang Joshi: Okay. And just directionally, if you can guide on the EBITDA per ton trajectory, since you're already also adding machining hours.

Akshay Pitti: It'll be higher than INR45,000 like we discussed last time, but I don't want to put a number right now for something which is three years down the line.

Shivang Joshi: Okay. And last question, then I'll come back in the queue if required. What is the status of the new order? I mean, new kind of revenues that -- without machining, sorry, without lose lamination or without working on the lamination, direct machining, which was some kind of annual potential, INR95 crore new business that you had commenced in the previous quarter. That was supposed to start fetching revenues from second quarter. Is it on track?

Akshay Pitti: Yes, it's doing quite well.

Shivang Joshi: Can we expect a run of INR40 crore, INR50 crore from the new business this year?

Akshay Pitti: For the full year?

Shivang Joshi: Yes, for the full year FY'23 basis.

Akshay Pitti: For the full year FY'23 basis, I think you should see about INR40 crore of revenue, a run rate.

Shivang Joshi: Okay. And INR90 crore, INR100 crore from next year onwards?

Akshay Pitti: Yes. you'll start seeing in Quarter 4.

Shivang Joshi: Okay. But currently, the maximum potential is INR90 crore to INR100 crore only. Or can we increase more than that once we have more machining hours in place?

Akshay Pitti: That's a new product that we have done for our client. And once they get more confidence in the fabricated part that we are supplying, I'm sure we'll be able to convert more business.

Moderator: The next question is from the line of Dikshit from LIC Mutual Fund.

Dikshit: So my question is on this incentive so for first half, we have not booked anything. So what is the expectation for the full year?

Akshay Pitti: For the full year, we should be expecting to book about INR30 crore, and that will come in Quarter 4.

Dikshit: Okay. So last year it was INR16 crore, right? So this year you're saying INR30 crore.

Akshay Pitti: Yes.

Dikshit: Okay. And certainly on the balance sheet side, we have seen large increase in the receivables. So, any particular reason for that? Because you have indicated that you are giving some discounts to reduce the receivables, but this quarter, it seems to have gone up. So any particular reason that you...

Akshay Pitti: So if you take the overall cycle, the trade receivables have gone up by about INR64 crore vis-à-vis 31st March, the peak raw material pricing was in the April-June quarter. So based on that, the receivables have gone up linked to the commodity pricing increases. As the commodity pricing starts easing, and has already started easing, you'll see a winding down of this position.

Dikshit: Okay. Because, sir, your normal sold days are 70 to 80 days. So, that means June-July sales -- Yes, at end of this quarter.

Akshay Pitti: Yes. So even if you see this -- it's INR266 crore, over INR612 crore of revenue for 180 days, it'll come to about 78 days only.

Moderator: The next question is from the line of Pulkit Singhal from Dalmus Capital Management.

Pulkit Singhal: In September end, you had your call in which you talked about doing 42,000 metric tons in FY'23. In hardly one and a half months, you brought that down to 37,500 or 37,000. I'm trying to understand what has happened in these one and a half months for you to suddenly bring this down.

Akshay Pitti: So as I explained to you, the construction has not gone as per plan and we will not be able to add our capacity. So based on that.

Pulkit Singhal: Can you elaborate on that? I mean, how construction not goes as plan -- because by September-end, anyway monsoons are over. So what has happened really?

Akshay Pitti: So this time the monsoons did not actually get over in September, which normally happens. The monsoons got elongated all the way up till October. In fact, all the way till first week of November in case of Aurangabad, for us.

Pulkit Singhal: No, but that delays plans by six, eight months? For your capacity addition?

Akshay Pitti: How would it be be six to eight months?

Pulkit Singhal: Because the plan that you're adding of 72,000 tons by September 2023, that was supposed to be way earlier, right? That was supposed to be March-end.

Akshay Pitti: That was supposed to be March-end subject to the construction getting over by October. Now the construction is moved by at least six to eight weeks.

Pulkit Singhal: Okay.

Akshay Pitti: And therefore we'll be getting our machines later and reorganizing our facilities later. So the overall capacity is not available. And that's not the only other problem. Like I mentioned in the opening remarks, we are seeing certain delayed shipments -- delayed purchases from our clients on the Indian side. And on the export side, the supply chains have eased out in terms of the logistical time that it takes to raise the material.

Pulkit Singhal: Right. So I'm trying to understand is it a supply issue or is it a demand issue or both?

Akshay Pitti: It's not as demand issue or a supply issue. On the export side where it's a logistical timeframe that it used take say like 90 days for the material to reach U.S. Now with that easing out, the time that it takes for our material to reach is coming down. So we'll be shipping later, the material. The customer will not take it in advance to the requirements. And on the domestic side, as far as the Industrial and Commercial business is concerned, we are seeing little bit of delay to the offtake.

Pulkit Singhal: Right. So that's a demand pushback because of RM prices coming down and shortening of this, but then you're matching that with the -- accordingly, your supplies. I mean, but I mean the supply issue that means from a construction side, from your availability standpoint. So in a way you're kind of matching your capacities coming in, in line with what you're seeing as the demand pattern. Is my understanding correct?

Akshay Pitti: It actually may have worked out that way from the outset, but it's not something that we try to match up that way. We are committed to complete the CAPEX, but it got pulled out because of the modules. On the demand side in the domestic, yes, we are seeing a little bit of push out on the industry and commercial. On the export side, the logistical time that it takes for the container to reach the U.S. has shortened now with the supply chain easing out. So we have to ship the material later. So that's the only difference there.

Pulkit Singhal: Okay. And if you could share what is the -- so this quarter, next quarter, I mean, how does this strategy increase? How does it ramp up? Does it suddenly come up in the last quarter, Q4 or -- because we are at 8,800 tons this quarter, so -- and you've given what, about 37,500 tons for the year?

Akshay Pitti: So for Quarter 3, we are looking at 9,500 tons. Out of which, November and December are good months. October, because the extreme amount of festivities that we had, Dussehra, Diwali, both coming in the same month. So October was slow. Despite that, we'll be doing 9,500 for Quarter 3. And towards Quarter 4, we're looking at about 11,000.

Pulkit Singhal: 11,000. Now, this is on existing capacities, right? I mean, you have your capacity in place?

Akshay Pitti: This is on the existing capacity, not dependent on any new capacity being added.

Pulkit Singhal: Sure. And anyway, the new -- even in the first half of next year, there's no new capacity added. So you'll stay at 11,000 tons-odd, I guess, for first half.

Akshay Pitti: Yes.

Pulkit Singhal: So my point is, since existing capacities are there and you are at 8,800 tons that you done a certain EBITDA for...

Akshay Pitti: Not for the whole of the first half, from Quarter 1-end onwards, you should start seeing capacity being added progressively.

Pulkit Singhal: Okay. Okay. So maybe for two quarters, it stays there. My point is different...

Akshay Pitti: For two quarters, it will grow slowly and then it'll increase in one shot.

Pulkit Singhal: Yes. So this quarter you've done 8,800 tons of sales, right? With the higher capacities, and you've done a EBITDA per ton of 41,500 at a certain product mix. Now as this 8,800, it goes to 9,500 and 11,000, one would've expected EBITDA per ton to kind of go up. Because it's on existing capacity itself. But is that not the case?

Akshay Pitti: So if you take it on the existing capacity, the only difference that we'll have is the raw material cost is complete pass-through. The labor would have to come in more. The capacity is in terms of equipment. So the labor constitution of the overall gross margins are quite low. So the EBITDA would increase logically, yes.

Pulkit Singhal: Yes. Because your full-year guidance was INR41,000, which is already something which you delivered in the first half. What I'm trying to understand is why should this not be higher in the second half because of higher operating leverage.

Akshay Pitti: So it's always better to be little conservative, right?

Pulkit Singhal: So I'm just wondering, is there an element of product that might be making you conservative. I mean, in the sense are you seeing something adverse on the product mix or maybe because you have to take in the falling RM price, is there some kind of inventory loss which you are making in, is what I'm trying to understand. That's all.

Akshay Pitti: So if you actually see on the market side, we are seeing better orders coming in from the more profitable segments and the more value-added segments. On the overall, we're just trying to be slightly conservative as we may have to recruit people in advance of the capacity coming. We can't plan our recruitment cut to cut as well.

Pulkit Singhal: Sure.

Akshay Pitti: So we are baking in some costs on that count.

Pulkit Singhal: Okay. I mean the expectation over next three years in terms of - certain volume increase that you mentioned about. What kind of EBITDA per ton does it work out?

Akshay Pitti: So I would say we should look at the end of the third year not as it happens through those years because there will be slight ups and downs in terms of the product mix, in terms of value-add, as well as the loose lamination. So at the end of the whole cycle, we should be expecting EBITDA margins in upwards of INR45,000 per ton.

Pulkit Singhal: By FY'26?

Akshay Pitti: Yes.

Moderator: The next question is from the lion of Balasubramanian from Arihant Capital.

Balasubramanian A.: So what kind of opportunities we have in data center right now and what kind of future opportunities?

Akshay Pitti: So for the data center, we make the components for the power system. We are seeing good demand coming in. It's a consistent demand. I'm not seeing any bump up in the demand as of now because the local demand has not kicking in. This is predominantly an export-oriented demand. Once the local demand starts kicking in, it should really pick up after that.

Balasubramanian A.: Sir, in that out of INR800 crore order book, how much is executable in next two quarters, and overall order book, when will it get executed?

Akshay Pitti: So for the current quarter, based on the reduced raw material prices and all, the executable order book is about INR250 crore to INR260 crore. Next quarter again, if I keep the same raw material prices, it'll be around INR270 crore – INR260 crore to INR270 crore.

Balasubramanian A.: So right now, lots of CAPEX is going on railway side. So what kind of opportunities we have on that side?

Akshay Pitti: So on the railway side, as far as Indian Railways is concerned, we are supplying components for most of the products that they use in terms of freight locomotives, both diesel freight locomotives as well as the electric freight locomotives, passenger train. So we are participating in all of those things.

Balasubramanian A.: Okay. Thank you sir. Sir, one more question. Largely on the EV side, can you update something, what is happening right now on the EV side, and what is our game plan there? Also -- just let me finish this and then we'll have one more question, sir. On the EV side, any update there?

Akshay Pitti: So EV side, we were in developmental stage couple of quarters ago for some of the parts. And those have gone into commercial supplies. The initial volume is quite low, I think for the product developed, the business potential for INR15 crore to INR20 crore of revenue as of now. But this is likely to increase dramatically as EV does pick up in India, which I'm sure it will.

Apart from that, we are in advanced stages of discussion with a four-wheeler manufacturer for their parts. And we have also bagged two orders from different folks in Maharashtra for two wheelers in the current quarter.

Balasubramanian A.: So have you received any order from Alstom right now? Because Alstom has received various state government orders on the engine side right now. So have you received any orders, sir?

Akshay Pitti: We have received orders from various locomotive manufacturers in India, including Alstom, Bombardier as well as others. We can't specifically say from which one we have received for which project, but we have received orders from all three of them as they are our customers.

Moderator: The next question is from the line of Dikshit from LIC Mutual Fund.

Dikshit: Yes, sir, just a follow-up on these incentives. So the last balance sheet, you had around INR28 crore in receivables. So have you received anything during the first half of this year?

Akshay Pitti: Yes, so as of now, we received all the incentives we are supposed to receive from the government. We are yet to account the last year's receivable, which will be done in the Q4. And we expect to receive that also within six to eight months from sanction.

Dikshit: Okay. So as of now, there's no due pending, from the state government.

Akshay Pitti: Yes, all INR28 crore has been received.

Moderator: Thank you. As there are no further questions, I would now like to hand the conference over to Mr. Akshay Pitti for closing comments.

Akshay Pitti: Thank you, everyone, for joining our conference call. And in case anyone wants to visit, you may please reach out to Mr. Rama Naidu from Intellect IR for a plat visit to our Aurangabad factory. Thank you.

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