Pitti Engineering Limited
(Formerly Pitti Laminations Limited)
ISO 9001:2015 ISO 14001:2015
www.pitti.in

PITTI

21st August 2023

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 17th August 2023

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With reference to our letter dated 8th August 2023, intimating about the conference call with investors to be held on 17th August 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.

This is for your information and record.

Thanking you,

Yours faithfully,
For Pitti Engineering Limited

MARY MONICA BRAGANZA

Digitally signed by MARY MONICA BRAGANZA
Date: 2023.08.21 15:34:40 +05'30'

Mary Monica Braganza
Company Secretary & Compliance Officer
FCS 5532

"Pitti Engineering Limited Q1 FY24 Earnings Conference Call"

August 17, 2023

MANAGEMENT: **MR. AKSHAY S PITTI – VICE CHAIRMAN AND MANAGING DIRECTOR**
MR. M 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 Q1 FY24 Earnings Conference call. As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions at the end of today's presentation. Please note that this conference call will be recorded. Joining us today on this call are Mr Akshay S Pitti, VCMD; the Senior Management Team of the Company - Presidents, Mr Varun Agarwal, Mr Sandip Agarwala and Mr Rishab Gupta.

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 risks and uncertainties. For a list of such considerations, please refer to the earnings presentation.

I now hand the conference over to Mr. Akshay Pitti. Over to you, sir.

Akshay S. Pitti: Good evening and welcome everyone. We hope you had a chance to review the presentation of our results, a copy of which is also available on our website. I will briefly take you through the highlights of the operational and financial performance of the company and then open the floor for a Q&A session. The net revenue for the quarter was Rs. 290.71 crores, lower by 6.54%. The marginal drop on revenue was on account of raw material price reduction passed on to our clients. We have achieved an exceptional milestone by recording the highest ever quarterly EBITDA of Rs. 42.43 crores, a growth of 19.69% on a YoY basis and the highest volumes for a quarter of Rs. 9,958 metric tons. Our blended EBITDA stood at Rs. 42,607 per metric ton. The net profit surged to Rs. 13.97 crores, a growth of 19.3% on a YoY basis. Capacity utilization for lamination during the quarter was 77.79% and machining utilization stood at 86.28%. Our CAPEX of brownfield expansion at Aurangabad and Hyderabad remains on track. As of 30th June 2023, the order book stood at Rs. 799 crores.

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

Moderator: We will now begin the question & answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

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

Balasubramanian A: My first question is regarding Indian Railways revenue has been declined by 8.1% and renewable energy declined by 72.5%, oil & gas declined by 69.2%, and special purpose motors 17.6% decline. And we have seen some growth on the data center backup and power generation and other segments. Could you please share the end-user application-wise demand environment and order inflows on the execution side also? Is there any seasonality in this application side and is there any difference in order execution timeline for these areas?

Akshay S. Pitti: The order input and demand side from all the end-user segments remain strong. First and foremost, due to the decrease in raw material prices whatever we have passed on as it is, the revenue will be lower when you compare to the previous year's corresponding quarter. As for the change in the revenue mix, that is on an operational basis. Some quarters we have better demand from certain end-user market and the other time we will have somewhere else. If you see the overall distribution, you should see it in the sense that what is coming from power generation overall. Data centers is also power systems for data centers, power generation, and renewable energy. If you total all the three, more or less it is similar as the last quarter. Within the core segment, the subsegments have moved a little bit.

As for the railways, I think there is no much change. It is only the reinstating of the same order quantity on the new pricing.

Balasubramanian A: On the railway side, Siemens received 1,200 locomotives of 9,000 HP from Indian Railways. What kind of benefits are you anticipating from that order?

Akshay S. Pitti: For the 9,000 HP locomotive order, Siemens is still in the design phase and I think they are still contracting that. As and when they start their subcontracting, we will be also bidding for those projects. It is too early to have any positive impact for us the order that they have won.

Balasubramanian A: Sir, on the incentives side, we received around Rs. 14.6 crores in Q4. We were supposed to receive around Rs. 30 crores. It has been postponed to FY24. We may expect in Q2 that Rs. 15 crores incentives or it will get overall by the end of the year?

Akshay S. Pitti: We are expecting it around Q3. The overall incentive for last financial year as well as the Rs. 15 crores spillover from last year, we are expecting around Q3.

Balasubramanian A: So, overall, we may expect around Rs. 43 crores by the end of the year. Right, sir?

Akshay S. Pitti: Yes.

Balasubramanian A: Sir, on the exports revenue, it is around Rs. 92 crores. It is around 32% of sales. Could you please share the revenue breakup of country-wise? Is there any specific sectors we are witnessing traction on the exports side?

Akshay S. Pitti: Apart from the core railways and mining business which were the predominant exports, now the marine application and the renewable energy application is picking up on the exports front with certain customer wins in Europe.

Balasubramanian A: On the CAPEX front, we may expect to complete that by Q2 FY24? On the machining utilization side, we have done almost a healthy utilization of 86%. What kind of utilization levels we may expect on the sheet metal side and machining side?

Akshay S. Pitti: Till the new capacity comes up, we should expect 80 plus percent utilization on both of them. Our annual target is actually around 42,000 to 44,000 tonnes of sales. For meeting that target, we will be utilizing some of the capacities which are currently being installed and commissioned as well.

Moderator: The next question is from the line of Ashutosh from Ambit Wealth PMS. Please go ahead.

Ashutosh: Sir, my question is, the segments which we operate in, we have seen that there is a lot of traction as far as the revenue ordering is concerned around this segment, the industry which you operate in and the clientele which you cater to. But if you see in the last 3 quarters, we have seen a dip in our top line. I mean the top line hasn't grown much and while the margins are stable. So, just wanted to have a clear picture of how do you see the FY24 and FY25 from a growth perspective, top line perspective, and your comments on the margins going ahead.

Akshay S. Pitti: In our industry, revenue top line is not more important because due to raw material fluctuations which are completely passed through to the client, any increase in raw material price on the same tonnage will increase the revenue. And on the same tonnage, if there is a decrease in raw material price, the revenues will decrease. If you look at the last 3 quarters, our sales volume has gone up – I think every single quarter, if I am not mistaken – and this quarter was the highest ever sales volume in the history of the company. We are growing on a quarter-to-quarter basis. I think sequential quarter, we have grown about 5% in volume. On the margins front, we have, I think, again recorded the highest

EBITDA margin for a single quarter this quarter and EBITDA per tonne was somewhere around Rs. 42,000 per tonne. Going forward, post capacity expansion, this should move towards Rs. 44,000 to Rs. 45,000 per tonne in the near future.

Ashutosh: What is the capacity expansion we are taking and when is it expected to come on stream?

Akshay S. Pitti: 72,000 tonnes is the plant capacity, and it is expected to come on stream between the end of this year to Q2 FY24.

Ashutosh: What is the current capacity you have?

Akshay S. Pitti: 50,200 tonnes.

Ashutosh: So, basically, from a tonnage perspective, exponential growth would start trickling in from the start of FY25 is what I believe.

Akshay S. Pitti: The run rate around this financial year for a quarter would be on track to achieve about 44,000 tonnes of sales. If you see the way we have broken up our annual target of about 42,000 to 44,000 is that 10,000 in Q1, about 10,500 to 11,000 in Q2, and then every quarter, 500 to 600 tonnes more.

Moderator: The next question is from the line of Gunmeen Kohli from DRChoksey PMS. Please go ahead.

Gunmeen Kohli: Sir, my question was about the EBITDA per tonne. Can you talk about some of the levers for the expansion in EBITDA per tonne? And what are you looking at these levers going ahead when you talk about 44,000 EBITDA per tonne going ahead.

Akshay S. Pitti: The EBITDA per tonne is blended between the sheet metal and machining business. The machining capacity expansion is exponential when compared to the lamination capacity expansion which is planned. And the higher utilization of machining capacity would mean a better, more value-added product mix, obviously which results in a higher EBITDA per tonne on an overall basis. The second lever for EBITDA expansion would be the new capacities which we are commissioning are highly automated and will require less labor, which will also yield into EBITDA expansion. The third would be economies of scale. As we grow bigger, the overall cost gets spread on a higher tonnage.

Gunmeen Kohli: If I just look down the line about a couple of years from now, will this mix of loose lamination and assembled value-added would be the same, or what are we looking at, at the end of '24-25?

Akshay S. Pitti: If you look at the overall picture, we are moving more and more towards assembled. The trend, I think, should continue over the next 2 to 3 years. The assembled should constitute more than 80% of sales going forward. Currently, they are at around 70% to 75%.

Gunmeen Kohli: Is there a time in the future where we see that the lamination business would be zero and it will only be assembled and value-added?

Akshay S. Pitti: Loose laminations, I think, would always be a part of the product mix of the company because some of the end-user applications is not possible to supply assembled. If you take something like, say a large power project, those laminations have to be assembled into a generator on the site. Or if you take something like automotive where we are talking of electric-vehicle related components, there the customer currently wants to assemble them in-house. Those decisions are beyond our control. Those elements will still remain in the business going forward.

Gunmeen Kohli: Can you throw some color on the business development on the EV front and the renewable energy front as well?

Akshay S. Pitti: Renewable energy front, we have engaged with multiple clients, as you can see in our client list for India. Now we are also looking at those same clients for the European and North American requirements. Going forward, renewables export will be a significant part of the renewable energy related business of the company. As far as electric vehicles are concerned, I would say automotive and electric if I can merge it because we are now engaged with Varroc, Dana, and a couple of other automotive customers for their legacy ICE vehicle requirements as well as the EV requirements going forward. Electric bus related components we have been doing for more than 2-3 years now. And now we are looking at two-wheelers and three-wheelers as well.

Gunmeen Kohli: Can you provide an update on the merger with the Pitti Castings? What is the timeline for that?

Akshay S. Pitti: The relevant papers have been submitted to the stock exchanges and SEBI and we are waiting for their approval. The regular due diligence is going on with the stock exchanges and SEBI.

Gunmeen Kohli: Any timeline for that?

Akshay S. Pitti: We are on track for the timeline disclosed at the time of merger, towards the end of current fiscal or Q125, between that.

Moderator: The next question is from the line of Sanjeev from DreamLadder Investments. Please go ahead.

Sanjeev B. Zarbade: I wanted to know from the management that how will the components business fare in the coming years. What kind of growth trajectory we can expect?

Akshay S. Pitti: From the components business, going forward, post merger, we expect a top line of about Rs. 300 crore

Sanjeev B. Zarbade: In what time frame?

Akshay S. Pitti: By FY25

Moderator: The next question is from the line of Navin Vijay from NS Capital. Please go ahead.

Navin Vijay: Just wanted to get a feel of the competitive intensity from importing countries like China, Korea, and Japan. Are they dumping or do we have any protection on these laminations and sub-assemblies?

Akshay S. Pitti: Overall, I don't think India imports any laminations per se from any country, let alone these 3 countries. Electrical steel, which is the raw material, is imported from these countries, which is the raw material for us as well.

Navin Vijay: Only the raw material is imported, not the actual parts that we produce?

Akshay S. Pitti: No. And raw material also increasingly is more and more manufactured within India. If you see the transition over the last 10 years, there is a huge shift to localized raw material manufacturing on electrical steel. Only on the transformer laminations which is the business that we are not part of, the stationary machines and transformers, there some imports might be there, which I would not be aware of.

Navin Vijay: On the CAPEX side, coming from 46,000 to 72,000, when do you think the full 72,000 will attain optimal utilization? How many years will it take? Just a ballpark number, sir.

Akshay S. Pitti: The optimum utilization is planned for FY26, which is 80% of installed capacity.

Navin Vijay: 80% of the installed capacity, as in 80% of the 72,000 metric tons per annum?

Akshay S. Pitti: Yes.

Navin Vijay: And some color on our vision and goal to move from laminations to fully assembled products, sir. Where do you see that going? Is it being constrained now due to capacity or how is it progressing?

Akshay S. Pitti: The full product, which would be the motor or the alternator, is something that we as a company would not want to start under our own brand. In terms of contract manufacturing, we might look at it as an opportunity in the future.

Moderator: The next question is from the line of Yash Modi from Ashika Group. Please go ahead.

Yash Modi: My first question was with respect to the order book. Even though all segments are doing well and we are performing well, there is a slight dip in the order book that we have disclosed; last quarter Rs. 820 crores to Rs. 830 crores, this quarter Rs. 800 crores. Any big new order that we won this quarter? And how is this order outlook looking like?

Akshay S. Pitti: Order outlook is looking very good over the next one year. We are having enough orders to fulfill our annual target of 42,000 tonnes to 44,000 tonnes. The only reason that it is slightly down when compared to last quarter is because of the reinstatement on a raw material price basis. Overall, in terms of tonnage, it is actually higher if you would look at it.

Yash Modi: And in terms of the domestic and export mix that you see going forward, because obviously, domestic is seeing good traction. What do you expect the domestic and export mix? And with respect to that, how do you see the working capital of the company going forward?

Akshay S. Pitti: First of all, with the reduction in raw material pricing, we anyways would see a release of working capital due to lower sales in terms of rupees. But what we had earlier expecting that domestic would continue to outpace the export growth, we are not seeing that anymore. We have good order wins from European market in the recent past, which would keep the export sales growth in the same level as the domestic sales growth.

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

Abhijit Mitra: I have a few questions. Firstly, on the revenue segmentation that you have provided was Rs. 93 crores from traction, motor, and railway components. How much of that would be exports?

Akshay S. Pitti: Out of that, the export content would be about Rs. 60 crores.

Abhijit Mitra: And the entire renewable energy part is exported?

Akshay S. Pitti: No, that is currently domestic fully. The exports for that segment would start from the current quarter onwards.

Abhijit Mitra: Within the renewable energy, we see a decline YoY. Last year, there were some bunched up orders which were executing or how to look at it? Was there a customer loss or a change in the mix?

Akshay S. Pitti: Overall in renewable energy, we have actually won more orders in this year when compared to last year. It is just that the execution is not on the same distribution in terms of quarterly spread.

Abhijit Mitra: If you can help us with the volume breakup in this quarter between Aurangabad and Hyderabad?

Akshay S. Pitti: Aurangabad did somewhere around 6,500 odd tonnes if I remember correctly; ballpark, I'm just giving you a round number. And the remaining happened in Hyderabad.

Abhijit Mitra: And you see a meaningful change in this run rate in the current quarter?

Akshay S. Pitti: In the current quarter, we are looking at something like 10,500 tonnes and the distribution between Aurangabad and Hyderabad is going to be more or less the same.

Abhijit Mitra: And if you can help us with the figures of Pitti Castings for the current quarter in terms of broad top line and bottom line numbers?

Akshay S. Pitti: That I wouldn't be having offhand with me, but we can get them across to you subject to compliance. I don't know whether I am allowed to disclose that also if I get it from them.

Abhijit Mitra: If you can help us with the CAPEX that you have incurred for the quarter and the net debt and the working capital cycle that you have at the end of Q1?

Akshay S. Pitti: Rs. 17 crores of the CAPEX incurred during the quarter, and the net debt is somewhere around Rs. 280 crores; round figure I'm just giving you.

Abhijit Mitra: And the working capital cycle?

Akshay S. Pitti: Working capital days? It was somewhere around 70 days.

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

Pulkit Singhal: First question is, any new trends that you are seeing in the market that may kind of dictate growth for the next 2 to 3 years?

Akshay S. Pitti: When we used to earlier discuss the European market, it was pretty much kind of a closed market. We are seeing that it is opening up a little bit more for larger assemblies to start with. That is an encouraging trend for us on the export front in terms of direct exports now. But other than that, shafts and machine components, like I mentioned some time ago, we are looking at almost a Rs. 300-crore opportunity in the components business within the next 2 years. That's a very encouraging bit that the railway and non-railway related machine components is picking up in a very aggressive manner.

Pulkit Singhal: But in terms of exports, I understand you do direct exports and indirect as well via domestic sales, if you were to hazard a guess, how much would be direct plus indirect together?

Akshay S. Pitti: Direct, I think, is already reported in our numbers. Indirect would be a small fraction, maybe Rs. 75 crores to Rs. 80 crores could possibly go in terms of indirect to our end customers in Europe and the US. But now the opportunity for European direct exports also is opening up.

Pulkit Singhal: Can you help us appreciate what that means in terms of size of opportunity and what is really driving some of those players to talk to us and engage with us?

Akshay S. Pitti: Predominantly, these opportunities are in the marine and wind power, both onshore and offshore. Right now, those are the opportunities. Earlier, these supply chains were either locally sourced within Europe or were sourced from China. Increasingly, now, Europeans don't want that additional cost from the European supplier and they are also wary of being solely reliant on China. That is actually giving opportunities for Indian companies to make a presence in the European market. In terms of the size of opportunity, we have started small supplies in the current quarter to some of these customers. And with them, we see a potential to ramp up this business to roughly Rs. 150 crores of opportunity within the next 2 years. It is a significant opportunity for us once it spans out.

Pulkit Singhal: Within these customers itself, even if you reach Rs. 150 crores, what would be that as a percentage of their requirement, for instance?

Akshay S. Pitti: As a percentage of their requirement, it will still be around 20%.

Pulkit Singhal: Any sense of what is the market size, how much is being sourced from China, how much from Europe? Any studies around that?

Akshay S. Pitti: If you take just the domestic European market size, it is in excess of 400,000 tonnes to 500,000 tonnes per annum of lamination requirement.

Pulkit Singhal: And how much is currently being sourced from China for them?

Akshay S. Pitti: I'm saying what they source domestically. What is being sourced from China? That number we don't have. I'm just giving you the sales of our European competitors within Europe.

Pulkit Singhal: Secondly, we are now at Rs. 280 crores net debt and we have done a good job in trying to now start to bring it down, and the equity base is also going up. I'm just wondering, you may be seeing various opportunities when you talk to your customers. Do you think availability of capital is one constraint that prevents you from going a bit more aggressive in terms of targeting opportunities right now because you are trying to maintain a certain capital structure and financial health? Is that the situation?

Akshay S. Pitti: We are not constraining ourselves on growth due to any capital structure related issues. If you see overall, we have actually come down on our net debt and absolute debt also is down. We are not actually focused only on bringing down the debt and sacrificing any opportunity of growth due to that. It is just a gestation period because a lot of the products are kind of going through the approval process. Like you know, the approval processes of some products are a year-long and some are multi-year approvals. As those approvals are coming in, the volumes are growing. And accordingly, we are aligning our capacity additions to keep up pace.

Pulkit Singhal: CAPEX plans, if you could mention for this year and next? And should the approval come in for the merger, how would that change your CAPEX plans?

Akshay S. Pitti: If the approval for merger comes in, that would not substantially alter our CAPEX plans in that company as it is we had planned about Rs. 15 crores of CAPEX in its workings. That is anyway ongoing in that company as is. Apart from that, the overall outlay of Rs. 224 crores which was for current year and half of next year combined, we have spent about Rs. 17 crores in quarter 1. Quarter 2 should see some heavier outflows, maybe to the tune of Rs. 35 crores to Rs. 40 crores. And then quarter 3 and quarter 4 will take the lion's share of the expenditure. In terms of cash flow, the capitalization would be towards the quarter 1 and quarter 2 of next financial year

Moderator: The next followup question is from the line of Gunmeen Kohli from DRChoksey PMS. Please go ahead.

Gunmeen Kohli: My line was actually dropped off, so apologies if this is a repetitive question. My question is on the components business. What do you see the margins going ahead for that? Because, as we gather, the shaft business, they are CNC machined shafts. What is the margin profile over there?

Akshay S. Pitti: It's not just the shafts. In the components business, you have the shafts and the machining for fabricated parts and the machining on the castings that we do from the proposed merger entity. We do the machining in Pitti Engineering. All of them put together is a components business. In that, the typical EBITDA is somewhere around 20% to 22%.

Gunmeen Kohli: Post the merger, do you reckon that the utilization of your components business is going to go up and that is why you are projecting Rs. 300 crores of top line for the business?

Akshay S. Pitti: The approvals for these products have been in process for the last 2-3 years with Indian Railways and other railway-related customers as well as the wind power customers. As the approvals are coming in and we have seen that the business is there for the taking, we have decided to go ahead with the merger because we don't want that kind of inter-company relationship between our promoter group and Pitti.

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

Balasubramanian A: Sir, what is our current market share in the organized market? And what kind of market share is expected post CAPEX? If you could share what is the industry level in terms of capacity and sales that would be really helpful.

Akshay S. Pitti: Organized and unorganized is difficult to say because eventually we take it from the steel supply side and the steel consumption side. Overall, for electrical-motor, and generator-related laminations, the country consumed in total about 700,000 metric tons of steel, all told, of which we consumed something like 70,000 tonnes. So, empirically, we can state that we are about 10% of the total Indian market

Balasubramanian A: Post CAPEX, how much we can expect?

Akshay S. Pitti: With CAPEX, I think we will be hitting somewhere around 15%.

Balasubramanian A: Sir, on the order book side, could you please share the order book breakup and the execution timeline?

Akshay S. Pitti: Out of the Rs. 799 crores, the long-term order book which is executable beyond 12 months should be in the vicinity of Rs. 200 crores and balance Rs. 600 crores is executable within the next 12 months.

Balasubramanian A: Sir, I missed on the CAPEX part. How much are we going to spend in the Q2 and for the next 2 years including the Hyderabad facility?

Akshay S. Pitti: Not including, because right now the CAPEX is to actually shift the Hyderabad facility into Aurangabad and modernize it as well. So, I can only give you a number which is kind of merged into one single CAPEX block as we have already given out.

Balasubramanian A: Is it Rs. 220 crores for the next 2 years?

Akshay S. Pitti: Not next 2 years, next 15 months. It has to be executed by Q2 FY25.

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

Pulkit Singhal: Just trying to understand better the European opportunity. You mentioned 400,000 to 500,000 MT of laminations is their domestic requirement. In your sense, how many people from India are able to actually target that or cater to that as of now, based on whatever you see in terms of competitive landscape?

Akshay S. Pitti: Every single competitor is attempting to get into the market. Now the market is very widespread. From automotive to railways, everything is there in the European market, including EVs. So, each of our competitors are trying in many segments. I think the most widespread adoption of supplies of laminations from India and China is in the IEC motors which are kind of off-the-shelf motors, standardized design; not in terms of custom design. If I may classify them in some kind of terminology, for example, the CG Power of Europe or say Bharat Bijlee of Europe, brands that we would not be aware of in India, because we know Siemens, ABB, and these kind of bigger multinational companies. They are currently most comfortable importing these laminations. Apart from this, then it goes into a higher-end segment to companies like

Siemens Gamesa or Engineteam which are leaders in their field in marine engines, marine generators, and offshore wind and onshore wind. The sweet spot, i.e., our company's core strength, which is the traction motor railways and industrial commercial motors that is still not widely imported in Europe.

Pulkit Singhal: which is what is starting now or not yet?

Akshay S. Pitti: Right now, it's more power generation and marine applications that we are able to penetrate. And what our competitors in India are able to do and from China are able to do is in the appliance consumer and the lower-end industrials for companies which are something like an equivalent of Bharat Bijlee of India in Europe. We all are regional players.

Pulkit Singhal: I would have thought that we are best placed because of our track record and dominant market share in terms of the organized players in India. Is my understanding correct? Or you would say no, there are easily credible players who can equally compete?

Akshay S. Pitti: There are incredible lamination manufacturers in India apart from us. They may only have a difference of scale. If we are, say, doing 10,000 tonnes a quarter, they might be doing 3,000 tonnes to 4,000 tonnes a quarter. But that doesn't take away their ability to make good products. And where they are specializing is getting to the smaller customers and in the smaller laminations, which was not the core strength of our company until recently. Only recently, we have started paying attention to the smaller industrial consumer applications and not just the specialized applications such as special purpose motors, renewables, and traction motors. Going forward, as we are giving more attention to these segments, we will be getting more breakthroughs even in the European market.

Pulkit Singhal: Yes, this is a starting point. It will kind of snowball later on once approvals come in and as an experience of your products. In terms of the economics, whenever you should reach whatever you are targeting with these new customers, how is it in terms of loose versus assembled? How much value addition are you doing? Is the EBITDA per tonne higher than what your company average is right now? How do we look at it?

Akshay S. Pitti: The current opportunity which we have bagged, there the EBITDA per tonnes are higher than the average for the company. We are in the top 10% of the EBITDA per tonne in terms of product profile because these are highly assembled with shaft integration and various other machinings happening on that product. We are yet to target the industrial commercial laminations for the European market.

Pulkit Singhal: But even there, the EBITDA per tonnes would be higher than the average?

Akshay S. Pitti: When compared to the Indian equivalent, yes, but not when compared to our overall company average.

Moderator: As there are no further questions, ladies and gentlemen, we have reached the end of the Q&A session, and on behalf of Pitti Engineering, that concludes this conference. Thank you all for joining the call. For further queries or visiting the plant, please be in touch with Rama Naidu from Intellect PR on 9920209623. Thank you for joining us and have a wonderful day.