

### A Good Proxy to India's Manufacturing bet...!

We visited the Pitti Engineering Ltd's manufacturing facility in Aurangabad, hosted by key management personnel including Mr. Uday Bhasker (DGM- Marketing), along with Mr. Avinash Patil ( President- Operations Maharashtra). We also had a brief interaction post the same with Mr Akshay Pitti (MD & CEO) & Mr Sandip Agarwal (COO, Motor & Generator Components). We understood the whole gamut of Pitti processes Loose Laminations and low value-added assemblies, High value-added assemblies, Stator frame/Rotor shaft integrated assemblies including high value machined components & raw castings.

### Company Background and Business Model:

Pitti Engineering Ltd (PEL) is the Largest manufacturer and exporter of electrical laminations in India. Over the years, the company has evolved from being a pure "laminations supplier" to a fully integrated player, moving up the value chain into both low and high value-added sub-assemblies by adding fabrication and casting capabilities. Complemented by advanced machining expertise developed at its Hyderabad and Aurangabad facilities, this has enabled the company to deliver holistic assemblies—such as stator frames and rotor shaft-integrated assemblies with laminations—that can be directly deployed in motors and generators. This strategic transition has strengthened its positioning and expanded margins from early double digits (11–12%) to high teens (16–17%).

### Key Financial Takeaways:

**Revenue Growth:** Pitti Engineering management guides for achieving a topline for >2000 crs (~17% growth over FY25)for the first time. For FY27, again expect to achieve high-doublel digit growth to achieve a topline of ~2250-2300 Crs.

**Margin Guidance:** The company remains confident of achieving 16-17% EBITDA margins for coming 2 years. Margins have potential to grow further provided share of value-added products increases as compared to commoditised products.

### Financial summary

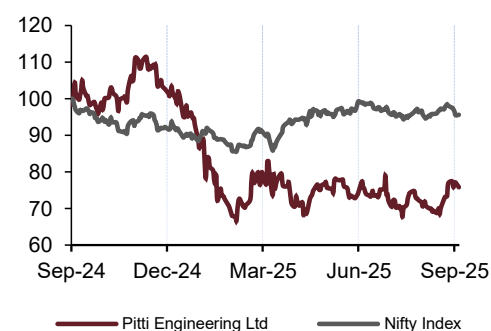
Particulars	Mar'21	Mar'22	Mar'23	Mar'24	Mar'25
Net Sales	518	954	1,100	1,202	1,705
Operating Expenses	440	822	949	1,024	1,433
Gross Margins %	35%	29%	29%	33%	40%
EBITDA	78	132	151	178	271
EBITDA Margin (%)	15%	14%	14%	15%	16%
Depreciation and Amortization	30	39	45	54	81
Interest	30	40	45	50	68
Other Income	20	17	18	48	39
Profit Before Taxation & Exceptional Items	39	71	80	122	162
Provision for Tax	10	19	21	32	39
Profit After Tax	29	52	59	90	122

### NOT RATED

#### Market data

<b>Current price</b>	<b>Rs</b>	<b>993</b>
Market Cap (Rs.Bn)	(Rs Bn)	37
Market Cap (US\$ Mn)	(US\$ Mn)	422
Face Value	Rs	5
52 Weeks High/Low	Rs	1512.4 / 835
Average Daily Volume	('000)	92
BSE Code		513519
Bloomberg		PITTIENG.IN
Source: Bloomberg		

### One Year Performance



Source: Bloomberg

% Shareholding	Jun-25	Mar-25
Promoters	54.18	54.18
Public	44.79	44.79
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

Source: Bloomberg

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Key takeaways from our interaction

❖ Pan- India Manufacturing Presence

Pitti Engineering Ltd (PEL) has 6 manufacturing facilities: 3 in Hyderabad (Telangana), 1 in Aurangabad (Maharashtra), and 2 in Bangalore. Each facility encompasses one or more of the 6 processes: Laminations, Assembling, Machining, Shaft Manufacturing, Casting, and Fabrication. **We visited the Aurangabad facility which focuses on Laminations, Assembling, Machining, and Shaft Manufacturing. The Aurangabad facility is spread over 26 acres using 1 MW solar currently (targeted to be raised to 4 MW solar powers in the next 12-18 months) & 30 EV vehicles in fleet for internal logistics.**

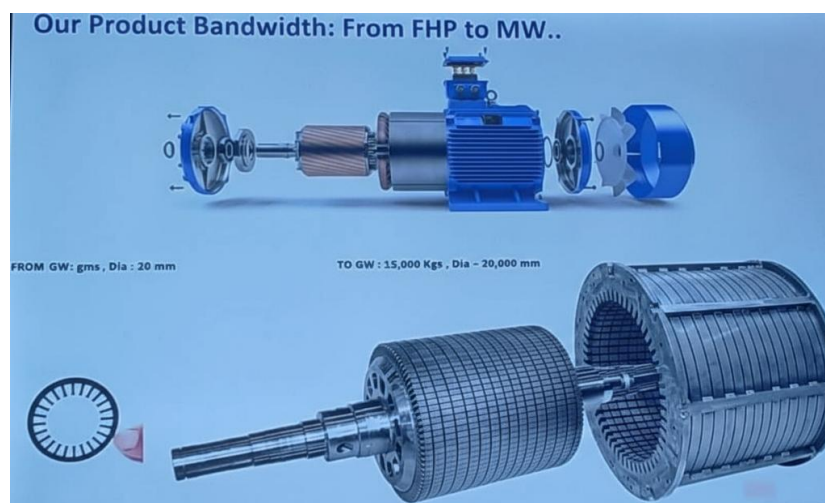
Product Category	Hyderabad	Aurangabad	Bangalore (WOS)
Laminations	✓	✓	✓
Assembling	✓	✓	✓
Machining	✓	✓	X
Shaft Mfg.	X	✓	✓
Casting	✓	X	X
Fabrication	✓	X	X

Across its facilities, PEL manufactures over 9,000 SKUs of laminations and assemblies—making it the most diversified player in India’s electrical laminations/stator/rotor manufacturing space. Its product portfolio spans diameters from as small as 30 mm to as large as 1,300 mm (stator frames for hydro turbines/motors), delivered with world-class precision, including lamination thickness of just 0.5 mm.

Major Business Verticals



## Product Range



Source: Company Data, PPT, Annual Report

### Product Types :

All of PEL's 9,000+ SKUs can broadly be classified into three product buckets:

Product type	Nature
Loose Laminations and low value-added assemblies	High Volume & Low Margin products
High value-added assemblies , with child parts & fabrications	High Volume , But Slightly better margin products
Stator frame or Rotor shaft integrated assemblies (i.e. Machined Components)	Low Volume , but highest margin products in nature

This structured product mix highlights PEL's strategy of progressively migrating from commoditised offerings toward higher-value, margin-accretive integrated assemblies.

Sales in MT for FY25	FY23	FY24	FY25	Q1FY26	CAGR (FY23-25)
Loose Laminations and low value-added assemblies	19,694	25,732	45,120	11,135	51%
High value-added assemblies	12,851	10,654	10,967	3,021	-8%
Stator frame or Rotor shaft integrated assemblies & Laminations	3,752	2,945	3,325	996	-6%
Shafts	NA	1,226	1,344	369	-
Child parts	NA	1,748	2,254	672	-
Machined Components	4,232	3,955	4,678	1,236	5%
Raw Castings	3,636	2,508	2,430	1,405	-18%
Stator frames – Core Drop	1,080	1,061	1,092	420	1%
Scrap & side trim coils	30,887	36,925	54,096	10,405	32%

Source:

Company Data, PPT, Annual Report

Based on the sales data, the recent acquisition has clearly driven robust growth in the Loose Laminations and low value-added assemblies category, which saw a significant volume increase to 54,096 MT in FY25, representing a 46.50% YoY. This category is a major volume driver. Going forward, PEL's strategic focus is shifting to accelerate growth in higher value-added segments. Specifically, the company aims to grow faster in High value-added assemblies, Stator frame or Rotor shaft integrated assemblies, Shafts, and Machined Components. This goal will be supported by the recent integration of Dakshin Foundry and the expansion of the castings capacity at Hyderabad, which should help drive sales for machined castings-related products and enhance the vertical integration necessary for the higher value-added assemblies.

❖ **Raw Material, Pass-through & Market Share:**

Approximately 90% of raw material used in laminations is CRNGO steel, produced by only a handful of players in India, including POSCO, JSW Steel, China Steel Corporation, and SAIL. Domestic CRNGO production stands at ~0.9 mn MT annually, of which PEL procured ~0.1 mn MT in FY25—translating into a 10–12% domestic market share. The company typically maintains ~90 days of inventory and is able to pass on the bulk of raw material price fluctuations to customers, albeit with a one-month lag.

❖ **End-User Industry Applications catered by PEL' product range:**



Source: Company Data, PPT

Industry-Wise Revenue Breakup: Comparison Across Q1 FY26, Q4 FY25, and Q1 FY25

Industry Category	Q1 FY26	Q4 FY25	Q1 FY25
Traction motor and railway components	37%	38%	30%
Power generation	17%	18%	16%
Industrial and commercial	12%	10%	11%
Special purpose motors	5%	7%	6%
Mining, oil and gas	5%	6%	8%
Renewable energy	3%	3%	5%
Other	21%	18%	24%
Total	100%	100%	100%

Structural vs. Cyclical Industry Exposure:

PEL’s diversified end-industry exposure can be viewed through two lenses—structural and cyclical. Structural industries are those where PEL has established a dominant market position, ensuring steady revenue growth as long as the industry itself continues to expand. In India’s context, government vision and sustained capex are expected to keep sectors like power, traction & railways, and pumps on a multi-year growth trajectory, thereby underpinning consistent demand for PEL’s products. Cyclical industries, on the other hand, are more closely tied to capex cycles and consumption trends. Segments such as renewables, data centers, industrial & commercial motors are expected to grow robustly on the back of government policy support, private capex, and “Make in India” momentum. Meanwhile, mining, oil & gas, and consumer appliances are driven largely by end-user consumption, with recent policy measures like GST cuts acting as potential growth catalysts.

End Industry	Nature (PEL POV)	PEL Positioning	Growth Triggers
Traction & Railway	Structural	>50% market share; all major Indian motor OEMs are clients	Metro & high-speed rail expansion; electrification by 2026; 200+ Vande Bharat trains; Dedicated Freight Corridors; green mobility focus
Power Generation	Structural	Strong share in rotating equipment	428 GW base growing; 93 GW thermal pipeline; 500 GW renewables target by 2030
Pumps (Agri & Infra)	Structural	Key supplier for pump motors	Jal Jeevan Mission; smart irrigation; energy-efficient & solar-compatible pumps
Data Centers	Cyclical, high growth	Sole supplier of laminations for 5500 kVA alternators	Digital infra boom; demand for efficient motors & DG sets; uninterrupted power need
Renewables	Cyclical, high growth	90% market share in Wind Turbine Generators	60 GW offshore wind policy; solar >50% energy mix by 2030
Industrial & Commercial	Cyclical, high growth	Strong presence in motors & assemblies	Infra & automation revival; PLI schemes; private & public capex push
Mining, Oil & Gas	Cyclical	Supplier to heavy-duty, high-torque components	Mechanisation of mining; demand for durable, high-performance motors & equipment
Appliances & Consumer	Cyclical	Supplier to efficient, low-noise motors	Stricter BEE norms; Tier II/III electrification; GST cut to spur consumption

Source: Company Interactions, Dalal & Broacha Research



### ❖ Key Plant Observations:

Pitti Engineering's Aurangabad plant is a highly automated facility, employing ~1,200 workers out of the total 2,500+ workforce across PEL's PAN India operations. The plant leverages cutting-edge technology with critical equipment imported from Germany, Korea, and Japan from reputed capital goods manufacturers such as Yaskawa, Yadon, and DMG Mori.

### Key Capabilities:

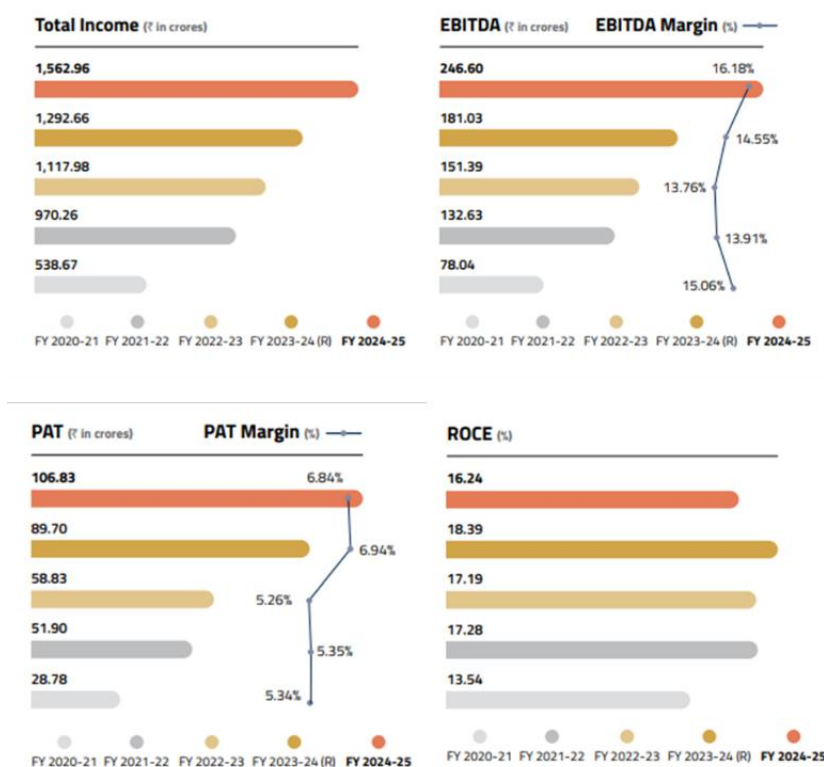
- Variety of presses for blanking and stamping
- 4/5-axis HMC machines
- 4/5-axis turn-mill centers
- Cyclical grinding machines
- Advanced heat treatment facilities
- Material handling with KONE overhead cranes
- CAD/CAM software-enabled design and production
- NABL-accredited testing and quality assurance lab
- Robotic automation with Yaskawa robots

## Conclusion & Outlook- Why we like Pitti..?

### 1. Strong Historic Growth & Financial Trajectory:

Capacity Expansion over the years....	2020	2021	2022	2023	2024	2025	2026E	FY20-25 Vol. CAGR	FY20-26E Vol. CAGR
Sheet Metal Laminations (in MT)	36,000	39,600	46,000	50,200	56,000	72,000	90,000	15%	16%
Machining Hrs	247,600	362,800	403,200	460,800	460,800	633,600	720,000	21%	19%
Casting Capacity (in MT)	-	-	-	-	-	14,400	24,600	-	-

Pitti Engineering's performance stands out for its sustained and disciplined growth across key financial metrics and operational scale. Over FY20-25, revenue and EBITDA have delivered CAGRs of 23.8% and over 30% respectively, while PAT has grown even faster at a CAGR above 50%—underscoring strong margin improvement and scaling profitability. In FY25, PEL has achieved its highest-ever EBITDA margin of 16.2% and PAT margin of 6.8%, reflecting peak operational efficiency. This financial outperformance is supported by steadfast capacity expansion and volume growth, with machining and sheet metal volumes registering robust CAGRs of 21% and 15% respectively over FY20-25. Pitti's ability to capitalize on both scale and profitability sets it apart as a sector leader with a consistent history of maximizing shareholder value.



## 2. Data Center & Wind Energy segments to boost growth for PEL :

India's 2025 wind energy localisation norms mandate domestic sourcing of key wind turbine components (blades, towers, gearboxes, generators, special bearings) and strict data localisation, requiring all operational data, servers, and R&D centers to be located within India- which we expect should massively boost these segments for PEL as well. Thus the data center (~3% of PEL's Revenues) & wind energy segments (~3-5% of PEL's revenues) could be outperformers for PEL. For certain products like laminations for 5500 kVA Alternator for DG set – PEL is the sole supplier in India & is expecting 50-60% growth in this segment in FY26. Wind energy segment again due to the localisation norms could see very high growth for FY26 & FY27 both.

## 3. Strong Diversified & Esteemed Client Profile:

Pitti Engineering's robust client portfolio spans marquee names across multiple sectors including traction motors and railway components, power generation, industrial and commercial segments, mining, oil & gas, special purpose motors, and renewable energy. The company's long-standing relationships with industry leaders such as Alstom, Siemens, ABB, Cummins, Caterpillar, BHEL, Suzlon, and Siemens Gamesa illustrate both the trust and repeat business it continues to command. This breadth of diversification ensures that PEL is strategically positioned to benefit from sectoral growth tailwinds, with each of its blue-chip clients acting as a vector for PEL's future expansion. Such a deep and enduring client base underscores PEL's resilience and provides strong visibility for growth as its customer industries scale and invest further.

Industry Segment	Key Clients
Traction motor & railway components	Alstom, BHEL, Titagarh, Medha Traction, Wabtec, TMEIC, IPS, RDSO, Tata
Power generation	Siemens Energy, Siemens Gamesa, Suzlon, BHEL, CG Power, Ingeteam, Andritz, WEG, Wolong
Industrial & commercial	ABB, Siemens, L&T, SKF, Voith, Regal Rexnord, Schwing Stetter, Stanley Black & Decker, Innomotics, Cummins, Caterpillar
Special purpose motors	Atomberg, Elin Motoren, Lucas TVS, Nidec, Wilo, Varroc, Xylem, Ramme
Mining, oil & gas	Caterpillar, Cummins, Allison Transmission, Hendrickson
Renewable energy	Siemens Gamesa, Suzlon, WEG, Wolong, Ingeteam
Other	AVTEC, Saini Engineering Works, JE, Others

#### 4. Long Lead Time for Customer Approvals & High Switching Costs

For certain SKUs and product categories, the certification and approval cycle spans 2–3 years even for PEL, despite its established customer relationships and proven performance track record. For new entrants, this timeline is often longer, creating a natural entry barrier. In addition, high switching costs act as a strong moat—any customer looking to shift supply chains or product lines would typically face a minimum 2-year transition period. Together, these factors enhance customer stickiness and reinforce PEL’s competitive positioning.

#### 5. Scale, Automation and Continous Forward Integration initiatives are PEL’s Competitive Moats

Scale remains one of PEL’s strongest moats. The company’s nearest competitor operates at barely one-fourth of PEL’s size and lacks comparable automation levels. Continuous forward integration into sub-assemblies and assemblies, alongside capability development in machining and casting, has further enabled PEL to expand its product portfolio and drive consistent revenue growth. Together, scale, automation, and integration create formidable entry barriers while reinforcing PEL’s long-term growth trajectory.

#### Valuation & View:

As per our rough calculations, Pitti Engineering (PEL) currently trades at an attractive valuation of **~10x FY27E EBITDA and ~23x FY27E PAT**, which we believe is reasonable given its strong operational moat. The Indian government’s thrust on capex, coupled with an emerging pickup in private sector investments, provides a strong growth backdrop. Specific sectoral tailwinds, such as AI-driven growth in data centers, further enhance the growth visibility. **We view PEL as a compelling proxy to play the broader Indian manufacturing growth story and maintain a positive stance on the stock.**



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