

Pitti Laminations Limited

(BSE: 513519, NSE: PITTILAM)

Q2 FY2016 Earnings Presentation

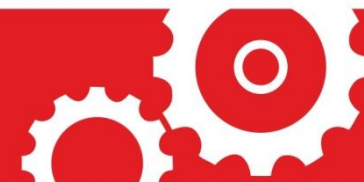
13 November 2015

Cautionary Statement



This presentation contains statements that contain “forward looking statements” including, but without limitation, statements relating to the implementation of strategic initiatives, and other statements relating to Pitti Laminations’ future business developments and economic performance. While these forward looking statements indicate our assessment and future expectations concerning the development of our business, a number of risks, uncertainties and other unknown factors could cause actual developments and results to differ materially from our expectations. These factors include, but are not limited to, general market, macro-economic, governmental and regulatory trends, movements in currency exchange and interest rates, competitive pressures, technological developments, changes in the financial conditions of third parties dealing with us, legislative developments, and other key factors that could affect our business and financial performance. Pitti Laminations undertakes no obligation to publicly revise any forward looking statements to reflect future / likely events or circumstances.

Performance Highlights



H1 FY2016 vs. H1 FY2015

Net Revenue	Total Volume	Domestic Volume	Export Volume
Rs. 1,638 mn	9,845 MT	6,663 MT	3,181 MT
+13.9%	+4.3%	+3.4%	+6.0%

Commenting on the results, **Mr. Akshay S Pitti, Vice Chairman and MD of Pitti Laminations** said:

“Revenue growth during the first half was around 14% y-o-y. However, our profitability was under pressure due to a combination of higher input cost, sharp decline in scrap prices and unfavourable exchange rate variations. Profitability during the period was also impacted due to withdrawal of certain incentives for exports to the USA and Europe.

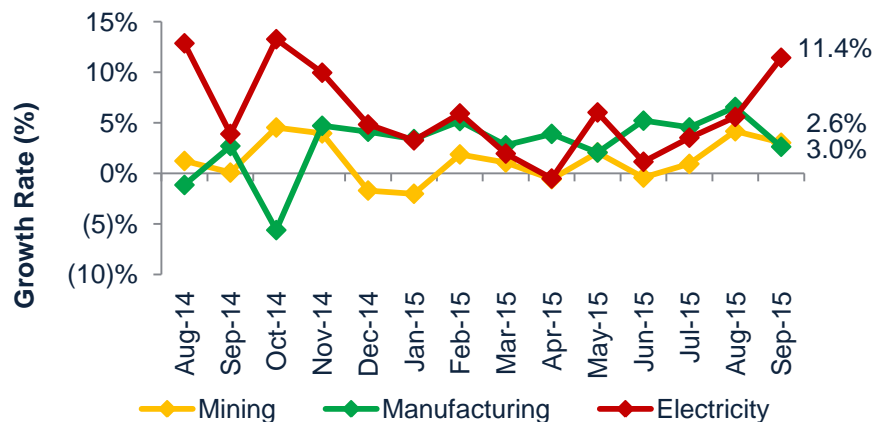
Traditionally, second half of the fiscal year has been better for us and we expect the trend to continue during this year as well. We also expect to benefit from the reintroduction of export incentive during the remaining part of the year.

The latest IIP data is very encouraging for our sector and we expect to see the impact of the improving industry environment in performance going forward. We anticipate that our higher domestic volumes coupled with robust export order book will drive future top-line growth as well as profitability.”

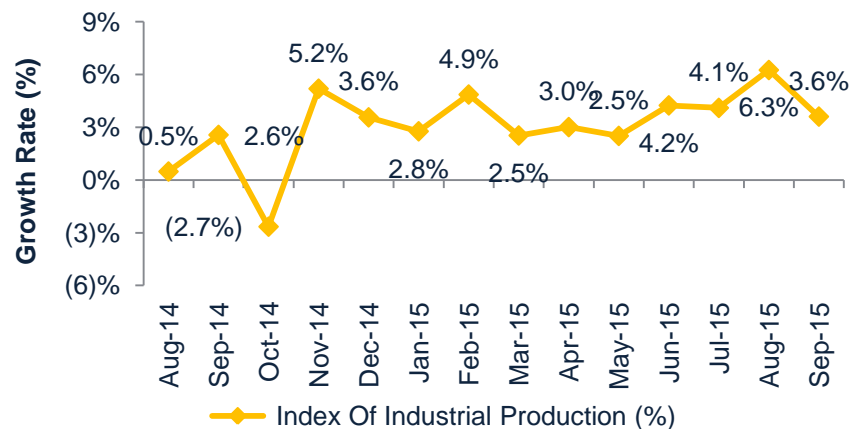
Note: Above figures are rounded off

Macroeconomic Update

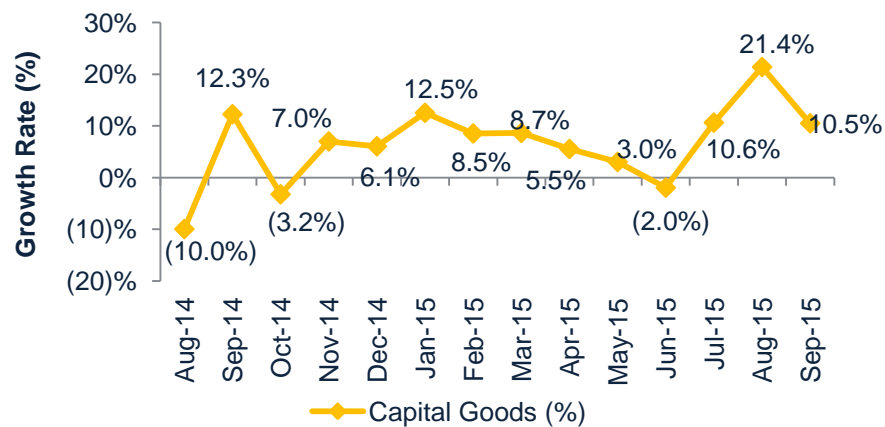
Index of Industrial Production – Sectoral



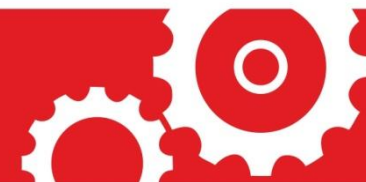
Index of Industrial Production



Index of Industrial Production – Use Based



Financial Performance Summary



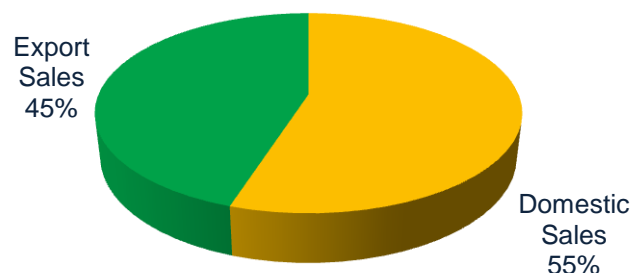
Consolidated Financial Highlights

(Rs. Million, unless stated)

Particulars	Q2		y-o-y	Q1	q-o-q	Half Year		y-o-y
	FY2016	FY2015	Growth (%)	FY2016	Growth (%)	FY2016	FY2015	Growth (%)
Sales Volume (MT)	4,737	4,558	3.9%	5,107	(7.2)%	9,845	9,442	4.3%
Net Revenue	781	718	8.9%	857	(8.8)%	1,638	1,438	13.9%
EBITDA ¹	32	82	(60.9)%	94	(65.8)%	126	160	(21.1)%
Margin (%)	4.1%	11.4%		11.0%		7.7%	11.1%	
Profit After Tax (PAT)	(28)	10	nm	15	nm	(13)	18	nm
Margin (%)	nm	1.4%		1.7%		nm	1.3%	
Basic EPS (Rs.) ²	(1.03)	0.73	nm	0.56	nm	(0.47)	1.35	nm

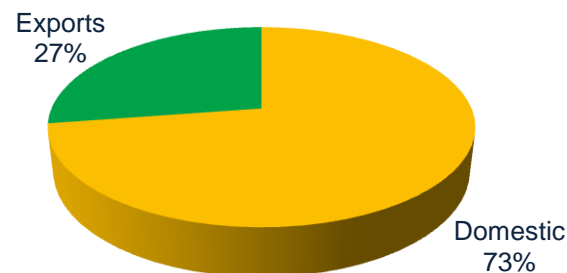
Sales By Geography

Q2 FY2016



Volumes By Geography

Q2 FY2016



Note:

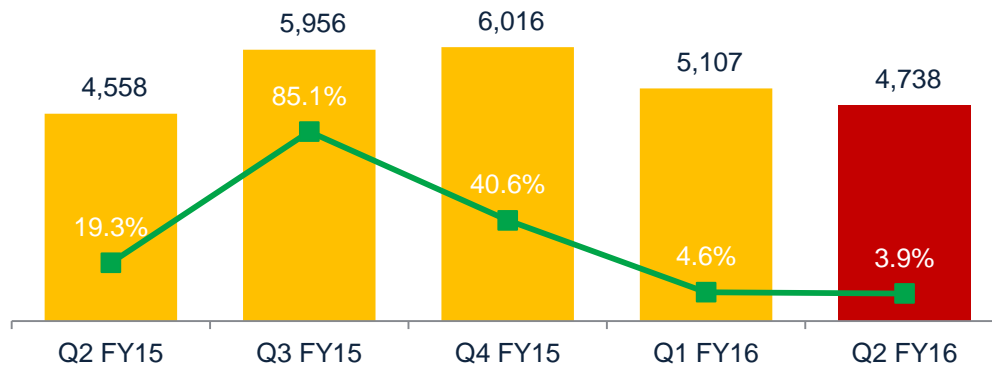
1 EBITDA is Profit from ordinary activities before finance cost, depreciation, exceptional items and includes forex loss / (gain)

2 Of Rs.5/- each, previous period upto 31st March 2015 Rs.10/- not annualised

Financial Performance Trend



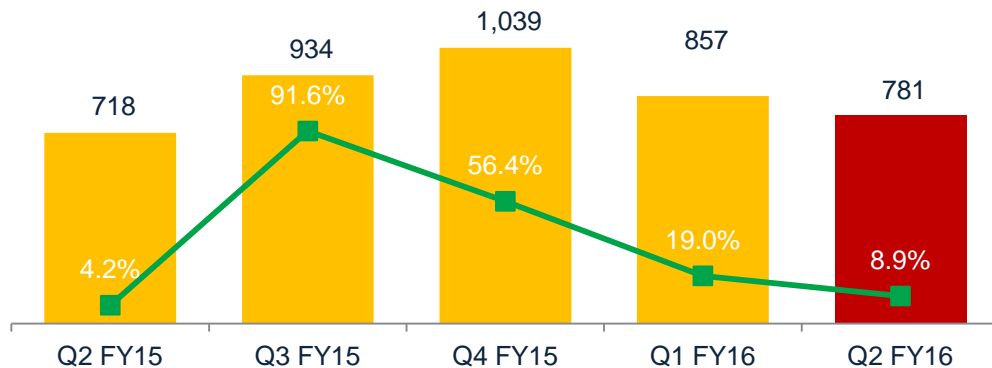
Volume (MT) and Y-o-Y Growth (%)



Q2 FY2016 vs. Q2 FY2015

- Domestic volumes increased by 13.1% to 3,440 MT
- Export volumes declined by 14.4% to 1,298 MT
- Stator frames sales was 6 compared to 0

Net Revenue (Rs. mn) and Y-o-Y Growth (%)



Q2 FY2016 vs. Q2 FY2015

- Net Revenue growth was primarily driven by robust domestic volume
- Domestic sales increased by 5.9% to Rs. 428 million
- Export sales up by 14.1% to Rs. 350 million

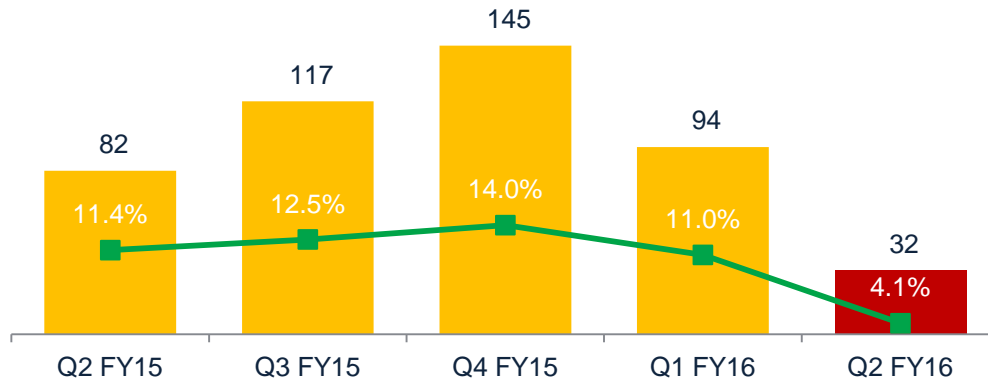
Note:

- Net Revenue includes other operating income

Financial Performance Trend



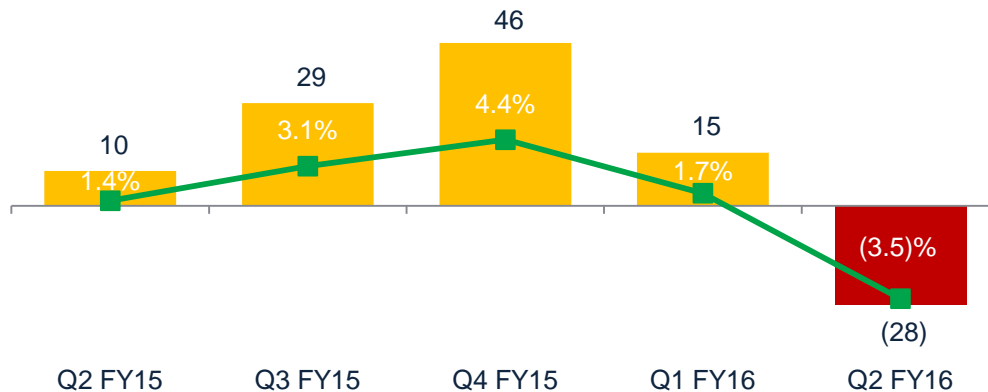
EBITDA¹ (Rs. mn) and Margin (%)



Q2 FY2016 vs. Q2 FY2015

- Q2 FY2016 EBITDA decreased by 60.9% y-o-y
- Decline was mainly due to higher raw material cost, on account of consumption of existing inventory

PAT (Rs. mn) and Margin (%)



Q2 FY2016 vs. Q2 FY2015

- Profitability impacted due to:
 - Lower operating profit
 - Sharp decline in the prices of scrap
 - Unfavorable foreign exchange variations
 - Withdrawal of export incentive of MEIS for exports to the US and Europe

Note:
 1 EBITDA is Profit from ordinary activities before finance cost, depreciation, exceptional items and includes forex loss / (gain)

Leverage Profile









Conservative Leverage Profile

(Rs. million)	30-Sep-15	30-Jun-15
Long Term Debt	361	377
Short Term Debt	1,296	1,268
Total Debt	1,657	1,645
Less: Cash & Cash Equivalents	165	186
Net Debt / (Net Cash)	1,492	1,459
Net Worth	1,160	1,187
Net Debt / LTM EBITDA (x)	3.8x	3.3x
Total Debt / Net Worth (x)	1.4x	1.4x

- The Company has a 'A-' rating for its long term bank facilities and 'A2+' rating for its short term bank facilities by CARE

Product Portfolio



Product	Description	Application / End-market
Electrical Steel Laminations	 <ul style="list-style-type: none"> • Produces laminations from 50mm to 1,250mm outer diameter • Spacer/vent and glued laminations for hydro/thermal Generators 	<ul style="list-style-type: none"> • Power generation • Transportation • Mining • Industrial motors • Locomotives • Aerospace • Automobile • Oil & gas
Die Cast Rotors & Assemblies	 <ul style="list-style-type: none"> • Skew angle rotors upto 540mm OD & 1,000mm height including end rings and fins • Riveting or bolting the rotor stacks under hydraulic pressure 	
Stator Core Assemblies	 <ul style="list-style-type: none"> • Assemblies upto a diameter of 2,000mm with circular and segmental laminations and cleating / welding / riveting of assemblies 	
Rotor Core Assemblies	 <ul style="list-style-type: none"> • Supplies ready to use assembled rotor cores with stacking under hydraulic pressure 	
Pole Assemblies	 <ul style="list-style-type: none"> • Assembled pole bricks with stacking under hydraulic pressure and welding / core bolting with end castings 	
Casting & Machine Components	 <ul style="list-style-type: none"> • Machine shop that can handle range of precision machined components for different applications 	

Blue Chip Customers



Laminations



Casting



Machining

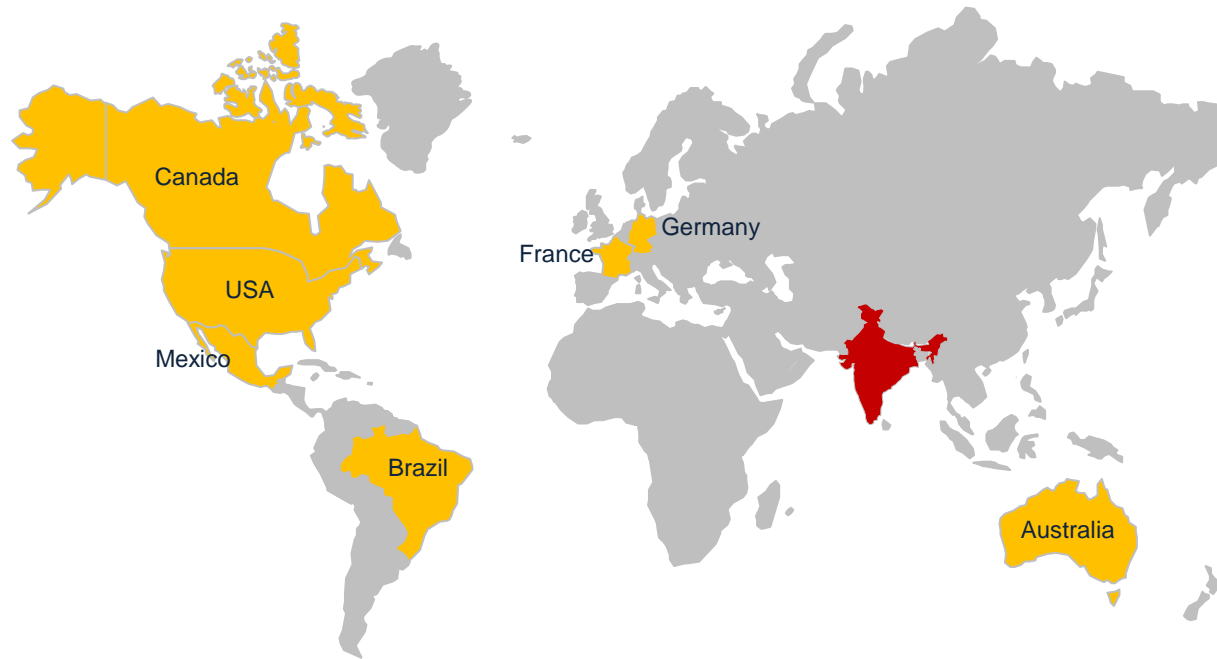


Note: Customers arranged in alphabetical order

Global Footprint




Geographically Diversified Customer Base

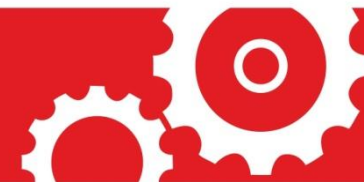


Facilities	Capacity
Lamination	32,000 MT
Machined Casting	113,400 No. of available hours

 Indicates the location of manufacturing facilities

 Indicates the location of customers

Management and Board



Management Team

Key Executives	Role
Sharad B Pitti	Chairman and MD
Akshay S Pitti	Vice Chairman and MD
Y B Sahgal	Executive Director
GVSN Kumar	Executive Director and CFO

Board of Directors

Board Member	Background
Sharad B Pitti	Chairman and MD
Akshay S Pitti	Vice Chairman and MD
Y B Sahgal	Executive Director
GVSN Kumar	Executive Director and CFO
N R Ganti	Management Consultant
G Vijaya Kumar	Senior Advocate, AP High Court
M Gopala Krishna	Retired IAS
Gayathri Ramachandran	Retired IAS
S Thiagarajan	Chartered Accountant

Executive Director
 Independent Director



Pitti Laminations Limited

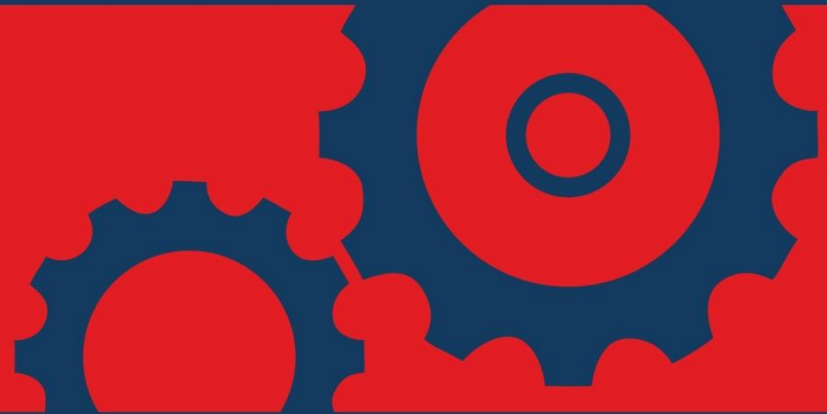
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