



Pitti Laminations Limited

Engineering Solutions



January 28, 2015

Q3 FY2015 Earnings Presentation

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.

Investment Highlights

Market Positioning

- India's only end-to-end product and service provider in the electrical lamination segment
- Market leader in the special purpose motors segment in India
- Pioneer for the manufacture of traction motor subassemblies in India
- One of the few suppliers in the world with tooling, laminations, casting and machining under one roof
- Long term customer relationships: Crompton Greaves (20 yrs), Siemens (15 yrs), GE (10 yrs)

Financial Performance

- FY2010-14 revenue CAGR of 13%
- 5 year average EBITDA margin of ~14%
- Dividend payout of 32% in FY2014 with dividend yield of 2%
- Long term contracts with built in material price variation clause

Best-in Class Operations

- Supplier of choice: One of the few globally vertically integrated companies with tooling, lamination, casting and machining facilities
- First commercial manufacturer of laminations in India certified by BVQI of UK for ISO 9002
- Has 2 world class manufacturing facilities in Hyderabad, Telangana, India
- Shifting some of the manufacturing facility with production capacity of around 15,000 MT per annum at Pune, Maharashtra
- India's only indigenously developed tool room with a portfolio of over 3,400 tools

Business Initiatives

- Larger and more sophisticated laminations with size in excess of 750 mm in diameter
- De-risked business by product diversification: Added castings as a new product
- Diversified customer base from motor and alternator to mining, oil & gas and infra sectors
- Balanced exports and domestic orders

Performance Highlights

Q3 FY2015 vs. Q3 FY2014

- Total Volume of 5,956 MT, an increase of 85.1%
- Net Revenue of Rs. 934 million, increased by 91.6%
- EBITDA of Rs. 125 million compared to Rs. 51 million in Q3 FY2014
 - EBITDA margin improved by 289 basis points to 13.3%
- PAT of Rs. 29 million compared to Rs. 3 million in Q3 FY2014
 - PAT margin improved by 241 basis points to 3.1%
- Total Debt increased to Rs. 1,270 million compared to Rs. 1,152 million as of 30th September 2014
 - Total Debt / Equity of 1.1x and Net Debt to LTM EBITDA of 3.3x
- Declared an interim dividend of Rs. 0.75 per share

Management Commentary

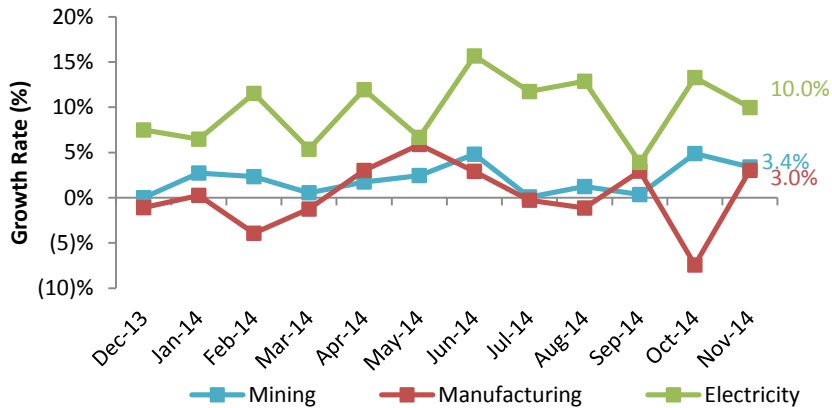
Commenting on the results, **Mr. Akshay S Pitti, Vice Chairman** and **Managing Director** of **Pitti Laminations** said:

“The continued improvement in the business sentiment has resulted in an overall growth in the industrial activity. During the quarter, we recorded a significant volume growth of around 85% y-o-y to 5,956 MT. Pitti Laminations strong positioning in our export business has enabled us to capitalize on the emerging opportunities due to the improving market scenario. Our export volumes quadrupled and domestic volume grew by 38% for the quarter compared to same period last year. As a result of improved volumes and higher operating leverage our profitability improved significantly.

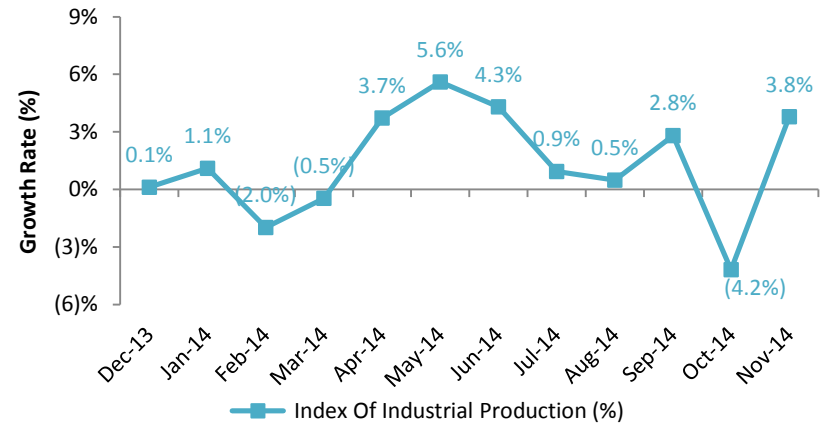
Board is delighted to declare an interim dividend of Rs. 0.75 per share as our ongoing commitment to enhance returns to shareholders. We currently have a very strong order book which gives us the confidence that with the improving business environment Pitti Laminations is well positioned to capitalise on the upturn in the markets.”

Industry Dynamics

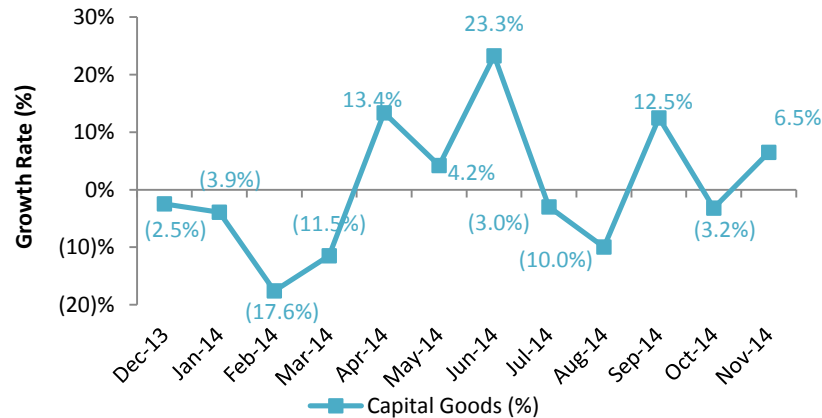
Index of Industrial Production – Sectoral



Index of Industrial Production



Index of Industrial Production – Use Based



Financial Performance Summary

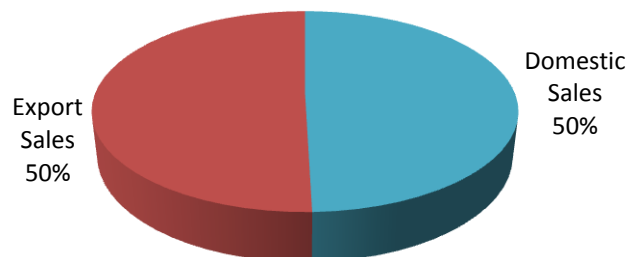
Consolidated Financial Highlights

(Rs. millions)

| Particulars | Q3 | | y-o-y | Q2 | | Nine Months | | y-o-y |
|------------------------|--------|--------|------------|--------|------------------|-------------|--------|------------|
| | FY2015 | FY2014 | Growth (%) | FY2014 | q-o-q Growth (%) | FY2015 | FY2014 | Growth (%) |
| Sales Volume (MT) | 5,956 | 3,217 | 85.1% | 4,558 | 30.7% | 15,399 | 10,776 | 42.9% |
| Net Revenue | 934 | 487 | 91.6% | 718 | 30.1% | 2,372 | 1,814 | 30.7% |
| EBITDA | 125 | 51 | 144.7% | 93 | 34.0% | 287 | 266 | 7.9% |
| Margin (%) | 13.3% | 10.4% | | 12.9% | | 12.1% | 14.7% | |
| Profit After Tax (PAT) | 29 | 3 | nm | 10 | nm | 47 | 22 | 110.5% |
| Margin (%) | 3.1% | 0.7% | | 1.4% | | 2.0% | 1.2% | |
| Basic EPS (Rs.) | 2.15 | 0.25 | nm | 0.73 | nm | 3.50 | 1.66 | 110.7% |

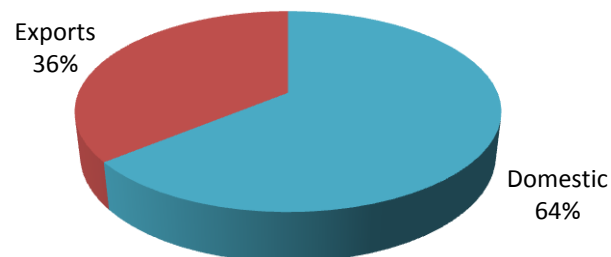
Sales By Geography

Q3 FY2015



Volumes By Geography

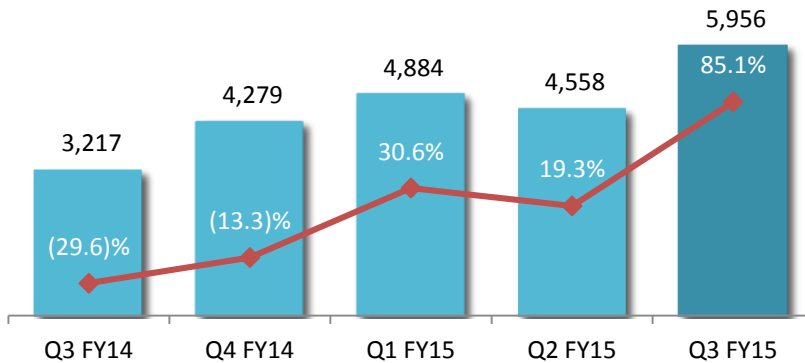
Q3 FY2015



Financial Performance Trend

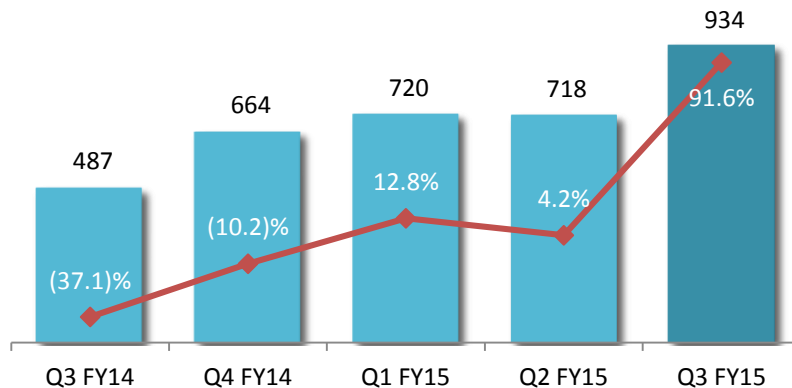
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Volume (MT)



- Strong growth driven by an improvement in export and domestic volumes
 - Domestic volumes increased by 38.3% y-o-y and 25.5% q-o-q to 3,818 MT
 - Export volumes increased by 369.3% y-o-y and 41.0% q-o-q to 2,138 MT
 - Stator frames demand increased to 127 in Q3 FY2015 compared to 22 in Q3 FY2014

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

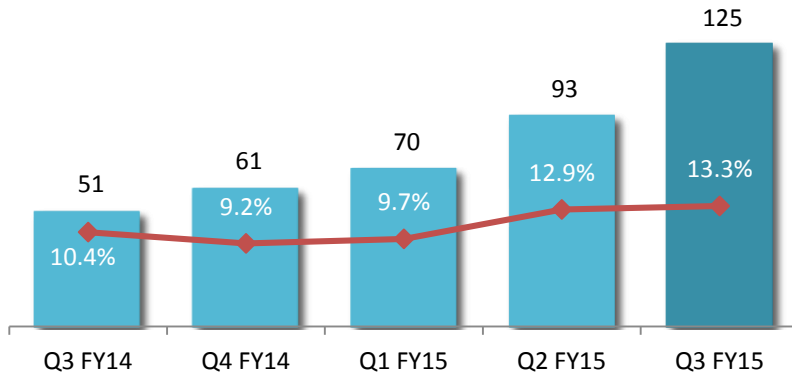


- Robust revenue growth was driven by strong volume growth
- Domestic sales increased by 28.0% y-o-y and by 13.2% q-o-q to Rs. 457 million
- Export sales increased by 332.6% y-o-y and by 51.5% q-o-q to Rs. 465 million

Financial Performance Trend

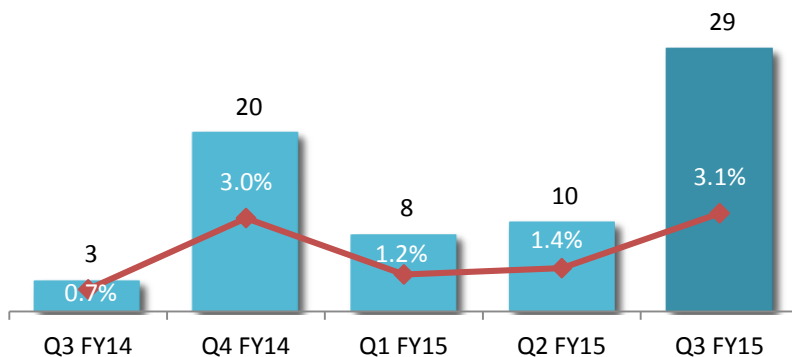
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EBITDA (Rs. million) and Margin (%)



- EBITDA increased by 144.7% y-o-y and 34.0% sequentially to Rs. 125 million
 - This strong growth was primarily driven by improvement in the overall volumes
- EBITDA margin for the quarter was 13.3%
 - An increase of 289 basis points on y-o-y basis and 39 basis points sequentially

PAT (Rs. million) and Margin (%)



- PAT increased to Rs. 29 million compared to Rs. 3 million in Q3 FY2014 and Rs. 10 million in Q2 FY2015
 - This growth was primarily driven by better operating profit and favorable exchange rate variations
- PAT Margin for the quarter was 3.1%
 - An increase of 241 and 174 basis points on y-o-y and sequential basis

Leverage Profile

Conservative Leverage Profile

| (Rs. million) | 31-Dec-2014 | 30-Sep-2014 | 31-Dec-2013 |
|--|--------------|--------------|-------------|
| Long Term Debt | 222 | 210 | 113 |
| Short Term Debt | 1,047 | 942 | 789 |
| Total Debt | 1,270 | 1,152 | 902 |
| Less: Cash & Cash Equivalents | 136 | 139 | 80 |
| Net Debt / (Net Cash) | 1,133 | 1,012 | 822 |
| Net Worth | 1,159 | 1,130 | 1,112 |
| Net Debt / EBITDA (x)¹ | 3.3x | 3.7x | 2.0x |
| Total Debt / Net Worth (x) | 1.1x | 1.0x | 0.8x |

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

Note:

1. Based on LTM EBITDA

Commencement of Modest Commercial Production

The Company started commercial production from its new manufacturing unit at Pune, Maharashtra on 17th December 2014.

The Company shifted a part of its capacity from Hyderabad to the new plant at Pune with the objective to strengthen its competitive advantage. This initiative of getting closer to raw material vendors and customers will result in reduction of cost of transportation. Furthermore, this shift is expected to increase demand, thus strengthening Company's revenues and margins.

Award for Special Contribution by Engineering Export Promotion Council (EEPC)

In January 2015, Pitti Laminations was received 'Award for Special Contribution – Large Enterprises' by EEPC. This award was conferred to the Company in recognition of its outstanding contribution to engineering exports during the year 2012-13.

EEPC was set up in 1955 under the sponsorship of Ministry of Commerce, Government of India, for export promotion of engineering goods, projects and services from India.



Other Developments

- The Board has declared an interim dividend of Rs. 0.75 per share
- The Board of Directors of the company has approved the sub-division of nominal value of equity share from face value of Rs. 10/- (Rupees ten only) to face value of Rs.5/- (Rupees five only) subject to the consent of members to be obtained by way of postal ballot.

Product Portfolio

| Product | Description | Application / End-market |
|---|--|--|
| <p>Electrical Steel Laminations</p>  | <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 |
| <p>Die Cast Rotors & Assemblies</p>  | <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 | |
| <p>Stator Core Assemblies</p>  | <ul style="list-style-type: none"> • Assemblies upto a diameter of 2,000mm with circular and segmental laminations and cleating / welding / riveting of assemblies | |
| <p>Rotor Core Assemblies</p>  | <ul style="list-style-type: none"> • Supplies ready to use assembled rotor cores with stacking under hydraulic pressure | |
| <p>Pole Assemblies</p>  | <ul style="list-style-type: none"> • Assembled pole bricks with stacking under hydraulic pressure and welding / core bolting with end castings | |
| <p>Casting & Machine Components</p>  | <ul style="list-style-type: none"> • Machine shop that can handle range of precision machined components for different applications | |

Blue Chip Customers

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Laminations



Casting



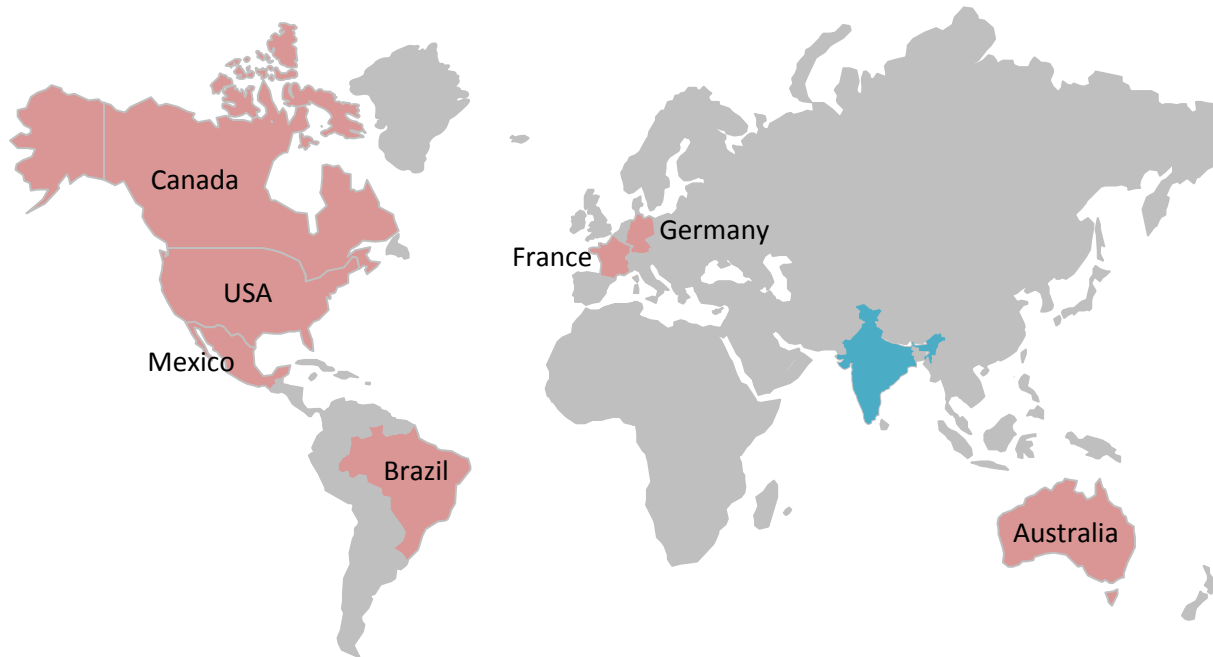
Machining




Note: Customers arranged in alphabetical order


Global Footprint

Geographically Diversified Customer Base



| Facilities | Capacity |
|------------------|------------|
| Plant I | 11,000 MT |
| Plant II | 21,000 MT |
| Machined Casting | 3,000 Nos. |

 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 |
| Shruti Agarwal | Head, Human Resource Development |

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 |
| Arun Garodia | Businessman |
| N R Ganti | Management Consultant |
| G Narayana Rao | Businessman |
| G Vijaya Kumar | Senior Advocate, AP High Court |
| M Gopala Krishna | Retired IAS |
| Gayathri Ramachandran | Retired IAS |

Executive Director
 Non-Executive Director
 Independent Director



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