



Pitti Laminations Limited

Engineering Solutions



November 3, 2014

Q2 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

Q2 FY2015 vs. Q2 FY2014

- Total Volume 4,558 MT, an increase of 19.3%
- Net Revenue of Rs. 718 million, increased by 4.2%
- EBITDA of Rs. 93 million with margin of 12.9%
 - EBITDA was impacted by softness in the stator frame sales due to temporary postponement of orders
- PAT of Rs. 10 million with margin of 1.4%
 - PAT included the impact of higher depreciation on account of implementation of the new Companies Act
- Total Debt increased to Rs. 1,152 million compared to Rs. 1,011 million as of 30th June 2014
 - This increase was due to higher working capital requirement to support increased demand

Management Commentary

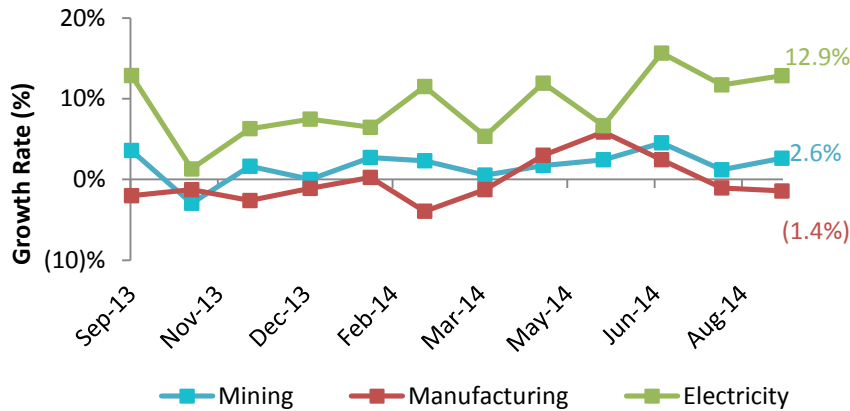
Commenting on the results, **Mr. Akshay S Pitti, Vice Chairman** and **Managing Director** of **Pitti Laminations** said:

“The overall improvement in consumer sentiment and industrial activity resulted in robust volume growth, particularly exports. We have been able to consistently improve our performance for past two quarters and believe that the trend will continue.

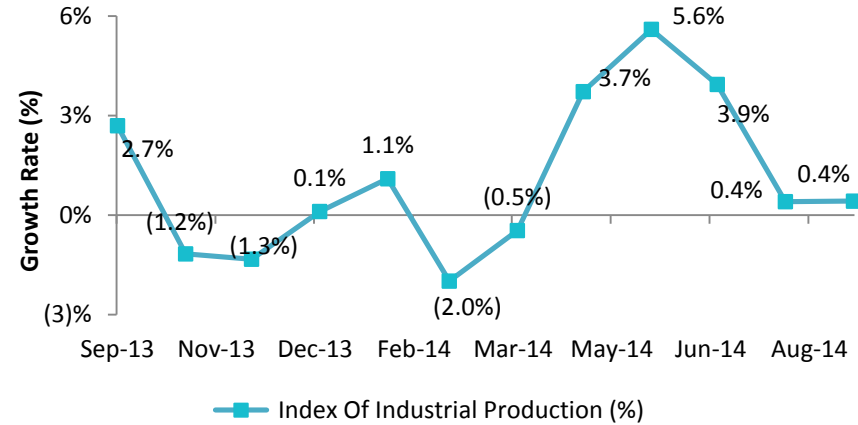
Based on our current order book we expect our performance to improve going forward. Stator frames which have remained soft for the first half of the year but are anticipated to experience a sharp recovery from Q3 FY2015 onwards, benefitting the topline as well as profitability. Furthermore, various strategic initiatives undertaken during the first half of the year will start yielding results from the next quarter.”

Industry Dynamics

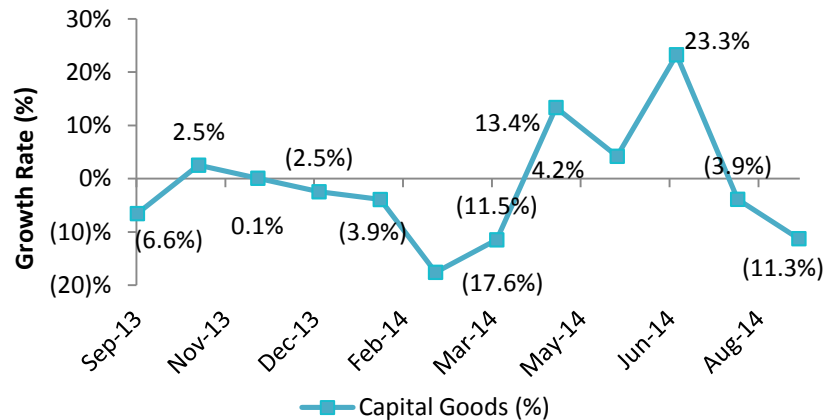
Index of Industrial Production – Sectoral



Index of Industrial Production



Index of Industrial Production – Use Based



Financial Performance Summary

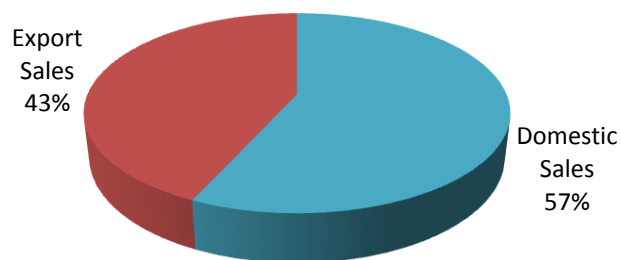
Consolidated Financial Highlights

(Rs. millions)

| Particulars | Q2 | | y-o-y | Q1 | | Six Months | | y-o-y |
|------------------------|--------|--------|------------|--------|------------|------------|--------|------------|
| | FY2015 | FY2014 | Growth (%) | FY2014 | Growth (%) | FY2015 | FY2014 | Growth (%) |
| Sales Volume (MT) | 4,558 | 3,820 | 19.3% | 4,884 | (6.7)% | 9,442 | 7,559 | 24.9% |
| Net Revenue | 718 | 689 | 4.2% | 720 | (0.3)% | 1,438 | 1,327 | 8.4% |
| EBITDA | 93 | 118 | (20.9)% | 70 | 33.2% | 163 | 215 | (24.4)% |
| Margin (%) | 12.9% | 17.1% | | 9.7% | | 11.3% | 16.2% | |
| Profit After Tax (PAT) | 10 | 12 | (18.7)% | 8 | 16.7% | 18 | 19 | (4.2)% |
| Margin (%) | 1.4% | 1.8% | | 1.2% | | 1.3% | 1.4% | |
| Basic EPS (Rs.) | 0.73 | 0.90 | (19.1)% | 0.62 | 17.4% | 1.35 | 1.41 | (4.5)% |

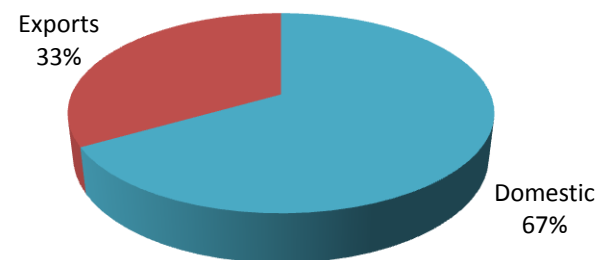
Sales By Geography

Q2 FY2015



Volumes By Geography

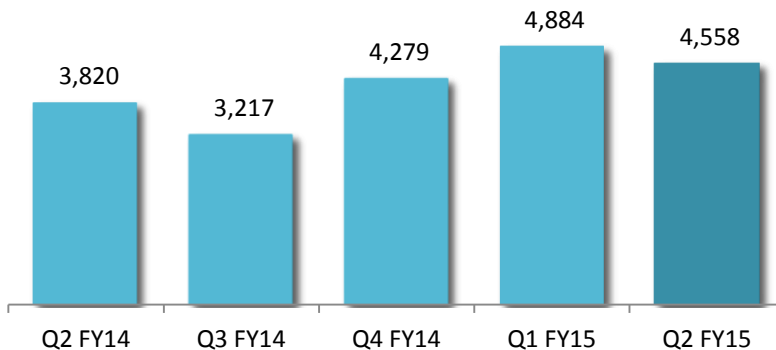
Q2 FY2015



Financial Performance Trend

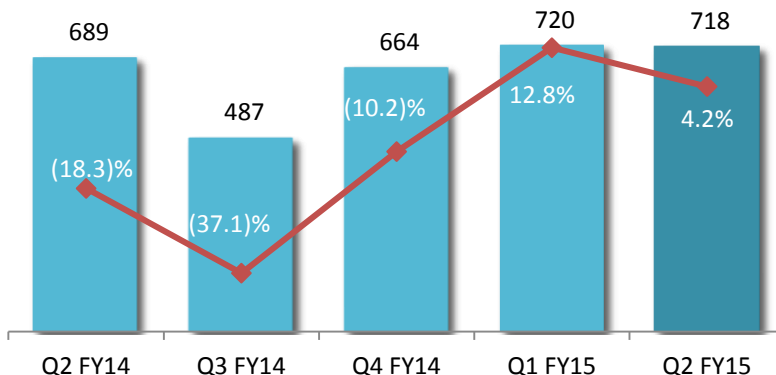
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Volume (MT)



- Strong volume growth driven by a gradual recovery in export volumes
 - Export volumes increased by 25.5% y-o-y and 2.2% q-o-q to 1,517 MT
- Continued softness in the stator frames demand due to temporary postponement of orders
 - A sharp recovery is expected from Q3 FY2015 onwards based on the current order book

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

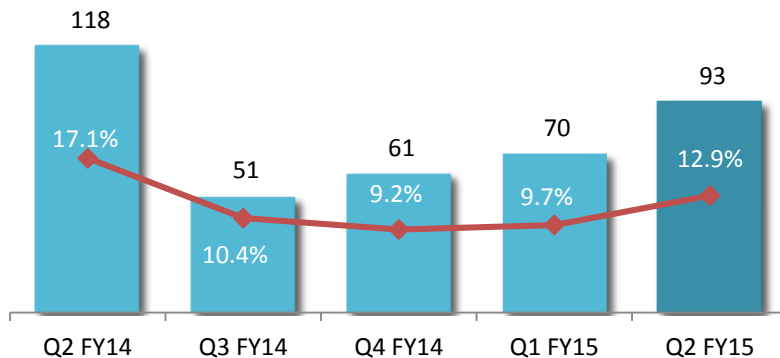


- Sales growth was supported by improvement in export demand
- Domestic sales increased by 14.7% y-o-y and declined by 6.7% q-o-q to Rs. 404 million
- Export sales decreased by 6.0% y-o-y and increased by 9.5% q-o-q to Rs. 307 million
- Sales was impacted by overall softness in the demand for stator frames due to temporary postponement of orders

Financial Performance Trend

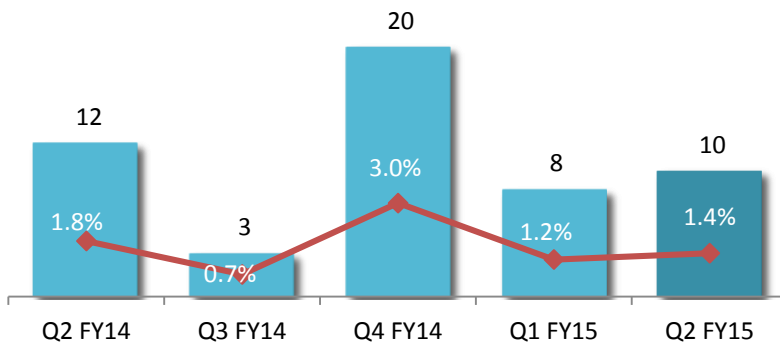
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EBITDA (Rs. million) and Margin (%)



- EBITDA increased by 33.2% sequentially, however declined by 20.9% y-o-y
 - This was primarily due to continued softness in stator frames sales
- EBITDA margin for the quarter was 12.9%
 - An increase of 326 basis points sequentially
 - Margin is expected to improve further with revival in stator frames demand

PAT (Rs. million) and Margin (%)



- PAT increased by 16.7% compared to Q1 FY2015, however declined by 18.7% compared to same period last year
 - Profitability is not comparable on y-o-y basis as Q2 FY2015 PAT includes impact of higher depreciation on account of implementation of new Companies Act
- PAT Margin for the quarter was 1.4%

Leverage Profile

Conservative Leverage Profile







| (Rs. million) | 30-Sep-2014 | 30-Jun-2014 | 30-Sep-2013 |
|--|--------------|--------------|--------------|
| Long Term Debt | 210 | 219 | 113 |
| Short Term Debt | 942 | 792 | 993 |
| Total Debt | 1,152 | 1,011 | 1,106 |
| Less: Cash & Cash Equivalents | 139 | 117 | 61 |
| Net Debt / (Net Cash) | 1,012 | 894 | 1,045 |
| Net Worth | 1,130 | 1,120 | 1,108 |
| Net Debt / EBITDA (x)¹ | 3.7x | 3.0x | 2.6x |
| Total Debt / Net Worth (x) | 1.0x | 0.9x | 1.0x |

- 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

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



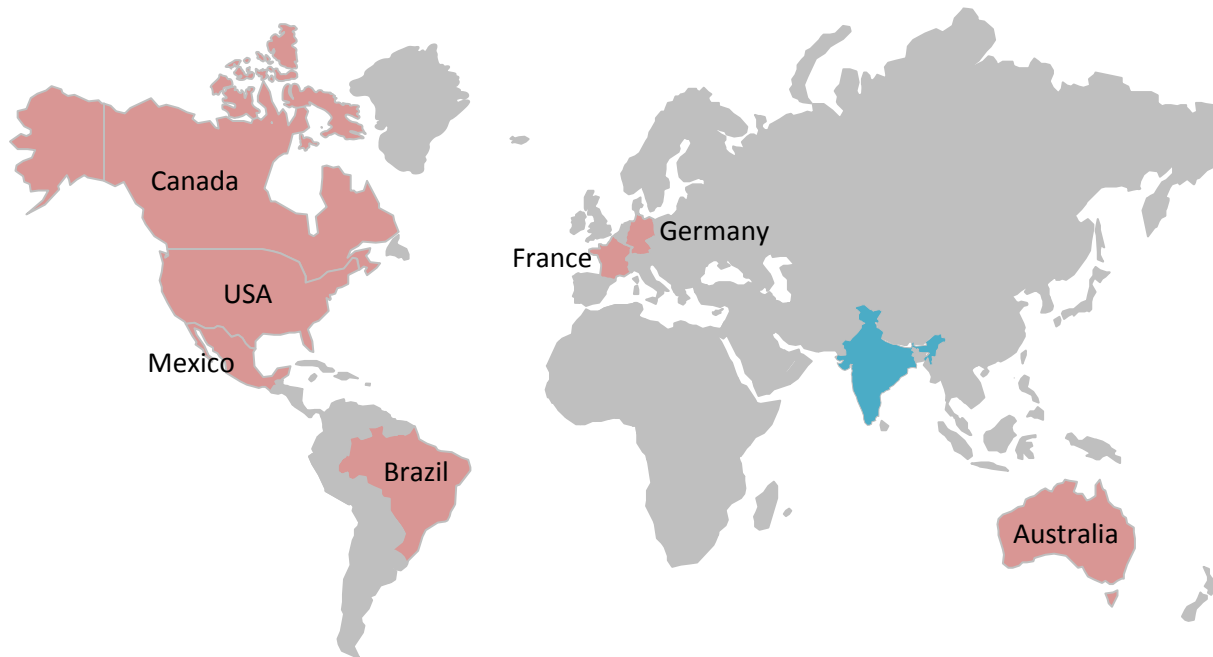
Machining




Note: Customers arranged in alphabetical order


Global Footprint

Geographically Diversified Customer Base



| Facilities in Hyderabad | 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 |
| Kanti Kumar R Podar | Former President, FICCI |
| G Narayana Rao | Businessman |
| G Vijaya Kumar | Senior Advocate, AP High Court |
| M Gopala Krishna | Retired IAS |
| TSSN Murthy | Senior Partner, Sankaran & Krishnan (Chartered Accountants) |
| Gayathri Ramachandran | Retired IAS |

Executive Director
 Non-Executive Director
 Independent Director



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