



Pitti Laminations Limited

Engineering Solutions



August 11, 2014

Q1 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, India
- 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

Q1 FY2015 vs. Q1 FY2014

- Total Volume 4,884 MT, an increase of 30.6%
 - Domestic volume of 3,400 MT, an increase of 38.6%
 - Export volume of 1,484 MT, an increase of 15.3%
- Net Revenue of Rs. 720 million, up 12.8%
- EBITDA of Rs. 70 million with margin of 9.7%
 - EBITDA was impacted by lower stator frames sales due to temporary postponement of orders
- Total Debt reduced to Rs. 1,011 million compared to Rs. 1,152 million as of 31st March 2014
 - Debt /Equity ratio of 0.90x compared to 1.03x in Q4 FY2014

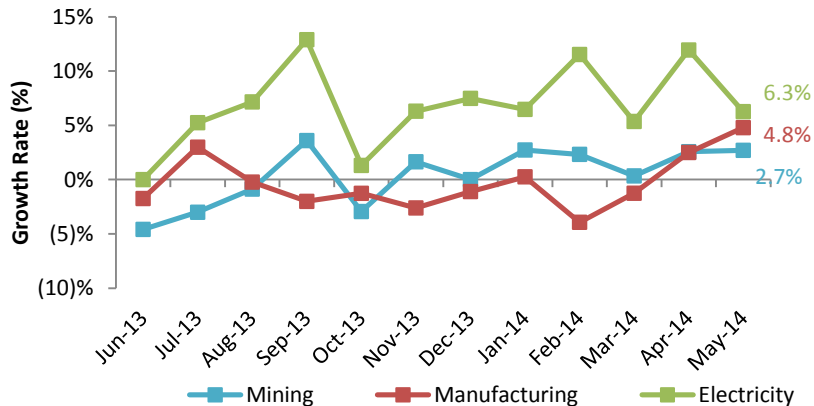
Commenting on the results, Mr. Akshay S Pitti, Vice Chairman and Managing Director of Pitti Laminations said:

“Pitti Laminations is pleased to report that we started the year on a positive note, continuing the growth momentum built at the end of the last year. We reported over 30% volume growth driven by the robust domestic business and significantly improved exports. However, stator frames sales declined sharply due to temporary postponement of orders, impacting the overall profitability. Based on the current order book, we expect the stator frame sales to improve in the second half of the fiscal year.

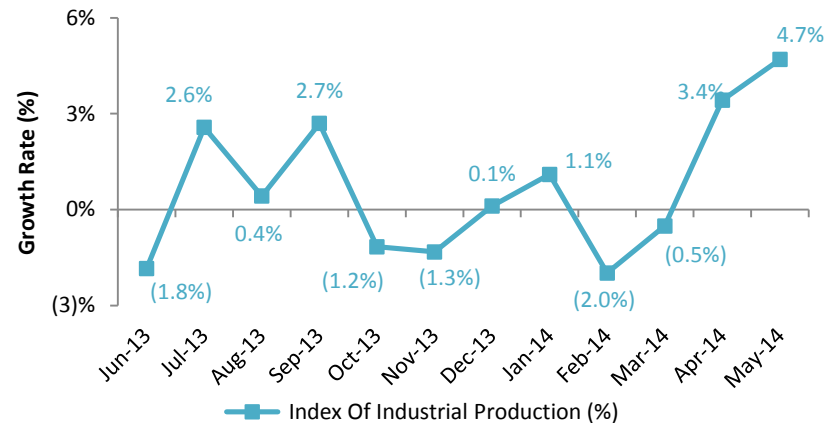
With the improving demand scenario, management has decided to strategically shift some of its manufacturing capacity to Pune. This move will take us closer to some of our key customers thereby saving on transportation cost and enables us to service them better in a more time efficient manner. A robust pipeline and our regular interactions with customers gives us the confidence of delivering strong financial performance during the year.”

Industry Dynamics

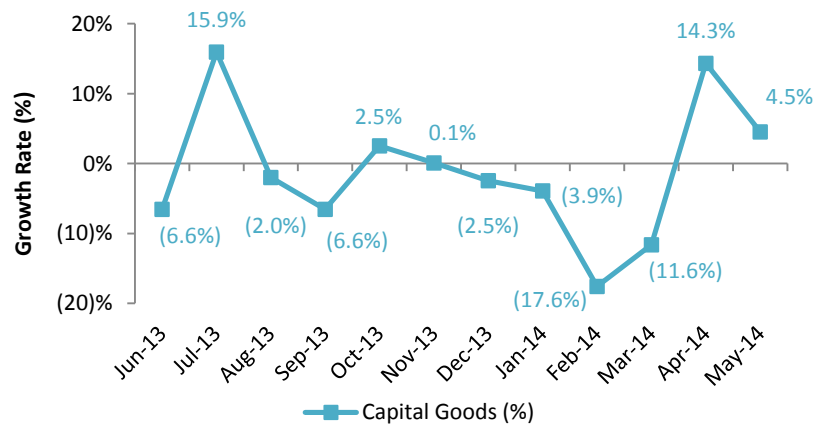
Index of Industrial Production – Sectoral



Index of Industrial Production



Index of Industrial Production – Use Based



Financial Performance Summary

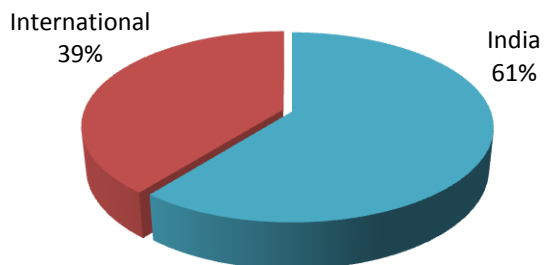
Consolidated Financial Highlights

(Rs. millions)

Particulars	Q1		y-o-y	Q4	
	FY2015	FY2014	Growth (%)	FY2014	q-o-q Growth (%)
Sales Volume (MT)	4,884	3,739	30.6%	4,279	14.1%
Net Revenue	720	638	12.8%	664	8.4%
EBITDA	70	98	(28.6)%	61	14.3%
Margin (%)	9.7%	15.3%		9.2%	
Profit After Tax (PAT)	8	7	20.9%	20	(57.1)%
Margin (%)	1.2%	1.1%		3.0%	
Basic EPS (Rs.)	0.62	0.52	20.0%	1.45	(57.1)%

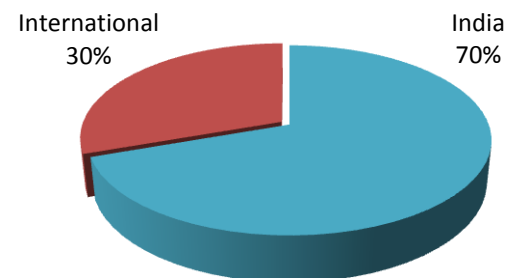
Sales By Geography

Q1 FY2015



Volumes By Geography

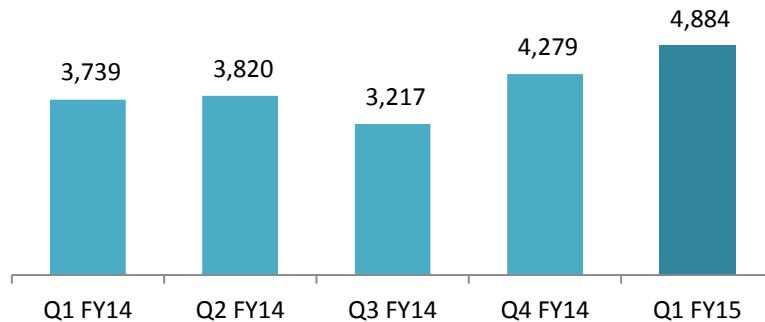
Q1 FY2015



Financial Performance Trend

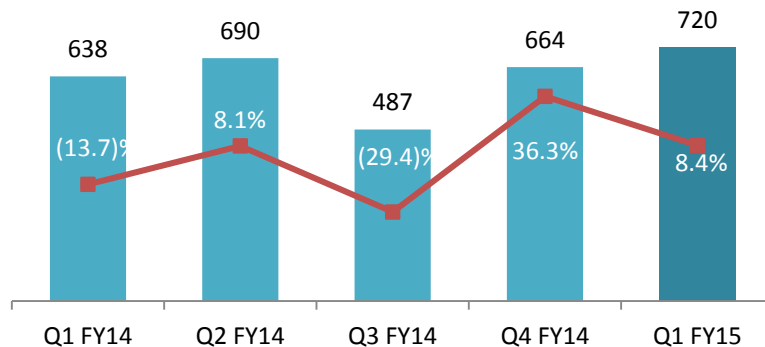
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Volume (MT)



- Strong volume growth driven by improvement in export and domestic volumes
 - Domestic volumes increased by 38.6% y-o-y and 16.4% q-o-q to 3,400 MT
 - Export volumes increased by 15.3% y-o-y and 9.3% q-o-q to 1,484 MT
- Stator frames demand declined significantly due to temporary postponement of orders from international clients

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

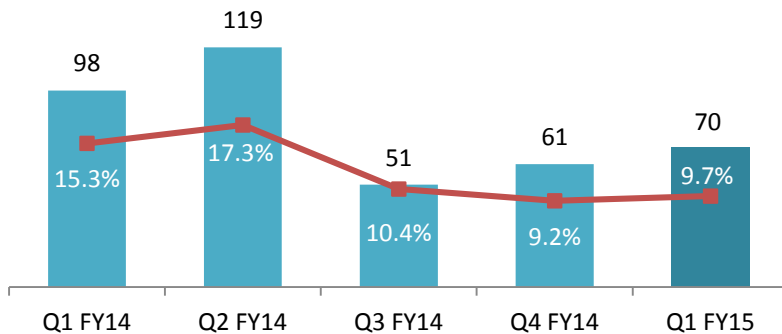


- Sales growth was supported by strong growth in volumes
- Domestic sales increased by 32.2% y-o-y and 17.5% q-o-q to Rs. 433 million
- Export sales decreased by 7.5% y-o-y and 4.2% q-o-q to Rs. 280 million
 - Impacted by temporary postponement of orders for stator frames

Financial Performance Trend

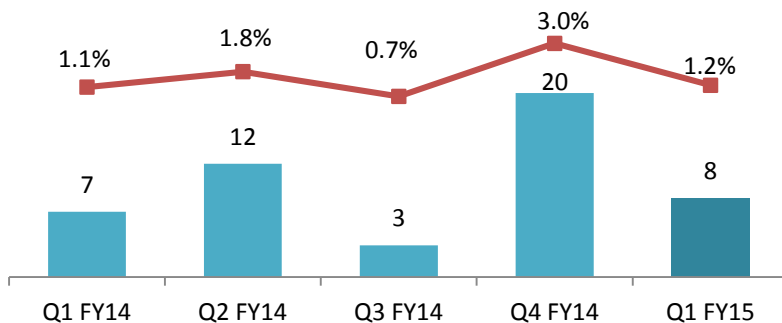
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EBITDA (Rs. million) and Margin (%)



- Q1 FY2015 EBITDA declined by 28.6% y-o-y
 - Primarily due to lower stator frames sales
- EBITDA margin for the quarter was 9.7%
- Based on the current order-book, management expects revival in the stator frames sales in the second half of FY2015

PAT (Rs. million) and Margin (%)



- Q1 FY2015 PAT improved by 20.9% compared to same period last year
 - PAT improved due to favorable foreign exchange variations
 - Profitability was offset to a certain extent by higher depreciation on account of implementation of the new Companies Act

Leverage Profile

Conservative Leverage Profile







(Rs. million)	30-Jun-2014	31-Mar-2014	30-Jun-2013
Long Term Debt	219	211	140
Short Term Debt	792	941	1,158
Total Debt	1,011	1,152	1,298
Less: Cash & Cash Equivalents	117	95	62
Net Debt / (Net Cash)	894	1,058	1,236
Net Worth	1,120	1,116	1,096
Net Debt / EBITDA (x)¹	3.0x	3.2x	3.0x
Total Debt / Net Worth (x)	0.9x	1.0x	1.2x

- 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



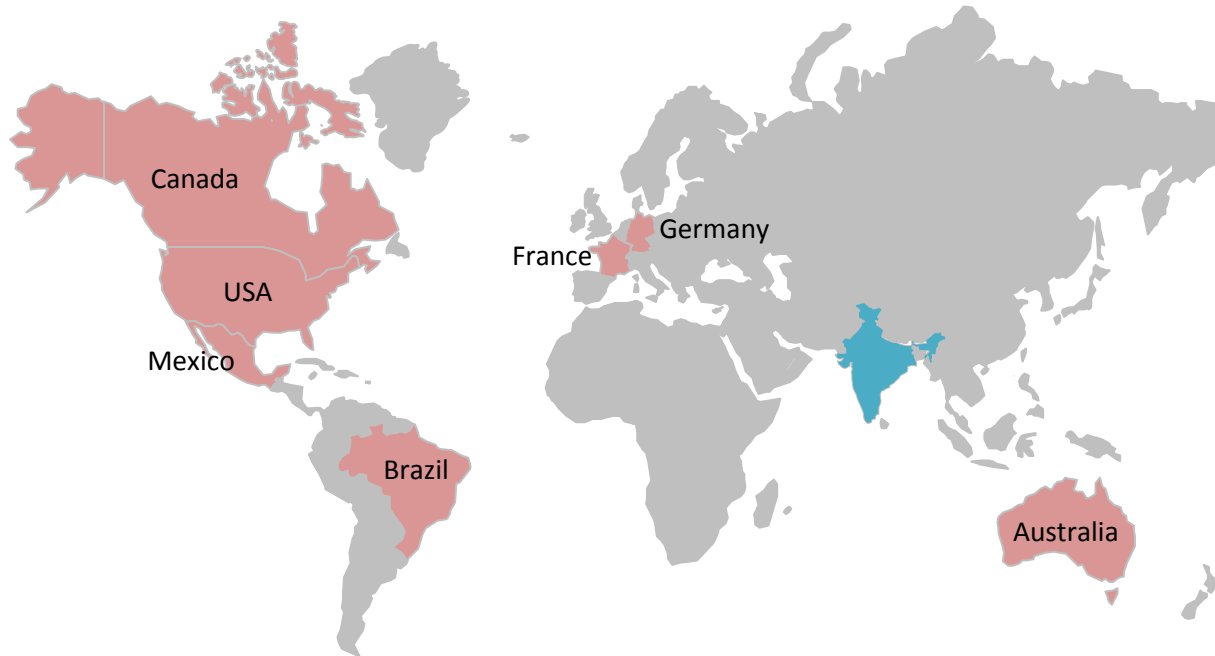
Machining




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, Industrial Relations and 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
N R Ganti	Management Consultant
Kanti Kumar R Podar	Former President, FICCI
G Narayana Rao	Businessman
Arun Garodia	Businessman
G Vijaya Kumar	Senior Advocate, AP High Court
M Gopala Krishna	Retired IAS
TSSN Murthy	Senior Partner, Sankaran & Krishnan (Chartered Accountants)

 Executive Director

 Independent Director



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