



Pitti Laminations Limited

Engineering Solutions



February 6, 2014

Q3 FY2014 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

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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 manufacture of traction motor subassemblies in India
- One of the few supplier in the World with tooling, laminations, casting and machining under one roof
- Long term customer relationship: Crompton Greaves (20 yrs), Siemens (15 yrs), GE (10 yrs)

Financial Performance

- FY2008-13 revenue and EBITDA CAGR of 13% and 17% , respectively
- 5 year average EBITDA margin of ~14%
- Dividend payout of 14% in FY2013 with dividend yield of 3%
- 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, Andhra Pradesh (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 to 50:50 level

Performance Highlights

Consolidated Financial Highlights: YTD FY2014 vs. YTD FY2013

- Total Volume 10,776 MT
- Sales of Rs. 1,819 million
- EBITDA of Rs. 271 million at 14.9% margin
 - EBITDA margin expanded by 79 bps
- Adjusted PAT¹ of Rs. 127 million with margin of 7.0%
 - Significant margin expansion of 261 bps
- Total Debt reduced from Rs. 1,106 million in September 2013 to Rs. 902 million, a 18% decline

Management Commentary

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

“Q3 FY2014 performance of the Company remained soft primarily due to the prevailing volatile economic scenario globally. Our export volumes were impacted significantly due to temporary postponement of orders from some of our international clients. However, on domestic front we managed to demonstrate satisfactory results.

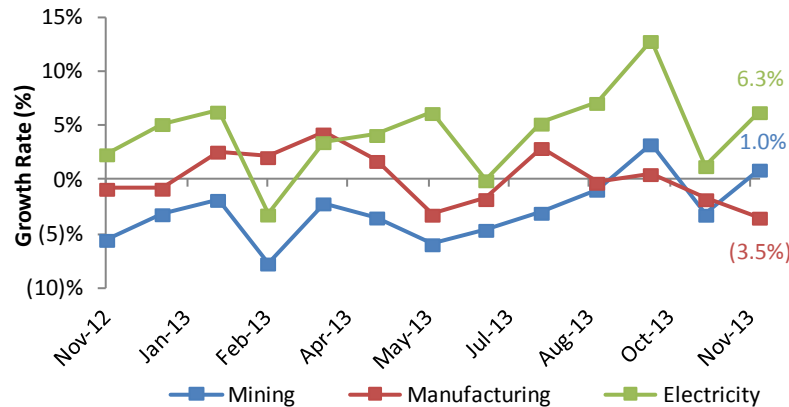
We anticipate our export volumes to improve in coming quarters based on the pipeline that currently we have. Furthermore, our recent diversification into consumer sector is expected to start making contribution from next quarter. However full contribution would be evident from Q1 FY2015.

We expect the overall demand outlook from the Indian power sector to improve going forward driven by various initiatives undertaken by the government to facilitate commissioning of stalled projects.”

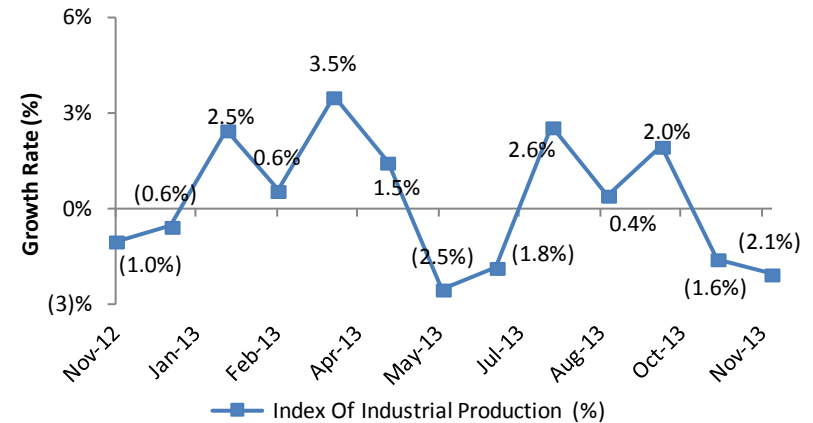
Industry Dynamics

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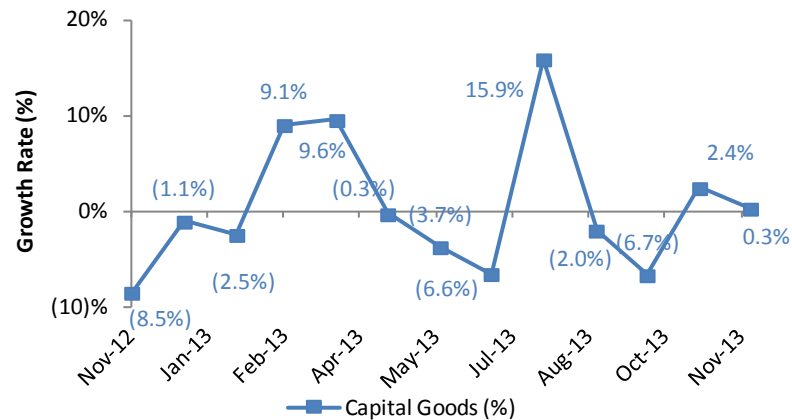
Index of Industrial Production – Sectoral



Index of Industrial Production



Index of Industrial Production – Use Based



Financial Performance Summary

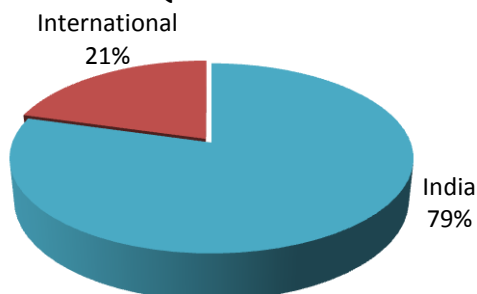
Consolidated Financial Highlights

(Rs. Millions)

Particulars	Q3		y-o-y	Q2		Nine Months		y-o-y
	FY2014	FY2013	Growth (%)	FY2014	Growth (%)	FY2014	FY2013	Growth (%)
Sales Volume (MT)	3,217	4,571	(29.6)%	3,820	(15.8)%	10,776	14,756	(27.0)%
Net Revenue	489	772	(36.7)%	690	(29.1)%	1,819	2,371	(23.3)%
EBITDA	53	110	(52.3)%	119	(55.8)%	271	334	(19.0)%
Margin (%)	10.8%	14.3%		17.3%		14.9%	14.1%	
Profit After Tax (PAT)	3	19	(82.5)%	12	(71.9)%	22	67	(66.5)%
Margin (%)	0.7%	2.5%		1.8%		1.2%	2.8%	
Basic EPS (Rs.)	0.25	1.44	(82.5)%	0.90	(72.1)%	1.66	4.96	(66.5)%
Adjusted PAT ¹	9	39	(77.1)%	69	(87.2)%	127	103	22.8%
Margin (%)	1.8%	5.0%		10.0%		7.0%	4.3%	

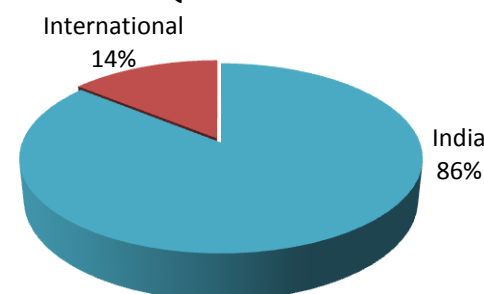
Sales By Geography

Q3 FY2014



Volumes By Geography

Q3 FY2014

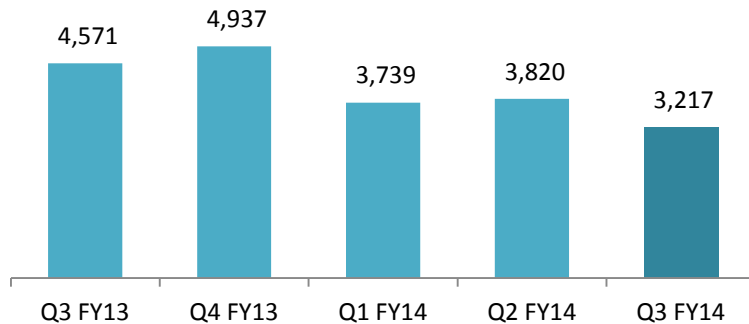


Note 1: Adjusted for foreign currency loss / (gain) of Rs. 5.4 mn in Q3 FY2014, Rs. 19.3 mn in Q3 FY2013, Rs. 57.11 mn in Q2 FY2014, Rs. 104.1 mn in YTD FY2014 and Rs. 36.2 mn in YTD FY2013

Financial Performance Trend

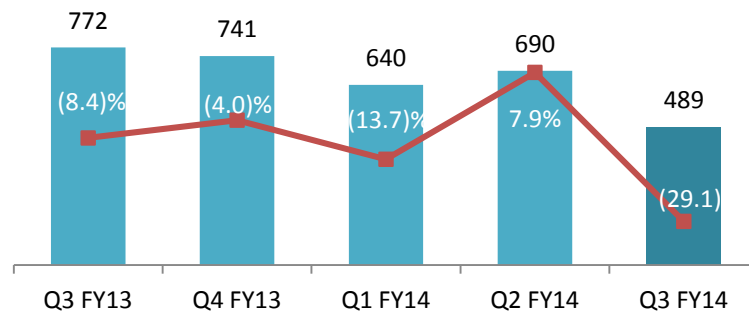
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Volume (MT)



- Q3 FY2014 volumes decreased (29.6)% y-o-y and (15.8)% q-o-q to 3,217 MT
 - Domestic volumes remained relatively flat y-o-y and increased 5.7% q-o-q to 2,761 MT
 - Export volumes declined by (75.1)% y-o-y and (62.3)% q-o-q to 456 MT

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

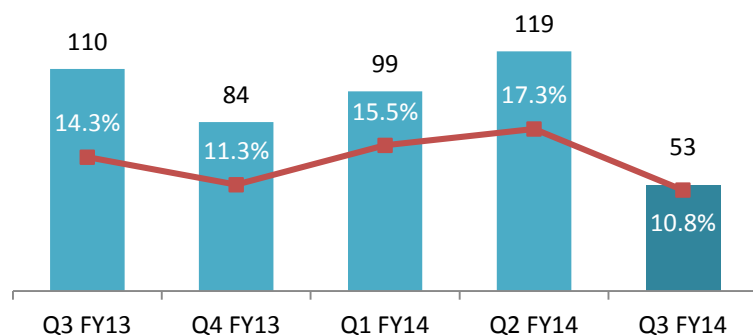


- Domestic sales increased by 20.5% y-o-y and 4.9% q-o-q to Rs. 382 million
- Export sales decreased by (76.5)% y-o-y to and (67.1)% q-o-q to Rs. 107 million
 - The significant decline in export sales was primarily on account of temporary postponement of order from some clients

Financial Performance Trend

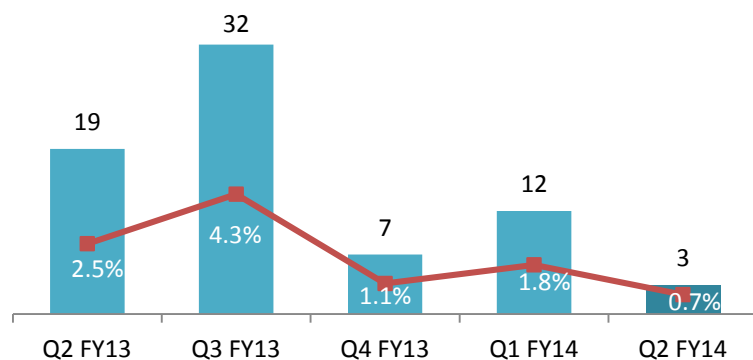
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EBITDA (Rs. million) and Margin (%)



- YTD 2014 EBITDA margin improved by 250 bps
 - This improvement was driven by various cost control measures undertaken during the year
- Decline in Q3 FY2014 EBITDA margins was primarily due to lower export volumes

PAT (Rs. million) and Margin (%)



- The decline in PAT was due to lower operating profit
- YTD 2014 PAT adjusted for foreign currency loss / (gain) increased by 22.2% to Rs. 127 million
 - Adjusted for foreign currency loss / (gain) of Rs. 104 million in YTD FY2014, Rs. 36 million in YTD FY2013

Leverage Profile

Total Debt reduced from Rs. 1,106 million in Q2 FY2014 to Rs. 902 million in Q3 FY2014, a 18% decline

(Rs. million)	31-Dec-2013	30-Sep-2013
Long Term Debt	113	113
Short Term Debt	789	993
Total Debt	902	1,106
Less: Cash & Cash Equivalents	(80)	(61)
Net Debt / (Net Cash)	822	1,045
Net Worth	1,112	1,108
Net Debt / EBITDA (x)¹	2.3x	2.5x
Total Debt / Net Worth (x)	0.8x	1.0x

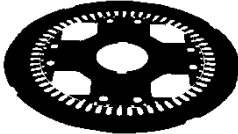
- The Company has a BBB+ rating for its long term bank facilities and A2 rating for its short term bank facilities by CARE

Note:

1. Based on LTM EBITDA

Product Portfolio

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Product		Description	Application / End-market
Electrical Steel Laminations		• Produces laminations from 50mm to 1,250mm outer diameter • Spacer/vent and glued laminations for hydro/thermal Generators	• Power generation • Transportation • Mining • Industrial motors • Locomotives • Aerospace • Automobile • Oil & gas
Die Cast Rotors & Assemblies		• 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		• Assemblies upto a diameter of 2,000mm with circular and segmental laminations and cleating / welding / riveting of assemblies	
Rotor Core Assemblies		• Supplies ready to use assembled rotor cores with stacking under hydraulic pressure	
Pole Assemblies		• Assembled pole bricks with stacking under hydraulic pressure and welding / core bolting with end castings	
Casting & Machine Components		• Machine shop that can handle range of precision machined components for different applications	• All the above • Earth moving and mining

Blue Chip Customers

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Laminations



Casting



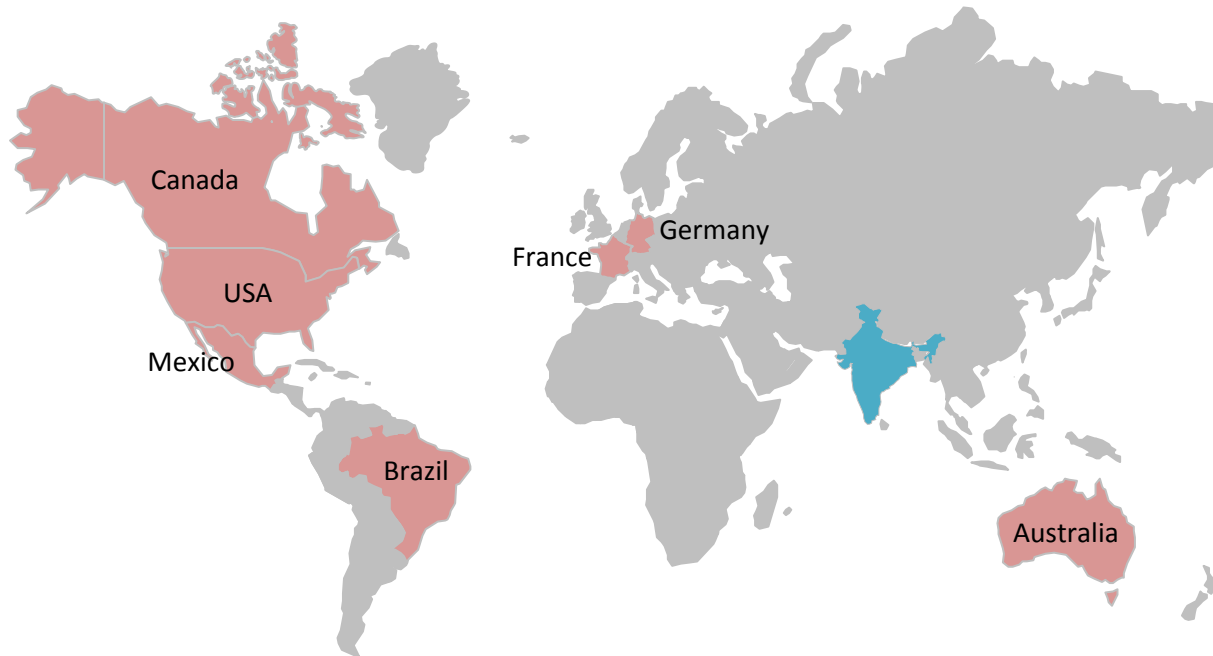
Machining



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
Sanjay Srivastava	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
Sanjay Srivastava	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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