



Pitti Laminations Limited

Engineering Solutions



May 26, 2014

Q4 and Full Year 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

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

- 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, 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

FY2014 vs. FY2013

- Total Volume 15,055 MT, a decline of 23.5%
- Net Revenue of Rs. 2,478 million, declined by 20.1%
- EBITDA of Rs. 327 million with margin of 13.2%
- Adjusted PAT increased by 19.2% to Rs. 133 million with margin of 5.4%
- Total Debt as of March 31, 2014 was Rs. 1,152 million and Net Debt of Rs. 1,058 million
- Recommended a dividend of Rs. 1 per share subject to shareholders approval

Q4 FY2014 vs. Q3 FY2014

- Total Volume 4,279 MT, an increase of 33.0%
- Net Revenue of Rs. 664 million, increased by 36.3%
- EBITDA of Rs. 61 million increased by 19.9% with margin of 9.2%
- Adjusted PAT of Rs. 6 million with margin of 0.9%

Management Commentary

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

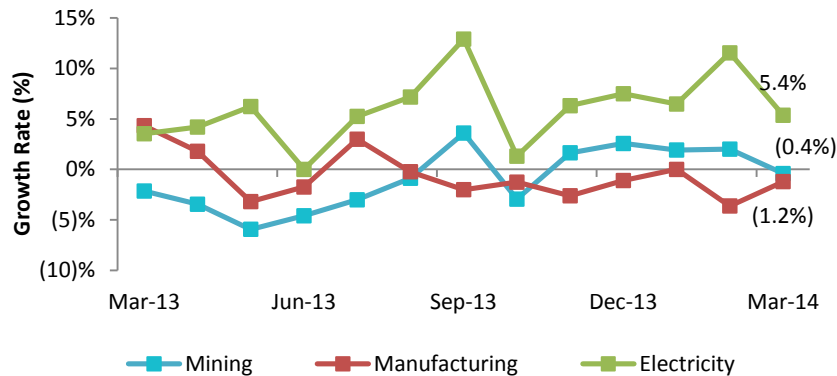
“During FY2014, the overall economy remained under pressure due to low levels of industrial activity and infrastructure investments. However, during the latter part of the year we experienced positive signs of improvement which is reflected in our Q4 FY2014 performance. Revenue for the quarter improved significantly driven by revival of exports and growth in domestic volumes. We experienced increased off-take from most of the clients which had earlier delayed the delivery. Our smaller laminates, consumer business segment is also progressing well and we have started to realize meaningful raw material cost synergies.

The recent growth in volumes during the last quarter is an early indicator of increase in industrial activity and improving demand scenario. Based on our current order book and reviving macroeconomic trends, management expects to maintain steady growth going forward.”

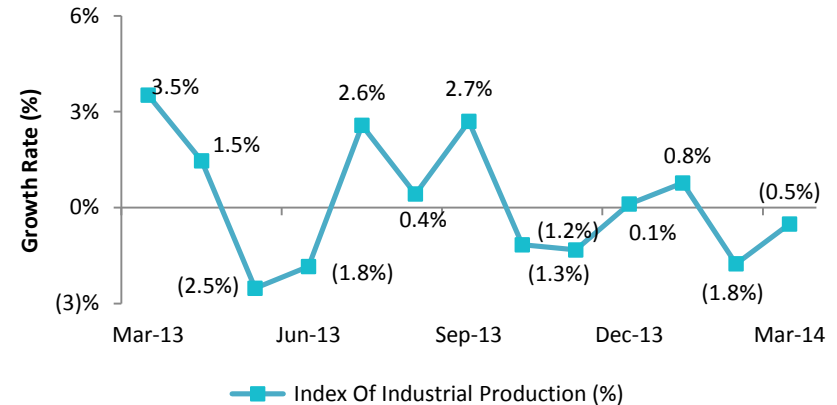
Industry Dynamics

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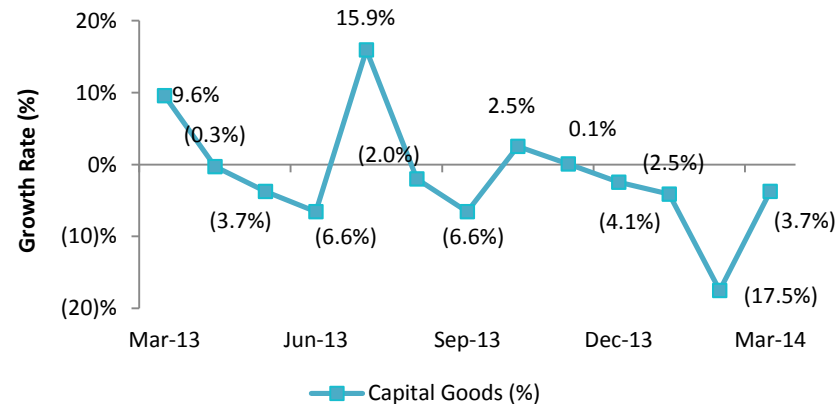
Index of Industrial Production – Sectoral



Index of Industrial Production



Index of Industrial Production – Use Based



Financial Performance Summary

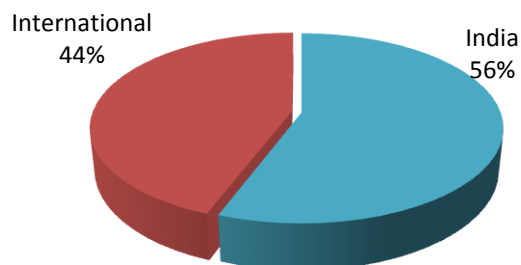
Consolidated Financial Highlights

(Rs. Millions)

Particulars	Q4		y-o-y	Q3		q-o-q	Full Year		y-o-y
	FY2014	FY2013	Growth (%)	FY2014	FY2013	Growth (%)	FY2014	FY2013	Growth (%)
Sales Volume (MT)	4,279	4,937	(13.3)%	3,217	3,217	33.0%	15,055	19,693	(23.5)%
Net Revenue	664	739	(10.2)%	487	487	36.3%	2,478	3,104	(20.1)%
EBITDA	61	80	(24.1)%	51	51	19.9%	327	409	(19.9)%
Margin (%)	9.2%	10.9%		10.4%	10.4%		13.2%	13.2%	
Profit After Tax (PAT)	20	32	(37.9)%	3	3	478.2%	42	98	(57.3)%
Margin (%)	3.0%	4.3%		0.7%	0.7%		1.7%	3.2%	
Basic EPS (Rs.)	1.45	2.34	(37.9)%	0.25	0.25	478.2%	3.12	7.30	(57.2)%
Adjusted PAT ¹	6	8	(25.6)%	9	9	(30.4)%	133	111	19.2%
Margin (%)	0.9%	1.1%		1.8%	1.8%		5.4%	3.6%	

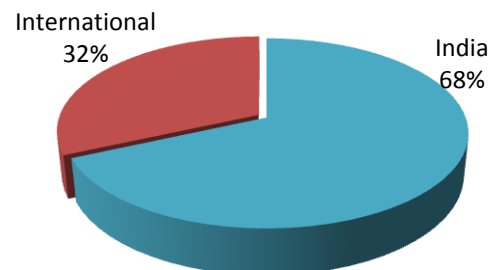
Sales By Geography

Q4 FY2014



Volumes By Geography

Q4 FY2014

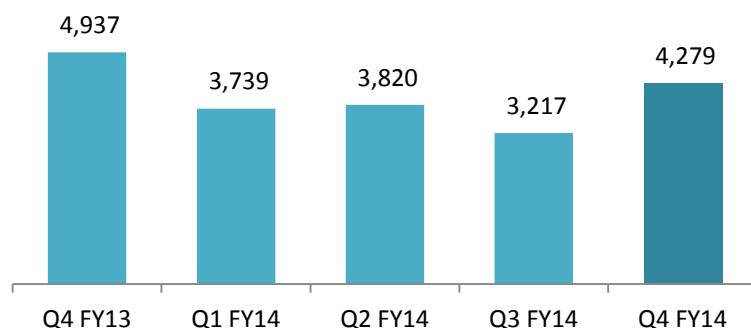


Note 1: Adjusted for foreign currency loss / (gain) of Rs. (13.5) mn in Q4 FY2014, Rs. (23.3) mn in Q4 FY2013, Rs. 5.4 mn in Q3 FY2014, Rs. 90.7 mn in FY2014 and Rs. 12.9 mn in FY2013

Financial Performance Trend

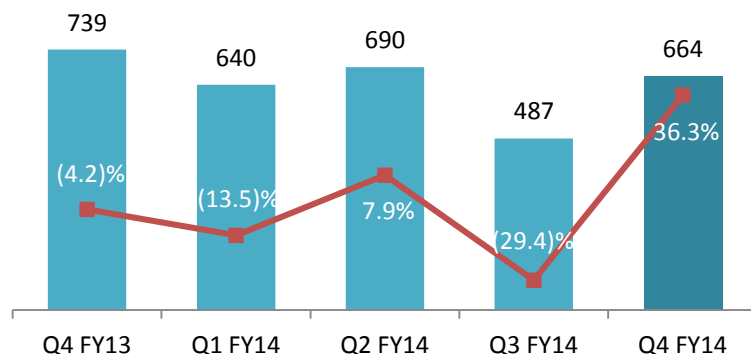
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Volume (MT)



- The strong growth of volumes on sequential basis was due to better export volumes
 - Domestic volumes declined by 10.2% y-o-y and increased by 5.8% q-o-q to 2,922 MT
 - Export volumes declined by 19.4% y-o-y and increased by 197.9% q-o-q to 1,357 MT
- FY2014 domestic volumes declined by 17.7% to 10,747 MT
- FY2014 export volumes declined by 35.1% to 4,308 MT

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

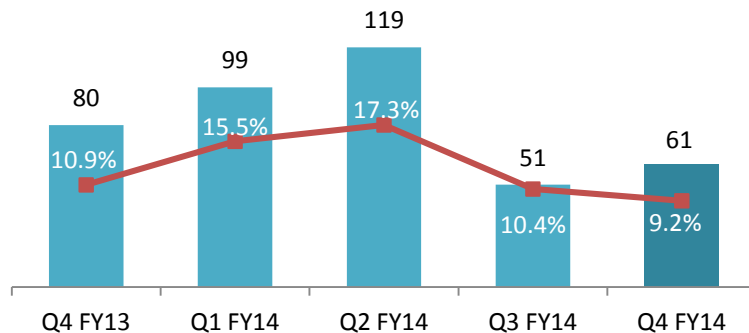


- Domestic sales increased by 2.8% y-o-y and 0.5% q-o-q to Rs. 416 million
- Export sales decreased by 19.2% y-o-y and increased by 172.2% q-o-q to Rs. 293 million
 - Export sales was benefitted from strong volume growth due to improvement in demand from international clients
- FY2014 domestic sales declined by 6.0% to Rs. 1,405 million
- FY2014 export sales decreased by 34.8% to Rs. 1,030 million

Financial Performance Trend

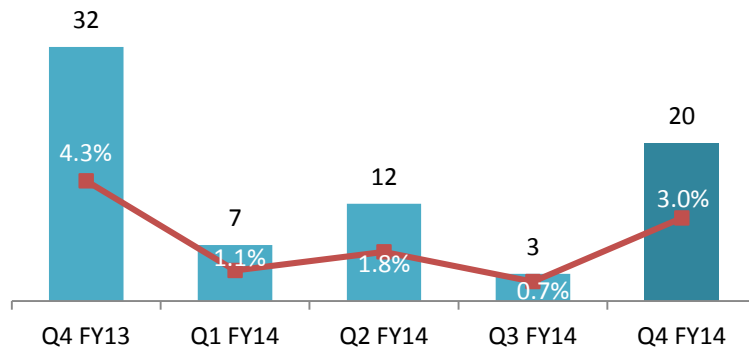
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EBITDA (Rs. million) and Margin (%)



- Q4 FY2014 EBITDA increased by 19.9% sequentially
 - The improvement was due to better export revenues
 - Lower cost of raw materials due to synergies from smaller laminates also supported the growth
- FY2014 EBITDA declined by 19.9% to Rs. 327 million due to temporary postponement of order from some clients in earlier part of the year

PAT (Rs. million) and Margin (%)



- Q4 FY2014 PAT improved significantly compared to Q3 FY2014
 - Higher operating profit
 - The growth was also supported by favorable foreign exchange movement
- FY2014 PAT declined by 57.3% to Rs. 42 million
 - PAT was impacted by foreign currency loss of Rs. 90.7 mn in FY2014

Leverage Profile

Conservative Leverage Profile

(Rs. million)	31-Mar-2014	31-Dec-2013	31-Mar-2013
Long Term Debt	211	113	142
Short Term Debt	941	789	1,305
Total Debt	1,152	902	1,448
Less: Cash & Cash Equivalents	(95)	(80)	(63)
Net Debt / (Net Cash)	1,058	822	1,384
Net Worth	1,116	1,112	1,089
Net Debt / EBITDA (x)¹	3.2x	2.3x	3.4x
Total Debt / Net Worth (x)	1.0x	0.8x	1.3x

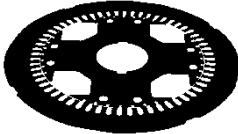
- The Company has a BBB+ rating for its long term bank facilities and A2 rating for its short term bank facilities by CARE

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



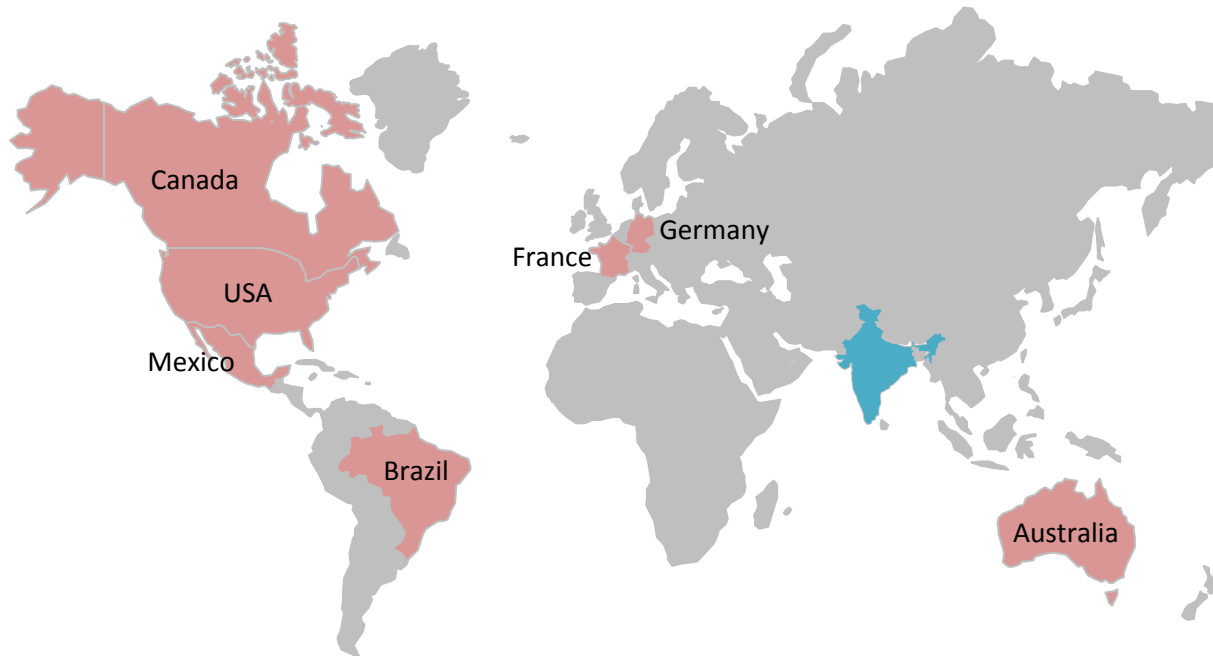
Machining



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
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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