



Pitti Laminations Limited

Unique Globally



August 7, 2013

Q1 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 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, castings and machining facilities
- First commercial manufacturer of laminations in India to be 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: Q1 FY2014 vs. Q1 FY2013

- Sales decreased by 15.1% to ₹640 million
- Volumes decreased by 25.2% to 3,739 MT
- Significant EBITDA margin expansion of 159 bps y-o-y and 425 bps q-o-q
- Adjusted PAT¹ increased by 35.4% to ₹49 million with margin of 7.6%, an increase of 283 bps
- Total Debt reduced from ₹1,448 million in Mar 2013 to ₹1,298 million in June 2013, a 10% decline

Management Commentary

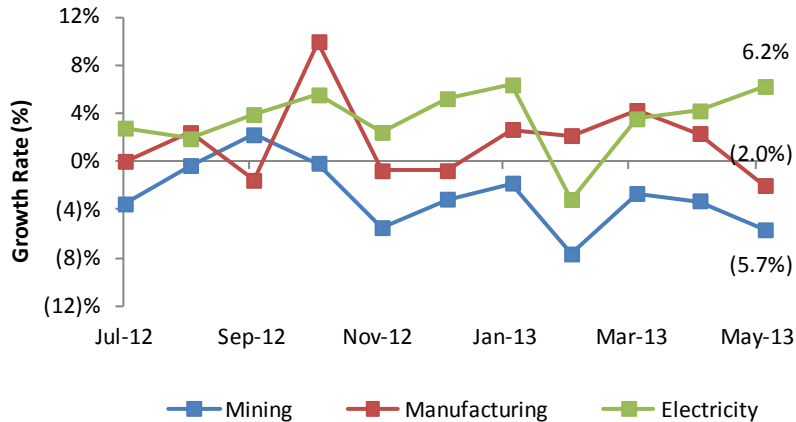
Commenting on the results, **Mr. Akshay S Pitti, Vice Chairman and Managing Director of Pitti Laminations** said:

“Overall, the global economic environment remains difficult. In particular, the industrial and infrastructure sectors in India continue to face delays in investment decisions. Despite the unfavourable macro economic scenario, I am pleased to report that our relentless focus on improving operating efficiencies and cost optimization measures has started to show results. In a cyclically slow quarter, our EBITDA margins improved by 159 bps compared to last year and 425 bps sequentially. In our export markets, we have introduced a range of new products for trial run. We expect commercial quantities to be manufactured by the end of this calendar year.

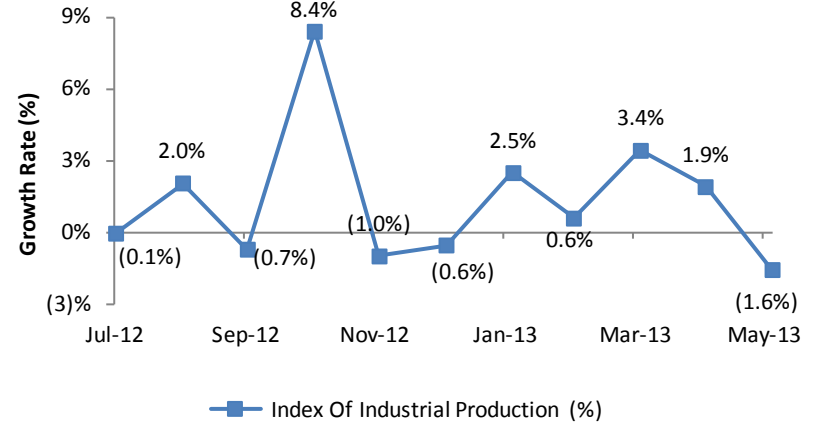
Over the last few quarters, we have made investments in enhancing our machining & casting capabilities which are expected to be operational by Q3 FY2014. This is expected to improve our machining & casting products portfolio and make increasing contributions to revenues and profitability going forward.”

Industry Dynamics

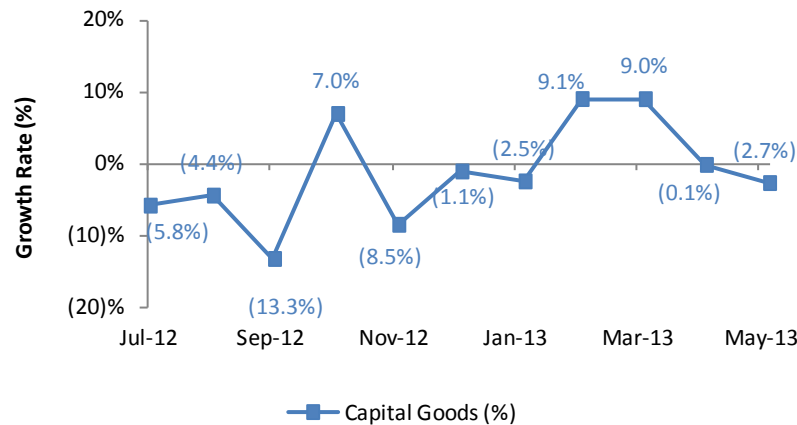
Index of Industrial Production – Sectoral



Index of Industrial Production



Index of Industrial Production – Use Based

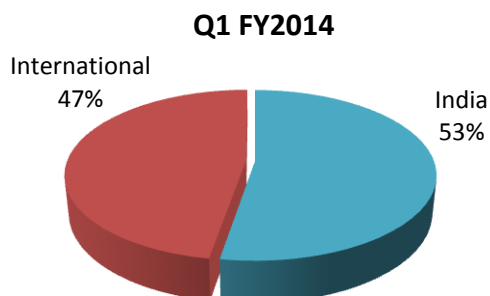


Financial Performance Summary

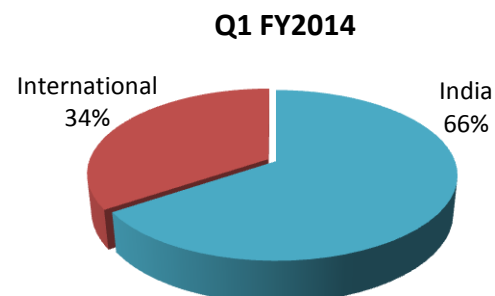
Consolidated Financial Highlights

| ₹ million) | Q1 | | y-o-y | Q4 | q-o-q |
|---------------------------|--------|--------|------------|--------|------------|
| | FY2014 | FY2013 | Growth (%) | FY2013 | Growth (%) |
| Sales Volume (MT) | 3,739 | 4,997 | (25.2)% | 4,937 | (24.3)% |
| Net Sales | 639.8 | 753.3 | (15.1)% | 741.4 | (13.7)% |
| EBITDA | 99.6 | 105.3 | (5.4)% | 84.0 | 18.7% |
| Margin (%) | 15.6% | 14.0% | | 11.3% | |
| Profit After Tax (PAT) | 7.0 | 8.8 | (20.6)% | 31.6 | (77.9)% |
| Margin (%) | 1.1% | 1.2% | | 4.3% | |
| Basic EPS (₹) | 0.52 | 0.65 | (20.0)% | 2.34 | (77.8)% |
| Adjusted PAT ¹ | 48.5 | 35.8 | 35.4% | 8.3 | 487.2% |
| Margin (%) | 7.6% | 4.8% | | 1.1% | |

Sales By Geography



Volumes By Geography

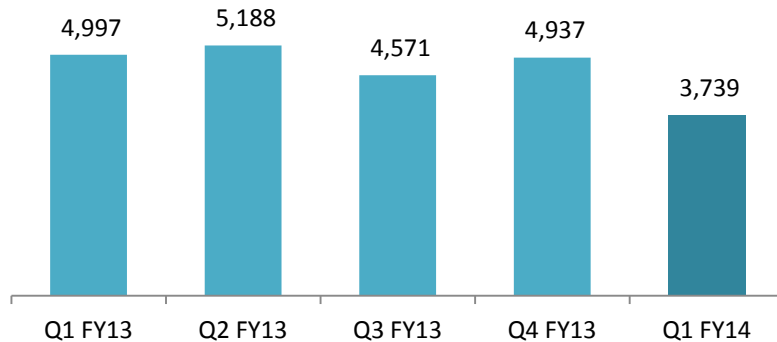


Note 1: Adjusted for foreign currency loss / (gain) of ₹41.6 mn in Q1 FY2014, ₹27.1 mn in Q1 FY2013 and ₹(23.3) mn in Q4 FY2013

Financial Performance Trend

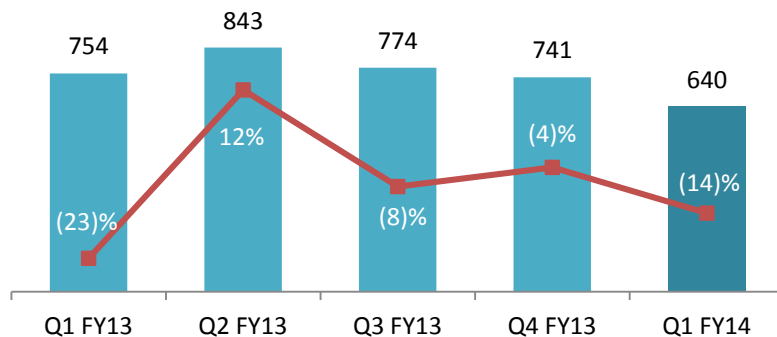
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Volume (MT)



- Q1 FY2014 volumes declined (24.3)% y-o-y and (25.2)% q-o-q to 4,937 MT
 - Domestic volumes declined by (33.7)% y-o-y and (24.6)% q-o-q to 2,452 MT
 - International volumes declined by (0.9)% y-o-y and (23.6)% q-o-q to 1,287 MT

Revenue (₹ million) and Q-o-Q Growth (%)

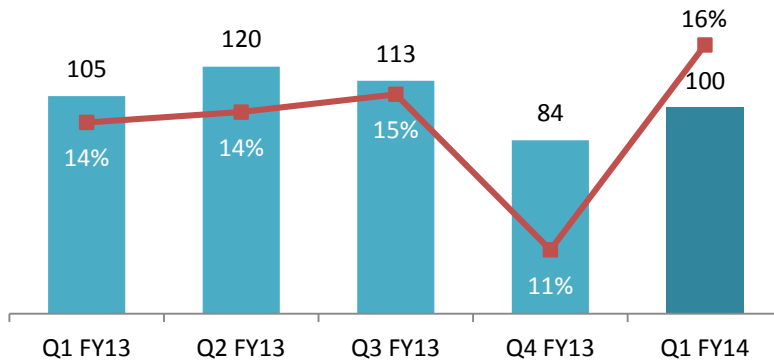


- Domestic sales decreased by 25.4% to ₹337 million; Export sales increased by 0.5% to ₹303 million

Financial Performance Trend

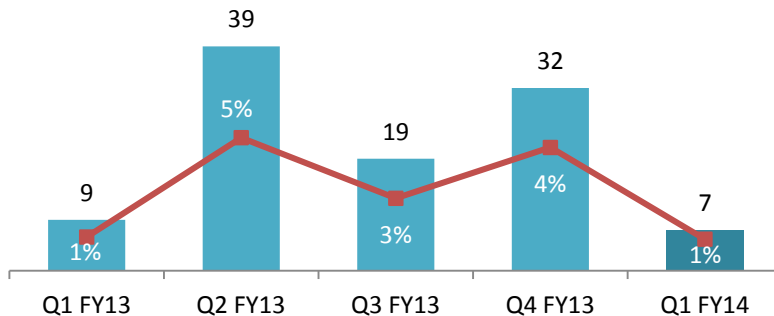
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EBITDA (₹ million) and Margin (%)



- EBITDA Margin improved by 159 bps y-o-y and 425 bps q-o-q
- Continued focus on cost optimization and operating efficiency measures have resulted in margin enhancement

PAT (₹ million) and Margin (%)



- PAT adjusted for foreign currency loss / (gain) increased 35.4% y-o-y and over 6x q-o-q
 - Foreign currency loss / (gain) of ₹41.6 mn in Q1 FY2014, ₹27.1 mn in Q1 FY2013 and ₹(23.3) mn in Q4 FY2013
- Q1 FY2014 financial expense declined by 39% on y-o-y basis and 19% sequentially

Leverage Profile

Total Debt reduced from ₹1,448 million to ₹1,298 million, a 10% decline







| (₹ million) | 30-Jun-2013 | 31-Mar-2013 |
|-----------------------------------|--------------|--------------|
| Long Term Debt | 140 | 142 |
| Short Term Debt | 1,158 | 1,305 |
| Total Debt | 1,298 | 1,448 |
| Less: Cash & Cash Equivalents | (62) | (63) |
| Net Debt / (Net Cash) | 1,236 | 1,384 |
| Net Worth | 1,096 | 1,089 |
| Net Debt / EBITDA (x) | 3.0x | 3.3x |
| Total Debt / Net Worth (x) | 1.2x | 1.3x |

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



















Note:

- Based on LTM EBITDA

Product Portfolio

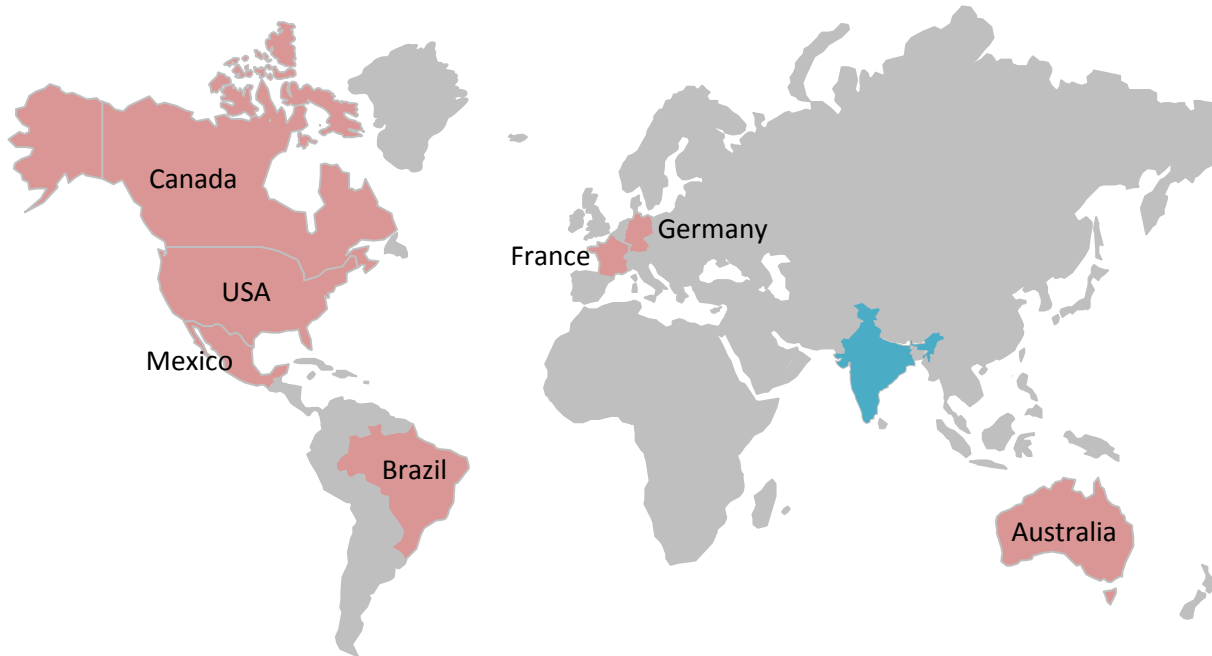
| Product | Description | Application / End-market |
|---|--|---|
| <p>Electrical Steel Laminations</p>  | <ul style="list-style-type: none"> • Produces laminations from 50 mm to 1,250 mm outer diameter • Produces spacer/vent and glued laminations for Hydro Generators | <ul style="list-style-type: none"> • Power generation • Locomotives • Industrial motors • Off-highway vehicles • Oil & gas |
| <p>Die Cast Rotors & Assemblies</p>  | <ul style="list-style-type: none"> • Produces with Skew Angle, up to 550mm OD & 1000 mm height including end rings • Riveting or bolting the rotor stacks under hydraulic pressure | |
| <p>Stator Core Assemblies</p>  | <ul style="list-style-type: none"> • Provides assemblies up to a diameter of 2,000 mm 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

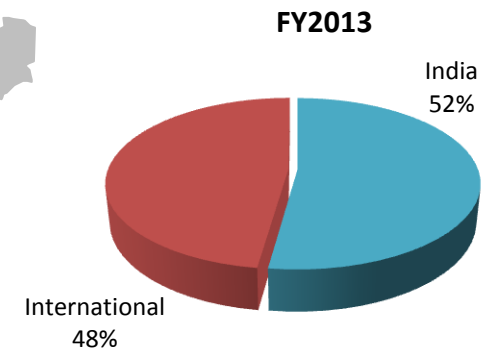
| Key Customers | Laminations | Machining | Casting |
|---|-------------------------|-------------------------|-------------------------|
|    | ✓ | ✓ | ✓ |
|    | ✓ | Exploring Opportunities | Exploring Opportunities |
|    | ✓ | | |
|   | Exploring Opportunities | ✓ | ✓ |
|    | ✓ | Exploring Opportunities | Exploring Opportunities |
|   | ✓ | | Exploring Opportunities |
|  | Exploring Opportunities | Exploring Opportunities | ✓ |
|  | ✓ | ✓ | Exploring Opportunities |

Global Footprint

Geographically Diversified Customer Base



Revenue Breakup



| Facilities in Hyderabad | Capacity (MT) |
|-------------------------|---------------|
| Plant I | 11,000 |
| Plant II | 21,000 |

■ 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 | Chief Financial Officer |
| 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 |
| 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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