

3x3

ANNUAL REPORT 2014-15



PITTI LAMINATIONS LIMITED

WE AIM TO ACHIEVE A TURNOVER OF ₹ 10 BILLION BY 2018.

CONTENTS

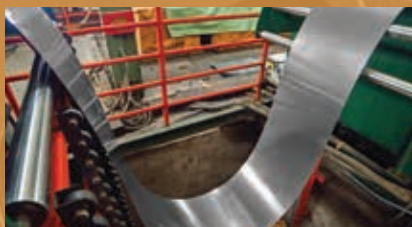
02/23



CORPORATE OVERVIEW

- 02 Engineering Solutions Globally
- 04 Encouraging Performance
- 06 Key Products & Services
- 08 Chairman's Statement
- 10 Where is the Opportunity?
- 12 How are we Capitalising on Domestic Demand?
- 14 What are we doing for our Customers?
- 16 How are we creating a High-performing Culture?
- 18 What is our Future Roadmap?
- 20 Board of Directors
- 22 Risk Management

24/80



STATUTORY REPORTS

- 24 Notice
- 32 Directors' Report
- 58 Report on Corporate Governance
- 74 Management Discussion and Analysis

81/104



FINANCIAL STATEMENTS

- 81 Independent Auditors' Report
- 84 Balance Sheet
- 85 Statement of Profit and Loss
- 86 Cash Flow Statement
- 87 Notes to the Financial Statements

Forward-looking Statement

In this Annual Report, we have disclosed forward looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements - written and oral - that we periodically make contain forward looking statements that set out anticipated results based on the management's plans and assumptions. We have tried, wherever possible, to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward looking statements will be realised, although we believe we have been prudent in our assumptions. The achievements of results are subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward looking statement, whether as a result of new information, future events or otherwise.

At Pitti Laminations (Pitti), we have created a culture of dynamism that questions the status quo and thinks beyond conventions.

We are growing in terms of scale, presence and technology leadership, while at the same time sharpening our business insight.

The result is leadership in the electrical laminations industry, trusted partnership with discerning clients and higher benchmarks in operational excellence. Over the years, we have moved up the value chain from being a manufacturer of relatively simple products to being a manufacturer of higher level assemblies. This has helped us to build long-term associations with our clients.

We are refining, refreshing and recalibrating our strategies to remain a preferred partner to our customers. We are strengthening our core businesses and identifying new vistas of growth. This will be achieved through strong partnerships, a greater focus on the domestic market, an aggressive scouting for inorganic opportunities, along with vertical and horizontal expansion.

We are driving innovations, adopting best-in-class technologies, achieving higher benchmarks of operational excellence and building a consistently value-generating enterprise.

Our aim is to achieve a turnover of ₹ 10 billion by 2018 (thrice our current turnover in the next three years).

We call this strategic roadmap Pitti 3x3.

2014-15 KEY HIGHLIGHTS

21,414 MT

TOTAL VOLUME
Up by 42.2%

₹ 3,410 Mn

NET REVENUE
Up by 37.6%

₹ 422 Mn

EBITDA
Up by 64.6%

ENGINEERING SOLUTIONS GLOBALLY

We are India's leading manufacturer of electrical steel laminations, motor cores, sub-assemblies, die-cast rotors and press tools. These products find application in basic capital goods products, viz. motors and alternators, which are quintessentially used in any process engineering. We service the needs of the power generation, transportation, industrial motors, locomotives, aerospace, automobile, earth moving and mining, oil and gas and infrastructure industries.

INDIA'S ONLY END-TO-END
PRODUCT AND SERVICE
PROVIDER IN THE ELECTRICAL
LAMINATION SEGMENT

PROMINENT AND ONE OF THE
MOST COMPETITIVE LAMINATION
MANUFACTURERS GLOBALLY

MARKET LEADER IN THE SPECIAL
PURPOSE MOTORS SEGMENT IN
INDIA

3

MANUFACTURING
PLANTS

32

YEARS OF INDUSTRY
EXPERIENCE

Capacity
32,000 MT
LAMINATION

1,13,400
NO. OF AVAILABLE HOURS
On Machined Casting

PIONEER IN THE MANUFACTURE
OF TRACTION MOTOR SUB
ASSEMBLIES IN INDIA

ONE OF THE FEW SUPPLIERS
IN THE WORLD WITH TOOLING,
LAMINATIONS, CASTING AND
MACHINING UNDER ONE ROOF

INDIA'S ONLY INDIGENOUSLY
DEVELOPED TOOL ROOM WITH A
PORTFOLIO OF OVER 3,400 TOOLS

* All figures are for 2014-15

AWARDS

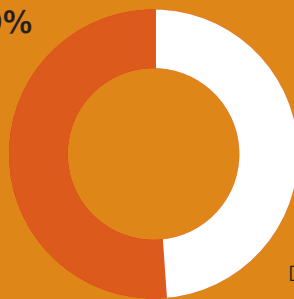
Pitti Laminations was awarded the 'Certificate of Excellence' by GE. This certificate was awarded to the Company for being the 'Best Supplier – Quality 2015'.



Revenue Mix (2014-15)

Export
Sales

49%



Domestic
Sales

51%

Clientele

GE GROUP | ABB | ALSTOM
ANDRITZ | BHEL
CROMPTON GREAVES
CUMMINS | EMERSON
L&T MHI | SE ELECTRICALS
REGEN | SIEMENS
TDPS | VOITH

13,528 MT

DOMESTIC VOLUME

7,886 MT

EXPORT VOLUME

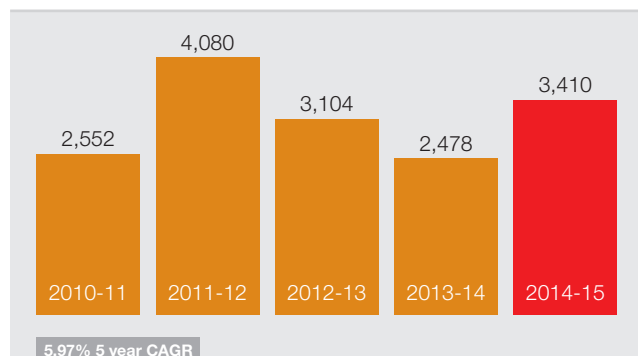
ONE OF THE FEW VERTICALLY
INTEGRATED COMPANIES WITH
TOOLING, LAMINATION, CASTING
AND MACHINING FACILITIES THE
WORLD OVER

FIRST COMMERCIAL
MANUFACTURER OF LAMINATIONS
IN INDIA CERTIFIED BY BVQI OF UK
FOR ISO 9002

ENCOURAGING PERFORMANCE

Revenue *

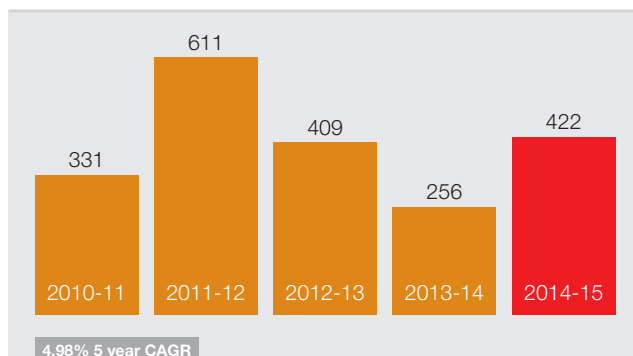
₹ in million



*Including other operating income

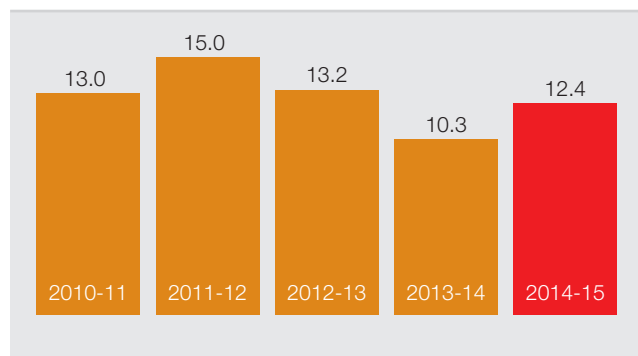
EBITDA

₹ in million



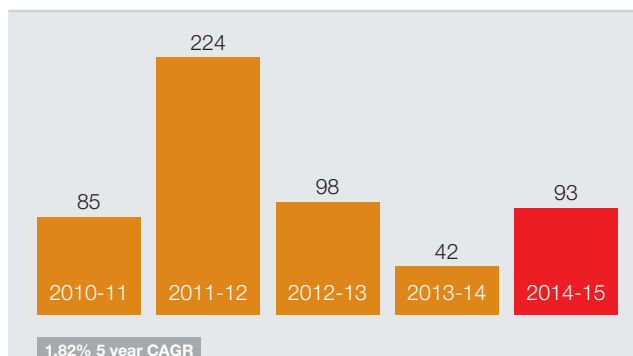
EBITDA Margin

%



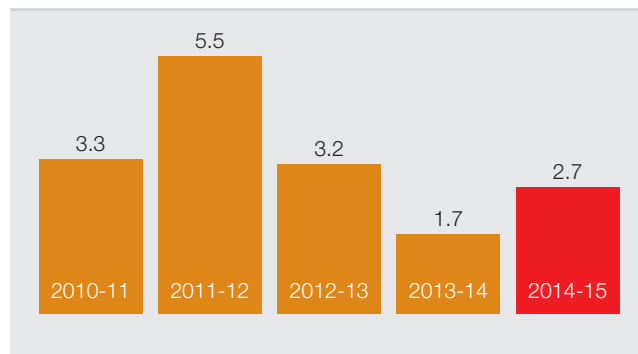
Profit After Tax

₹ in million



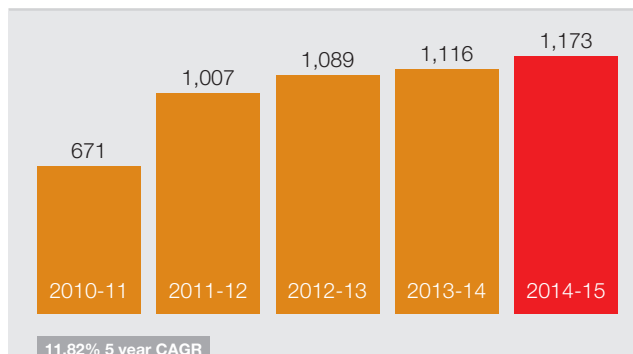
PAT Margin

%



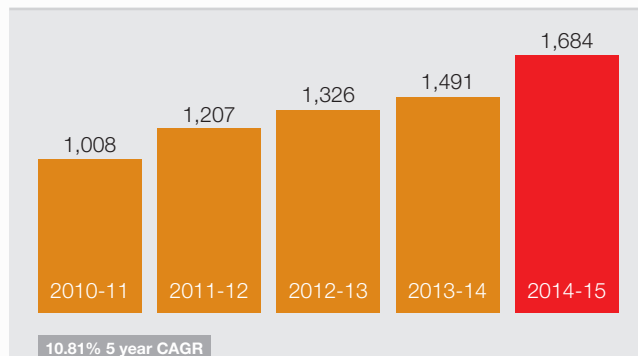
Networth

₹ in million



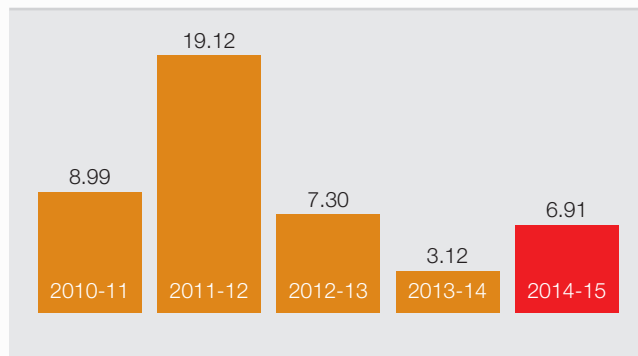
Gross Block

₹ in million



EPS

₹



ROBUST REVENUE GROWTH WAS DRIVEN BY IMPROVED **DOMESTIC** AS WELL AS **EXPORT DEMAND**

SHIFTED SOME OF THE MANUFACTURING CAPACITY TO PUNE WITH THE OBJECTIVE TO **RATIONALISE LOGISTICS COSTS AND TAX INCIDENCE**

₹1,711 Mn

DOMESTIC SALES

Up by 21.8%

₹1,657 Mn

EXPORT SALES

Up by 60.9%

₹422 Mn

EBITDA

Up by 64.6% with a margin of 12.4%

93 Mn

PAT

Up by 121.8%



KEY PRODUCTS & SERVICES



ELECTRICAL STEEL LAMINATIONS

PRODUCES LAMINATIONS FROM 50 MM TO 1,250 MM OUTER DIAMETER

SPACER / VENT AND GLUED LAMINATIONS FOR HYDRO / THERMAL GENERATORS



DIE CAST ROTORS & ASSEMBLIES

SKEW ANGLE ROTORS UP TO 540 MM OD & 1,000 MM HEIGHT INCLUDING END RINGS & FINS

RIVETING OR BOLTING THE ROTOR STACKS UNDER HYDRAULIC PRESSURE



STATOR CORE ASSEMBLIES

ASSEMBLIES UP TO A DIAMETER OF 2,000 MM WITH CIRCULAR AND SEGMENTAL LAMINATIONS AND CLEATING / WELDING / RIVETING OF ASSEMBLIES

APPLICATION / END-MARKET

**POWER GENERATION | TRANSPORTATION
MINING | INDUSTRIAL MOTORS |
LOCOMOTIVES | AEROSPACE |
AUTOMOBILE | OIL & GAS**



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 A RANGE
OF PRECISION MACHINED
COMPONENTS FOR
DIFFERENT APPLICATIONS



POWER GENERATION
TRANSPORTATION
INDUSTRIAL MOTORS
LOCOMOTIVES
AEROSPACE
AUTOMOBILE
OIL & GAS

+

EARTH MOVING AND
MINING

CHAIRMAN'S STATEMENT

Dear Shareholders,

As I share my thoughts with you, there is a sense of optimism around us. The economy is back on track after years of sub-optimal performance, the new Government at the Centre is focused on implementing reforms to boost manufacturing and there is enhanced emphasis on indigenous skill building to cater to global demands. Such a scenario augurs well for Pitti Laminations, going forward.

The Government has recently launched the 'Make in India' initiative to transform the country into a global manufacturing hub. The mega programme's objective is to enhance the contribution of the manufacturing sector from around 15% to 25% in the next few years. Enhancing the ease of doing business is also high on the Government's radar; and we feel we are adequately equipped to make the most of the opportunities around us.

EXPLORING OPPORTUNITIES

We have always been a futuristic enterprise; and this philosophy of doing business has encouraged us to leverage our engineering expertise to diversify into more value-added product lines. We have diversified from one business to four businesses; comprising Laminations, Toolings, Machining and Castings. We are global leaders in the business by virtue of our scale, technological

excellence and degree of innovation. We will continue to invest in our core strengths and shape a more diversified business model.

We have a reliable track record nationally and internationally. Our wide customer spectrum enables us to grow consistently, despite volatilities in certain sectors. Our prominent customers include ABB, Siemens and GE Group, among many others. We are investing in enhancing capacities and capabilities to accomplish our short-term and long-term growth ambitions. At the same time, we are building a prudent cost structure.

During the year, we shifted part of the manufacturing capacity to Pune to rationalise logistical costs and tax incidence, as majority of our domestic customers are from Maharashtra. We also strengthened the volume-driven small laminations business through raw material procurement, production economies and transportation efficiencies.

FINANCIAL PERFORMANCE

The total volume for the year was 21,414 metric tons, an increase of 42.2%, compared to last year. In 2014-15 we recorded our highest ever annual domestic volume at 13,528 metric tons, an increase of 25.9%; and our exports increased by 83% to 7,886 metric tons. Our revenue for the year increased by 37.6% to ₹ 3,410

We are investing in enhancing capacities and capabilities to accomplish our short-term and long-term growth ambitions.