PROFITABLE GROWTH IN UNCERTAIN TIMES

Q4 FY14 – Investor Presentation

April 29, 2014

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Section I : RPG Group Overview

RPG Group : History

- RPG Enterprises established in 1979 by Mr RP Goenka
- In 80s RPG group, acquired various companies such as CEAT Tyres (1981) , KEC (1982); Searle India, now RPG Life Sciences (1983); Gramophone Company of India Ltd, now Saregama India (1986); and finally CESC, Harrisons Malayalam, Spencer & Co. and ICIM, now Zensar Technologies, all in 1989
- Ownership division in 2010, resulting in two separate groups : RPG Group & RP-Sanjiv Goenka Group

RPG Group	RP-Sanjiv Goenka Group
KEC	CESC LIMITED
CEAT	Phillips Carbon Black Ltd
ZenSar TECHNOLOGIES Your Transformation Partner	sa re ga ma Soul of India
HARRISONS MALAYALAM LIMITED	firstsource
RPG LIFE SCIENCES LIMITED	spencer's

RPG Group : Business Portfolio

$3 bn Global & diversified Indian business group

TYRE

INFRASTRUCTURE

Presence in key sectors of economy

IT

SPECIALITY

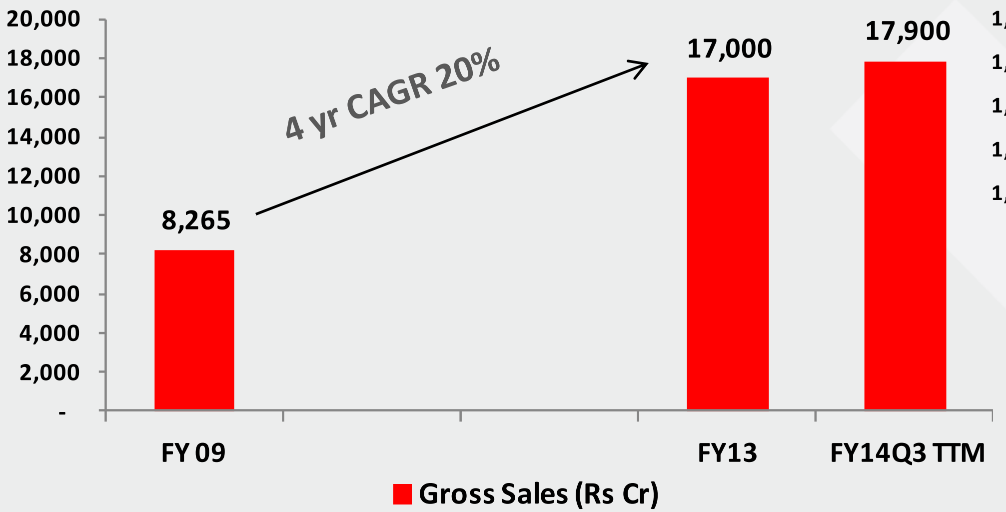
PHARMA — RPG LIFE SCIENCES LIMITED

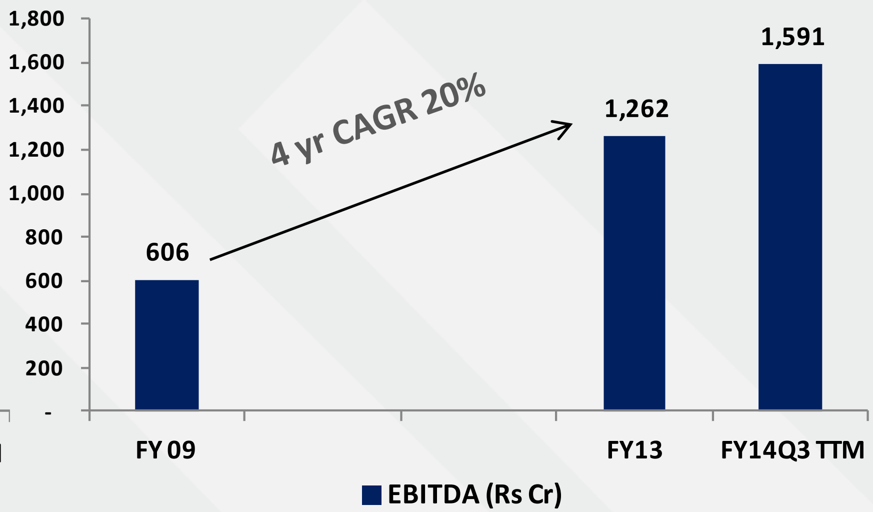
PLANTATIONS — HARRISONS MALAYALAM LIMITED

POWER / TELECOM ANCILLARY — Raychem RPG LIMITED

RPG

RPG Group : Key Facts





Key Facts:

Particulars	Units	Amount
Revenue	Rs Cr	17,000
EBITDA	Rs Cr	1,260
Networth	Rs Cr	3,250
Long Term Debt	Rs Cr	1,300
LT Debt / Equity	x	0.40
Employees	No.s	20,000
Global Business	%	~ 45

Other Key Facts:

- Invested over Rs 1,100 Cr in capacity expansion in last 3 years & Rs 800 Cr in Strategic Acquisitions (Akibia & SAE Towers)
- Capex under execution Rs 600 Cr

RPG Group : Governance Philosophy & Structure

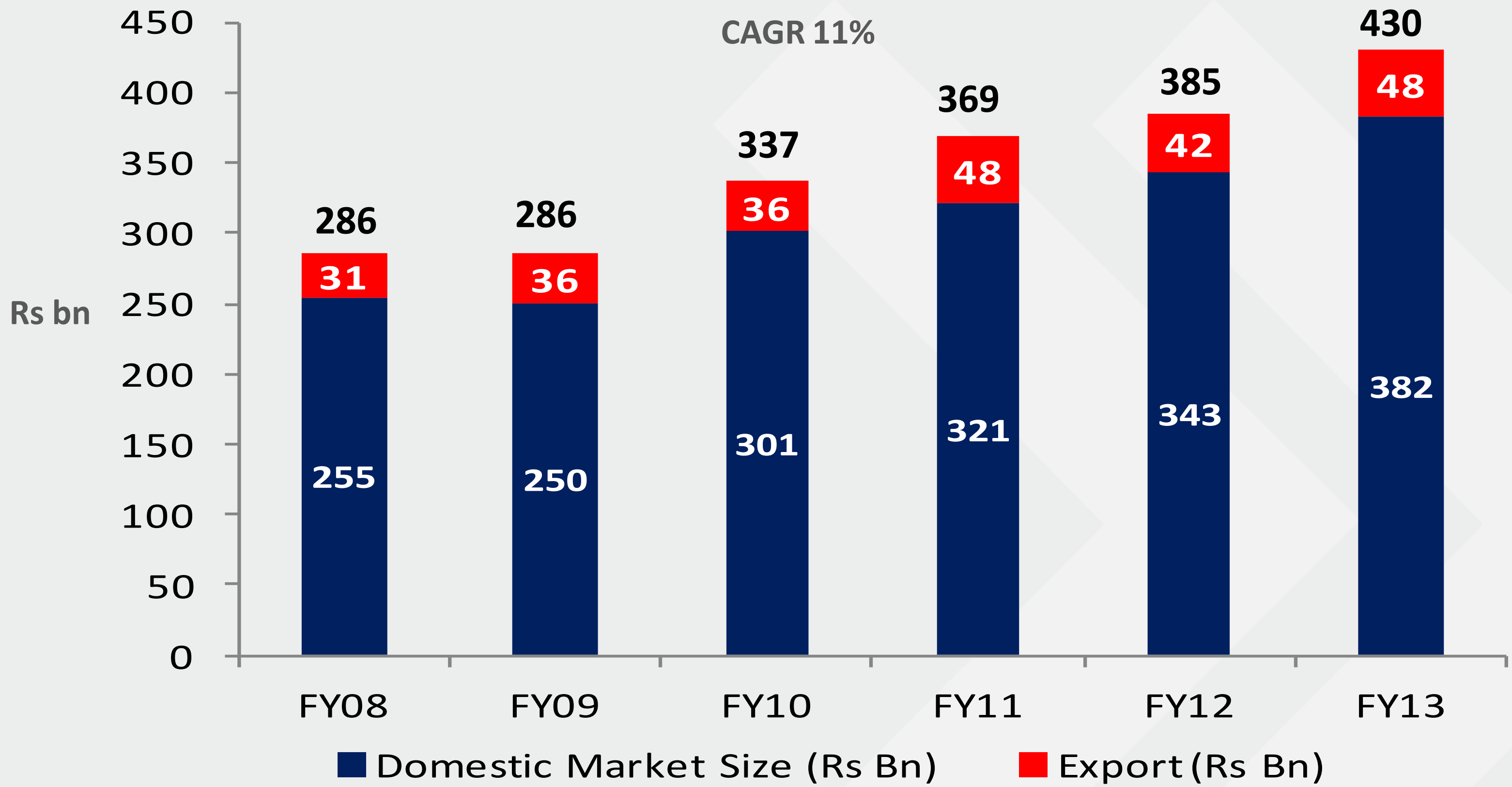
- Growth driven by key values and ethos:
  - Customer Sovereignty
  - Innovation and Entrepreneurship
  - Transparency and Integrity
  - People Orientation
- Independent professional management running each business
- Promoter oversight of businesses through Management Board
  - Clearly defined strategic vision for each business
  - All investments aligned to core strategic focus areas
- No Cross holdings, unrelated business investments
- Consistent dividend payout track record

RPG Group : Corporate Social Responsibility

	Educate	Environment	Employ
Goals	▪ Engaging with and contributing to our communities around – **Educate & Empower**	▪ Being an **eco-efficient** company that believes in sustainable growth and makes it a part of its DNA	▪ Actively participate in the nation's effort to bridge the huge shortfall of **skilled (technical) manpower**
Initiatives	▪ School/community development program around all our 15 plants & offices ▪ Set-up company-wide volunteering programs	▪ All plants to work towards Zero net consumption of natural resources ▪ Establish sustainability communications and reporting on performance	▪ Adopt Govt. ITIs to deliver relevant and quality courses ▪ Initiate technical Education at Govt schools in select States where RPG Plants are situated.
Approach	▪ Identify and engage with underprivileged schools/communities for English and Livelihood programmes	▪ Sensitise and motivate all employees to go Green and incorporate it into the Group strategy.	▪ Revamp the adopted ITIs & Govt technical High Schools to be Industry-oriented. Advocacy in govt circles to help realise potential.

Section II. Tyre Industry Overview

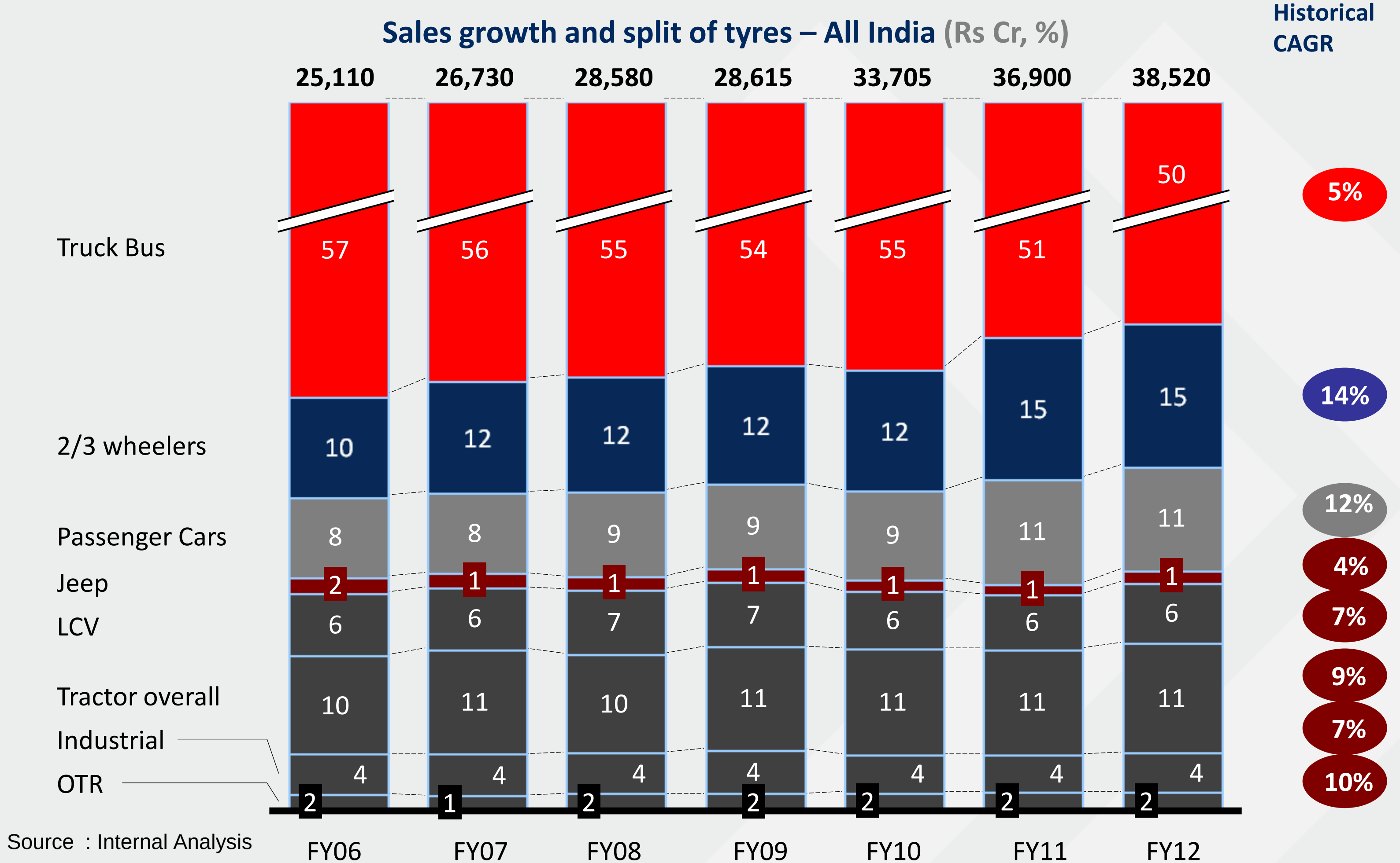
Indian Tyre Industry : Growth trends



- Consistent growth over last 6 years
- Less cyclical compared to OEMs sales volume

Source : ATMA, CRISIL

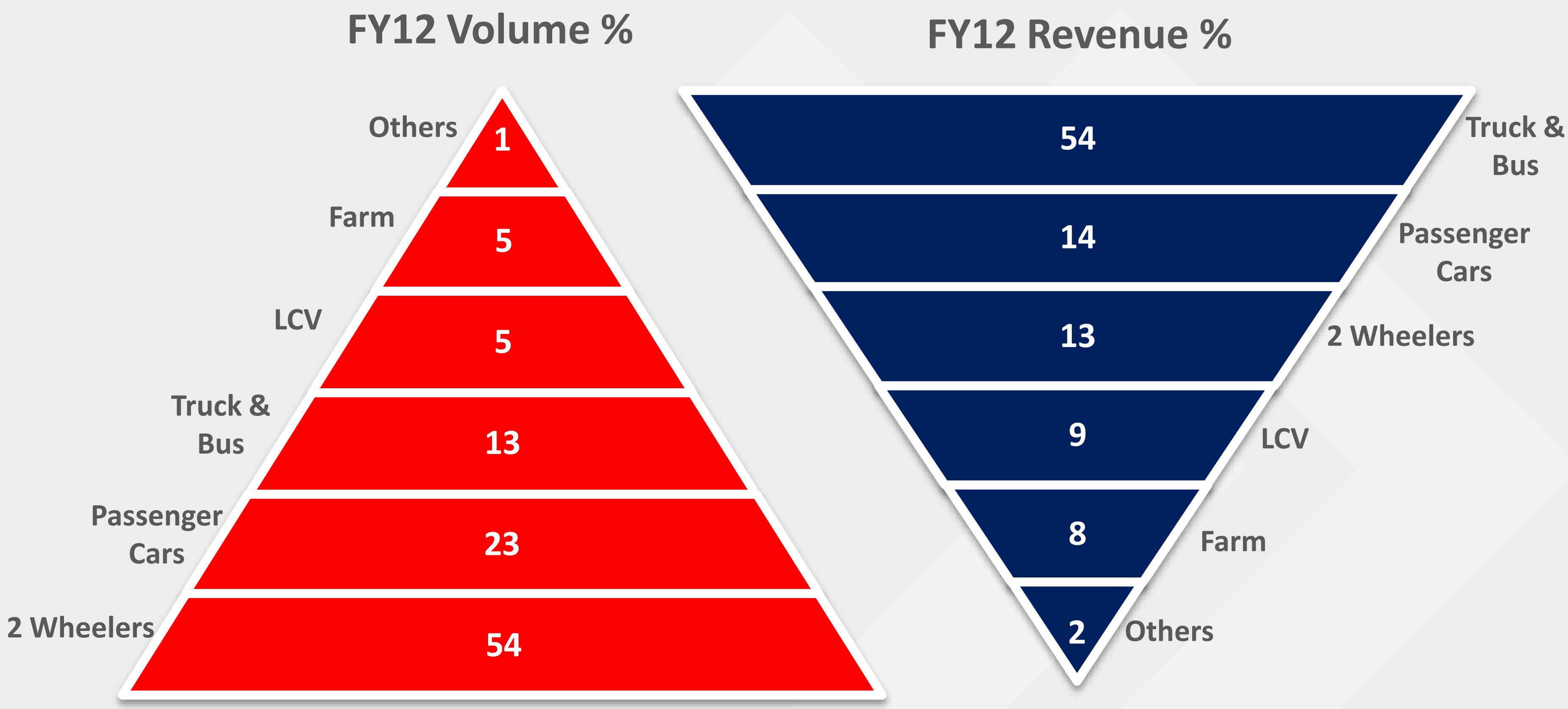
Indian Tyre Industry : Product Mix



Source : Internal Analysis

Slowly shifting towards passenger segments

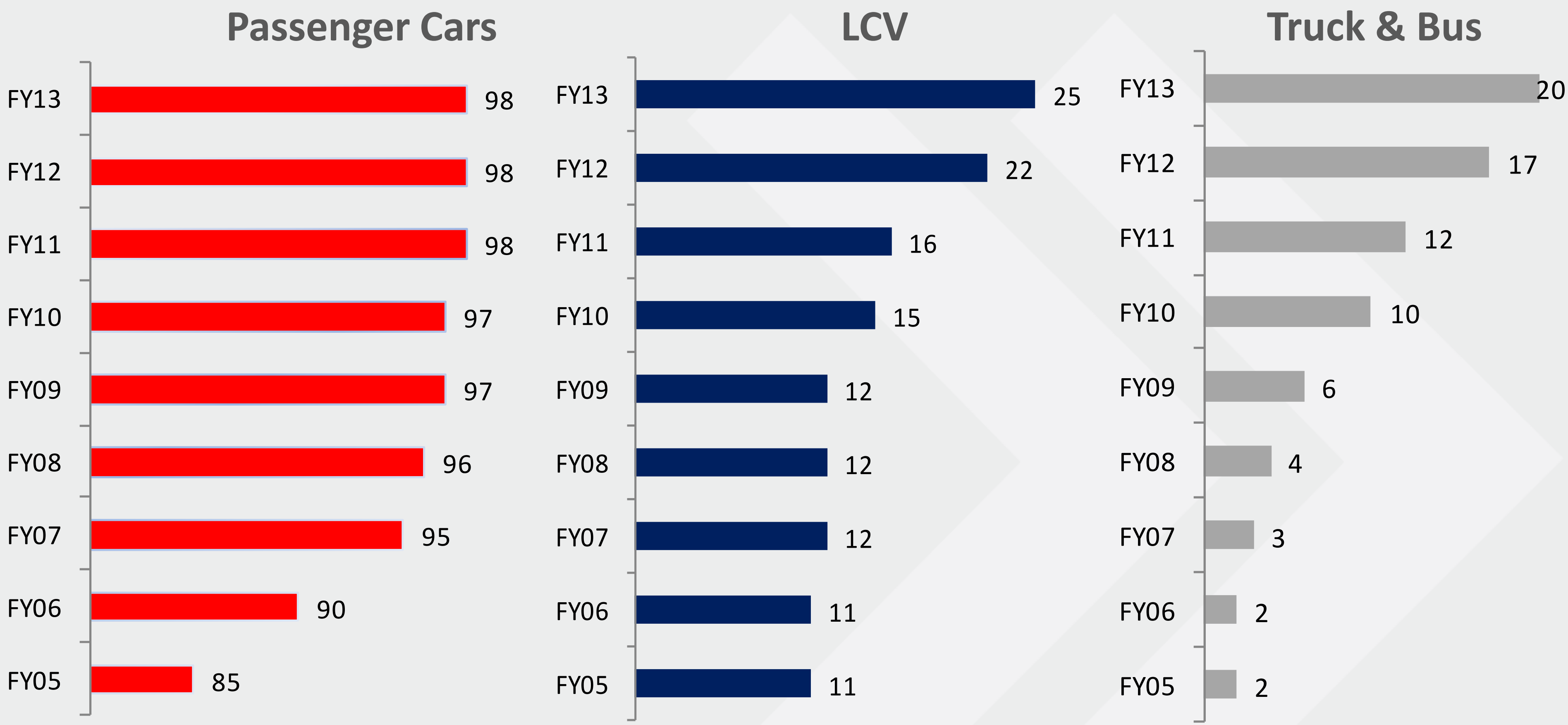
Indian Tyre Industry : Segmental volume and revenue



Over 50% of the revenue contributed by Commercial segment

Source : ATMA, Internal Analysis,

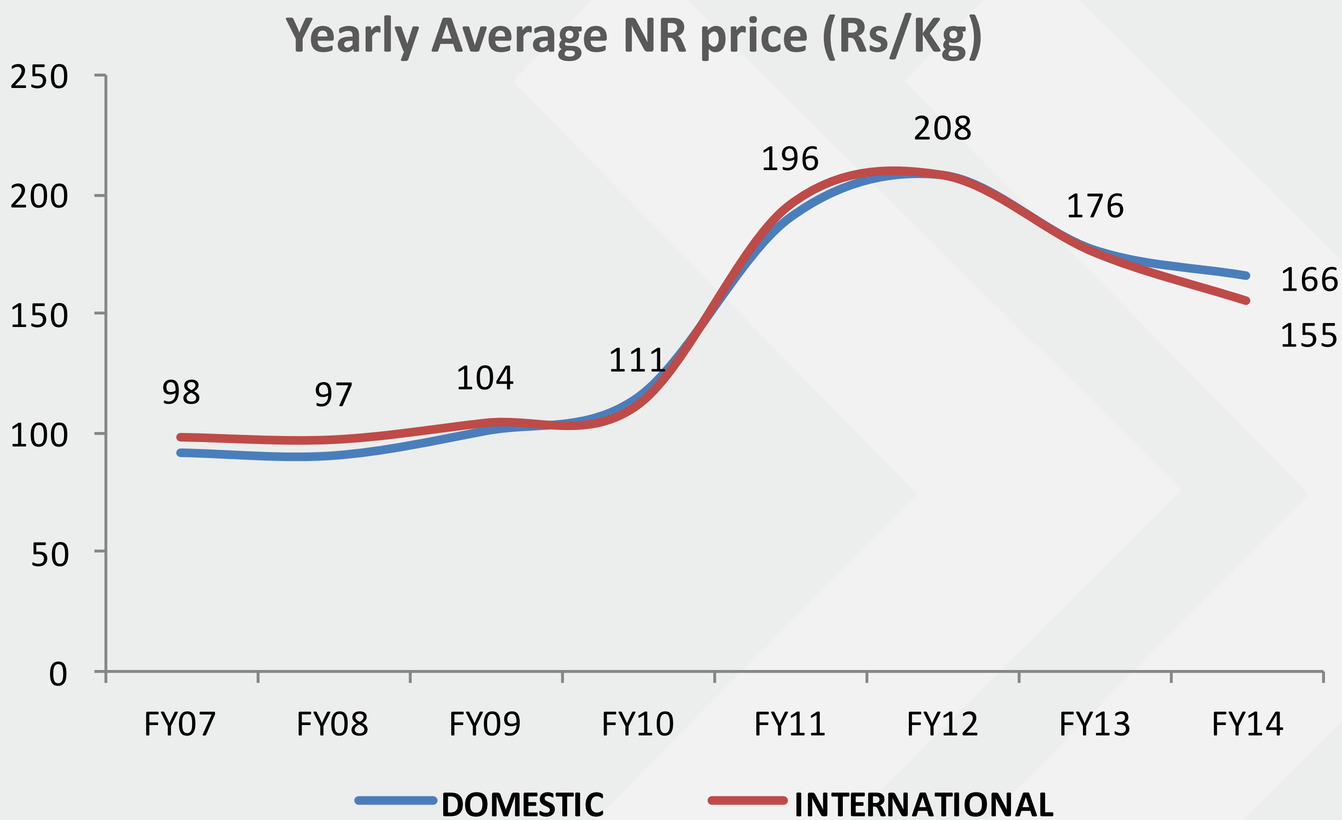
Indian Tyre Industry : Radialisation trends



Truck and Bus Radialisation to reach 40% in 3-4 years

Source : ATMA, Internal Analysis

Natural Rubber : Recent Price trends



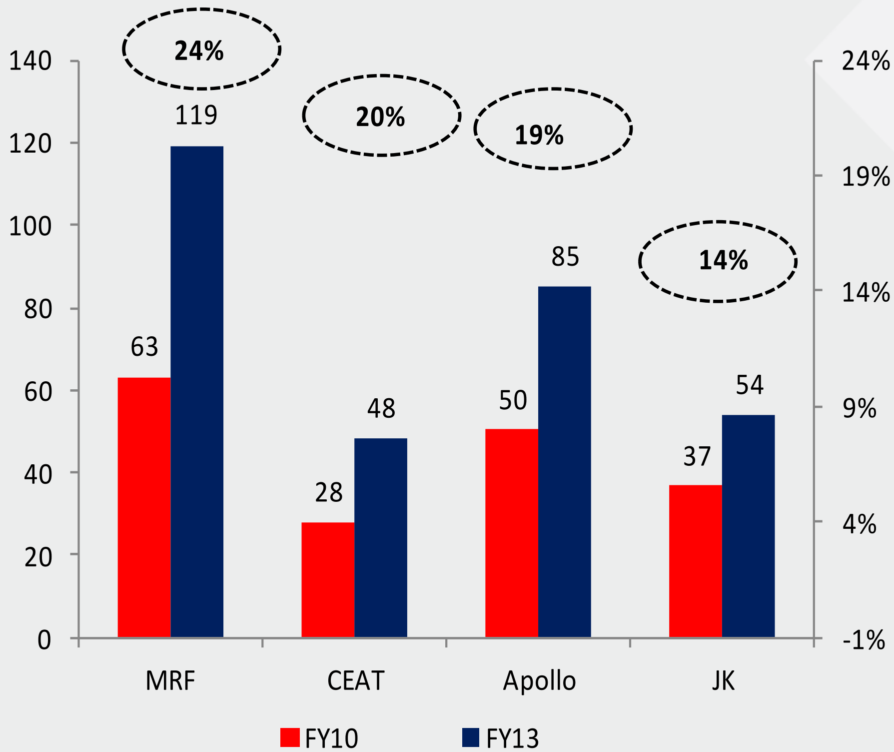
Natural Rubber prices have followed a stable trend, except in FY11

Source : Rubber Board

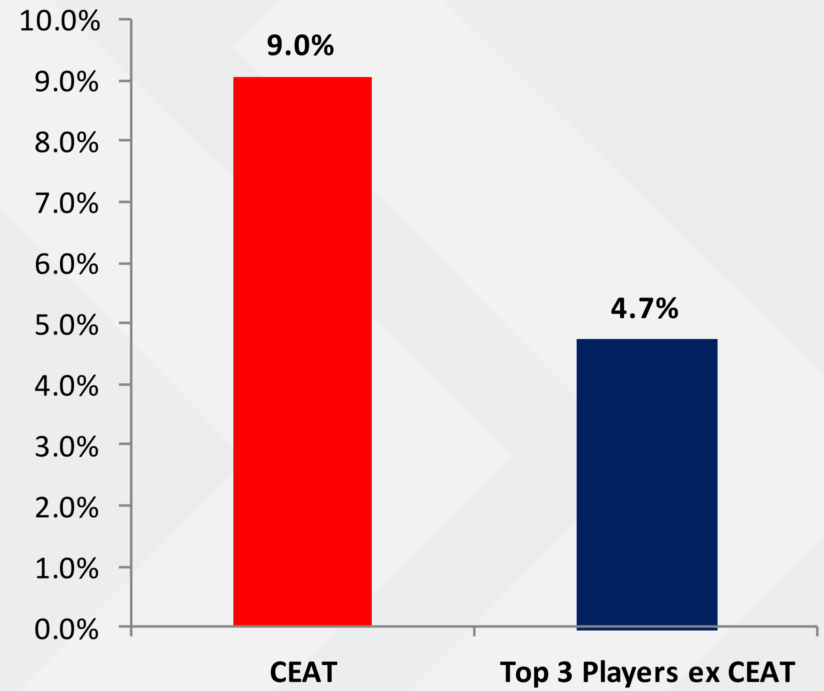
Section III. Peer Analysis

Indian Tyre Industry : Key players & Market Share

Net Sales (Rs Bn) / 3 yr CAGR %

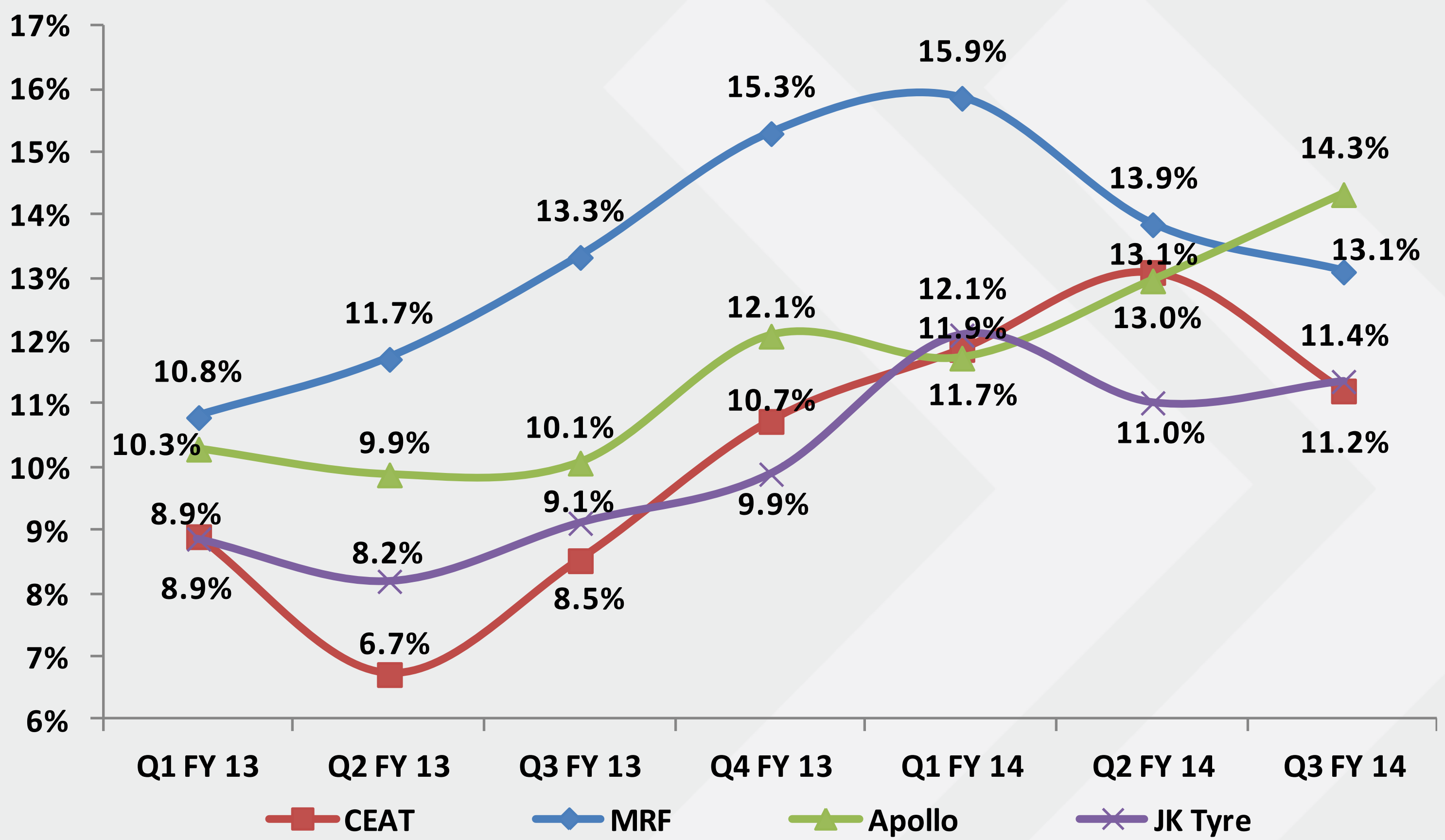


FY 13 YoY Sales growth



CEAT 2nd fastest growing company in last 3 years; Fastest growing in FY13

EBITDA Margin Comparison : Last 7 Quarters



Focussed strategy yielding in improved margins

Section IV : CEAT Overview & Strategic Drivers

CEAT : Overview

India's leading tyre company with over **50** yrs of presence

#No 1 player in Sri Lanka in terms of market share

Leading Exporter with exports to over **110+** countries

4600+ Employees

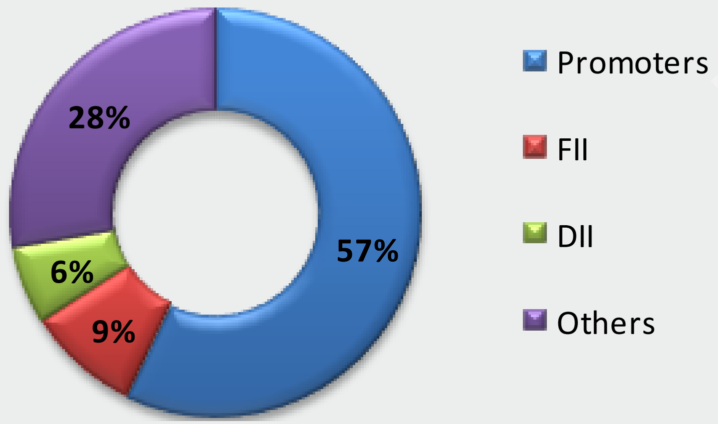
Distribution Network : **3500+** dealers, **300+** exclusive CEAT franchisees

3 Manufacturing plants - Mumbai, Nasik & Halol

10 Million+ Tyres produced annually

CEAT : Equity Shareholding & Price trends

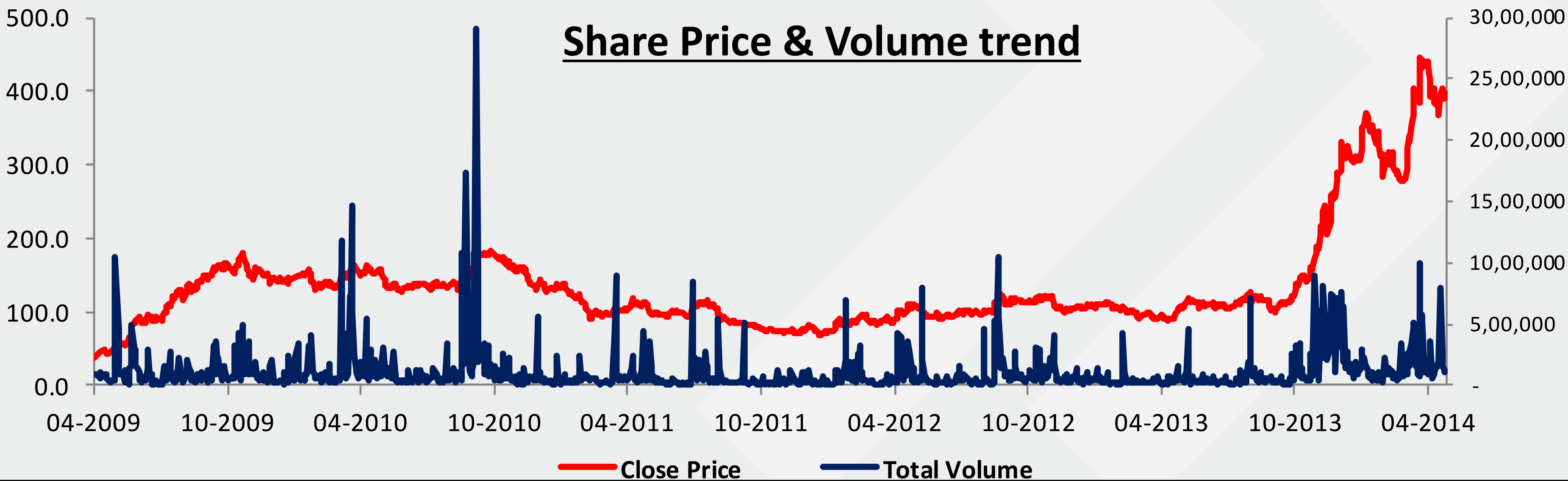
Mar 31, 2014 Shareholding Pattern



Market Information

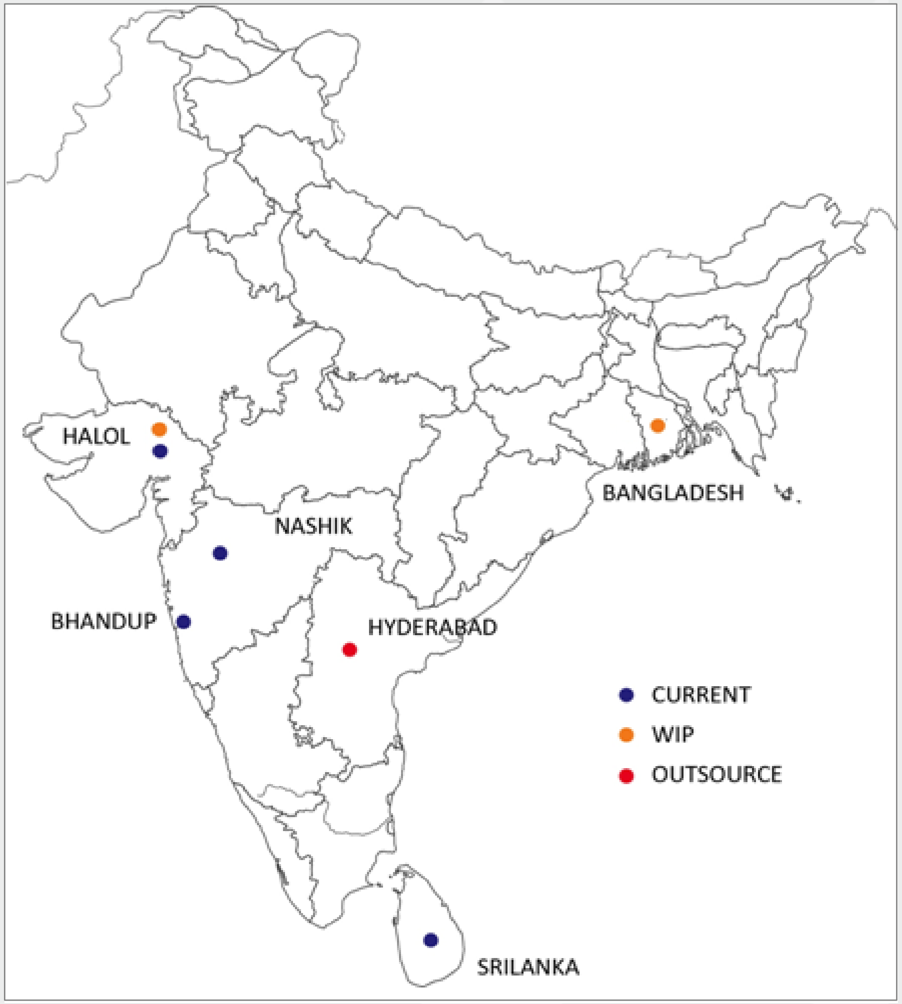
- Market Price (Apr 29): Rs 409 share
- Face Value : Rs 10/share
- Market Cap (Apr 29): Rs 1,469 Cr
- Net Worth: Rs. 1,029 Cr

Share Price & Volume trend



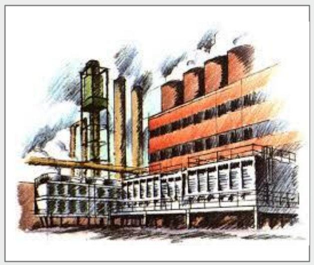
CEAT RPG

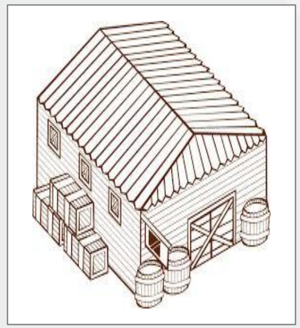
CEAT : Plant Locations



CEAT : Distribution Process Flow

Factory 3 Owned +1 Outsourced	22 Warehouses / 19 Delivery Centres	130 + C&F Agents





Replacement

HUB – 223, Shoppe – 97, Distributors – 268, Dealers – 2964

TATA MOTORS

OEs

EXPORTS

CEAT : Strategic Drivers

Profitable Growth

Passenger segment
- Brand recall
- Barriers to Entry

Emerging markets
- Proven model in Sri Lanka
- Replicate in Bangladesh

Exports
- Competitive Advantage
- CEAT global brand

Brand Building

Channel Expansion

Asset Light Model

Proven competitive strategies

CEAT

RPG

CEAT : Brand Investment

"Idiot Safe" campaign (for Bike Tyres)

"Superior Grip" campaign (for UVR Tyres)

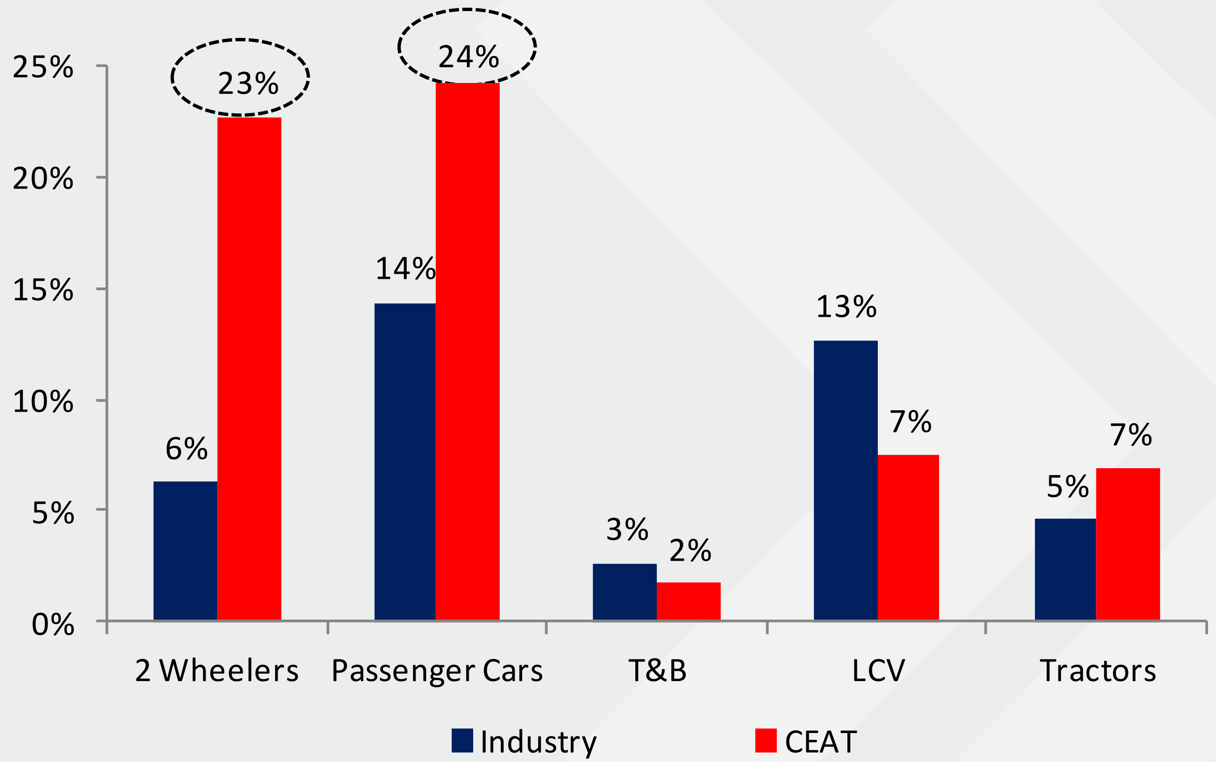
Association with KBC – A popular TV game show

"Monsoon Smart" campaign (For All Season Bike Tyre with "Superior Wet Grip")

"Pakka Bharosa" CEAT SUV Campaign

CEAT : Segment wise Sales growth

3 yr CAGR (FY10 – FY13)



Higher than Industry growth in passenger segments; gaining market share

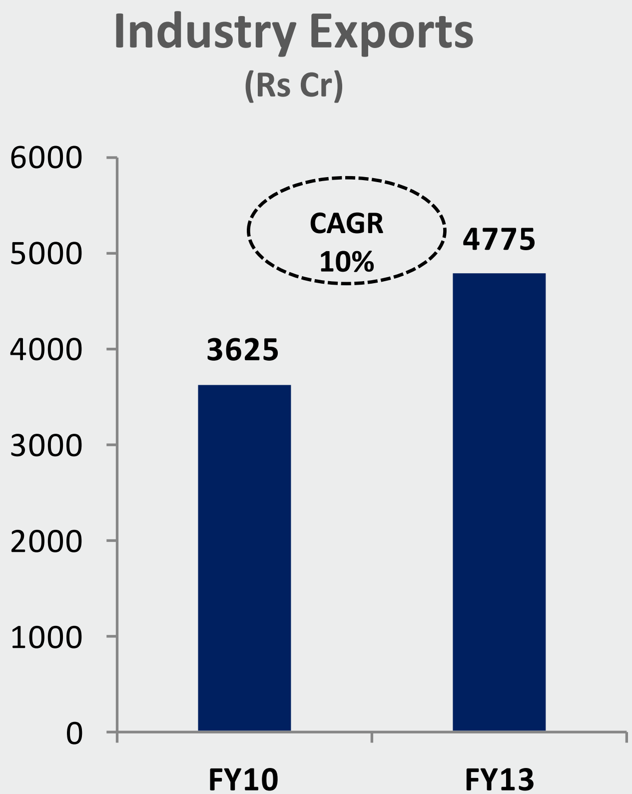
CEAT : OE Presence

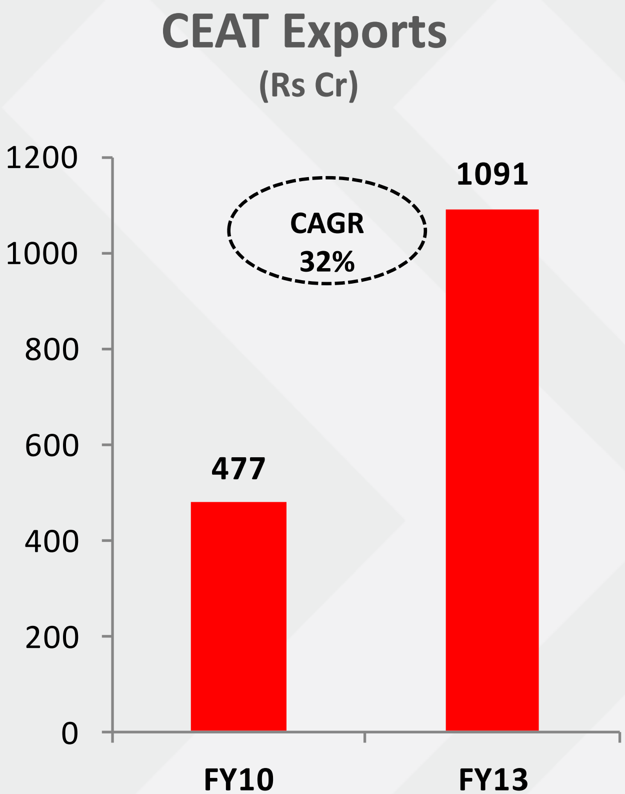
Truck & Bus	TATA MOTORS, ASHOK LEYLAND, DAIMLER, ESCORTS
Passengers / UV	TATA MOTORS, MARUTI SUZUKI, Mahindra, HYUNDAI
Motor cycles	HONDA, Hero, SUZUKI, ROYAL ENFIELD, LML, BAJAJ

CEAT

RPG

CEAT : Exports Leadership in last 3 years





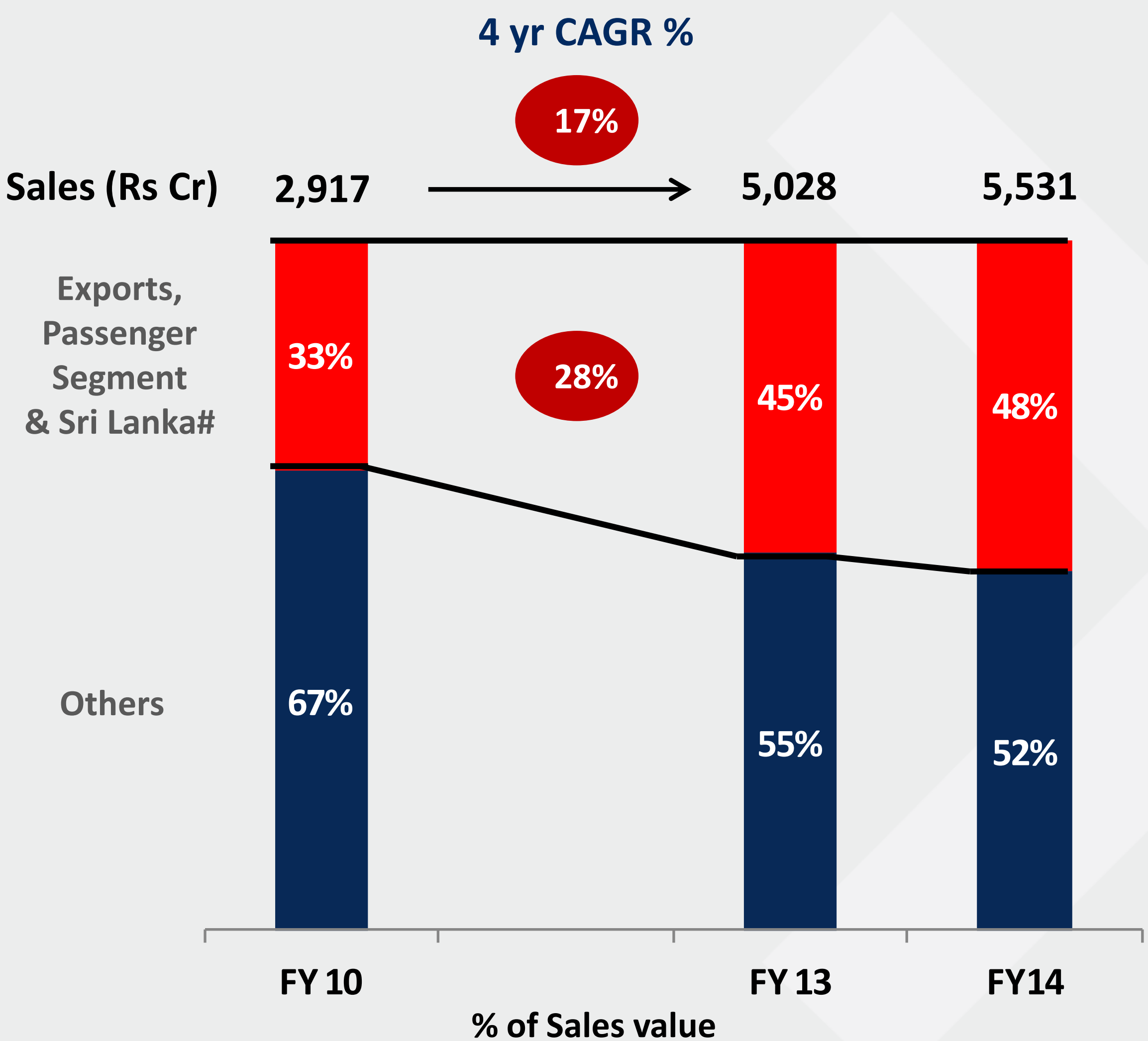
CEAT's Share

FY 10 - 13%

FY 13 - 23%

Exports doubled in the last 3 years with CAGR of 32%

CEAT : Growing Profitable markets and product mix



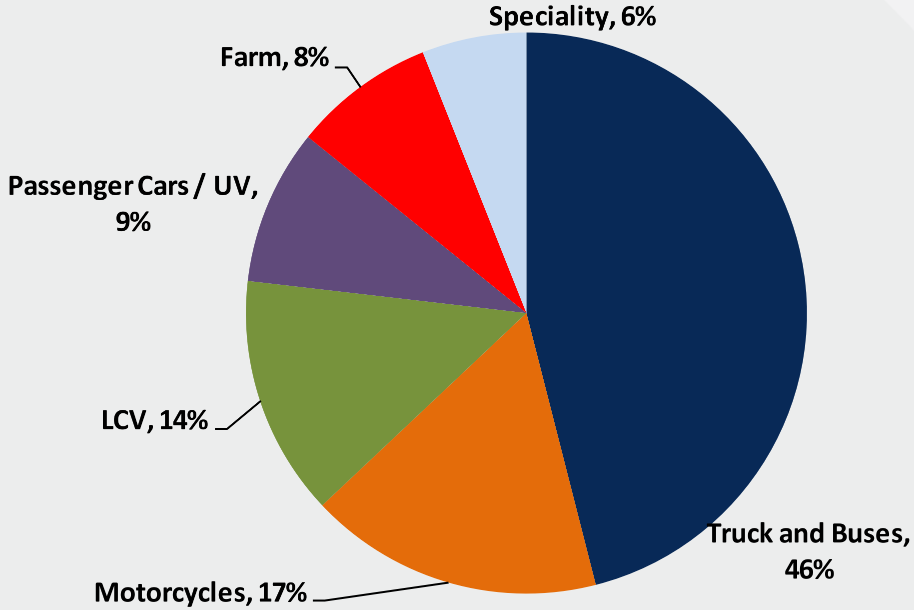
"Strategic Focus Areas"

- Higher margin business
- Contributes 48% sales compared to 33% in FY10
- Growing at higher rate of 28% CAGR
- **Aspiration FY 17: 60% of sales & 80% of Operating profit by FY17**

CEAT RPG

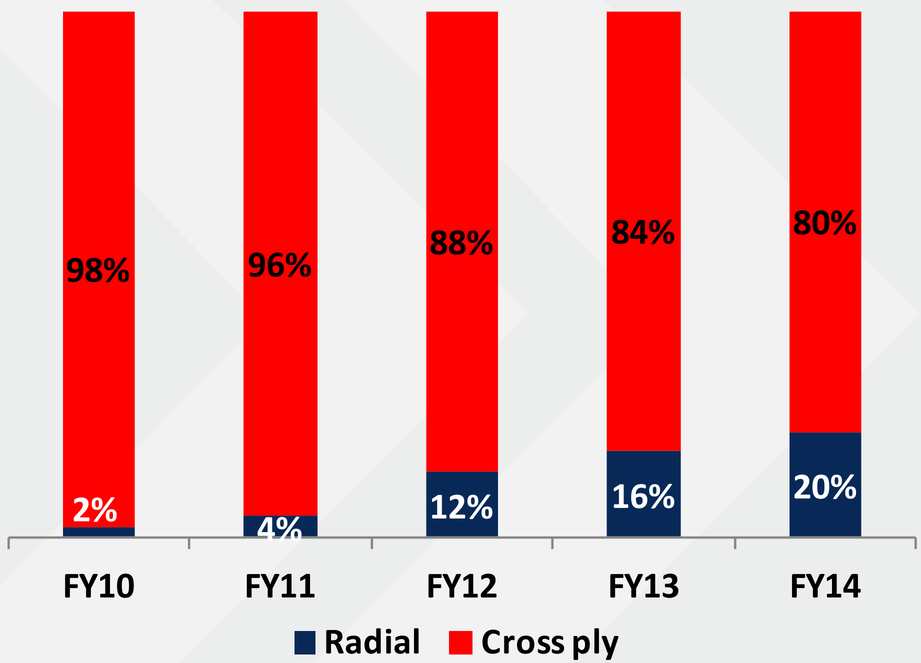
CEAT : Product & Technology Mix

FY14 Product break-up



% of Sales Value

Radial & Cross ply

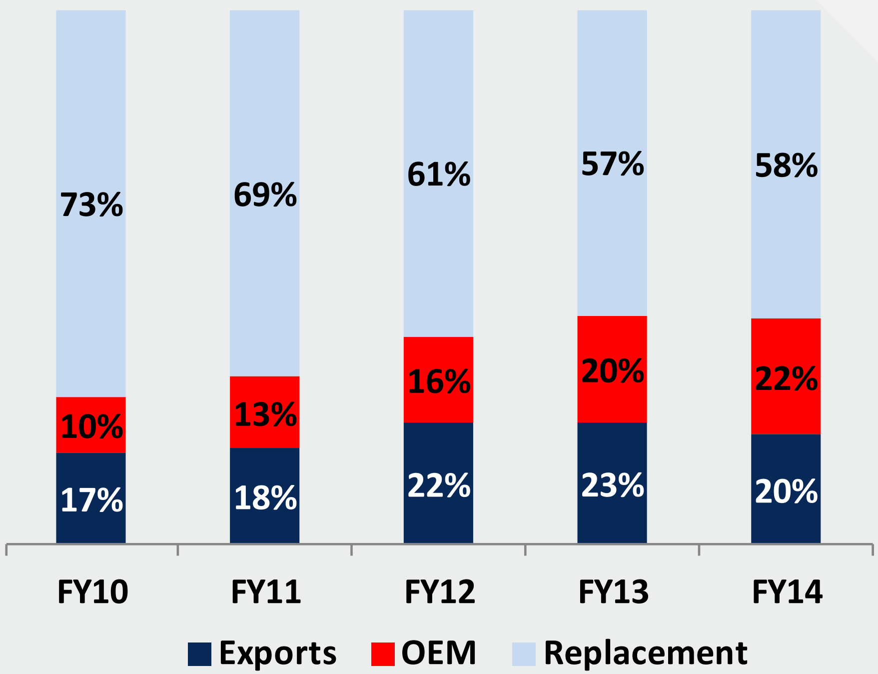


% of Sales Value

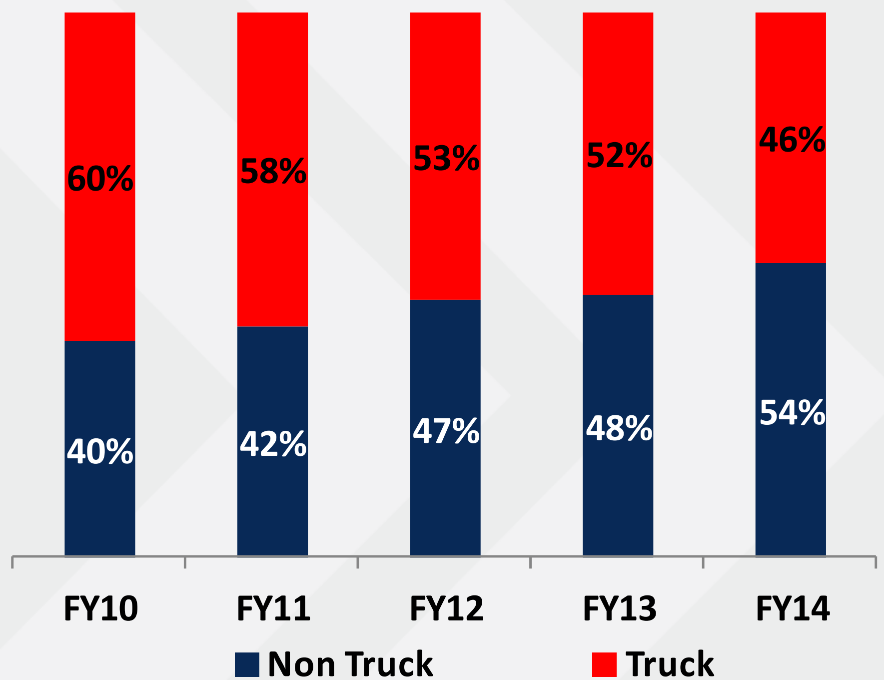
CEAT

RPG

CEAT : Market segments



% of Sales Value



% of Sales Value

Section V : CEAT Financials and Results Analysis

CEAT Consolidated : Q4 & FY14 Key Highlights

Q4FY14 v/s Q4FY13 (Y-o-Y)

- Strong Volume growth 7%: India 6%
- EBITDA% up +62 bps at 11.1%
- PBT up from Rs 84 cr to Rs 93 cr

FY14 v/s FY13

- Strong Volume growth 10% : India 11%, Sri Lanka 8%
- EBITDA% up +320 bps at 11.9%
- EBITDA at Rs 658 cr, compared to Rs 438 cr
- Interest at Rs 172 cr compared to Rs 181 cr (Down by 9 cr)

Total D/E down to 1.1x compared to 1.3x YoY

Dividend declared at 100%, Rs 10/- per share

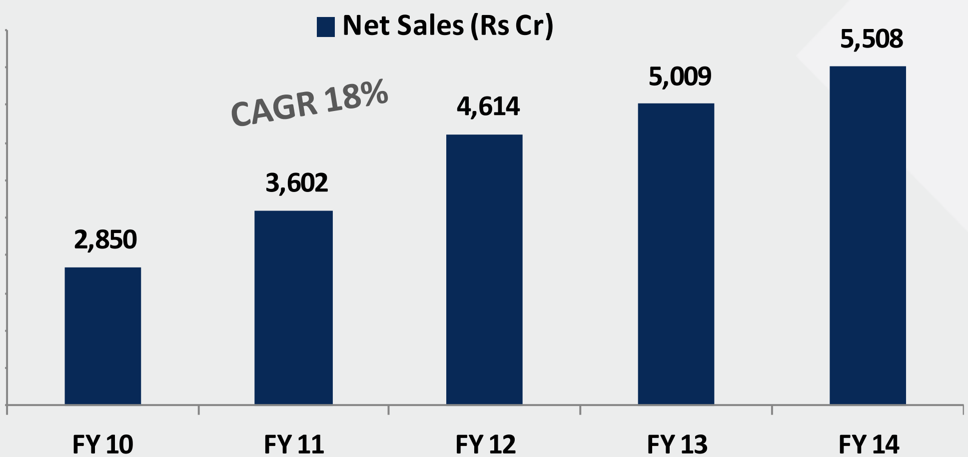
CEAT RPG

CEAT Consolidated : Key Business Updates

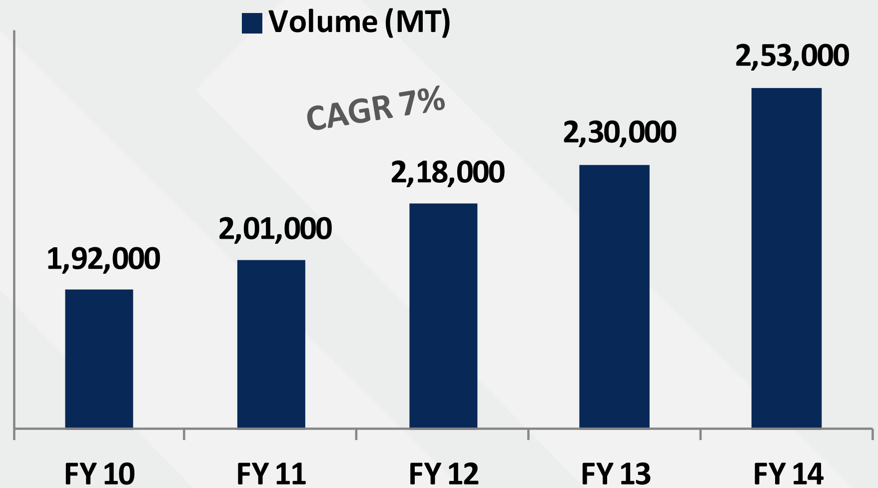
- Complete ramp up of Halol Plant (Phase I)
- Halol Plant (Plase II) project is on track and is slated to start production by July 2015
- Investment of LKR 600 million to set up a new plant to produce high-end radial tyres in Sri Lanka
- Launch of successful UVR TV Advertisement Campaign- “Pakka Bharosa”

CEAT : Consolidated Financials

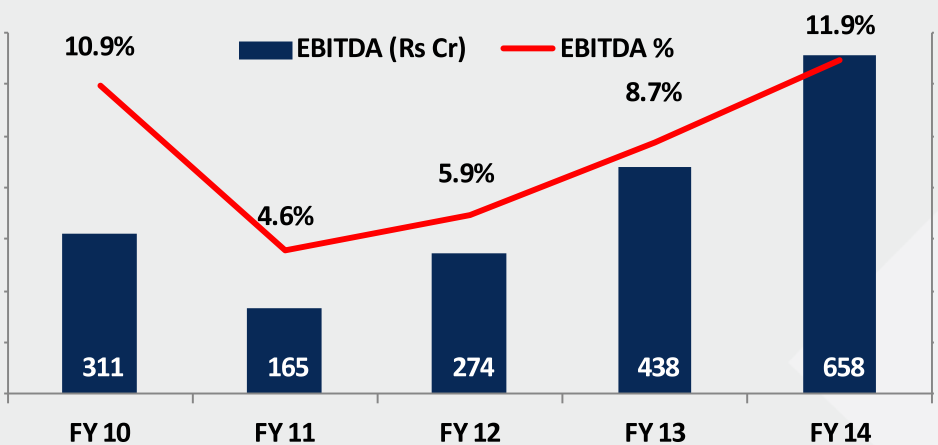
Revenue doubled in 4 years



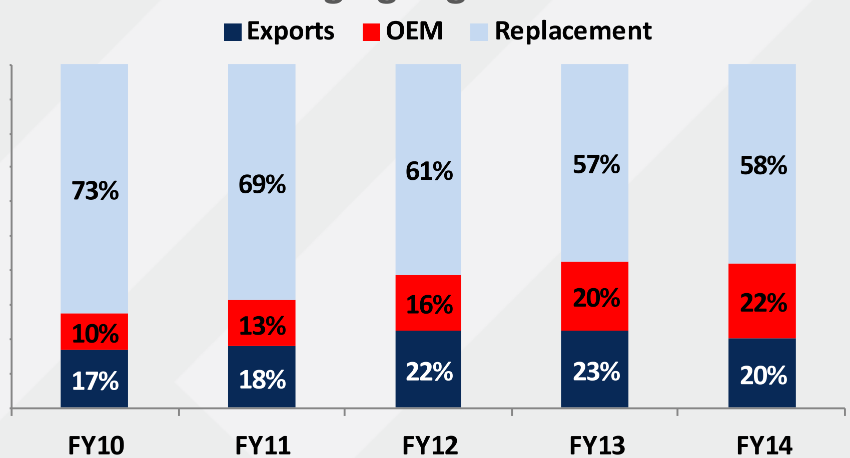
#Consistent volume growth



Improved margins



*Changing segment mix



100% of CEAT SL volume numbers are included
* Segment Mix are for CEAT India only

CEAT Consolidated : Q4 & FY14 Analysis

Rs cr

Parameter	Q4FY13	Q3FY14	Q4FY14	FY13	FY14
Net Sales	1,333.4	1,428.2	1,443.9	5,009.0	5,507.8
Growth (%)	8.3%	1.1%		10.0%	
EBITDA	139.9	158.4	160.4	438.0	657.9
Growth (%)	14.6%	1.3%		50.2%	
EBITDA (%)	10.5%	11.1%	11.1%	8.7%	11.9%
PAT	64.9	67.0	62.4	120.2	271.2
EPS (Rs.) (Basic)	19.0	18.6	17.4	35.1	76.6
Net Worth	785	1,019	1,029	785	1,029
Debt	1,038	1,115	1,174	1,038	1,174
D/E (x)	1.3	1.1	1.1	1.3	1.1
No of shares (cr)	3.4	3.6	3.6	3.4	3.6
B/V (Rs.)	229	283	286	229	286

CEAT India : Q4 YoY Analysis

Rs Cr

Parameter	Q4FY13	Q4FY14	YoY	Remarks
Net Sales	**1,298.6**	**1,395.8**	**7.5%**	Strong volume growth (6%)
Raw Material	874.5	923.6	5.6%	Driven by volumes, RMC per kg flat.
Employee	76.6	69.3	-9.6%	Reversal of provisions
Other Expenses	225.2	259.5	15.2%	Increase due to higher volumes. Fixed costs are flat
EBITDA	**134.9**	**155.6**	**15.4%**	
EBITDA %	**10.4%**	**11.2%**	**+80 bps**	**Improved mix and better realisation**
Finance Cost	40.8	39.7	-2.5%	
Depreciation	19.5	20.6	5.8%	
Operating PBT	**74.6**	**95.3**	**27.6%**	
Exceptional expense	-	10.0	-	VRS Expenses & provision for fire loss
Non-Operating income	3.8	4.0	5.0%	
PBT	**78.4**	**89.2**	**13.7%**	
PAT	**60.9**	**58.6**	**-3.8%**	
Volumes (mt)	**59,000**	**63,600**	**6.0%**	

CEAT India : Q4 QoQ Analysis

Rs Cr

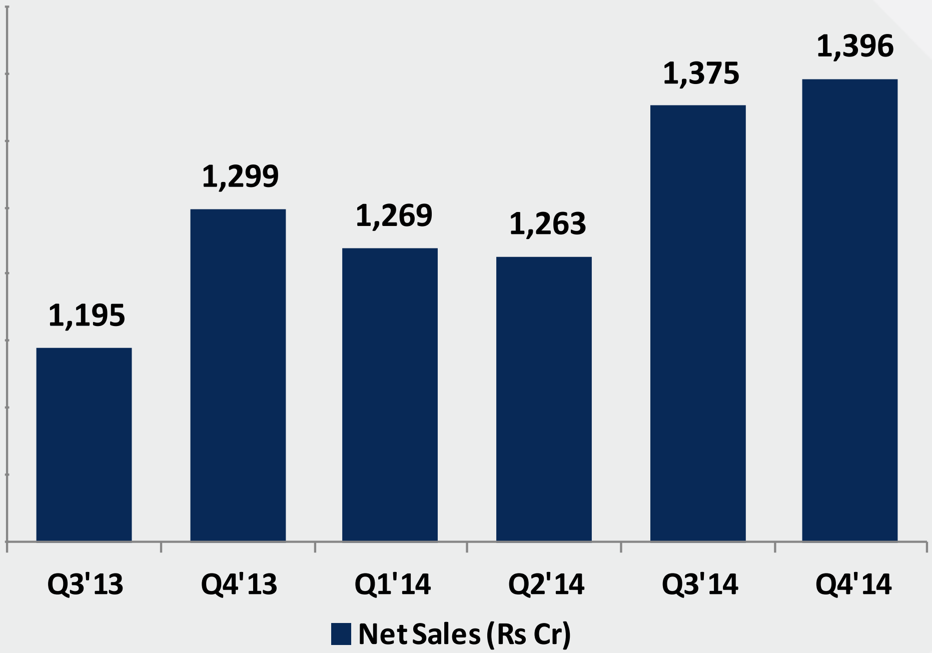
Parameter	Q3FY14	Q4FY14	QoQ	Remarks
Net Sales	**1,375.5**	**1,395.8**	**1.5%**	Volume growth (2%), Flat Realisations
Raw Material	905.1	923.6	2.0%	
Employee	78.3	69.3	-11.6%	Reversal of provisions
Other Expenses	254.0	259.5	2.1%	
EBITDA	**148.3**	**155.6**	**4.9%**	
EBITDA %	**10.8%**	**11.2%**	**40 bps**	**Volume Growth & lower employee cost**
Finance Cost	41.0	39.7	-3.2%	
Depreciation	20.4	20.6	1.4%	
Operating PBT	**86.9**	**95.3**	**9.6%**	
Exceptional expense	-	10.0	-	VRS Expenses & provision for fire loss
Non-Operating income	4.0	4.0	0.2%	
PBT	**90.9**	**89.2**	**-1.9%**	
PAT	**60.9**	**58.6**	**-3.7%**	
Volumes (mt)	**61,500**	**63,600**	**1.8%**	

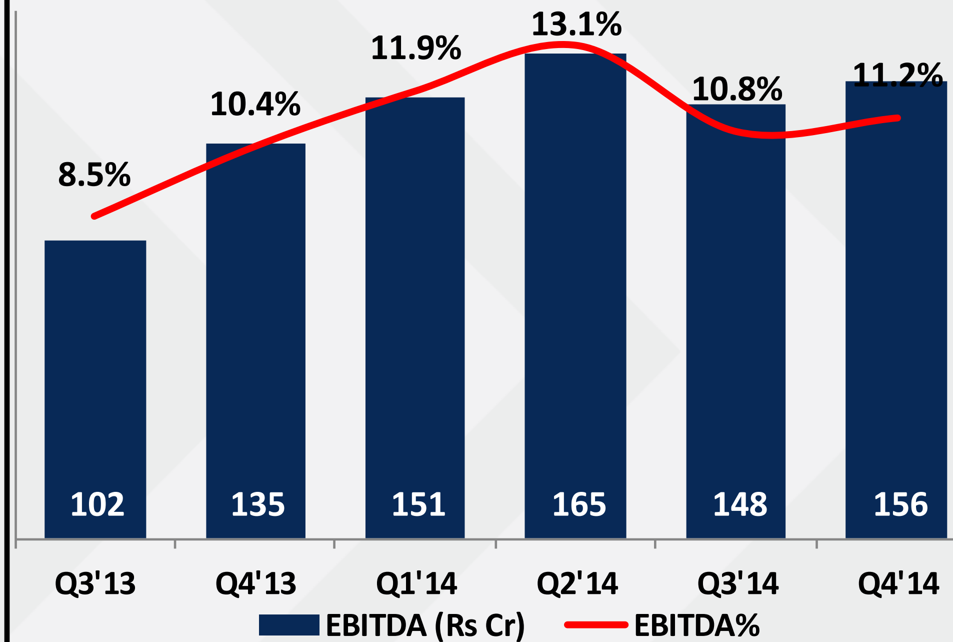
CEAT Sri Lanka : Q4 & FY14 Analysis

Rs cr

Parameter	Q4FY13	Q3FY14	Q4FY14	FY 13	FY 14
Net Sales	82.3	112.5	109.7	383.7	454.4
EBIDTA	14.1	22.1	32.5	63.8	108.7
Finance Cost	1.3	1.0	0.5	6.2	3.7
Depreciation	1.2	1.8	1.8	4.9	6.7
Operating PBT	11.6	19.4	30.3	52.7	98.3
Exceptional expense	-	-	-	-	-
PBT	11.6	19.4	30.3	52.7	98.3
PAT	9.8	14.9	30.3	39.4	81.2
EBITDA %	17.1%	19.7%	29.7%	16.6%	23.9%
Volumes (mt)	3,250	4,060	4,010	16,600	15,300

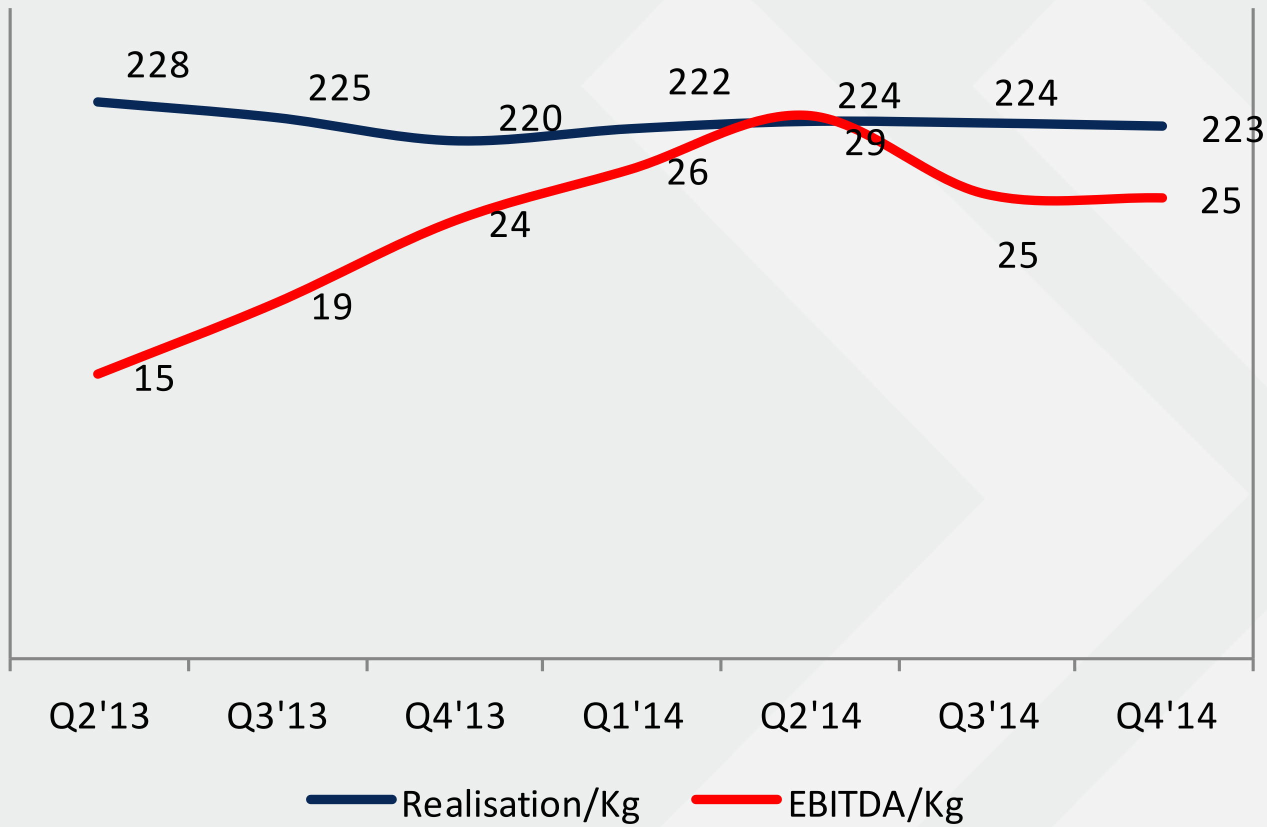
CEAT India: Sales and EBITDA Trend Last 6 Quarters





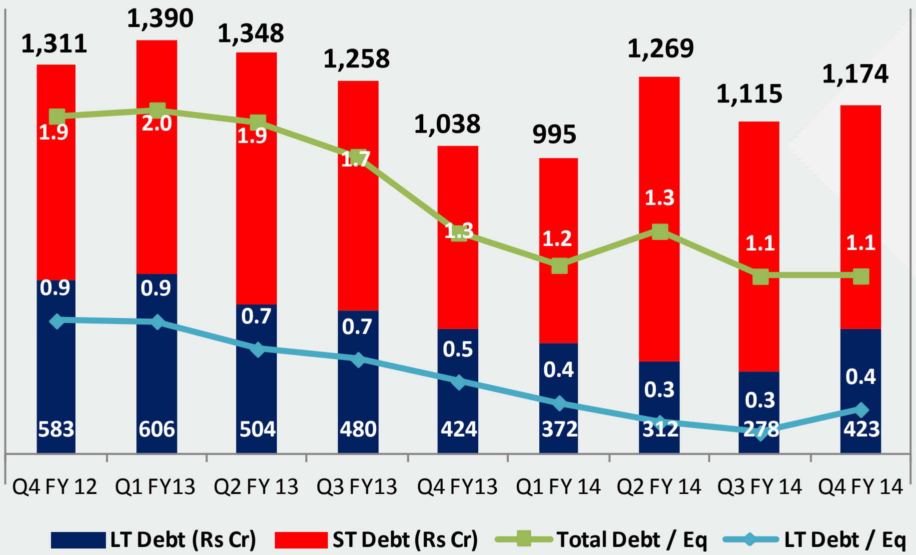
Consistent improvement in margins and operating profits

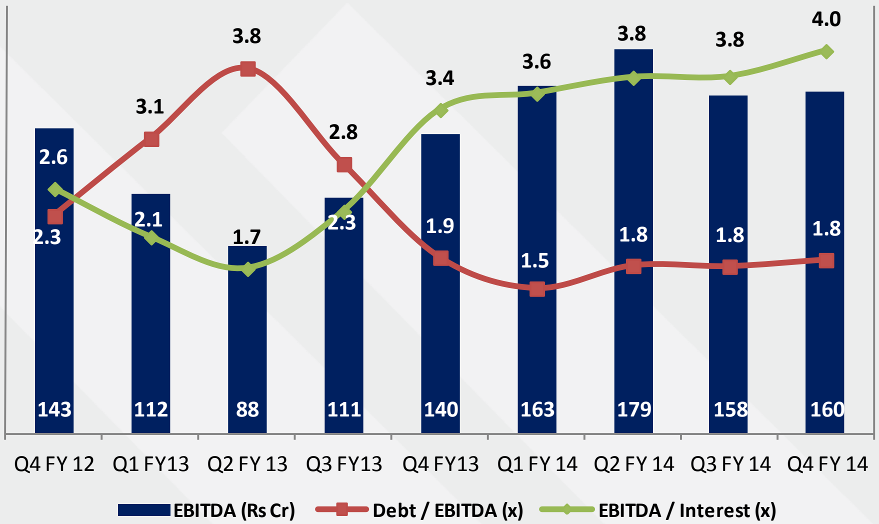
CEAT India: Realization and EBITDA Trend

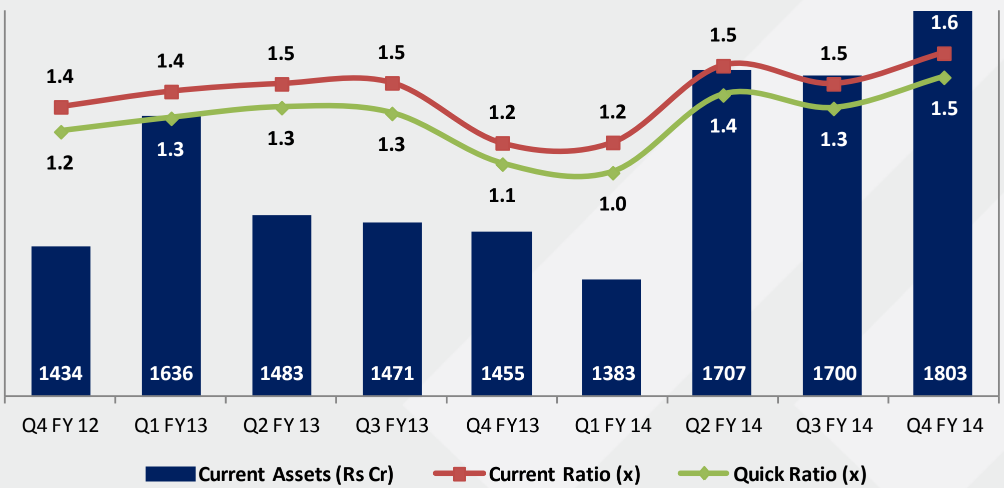


- Combination of market strategies and internal efficiencies resulting in steady performance for last 6 Quarters

CEAT Consolidated : Debt Profile improvement







THANK YOU

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