



An  Group Company



Q2 FY16 – Investor Presentation
October 27th, 2015



GEAR UP FOR ACTION!
**INTERNATIONAL CRICKET COUNCIL (ICC) APPROVES
CEAT AS A CRICKET GEAR MANUFACTURER**

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Table of Contents

Section 1: RPG Group Overview

5-6

Section 2: Business Overview

8-21

Section 3: Operational & Financial Overview

23-33

Section 1: RPG Group Overview

RPG Group: Powered by Passion, Driven by Ethics

RPG Enterprises was founded in 1979 by Shri Rama Prasad Goenka, popularly known as RP Goenka, a pioneering fifth generation business leader from the Goenka family. The Goenkas have a history of business dating back to 1820 AD in banking, textiles, jute and tea. Under RP Goenka's dynamic leadership, the Group grew in size and strength with several acquisitions in the 1980s and 1990s. CEAT became a part of the RPG Group in 1982, which is now one of India's fastest growing conglomerates with 20000+ employees, presence in 100+ countries and annual gross revenues of ~\$3 Bn.



KEC International

World leader in Power Transmission EPC space.



CEAT

One of India's leading manufacturer of automobile tyres.



Zensar Technologies

Software services provider spread across 20 countries, 400+ customers.



RPG Life Sciences

Pharma company with wide range medicines in global generics and synthetic APIs.



Raychem RPG

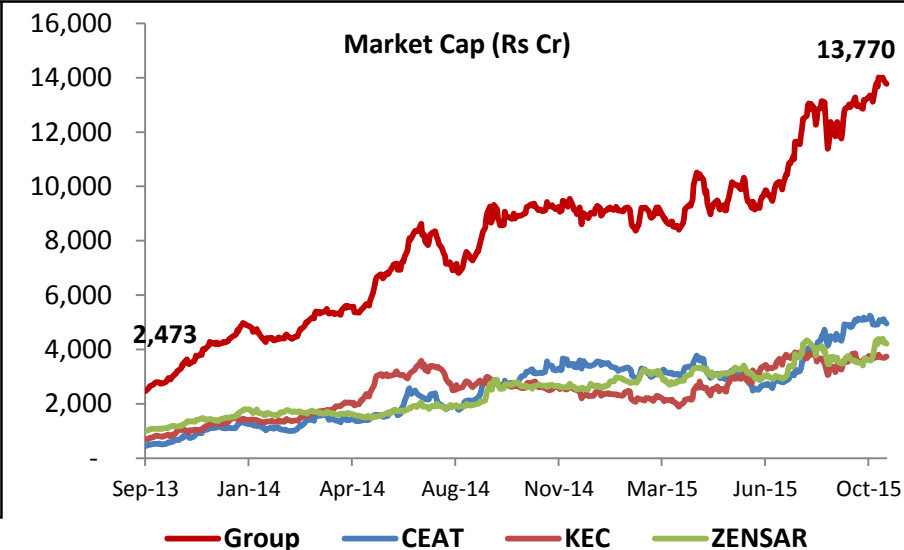
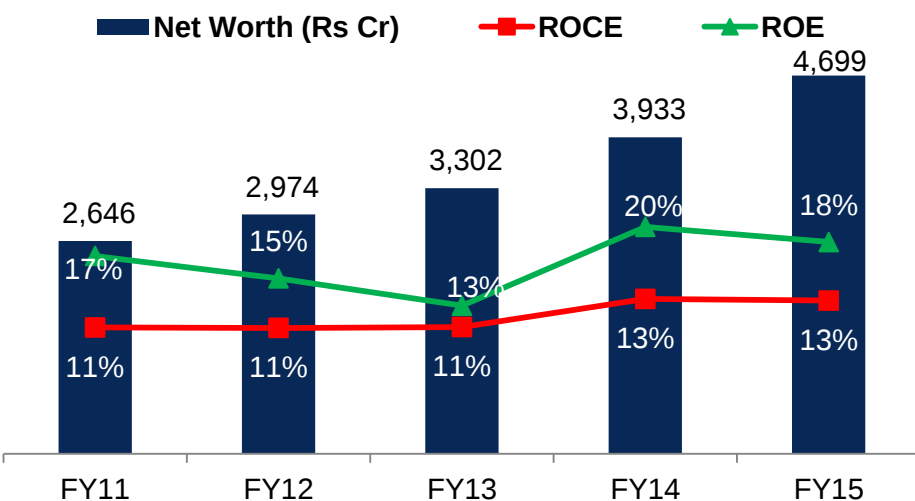
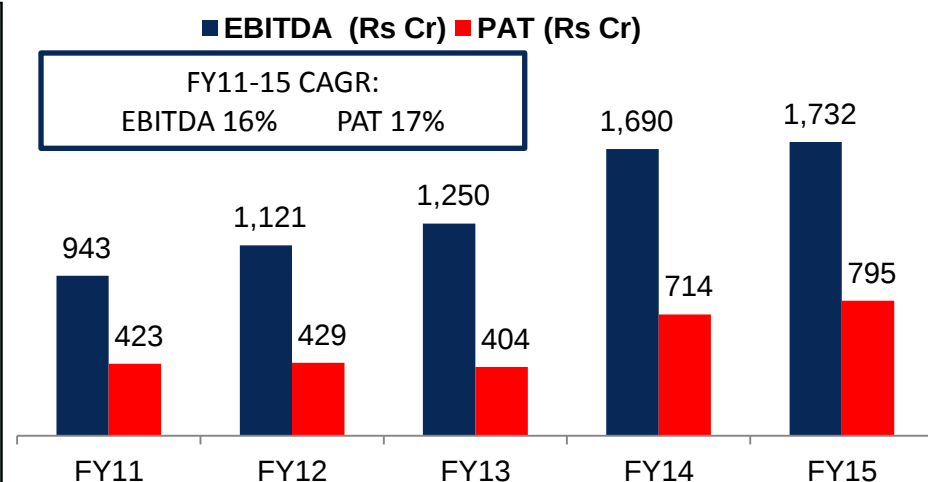
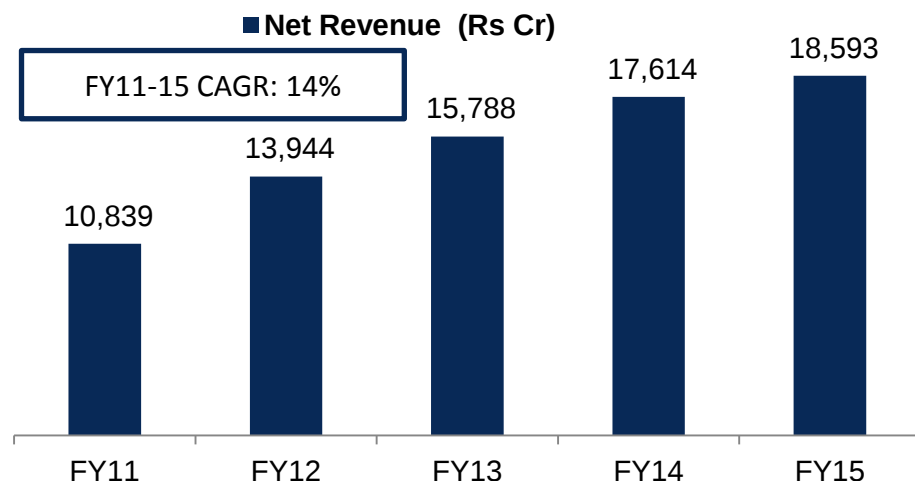
Engineering products and services catering to infrastructure segment of the economy.



Harrisons Malayalam

One of India's largest plantation companies with tea, rubber and other agro products.

RPG Group: Key Financials



Note:

- 1) ROCE is calculated by taking Operating EBIT multiplied by (1 minus tax rate @ 33%) divided by Average Capital Employed
- 2) ROE is calculated by taking PAT divided by Average Net-worth
- 3) Market Cap updated till 23rd October 2015

Section 2: Business Overview

Board of Directors



H.V. Goenka

Chairman, Non Executive Director



Anant Vardhan Goenka

Managing Director



Arnab Banerjee

Whole -Time Director



Atul C. Choksey

Non Executive
Independent Director



Haigreave Khaitan

Non Executive
Independent Director



Hari L. Mundra

Non Executive Non
Independent Director



Kantikumar R. Podar

Non Executive
Independent Director



Mahesh S. Gupta

Non Executive
Independent Director



Paras K. Chowdhary

Non Executive Non
Independent Director



Punita Lal

Non Executive
Independent Director



Ranjit Pandit

Non Executive
Independent Director



S. Doreswamy

Non Executive
Independent Director



Vinay Bansal

Non Executive
Independent Director

Leadership Team

Anant Goenka



Managing Director

Manoj Jaiswal



Chief Financial Officer

Arnab Banerjee



**Executive Director
- Operations**

Tom Thomas



**Executive Director
- Technology & Products**

Dilip Modak



**Senior Vice President
- Manufacturing**

Chandrashekhar Ajgaonkar



**Senior Vice President
- Quality Based Management**

Debi Prasad Das



**Senior Vice President
- Human Resource**

Subbiah Kumar



**Senior Vice President
- Materials & Outsourcing**

Overview

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

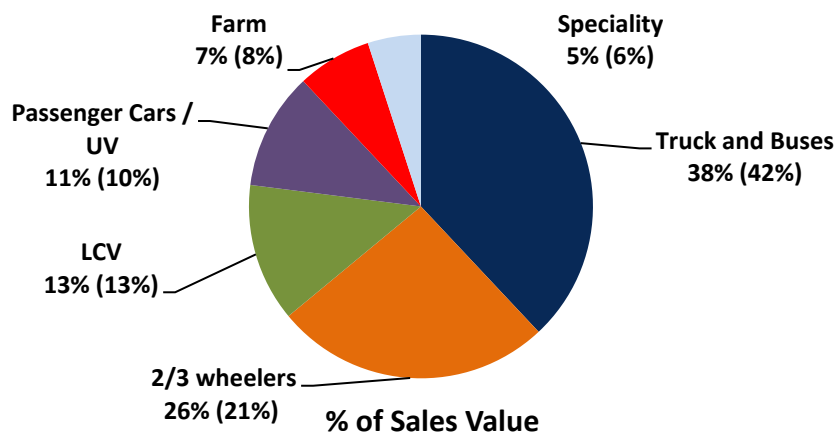
Distribution Network : **3500+** dealers, **300+** exclusive CEAT franchisees

3 Manufacturing facilities - Bhandup, Nasik & Halol

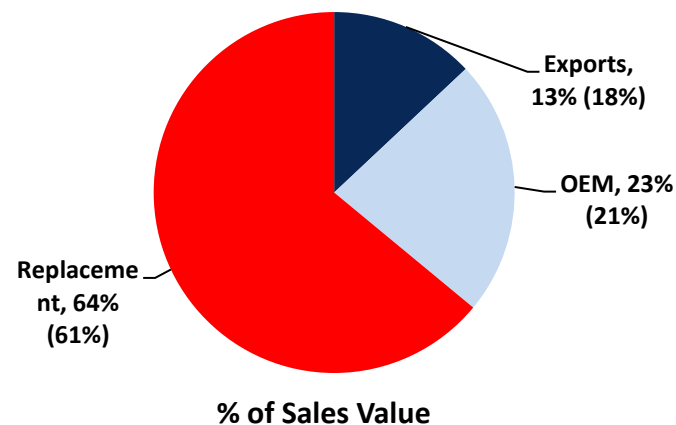
100+ countries where products are sold

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

H1 FY16 Revenue Breakup by Product



H1 FY16 Revenue Breakup by Market



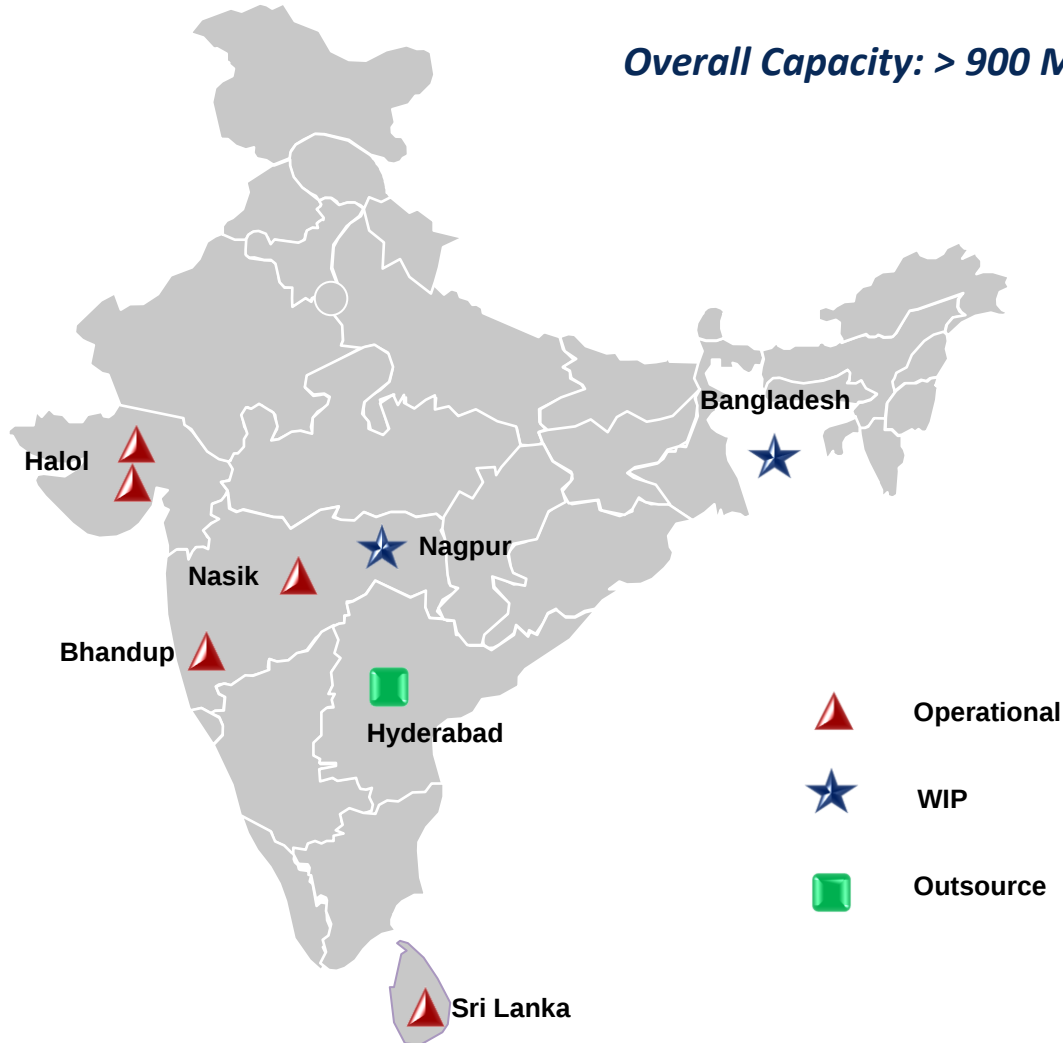
Note : Figures in parenthesis denote H1 FY15

Manufacturing Facilities

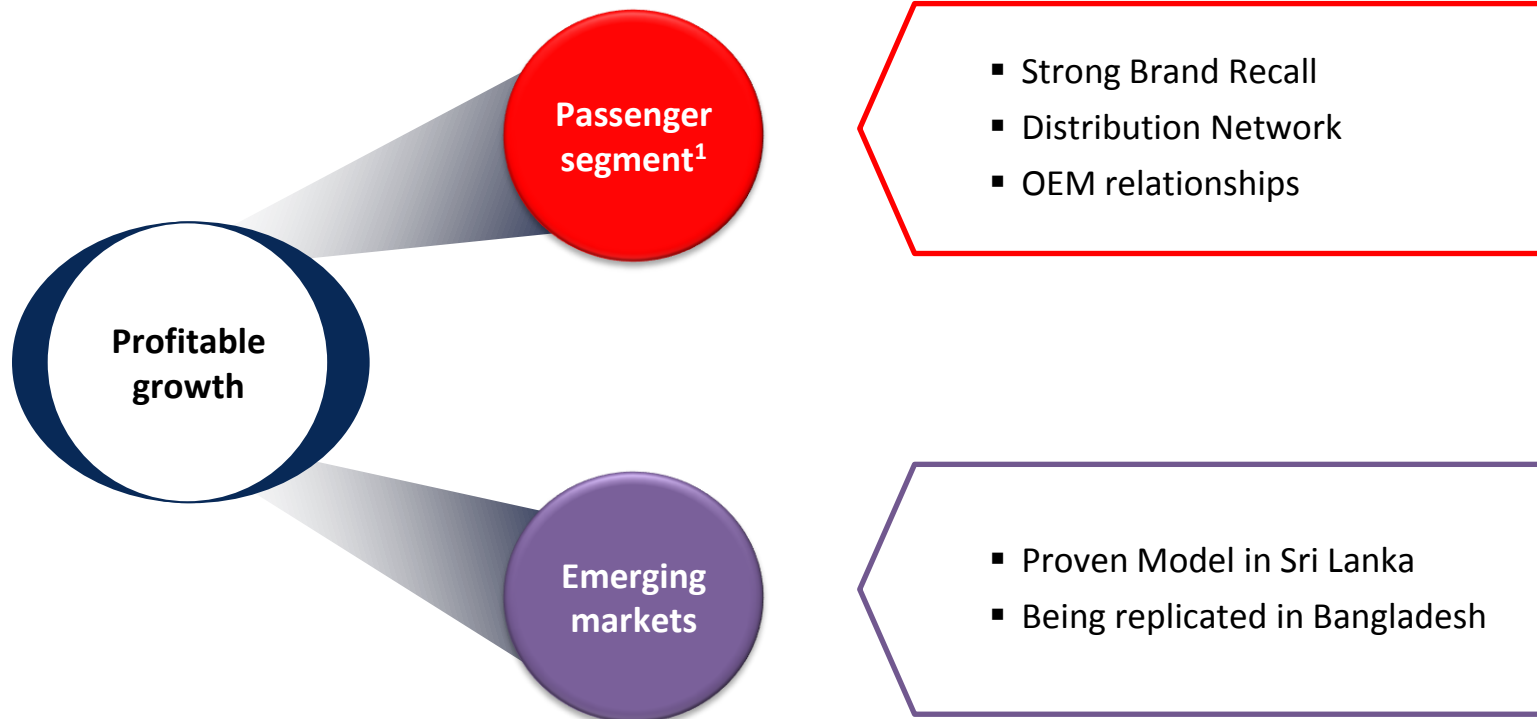
Overall Capacity: > 900 MT / day

Halol plant Phase II
commissioned in Sept'15 with
an addition of 24 TPD

Ramp-up over the period of 18
months to achieve terminal
capacity of 120 TPD



Strategic Drivers



Note

1. Consists of Two Wheeler, Passenger Cars and Utility Vehicles sub segments

Creating Strong Brand Equity



Be Monsoon Smart Campaign



Tubeless Ad Campaign



Associate Sponsorship in Dance India Dance – Season 5



**Sponsor of
MTV Chase the Monsoon 3**

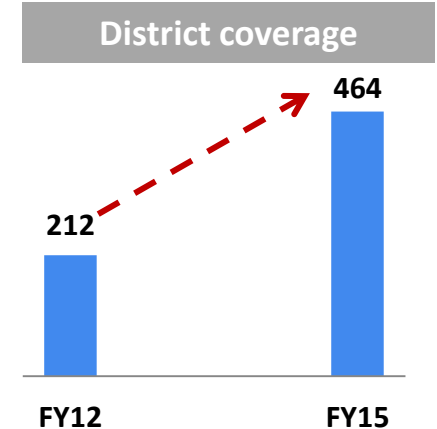
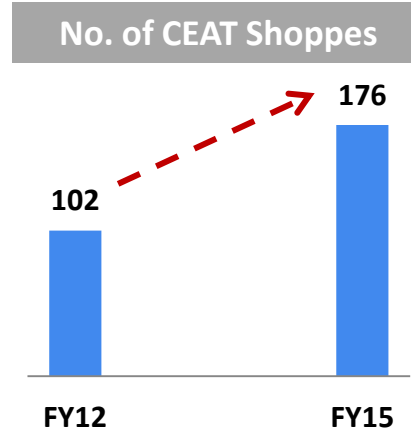
Increasing OEM Presence

 		 Ashok Leyland	 Mahindra	 DAIMLER	 ESCORTS
 			 Mahindra	 HYUNDAI	 RENAULT
 		 Hero	 	 	 YAMAHA

Pan India Distribution Network

Distribution Network

- 3500+ dealers
- 300+ CEAT Franchisees (Shoppes + Hubs)
- 250+ two-wheeler distributors



Pan India Distribution Network

Multi Brand Outlet (MBO)



Shop in Shop (SIS)



New distribution model

- Developed MBO / SIS model in the last 2 years
- Over 250 outlets so far

Research & Development



- State of the art R&D facility set up in Halol plant in 2011
- Research focused on new product development, alternate materials & green tyres
- Partnerships with institutes of global repute such as Indian Institute of Technology

Recent Product Launches



CZAR



GRIPP



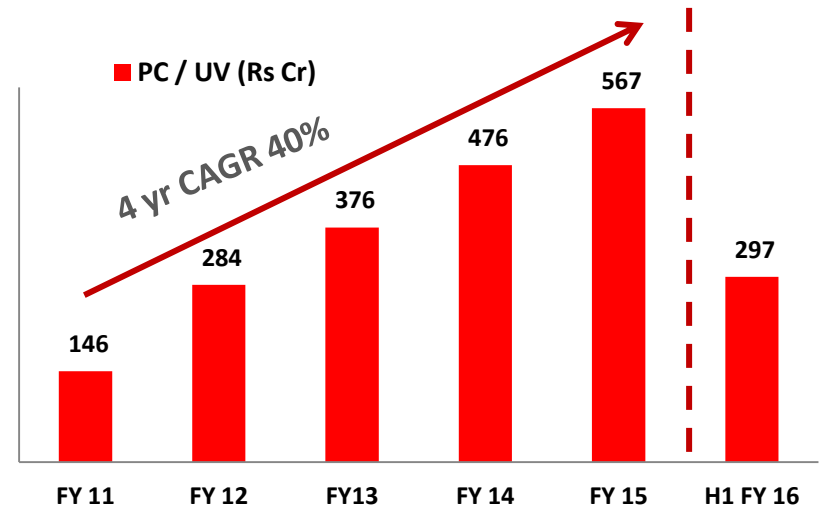
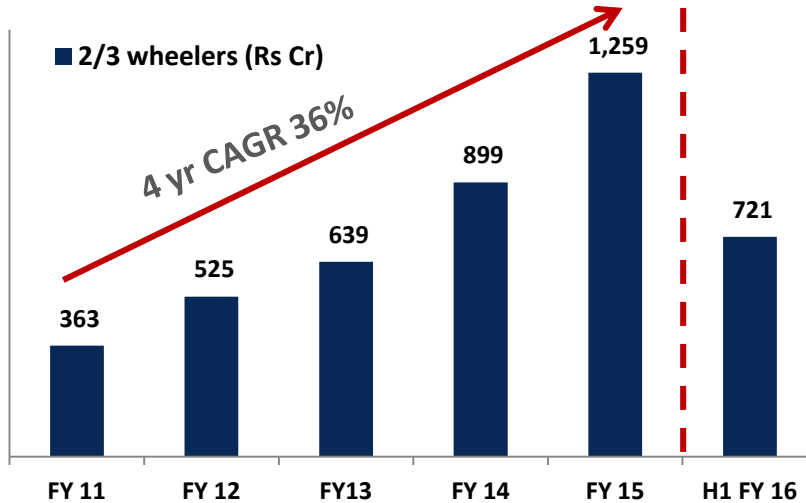
DHOOM Series



MILAZE

Passenger Segment Trends

Revenue



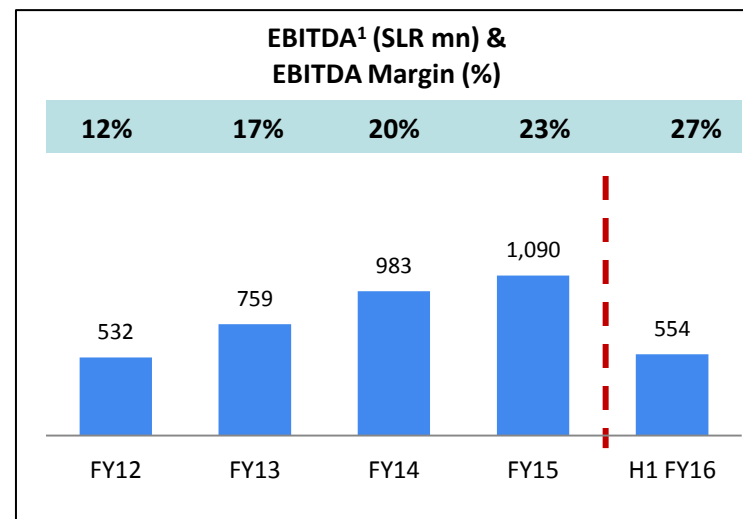
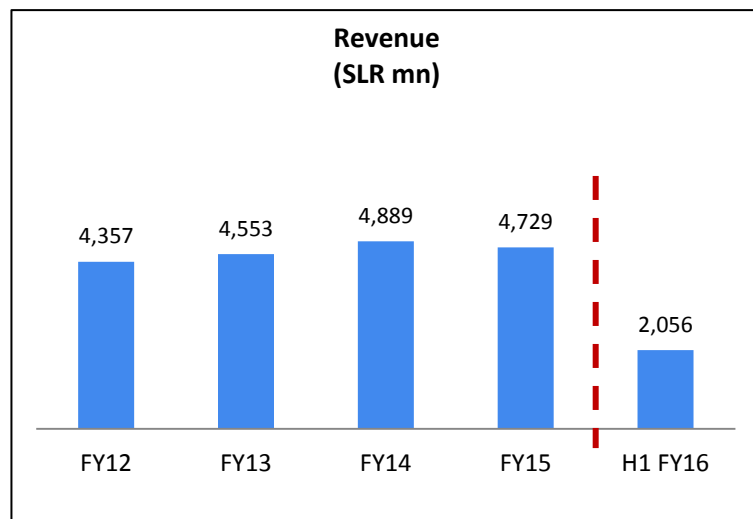
Brand + OEM + Distribution + R & D

Expanding Capacities

- 2x expansion in 2/3 wheeler and 2.5x expansion in PCR / UCR segment from the existing capacities
- Mix of in-house vs outsourced production

Emerging Markets Trends

Sri Lanka



- 50% JV with Kelani Tyres Ltd
- Strong presence in the truck, light truck, 2 / 3 wheeler and radial tyre segments
- Two manufacturing facilities with total capacity² of 61 MT/day
- Only company with local presence supported by brand, network & strong after sales service

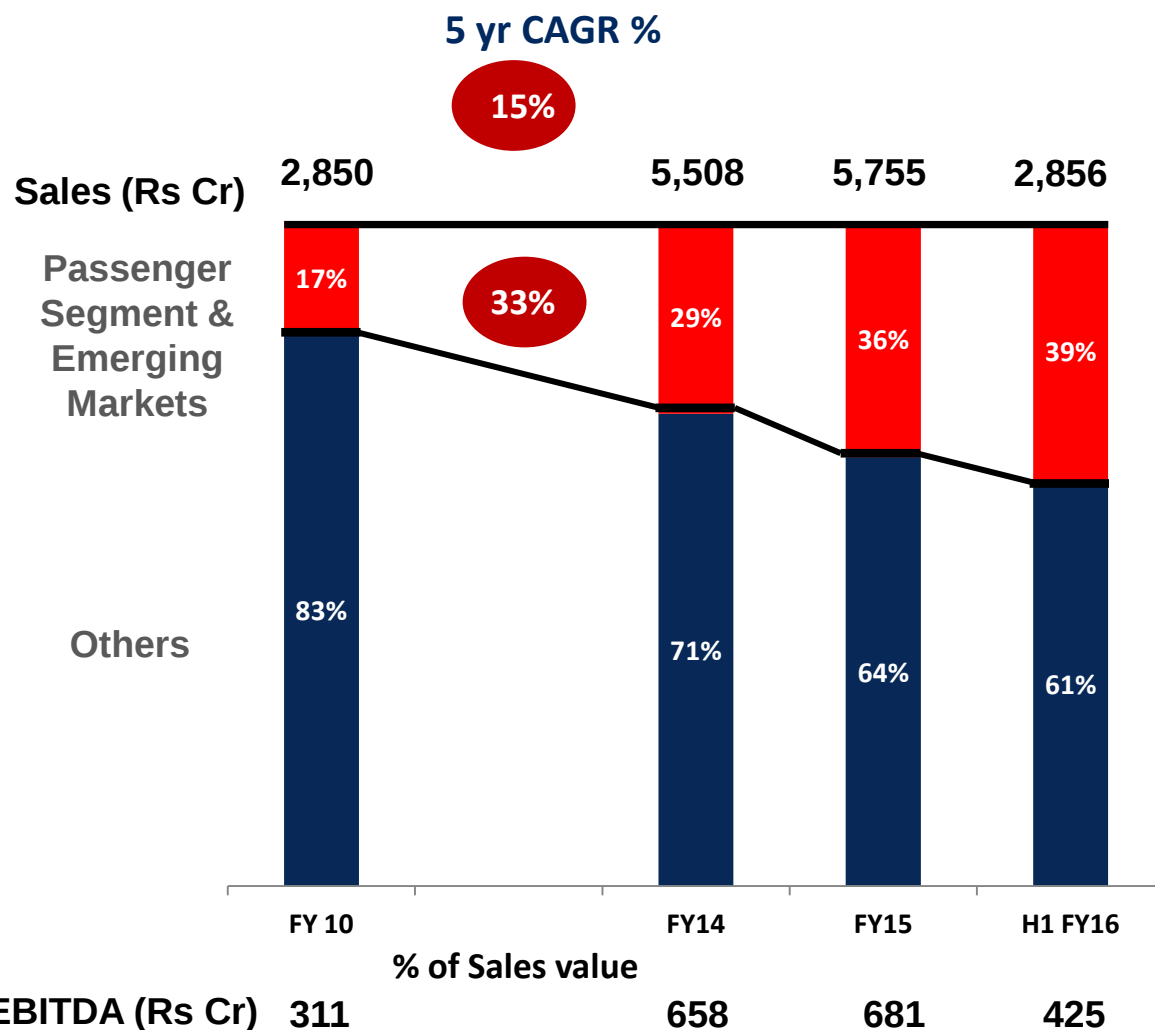
Bangladesh

- 70:30 JV with AK Khan & Company Ltd with the aim to cater to local and eastern part of Indian market
- Setting up a manufacturing plant with an initial capacity of 65 MT/day
- Ongoing seed marketing campaign to prepare for product launch
- Imports from Bangladesh to India enjoy zero basic customs duty

Notes

1. EBITDA = Profit before taxation + Depreciation and Amortization Exps + Finance Costs – Other Income
2. Capacity refers to achievable capacity

Strategic Market / Product Trends



"Strategic Focus Areas"

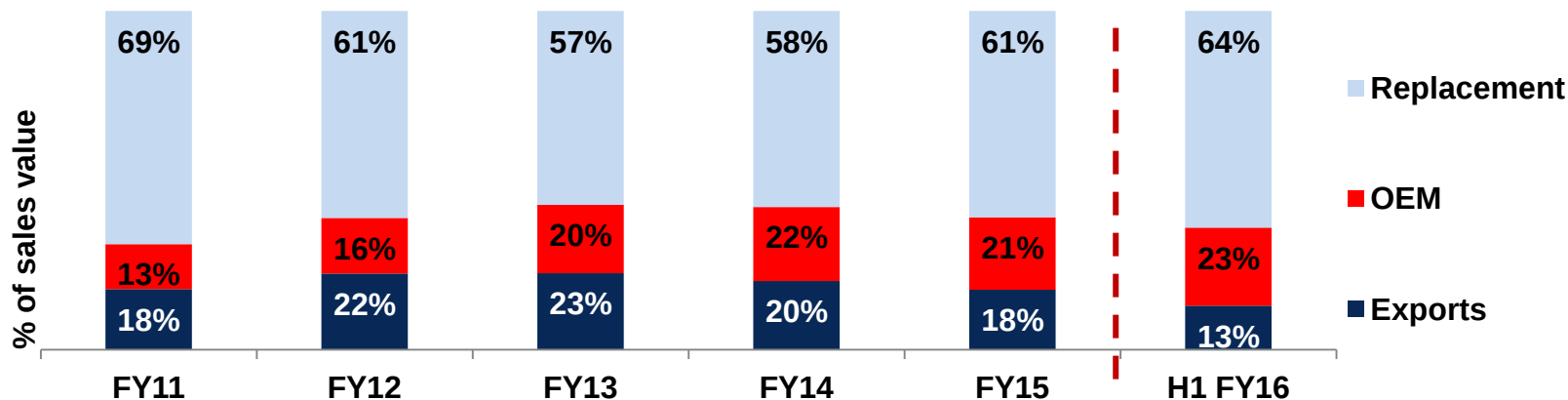
- Higher margin business
- Contributes 39% sales for H1FY16 compared to 17% in FY10
- Higher CAGR of 33%
- Growing market share

Note :

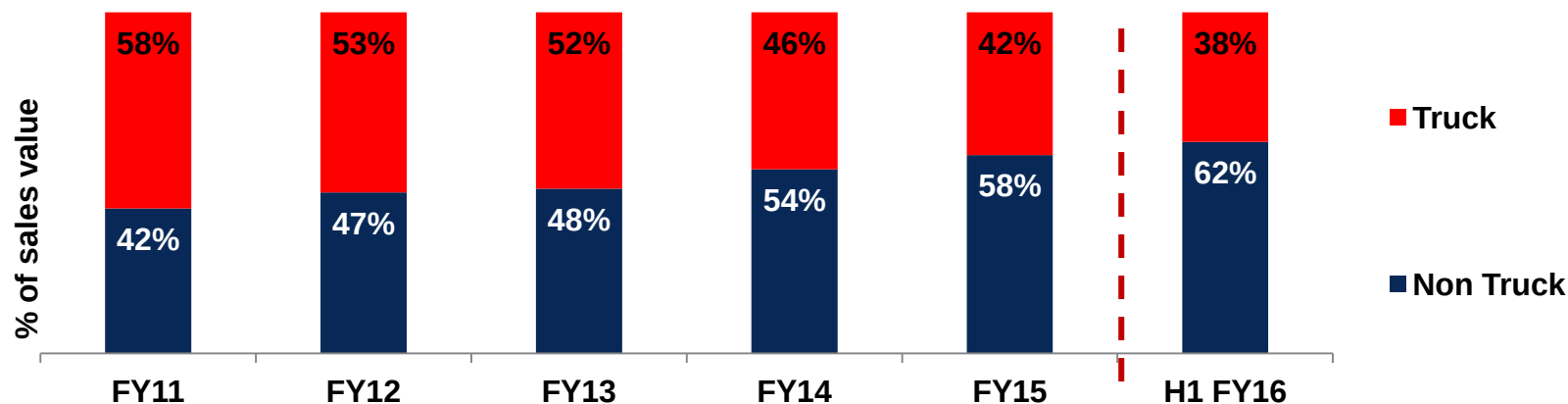
50% of CEAT Sri Lanka sales are considered

India: Market Segment Trends

Market



Truck : Non-truck



Section 3: Operational & Financial Overview

Q2 FY16 Operational Highlights

Halol plant phase II launched in September 2015

- Increased capacity of close to 1,00,000 tyres per month (24 TPD) in PCR / UVR segment
- Ramp up over the period of 18 months to achieve terminal capacity of 120 TPD



CEAT catering to recently
launched Renault KWID

Mahindra TUV300
launched on CEAT Tyres



Q2 FY16 Operational Highlights

Suresh Raina –
3 year bat endorsement deal

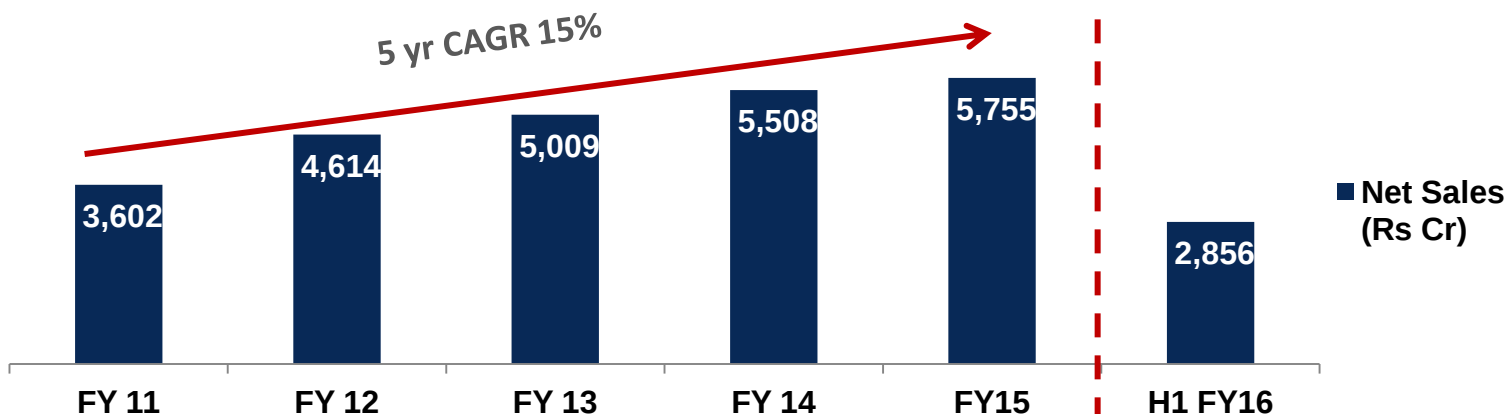


ICC Approval as a Cricket Gear
Manufacturer

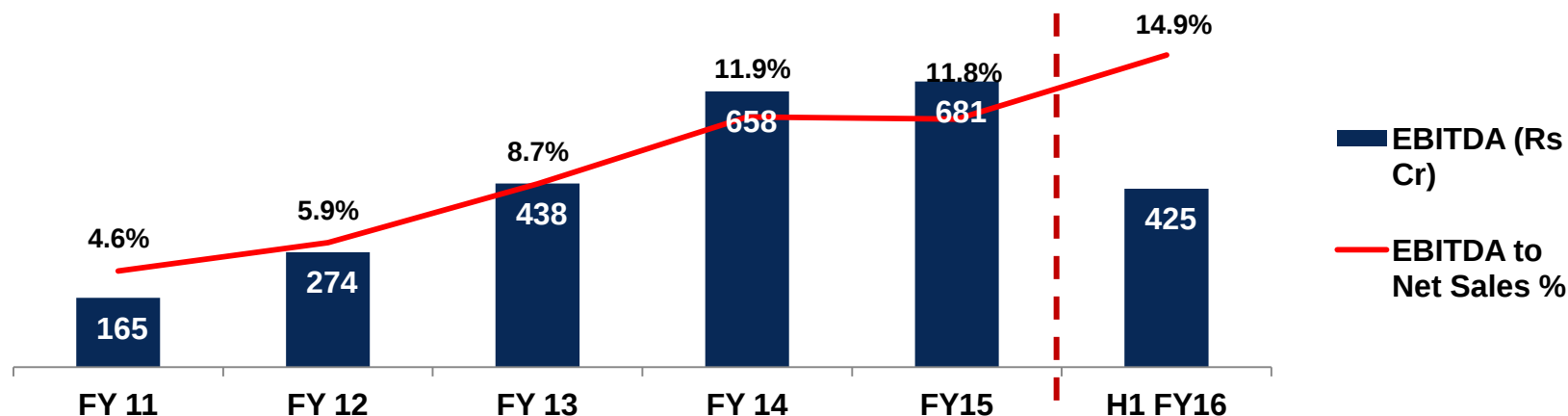


Consolidated: Financial Trends

Revenue growth



Margin trends

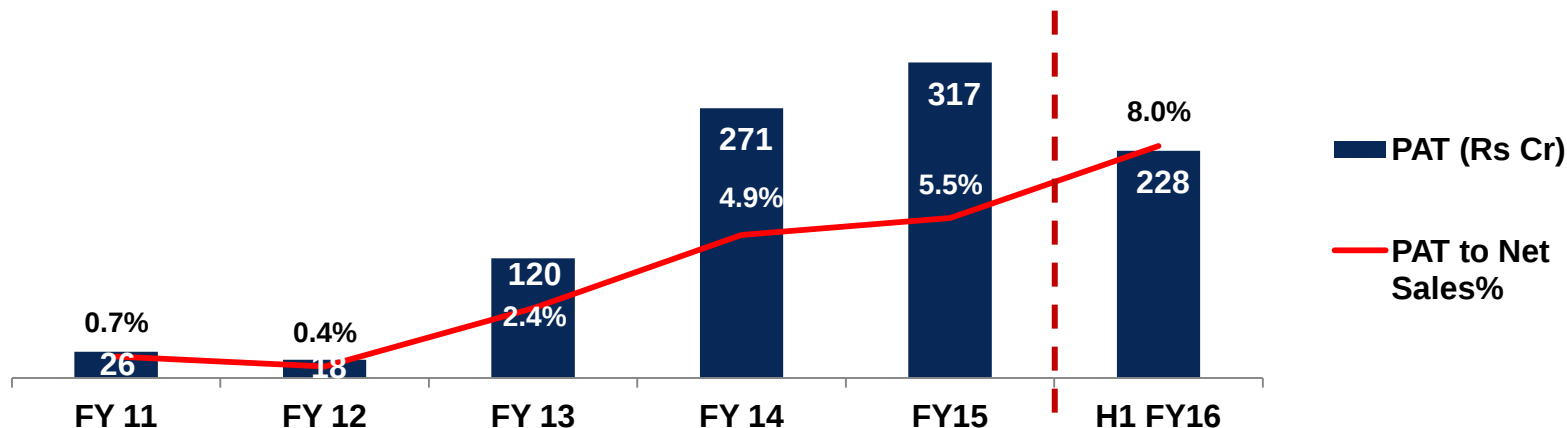


Note

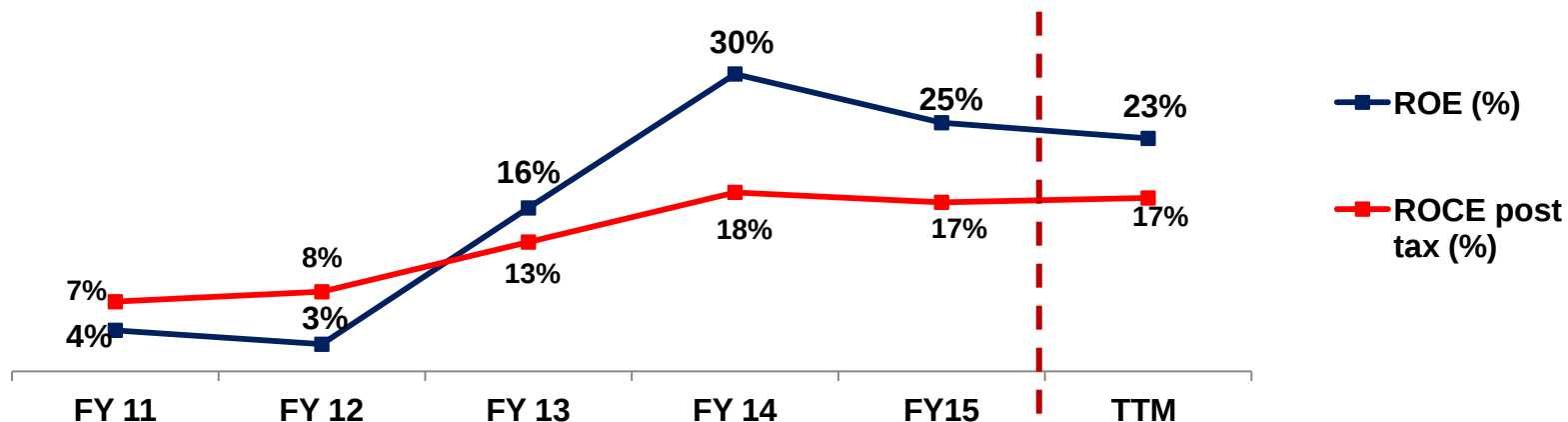
EBITDA includes Other operating income; does not include Non- operating income

Consolidated: Financial Trends

PAT trends



Return Ratios



Note

QIP proceeds considered for part of the year for 2015

Average capital employed considered. ROCE calculated based on $PBIT \times (1 - \text{tax rate})$

TTM –Trailing Twelve Month as on H1 FY16

Consolidated: Q2 FY16 Financial Highlights

Q2FY16 v/s Q2FY15 (Y-o-Y)

- 5% Volume growth
- EBITDA% up 200 bps at 14.4%
- Finance cost at Rs 22 cr compared to Rs 35 cr (down by Rs 13 Cr)
- PBT stands at Rs 162 cr compared to Rs 125 cr

Q2FY16 v/s Q1FY16 (Q-o-Q)

- 1% Volume degrowth
- EBITDA% down 90 bps
- Finance cost at Rs 22 cr compared to Rs 26 cr (down by Rs 4 cr)
- PBT stands at Rs 162 cr compared to Rs 182 cr

Total D/E down to 0.3x compared to 0.8x YoY

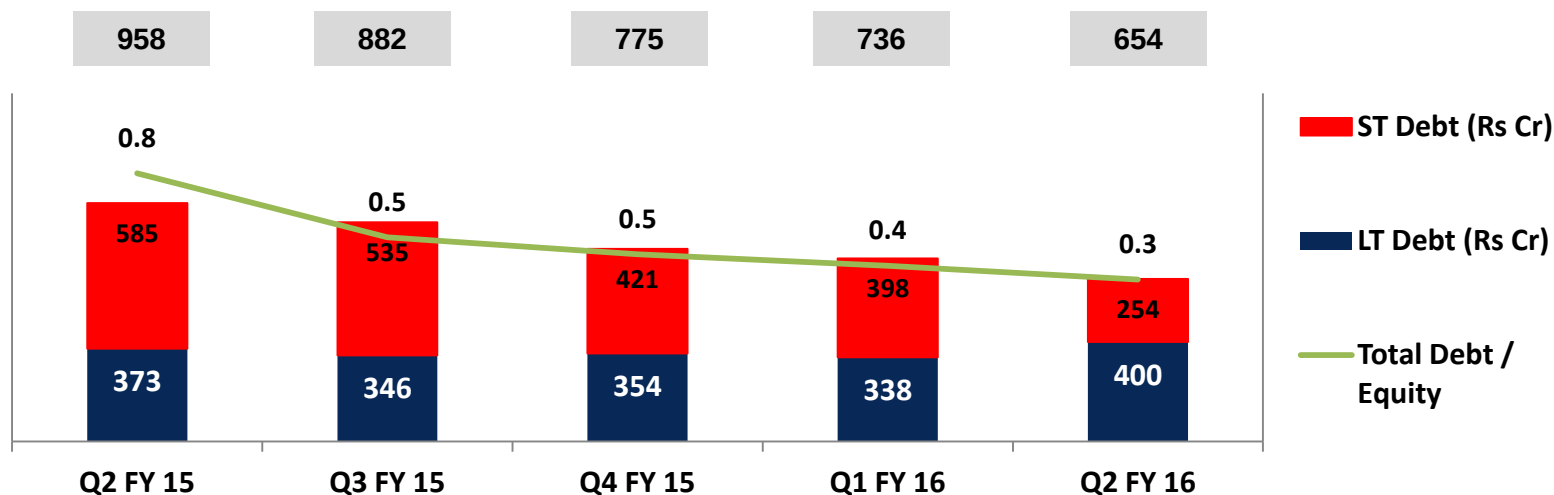
Consolidated: Financials

Parameter	Rs cr				
	Q2FY15	Q1FY16	Q2FY16	H1FY15	H1FY16
Net Sales	1,426	1,456	1,400	2,879	2,856
Growth (YoY)	-	-	-1.8%	-	-0.8%
Growth (QoQ)	-	-	-3.9%	-	-
EBITDA	176	223	202	312	425
Growth (YoY)	-	-	14.7%	-	36.5%
Growth (QoQ)	-	-	-9.4%	-	-
EBITDA (%)	12.4%	15.3%	14.4%	10.8%	14.9%
PAT	82	121	107	134	228
EPS (Rs.) (Basic)	22.9	29.9	26.6	37.3	56.5
Net Worth	1,152	1,806	1,903	1,152	1,903
Debt	958	736	654	958	654
D/E (x)	0.8	0.4	0.3	0.8	0.3
No of shares (cr)	3.6	4.0	4.0	3.6	4.0
B/V (Rs.)	320	447	470	320	470

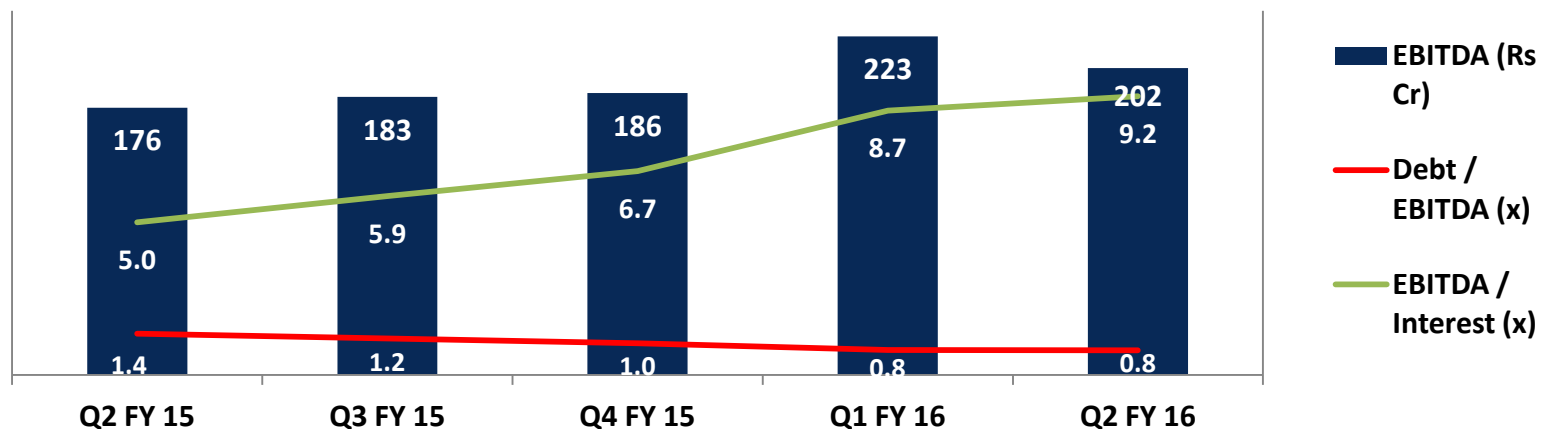
Consolidated: Leverage / coverage Profile

Total Debt
(Rs Cr)

Debt breakup



Leverage ratios



Standalone: Q2FY16 YoY Results

Parameter	Rs Cr		
	Q2FY15	Q2FY16	YoY
Net Sales	1,369	1,348	-1.5%
Raw Material	852	759	-11.0%
Gross margin	517	589	14.0%
Gross margin %	37.7%	43.7%	600 bps
Employee	83	92	10.0%
Other Expenses	283	315	11.5%
EBITDA *	163	191	17.1%
EBITDA %	11.9%	14.2%	220 bps
Finance Cost	35	22	-37.1%
Depreciation	21	23	6.4%
Operating PBT	107	146	36.8%
Exceptional expense	-	1	-
Non-Operating income	15	20	32.7%
PBT	122	165	35.4%
PAT	82	115	40.0%
Volumes (mt)	61,600	65,500	6.2%

Note

*EBITDA includes Other operating income; does not include Non- operating income

Standalone: Q2FY16 QoQ Results

Parameter	Rs Cr		
	Q1FY16	Q2FY16	QoQ
Net Sales	1,407	1,348	-4.2%
Raw Material	812	759	-6.5%
Gross margin	596	589	-1.2%
Gross margin %	42.3%	43.7%	140 bps
Employee	94	92	-2.9%
Other Expenses	296	315	6.6%
EBITDA *	216	191	-11.7%
EBITDA %	15.3%	14.2%	-110 bps
Finance Cost	25	22	-14.1%
Depreciation	23	23	-1.3%
Operating PBT	167	146	-12.7%
Exceptional expense	-	1	-
Non-Operating income	9	20	118.3%
PBT	177	165	-6.6%
PAT	118	115	-2.4%
Volumes (mt)	66,800	65,500	-2.0%

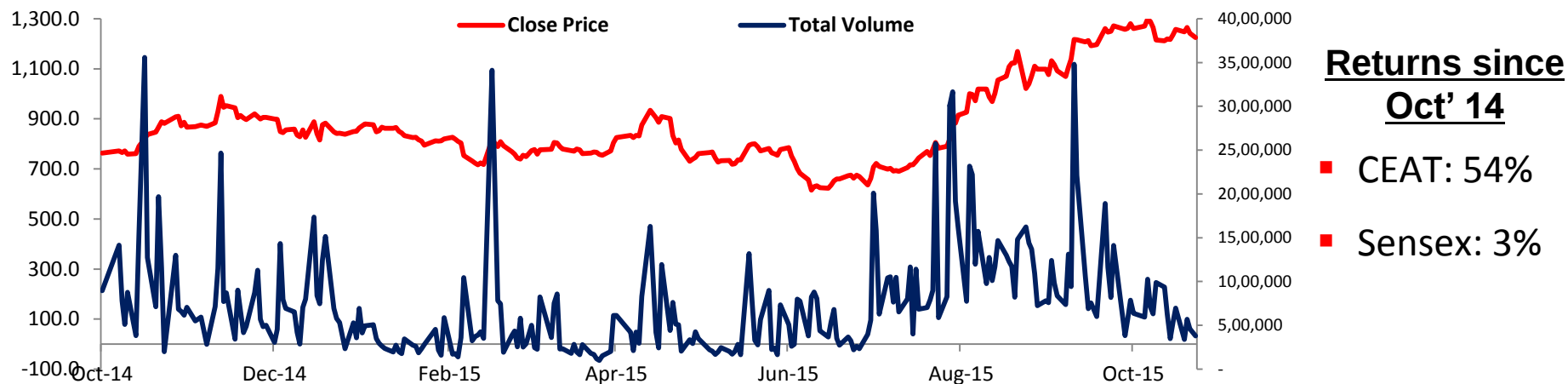
Note

*EBITDA includes Other operating income; does not include Non- operating income

Sri Lanka: Q2 FY16 Analysis

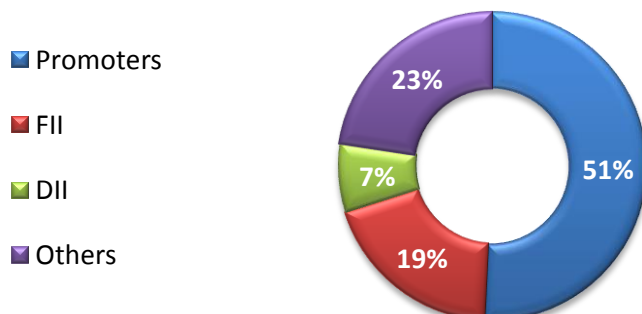
Parameter	Rs cr				
	Q2FY15	Q1FY16	Q2FY16	QoQ	YoY
Net Sales	120	88	109	24.4%	-8.9%
EBIDTA	29	24	29	19.9%	-0.5%
Finance Cost	0	0	0	139.0%	-
Depreciation	2	3	3	3.8%	35.5%
Operating PBT	27	21	26	21.6%	-3.2%
PBT	27	22	27	22.1%	-0.3%
PAT	21	17	18	7.6%	-12.7%
EBITDA %	24.2%	27.4%	26.4%	-100 bps	220 bps
Volumes (mt)	4,500	3,300	4,150	25.7%	-7.6%

Equity Shareholding & Price trends



Source : Capitaline

Sep 30, 2015 Shareholding Pattern



Market Information

- Market Price (Oct 23): Rs 1,225/share
- Face Value : Rs 10/share
- Market Cap (Oct 23): Rs 4,957 Cr
- Net Worth: Rs. 1,903 Cr

THANK YOU