



An  Group Company



**Q2 FY16 – Investor Presentation**  
October 27<sup>th</sup>, 2015



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

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# 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.

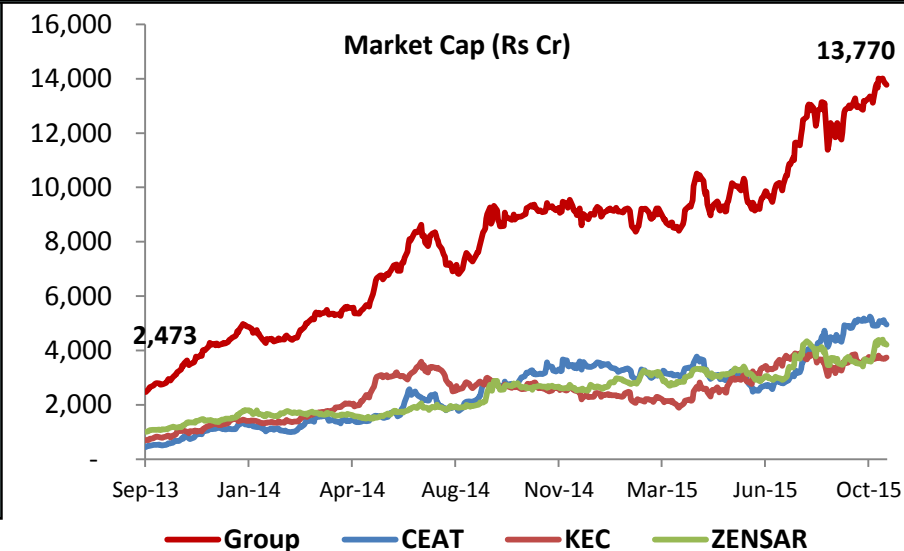
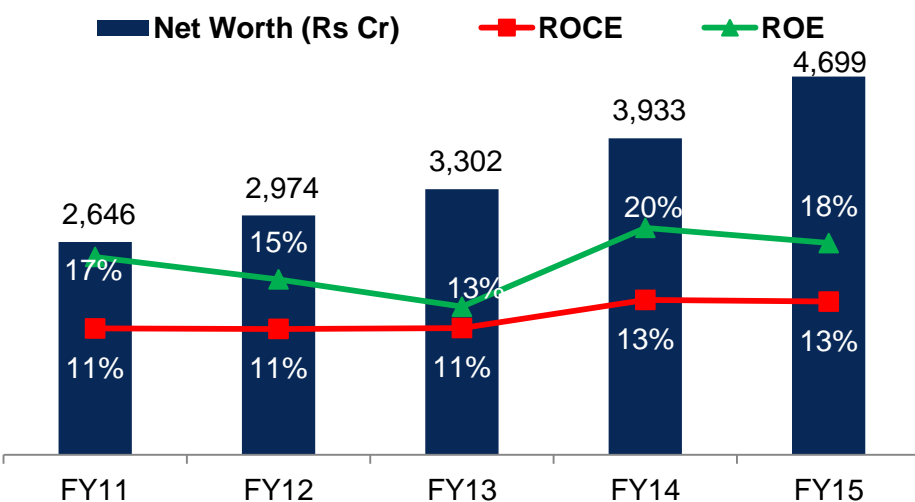
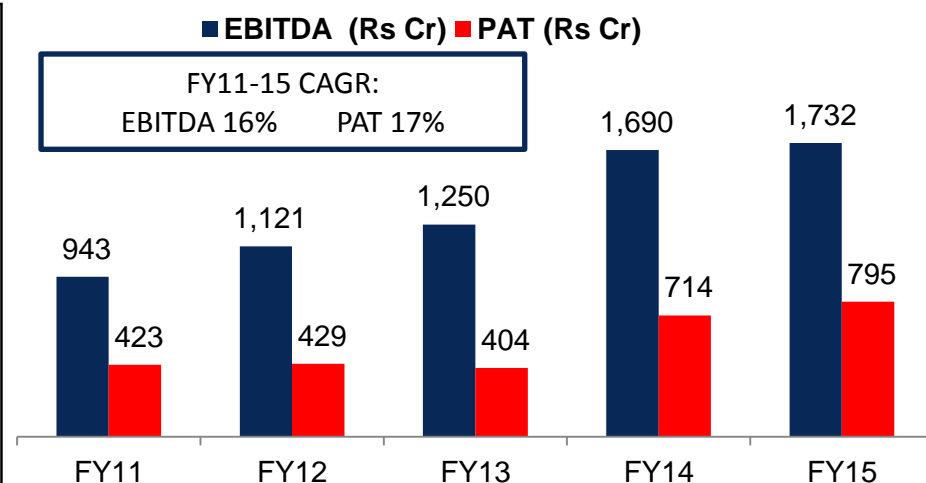
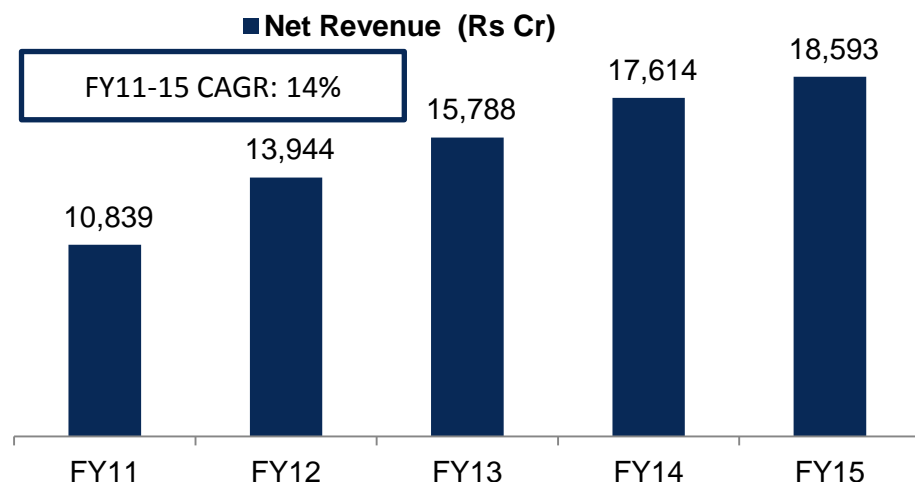


## Harrisons Malayalam

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 23<sup>rd</sup> 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



**Haigreva 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

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**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

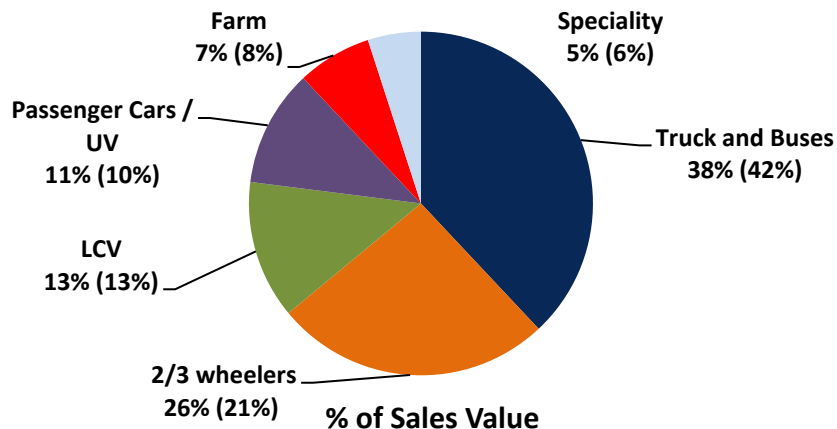
Distribution Network : **3500+** dealers, **300+** exclusive CEAT franchisees

**3** Manufacturing facilities - Bhandup, Nasik & Halol

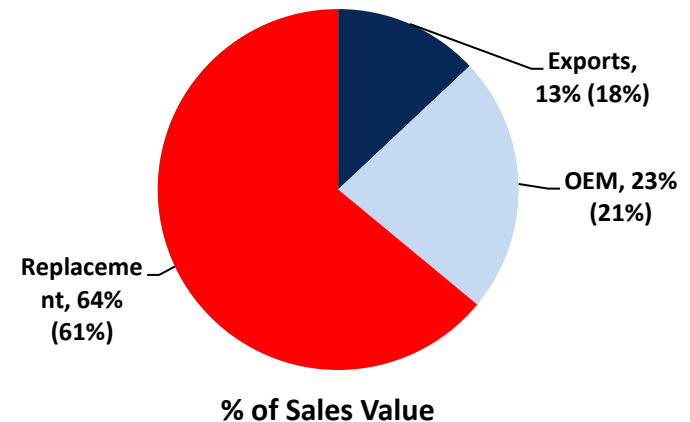
**100+** countries where products are sold

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

H1 FY16 Revenue Breakup by Product



H1 FY16 Revenue Breakup by Market



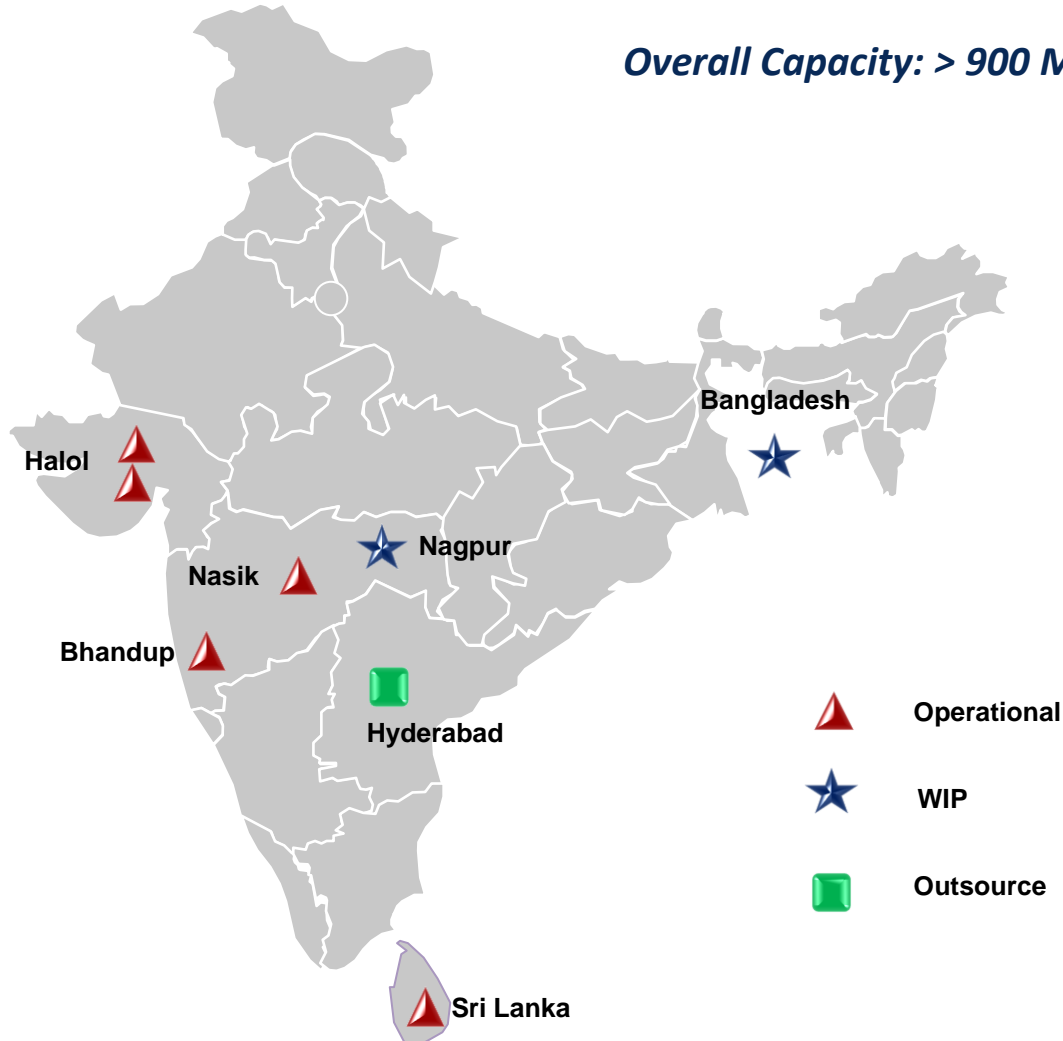
Note : Figures in parenthesis denote H1 FY15

# Manufacturing Facilities

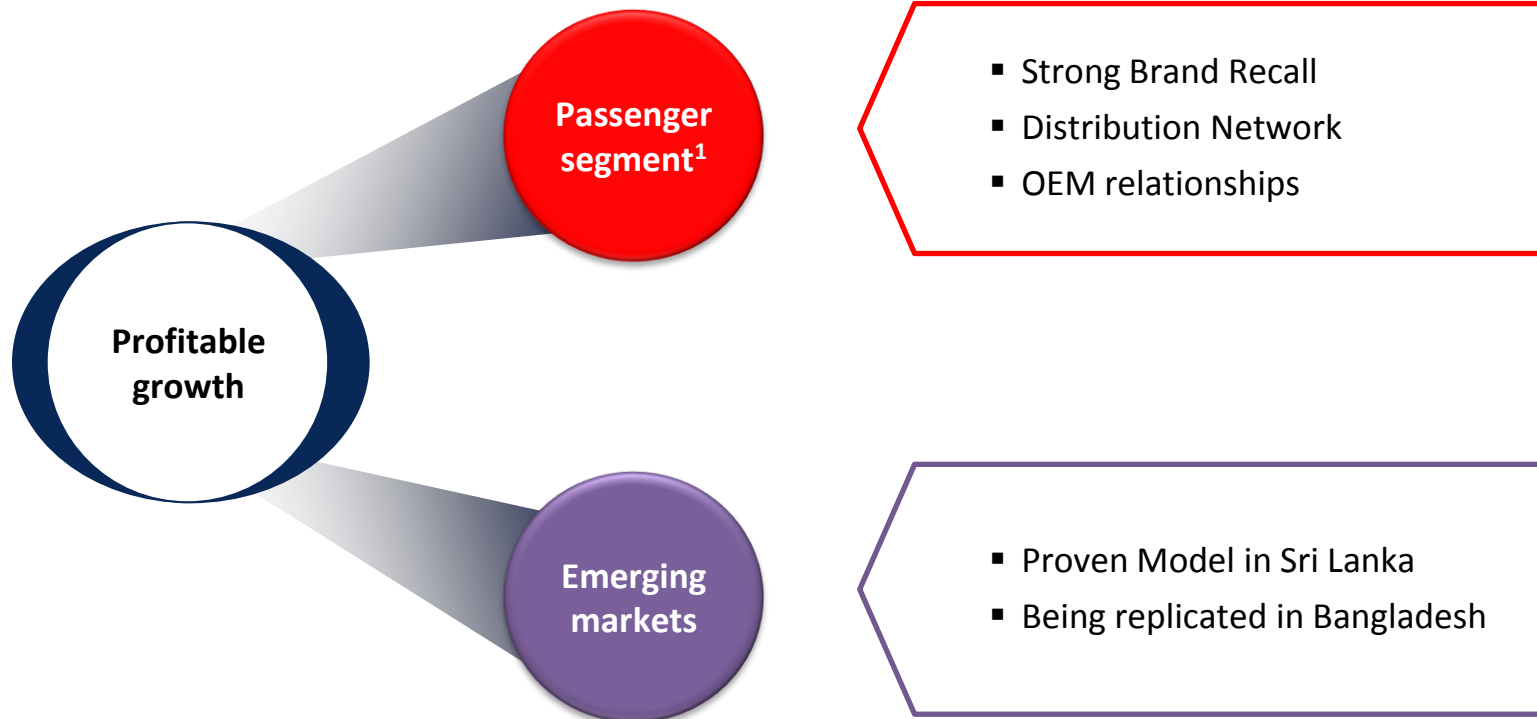
**Overall Capacity: > 900 MT / day**

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



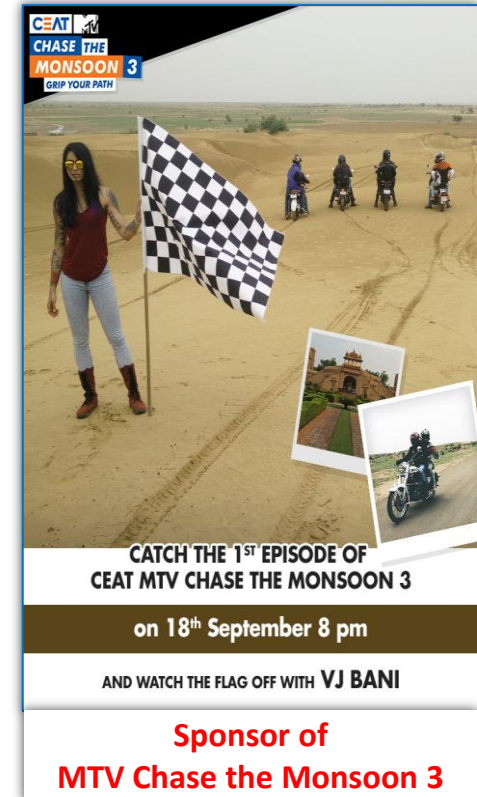
**Be Monsoon Smart Campaign**



**Tubeless Ad Campaign**



**Associate Sponsorship in Dance India Dance – Season 5**



**Sponsor of  
MTV Chase the Monsoon 3**

# Increasing OEM Presence





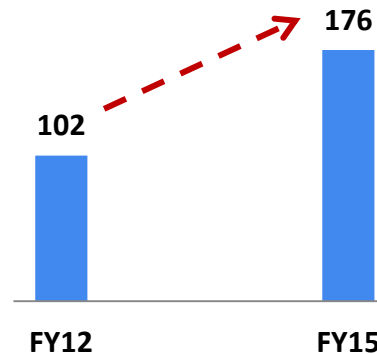
# Pan India Distribution Network

## Distribution Network

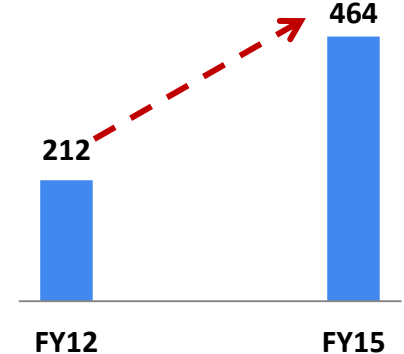
- 3500+ dealers
- 300+ CEAT Franchisees (Shoppes + Hubs)
- 250+ two-wheeler distributors



## No. of CEAT Shoppes



## District coverage



# 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**



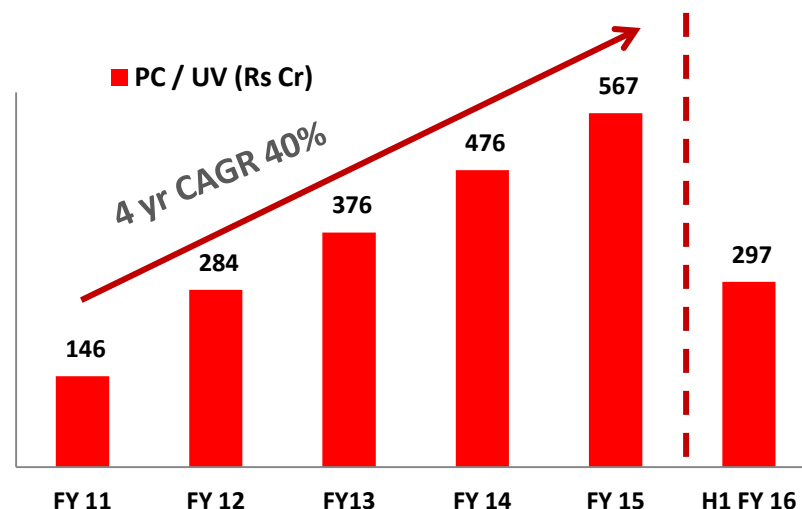
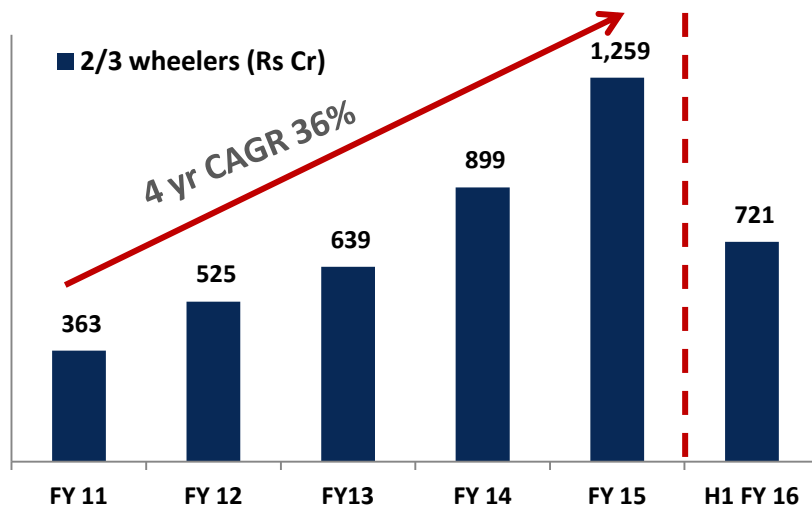
**DHOOM Series**



**MILAZE**

# Passenger Segment Trends

Revenue



Brand



OEM



Distribution



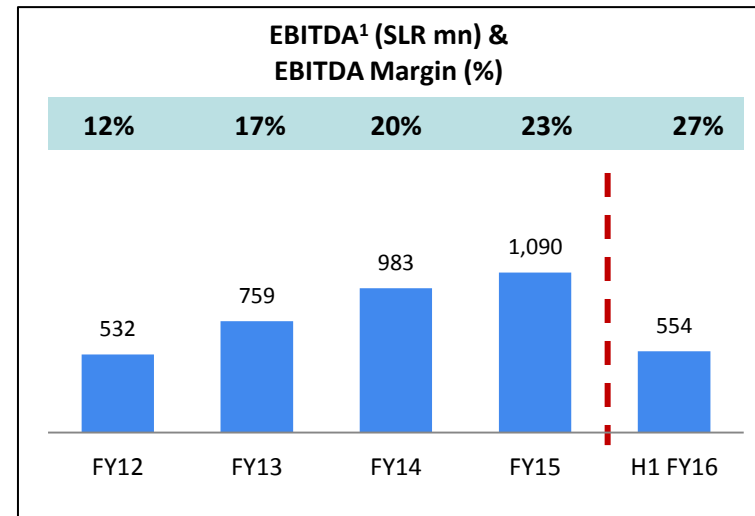
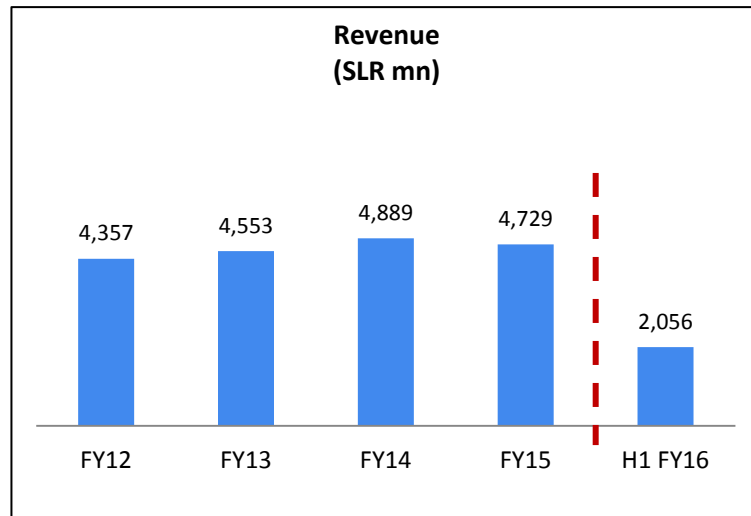
R & D

**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 capacity<sup>2</sup> of 61 MT/day
- Only company with local presence supported by brand, network & strong after sales service

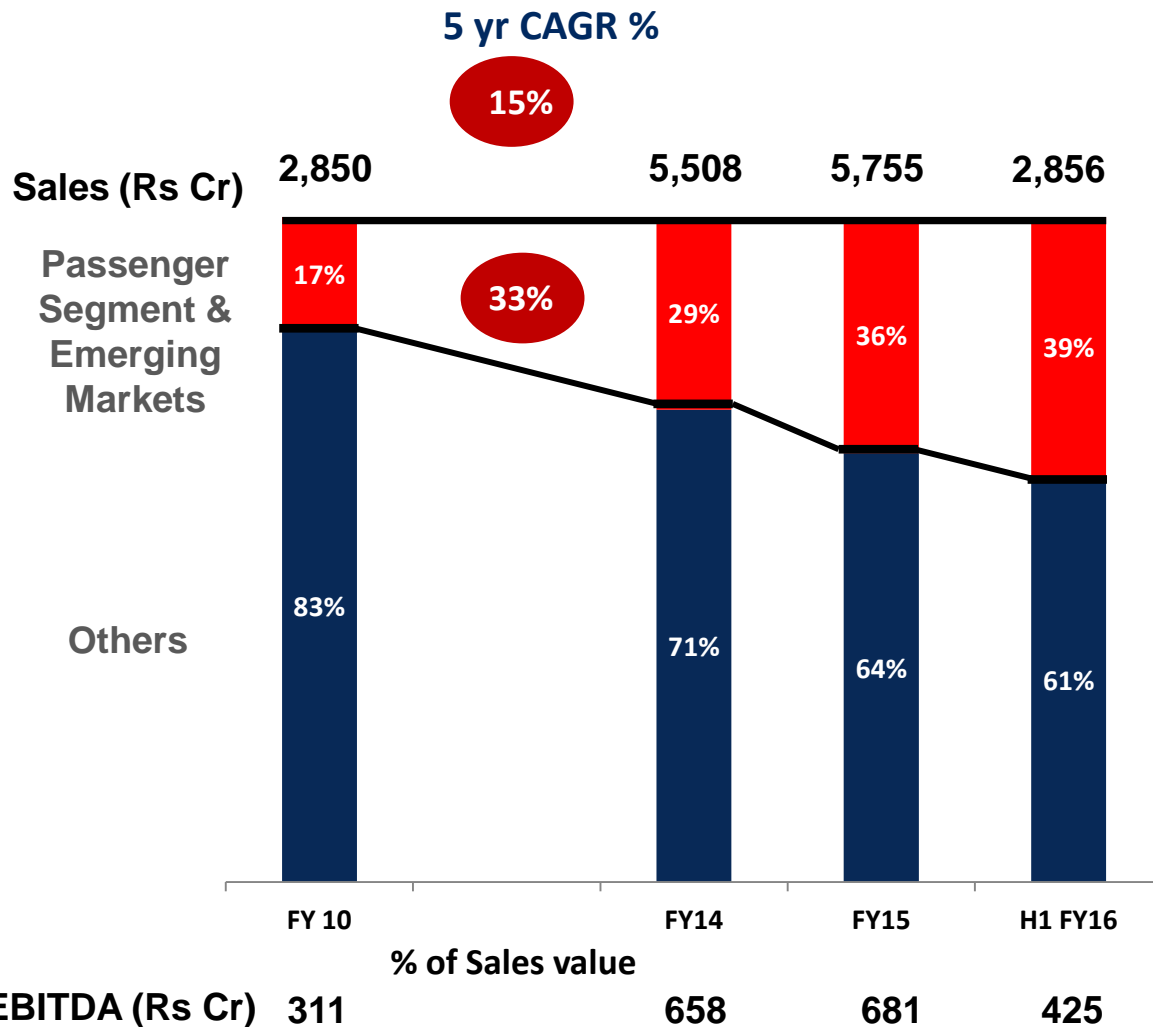
## Bangladesh

- 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

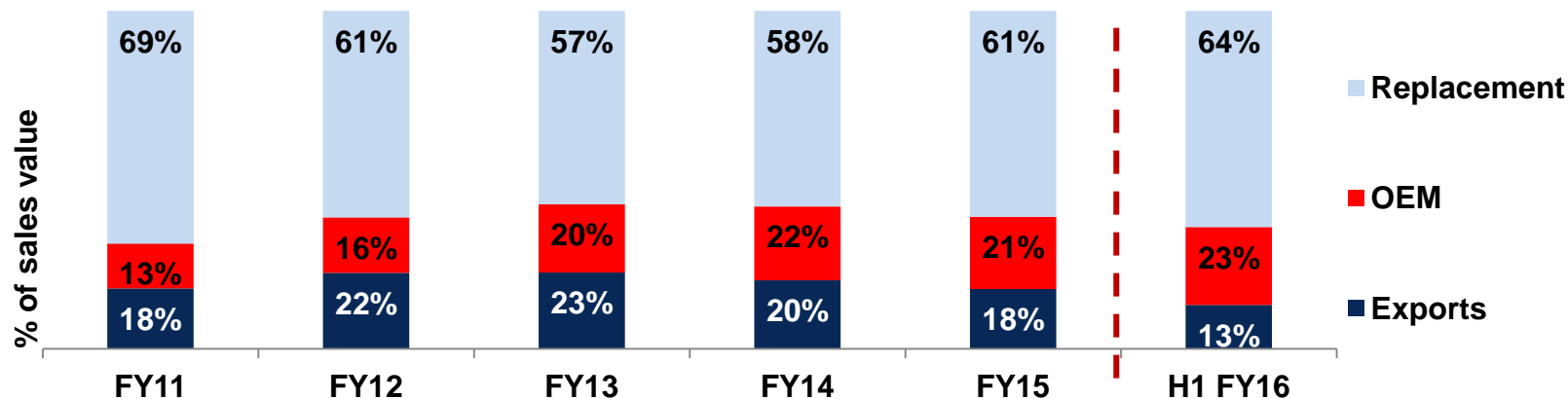
**Note :**

# 50% of CEAT Sri Lanka sales are considered

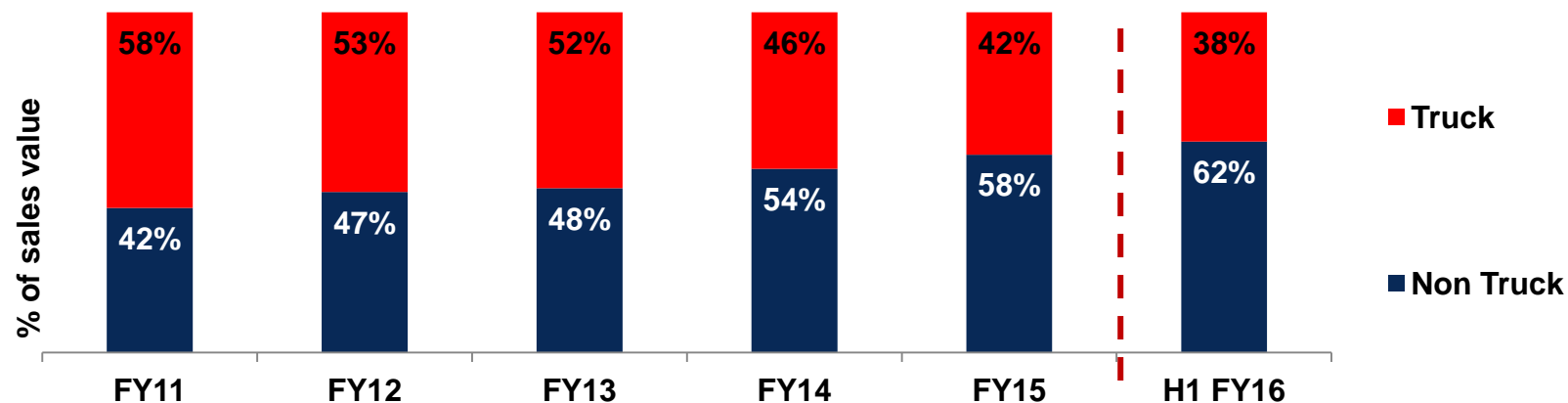


# India: Market Segment Trends

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

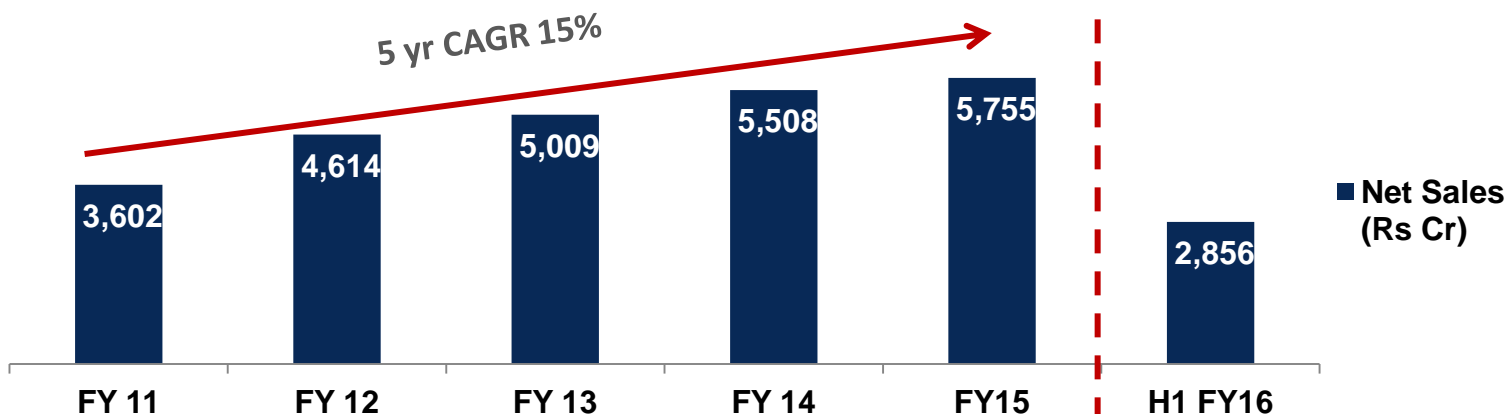


ICC Approval as a Cricket Gear  
Manufacturer

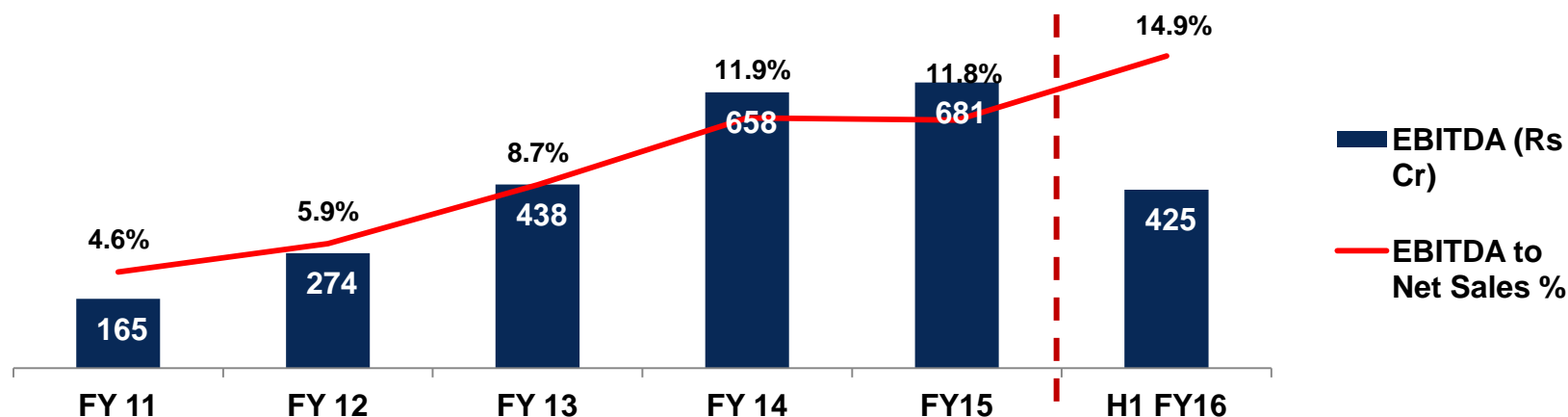


# Consolidated: Financial Trends

Revenue growth



Margin trends

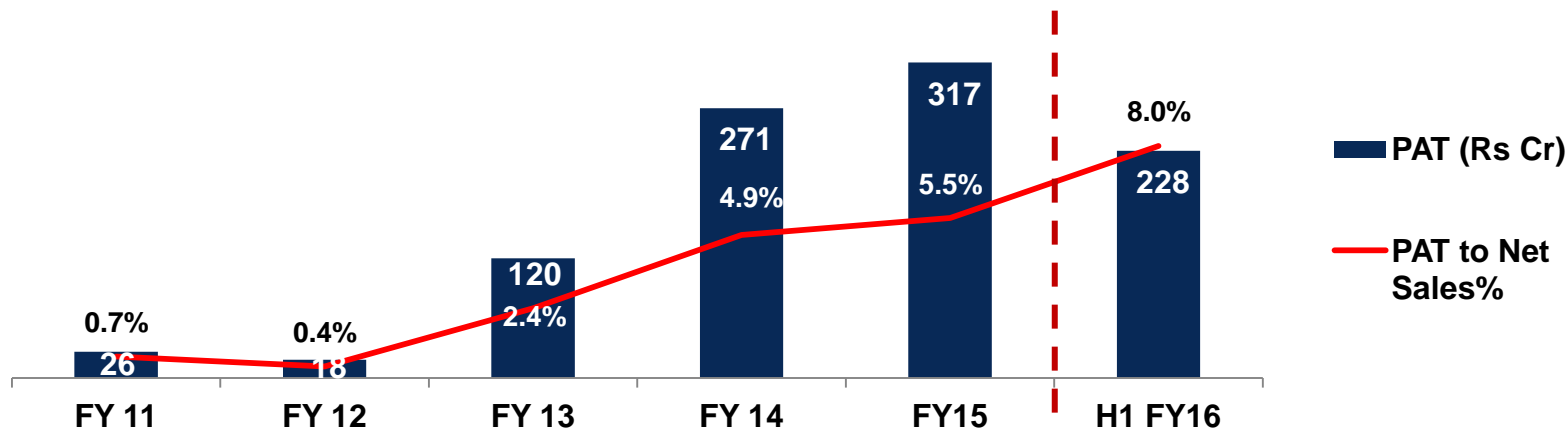


## Note

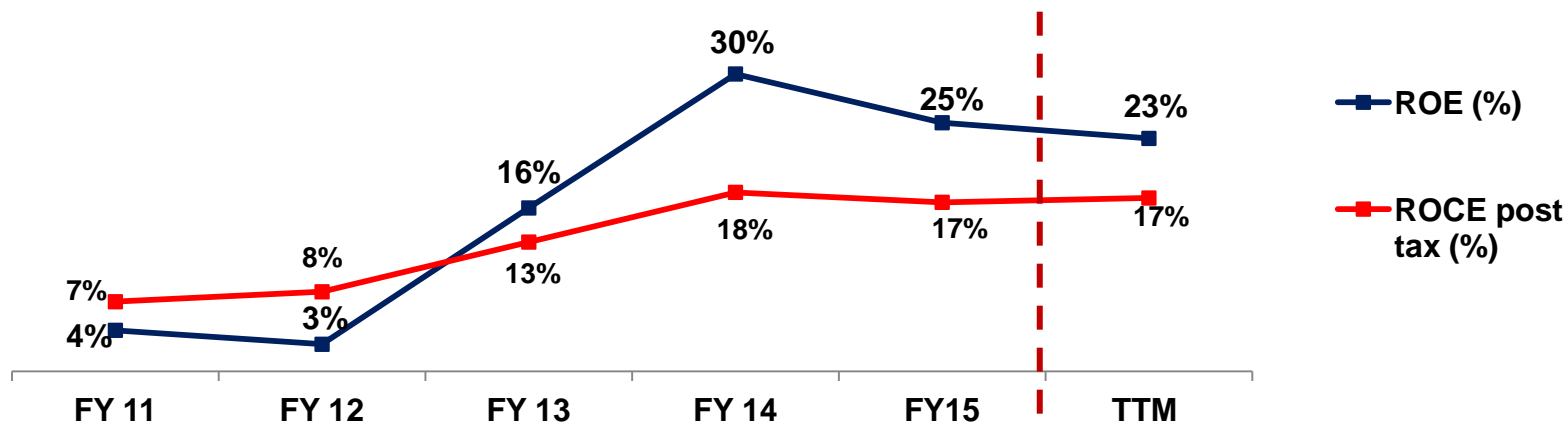
EBITDA includes Other operating income; does not include Non- operating income

# 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

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## 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**

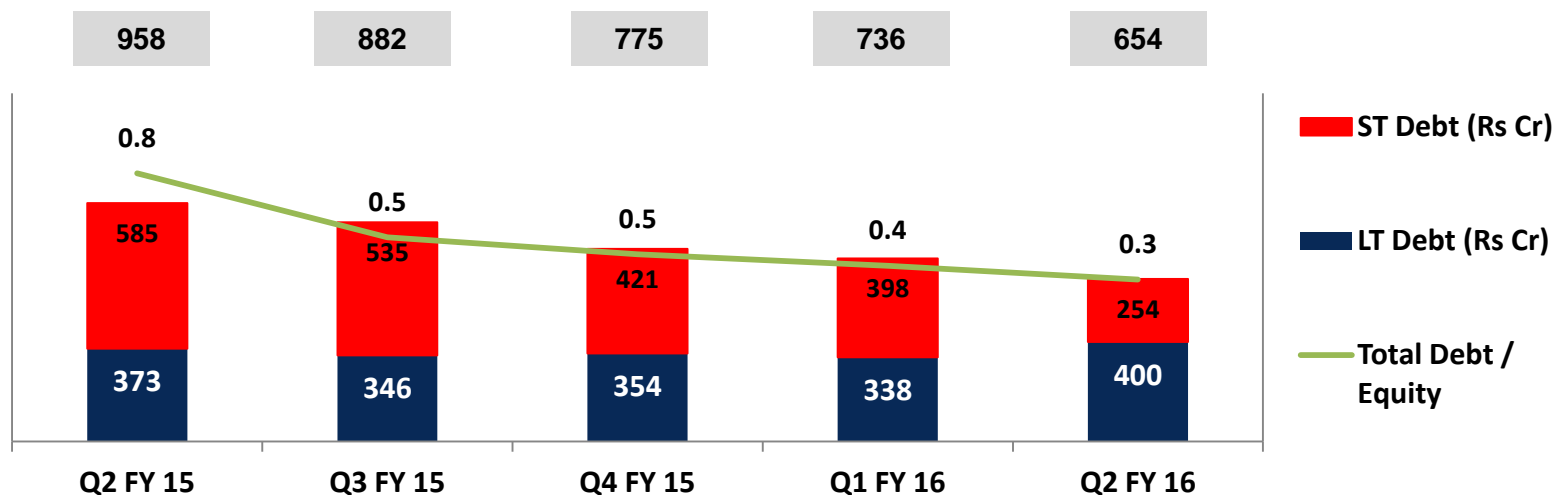
# Consolidated: Financials

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

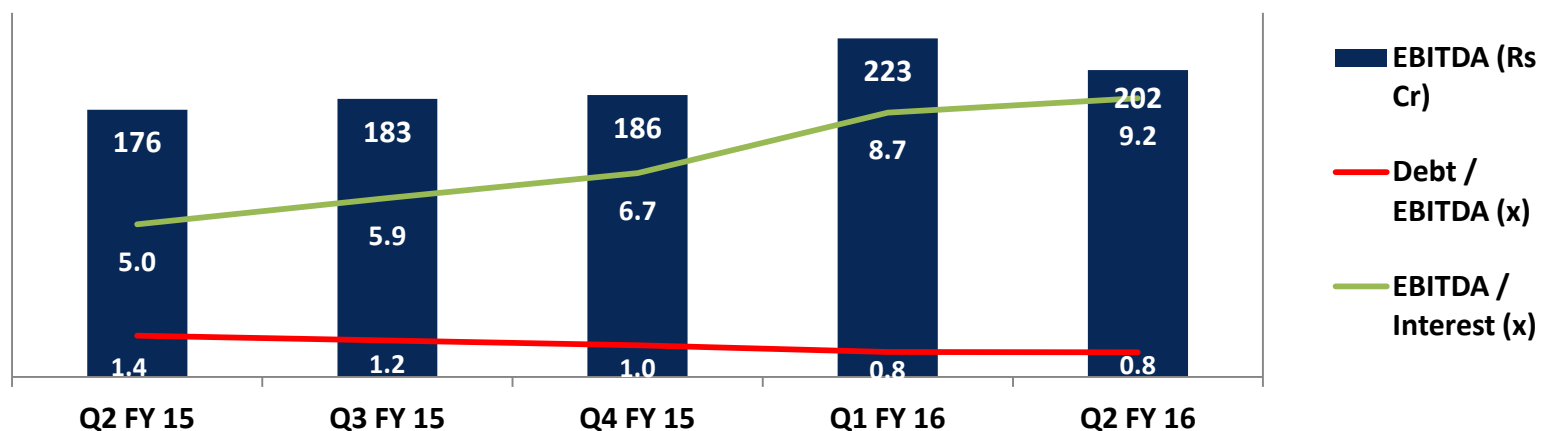
# Consolidated: Leverage / coverage Profile

Total Debt  
(Rs Cr)

Debt breakup



Leverage ratios



# Standalone: Q2FY16 YoY Results

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

## Note

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

# Standalone: Q2FY16 QoQ Results

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

## Note

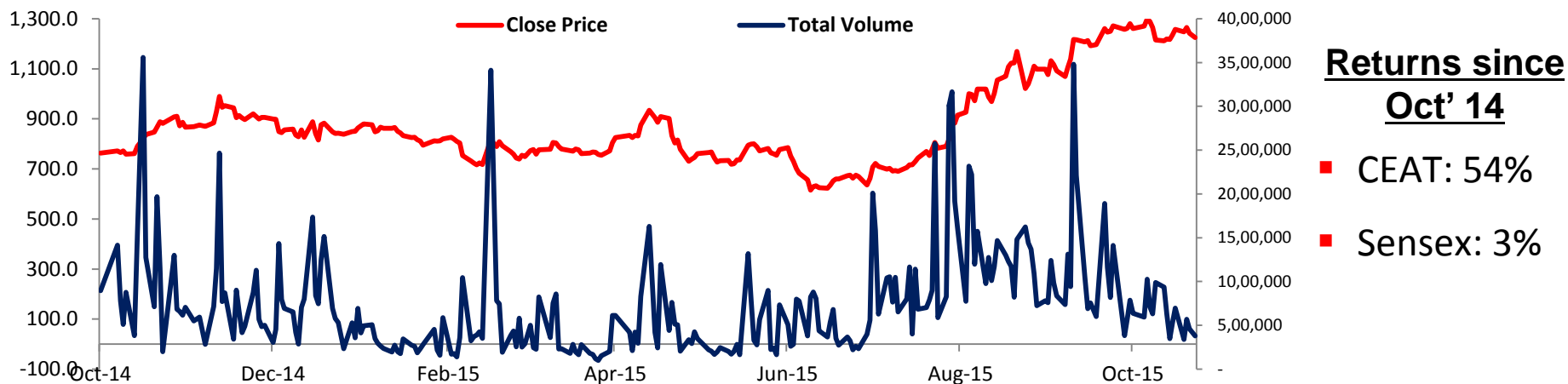
\*EBITDA includes Other operating income; does not include Non- operating income

# 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%

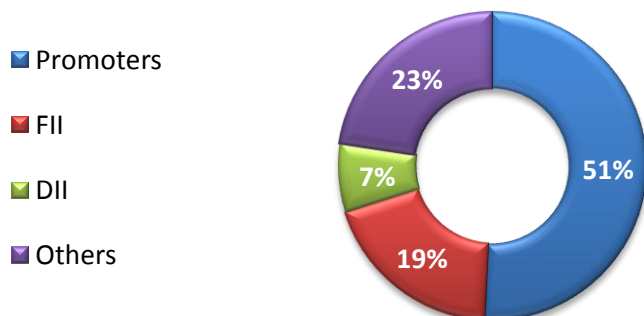


# Equity Shareholding & Price trends



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