An RPG Group Company

Q4 FY16 – Investor Presentation

April 27th, 2016

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Table of Contents

Section 1: RPG Group Overview

RPG Group: Powered by Passion, Driven by Ethics

UNLEASH**TALENT**
TOUCH**LIVES**
OUT**PERFORM**
AND☺

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

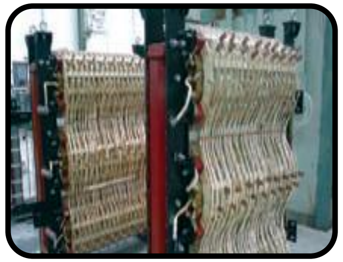
One of India's leading manufacturer of automobile tyres

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.



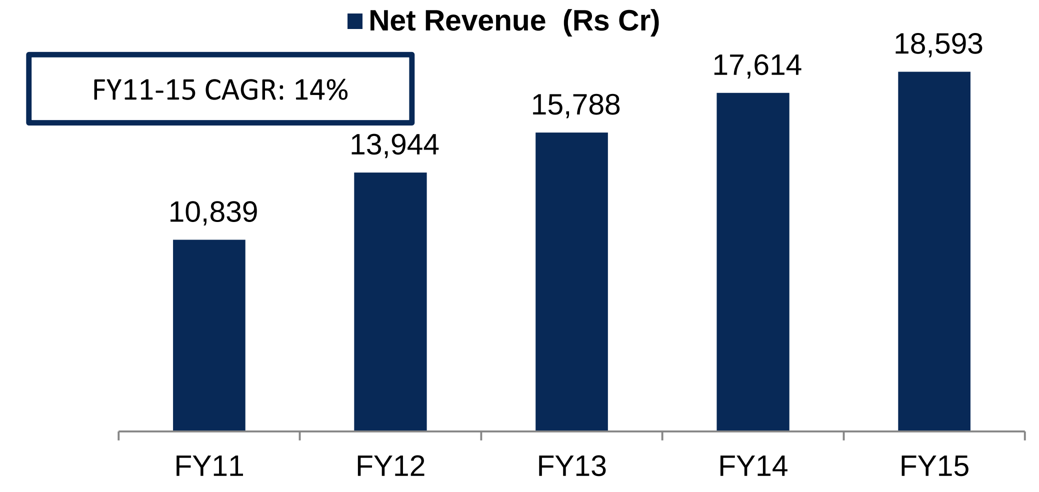
Raychem RPG

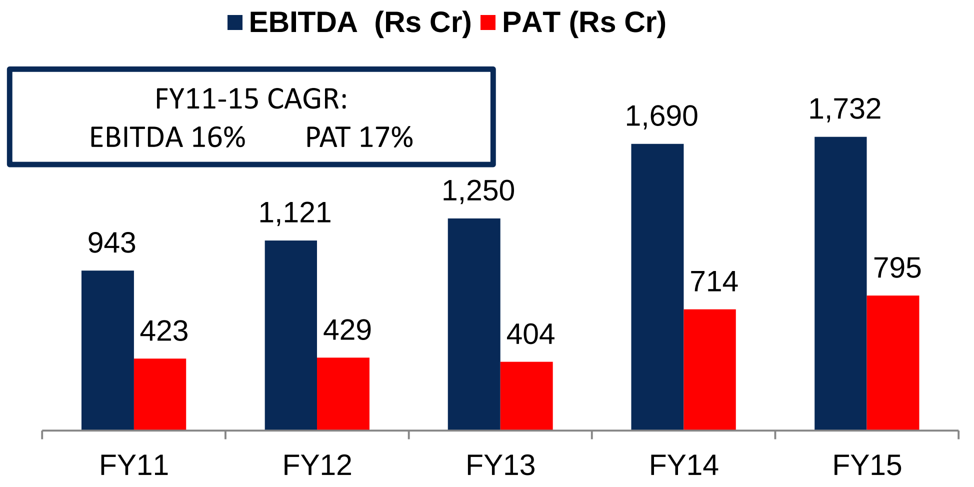
Engineering products and services catering to infrastructure segment of the economy.

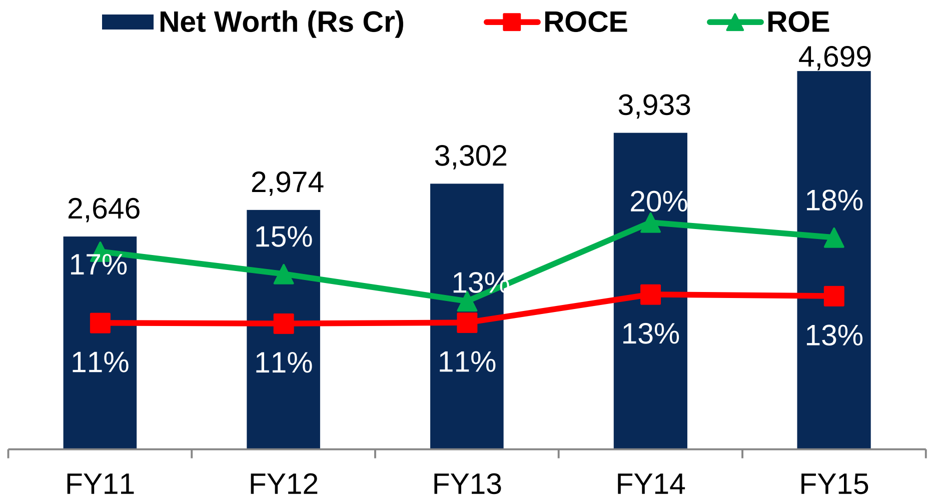
Harrisons Malayalam

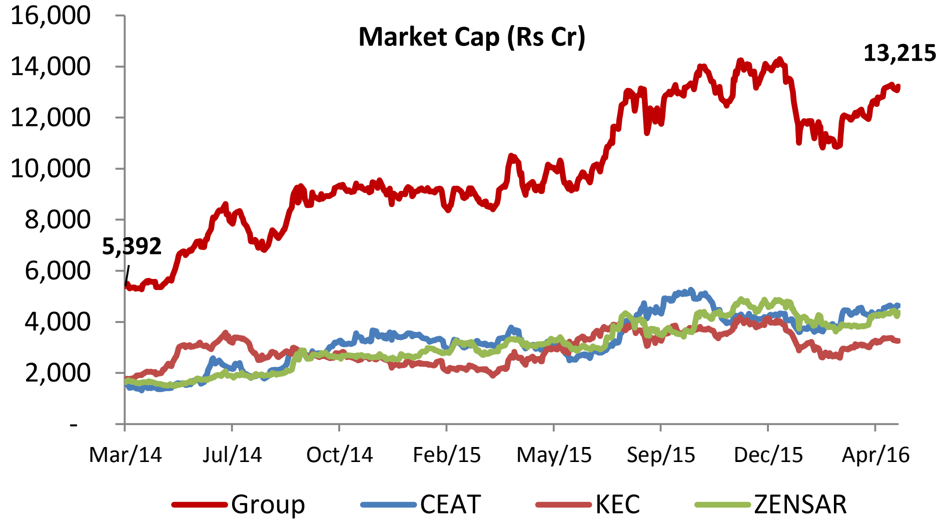
One of India's largest plantation companies with tea, rubber and other agro products.

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 26th April 2016

Section 2: Key Highlights

Key Highlights

Revenue CAGR of 10% over last 5 years

Average ROE of 20% for 5 years

Profit after Tax CAGR of 76% over last 5 years

~25% of the additional capacity to commence operation in FY16 and expected to be fully ramped up over 18 months from COD (Commercial Operation Date)

Average ROCE (net of tax) of 15% for 5 years

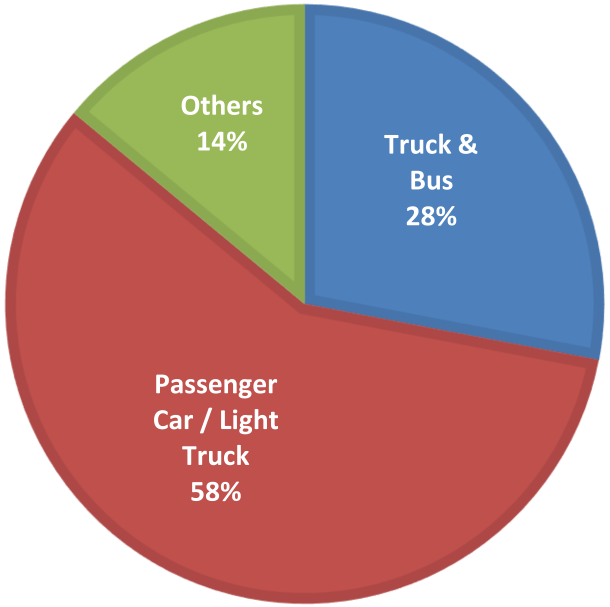
Changing product mix with increased focus towards passenger segments (FY16 revenue contribution of 39% from 15% in FY11)

Section 3: Industry Overview

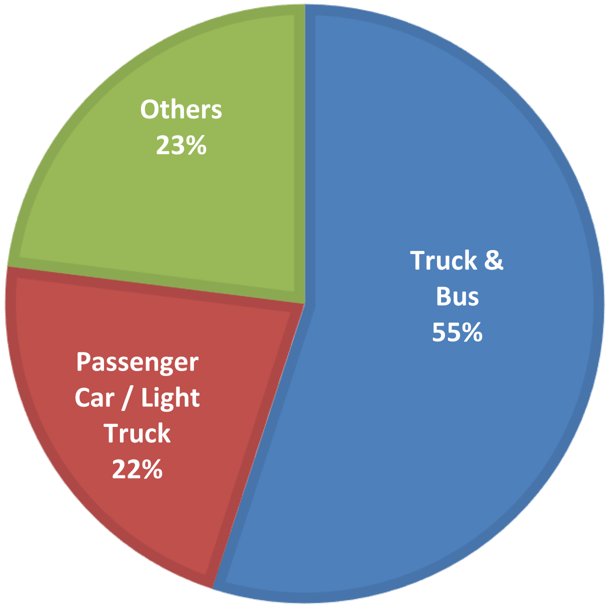
Indian Tyre Industry Overview

- Tyre Industry turnover in India is over Rs 50,000 crore
- Truck & Bus segment accounts for 55% of the industry's revenues
- India exports ~ Rs 10,500 crore worth of Tyres
- Most of the investments by Indian and MNC tyre majors are geared towards Truck & Bus Radial Tyres

Global tyre industry revenue segmentation



Indian tyre industry revenue segmentation

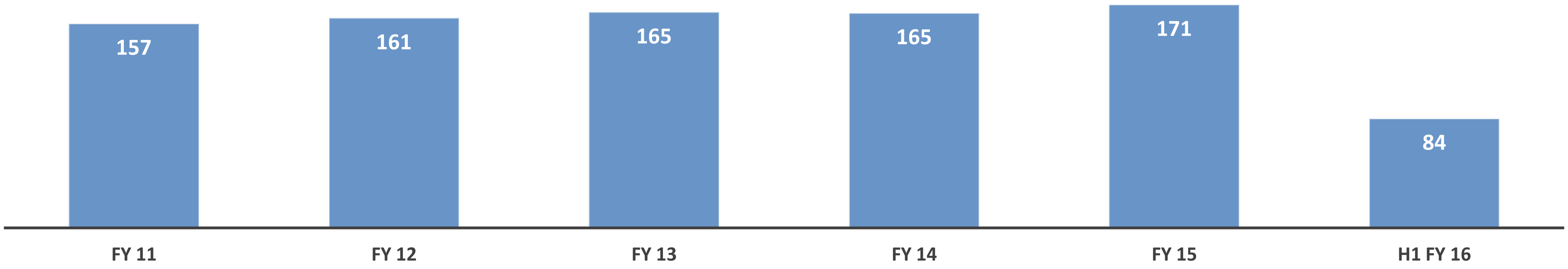


Source: ATMA

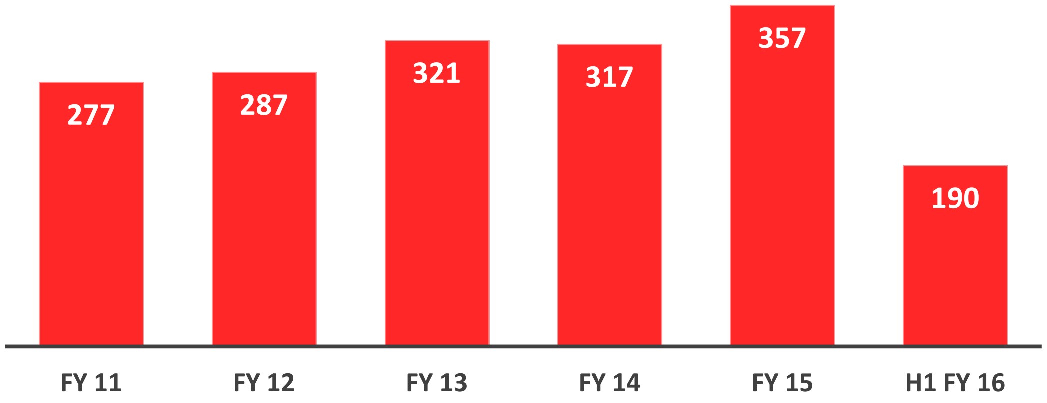
Indian Tyre Industry Overview

Total Tyre Production (Volumes in Lakhs)

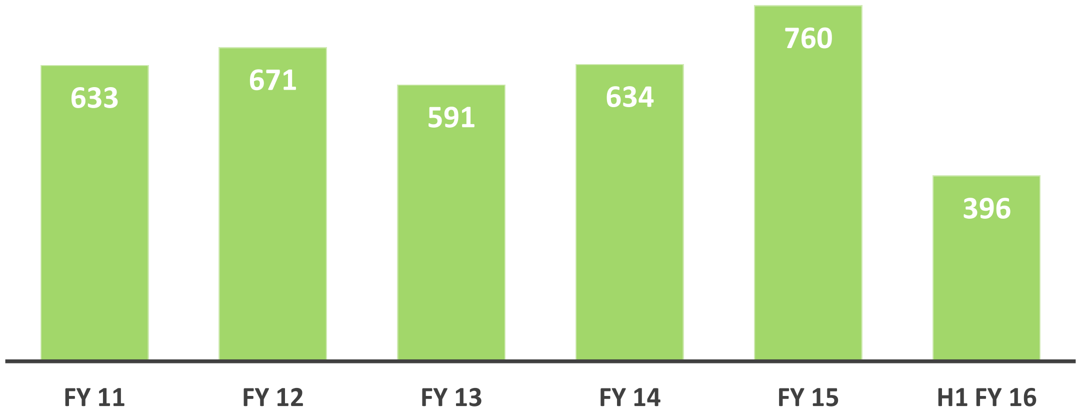
MHCV (T&B)



Passenger Car / Jeep



2 / 3 wheeler



Source: ATMA

Section 4: Business Overview

Board of Directors

Harsh Vardhan Goenka
Chairman, Non Executive Director

Anant Vardhan Goenka
Managing Director

Arnab Banerjee
Whole -Time Director

Atul C. Choksey
Non Executive
Independent Director

Haigreve 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

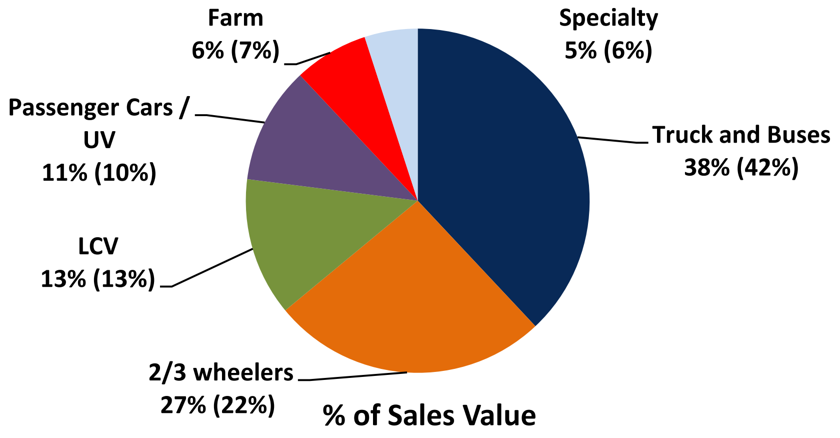
Distribution Network : **4,000+** dealers, **390+** exclusive CEAT franchisees

6 Manufacturing facilities - Bhandup, Nasik, Halol, Nagpur, Ambernath & Sri Lanka

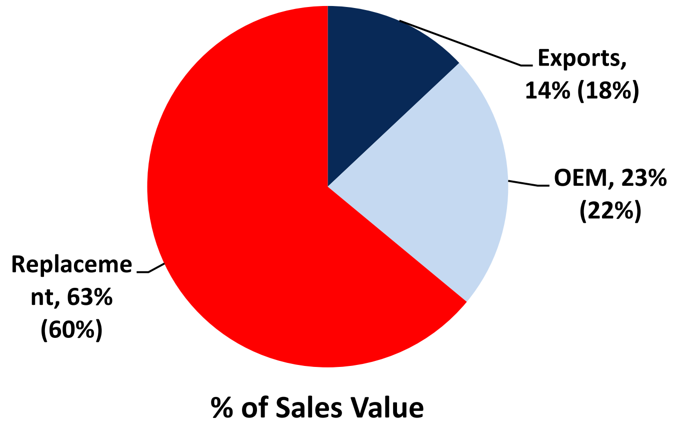
100+ countries where products are sold with strong brand recall

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

FY16 Revenue Breakup by Product



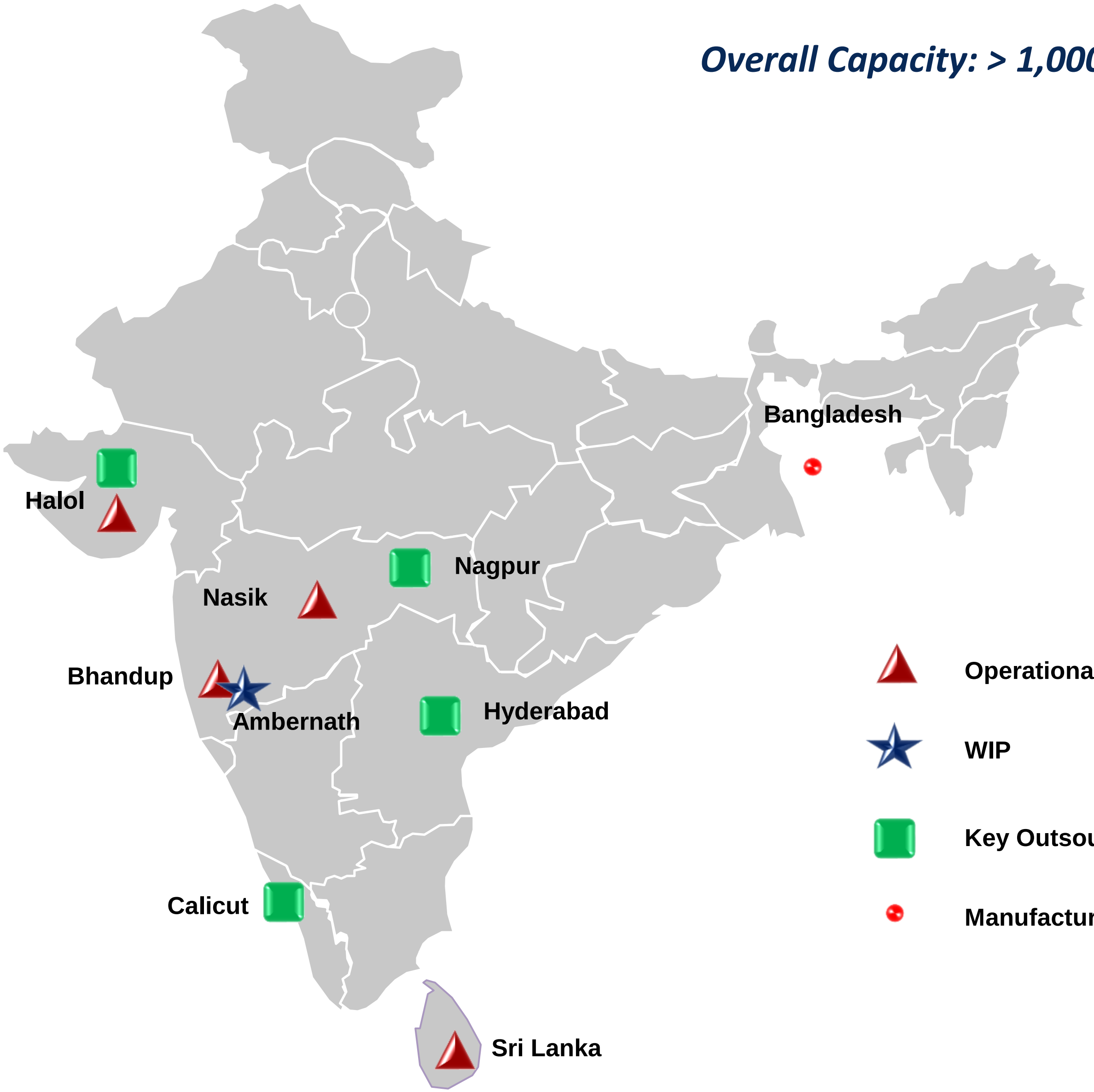
FY16 Revenue Breakup by Market



Note : Figures in parenthesis denote FY15

Manufacturing Facilities

Overall Capacity: > 1,000 MT / day



- Operational facilities
- WIP
- Key Outsourcing facilities
- Manufacturing facility planned

Strategic Drivers

Profitable growth

Domestic Market

- ✓ Two wheelers
- ✓ Passenger cars & Utility vehicles

International Market

- ✓ Specialty
- ✓ Emerging markets

1. Strong Brand Recall
2. OEM Relationships
3. Distribution Network
4. Product Development
5. Proven Model In Sri Lanka
6. Product Mix

1 Creating Strong Brand Equity

CEAT SUV Tyres Campaign - "Our Grip Your Stories"

CEAT Tubeless Bike Tyre Campaign

IPL Strategic Timeout Partner

2 Increasing OEM Presence

TATA MOTORS
Ashok Leyland
VE COMMERCIAL VEHICLES
A VOLVO GROUP AND EICHER MOTORS JOINT VENTURE
ESCORTS
Mahindra
DAIMLER
EICHER
AMW BUILT TO WIN
TAFE

MARUTI SUZUKI
TATA MOTORS
Mahindra
HYUNDAI
RENAULT
FORCE MOTORS

HONDA
Hero
ROYAL ENFIELD
SUZUKI
BAJAJ
LML
YAMAHA
PIAGGIO

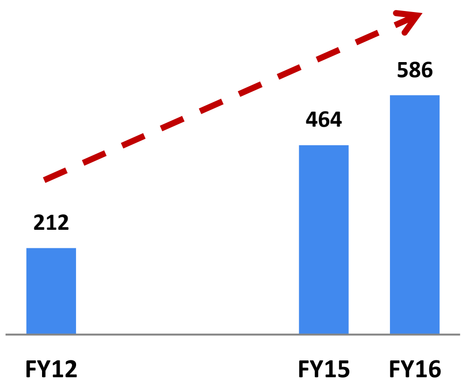
CEAT RPG

3 Pan India Distribution Network

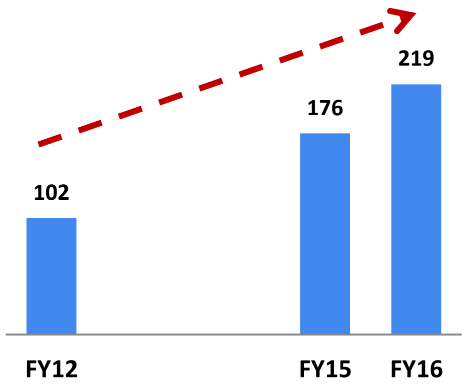
Distribution Network

- 4,000+ dealers
- 390+ CEAT Franchisees (Shoppes + Hubs)
- 270+ two-wheeler distributors

District coverage



No. of CEAT Shoppes



3 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 290 outlets so far

4 Research & Development

Recent Product Launches in FY16

TBR launches

RD 114

PCR / UVR launches

Milaze

Fuel Smarrt

CZAR Sport

2 wheeler launches

ZOOM PLUS

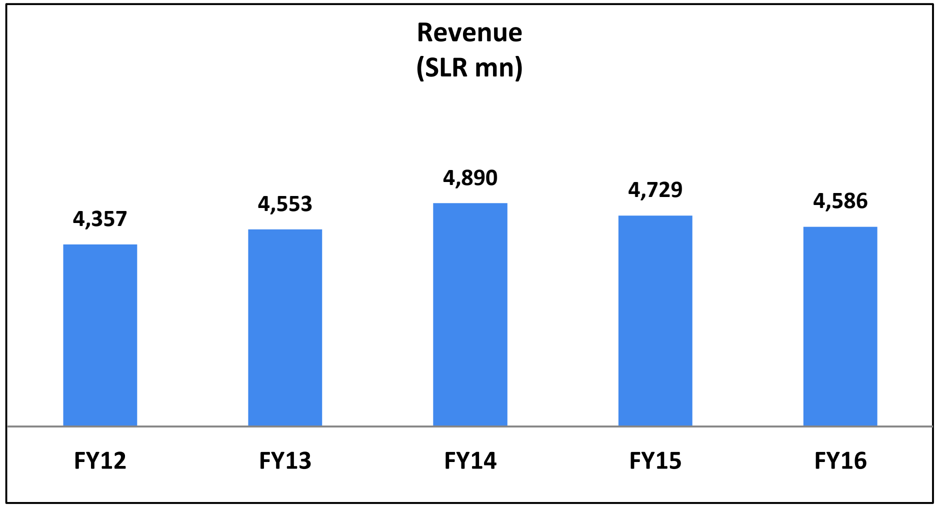
Pro Gripp

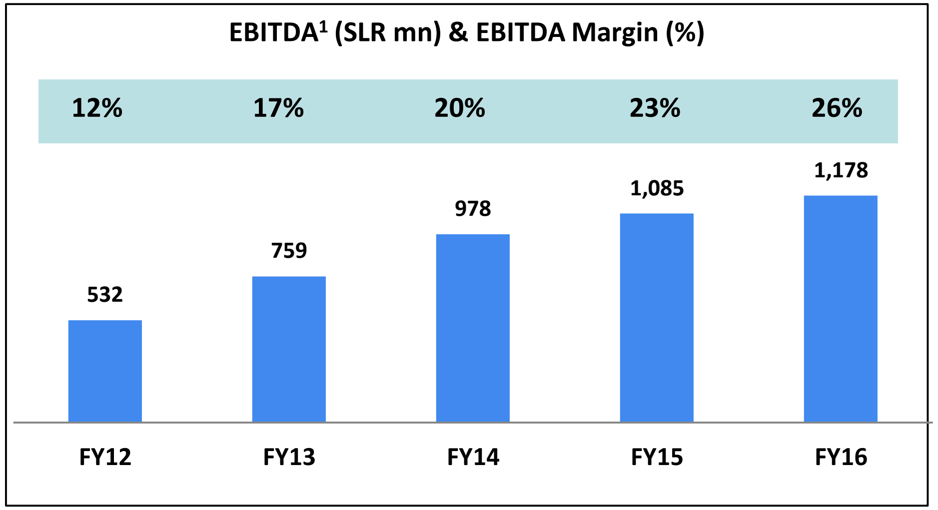
GRIPP XL

Key OEM Approvals in FY16

5 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[2] of 61 MT/day
- Only company with local presence supported by brand, network & strong after sales service
- FY16 Volume stood at 16,200 MT

Bangladesh

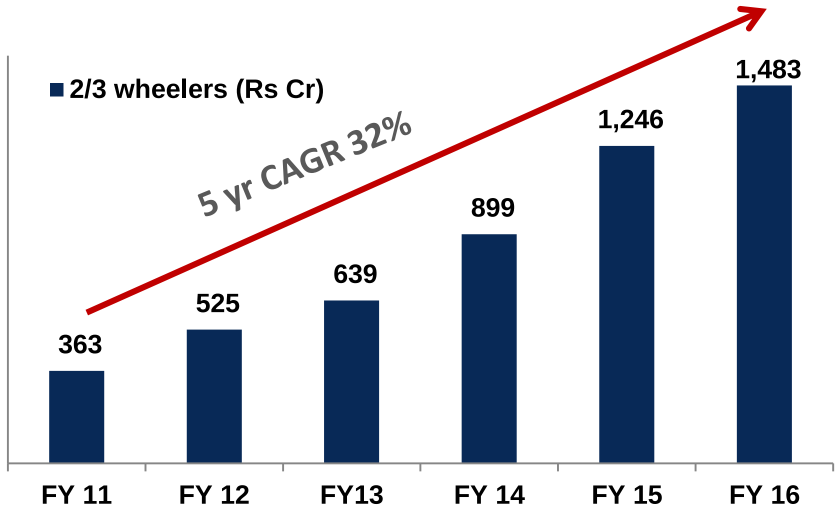
- 70:30 JV with AK Khan & Company Ltd with the aim to cater to local and eastern part of Indian market

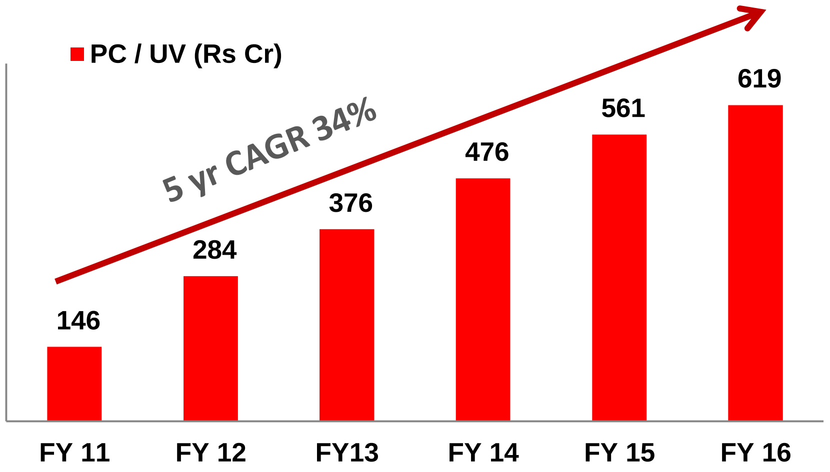
Notes

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

6 Passenger Segment Trends

Revenue





Expanding Capacities

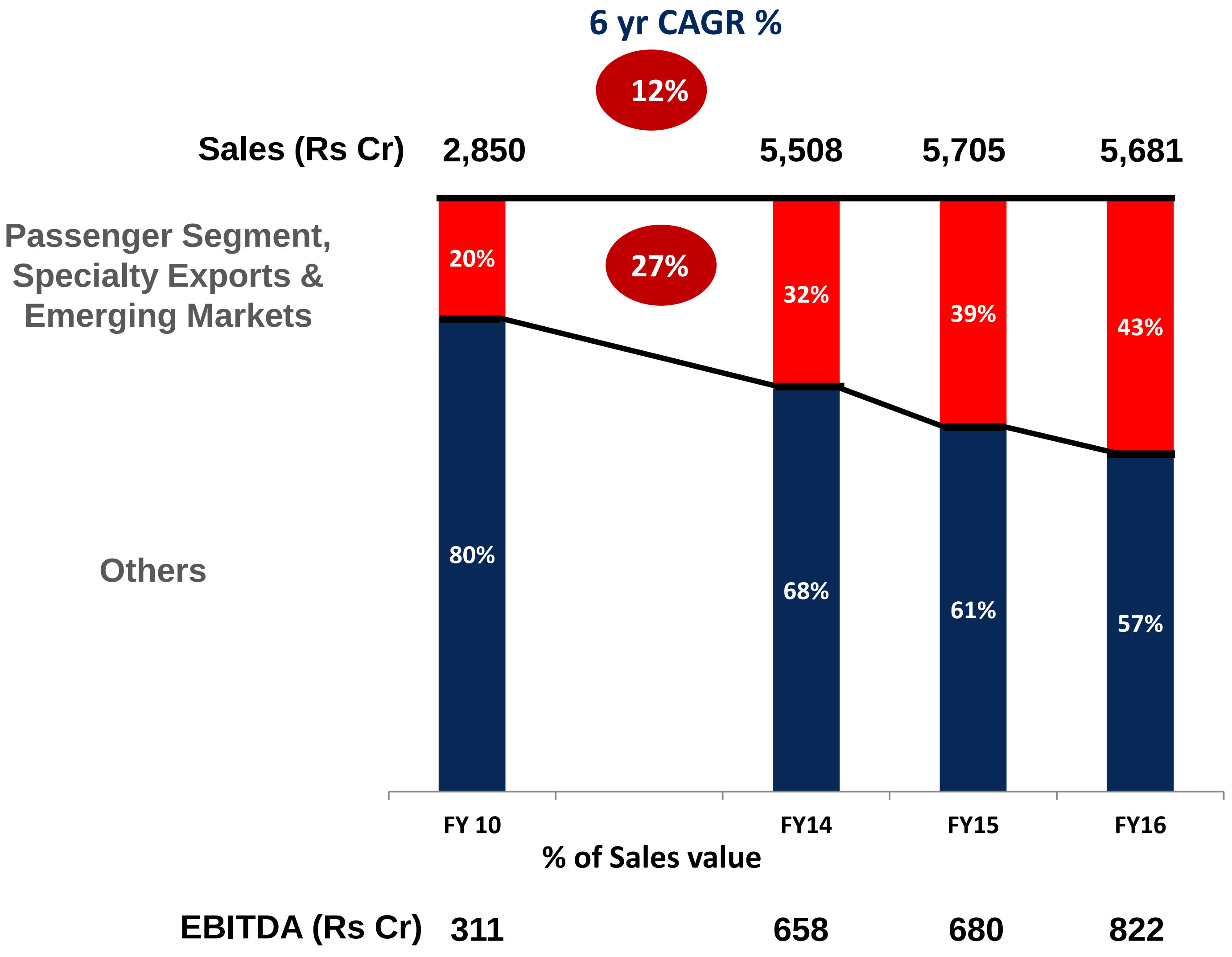
- Nagpur plant commissioned 15 MT/day capacity in March 2016; total capacity of 120 MT/day
- Halol Phase II plant commissioned 39 MT/day as on March 2016; total capacity of 120 MT/day

6 Specialty

Status Update

- CEAT has transferred Ambernath land to CSTL in Q3 FY16 which will be used to build a new OTR (off-the-road) radial plant
- CSTL will invest Rs 330 Crores for an initial capacity of 40 MT/day
- CEAT has infused Rs 100 Crores as an equity investment in CSTL in FY16
- Production will commence at the new manufacturing facility by Q4 FY17

Outcome



"Strategic Focus Areas"

- Higher margin business
- Contributes 43% sales for YTD 16 compared to 20% in FY10
- Higher CAGR of 27%
- Growing market share

Note :
50% of CEAT Sri Lanka sales are considered

Section 5: Operational & Financial Overview

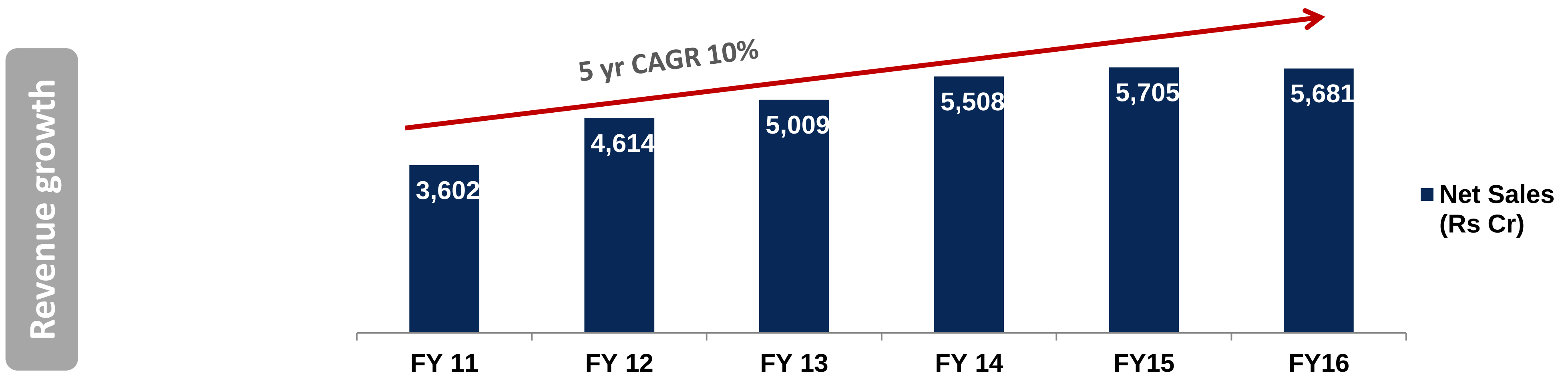
Q4 FY16 Operational Highlights

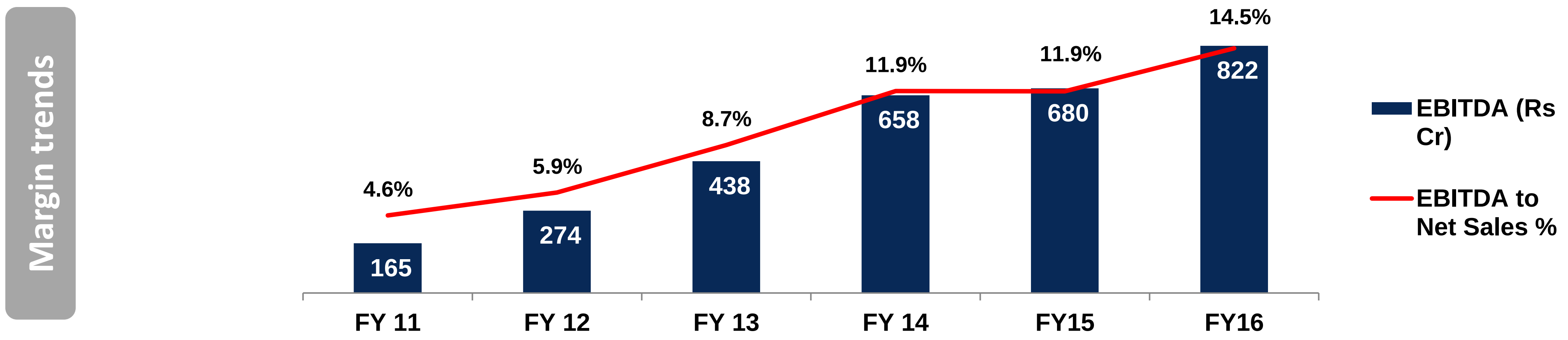
OE Model Approval

Suzuki Gixxer approved, a major milestone for MCR category

Ishan Kishan – Bat endorsement deal

Consolidated: Financial Trends



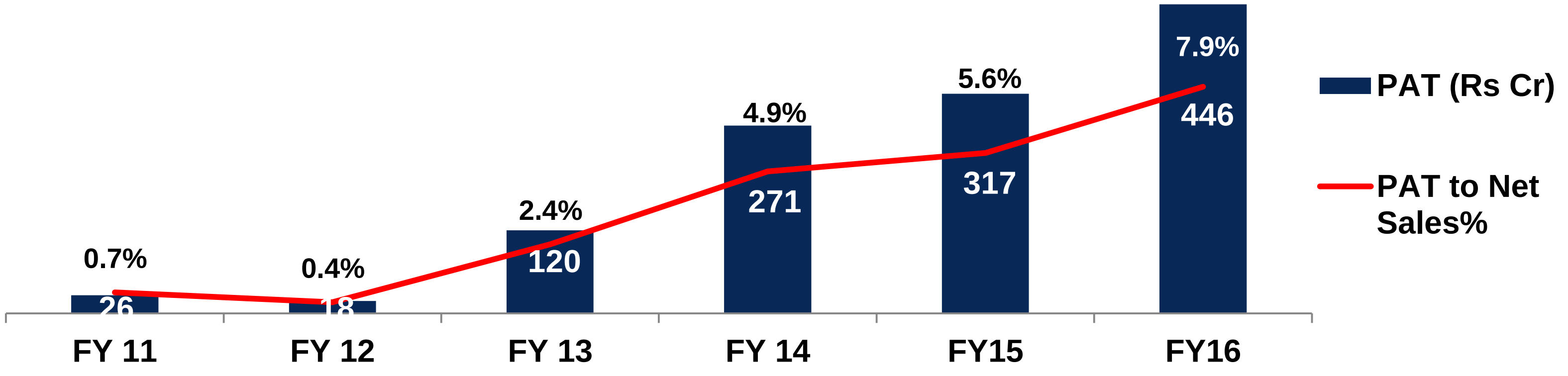


Note

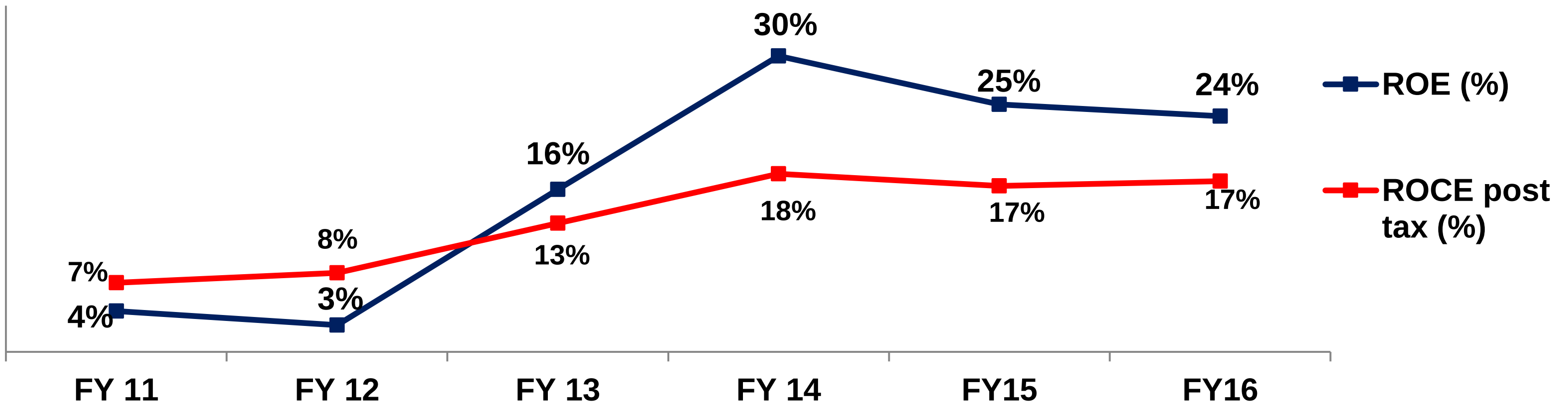
EBITDA includes Other operating income; does not include Non- operating income

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 *(1-tax rate)

Consolidated: Q4 FY16 Financial Highlights

Q4 FY16 v/s Q4 FY15 (Y-o-Y)

- 8% Volume growth
- EBITDA% up 0.7% at 13.4%
- Finance cost at Rs 24 cr compared to Rs 28 cr (down by Rs 4 Cr)
- PBT stands at Rs 137 cr compared to Rs 135 cr

Q4FY16 v/s Q3FY16 (Q-o-Q)

- 7% Volume growth
- EBITDA% down 1.3%
- Finance cost at Rs 24 cr compared to Rs 19 cr (Up by Rs 5 cr)
- PBT stands at Rs 137 cr compared to Rs 161 cr

Total D/E down to 0.3x compared to 0.5x YoY

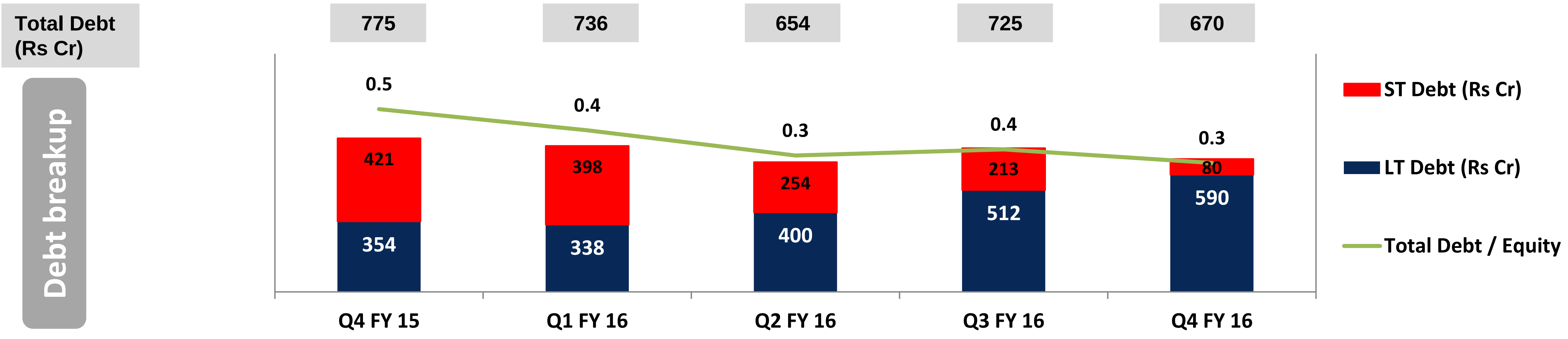
CEAT RPG

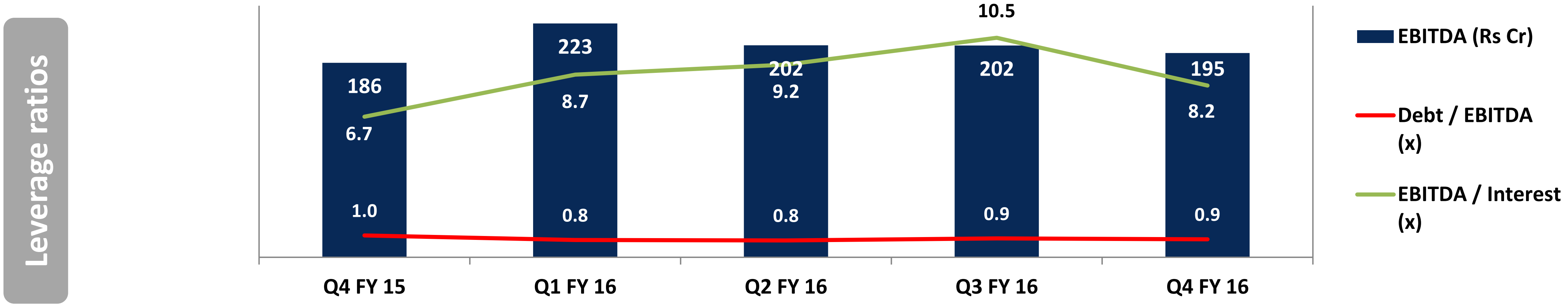
Consolidated: Financials

Rs cr

Parameter	Q4FY15	Q3FY16	Q4FY16	FY15	FY16
Net Sales	1,458	1,374	1,451	5,705	5,681
Growth (YoY)	-	-	-0.5%	-	-0.4%
Growth (QoQ)	-	-	5.6%	-	-
EBITDA	186	202	195	680	822
Growth (YoY)	-	-	5.0%	-	20.9%
Growth (QoQ)	-	-	-3.5%	-	-
EBITDA (%)	12.7%	14.7%	13.4%	11.9%	14.5%
PAT	94	113	105	317	446
EPS (Rs.) (Basic)	23.2	28.0	25.9	84.6	110.4
Net Worth	1,682	2,019	2,065	1,682	2,065
Debt	775	725	670	775	670
D/E (x)	0.5	0.4	0.3	0.5	0.3
No of shares (cr)	4.0	4.0	4.0	4.0	4.0
B/V (Rs.)	416	499	510	416	510

Consolidated: Leverage / coverage Profile





Standalone: Q4 FY16 & FY16 Results

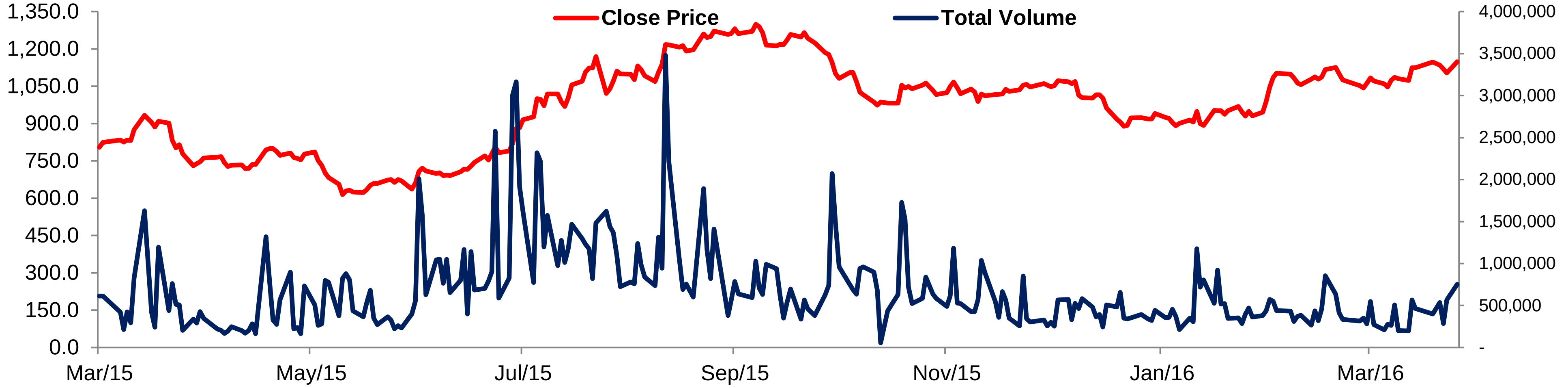
Rs Cr

Parameter	Q4FY15	Q3FY16	Q4FY16	QoQ	YoY	FY15	FY16	YoY
Net Sales	**1,409**	**1,321**	**1,383**	**4.7%**	**-1.9%**	**5,492**	**5,459**	**-0.6%**
Raw Material	842	734	785	6.9%	-6.8%	3,435	3,090	-10.1%
Gross margin	**567**	**587**	**598**	**1.9%**	**5.4%**	**2,057**	**2,369**	**15.2%**
Gross margin %	**40.3%**	**44.4%**	**43.2%**	**-120 bps**	**290 bps**	**37.5%**	**43.4%**	**590 bps**
Employee	97	91	90	-1.0%	-7.0%	350	367	4.9%
Other Expenses	308	306	330	7.9%	7.1%	1,118	1,247	11.6%
EBITDA*	**178**	**197**	**186**	**-5.4%**	**4.5%**	**638**	**790**	**23.7%**
EBITDA %	**12.6%**	**14.9%**	**13.5%**	**-140 bps**	**90 bps**	**11.6%**	**14.5%**	**290 bps**
Finance Cost	28	19	23	20.5%	-16.9%	130	89	-31.7%
Depreciation	22	26	28	8.0%	27.4%	88	100	14.3%
Operating PBT	**128**	**152**	**135**	**-11.0%**	**5.2%**	**420**	**600**	**42.9%**
Exceptional expense	6	-	10	-	68.9%	6	11	85.9%
Non-Operating income	6	12	6	-48.9%	-4.6%	29	47	63.3%
PBT	**129**	**164**	**131**	**-20.1%**	**1.7%**	**443**	**636**	**43.6%**
PAT	**89**	**118**	**102**	**-13.1%**	**14.3%**	**299**	**453**	**51.4%**
Volumes (mt)	**65,600**	**65,200**	**71,000**	**9.0%**	**8.3%**	**252,100**	**268,500**	**6.5%**

Note

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

Equity Shareholding & Price trends

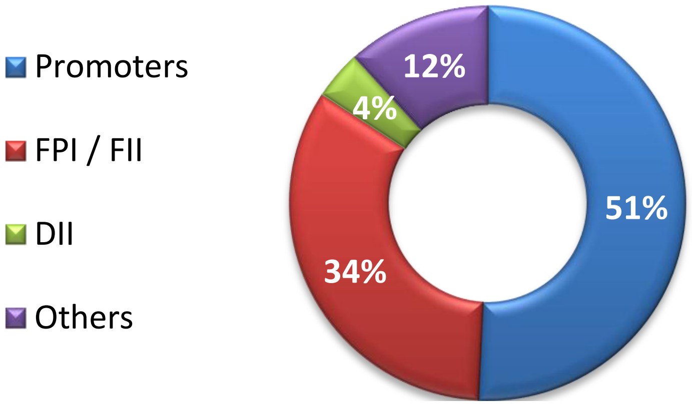


Source : Capitaline

Returns since Mar' 15

- CEAT: 42%
- Sensex: -7%

Mar 31, 2016 Shareholding Pattern



Market Information

- Market Price (Apr 26): Rs 1,146/share
- Face Value : Rs 10/share
- Market Cap (Apr 26): Rs 4,636 Cr
- Net Worth: Rs. 2,065 Cr

THANK YOU