

Dated, 8th May, 2017
REF: ETL/BSE/CP12M/16-17

Manager – Listing Department/Corporate Relations,
Bombay Stock Exchange Limited,
Floor 25, PJ Towers,
Dalal Street, MUMBAI – 400001.

Dear Sir,

Sub: Corporate Presentation

Ref: Pursuant to Regulation 30(2) of SEBI Listing Obligation and Disclosure Requirements) Regulation 2015

We submit herewith the following Corporate Presentation on the performance of the Company, released to Analysts and Institutional Investors.


The Presentation is also being uploaded on the website of the Company, www.easterntreads.com.

Kindly take the information on your record.

Thanking you,

Yours faithfully,

For Eastern Treads Limited

CS BAIJU T. 
Company Secretary & Internal Auditor

Eastern Treads Ltd.

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CORPORATE PRESENTATION

May - 2017

Safe Harbour

Certain statements in this document may be forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties like government actions, local political or economic developments, technological risks, and many other factors that could cause actual results to differ materially from those contemplated by the relevant forward looking statements. Eastern Treads Limited will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.



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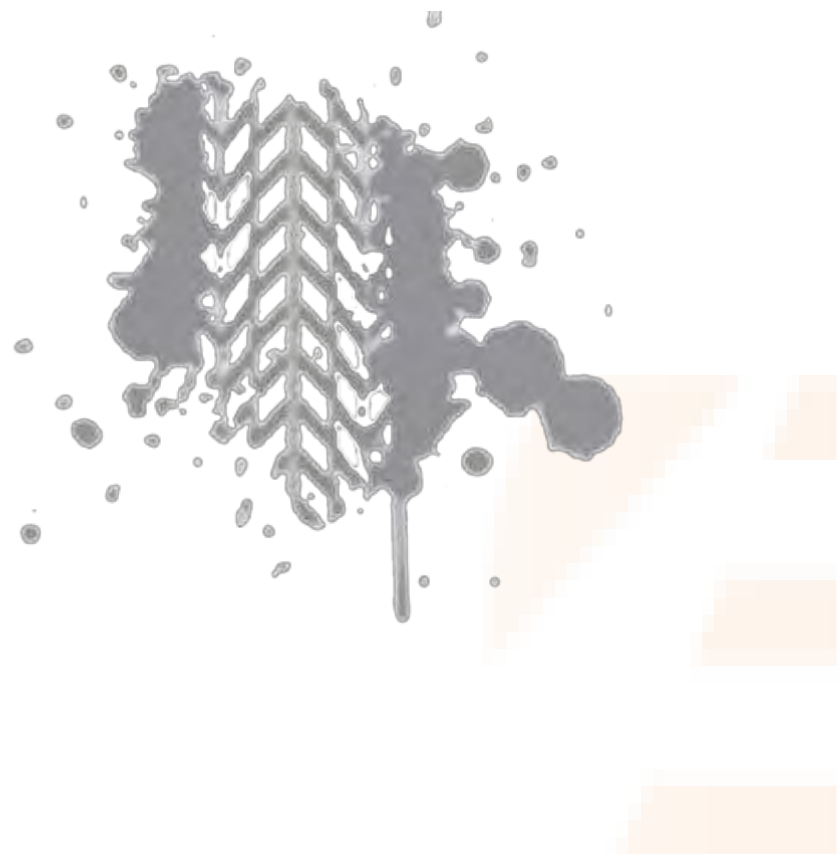
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Financial Performance



Q4 & FY17 Performance

Q4 FY17 Highlights

- Revenue at Rs. 26.20 Crore, higher by 8.6% YoY
- EBITDA (excluding Other Income) at Rs. 0.68 Crore
- PAT stood at Rs. (0.30) Crore
- Q4FY17 EPS at Rs. (0.58) per share

FY17 Highlights

- Revenue grew by 6.6% YoY to Rs. 93.36 Crore
- EBITDA (excluding Other Income) at Rs. 5.16 Crore
- PAT stood at Rs. 1.33 Crore in FY17
- FY17 EPS at Rs. 2.55 per share
- Board has recommended a final dividend of Rs. 0.50 (@5%) per equity Share of face value Rs. 10/- each

Chairman's Message

Commenting on Q4 & FY17 performance, Mr. Navas M Meeran – Chairman of Eastern Treads Ltd. said:



"FY2017 has been an eventful year for us, where we faced external headwinds which impacted our performance. Demonetization initiatives of the Government had significant impact on the Indian retreading sector in H2FY17 as ~80% of the end-user market, comprising fleet owners and open market sales, was cash operated. With this backdrop, we registered topline growth of 6.6% YoY for FY17.

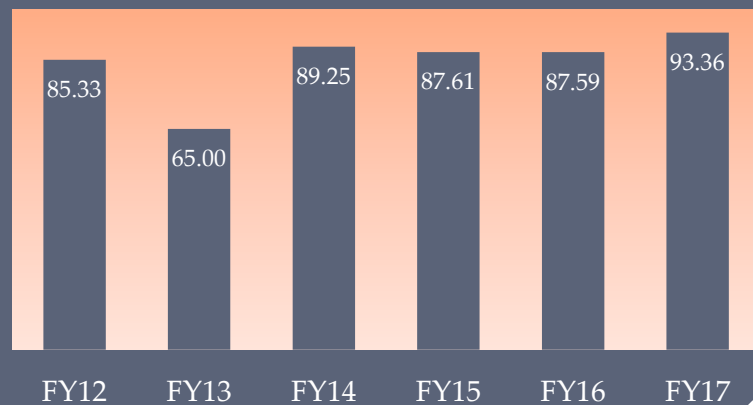
Margins were under pressure as we were unable to fully pass on the raw material cost increases due to increasing competitive intensity. We have tried to reduce the impact by actively maintaining higher raw material inventories. This has led to higher interest costs as we have seen a transitional increase in working capital which should normalize in the upcoming financial year.

Over the past few quarters, we have been judiciously investing in human resource, brand visibility and expanding our footprint to create a sustainable operating ecosystem. During the year we expanded our network of franchisees with the objective of increasing branded sales. We are confident of delivering significant long-term value emerging from our ongoing initiatives. With GST implementation in the coming months and post demonization we expect that organized players like us will gain traction.

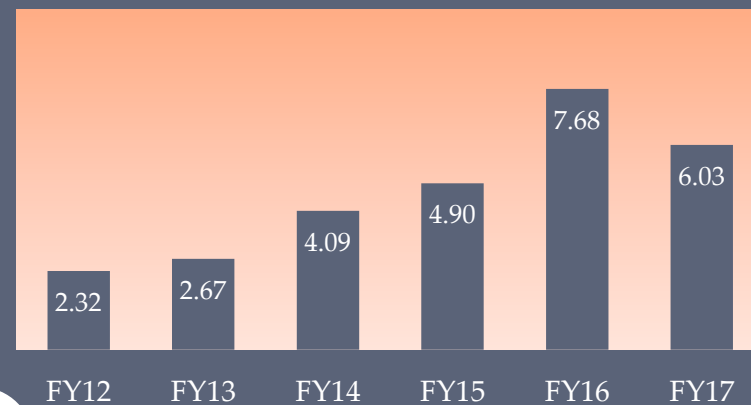
Going forward, we will aggressively focus on expanding volumes and further growing the lucrative export market in existing and newer geographies. In addition, B2B opportunities are being pursued by engaging with several state road transportation corporations. Our goal is to build a comprehensive ecosystem across the entire retreading value chain to deliver a one-stop, high-quality retreading solution to our customers."

Six-Year Financial Trend

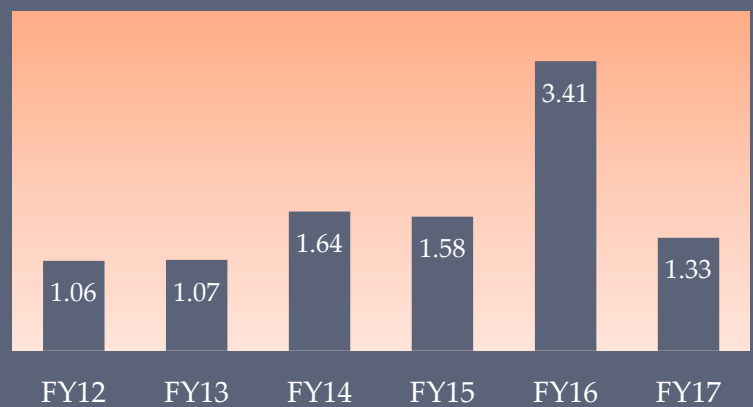
Revenue (Rs. in crore)



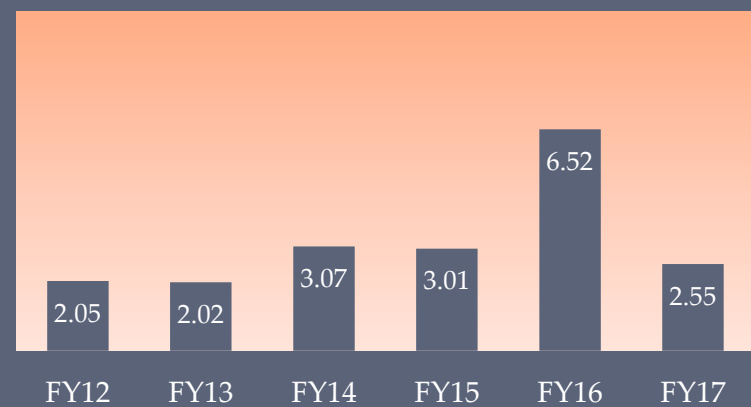
EBITDA (Rs. in crore)



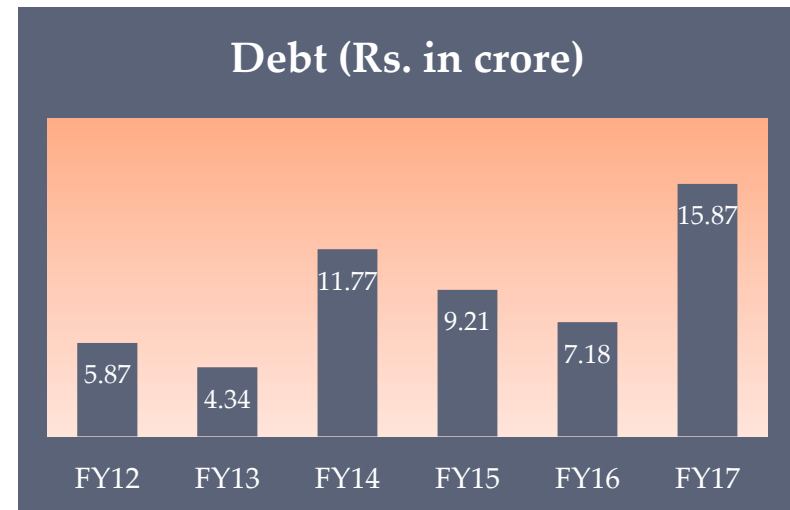
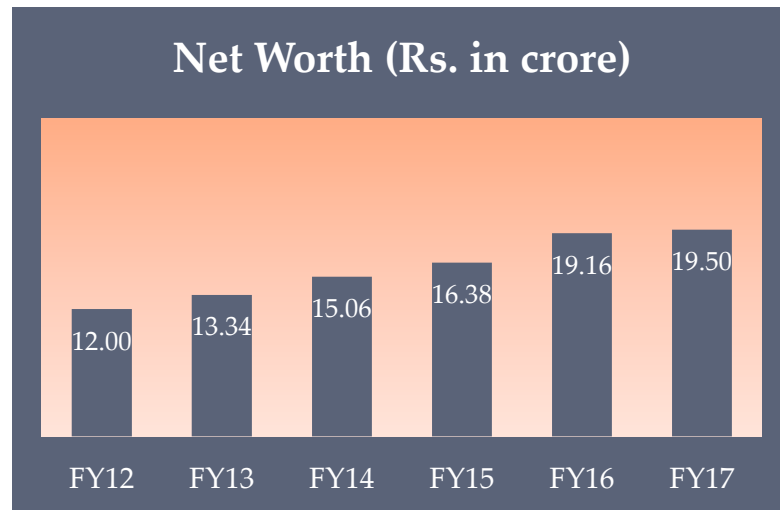
PAT (Rs. in crore)



EPS (in Rs.)



Six-Year Financial Trend



Company Overview



Eastern Treads Ltd. (ETL)

Pioneers in Manufacturing and Marketing of Tread Rubber used for Retreading Tyres

- Over two decades of growing presence with strong customer focus
- ISO 9001-2015 certified production capacity of 12,000 tons per annum at Oonnukal, Kerala

Building Comprehensive Ecosystem across the Entire Retreading Value Chain

- Manufacturing quality tread rubber, cushion/bonding gum, black vulcanizing cement and tyre repair patches
- Creating access to high quality retreading equipment
- Providing skill enhancement/upgradation facilities within the supply chain

Extensive and Expanding Marketing Network

- Present across 17 states through 84 dealers servicing to 1,500 plus multi branded retreaders, 37 exclusive retreaders and 29 branded Infinity Zones
- 10 Company owned depots and 1 C&F's across the country for effective and aggressive servicing of all the above channels
- Company-operated, retreading experience outlets in Bengaluru and Chennai
- Working with Road Transport Corporations (RTC's) across six states

Positive Business Outlook

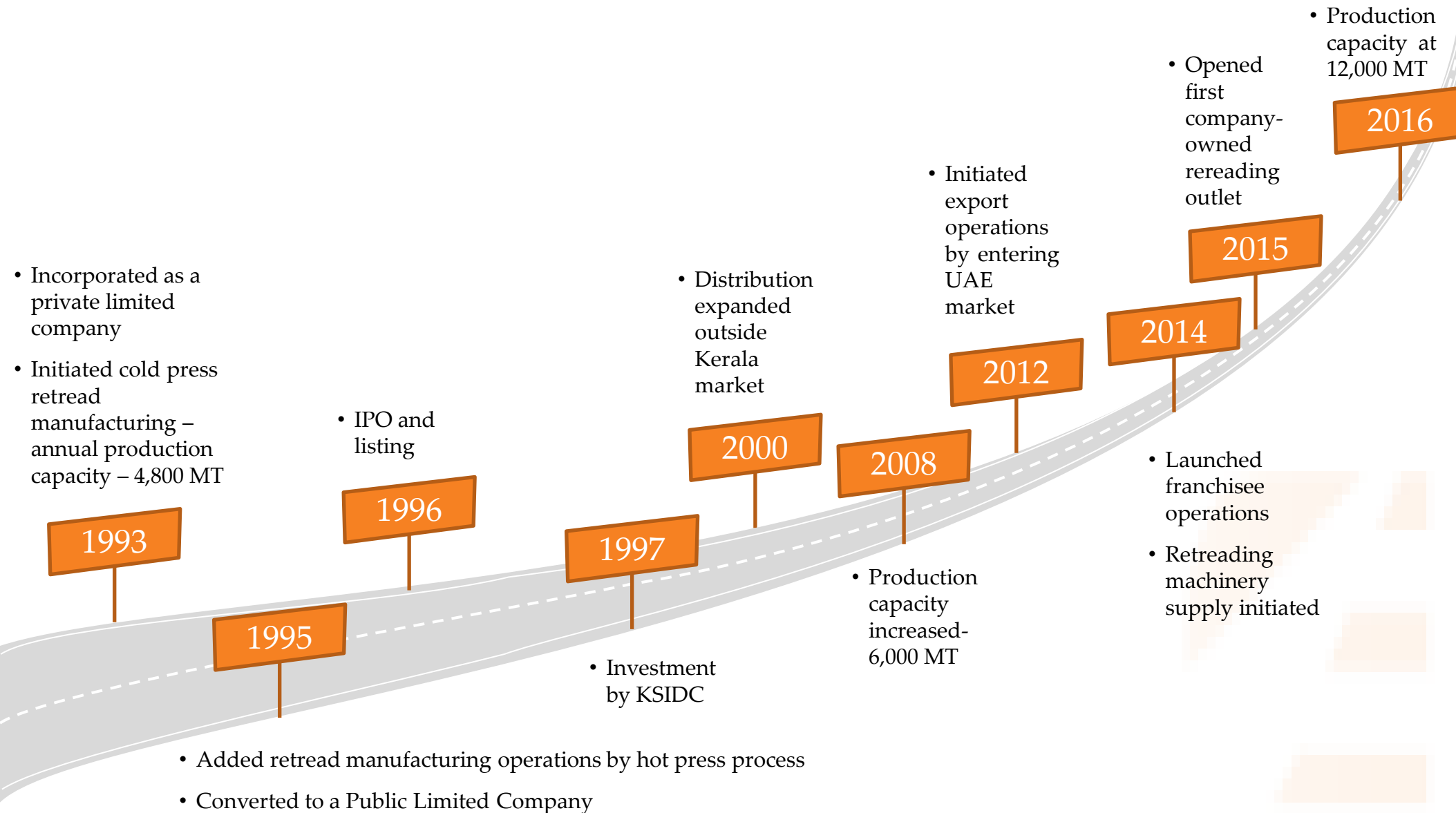
- Retreading is an established option for vehicle operators globally and becoming more mainstream in India
- Volume driven growth and value-enhancement initiatives have led to margin expansion
- Aggressive market development expected to result in medium to long term growth opportunities
- Availability of significant production capacities mean that limited capex is anticipated over next 2-3 years

Creating a Sustainable Ecosystem

- ETL is **transitioning from a tread rubber manufacturer** to a leading enabler of tyre retreading ecosystem in India.
- For retread partners, ETL enables access to **high quality tread rubber supply** and **world-class retreading equipment** with low capital deployment.
- Partner relationships are also supported by **customer/technical services** and **branding and marketing initiatives**.
- ETL is looking to create a structured system for training and **developing a sustainable workforce** for the retreading industry.
- Retreading is an established industry in key global markets. ETL is **creating comprehensive, industry leading capabilities** that would deliver long term opportunities in India and globally.



Milestones



Tyre Retreading Products



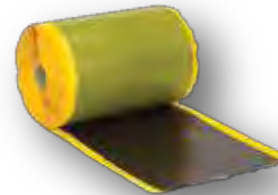
Precured Tread Rubber

- Guaranteed high mileage performance aiding reduction in operating cost
- Uniform tread wear providing good directional stability
- Consistency in quality & supply
- Product range from Auto to JCB
- Excellent grip for safety



Black Vulcanising Cement

- Ready to use solution
- Fast drying and excellent tack
- Specially formulated for both precured and conventional process
- Sufficient shelf life



Bonding Gum

- Made from 100% natural rubber
- Soft and superior tack, high bonding strength
- Compatible for 99°C, 125°C & 150°C curing operations
- Sufficient shelf life
- Can be used for splicing & nail hole/injury repair

Hot Rubber Slab & Camel Back Treads

- Both Slab & Camel Back type are available
- Good shelf life
- Available in customized sizes
- Available in different grades according to the application



Repair Patches

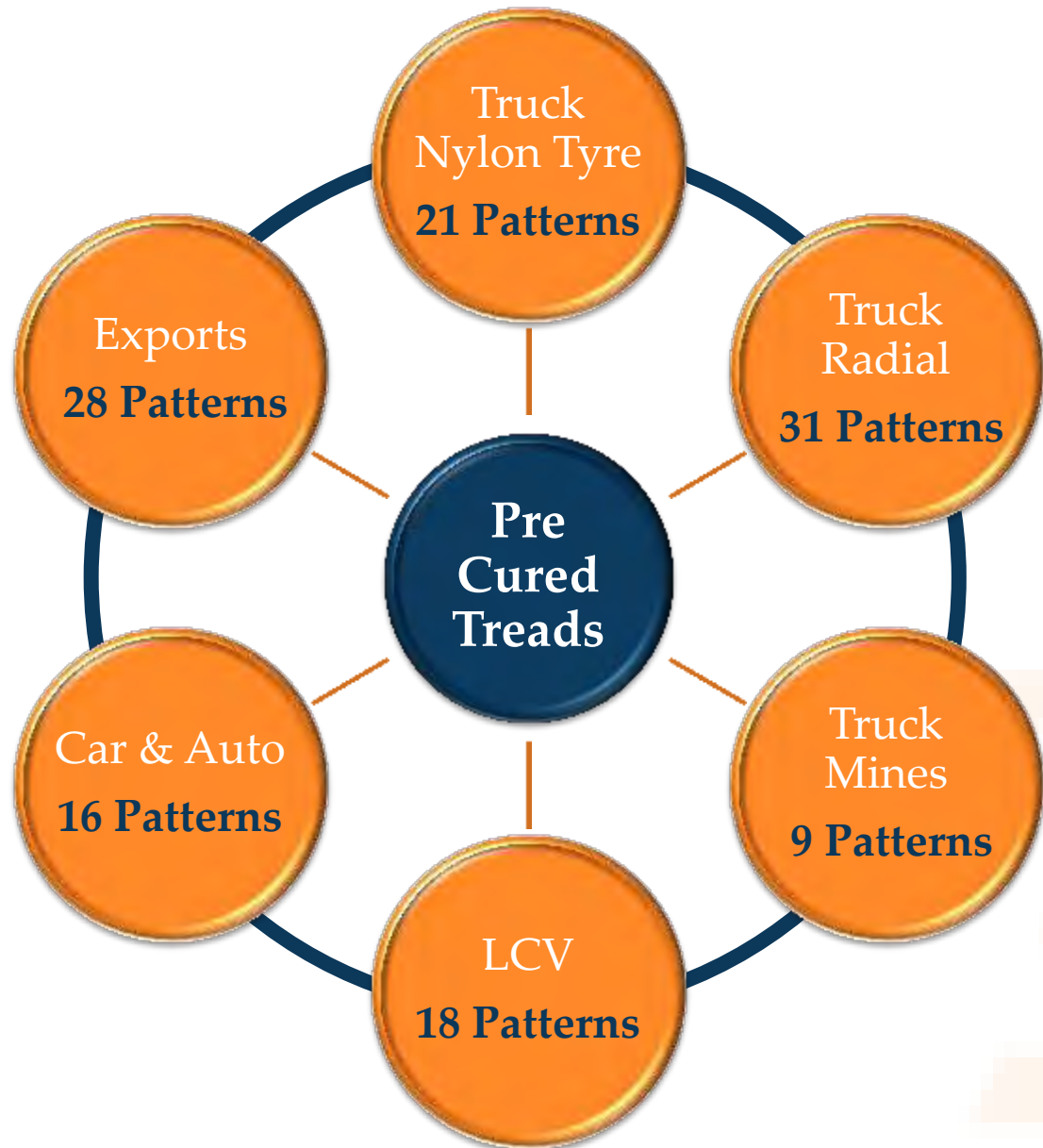
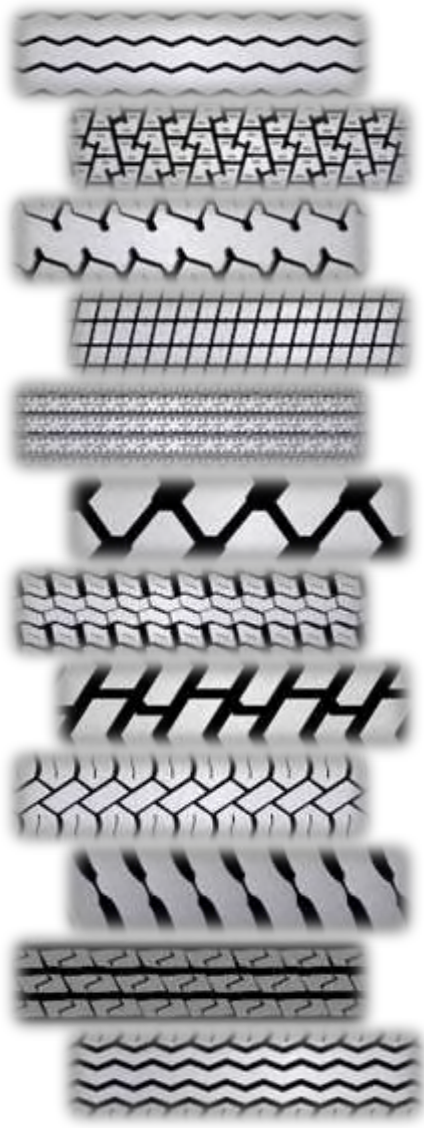
- Made from nylon fabric
- Applications available for nylon and radial tyres
- Wide range of patches for minor to major tyre injury repair
- Economic measure with safety

Production Facility

- Capacity 1,000 tons per month at Oonnukal, Kerala - Tread Rubber- 810 tons, Bonding gum- 78 tons and Black Vulcanizing Cement – 112 KL - Current utilization at ~45%
- Set up optimal manufacturing process driven by a technically proficient workforce and backed by extensive investments in R&D (having 12 member R&D team)
- Facility is on par with world standards having advanced technical hardware equipment



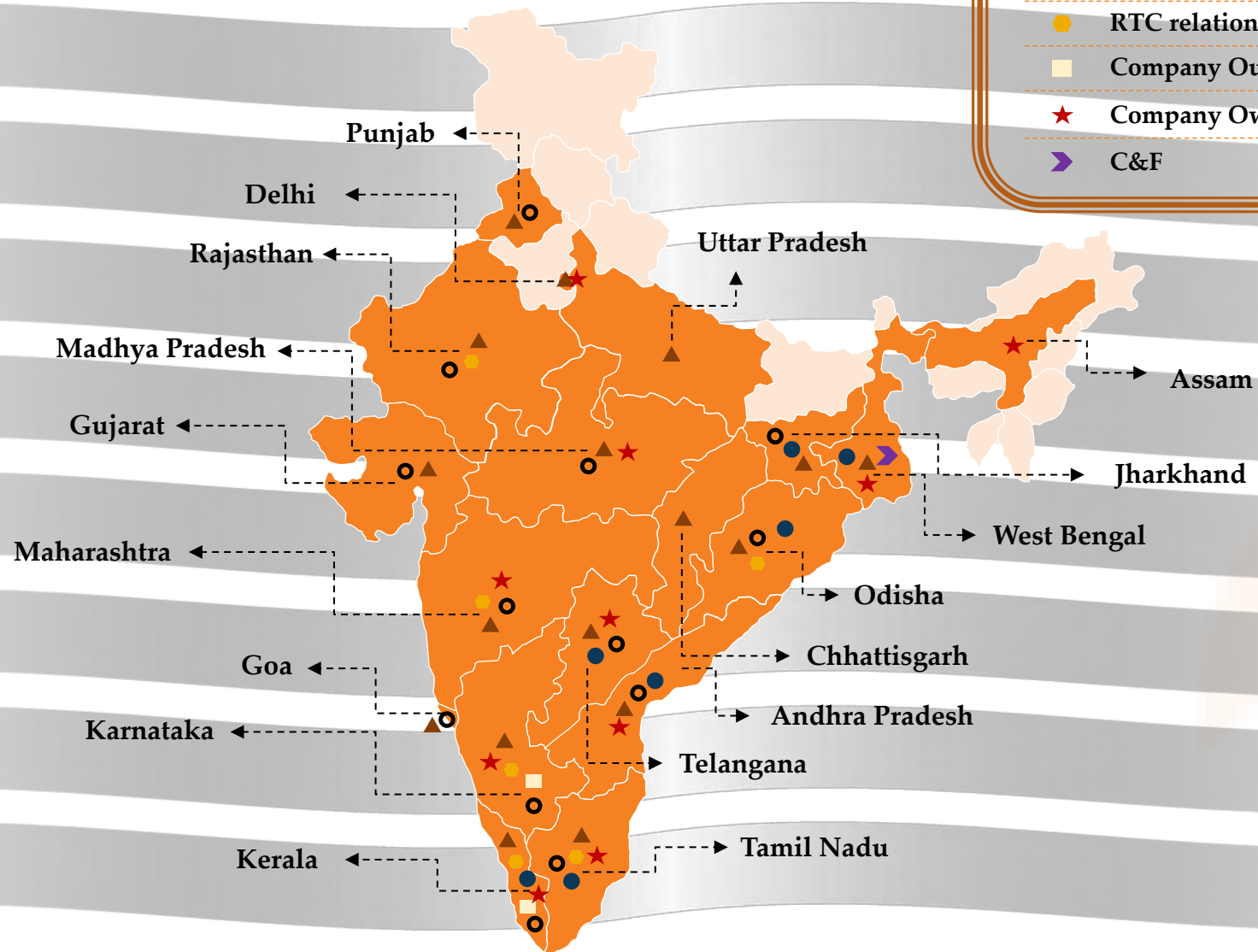
PreCured Treads – Extensive Product Portfolio



Distribution and Support Channels

Dealers	<ul style="list-style-type: none">84 dealers servicing 1,500 plus multi branded retreaders across 17 states – this open market channel constitutes the traditional sales network that uses ETL's products in the retreading process on a non-exclusive basis.
Exclusive Retreaders	<ul style="list-style-type: none">37 Exclusive Retreaders across 13 states – ETL provides a world class ecosystem for its exclusive sales channel based on access to high quality and aesthetic products, improved packaging and reliable channel support resulting in a large number of retreaders aligning with the Eastern Treads brand.
Road Transport Corporations (RTCs)	<ul style="list-style-type: none">ETL has developed strong relationships with Road Transport Corporations (RTC's) across six states namely Kerala, Tamil Nadu, Rajasthan, Karnataka, Odisha, and Maharashtra.
Company Outlets	<ul style="list-style-type: none">ETL has launched two in-house model retreading centers in Bengaluru and Chennai (called Process Evaluation Centers) to demonstrate product application processes and at the same time enhance its brand image in key usage markets.
Infinity Zone	<ul style="list-style-type: none">29 outlets across 8 states – exclusive dealer cum service points focus on providing quality retreading services to truck, bus and other fleets, equipped with sophisticated retreading machines that use high quality material and are operated by well-trained people.
Corporate Sales Team	<ul style="list-style-type: none">Spear headed by persons having rich experience in a similar field with a team size of 46 across India.
Company Depots & C&F	<ul style="list-style-type: none">10 Company owned depots and one C&F across the country for effective and aggressive servicing of all the above channels.
Global Sales Network	<ul style="list-style-type: none">ETL initiated its overseas sales operations with the first consignment of tread rubber shipped to UAE in 2012. Since then, deep relationships have been developed in UAE/Middle East, Saudi Arabia, Kenya, Tanzania, Uganda, South America, Mauritius, Bangladesh, Bhutan, Nepal based on supply world class products. Many of these regions represent a strong, long-term growth opportunity for ETL.

Wide Distribution Presence



Board of Directors & Management Team



Mr. Navas M Meeran - Chairman

Chairman of Eastern Group of Companies with substantial experience in leading businesses across verticals
Chairman, Southern Region Council, Confederation of Indian Industries (CII)
Received 'Kamal Patra' awarded by the Indian Junior Chamber for being an outstanding young entrepreneur of the year in 1994
Previous held positions of Deputy Chairman, CII, Southern Region Council and Chairman, Kerala Chapter



Mr. M.E Mohamed – Managing Director

Retired from Kerala State Housing Board as Executive Engineer
Vast experience in planning and implementing projects
Under his stewardship, ETL is scaling new heights, expanding operations and embarking on several new initiatives



Mrs. Shereen Navaz - Director

Actively involved in group businesses and occupying directorship in various companies



Mr. M.S Ranganathan - Independent Director

More than three decades of service in public sector banks in various capacities
Specialized in Finance and Accounts with wide expertise in finance and administration

Board of Directors & Management Team



Mr. K.S. Neelacanta Iyer - Independent Director

Vast experience and expertise in finance, accounts and company law matters

Practicing Chartered Accountant, Senior Partner with M/s Iyer and Cherian, Chartered Accountants, Cochin



Mr. Naiju Joseph - Director

Hails from a business family of Vazhakulam engaged primarily in tyre retreading industry



Mr. K.V. Rajagopalan Nair - Nominee Director of KSIDC

Retired in 1996 as a Director General of Police, IPS cadre

Recipient of Indian police medal for meritorious service and President's police medal for distinguished service

During police service, was on deputation at CBI for eight years, also served as Managing Director at Travancore Titanium Products Limited, Kerala State Overseas Employment Promotion Consultants Limited and Kerala State Police Housing Corporation



Mr. Rajesh S - Vice President & CFO , WKMP

Two decades of multi-functional experience across business operations, finance, planning, brand management, production, TQM, commercial, regulatory and HR.

Leading operational and financial initiatives at ETL for over five years with P&L responsibilities.



CS Baiju T – Company Secretary & Internal Auditor, WKMP

Fellow Member of Institute of Company Secretaries of India.

Vast experience and expertise in Finance, Accounts, Company Law matters, Listing regulations etc

Strengths - One Stop Solution For All Retreading Needs

Ensure Quality Raw
Material - High Quality
Tread Rubber

Focus on R&D

- Experts For Grading Rubber
- Stringent Quality Plan For Incoming, In process & Finished Product Testing
- Testing And Lab Facilities

Experts For Grading Rubber

- Setup for extensive training & monitoring program to the improve the skills of the employees
- Providing quality On the job Industrial and training

Invests heavily on employee
development and training

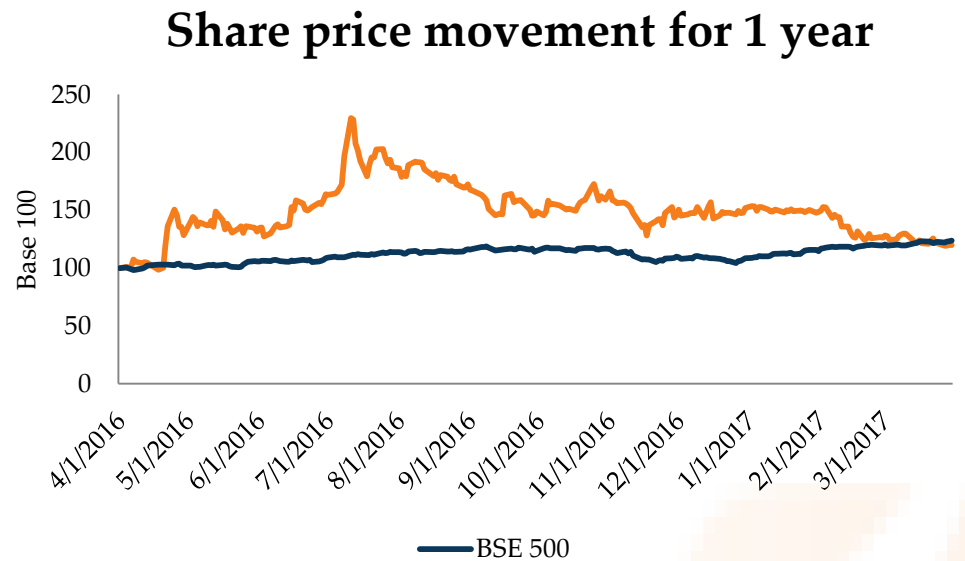
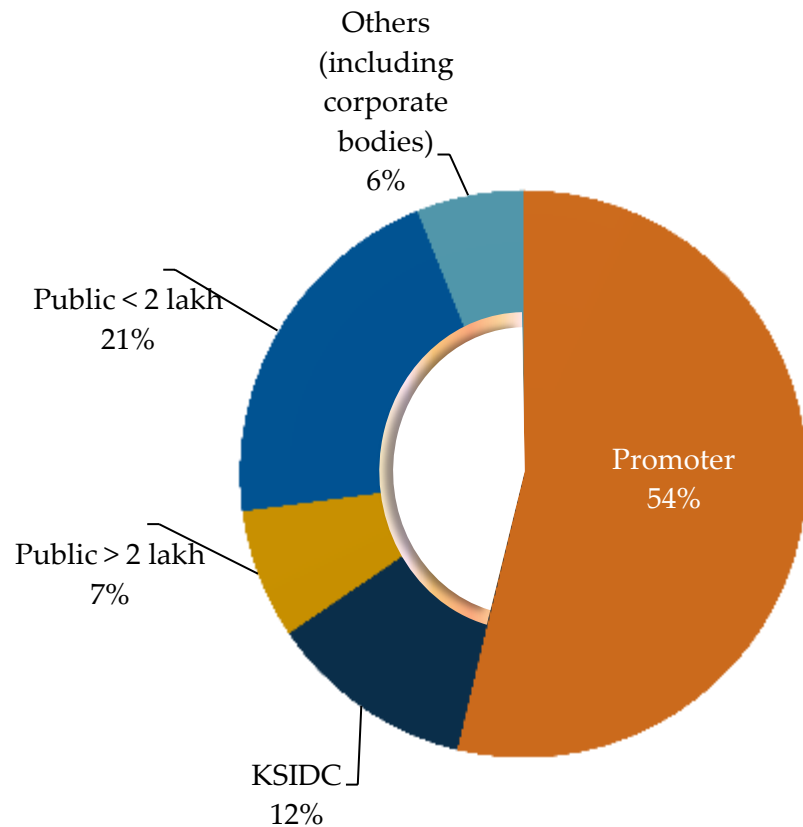
Strong Network

- Present across 17 States having tie-ups with 84 Dealers, 37 Exclusive Retreaders, 29 Infinity Zones
- 10 Company owned depots and 1 C&F

After Sales Service - Help In
Tyre Maintenance

Quality Control & Quality
Assurance

Shareholding Pattern & Share Price Movement



Retreading Industry



Retreading and its types

Retreading is a safe, efficient and environmentally friendly way to breathe new life into worn tyres: The "worn-out" tread of the tyre is replaced with a brand-new one and this means that the tyre can be used again!

There are two techniques for retreading:

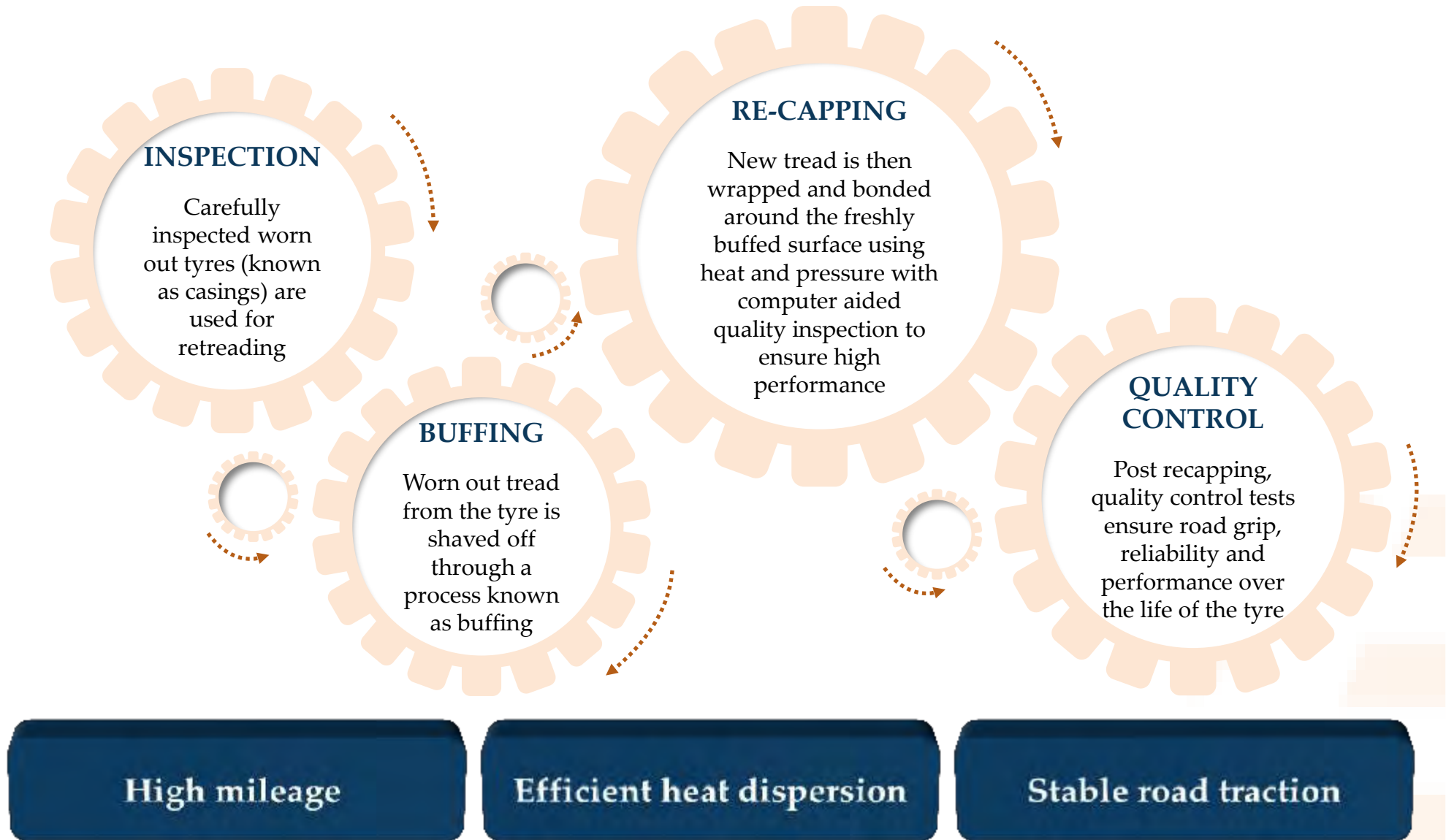
Cold Process Retreading

Precure or "cold" retreading involves vulcanisation **without a mould** at a temperature between 110 °C and 125 °C. The tyre is put together using a pre-vulcanised tread liner (= new tread) and a non-vulcanised bonding gum layer.

Hot Process Retreading

Hot retreading involves the vulcanisation of a tyre in a mould at a temperature of around 150 °C. The tread and the sidewall veneer of the tyre are made up of non-vulcanised rubber compounds. The shape and tread of the tyre are created in the heating press.

Retreading Process



Retreading - Global Usage

United States

- Retreading saves \$ 3 billion annually for the US trucking industry
- In 2013, there were 14.9 million truck tyre retreads vs 15.7 million replacements (almost half the replacement demand was met by retreads)
- Average cost of retread was \$ 250 vs \$ 401 for a replacement

Source: Modern Tire Dealer

Europe

- 4.7 million truck tyres were retreaded in the European Union in 2014
- Truck tyres are designed to be retreaded 3-5 times, aircraft tyres upto 10 times
- 40-45% of truck tyres in the EU market are retreaded tyres

Source: European Tyre and Rubber Manufacturers' Association

India

- 2014 Market Size: Rs. 3,200 crore
- Domestic growth is likely to be robust with double digit CV sales for coming years

Source: Company

Industry Trends



Expanding Road Networks

- Government's targeted construction momentum now 30 kms per day, new project awards of 10,000 kms in FY16 and targeted 12,000 kms in FY17
- Revival of stalled projects and new project momentum has led to completion of 6,300 kms in FY16, 10,000 kms targeted for FY17



Rebounding CV Sales

- Benefits have started accruing from government's focus on developing infrastructure and mining
- Rail freight rates have increased by over 50% from FY12 to FY16, road freight rates remained unchanged
- Tyre replacement demand lags vehicle sales, lag is shorter in case of commercial vehicles

Sales ('000)	FY14	FY15	FY16	FY17E	FY18E
CV	633	615	670	815	920
MHCV	201	233	299	374	402



Industry Trends



More Radialization of Tyres in India

- Improving highway and city road conditions are leading to more radialization of truck tyres
- By 2020, the majority of tyres on Indian roads are expected to be radial tyres, from 40% today
- Radial tyres have 20% longer life and provide better riding comfort
- Retreading a radial tyre consumes 10% more tread rubber and needs more sophisticated capability
- With about 31 radial patterns already in production , ETL is well equipped for future demand for radial tyres
 - More patterns are in R&D and will be introduced with time



Greater Usage of Synthetic Rubber

- Demand from Indian tyre industry currently skewed 65% to natural rubber compared to 45% globally but trend is towards synthetic rubber
- Radial tyres use 70% synthetic rubber compared to 50% in conventional tyres

Industry Trends



GST Implementation

- One-third of the Indian retreading market is currently unorganized and can potentially be consolidated following GST implementation later this year
- Tax avoidance allows unorganized players to offer 20% lower cost – however, quality and safety preferences are already moving customers to industry leaders
- More radial tyres and larger share of market with large fleet owners also leads to consolidation to organized retreaders

Benefits of Retreading

Cost Efficiency

- Retreaded popular truck tyres cost 30%-50% of the price of new tyre
- During a 3 tyre run (1,80,000 km) cycle, about Rs. 43,000 can be saved by a popular size truck

Environment Friendly

- Conserves natural resources –Rubber and Oil
- Reduces environmental pressure from elongating useful life 30kgs of rubber saved per tyre
- Requires ~7 gallons of crude oil to produce a retread as opposed to 22 gallons of oil to manufacture a new tyre

Quality Performance

- Globally, regulations around tyre retreading process have standardized quality; Studies have inferred that retreaded tyres fitted accordingly perform inline with new tyres

Safety

- Globally commercial airline and jet aircrafts use retreaded tyres. 80% of aircraft tyres in the US are retreaded
- Organised retreaded follows stringent industry practiced backed by quality control and technical expertise

Low Capital Investment

- Capital expenditure in setting up a retreading manufacturing facility is comparatively very low

Going Forward



Outlook

Retreading gaining prominence in the domestic market

- Monetary advantages and environmental considerations are aiding popularity of retreaded tyres
- Improving road network, increased economic activity, higher radialisation and potential implementation of GST are all positives for long term growth of the sector
- Rebounding CV sales will leading to expanding market size over the next few years translating to robust medium to long term growth opportunities

ETL aims to be the leading retreading player in India and exports to key markets worldwide

- At the forefront of building a comprehensive ecosystem across the entire retreading value chain
- Extensive and expanding marketing network to penetrate further and establish a pan India presence
- Limited capex for expansion over next 2-3 years, as sizeable production capacities available currently
- To tap and further expand presence in key lucrative markets globally

About Eastern Treads Limited (ETL)

ETL, a brand from the bouquet of the Eastern Group, focuses on manufacturing and marketing tyre-retreading materials like pre-cured rubber, bonding gum, vulcanizing solutions and many other accessories. The Company has a national presence across 17 States having tie-ups with 84 Dealers, 37 Exclusive Retreaders, 29 Infinity Zones and 2 own retreading units which being serviced through 10 depots and 1 C&F's across India. The Company has also a presence in overseas markets of UAE/Middle East, Saudi Arabia, Kenya, Tanzania, Uganda, South America, Mauritius, Bangladesh, Bhutan, Nepal to cater to the heightened demand in the world market for tread rubber.

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Thank You