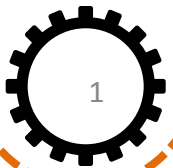




International Conveyors Limited

Belts That Trough

Investor Presentation
August 2015





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Belts That Trough

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Belts That Trough

*“We are the World’s 2nd largest PVC Conveyor
Belting Company”*





An Overview

Belts That Trough

- Over **4 decades of experience** in manufacturing and selling PVC Conveyor Belts
- **45% market share** in Indian underground PVC Belting market
- Supplying ~ **400 km** of conveyor belting annually in underground mines
- Approvals for product use across the geographies of **India, US, Canada, Australia and China**
- Suppliers to leading state-owned Indian and large global potash & coal mining companies
- Started with a Technology licensing agreement with Scandura PLC - expertise gained from worlds leading belting company
- Fully integrated facilities with operations including yarn preparation, fabric weaving, compound mixing, coating, finishing and packaging



Key Milestones

Belts That Trough

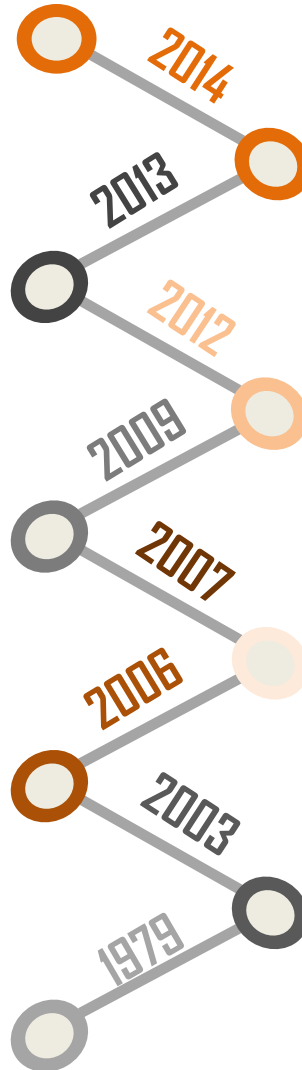
Set up wholly owned subsidiary ICAL in North America

Commenced manufacturing operation at Falta SEZ facility

Approval from Australia and USA for Belting Type 10000

First Export of Mine Conveyor Belting to USA and Canada

Commenced manufacturing operations with a Technical Licensing Agreement with Scandura PLC, UK



Re Approval in Canada for Belting Type 6500 to 12000 as per M422-14

Set up wholly owned subsidiary ICA in Australia

Approval in Canada for Belting Type 12000

Approval for Australia for Type 6500

Received Approval in USA for Type 3500 to 8000 and Canada for Type 4500 to 10000



Leadership Team

Belts That Trough

Mr R K Dabriwala
Managing Director

With over 5 decades of experience and being associated with the business from inception, he has played a major role in growing ICL into a global organization. He is a JEDP – IIM (Kolkata) and OPM (Harvard University). He was first Indian to have partnership with GE for International General Electric (India) Pvt. Ltd. and Elpro International Ltd.

Mr Prasad Deshpande
President

He is a Textile Engineer with over 27 years of experience in manufacturing yarns and fabric for industrial application. Has handled business operations both in India and overseas.

Mr Ashok Gulgulia
Chief Financial Officer

He is a seasoned finance professional and holds a M Com degree and is a qualified CS. He has over 25 years of experience in handling accounts and finance related functions

Mr Pinaki Sen
Marketing Manager

BSc (Chem) MBA (Marketing) and almost 30 years of experience in marketing of conveyor belts

Ms Puja Pincha
Sr. Mgr. Accounts

CA by profession and having almost 5 years of work experience in Project financial and feasibility, accounts and finance.



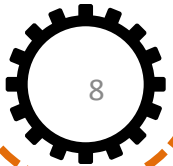
Corporate Structure

Belts That Trough





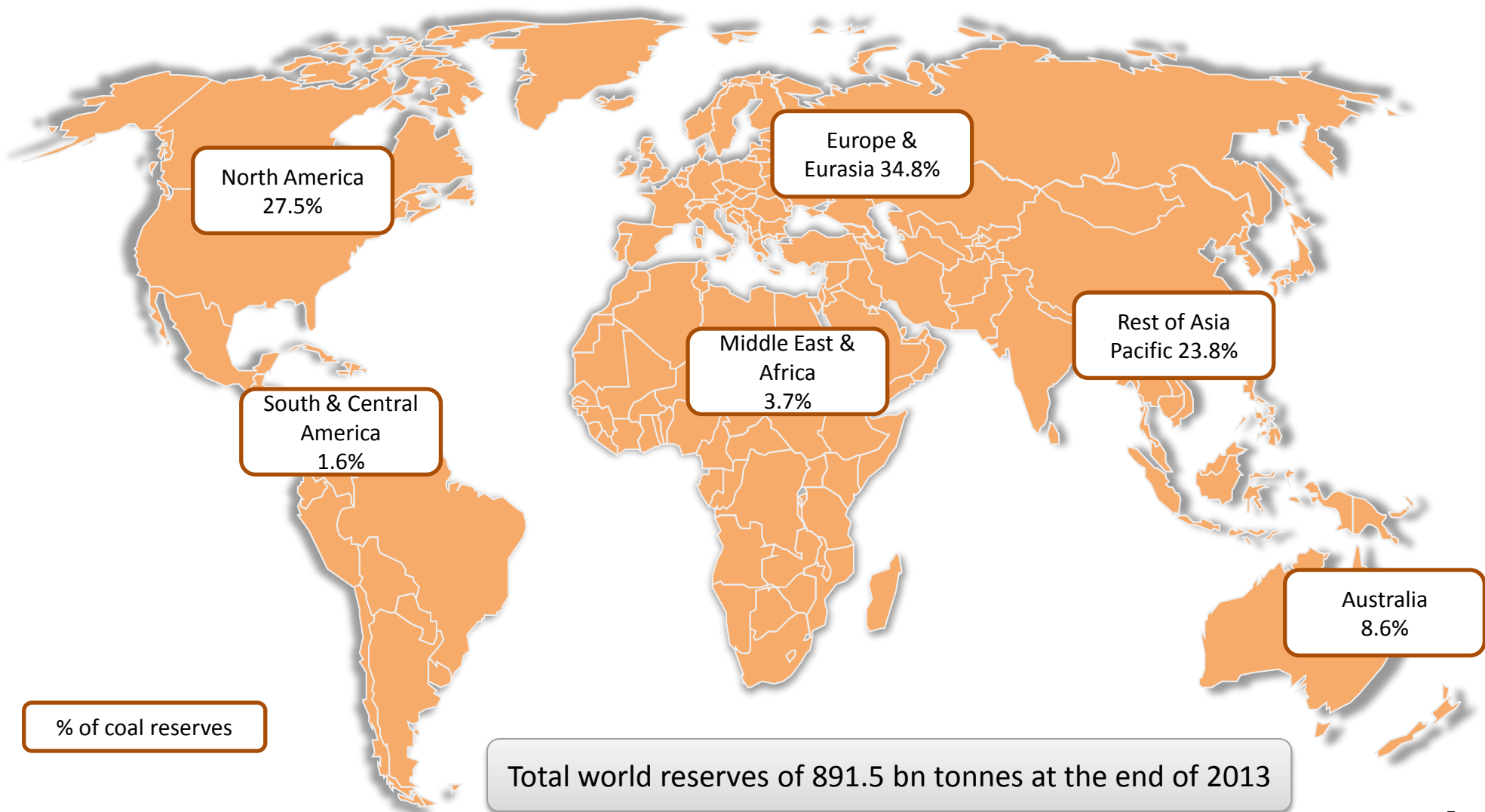
The Industry Structure





Coal Reserves

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Global Coal:

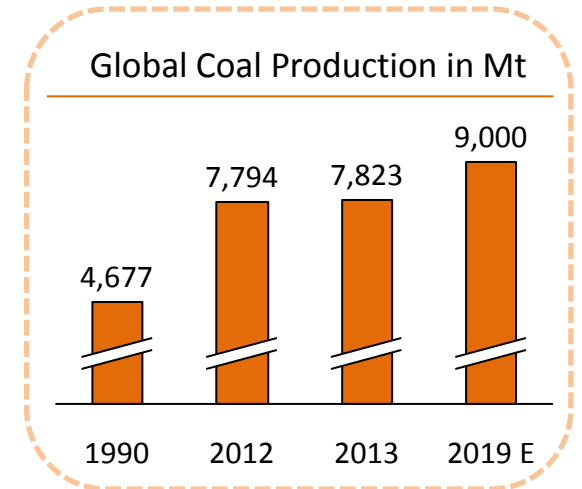
- Globally Coal provides energy needs for around: 30% of primary energy, 40% of worlds electricity, 70% of world steel
- Total global demand for coal is to reach 9 bn Mt by 2019, driven by
 - Growing demand of energy from emerging economies
 - Recovery in natural gas prices

Domestic Coal:

- India aims at producing 700 mn Mt of coal in FY16 from 565 mn Mt in FY14, driven by
 - Recent fresh auction of Coal Blocks to Private parties
 - Rs 8.6 lakh crs Investment in railways part of the FY16 budget plans

Global Potash:

- The US Geological Survey (USGS) sees global potash production capacity reaching 61 million tonnes by 2018, up from 55 million tonnes in 2015
 - Most of the increases would be from new mines in Canada and Russia and expansions of mines in Belarus, Canada, China, and Russia
 - Actual production is estimates at 35 mn tonnes in 2014 while consumption is projected to reach to 38 million tons in 2018 from 36 million tons in 2015





PVC Belting Industry

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Global:

- Estimated at US\$ 2bn globally, PVC Conveyor Belting industry is a niche industry with select players
- Industry serves the basic need of transportation of material in major industries like mining, port, construction, etc.
 - Majority of revenues come from the coal and mineral mining (especially underground mining)
- PVC Conveyor Belting is also a product requiring adherence to stringent technical and regulatory safety requirements as prevalent in various countries
- Major players include ContiTech AG and Fenner Corporation

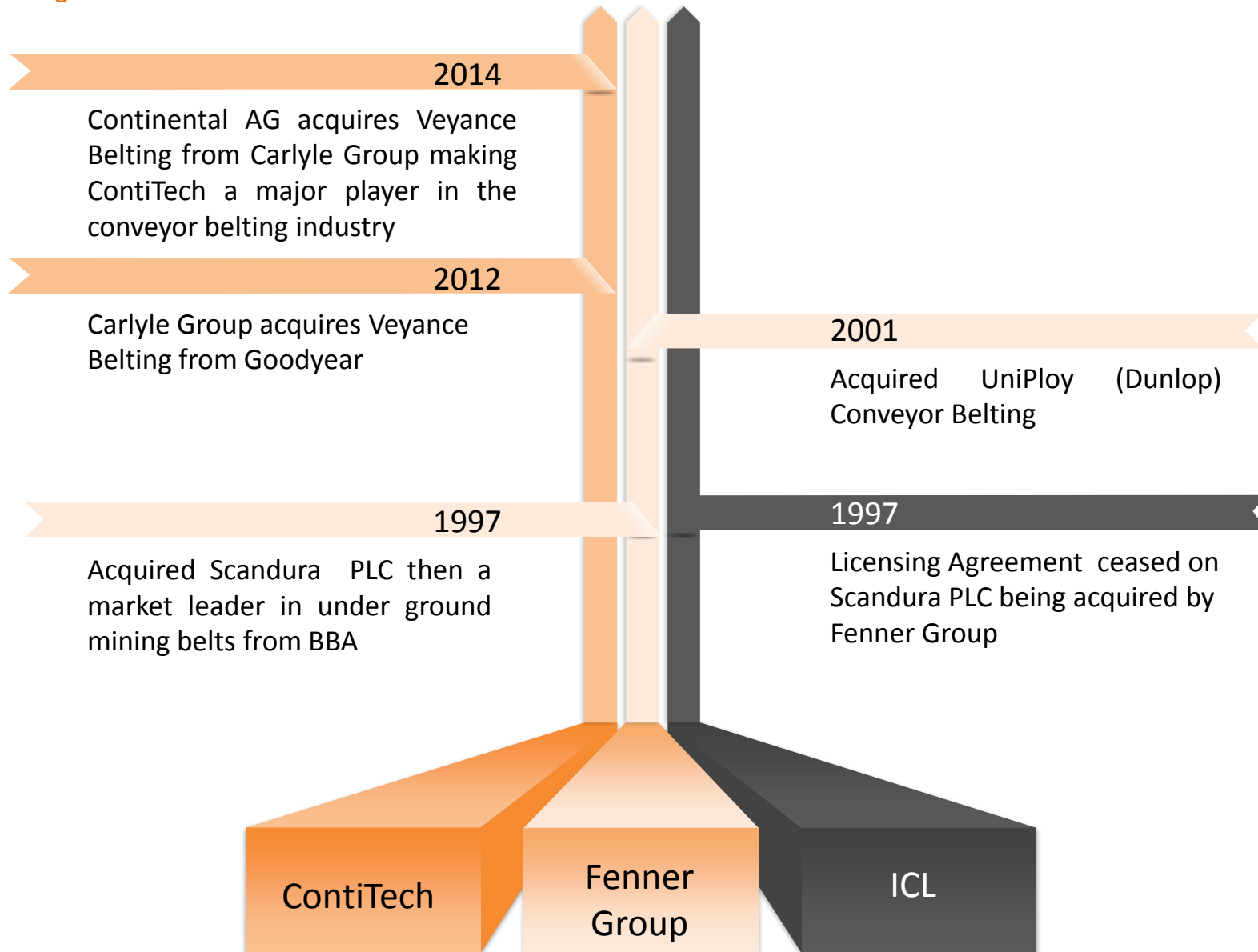
Domestic:

- Indian market size is ~500 km per annum
 - Prominently used varieties are Type 3000, Type 5000 and Type 6000
- Huge opportunity exists for PVC Conveyor Belting in India as mining becomes more mechanized and share of underground mining is progressively increasing, with depleting extractable surface reserves
 - Share of total underground mining for coal exploration in India is at much lower level (19%) as compared with those in China (95%), US (33%) and Australia (23%)
- Major Players Include Fenner Dunlop , Phoenix Conveyor Belting and Continental Belting



Consolidation of Global Belting Industry

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Types of Mining Belts

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Solid Woven PVC

Fire resistant

Mandatory for underground mining

Niche segment – Few large players

Solid Woven Rubber Cover

General purpose use

Can be used in Underground mining with FRAS properties

Very few players

Ply Belting Rubber

Used for Coal, Power & General purposes

High competition - Largest segment

Many players both organized and unorganized

Steel Cord

For heavy duty work

High Capex

Few large players

A photograph of a large industrial machine, likely a roller or mill, in a factory setting. The machine is dark grey or black and is mounted on a yellow metal frame. The text 'Business Overview' is overlaid in white, sans-serif font across the center of the machine. A person wearing a red shirt is partially visible at the bottom center of the frame. The background shows various industrial components, cables, and structural elements.

Business Overview



Business Segments

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Conveyor Belting

Manufactures and markets solid-woven carcass reinforced, FRAS PVC impregnated and PVC -covered conveyor belting

Trading Goods

Sole distributor of Mato Industries, UK for Belt Fasteners and Lacing Machines in India

Wind Energy

Engaged in generation, supply and sale of wind power, with an installed capacity of 4.7 MW with 5 wind mills



Conveyor Belting

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- Fire resistant, anti-static, solid woven conveyor belting majorly used in underground mining and surface applications
- One of the largest exporters of PVC conveyor belting
- **45%** share in PVC conveyor belting in India
- Tailor made as per customer specifications
- Economic cycle of belting is 3-4 years
- **Clients:** Leading state owned Indian mining companies, large global potash & coal mining companies

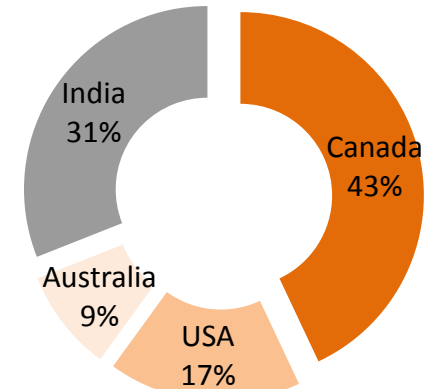
Brands

ICL Goldline

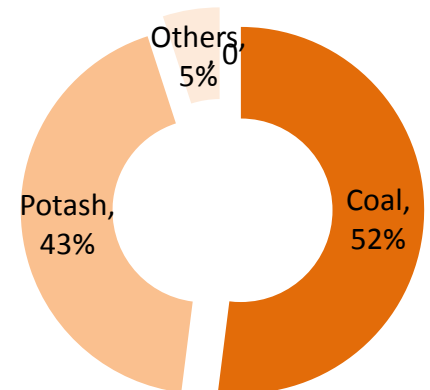
ICL Mineplast

FY15 Revenue

Geographical Break-up



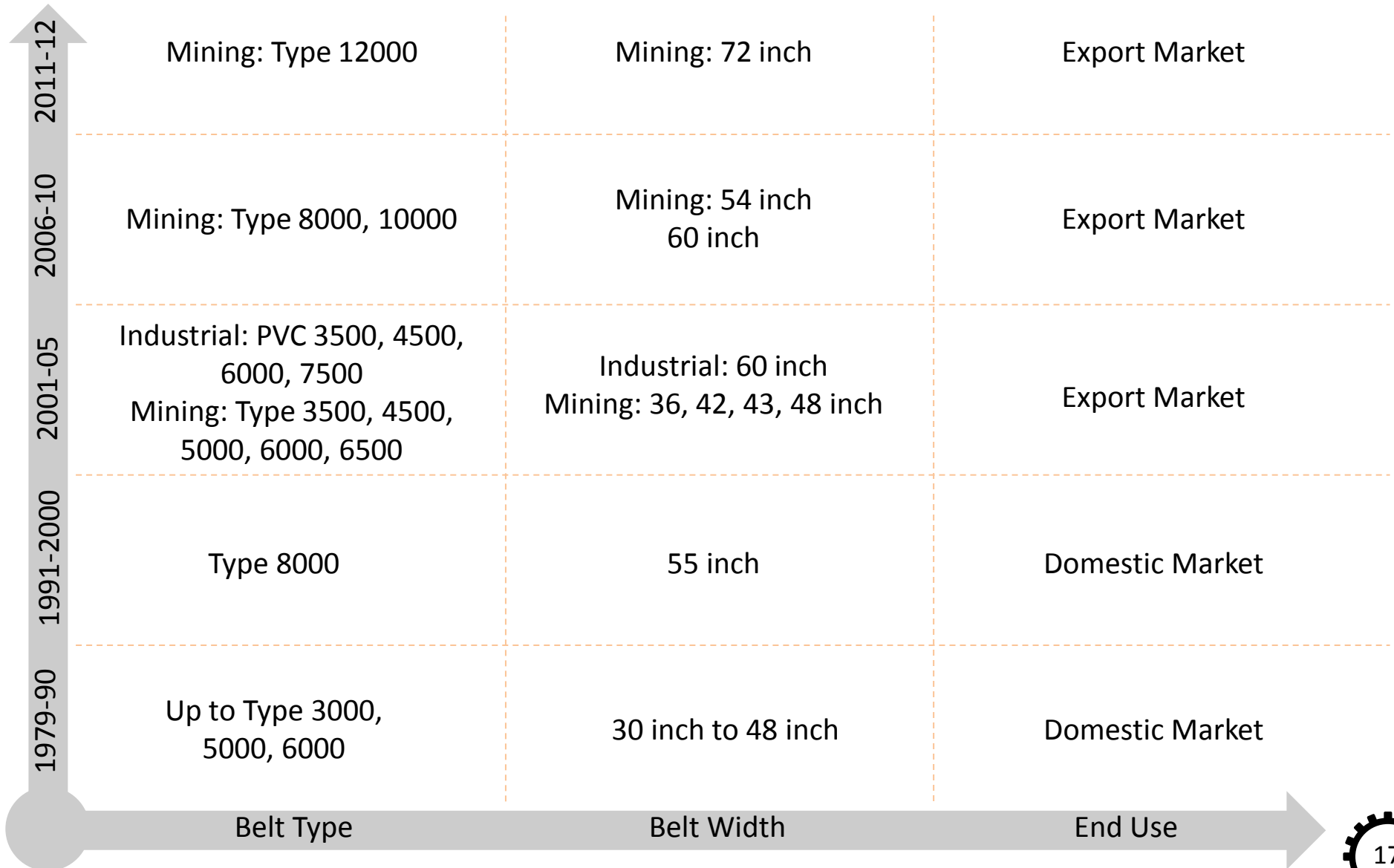
Industry wise break-up





Product Evolution

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Fully integrated manufacturing facilities...

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Efficient manufacturing and
quality control



Aurangabad Maharashtra

- Capacity: 7,00,800 meters
- 2 facilities
- Excellent road infrastructure
- ~350 km from Mumbai Port

Falta SEZ West Bengal

- Capacity: 4,25,000 meters
- SEZ benefits
 - Excise duty, customs duty and service tax exemption
 - Income Tax benefit for 15 years, MAT exception for 5 years
 - Cost benefit: power & labour
- ~50 km from Kolkata Port

A low cost manufacturing base in India



In underground mining, conveyor belting is used under extremely arduous conditions

- Specialized technological knowhow is required to develop high-endurance and FRAS PVC Conveyor Belting
- **Entry barriers:** The technical understanding of such conveyor belting products
 - Possessing high endurance
 - Arduous testing and qualification process.
 - Fire-resistant properties
 - Manufacturing and R&D capabilities
- Leads to the presence of only limited players, globally as well as in India



Ripping Risks

Fire hazards

Explosive environment

High Impact Load

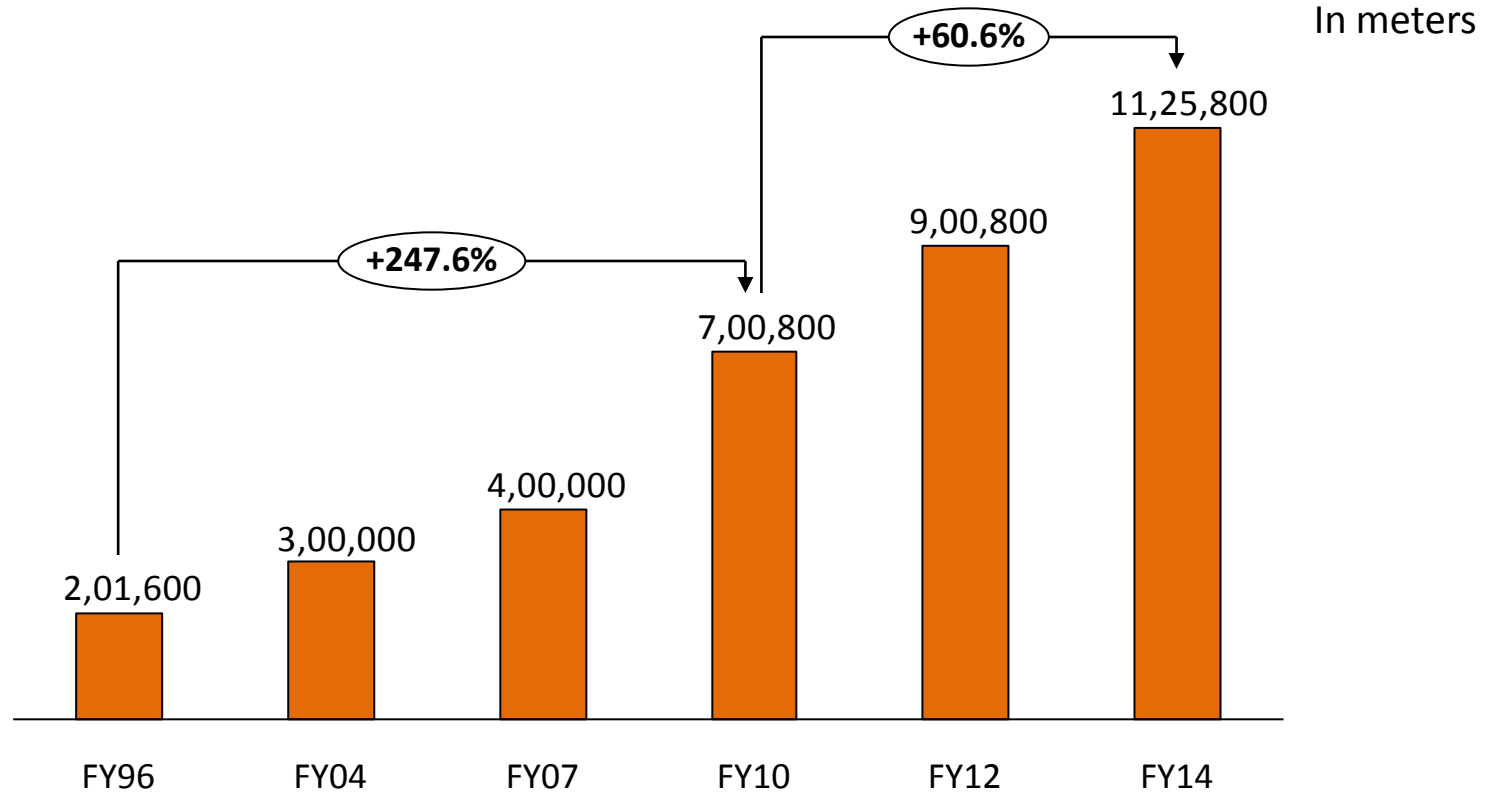
Abrasive Forces

Ingress of polluted/acidic water



Capacity additions in tune with business growth

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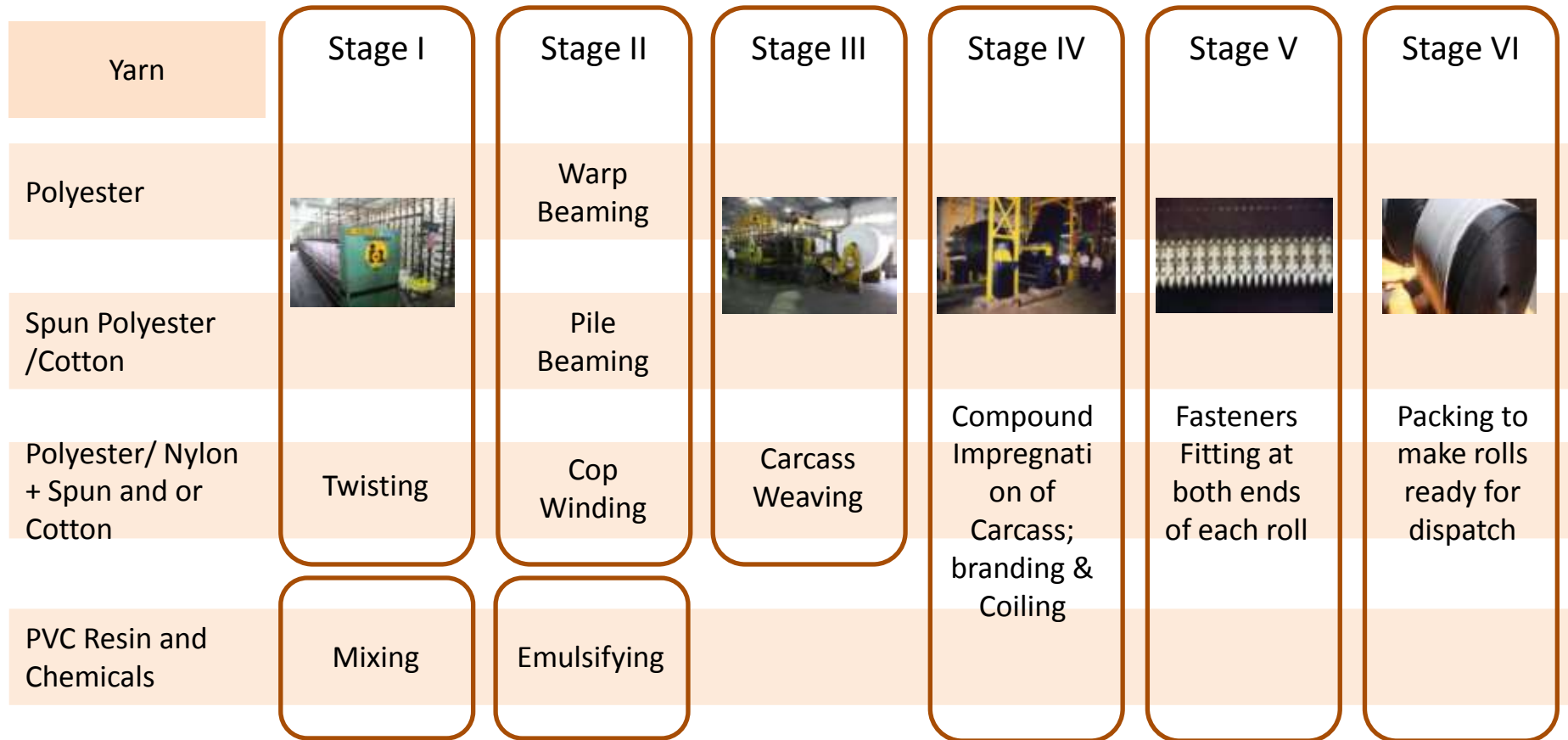


*Manufacturing Capacity is based on standard 3 Ply, 1000 mm belting width



Manufacturing Process

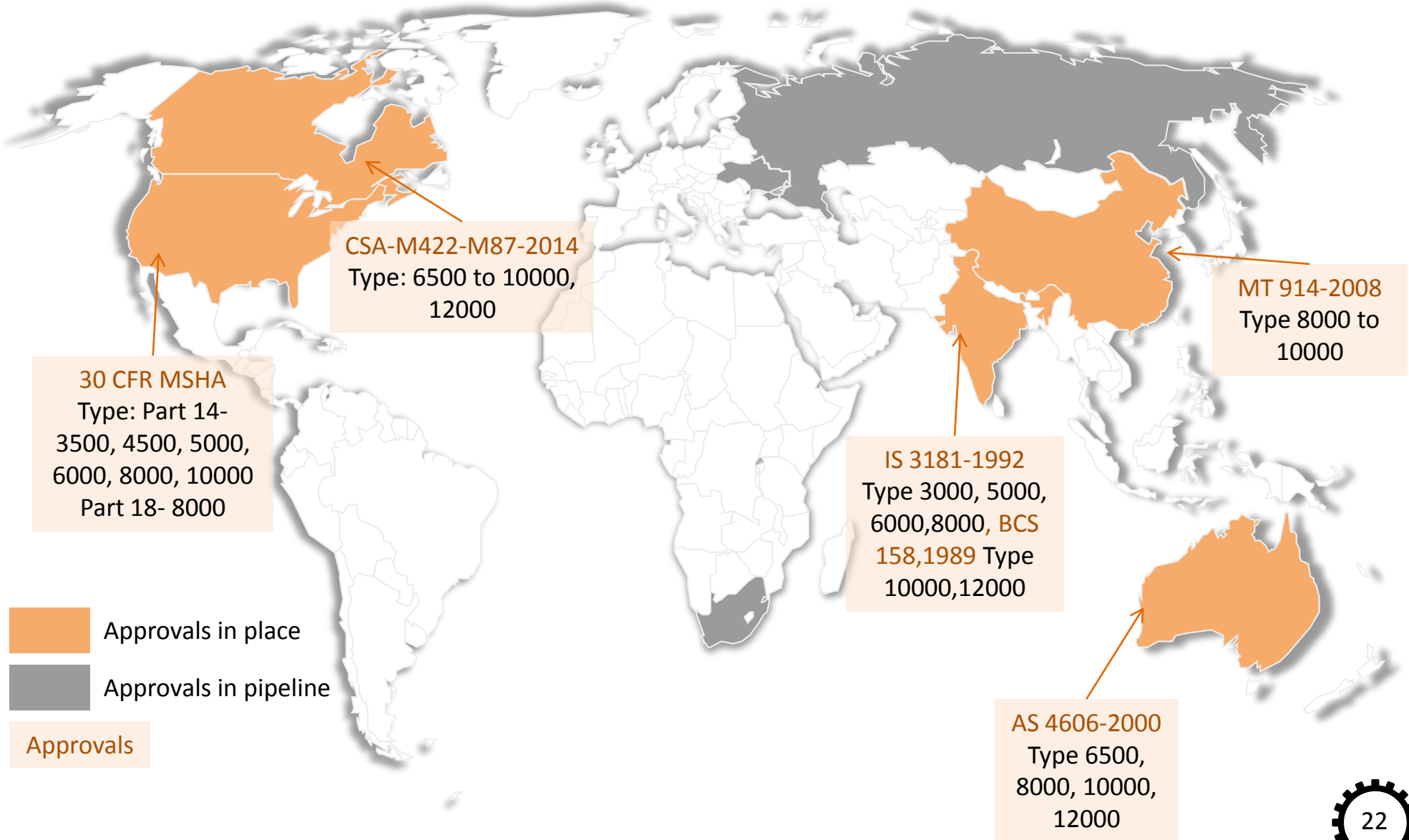
Belts That Trough





Global Approvals

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Wind Mills	Installed Capacity KWH	Utilization %	Value of Production (Rs lakhs) FY15
Chitradurga Dist., Karnatka	14,00,000	84.9%	7.40
Panchpatta Dist., Maharashtra	16,00,000	104.6%	8.31
Kutch Dist., Gujarat	47,00,000	46.0%	24.27
Kurnool Dist., Phase - 1, Andhra Pradesh	17,00,000	95.5%	36.90
Kurnool Dist., Phase - 2, Andhra Pradesh	17,00,000	98.9%	36.83



Key Business Drivers

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Economic life cycle of the belting is minimum 3 years depending on conditions and loads being handled generating a recurring demand

High entry barriers: Separate approval per geography per plant

Product Portfolio includes: FRAS PVC Conveyor Belting, from Type 3000 (610 kN/ m) to Type 12000 (2100 kN/m), catering to various customer requirements

Significant opportunities to grow in China, Australia and USA

Demand for energy and infrastructure to drive coal demand

Reputed Clientele in International and Domestic Markets

Strong R&D capabilities to quickly adapt to regulatory changes in various countries to aid growth in exports to first-world countries





Standalone Profit & Loss

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Rs. Crs	Q1FY16	Q1FY15	YoY%	Q4FY15	QoQ%	FY15
Revenue	26.38	20.96	26%	29.35	-10%	97.40
Raw Material	15.88	13.20		16.44		55.38
Employee Cost	2.34	1.96		2.97		9.23
Other Expenses	6.16	4.58		6.74		20.23
EBITDA	2.00	1.22	64%	3.20	-38%	12.56
<i>EBITDA Margin</i>	<i>8%</i>	<i>6%</i>		<i>11%</i>		<i>13%</i>
Other Income	0.87	1.39		0.42		3.28
Interest	1.43	1.03		1.06		4.84
Depreciation	0.94	1.16		1.22		4.80
Exceptional Item	0.00	0.00		0.00		0.00
PBT	0.50	0.42		1.34		6.20
Tax	0.11	0.15		0.32		1.92
PAT	0.39	0.27	44%	1.02	-62%	4.28
PAT Margin	1.4%	1.3%		3.4%		4.4%



Consolidated Profit & Loss

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Rs. Cr	FY15	FY14	YoY %
Revenue	95.8	131.8	-27.3%
Raw Material	54.3	75.1	
Employee Cost	12.5	9.2	
Other Expenses	24.3	27.8	
EBITDA	4.8	19.8	-76%
EBITDA Margin	5.0%	15.0%	
Other Income	4.4	3.1	
Interest	5.2	4.8	
Depreciation	4.8	6.1	
Exceptional Item	0.0	3.0	
PBT	-0.8	9.0	
Tax	2.2	4.3	
PAT	-3.0	4.7	
PAT Margin	-3.1%	3.6%	

- **FY15 : Sales impacted due to Global Slowdown led by**

- **Americas:** Falling crude oil , natural gas prices, decreased coal exports and a relatively mild winter
- **Australia:** Weakness in commodity prices.
- **India** - Closer of private coal blocks.

- **FY15 : Employee Cost**

- Investments in head count for future growth prospects

- **FY 14 : Exceptional Items**

- Foreign Exchange Loss of Rs 2.97 Crs arising due to buyer credit alignment charges and depreciating INR



Consolidated Balance Sheet

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Rs. Cr	FY15	FY14
Shareholders Fund	74.3	77.7
Share Capital	6.8	6.8
Reserves & Surplus	67.6	71.0
Total Non Current Liabilities	0.8	4.0
Long Term Borrowings	0.7	3.8
Other Long Term Liabilities	0.1	0.2
Total Current Liabilities	81.7	73.6
Short Term Borrowings	54.3	49.3
Trade Payables	13.8	15.1
Other Current Liabilities	13.6	9.2
TOTAL EQUITY & LIABILITIES	156.8	155.3

Rs. Cr	FY15	FY14
Total Non Current Assets	72.7	73.0
Fixed Assets	26.9	31.0
Non Current Investments	42.5	31.9
Long Term loans & Advances	2.1	7.6
Other Non Current Assets	1.2	2.5
Total Current Assets	84.2	82.3
Inventories	23.6	22.3
Trade Receivables	25.2	23.2
Cash & Cash Equivalentents	5.8	5.9
Short Term loans & Advances	28.7	29.5
Other Current Assets	0.9	1.5
TOTAL ASSETS	156.8	155.3



Thank You

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For further information, please contact:

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