

INDAG RUBBER LIMITED

Safety & Reliability Mile After Mile.....

Investor Presentation – Q3 FY18

February 2018

Safe harbor



This presentation and the accompanying slides (the “Presentation”), which have been prepared by Indag Rubber Limited (the “Company”), have been prepared solely for information purposes and do not constitute any offer, recommendation or invitation to purchase or subscribe for any securities, and shall not form the basis or be relied on in connection with any contract or binding commitment whatsoever. No offering of securities of the Company will be made except by means of a statutory offering document containing detailed information about the Company.

This Presentation has been prepared by the Company based on information and data which the Company considers reliable, but the Company makes no representation or warranty, express or implied, whatsoever, and no reliance shall be placed on, the truth, accuracy, completeness, fairness and reasonableness of the contents of this Presentation. This Presentation may not be all inclusive and may not contain all of the information that you may consider material. Any liability in respect of the contents of, or any omission from, this Presentation is expressly excluded.

This presentation contains certain forward looking statements concerning the Company’s future business prospects and business profitability, which are subject to a number of risks and uncertainties and the actual results could materially differ from those in such forward looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, competition (both domestic and international), economic growth in India and abroad, ability to attract and retain highly skilled professionals, time and cost over runs on contracts, our ability to manage our international operations, government policies and actions regulations, interest and other fiscal costs generally prevailing in the economy. The company does not undertake to make any announcement in case any of these forward looking statements become materially incorrect in future or update any forward looking statements made from time to time by or on behalf of the company.



About Retreading

Retreading

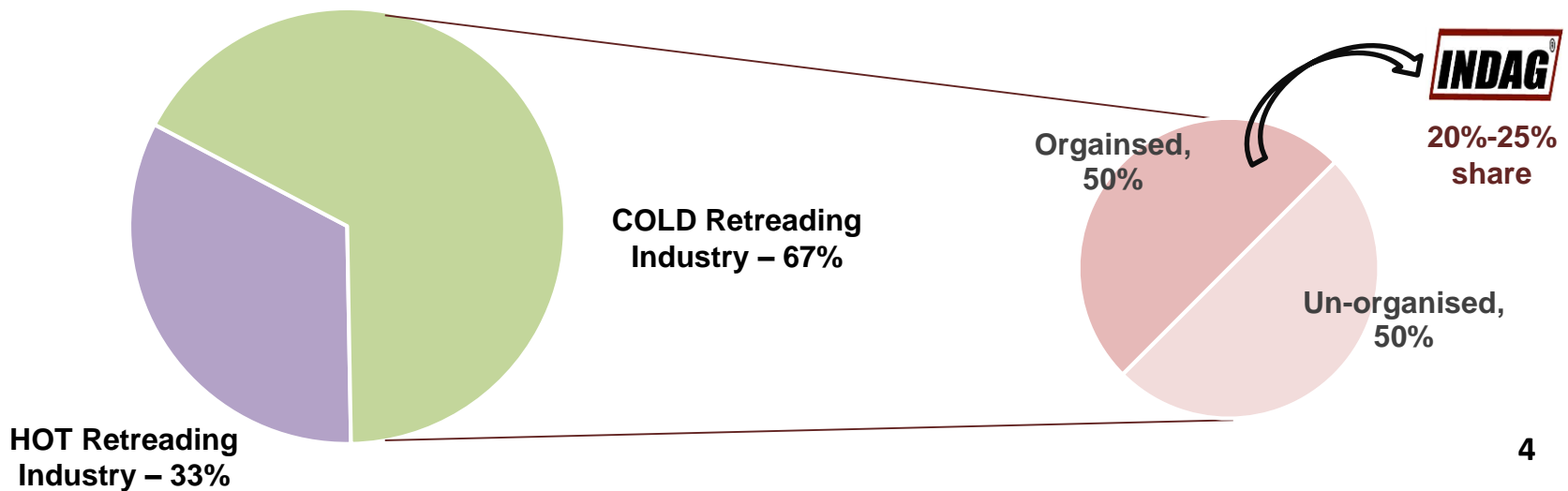


Retreading is a technology where the old tyres are made serviceable by removing worn out and damaged treads and replacing it with new treads

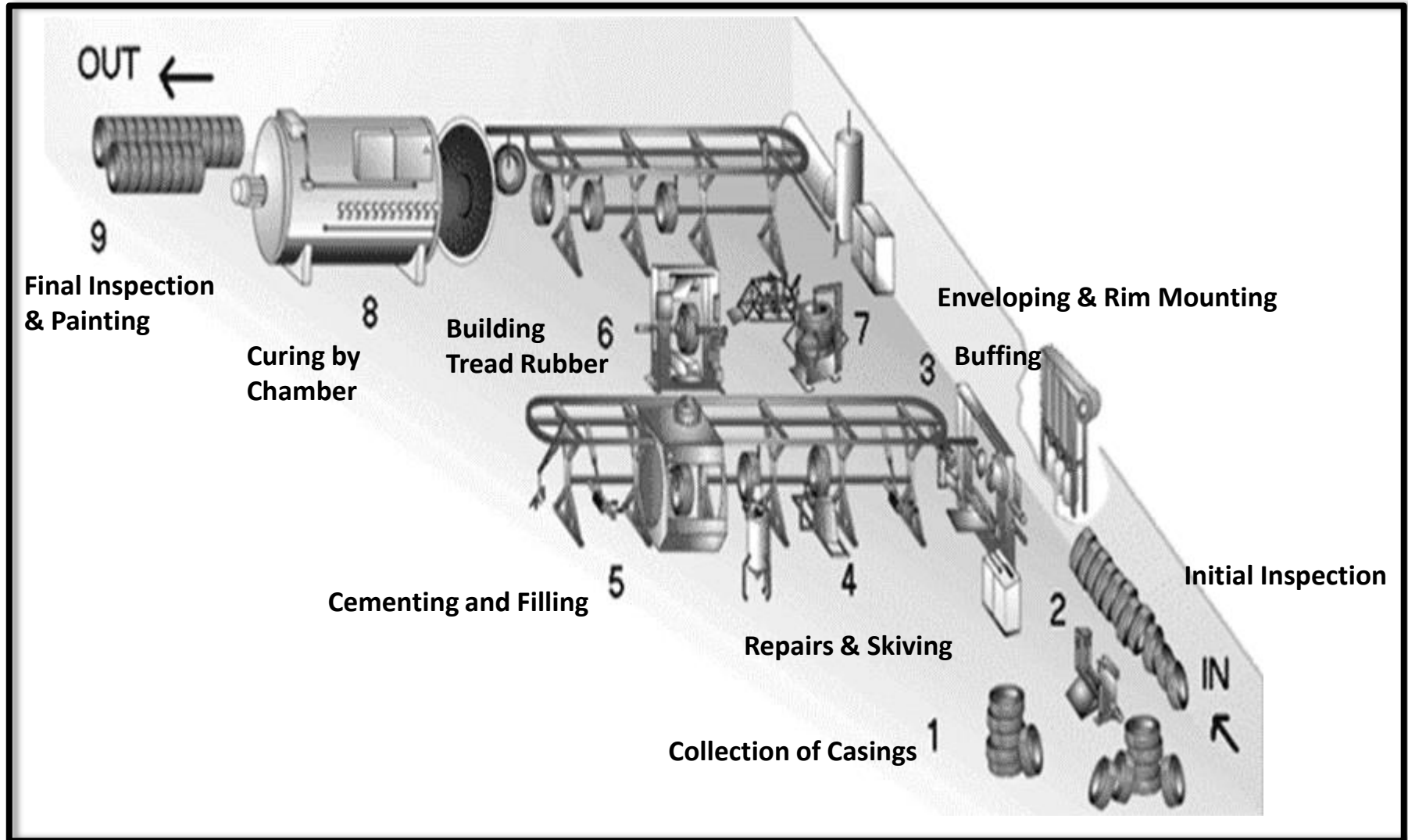
COLD PROCESS

HOT PROCESS

- Precured rubber of high density & available in various tread designs is lined with cushion gum before applying to a buffed casing
- Curing is done in a pressure chamber at low temperature 100°C & pressure
- Uncured rubber is added to a buffed casing & cured in the mold at temperatures of approximately 150°C-160°C
- This temperature allows uncured rubber to flow in the matrix forming the tread design during vulcanization



Retreading Process



Benefits of Retreading



30%-50% of the price of New tyre with life nearly the same as New tyre

In retread tyre only 25% Natural rubber is used whereas; in new tyre around 80% of Natural rubber is required

Appropriate tread can last nearly the same as new tyre

SAVES MONEY

LOW COST - PRODUCTION

DURABLE

LOW INVESTMENT

SAFETY

RECYCLE

ENVIRONMENT FRIENDLY

Only required on the part of the retreading plant (no expensive moulds)

Tested to same stringent performance criteria as new tyre

Extends the life of used tyres thus saving even more energy, CO2 and raw materials with each product cycle

Requires ~7 gallons of crude oil to produce a retread as opposed to 22 gallons of oil to manufacture a new tyre



Business Overview

Company Overview



India's Most Trusted
Tread Manufacturing
Company



Pioneered **Cold Retreading**
technology in India



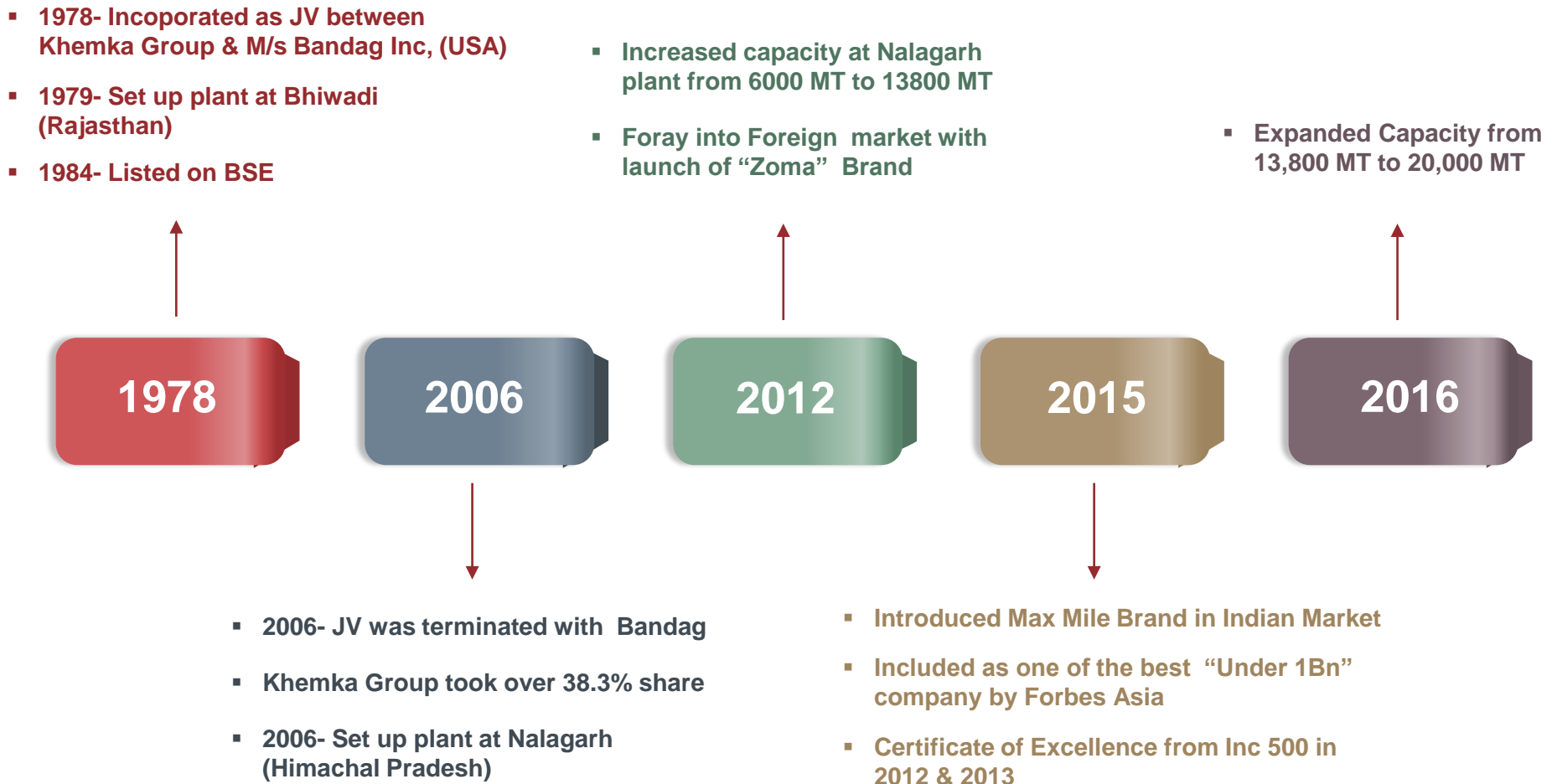
Best Quality with
Reasonable Pricing

**"Lowest Cost Per
Kilometre"**



Distributing through **25 Depots**
across Country

History

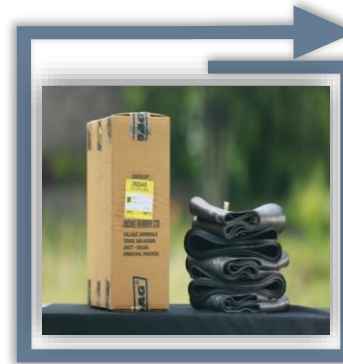


Products



UN – VUNCUNIZED RUBBER STRIP GUM

- Capacity of 1,800MT
- Bonding gum for curing process
- Specifically manufactured to provide longer shelf life



UNIVERSAL SPRAY CEMENT

- Capacity of 1,800KL
- Solution available in Ready to use and Thick forms

PRECURED TREAD RUBBER

- Capacity of 20,000 MT
- Radial and Bias Range
- Range from Passenger to Truck/Bus Tyre
- OTR & Tractor

ENVELOPE

- Various allied products and spare tools used in retreading units/shops

Focused Management



Mr. Nand Khemka
Chairman & Managing Director



- M.S. in Foreign Trade & MBA in Production Management from the Columbia University, New York, U.S.A.
- Over 40 years of experience in promoting and running successfully various organizations

Mr. K K Kapur
CEO & Whole Time Director



- With the company since 2001, served as the CMD of GAIL & MD of Enron India (NG) until 1998
- Post-graduate in Mathematics Member of the Institute of Cost and Works Accountants of India with over 47 years of experience

Mr. Uday Khemka
Director



- Son of Mr. Nand Khemka having more than 24 years of Investment Banking & Entrepreneurial experience in Emerging markets
- Vice-Chairman of the SUN Group of companies

Mr. Shiv Khemka
Director



- Vice Chairman of SUN Group, founded in the early 90's
- Educated at Eton College, Brown University, and the Lauder program at The Wharton School, University of Pennsylvania

Focused Management



Ms. Bindu Saxena
Non Executive Director
(Independent)



Mr. P R Khanna
Non Executive Director
(Independent)



Mr. R Parameswar
Non Executive Director
(Independent)



Mr. J K Jain
Chief Finance Officer



Mrs. Manali D Bijlani
Company Secretary

Manufacturing Facilities



*Single State of the art
manufacturing unit Located
at Nalagarh Industrial Estate
in Himachal Pradesh*

**Advanced Technology in terms
of machinery and equipment's**

**Modern Retreading Cum-
Training centre to impart high
quality**



Brand – Indag, Zoma & Maxmile

**Use superior raw material and
pressed at a high pressure that
gives high performance product
both in term of mileage and tread
life**

**Continuously R&D to develop
superior compounds & enhance
operational efficiencies**



**Only company who uses curing
temperature of 99°C than others
who cure at higher temperature of
125 -150°C**

Flow of Business



Fleet Owners Run
the Vehicles

Treads get Worn
after certain Usage



Buy new Tire

OR

Retread the same Old
Tire



If Cost of
New Tyre is

Rs. 100



**Savings
50-70%**

Cost of Retreaded
Tyre

Rs. 30-50



INDAG RUBBER LTD.

Manufactures & Supplies the

Best Quality with
Reasonable Pricing

*Retreading Products to
Retreaders*



Key Strengths & Opportunities

Our Key Strengths



STRONG DISTRIBUTION NETWORK

We have a PAN India Presence with over 25 depots

TRAINING IMPARTED

Training imparted by Engineers who has unique qualifications of Retreading to achieve Highest standards of Quality while re-treading

INNOVATION

Innovations & Invention of Different Recipes & Patterns

COST EFFICIENCIES

Cost Efficiencies have been maintained throughout thereby improving our Margins .

STRONG FINANCIALS

We have a Strong Balance Sheet with zero Debt having High ROCE

EXPANDED CAPACITIES

We expanded our capacities from 13,800 tonnes to 20,000 tonnes. This helps us to be ahead of the curve

Strong Distribution Network

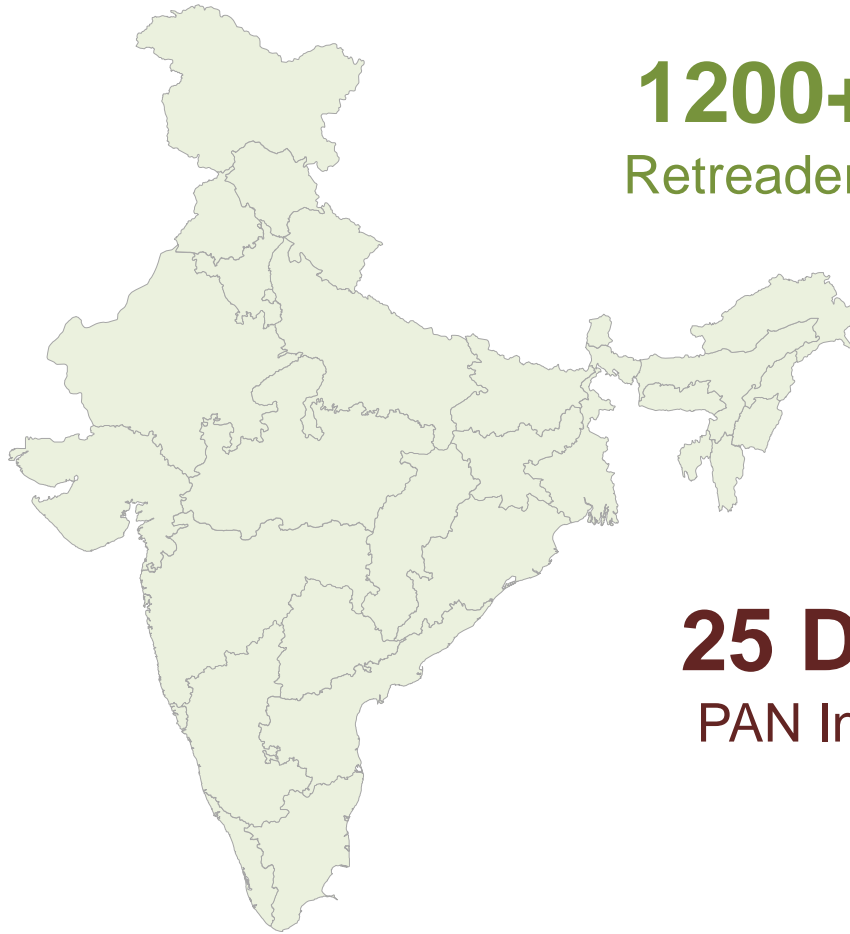


PAN India
Presence

1200+
Retreaders

100-150
Dealers

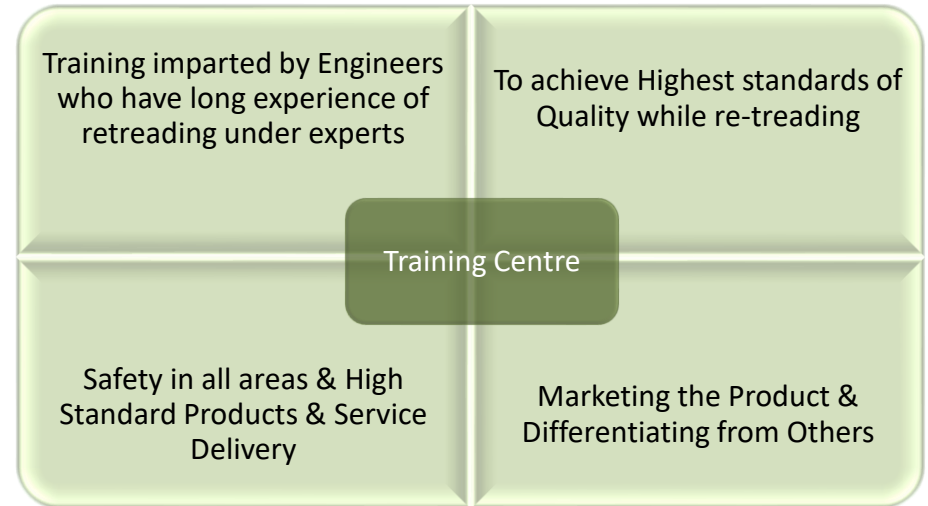
25 Depots
PAN India basis



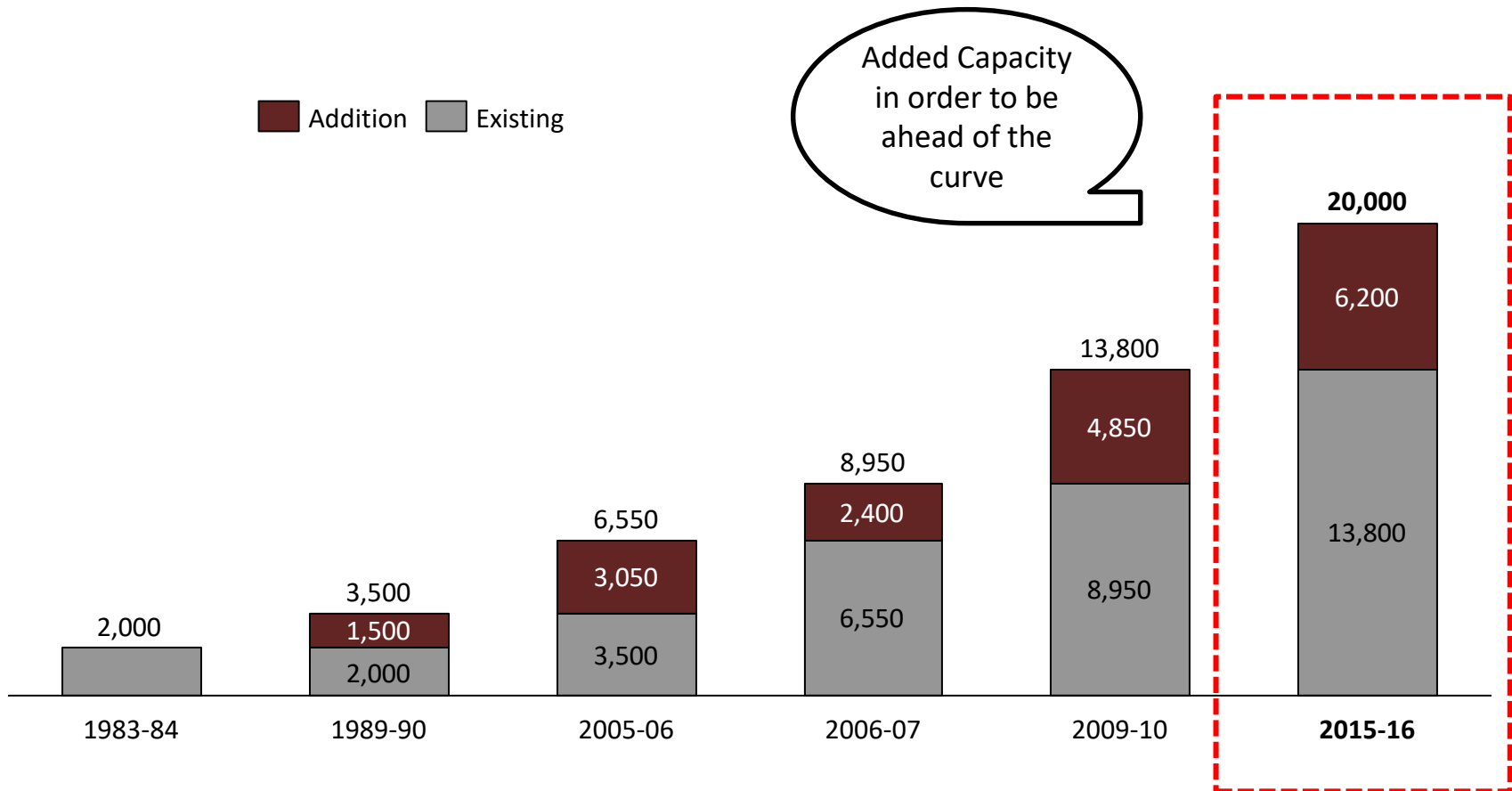
Training Retreaders



- ✓ **Retreaders also get after-sales and support services**
- ✓ **Problem solving and helping with the machinery issues**
- ✓ **Logistic & warehouse support**



Capacity Expanded



- Capacity expansion of 6,200 MTPA is on stream from Q1 FY17
- Capex spent of Rs. 7 crs. on Brownfield Expansion

Opportunities



**Increase in Commercial Vehicle
Sales especially the MHCV segment**

**Improving roads and support
infrastructure**



**Increase in Radialisation
in CV segment**

**Implementation of GST will
narrow the pricing difference
between the organised and
the un-organised**



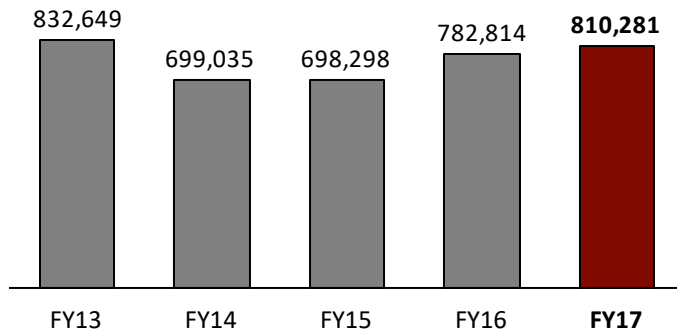
**Reduction in influx/dumping of Chinese
tyres in India after demonetization and
imposition of Anti-Dumping Duty**

**Has further reduced post GST
Implementation**

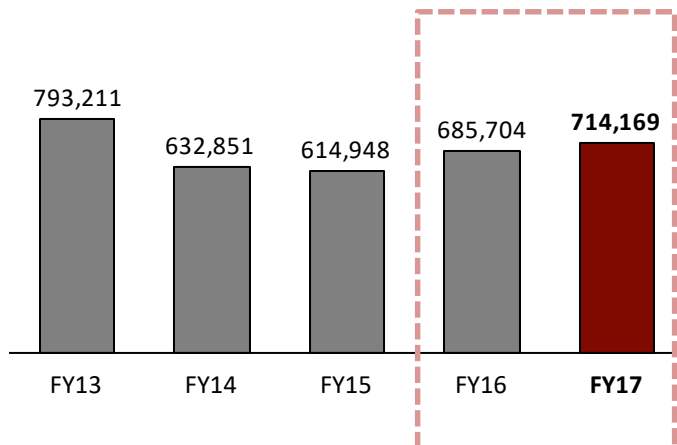
Increase in CV Sales



CV Production Trends

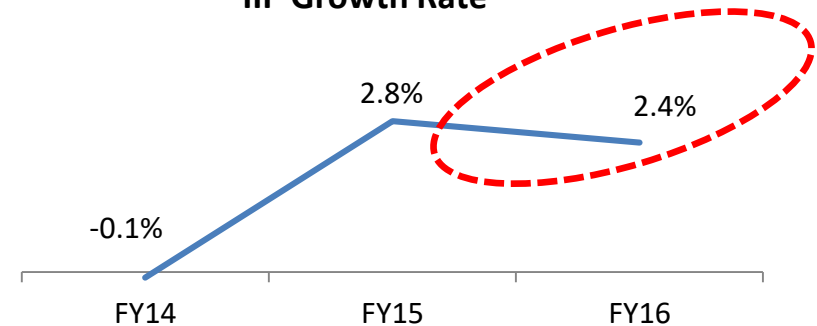


CV Domestic Sales Trends



As Industrial Activity Picks up – More Demand for Commercial Vehicles for Movement of Goods – More Tires worn out – Retreading done on Tires

IIP Growth Rate



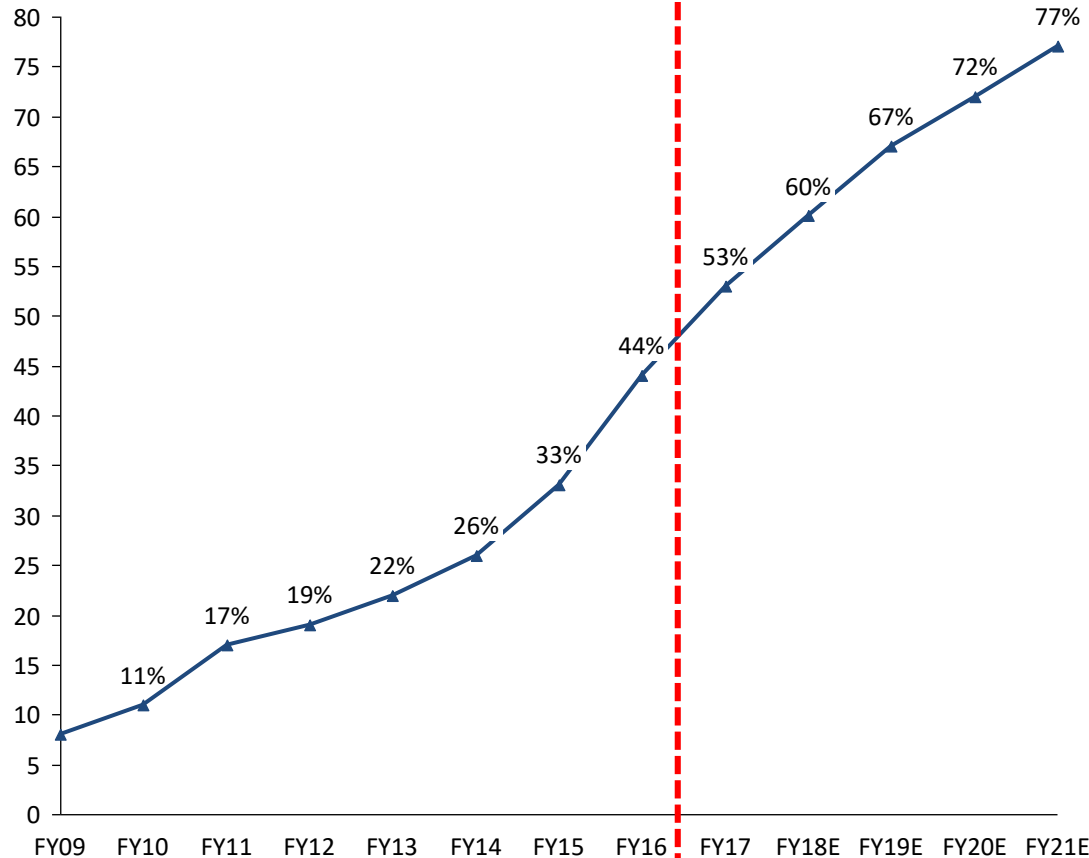
Retreading Industry Picks up with Lag effect

Large Opportunities for Retreading Business in coming years

Increase in Radialisation



Radialisation in Truck & Bus



Radialisation requires: Better Road conditions, No overloading & Proper Maintenance of Vehicles

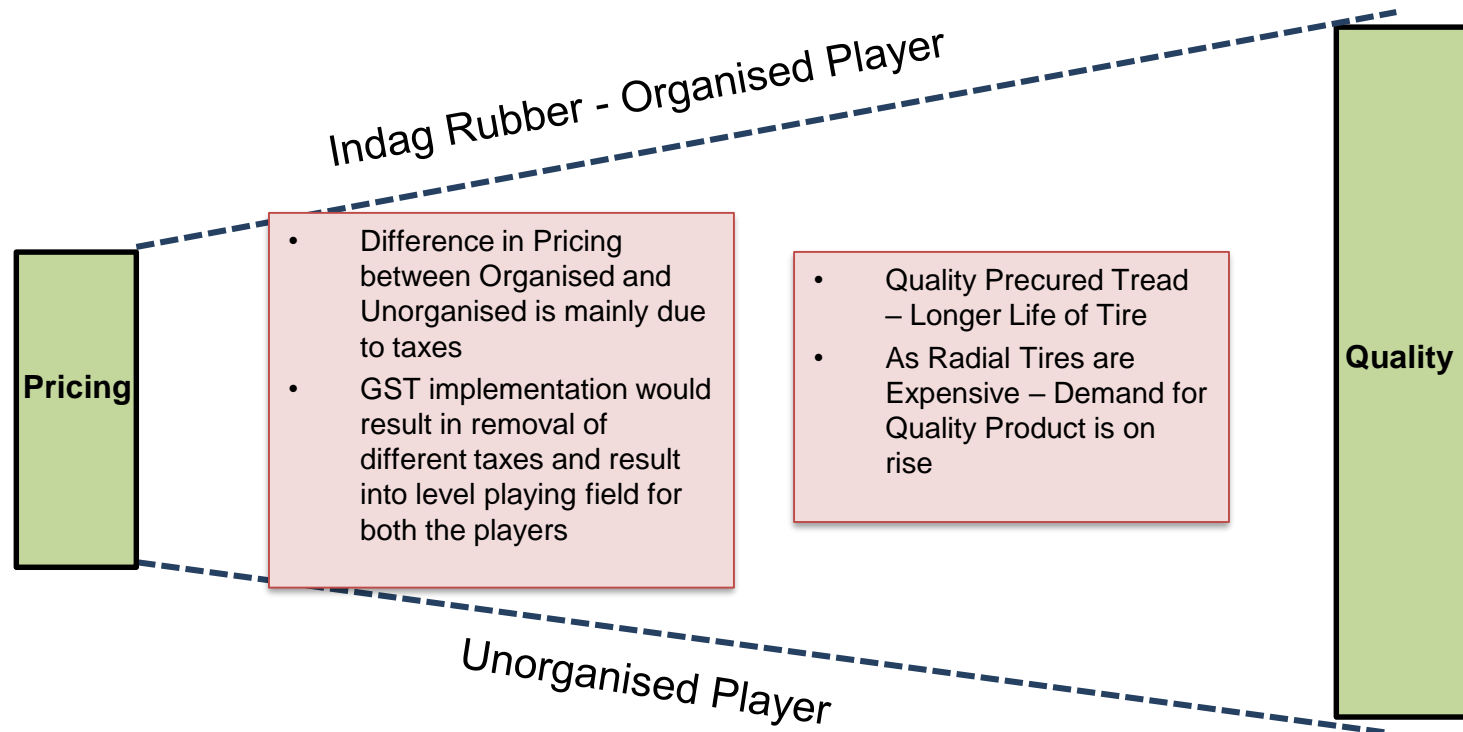
Better Road Conditions - Faster vehicles, running on radials will consume tyres more frequently, narrowing the gap in retreading time by covering larger distances in shorter durations

No Overloading & Proper Maintenance of Vehicles– Will help to reduce Casing Failure , which is pre-condition for Tire Retreading

GST - A Game Changer



Retreading was dominated by Unorganised Players – Slow Shift towards Organised



Company Offers - Best Quality with Reasonable Pricing



Financial Highlights

CEO's Message



Commenting on the Result, Mr. K. K. Kapur CEO, Indag Rubber Limited said,

*"In the quarter gone by, our Company has achieved a **Revenue of Rs. 45 crores with EBITDA and PAT of Rs. 8 and Rs. 5 crores respectively.** We have seen a good jump in volumes from last quarter. We expect this momentum to continue going ahead.*

Post implementation of GST, we have seen a visible shift from the unorganised sector to the organised sector. Once the e-way bill is introduced, we expect further consolidation in the industry and this should benefit us in the long run.

Post the imposition of anti-dumping duty on Chinese tyres, there has been a significant drop in imports. The imports of truck and bus radial tyres from China has approximately halved thus enhancing the demand of domestic tyres which would lead to an increased demand of retreading too.

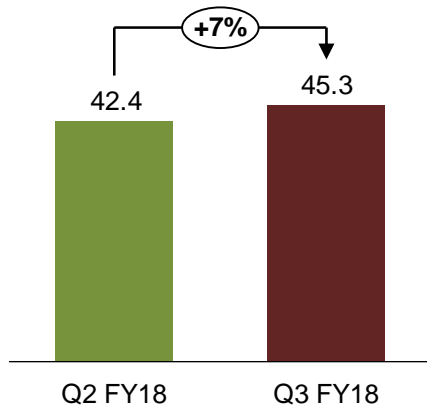
With increased government funding on infrastructure projects and restrictions on overloading of goods, the demand for high tonnage vehicles has also increased. During the first nine months of the year, there has been a significant growth of ~18% in sale of Commercial Vehicles in India. Going ahead, the demand for truck and bus tyres is also expected to grow by 8-10%. This will lead to increased retreading of tyres.

The business has gradually come back to normalcy"

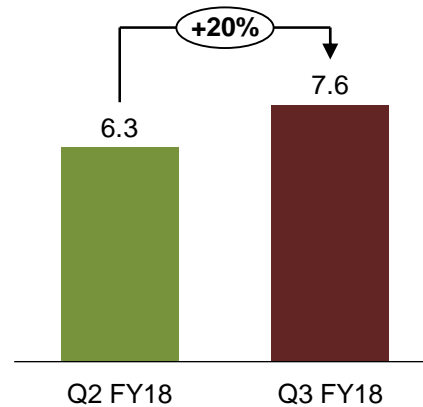
Financial Highlights – Q3 FY18



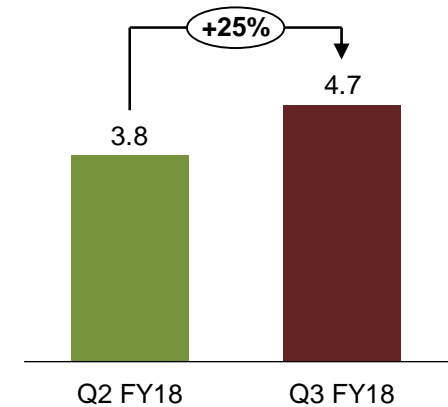
Revenue



EBITDA*

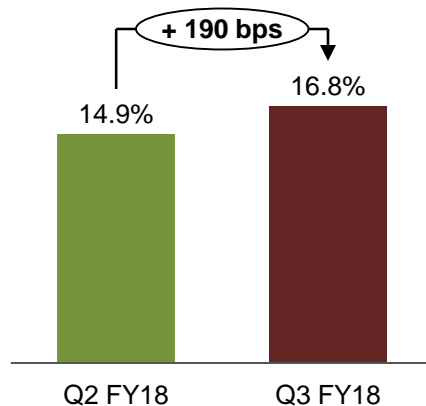


Profit after Tax

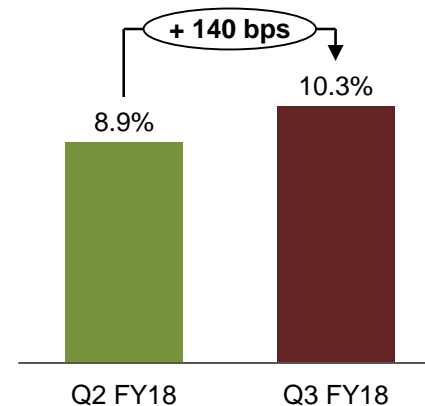


Rs. Crs.

EBITDA Margin* (%)



PAT Margin* (%)



*incl. Other Income

Financial Highlights – Q3 FY18



Particulars (Rs. In Crs)	Q3 FY18	Q2 FY18	Q-o-Q
Total Revenue from Operations	44.4	41.1	
Other Income	0.9	1.2	
Total Revenue (incl. Other Income)	45.3	42.4	7%
Raw Material	27.7	26.1	
Gross Profit	17.6	16.3	8%
Gross Profit %	38.8%	38.5%	
Employee Expenses	4.0	3.8	
Other Expenses	6.0	6.2	
EBITDA	7.6	6.3	20%
EBITDA %	16.8%	14.9%	
Depreciation	0.8	0.8	
EBIT	6.8	5.5	24%
EBIT (%)	15.1%	13.0%	
Finance Cost	0.1	0.1	
Profit before Tax	6.8	5.5	24%
Tax	2.1	1.7	
Profit after Tax	4.7	3.8	25%
PAT %	10.3%	8.9%	
Other Comprehensive Income	1.4	0.1	
Total Comprehensive Income	6.1	3.8	60%
EPS	1.78	1.43	

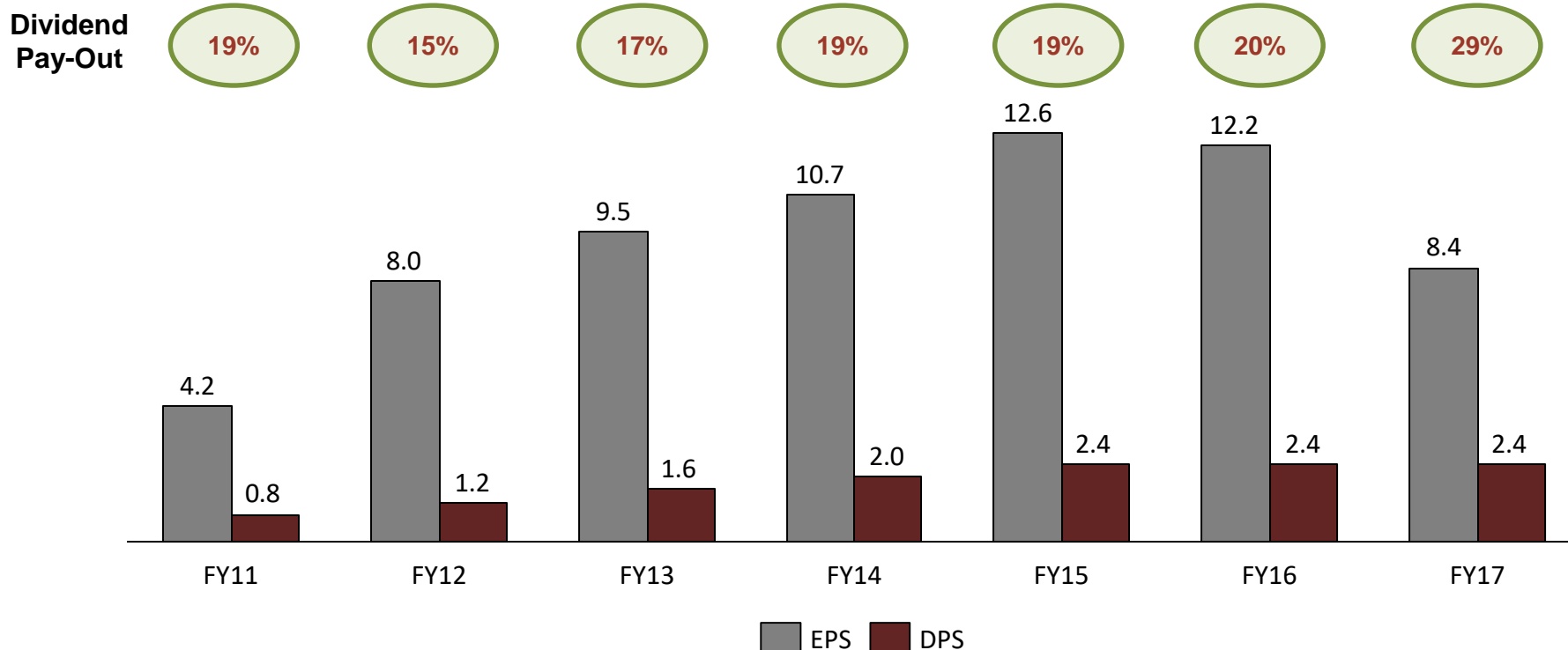
Balance Sheet



Liabilities (Rs. Crs.)	Sept - 17
Equity	
Share Capital	5.3
Other Equity	172.0
Total Equity	177.3
Non Current Liabilities	
Deferred Tax Liabilities (Net)	4.2
Total Non Current Liabilities	4.2
Current Liabilities	
Trade Payables	16.1
Other Financial Liabilities	2.4
Provisions	0.9
Current Tax Liabilities	0.5
Other Current Liabilities	1.8
Total Current Liabilities	21.6
Total Equity and Liabilities	203.1

Assets (Rs. Crs.)	Sept - 17
Non Current assets	
Property, Plant and Equipment's	29.7
Capital Work-In-Progress	0.0
Other Intangible Assets	0.2
Investments	84.2
Loans	0.1
Other Financial Assets	0.8
Income Tax Assets	0.2
Other Non-Current Assets	0.2
Total Non Current Assets	115.5
Current Assets	
Inventories	30.7
Investments	15.9
Trade Receivables	28.2
Cash and Cash Equivalents	2.0
Bank	1.6
Loans	0.3
Other Financial Assets	5.1
Income Tax Assets	0.6
Other Current Assets	3.2
Total Current Assets	87.6
Total Assets	203.1

Consistent Dividend Pay-out



The Board has approved Interim Dividend for the Financial Year 2017-18 of Rs. 0.90/- per equity share of Rs. 2/- each (45%)

For further information, please contact

Company :

Indag Rubber Ltd
CIN: L74899DL1978PLC009038
Mr. Anil Bhardwaj, G.M. (Finance)
anil@indagrubber.com

www.indagrubber.com

Investor Relations Advisors :

Strategic Growth Advisors Pvt. Ltd.
CIN: U74140MH2010PTC204285
Ms. Neha Shroff / Mr. Deven Dhruva
neha.shroff@sgapl.net / deven.dhruva@sgapl.net
+91 7738073466 / +91 9833373300

www.sgapl.net