INDAG®

ISO 9001:2015
ISO 14001:2015

Indag Rubber Limited

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E-mail : info@indagrubber.com, Website: www.indagrubber.com, **CIN-L74899DL1978PLC009038**

Works : Village Jhiriwala, Tehsil, Nalagarh, Distt. Solan, Himachal Pardesh - 174101, India
Phone : 09736000123

January 24, 2020

The Bombay Stock Exchange
Phiroze Jeejeebhoy Towers,
Dalal Towers
Mumbai-400001

(Company code-1321)
(Scrip code-509162)

Sub: Investor Presentation of Q3 & 9M FY2020

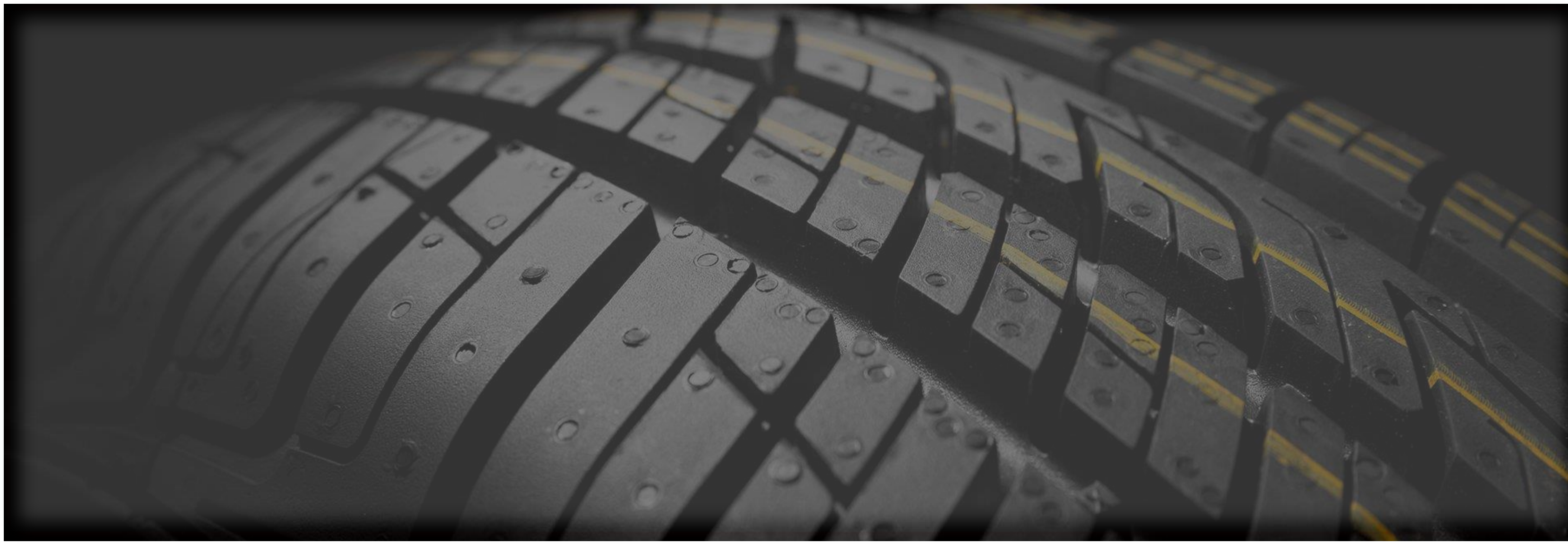
Dear Sir,

Enclosed please find the Investor Presentation of Q3 & 9M FY2020 for the information of the investors and public at large.

Thanking you.

For **Indag Rubber Limited**

Manali D. Bijlani
Company Secretary



INDAG RUBBER LIMITED

Safety & Reliability Mile After Mile.....

Investor Presentation – Q3 & 9M FY20

January 2020

Safe harbor

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About Retreading

Retreading

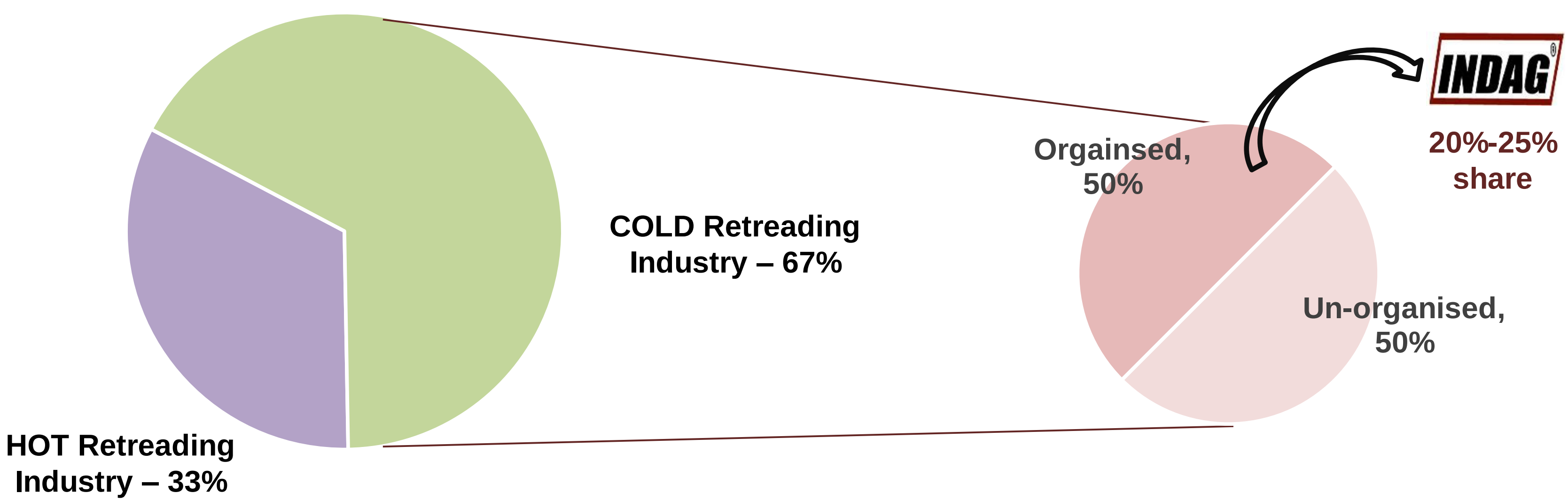
Retreading is a technology where the old tyres are made serviceable by removing worn out and damaged treads and replacing it with new treads

COLD PROCESS

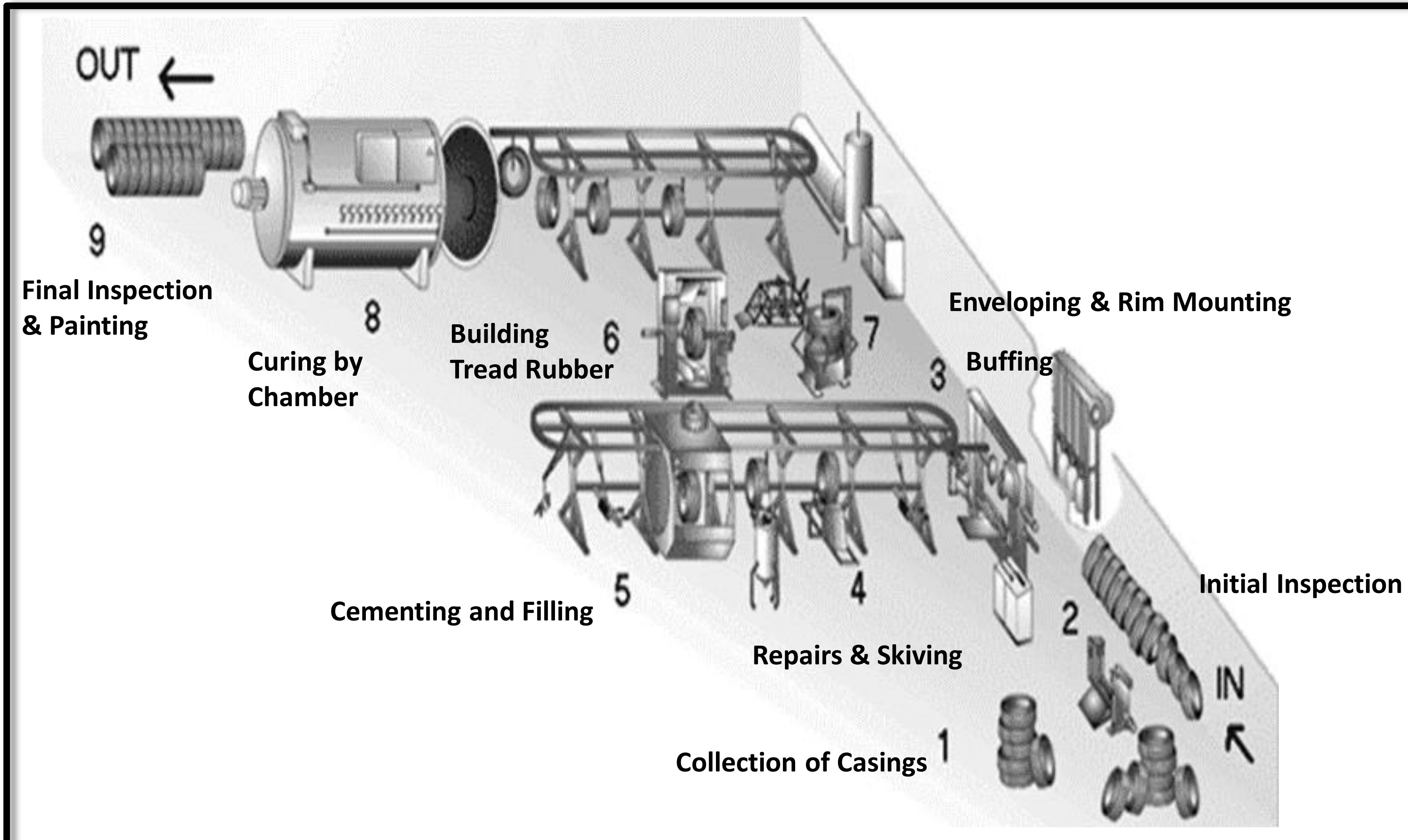
- Precured rubber of high density & available in various tread designs is lined with cushion gum before applying to a buffed casing
- Curing is done in a pressure chamber at low temperature 100°C & pressure

HOT PROCESS

- 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

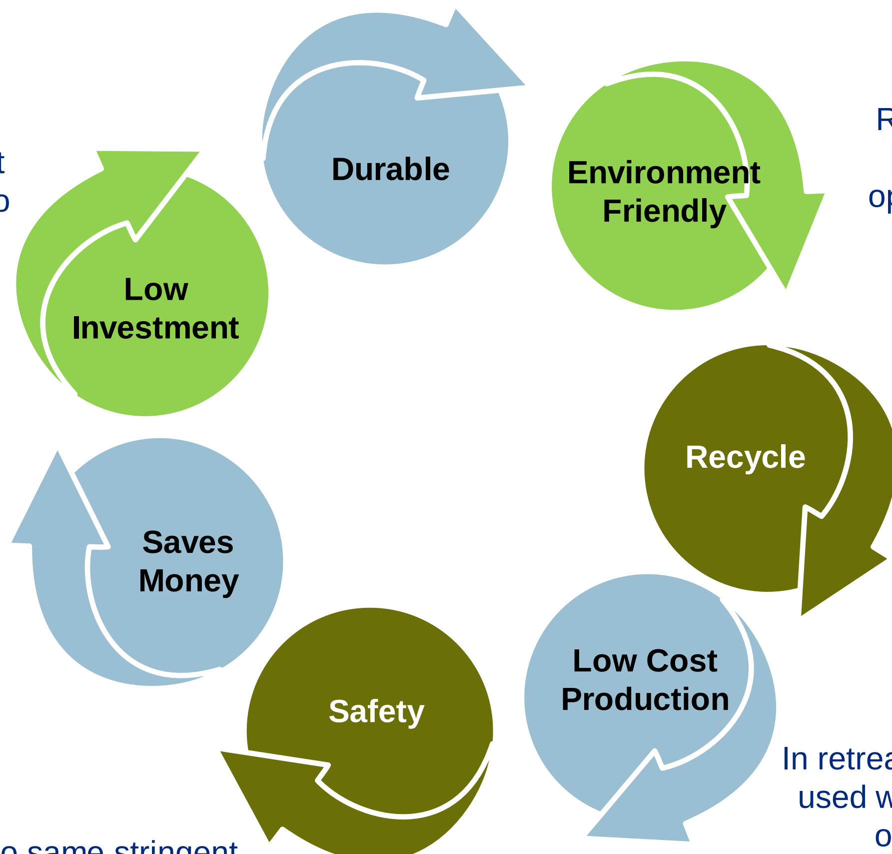


Benefits of Retreading

Appropriate tread can last nearly the same as new tyre

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

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



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

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

Tested to same stringent performance criteria as new tyre

Business Overview

Company Overview

INDAG®

India's Most Trusted Tread Manufacturing Company

Pioneered Cold Retreading technology in India

Presence in All types of Commercial Segments

Best Quality with Reasonable Pricing

"Lowest Cost Per Kilometre"

Distributing through 25 Depots across Country

History

INDAG®

1978

- 1978- Incoporated as JV between Khemka Group & M/s Bandag Inc, (USA)
- 1979- Set up plant at Bhiwadi (Rajasthan)
- 1984- Listed on BSE

2006

- 2006- JV was terminated with Bandag
- Khemka Group took over 38.3% share
- 2006- Set up plant at Nalagarh (Himachal Pradesh)

2012

- Increased capacity at Nalagarh plant from 6000 MT to 13800 MT
- Foray into Foreign market with launch of “Zoma” Brand

2015

- Included as one of the best “Under 1Bn” company by Forbes Asia
- Certificate of Excellence from Inc 500 in 2012 & 2013

2016

- Expanded Capacity from 13,800 MT to 20,000 MT

Products

INDAG®

PRECURED TREAD RUBBER

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

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

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

Mr. Bindu Saxena

Non Executive Director
(Independent)

Mr. P R Khanna

Non Executive Director
(Independent)

Mr. R Parameswar

Non Executive Director
(Independent)

Mr. Harjiv Singh

Non Executive Director
(Independent)

Mr. Vijay Shrinivas

Chief Commercial Officer

Mr. J K Jain

Chief Finance Officer

Mrs. Manali D Bijlani

Company Secretary

Manufacturing Facilities

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

Advanced Technology in terms of machinery and equipment

Modern Retreading Cum-Training centre to impart high quality of training

Brand – Indag & Zoma

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 -150ºC

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

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

INDAG®

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

AFTER SALE SERVICES

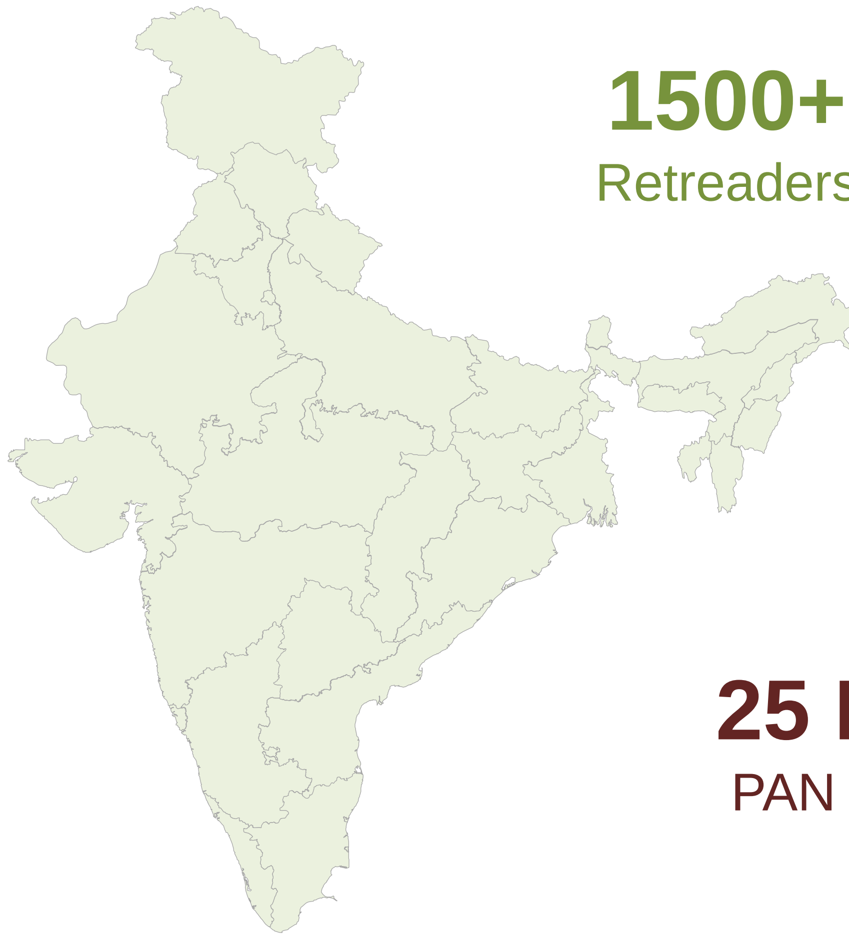
Retreaders get after-sales and support services with regards to machinery issues

We also provide Logistic & warehouse support

Strong Distribution Network

PAN India
Presence

1500+
Retreaders



200+
Dealers

25 Depots
PAN India basis

50+
Sales Team

Map not to scale. All data, information and maps are provided “as is” without warranty or any representation of accuracy, timeliness or completeness.

Training Retreaders

Training imparted by Engineers who have long experience of retreading under experts

To achieve Highest standards of Quality while re-treading

Training Centre

Safety in all areas & High Standard Products & Service Delivery

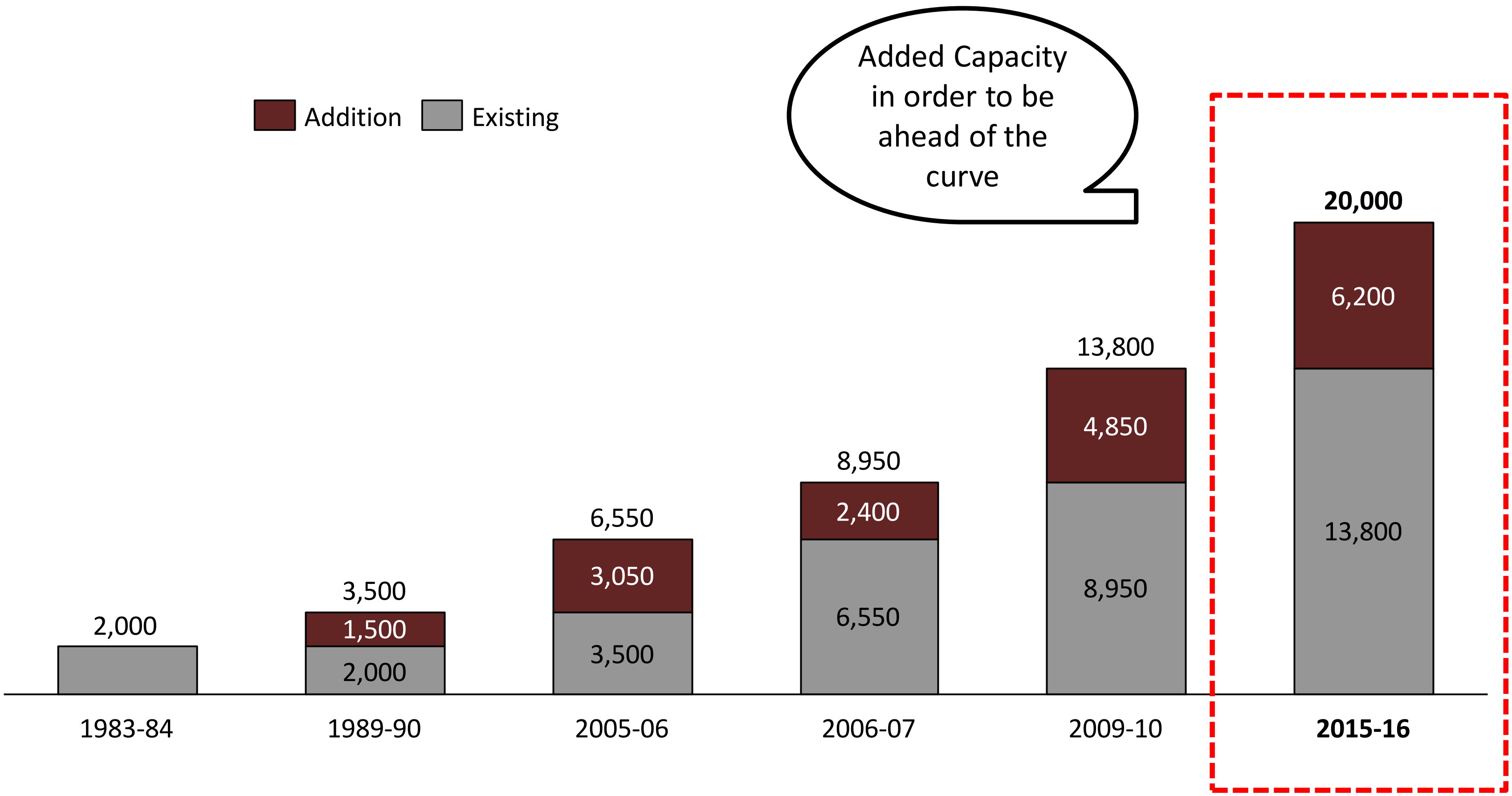
Marketing the Product & Differentiating from Others

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

01

Increase in Commercial Vehicle Sales especially the MHCV segment

Improving roads and support infrastructure

02

Increase in Radialisation in CV segment

03

Implementation of GST has narrowed the pricing difference between the organised and the un-organised

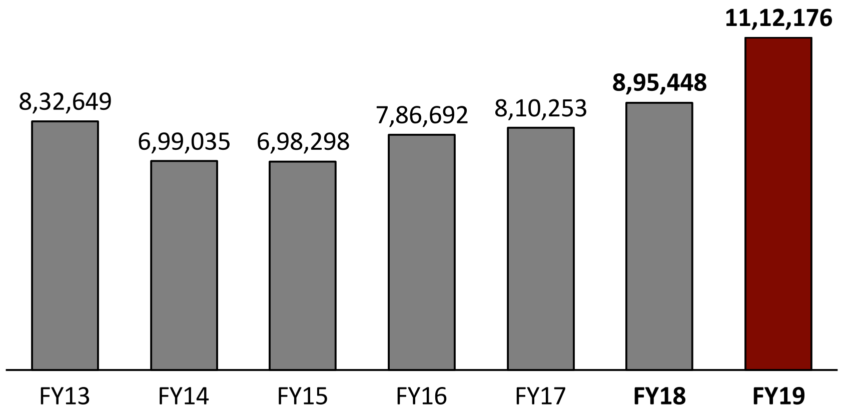
04

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

Has further reduced post GST Implementation

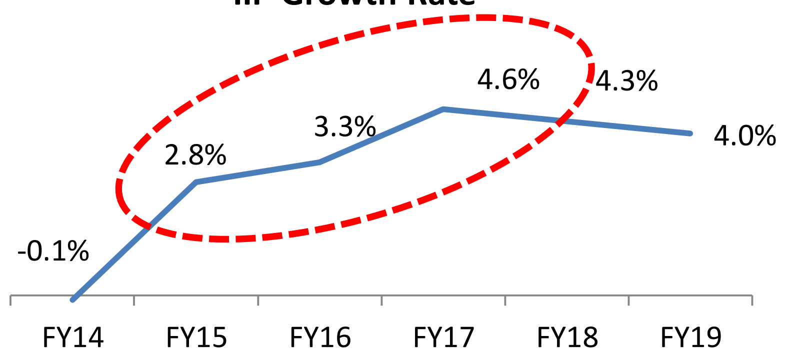
Increase in CV Sales

CV Production Trends



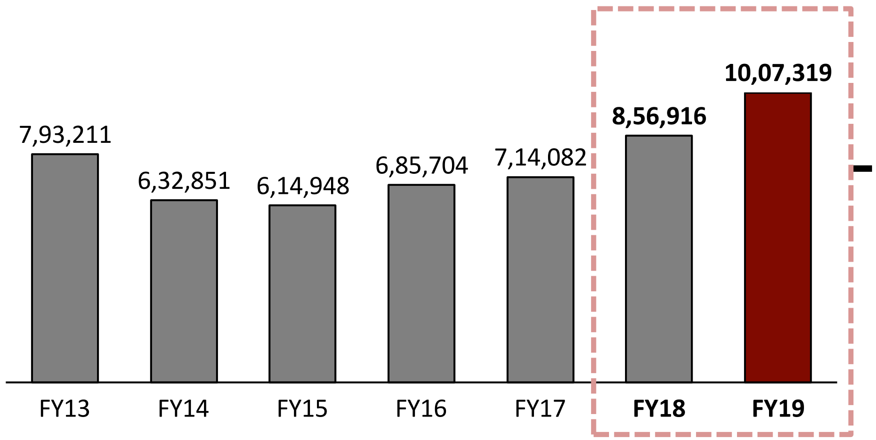
As Industrial Activity Picks up – More Demand for Commercial Vehicles for Movement of Goods – More Tires worn out – Retreading done on Tires

IIP Growth Rate



*FY19 – From April 2018 – Feb 2019

CV Domestic Sales Trends

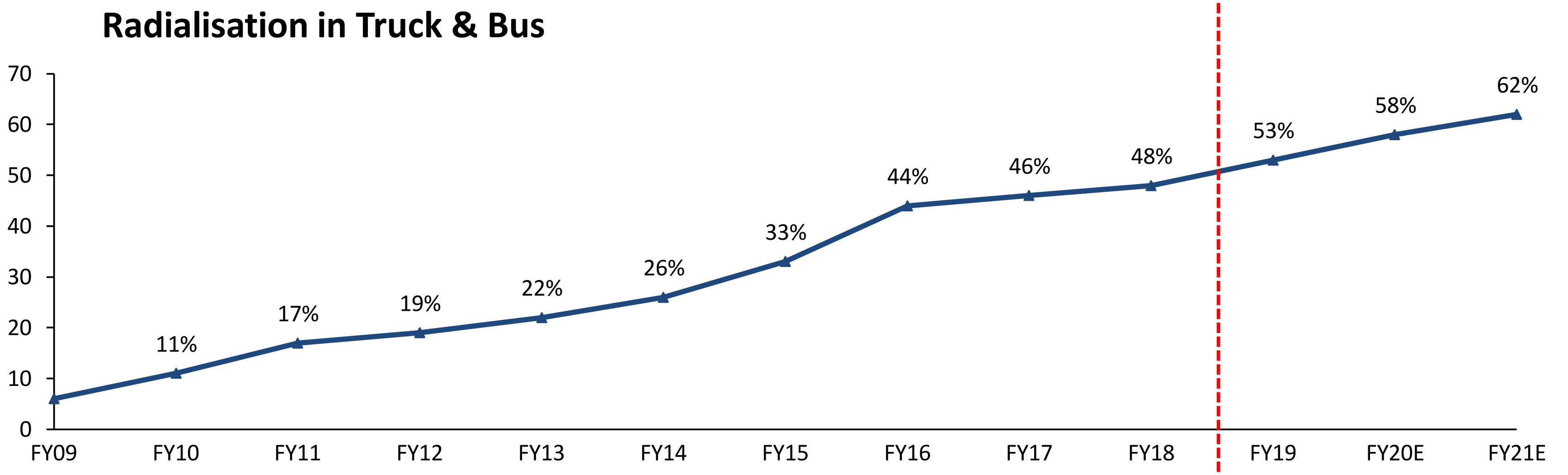


Retreading Industry Picks up with Lag effect

Large Opportunities for Retreading Business in coming years

Source: SIAM

Increase in Radialisation



Source: SIAM and Industry Reports

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

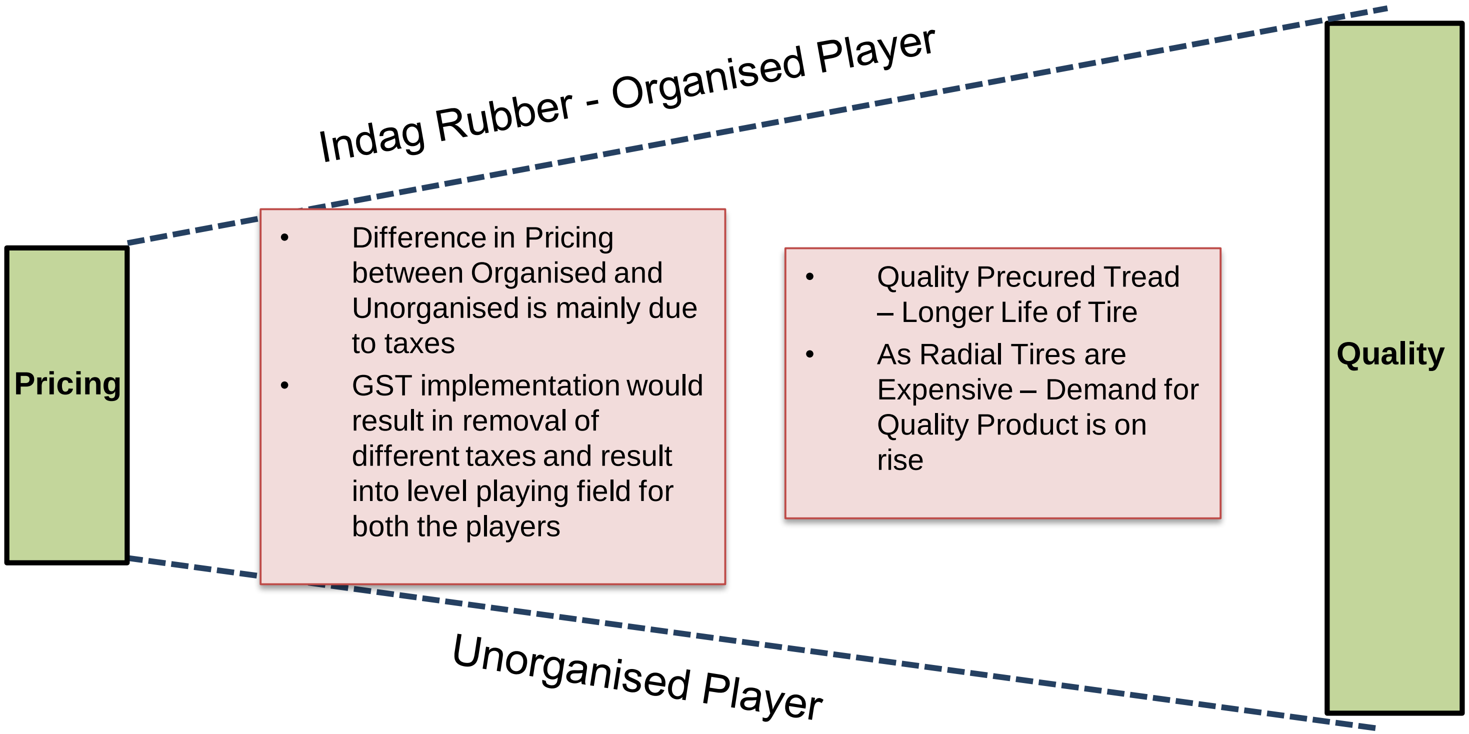
No Overloading & Proper Maintenance of Vehicles

Will help to reduce Casing Failure , which is pre-condition for Tire Retreading

GST - A Game Changer

Retreading was dominated by Unorganised Players

There has been a Slow Shift towards Organised Players



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,

"Our Company has grown by 16% to a Revenue of Rs. 53 crores with EBITDA and PAT of Rs. 7 crores and Rs. 4 crores respectively during the last quarter despite challenging business environment.

We have received STU orders resulting in substantial increase in volumes during first nine months of FY20.

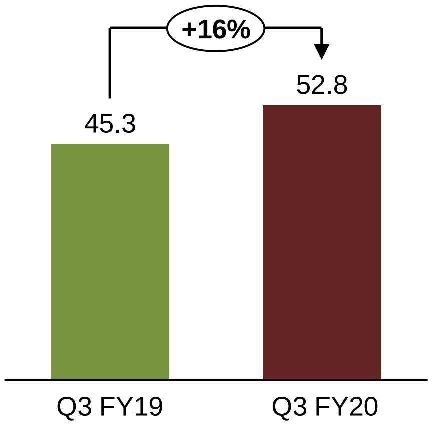
There has been sharp reduction in Imports of new pneumatic radial tyres from China on account of imposition of countervailing duty for five years. This move has been positive for Domestic tyre and retreading industry.

We shall continue strive to improve efficiency of our operations which will help to enhance our performance going ahead."

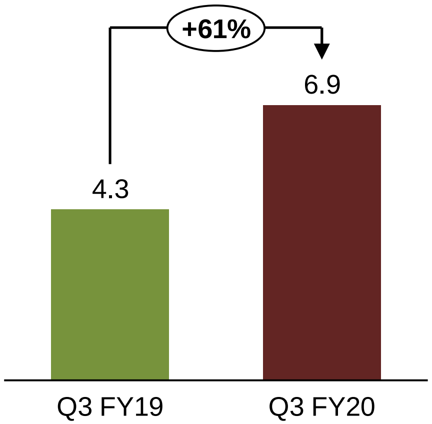
Financial Highlights – Q3 FY20

Rs. Crs.

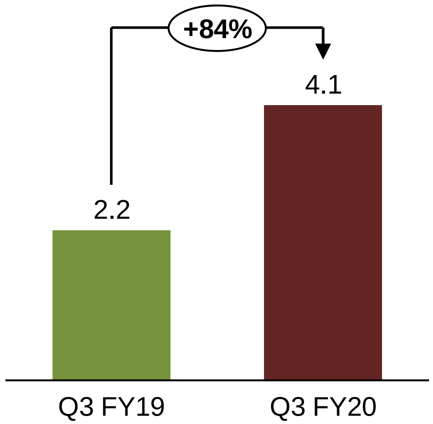
Revenue*



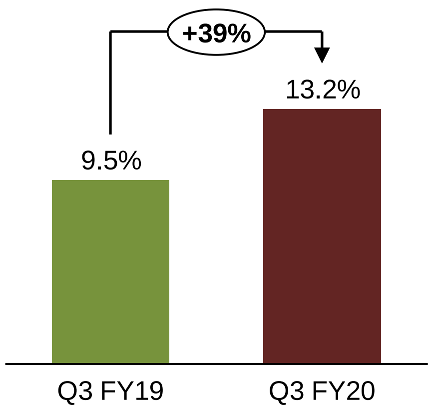
EBITDA*



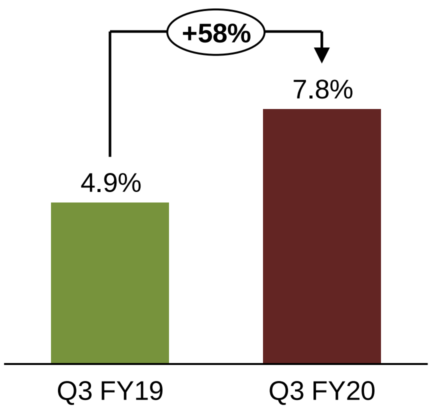
Profit after Tax



EBITDA Margin* (%)



PAT Margin (%)

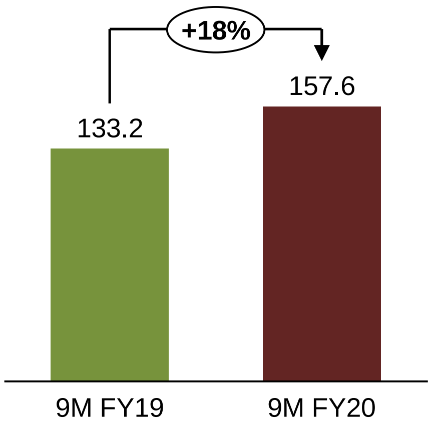


*incl. Other Income
On Consolidated Basis

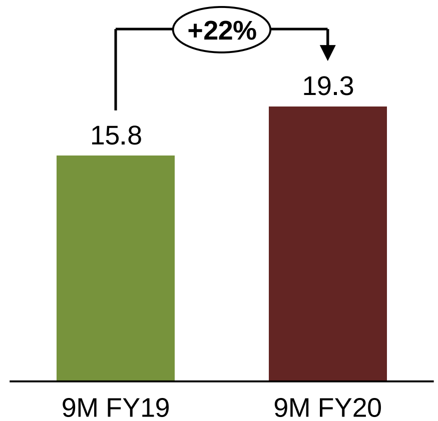
Financial Highlights – 9M FY20

Rs. Crs.

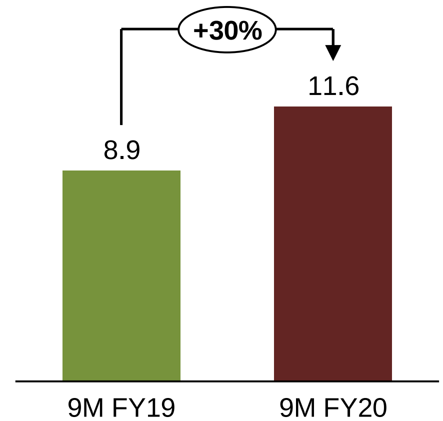
Revenue*



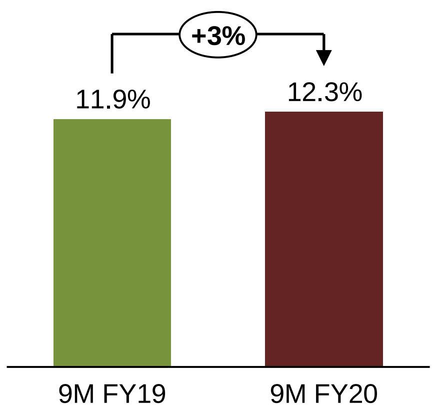
EBITDA*



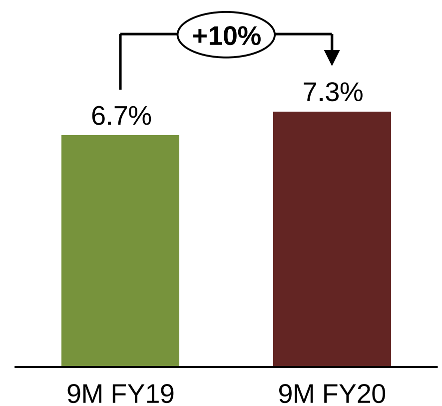
Profit after Tax



EBITDA Margin* (%)



PAT Margin (%)



*incl. Other Income

On Consolidated Basis

Financial Highlights – Q3 & 9M FY20

Particulars (Rs. In Crs.)	Q3 FY20	Q3 FY19	Y-o-Y	9M FY20	9M FY19	Y-o-Y
Total Revenue from Operations	**52.2**	**44.1**	**18%**	**154.4**	**129.8**	**19%**
Other Income	0.6	1.2		3.2	3.4	
Total Revenue (incl. Other Income)	***52.8***	***45.3***	***16%***	***157.6***	***133.2***	***18%***
Raw Material	**33.0**	**29.9**		**99.8**	**85.8**	
Gross Profit	***19.8***	***15.4***	***28%***	***57.8***	***47.4***	***22%***
Gross Profit %	***37.4%***	***34.0%***		***36.7%***	***35.6%***	
Employee Expenses	5.3	4.6		15.6	12.9	
Other Expenses	7.5	6.5		22.9	18.6	
EBITDA	***6.9***	***4.3***	***61%***	***19.3***	***15.8***	***22%***
EBITDA %	***13.2%***	***9.5%***		***12.3%***	***11.9%***	
Depreciation	1.1	1.0		3.4	2.9	
EBIT	***5.8***	***3.3***	***75%***	***15.9***	***12.9***	***24%***
EBIT %	***11.0%***	***7.4%***		***10.1%***	***9.7%***	
Finance Cost	0.4	0.4		1.2	1.3	
Profit before share of profit/(loss) of joint venture and tax	***5.4***	***2.9***	***86%***	***14.8***	***11.6***	***27%***
Share of loss of joint venture	0.1	0.0		0.1	0.0	
Profit before Tax	***5.4***	***2.9***	***84%***	***14.7***	***11.6***	***27%***
Tax	1.3	0.7		3.2	2.8	
Profit after Tax	***4.1***	***2.2***	***84%***	***11.6***	***8.9***	***30%***
PAT %	***7.8%***	***4.9%***		***7.3%***	***6.7%***	
EPS	***1.55***	***0.83***		***4.37***	***3.34***	

On Consolidated Basis

Balance Sheet

Liabilities (Rs. In Crs.)	Sep - 19	Mar-19
Equity		
Share Capital	5.3	5.3
Other Equity	187.7	185.6
Equity attributable to the shareholders of the Company	193.0	190.8
Non-Controlling Interest	3.2	3.1
Total Equity	**196.1**	**193.9**
Non Current Liabilities		
Financial Liabilities		
Borrowings	10.4	10.9
Provisions	0.7	0.6
Deferred Tax Liabilities (Net)	3.0	3.5
Total Non Current Liabilities	**14.1**	**15.0**
Current Liabilities		
Financial Liabilities		
Borrowings	0.0	0.0
Trade Payables	15.6	14.6
Other Financial Liabilities	3.8	4.1
Provisions	0.4	0.2
Current Income Tax Liabilities(Net)	0.0	0.0
Other Current Liabilities	2.0	1.7
Total Current Liabilities	**21.7**	**20.7**
Total Equity and Liabilities	**231.9**	**229.6**

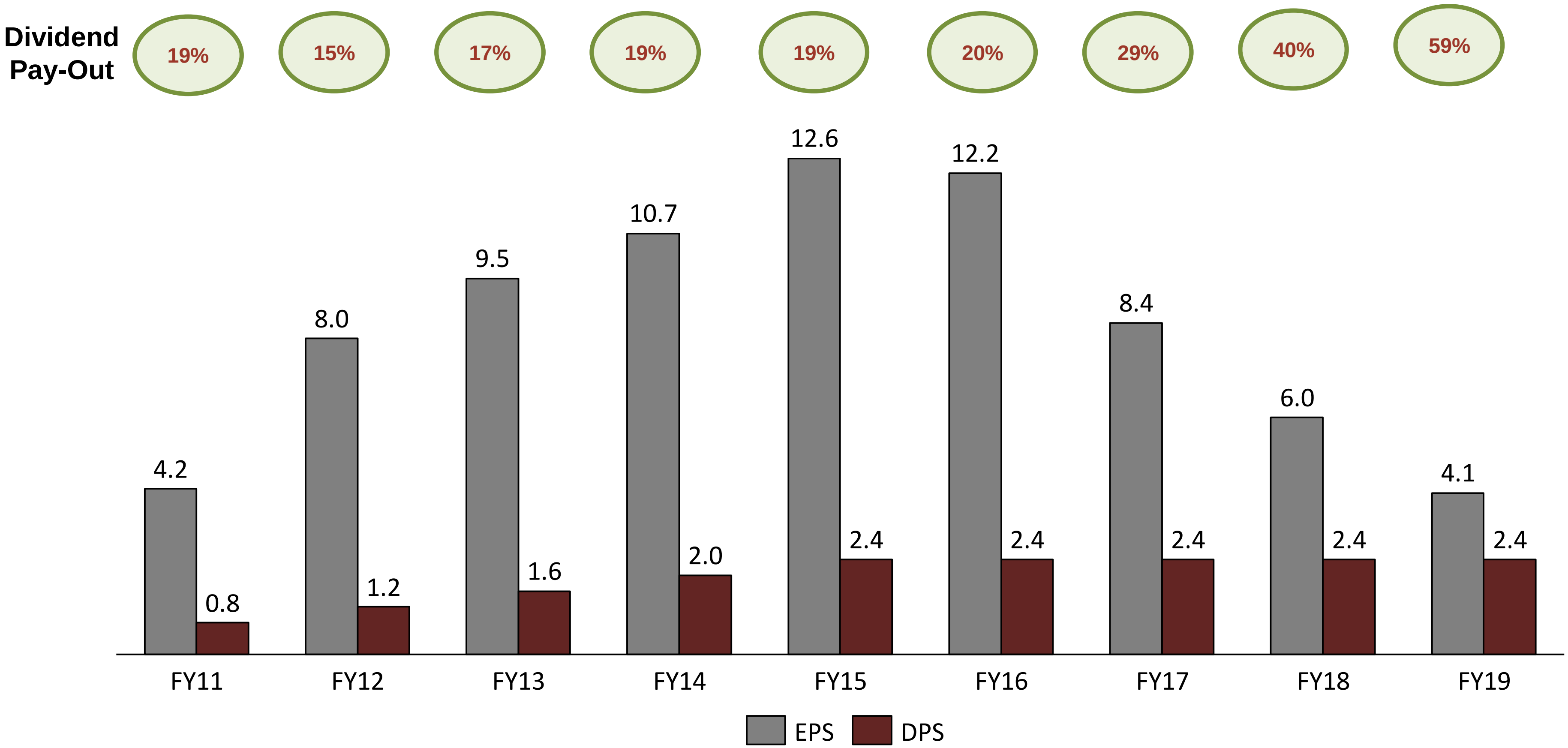
Assets (Rs. In Crs.)	Sep-19	Mar-19
Non Current assets		
Property, Plant and Equipments	42.2	42.9
Capital Work-In-Progress	3.8	0.9
Goodwill	0.4	0.4
Other Intangible Assets	0.2	0.2
Financial Assets		
Investments	86.7	87.7
Loans	0.0	0.0
Other Financial Assets	0.8	0.5
Income Tax Assets (net)	0.2	0.7
Other Non-Current Assets	2.4	0.7
Total Non Current Assets	**136.9**	**134.1**
Current Assets		
Inventories	34.4	38.1
Financial Assets		
Investments	5.9	8.3
Trade Receivables	40.7	34.5
Cash and Cash Equivalents	2.4	3.0
Other Bank Balances	3.2	3.5
Loans	0.3	0.2
Other Financial Assets	5.7	5.6
Income Tax Assets (net)	0.0	0.0
Other Current Assets	2.6	2.3
Total Current Assets	**95.1**	**95.5**
Total Assets	**231.9**	**229.6**

On Consolidated Basis

Consolidated Cashflow Statement

Particulars (Rs. In Crs.)	Sep-19	Sep-18	Mar-19
Net Profit Before Tax	**9.3**	**8.7**	**14.1**
Adjustments for: Non Cash / Other Items	0.7	0.7	0.9
Operating profit before working capital changes	**10.0**	**9.4**	**15.1**
Changes in working capital	-1.8	-7.4	-10.6
Cash generated from operations	**8.2**	**2.0**	**4.5**
Direct taxes paid	-1.9	-2.7	-4.4
Net Cash from Operating Activities	**6.3**	**-0.7**	**0.1**
Net Cash from Investing Activities	**-0.7**	**6.0**	**9.8**
Net Cash from Financing Activities	**-6.2**	**-6.0**	**-10.5**
Net Decrease in cash and cash equivalents	**-0.6**	**-0.7**	**-0.5**
Add: Cash & Cash equivalents at the beginning of the period	3.0	3.5	3.5
Cash & Cash equivalents at the end of the period	**2.4**	**2.8**	**3.0**

Consistent Dividend Pay-out



The Board has approved Interim Dividend for the Financial Year 2019-2020 of Rs. 0.90/- per equity share of Rs. 2/- each (45 % of FV)

*Adjusted EPS & DPS for the split

For further information, please contact

Company :	Investor Relations Advisors :
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