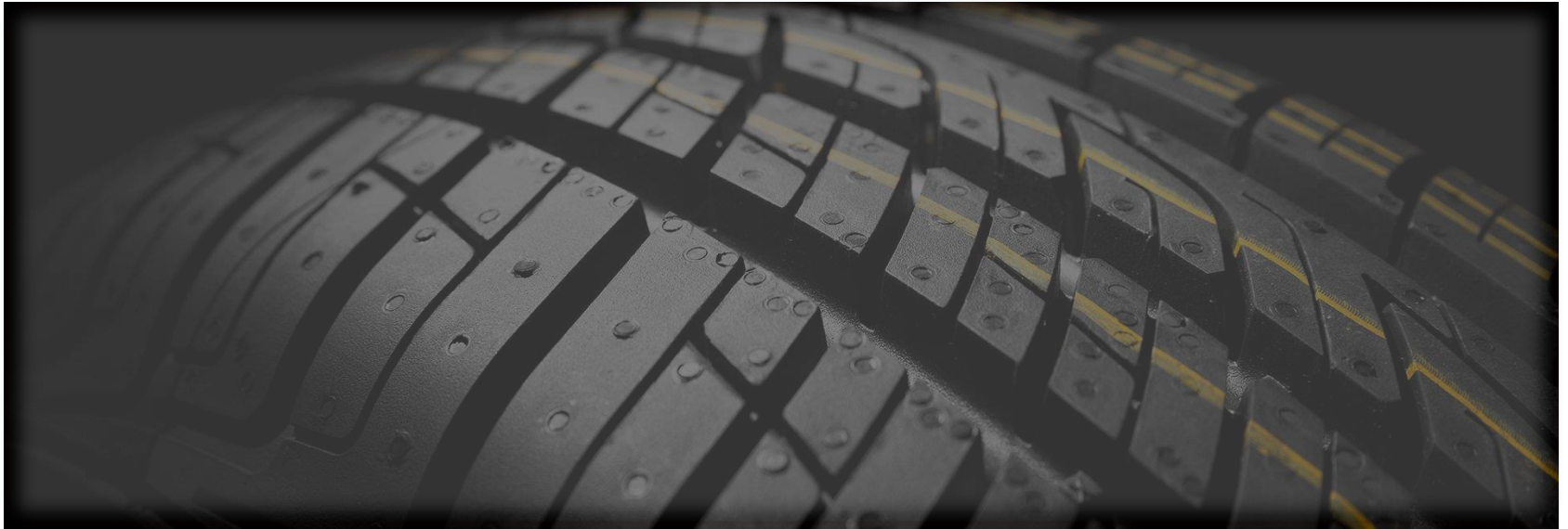




INDAG RUBBER LIMITED

Safety & Reliability Mile After Mile.....

Investor Presentation – Q1 FY20

July 2019

Safe harbor



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INDIA'S MOST TRUSTED RETREAD



THE ONLY ALTERNATIVE TO NEW TYRES

About Retreading

Retreading



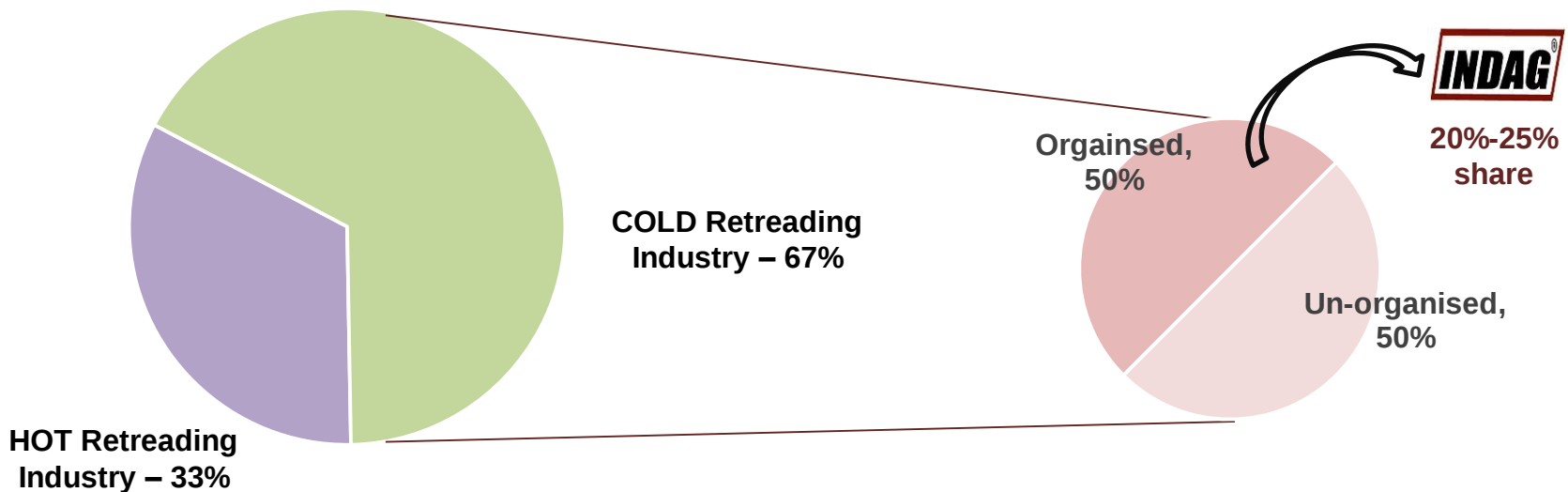
Retreading is a technology where the old tyres are made serviceable by removing worn out and damaged treads and replacing it with new treads

COLD PROCESS

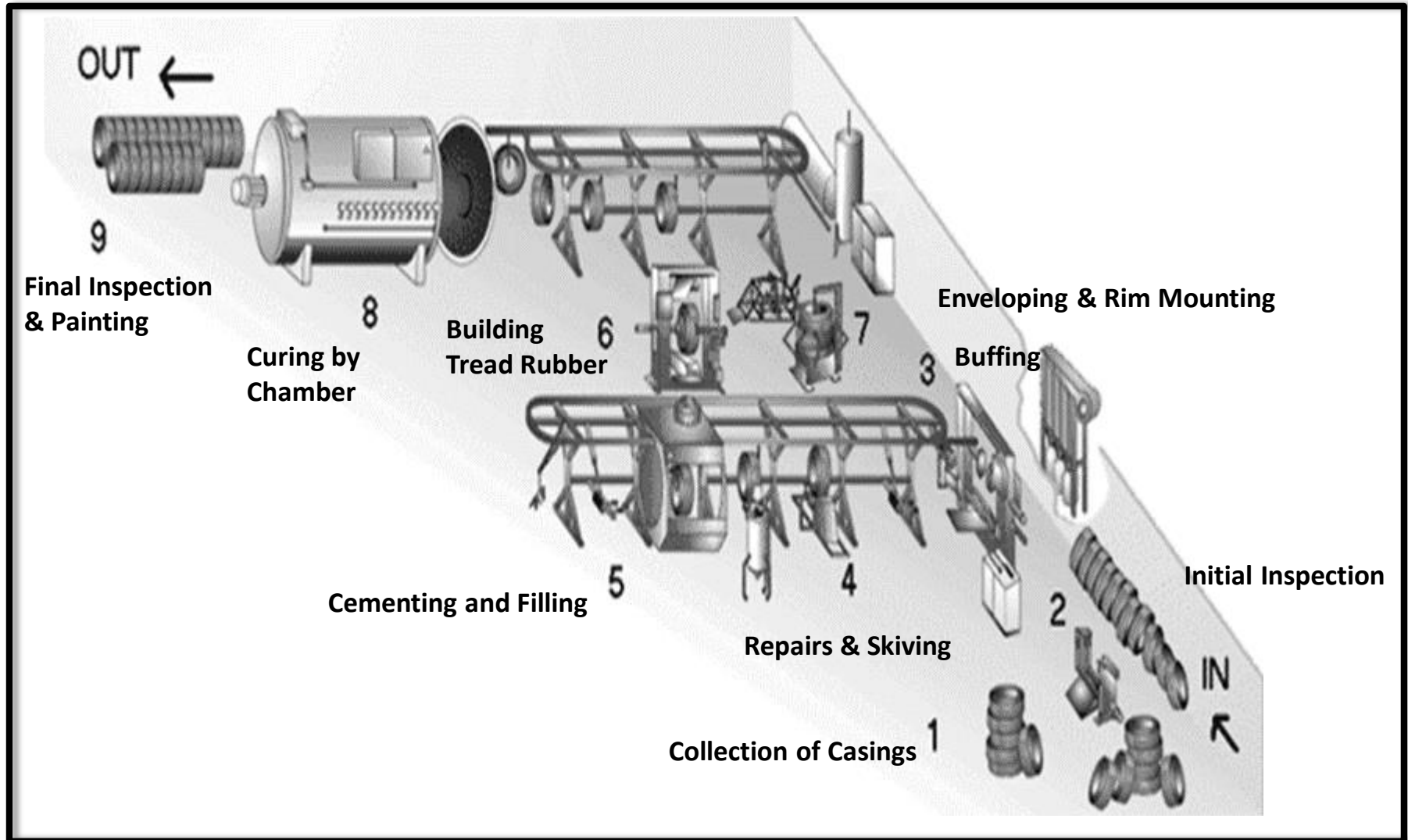
- Precured rubber of high density & available in various tread designs is lined with cushion gum before applying to a buffed casing
- Curing is done in a pressure chamber at low temperature 100°C & pressure

HOT PROCESS

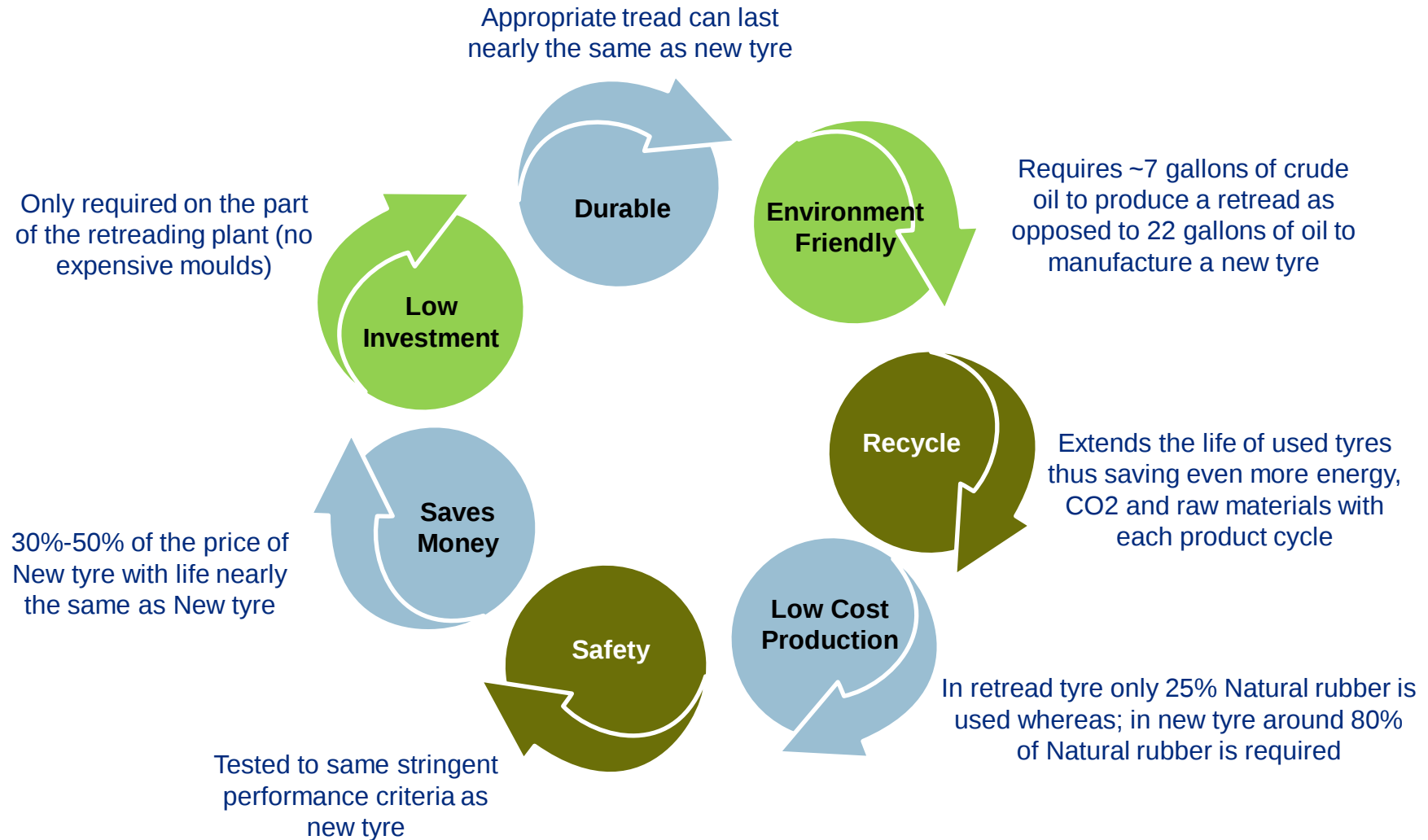
- Uncured rubber is added to a buffed casing & cured in the mold at temperatures of approximately 150°C-160°C
- This temperature allows uncured rubber to flow in the matrix forming the tread design during vulcanization



Retreading Process



Benefits of Retreading





Business Overview

Company Overview



***India's Most Trusted Tread
Manufacturing Company***

***Pioneered Cold Retreading
technology in India***

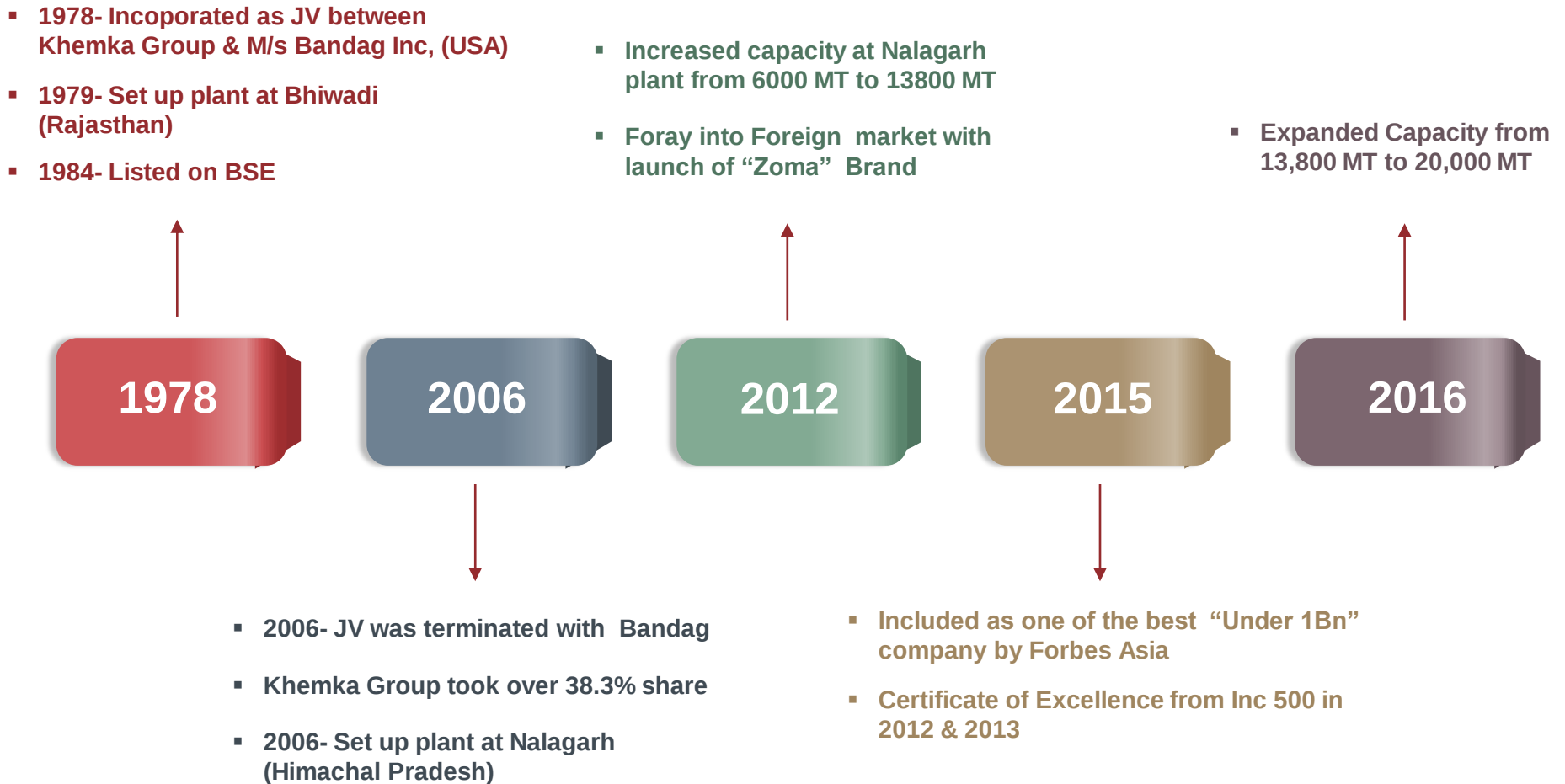
***Presence in All types of
Commercial Segments***

***Best Quality with
Reasonable Pricing***

***"Lowest Cost Per
Kilometre"***

***Distributing through 25
Depots across Country***

History



Products



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



Ms. 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 -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

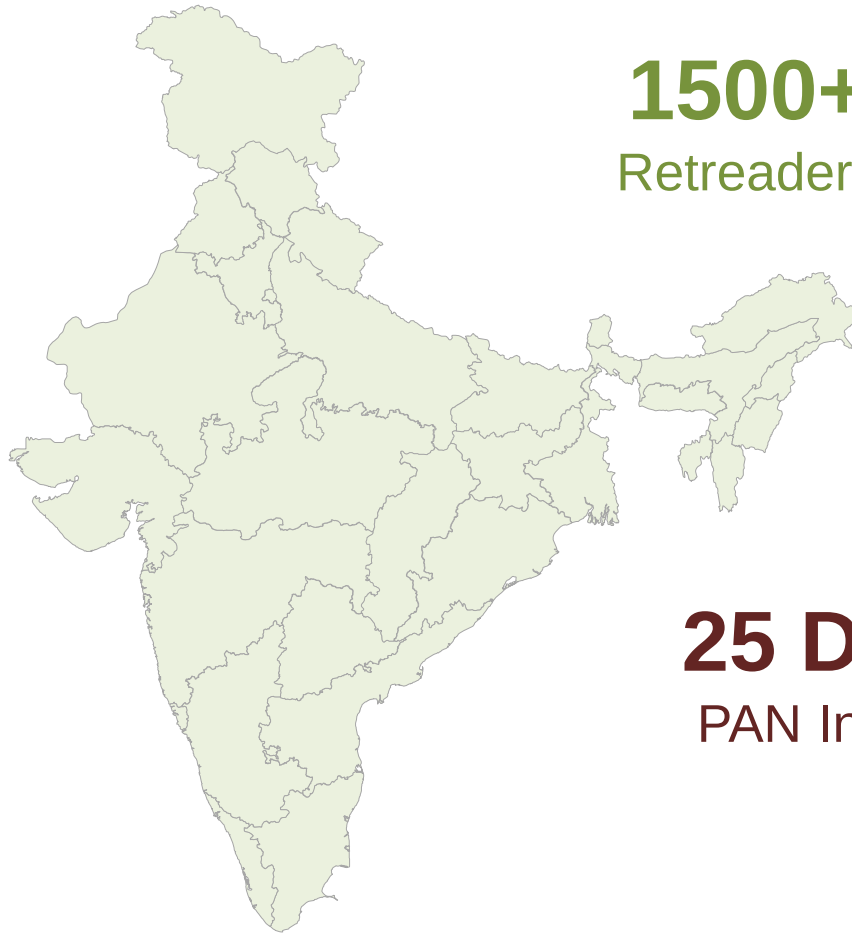


PAN India
Presence

1500+
Retreaders

200
Dealers

25 Depots
PAN India basis



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

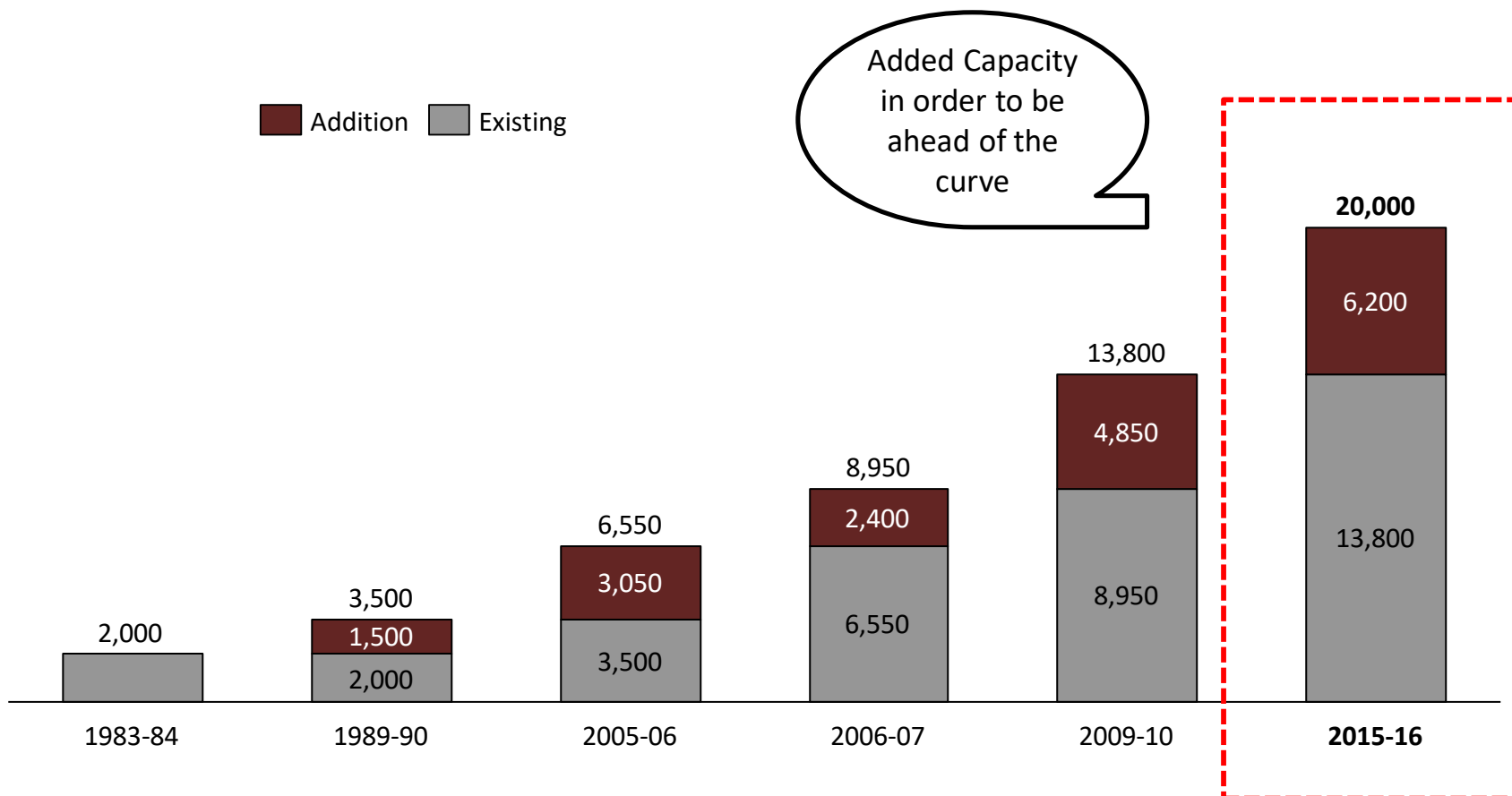
Retreaders also get after-sales and support services

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



Increase in Commercial Vehicle
Sales especially the MHCV segment

Improving roads and support
infrastructure



Increase in Radialisation
in CV segment

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



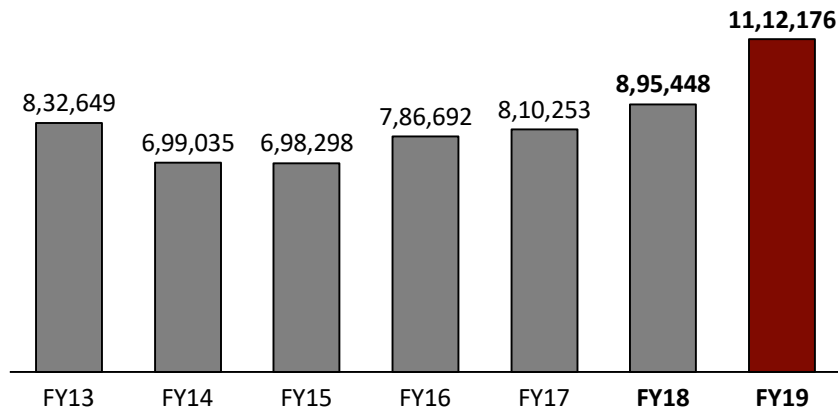
Reduction in influx/dumping of Chinese
tyres in India after demonetization and
imposition of Anti-Dumping Duty

Has further reduced post GST
Implementation

Increase in CV Sales

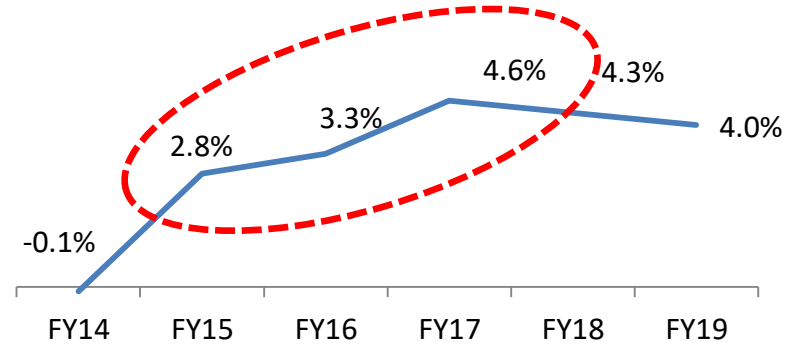


CV Production Trends



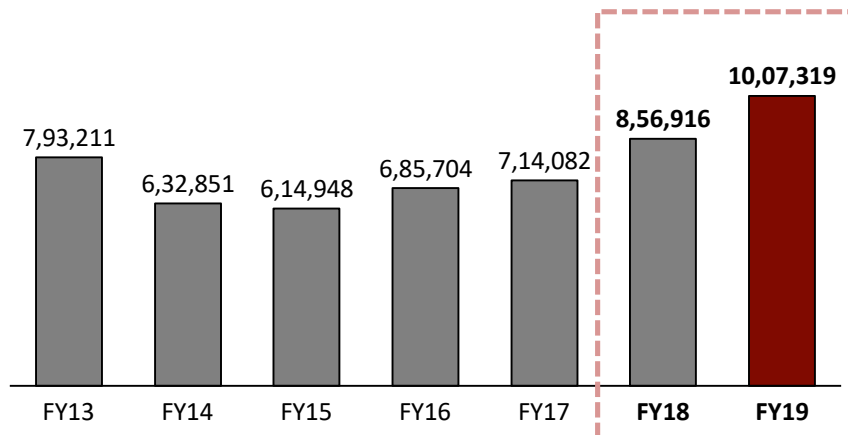
As Industrial Activity Picks up – More Demand for Commercial Vehicles for Movement of Goods – More Tires worn out – Retreading done on Tires

IIP Growth Rate



*FY19 – From April 2018 – Feb 2019

CV Domestic Sales Trends



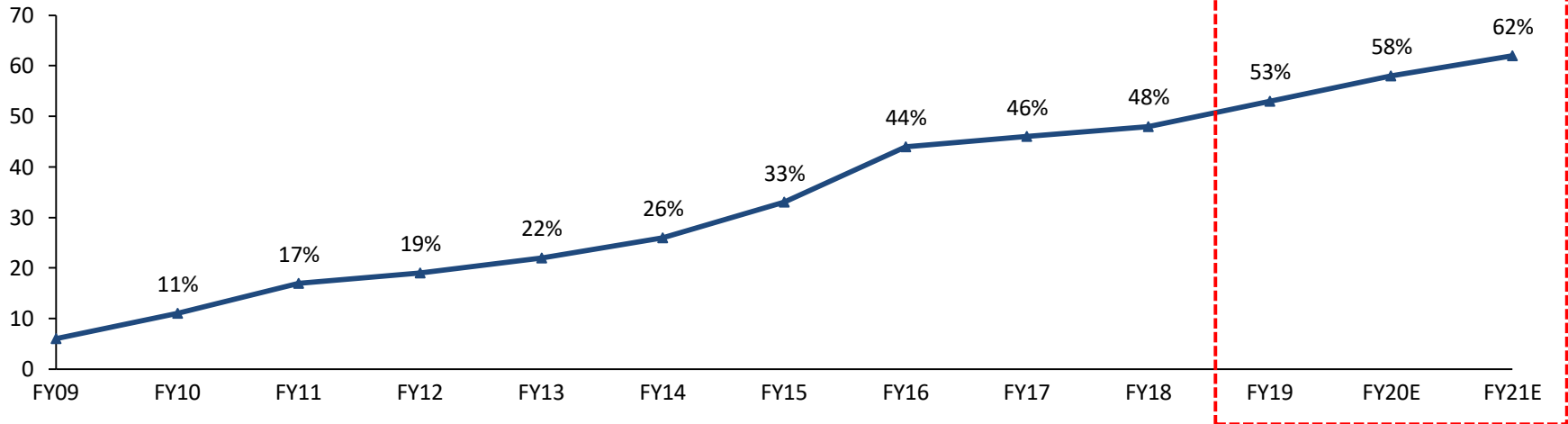
Retreading Industry Picks up with Lag effect

Large Opportunities for Retreading Business in coming years

Increase in Radialisation



Radialisation in Truck & Bus



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

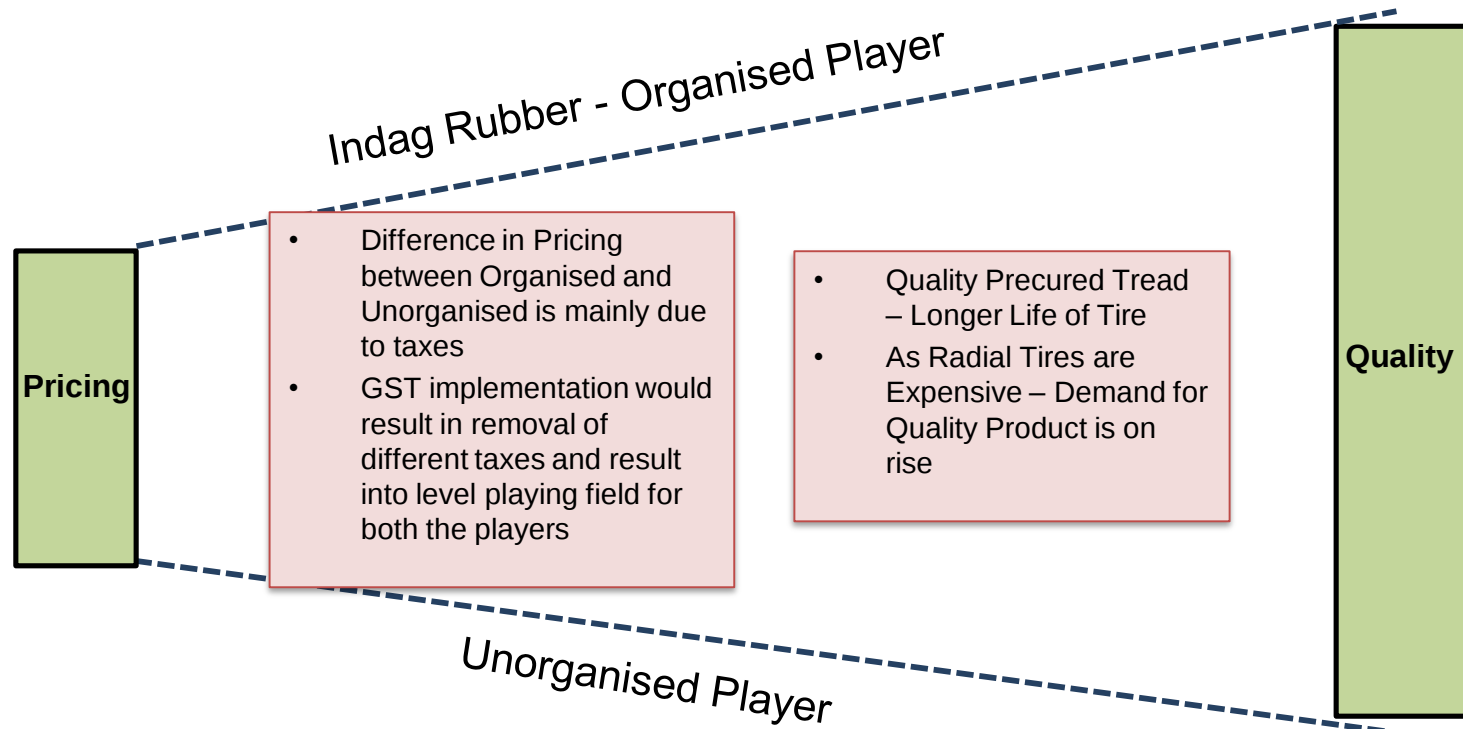
No Overloading & Proper Maintenance of Vehicles

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



INDIA'S MOST TRUSTED RETREAD



THE ONLY ALTERNATIVE TO NEW TYRES

Financial Highlights

CEO's Message



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

*"It gives me pleasure to announce that our Company was able to perform well even in this challenging environment. We were able to clock a **Revenue, EBITDA and PAT of Rs. 51.8 crores, Rs.6.1 crores and Rs. 3.1 crores respectively for the first quarter of FY20.***

We have started seeing some green shoots in the sector which will help us to do better for the coming year. We have received orders from STUs for supply of Treads, Cushion Gum and USC. We have seen uptick in volumes, and we expect this momentum to continue going ahead.

Recently, the Government has announced the imposition of countervailing duty for five years on new pneumatic radial tyres which are imported from China. This is a positive move for the domestic tyre industry. With this, we expect the demand for domestic tyres to grow. The demand for domestic tyres will lead to an increased demand for retreading too.

The domestic commercial vehicle industry is expected to grow by 7-9% in the current year. With the expectation of increase in the vehicle cost for BS-VI compliant vehicles by 10%-12%, pre-buying by large fleet operators is expected ahead of the BS-VI implementation in April 2020. This will lead to increase in demand for tyres which is expected to enhance the demand for retreading too.

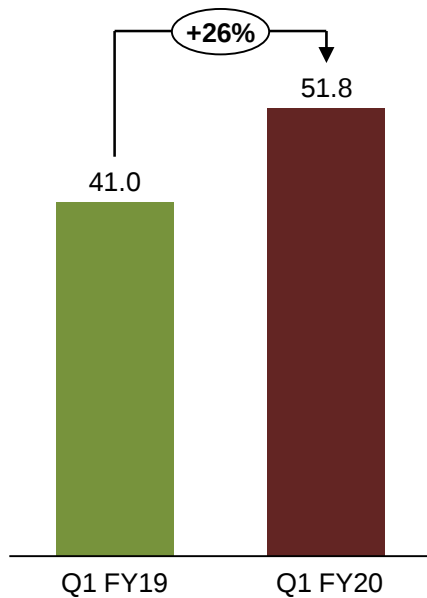
The business is gradually coming back to normalcy and we expect higher revenues going ahead"

Financial Highlights – Q1 FY20

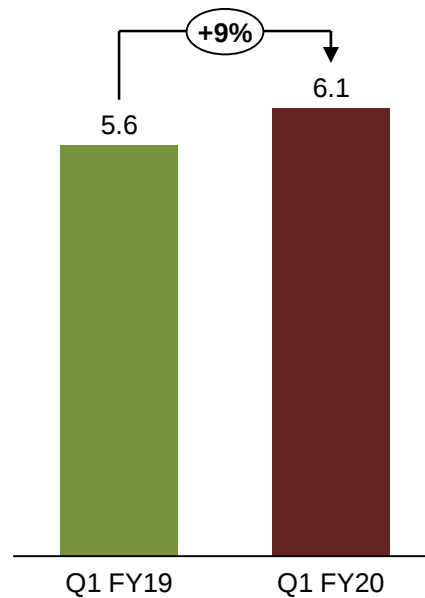


Rs. Crs.

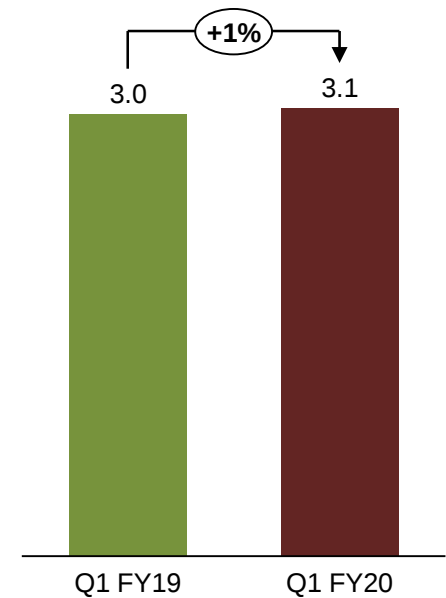
Revenue*



EBITDA*



Profit after Tax



*incl. Other Income

On Consolidated Basis

Financial Highlights – Q1 FY20



Particulars (Rs. In Crs.)	Q1 FY20	Q1 FY19	Y-o-Y	Q4 FY19	Q-o-Q
Total Revenue from Operations	50.2	40.2	25%	43.3	16%
Other Income	1.6	0.8		1.8	
Total Revenue (incl. Other Income)	51.8	41.0	26%	45.0	15%
Raw Material	33.0	25.4		29.5	
Gross Profit	18.7	15.6	20%	15.6	20%
Gross Profit %	36.2%	38.1%		34.6%	
Employee Expenses	5.0	4.0		4.8	
Other Expenses	7.7	6.1		6.8	
EBITDA	6.1	5.6	9%	3.9	53%
EBITDA %	11.7%	13.6%		8.8%	
Depreciation	1.1	1.0		1.0	
EBIT	4.9	4.6	7%	3.0	64%
EBIT %	9.5%	11.2%		6.6%	
Finance Cost	0.4	0.4		0.4	
Profit before Tax	4.5	4.2	8%	2.6	73%
Tax	1.4	1.1		0.4	
Profit after Tax	3.1	3.0	1%	2.2	41%
PAT %	5.9%	7.4%		4.8%	
EPS	1.14	1.13		0.78	

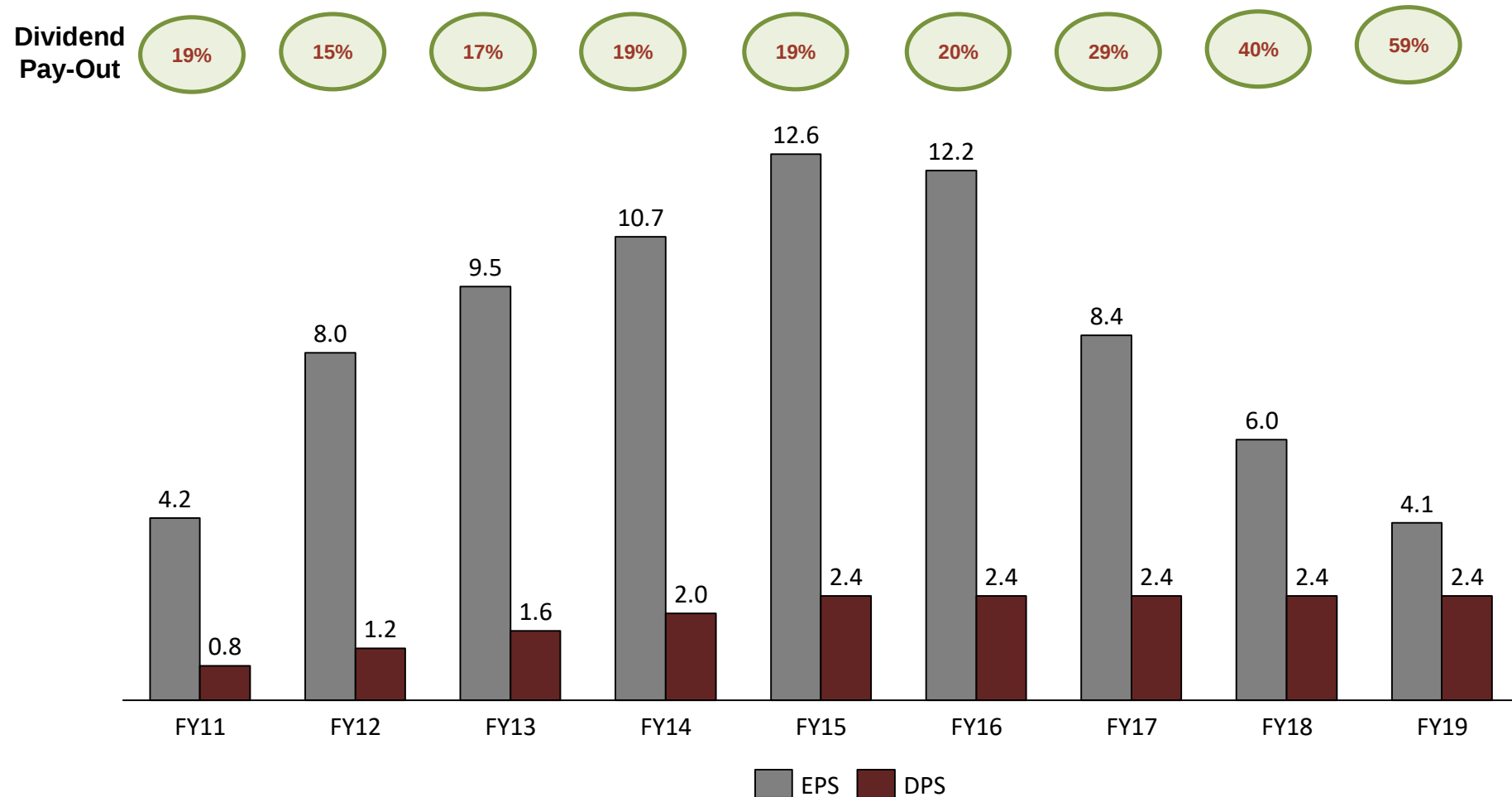
Balance Sheet



Liabilities (Rs. In Crs.)	Mar - 19	Mar-18
Equity		
Share Capital	5.3	5.3
Other Equity	185.6	181.6
Equity attributable to the shareholders of the Company	190.8	186.8
Non-Controlling Interest	3.1	3.9
Total Equity	193.9	190.7
Non Current Liabilities		
Financial Liabilities		
Borrowings	10.9	11.8
Provisions	0.6	0.5
Deferred Tax Liabilities (Net)	3.5	3.6
Total Non Current Liabilities	15.0	16.0
Current Liabilities		
Financial Liabilities		
Borrowings	0.0	0.0
Trade Payables	14.6	14.5
Other Financial Liabilities	4.1	4.2
Provisions	0.2	0.6
Current Income Tax Liabilities(Net)	0.0	0.6
Other Current Liabilities	1.7	1.7
Total Current Liabilities	20.7	21.7
Total Equity and Liabilities	229.6	228.4

Assets (Rs. In Crs.)	Mar-19	Mar-18
Non Current assets		
Property, Plant and Equipments	42.9	45.6
Capital Work-In-Progress	0.9	0.2
Goodwill	0.4	0.4
Other Intangible Assets	0.2	0.3
Financial Assets		
Investments	87.7	98.8
Loans	0.0	0.0
Other Financial Assets	0.5	1.3
Income Tax Assets (net)	0.7	0.2
Other Non-Current Assets	0.7	0.0
Total Non Current Assets	134.1	146.8
Current Assets		
Inventories	38.1	32.8
Financial Assets		
Investments	8.3	5.2
Trade Receivables	34.5	28.9
Cash and Cash Equivalents	3.0	3.5
Other Bank Balances	3.5	2.5
Loans	0.2	0.2
Other Financial Assets	5.6	6.9
Income Tax Assets (net)	0.0	0.1
Other Current Assets	2.3	1.6
Total Current Assets	95.5	81.6
Total Assets	229.6	228.4

Consistent Dividend Pay-out



For further information, please contact

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