

INDAG RUBBER LIMITED

Safety & Reliability Mile After Mile.....

Investor Presentation – FY18

May 2018

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

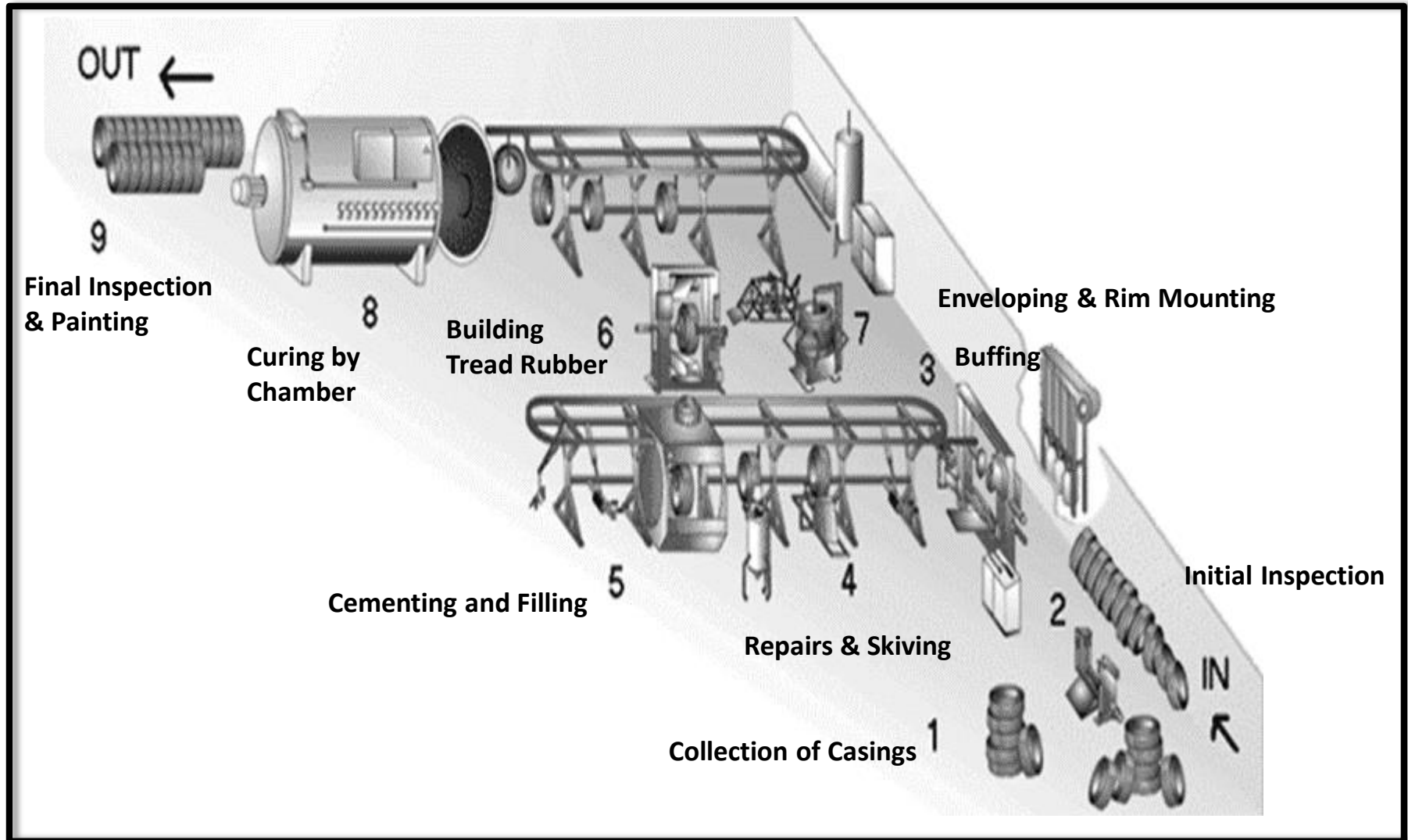
COLD PROCESS

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



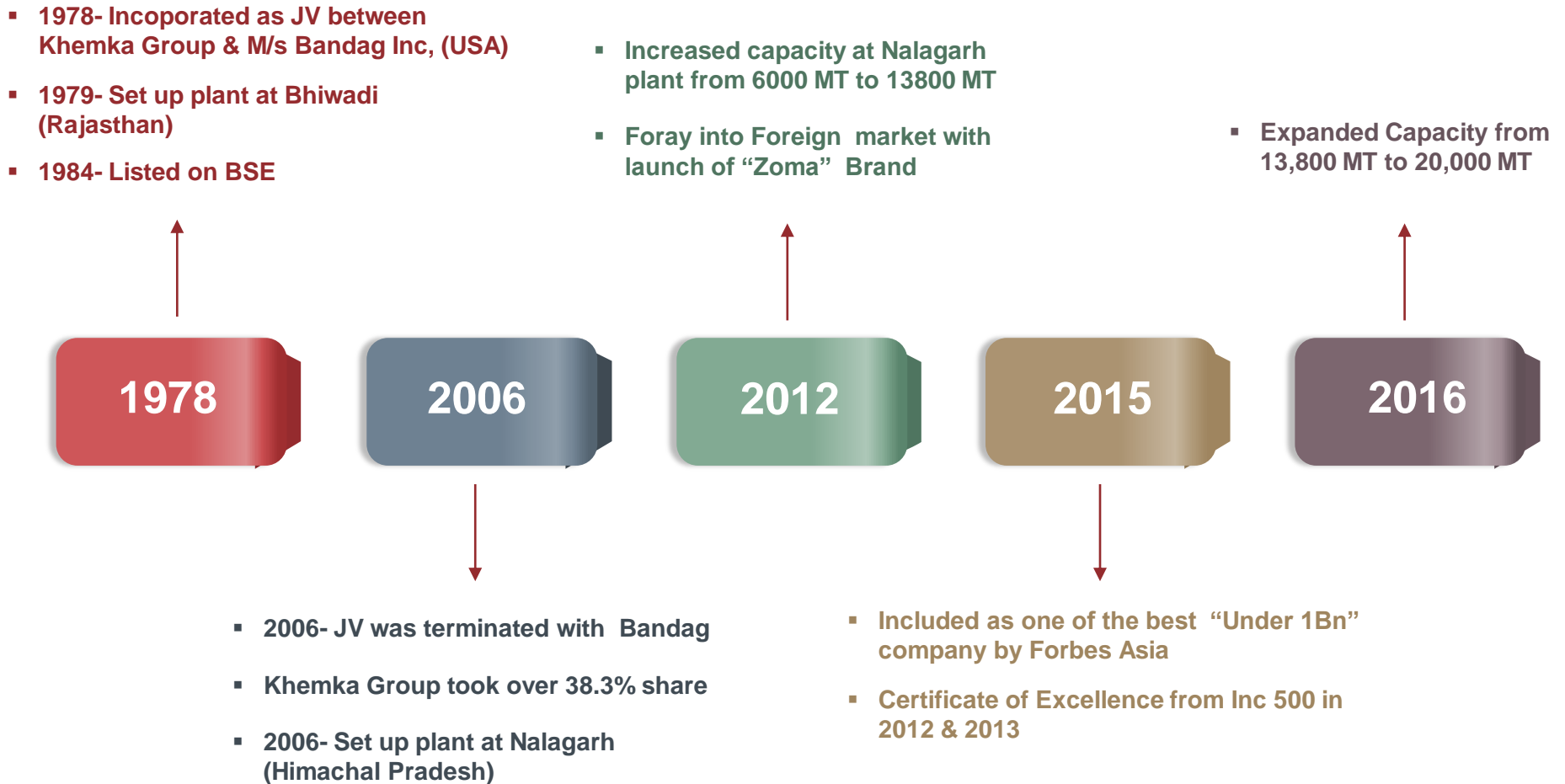
Best Quality with
Reasonable **Pricing**

**"Lowest Cost Per
Kilometre"**



Distributing through **25 Depots**
across Country

History

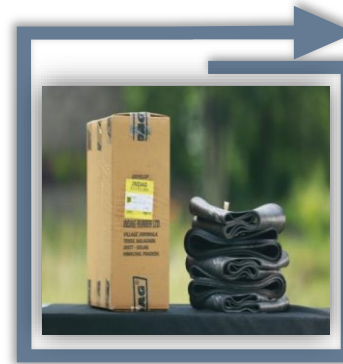


Products



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. Harjiv Singh
Non Executive Director
(Independent)



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

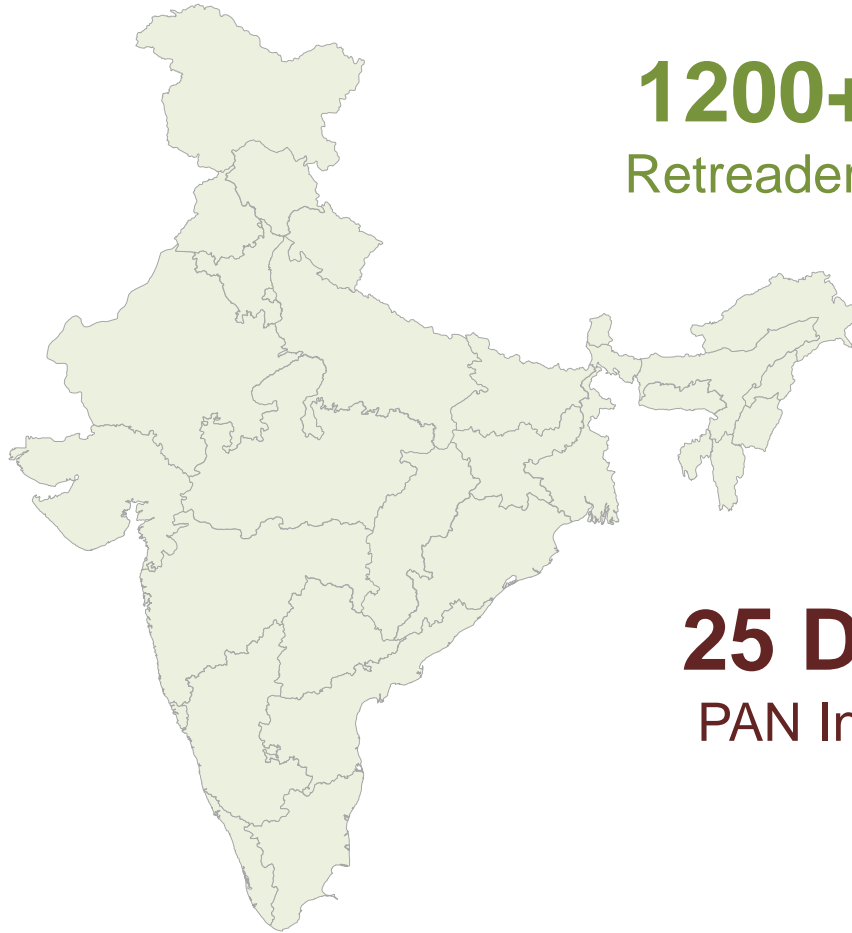


PAN India
Presence

1200+
Retreaders

100-150
Dealers

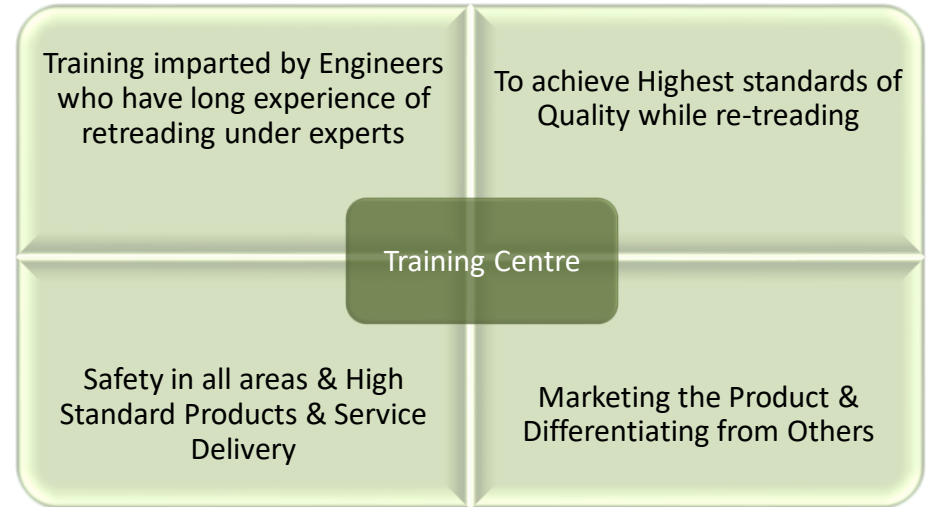
25 Depots
PAN India basis



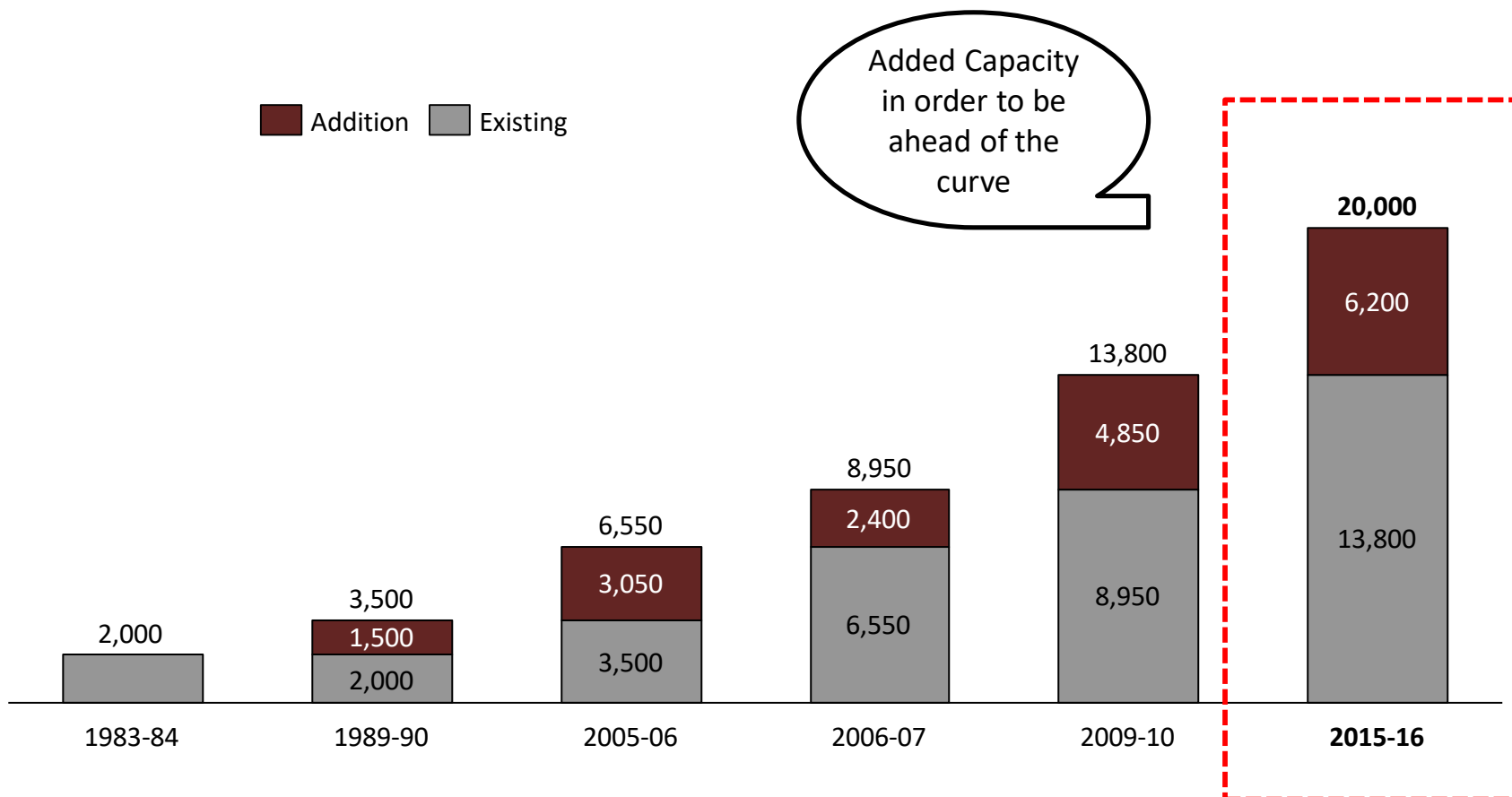
Training Retreaders



- ✓ **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 has
narrowed the pricing
difference between the
organised and the un-
organised**



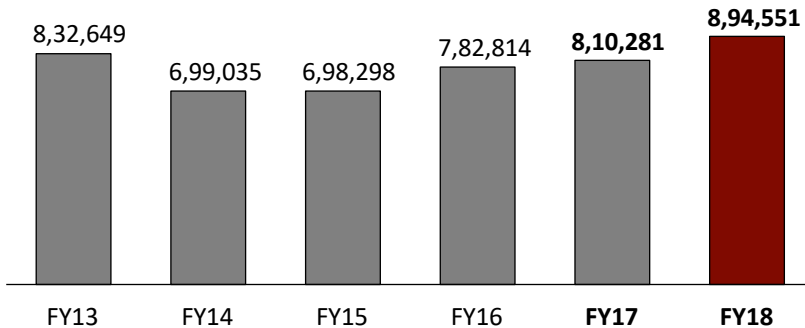
**Reduction in influx/dumping of Chinese
tyres in India after demonetization and
imposition of Anti-Dumping Duty**

**Has further reduced post GST
Implementation**

Increase in CV Sales

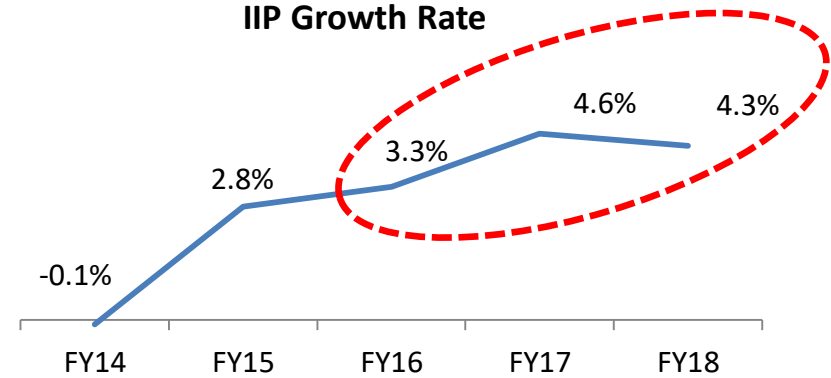


CV Production Trends

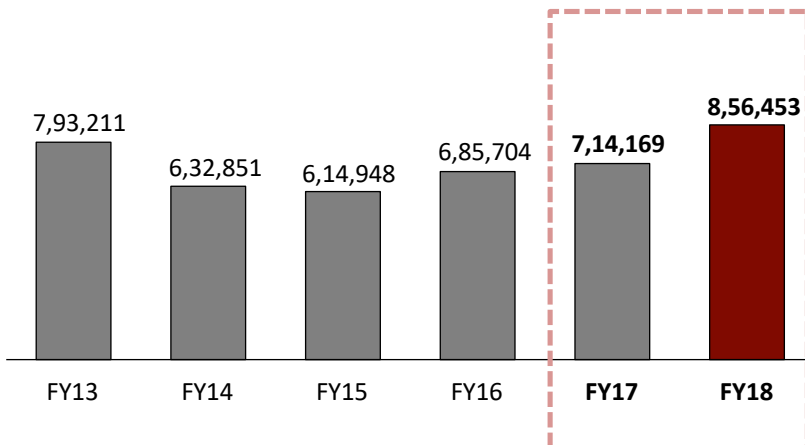


As Industrial Activity Picks up – More Demand for Commercial Vehicles for Movement of Goods – More Tires worn out – Retreading done on Tires

IIP Growth Rate



CV Domestic Sales Trends



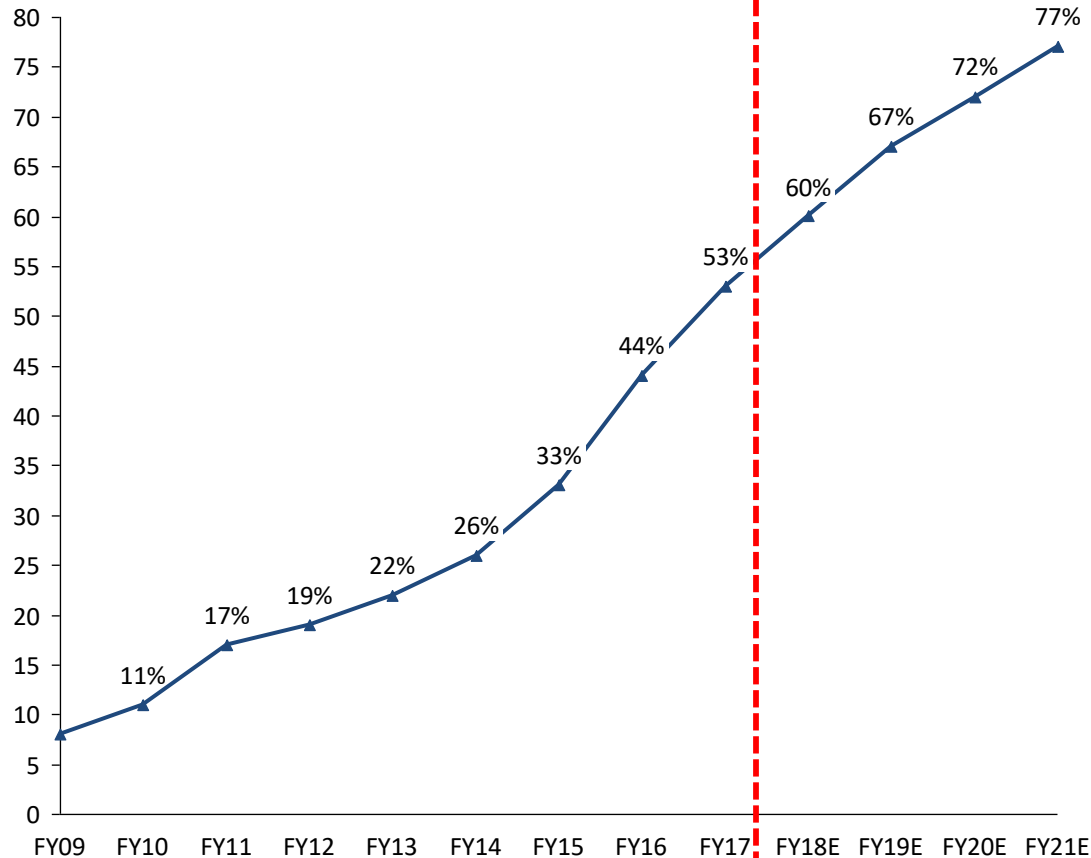
Retreading Industry Picks up with Lag effect

Large Opportunities for Retreading Business in coming years

Increase in Radialisation



Radialisation in Truck & Bus



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

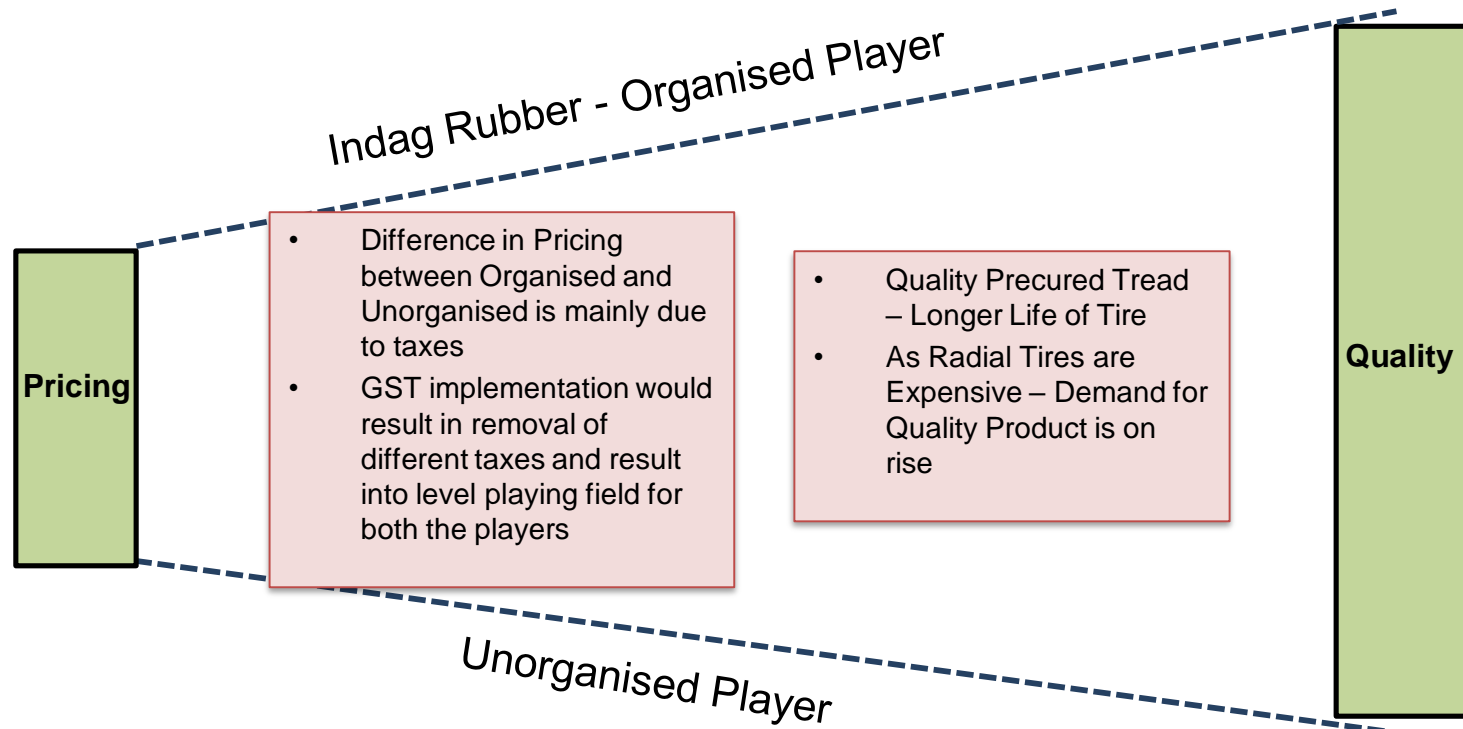
Better Road Conditions - Faster vehicles, running on radials will consume tyres more frequently, narrowing the gap in retreading time by covering larger distances in shorter durations

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,

*“It gives me great pleasure to announce that our Company has reported a **Revenue of Rs. 47 crores with EBITDA and PAT of Rs. 8 crores and Rs. 6 crores respectively in Q4 FY18.** For FY 2018, the company has declared a Total Dividend of Rs. 2.4 per equity share. Face value (FV) of one equity share is Rs. 2*

Post the implementation of GST, we have seen a visible shift from the unorganised sector to the organised sector. The retreading industry has seen a positive change and is coming to normalcy. There has been an imposition of anti-dumping duty on import of truck and bus radial tyres to restrict imports of cheap tyres from China which has also positively impacted the retreading business in India.

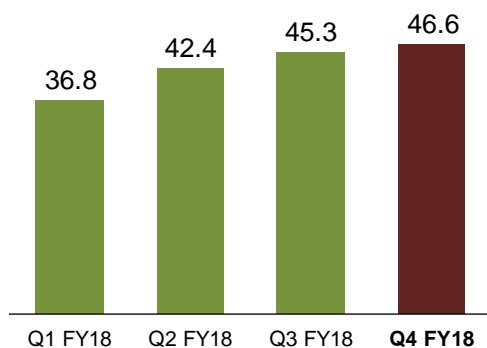
We have seen increase in volumes in the second half of the year and expect this momentum to continue going ahead in FY 2019.

Tyre volume demand is expected to grow by 7-8% in FY19, boosted by higher OEM demand and stable replacement demand. This augers well for the retreading industry as well.”

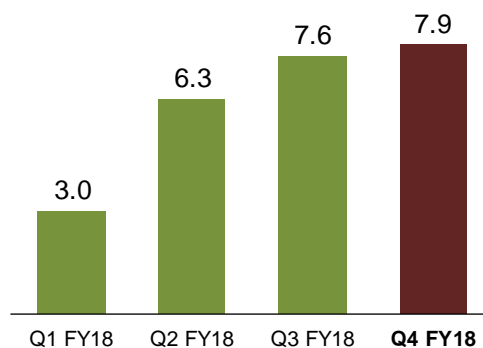
Improving Performance



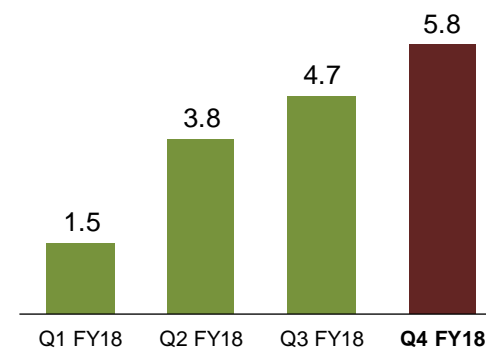
Revenue



EBITDA*

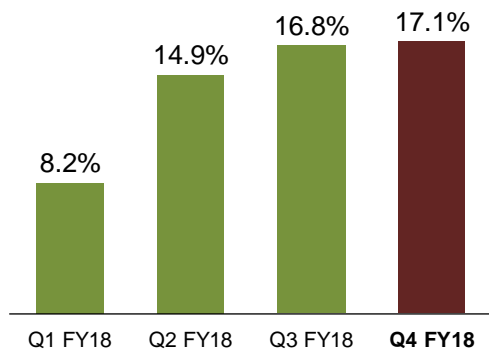


Profit after Tax

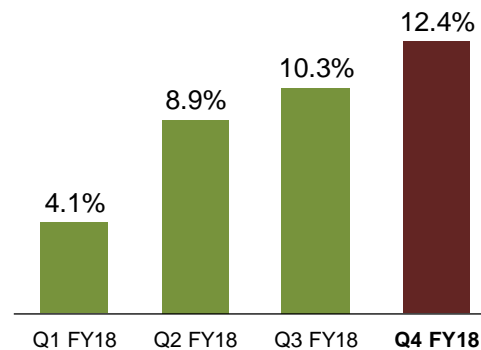


Rs. Crs.

EBITDA Margin* (%)



PAT Margin* (%)

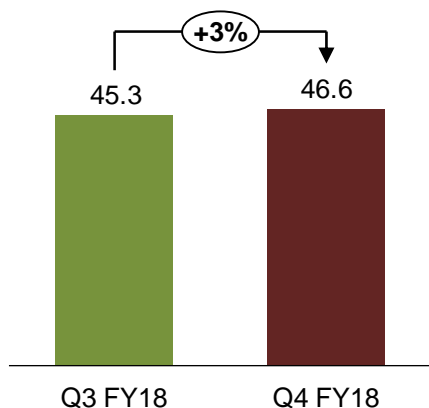


*incl. Other Income

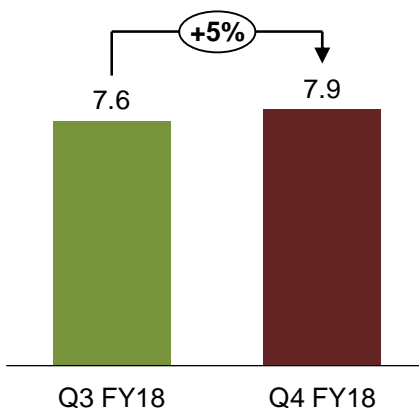
Financial Highlights – Q4 FY18



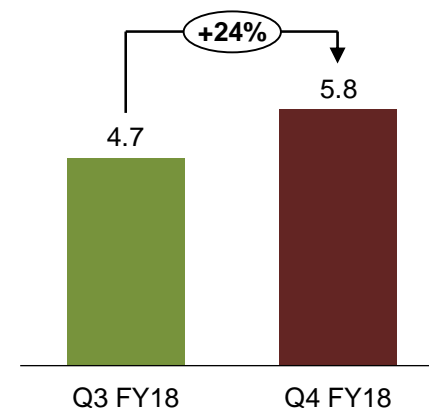
Revenue



EBITDA*

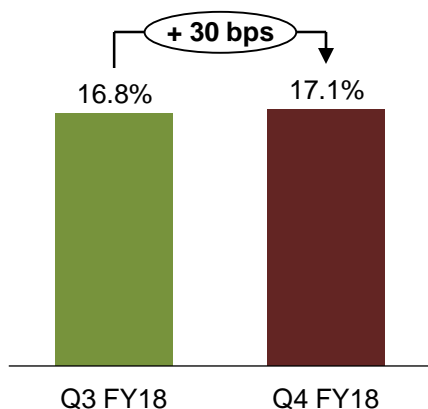


Profit after Tax

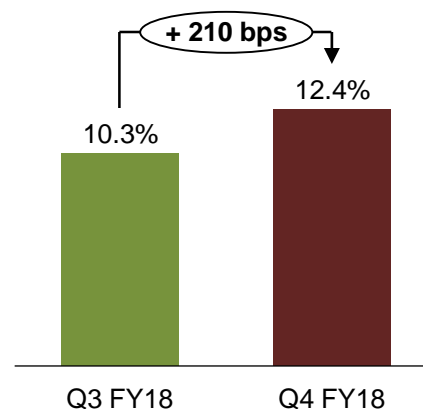


Rs. Crs.

EBITDA Margin* (%)



PAT Margin* (%)



*incl. Other Income

Financial Highlights – Q4 FY18



| Particulars (Rs. In Crs) | Q4 FY18 | Q3 FY18 | Q-o-Q |
|---|--------------|--------------|------------|
| Total Revenue from Operations | 44.1 | 44.4 | |
| Other Income | 2.5 | 0.9 | |
| Total Revenue (incl. Other Income) | 46.6 | 45.3 | 3% |
| Raw Material | 28.1 | 27.7 | |
| Gross Profit | 18.5 | 17.6 | |
| Gross Profit % | 39.8% | 38.8% | |
| Employee Expenses | 4.4 | 4.0 | |
| Other Expenses | 6.2 | 6.0 | |
| EBITDA | 7.9 | 7.6 | 5% |
| EBITDA % | 17.1% | 16.8% | |
| Depreciation | 0.8 | 0.8 | |
| EBIT | 7.2 | 6.8 | |
| EBIT (%) | 15.4% | 15.1% | |
| Finance Cost | 0.0 | 0.1 | |
| Profit before Tax | 7.1 | 6.8 | |
| Tax | 1.3 | 2.1 | |
| Profit after Tax | 5.8 | 4.7 | 24% |
| PAT % | 12.4% | 10.3% | |
| EPS | 2.21 | 1.78 | |

Balance Sheet



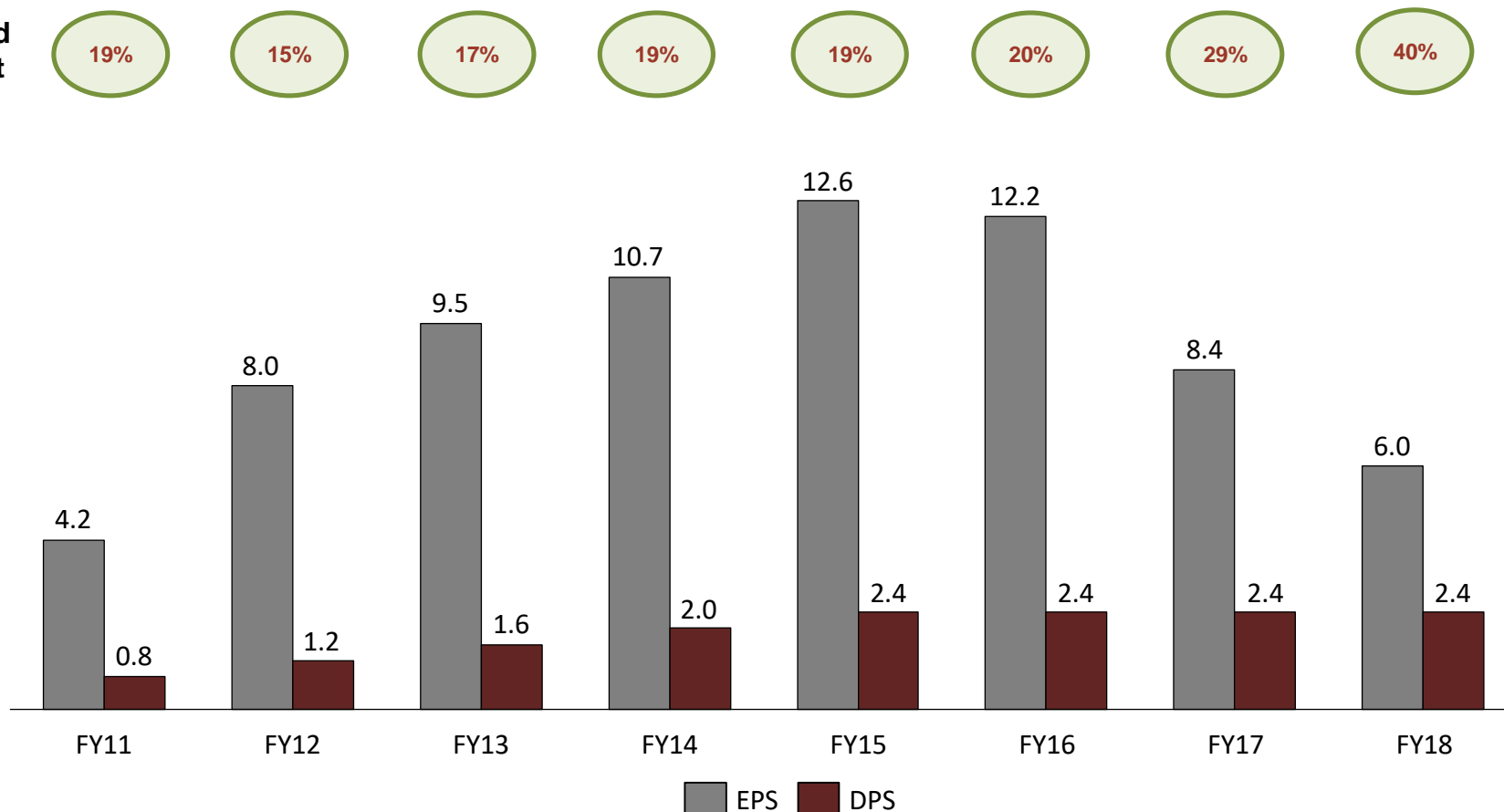
| Liabilities (Rs. Crs.) | Mar - 18 | Mar-17 |
|--------------------------------------|--------------|--------------|
| Equity | | |
| Share Capital | 5.3 | 5.3 |
| Other Equity | 181.2 | 171.1 |
| Total Equity | 186.4 | 176.3 |
| Non Current Liabilities | | |
| Deferred Tax Liabilities (Net) | 3.6 | 3.9 |
| Total Non Current Liabilities | 3.6 | 3.9 |
| Current Liabilities | | |
| Financial Liabilities | | |
| Trade Payables | 14.3 | 18.0 |
| Other Financial Liabilities | 2.6 | 2.4 |
| Provisions | 1.1 | 1.0 |
| Current Income Tax Liabilities (Net) | 0.6 | 0.5 |
| Other Current Liabilities | 1.7 | 5.1 |
| Total Current Liabilities | 20.2 | 27.0 |
| Total Equity and Liabilities | 210.3 | 207.2 |

| Assets (Rs. Crs.) | Mar-18 | Mar-17 |
|---------------------------------|--------------|--------------|
| Non Current assets | | |
| Property, Plant and Equipments | 28.4 | 30.6 |
| Capital Work-In-Progress | 0.2 | 0.2 |
| Other Intangible Assets | 0.3 | 0.2 |
| Financial Assets | | |
| Investments | 101.8 | 63.0 |
| Loans | 0.0 | 0.1 |
| Other Financial Assets | 1.3 | 0.6 |
| Income Tax Assets | 0.2 | 0.2 |
| Other Non-Current Assets | 0.0 | 0.3 |
| Total Non Current Assets | 132.2 | 95.2 |
| Current Assets | | |
| Inventories | 32.8 | 41.4 |
| Financial Assets | | |
| Investments | 5.2 | 29.7 |
| Trade Receivables | 28.9 | 29.0 |
| Cash and Cash Equivalents | 3.0 | 3.0 |
| Other Bank Balances | 1.1 | 2.1 |
| Loans | 0.2 | 0.2 |
| Other Financial Assets | 5.4 | 4.9 |
| Income Tax Assets (net) | 0.0 | 0.1 |
| Other Current Assets | 1.5 | 1.7 |
| Total Current Assets | 78.1 | 112.0 |
| Total Assets | 210.3 | 207.2 |

Consistent Dividend Pay-out



Dividend
Pay-Out



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