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Retreading Industry

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

Methods of Retreading

Cold Process



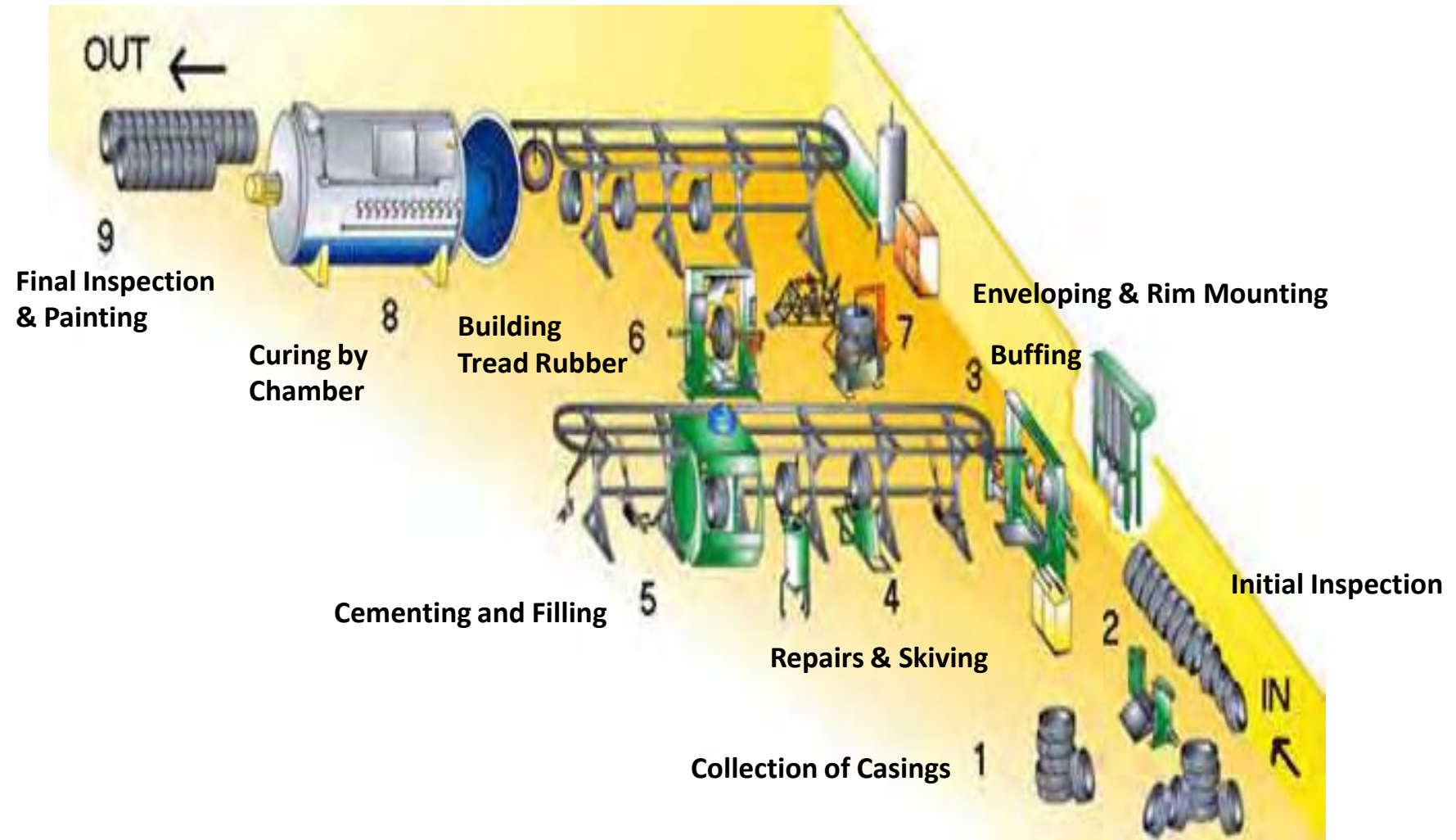
- Precured rubber of high density & available in various tread designs is lined with cushion gum before applying to a buffed casing
- Curing is done in a pressure chamber at low temperature 100°C & pressure

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



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



Less investment: required on the part of the retreading plant (no expensive moulds)



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



Safety: Tested to same stringent performance criteria as new tyre



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



Durable: Appropriate tread can last nearly the same as new tyre

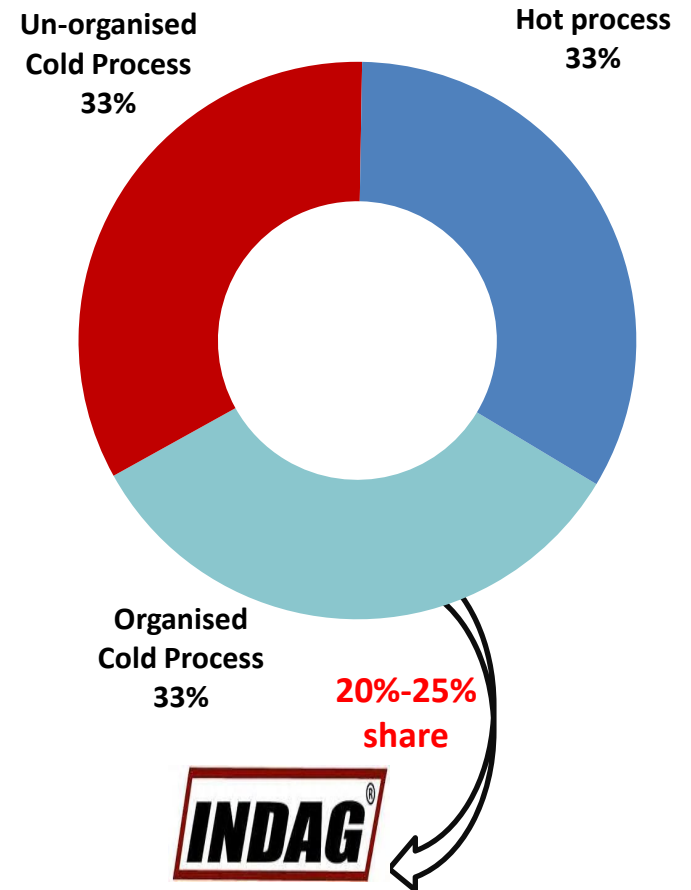
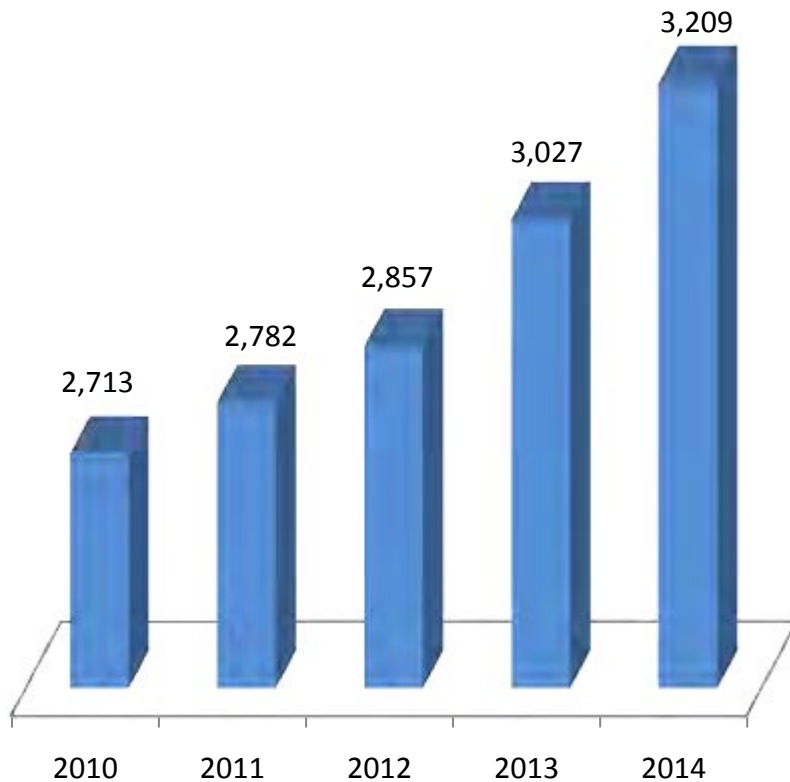


Environmental friendly: Requires ~7 gallons of crude oil to produce a retread as opposed to 22 gallons of oil to manufacture a new tyre

Indian Tread Manufacturing Industry



Market size (Rs.in crs)





Corporate Overview

Company Overview

A photograph of two orange commercial trucks driving on a two-lane road towards the camera. The road has a white dashed line down the center. The background shows a clear blue sky and green fields on either side of the road.

India's Most Trusted Tread Manufacturing Company

Pioneered Cold Retreading technology in India

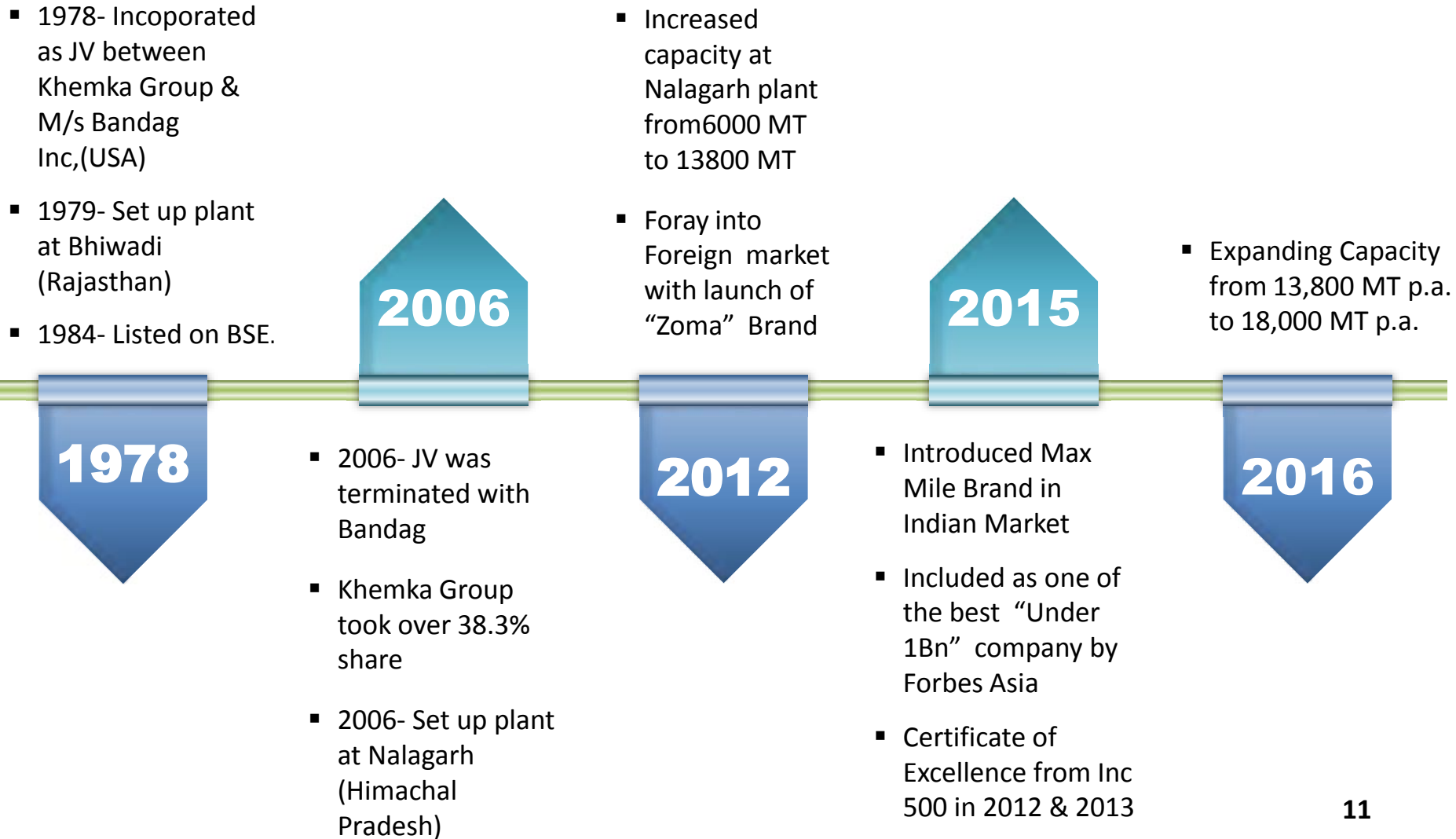
Presence in All type of Commercial Segments

Best Quality with Reasonable Pricing

“Lowest Cost Per Kilometer”

Distributing through 25 Depots across Country

History



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 MD of GAIL & 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

- 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

Director



Mr. P R Khanna

Non Executive Director
(Independent)



Mr. R Parameswar

Non Executive Director
(Independent)



Mr. K M S Ahluwalia

Non Executive
Director(Independent)



Mr. J K Jain

Chief Finance Officer



Mr. Nirmal Chaturvedi

Chief Operating Officer



Mrs. Manali D Bijlani

Company Secretary

Flow of Business



Fleet Owners Run
the Vehicles

Treads get Worn
after certain Usage



Buy new Tire

OR

Retread the same Old
Tire



Cost of
New Tyres
100%



Cost of Retreaded
Tyres
30-50%

INDAG®
INDAG RUBBER LTD.

Manufactures & Supplies the

Best **Quality** with
Reasonable **Pricing**

*Retreading Products to
Retreaders*

Manufacturing Facilities



- State of the art manufacturing unit Located at **Nalagarh Industrial Estate** in Himachal Pradesh
- **Advanced Technology** in terms of machinery and equipments
- 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**

Products



Precured Tread Rubber

- Capacity of 13,800 MT
- Radial and Bias Range
- Range from Passenger to Truck/Bus Tyre
- OTR & Tractor



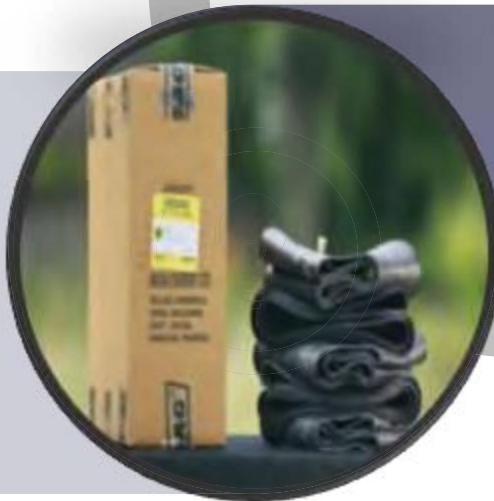
Un vulcanised Rubber strip gum

- Capacity of 1800MT
- Bonding gum for curing process
- Specifically manufactured to provide longer shelf life



Envelope

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

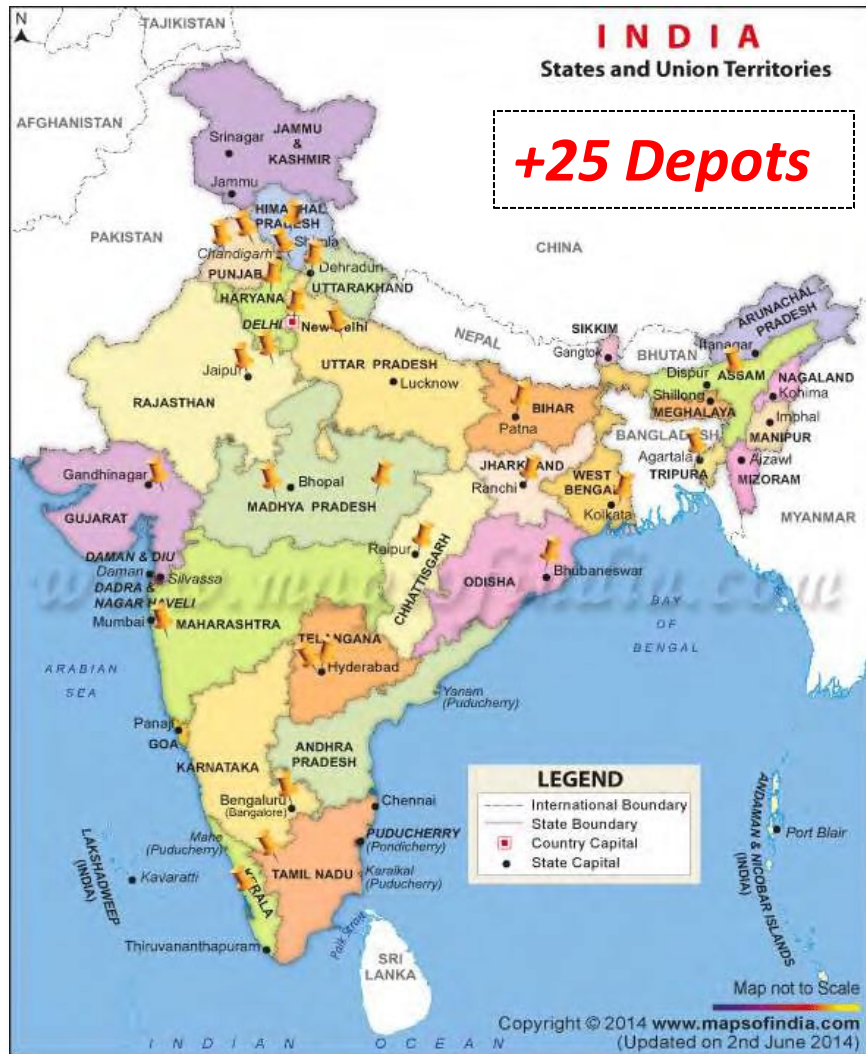


Universal Spray Cement

- Capacity of 1800KL
- Solution available in Ready to use and Thick forms



Distribution Network



- For speedy delivery of products
- Pan India Presence
- 500-600 Retreaders
- 100-150 Dealers
- 25 Depots PAN India basis

Training Retreaders ensure Quality



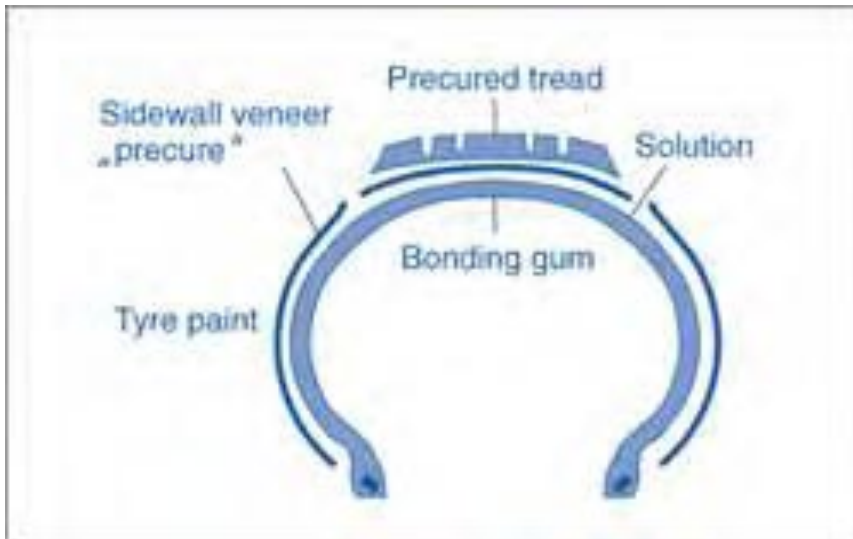
Training imparted by Engineers who has unique qualifications of Retreading

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

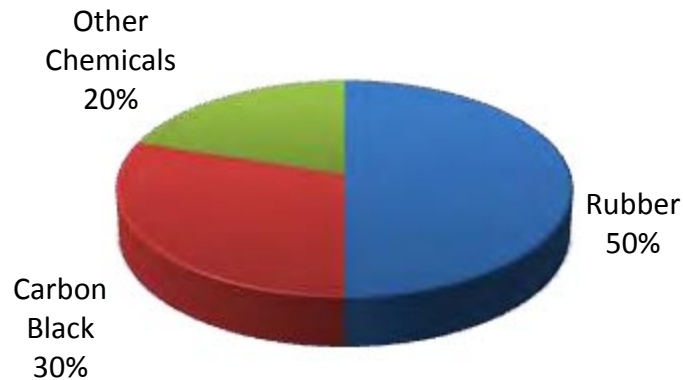


- ✓ Retreading operation carried out by Retreaders
- ✓ Retreaders also gets after sales and support services
- ✓ Problem solving and helping with the machinery issues
- ✓ Logistic & warehouse support

Key Raw materials



Raw material composition



- Main vendors for Natural Rubber are located at South region (Kerala)/North East
- Takes minimum 7 days to reach the material from south region to Nalagarh plant
- Maintain minimum 7-8 days stock at plant and the same quantity in transit

Raw Material Vendors



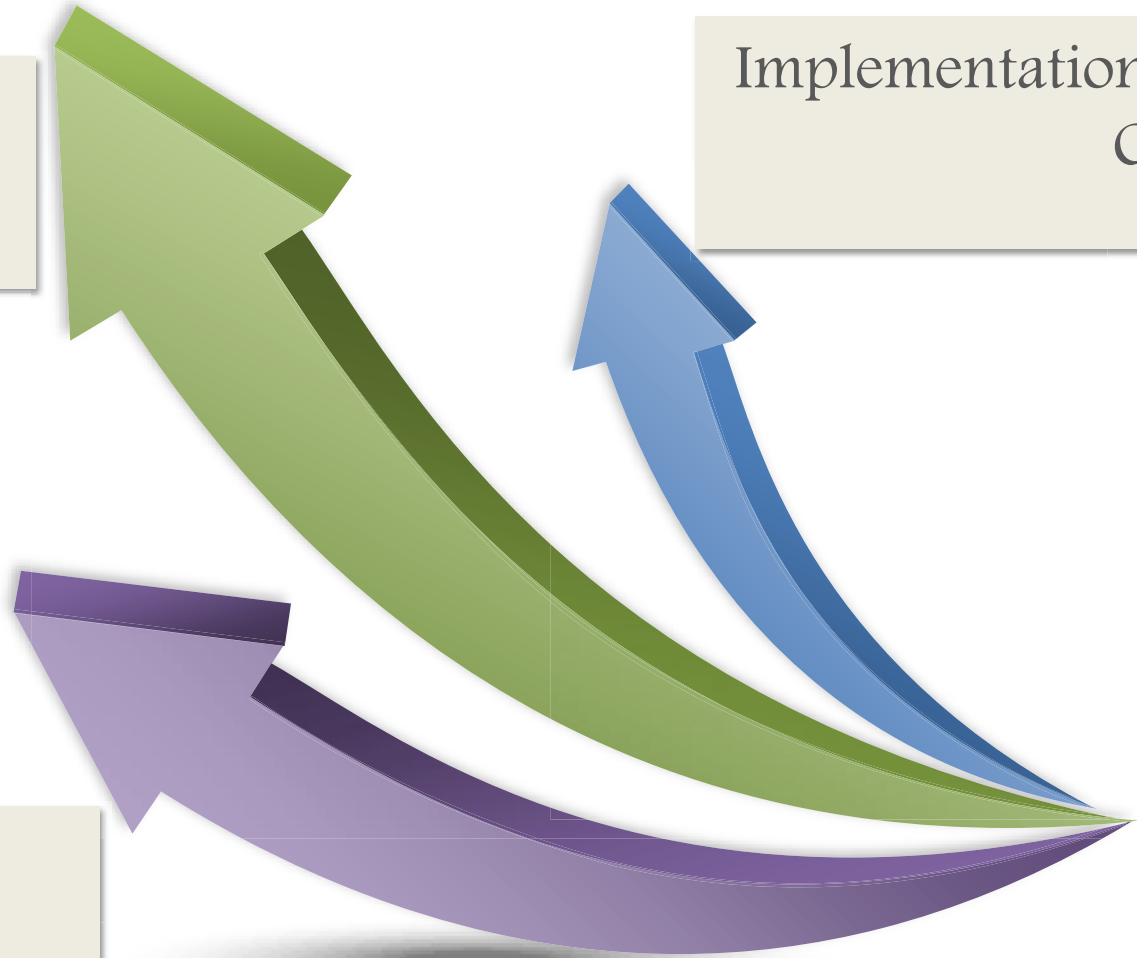
Large Opportunities



Increase in
Radialisation in CV
segment

Implementation of
GST

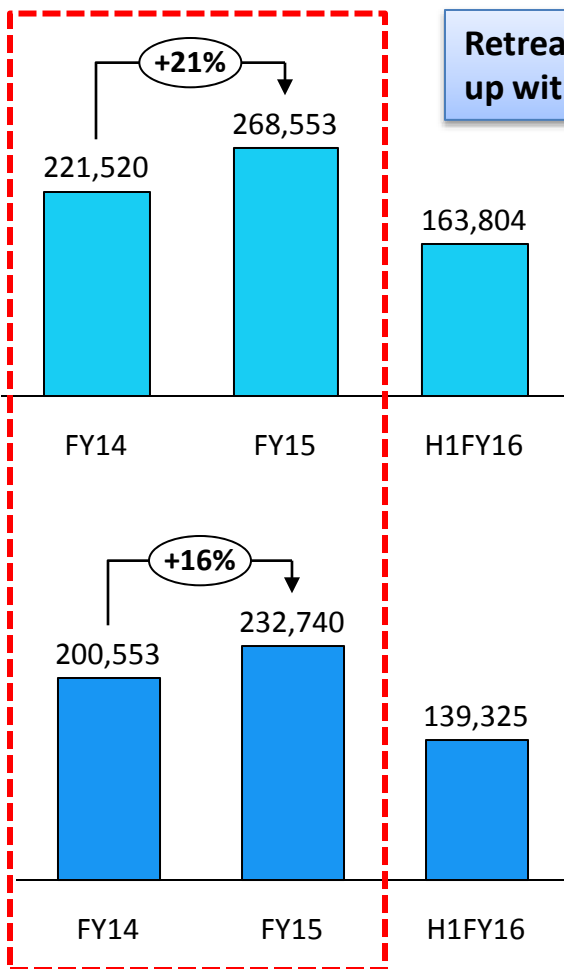
Increase in CV
Sales



Increase in CV Sales

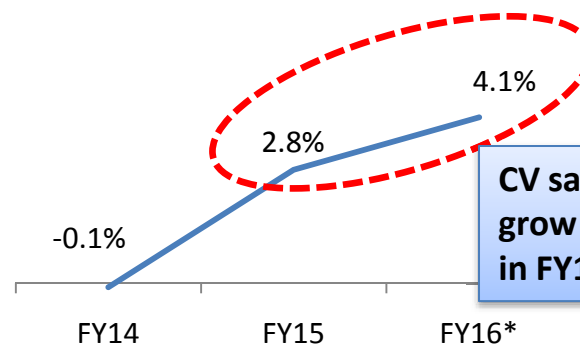


Production Domestic Sales



Retreading Industry Picks up with Lag effect

IIP Growth Rate

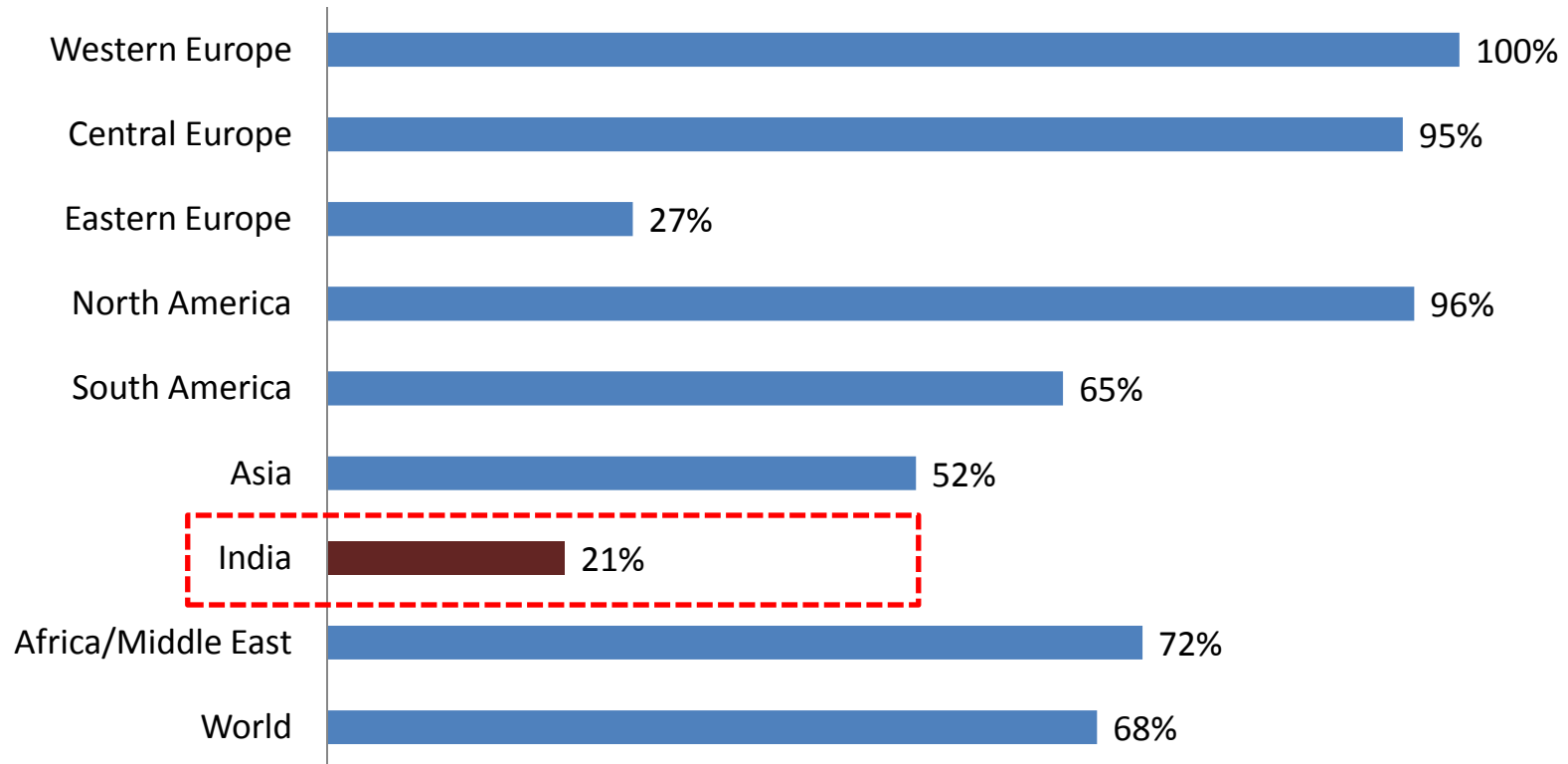


CV sales expected to grow at double digit in FY16 also

Large Opportunities for Retreading Business in coming years

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

Global Radialisation Penetration

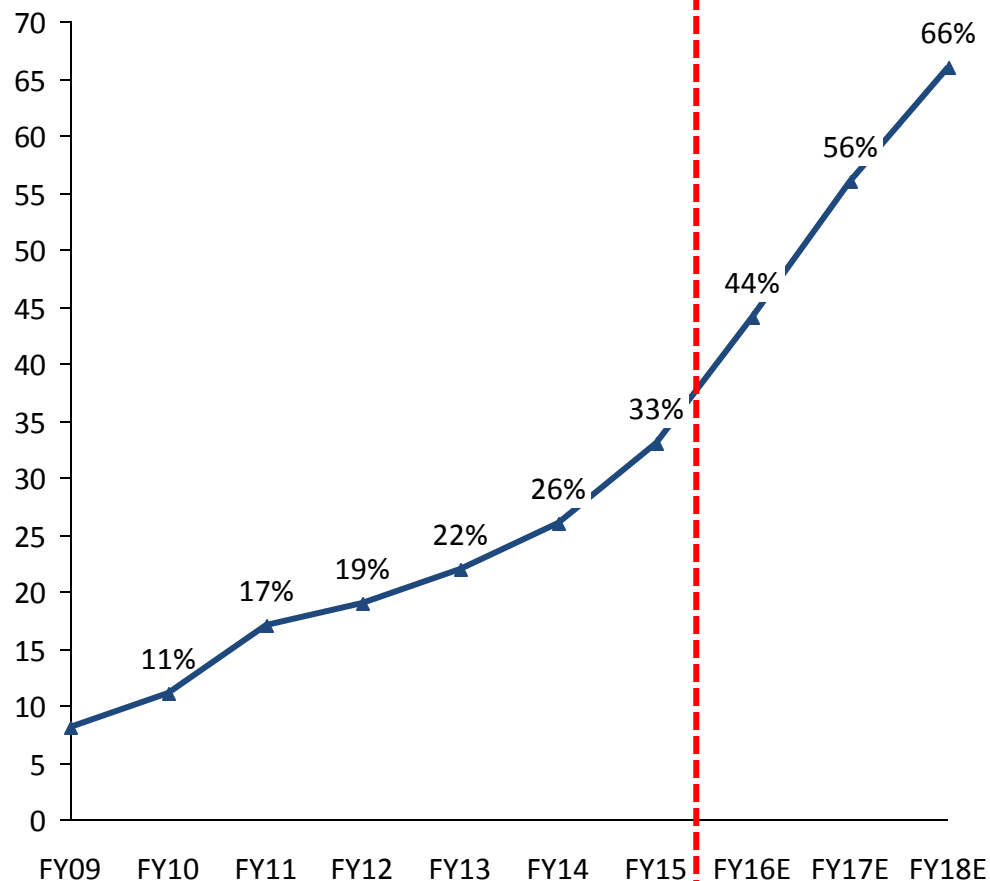


Current Radialisation in India is expected to be in the range of 28%-30% and expected to increase to **45% - 50% in next 3 years**

Increase in Radialisation in CV segment



Radialisation in Truck & Bus



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

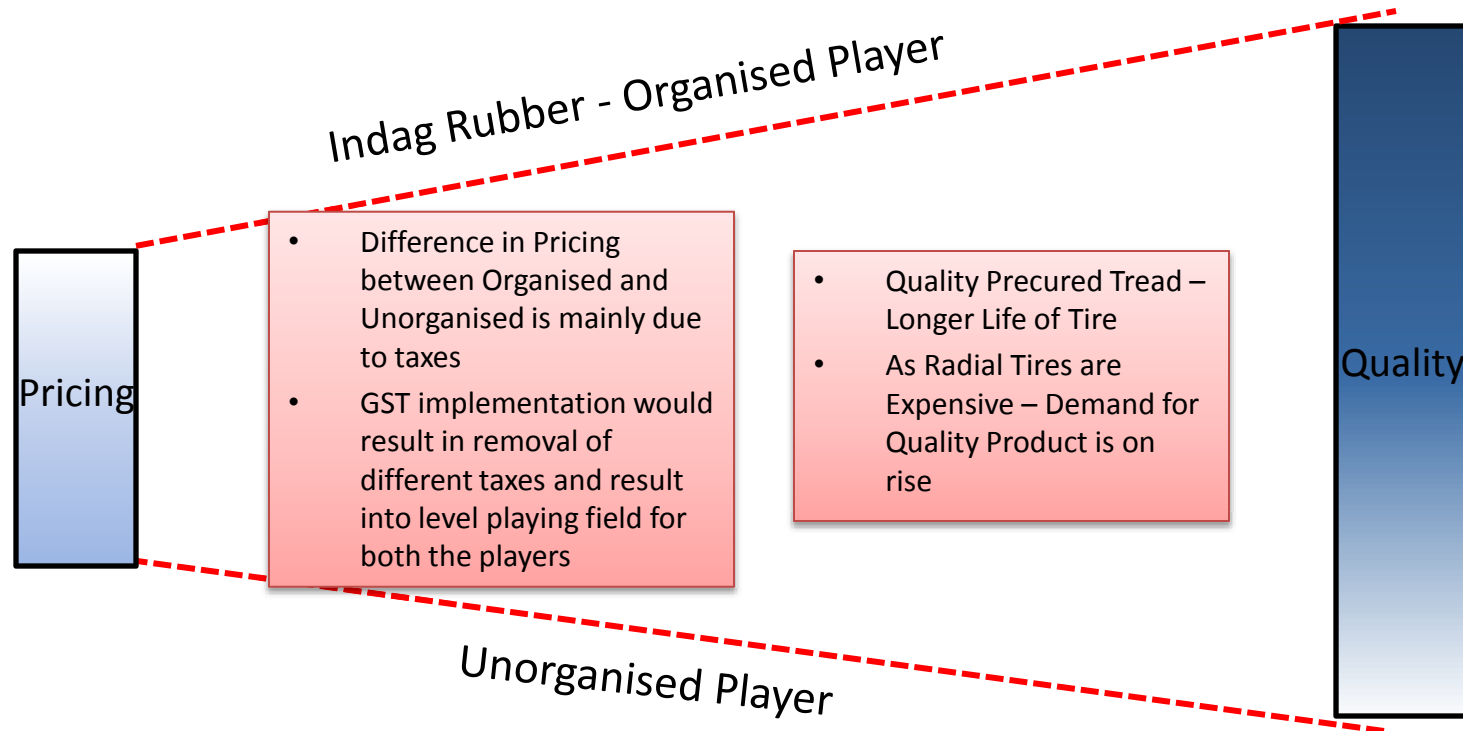
Better Road Conditions - Faster vehicles, running on radials will consume tyres more frequently, narrowing the gap in retreading time by covering larger distances in shorter durations

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

GST - A Game Changer

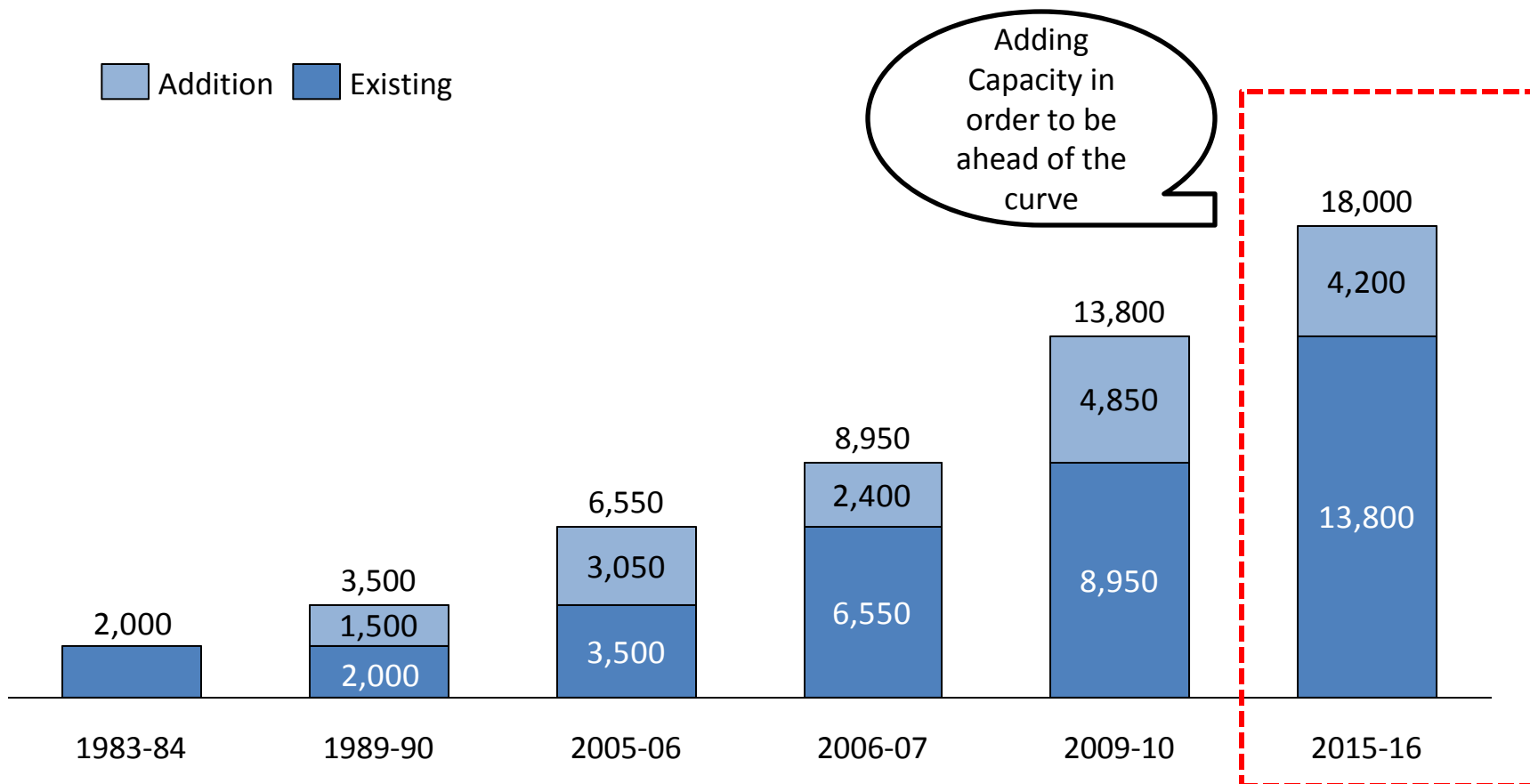


Retreading was dominated by Unorganised Players – Slow Shift towards Organised



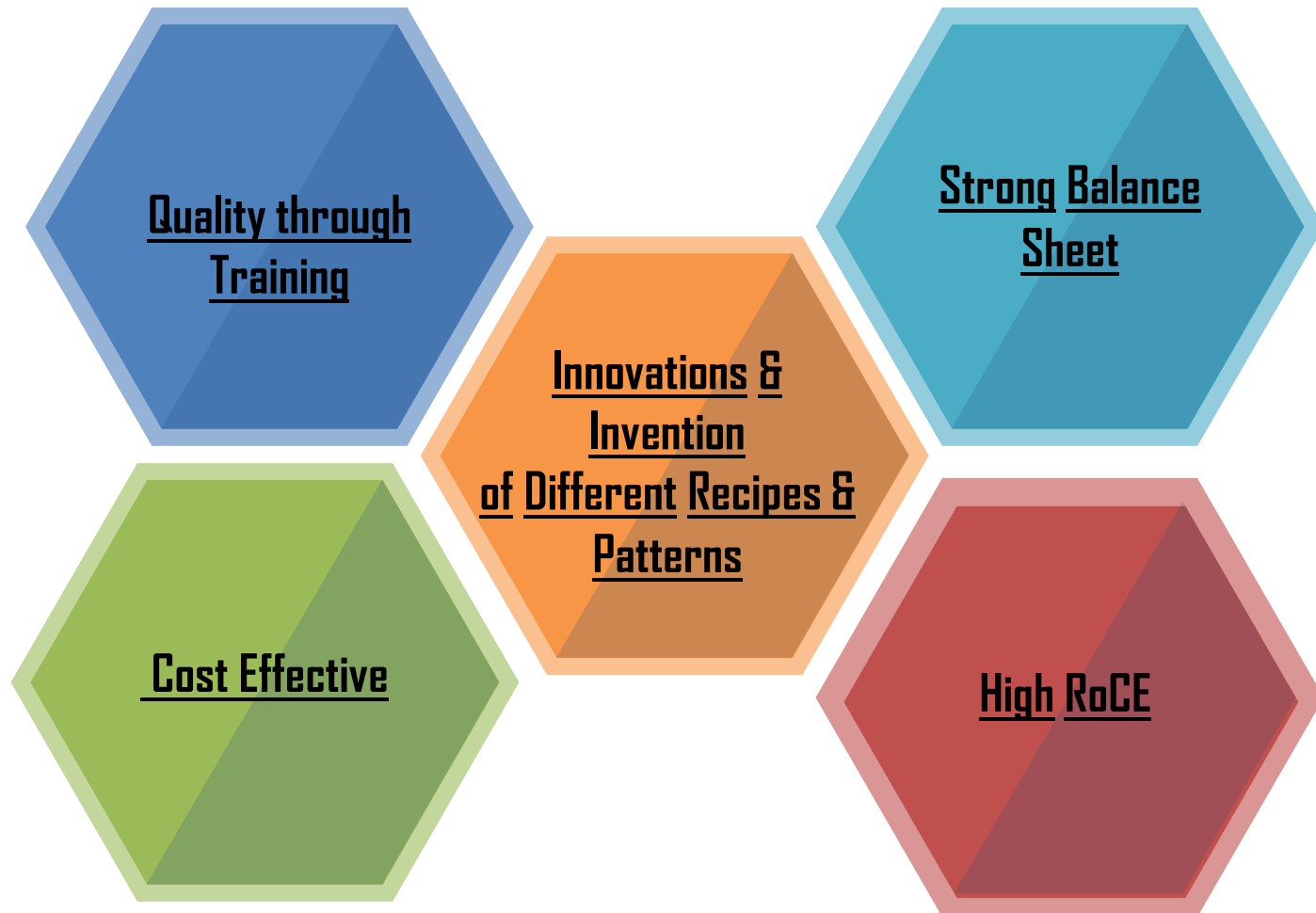
Company Offers – Best Quality with Reasonable Pricing

Capacity Expansion – To Grab Opportunities



- Capacity expansion of 4,200 MTPA will be completed by FY16
- Brownfield Expansion with Total Capex of Rs.7 crs

Our Key Strengths

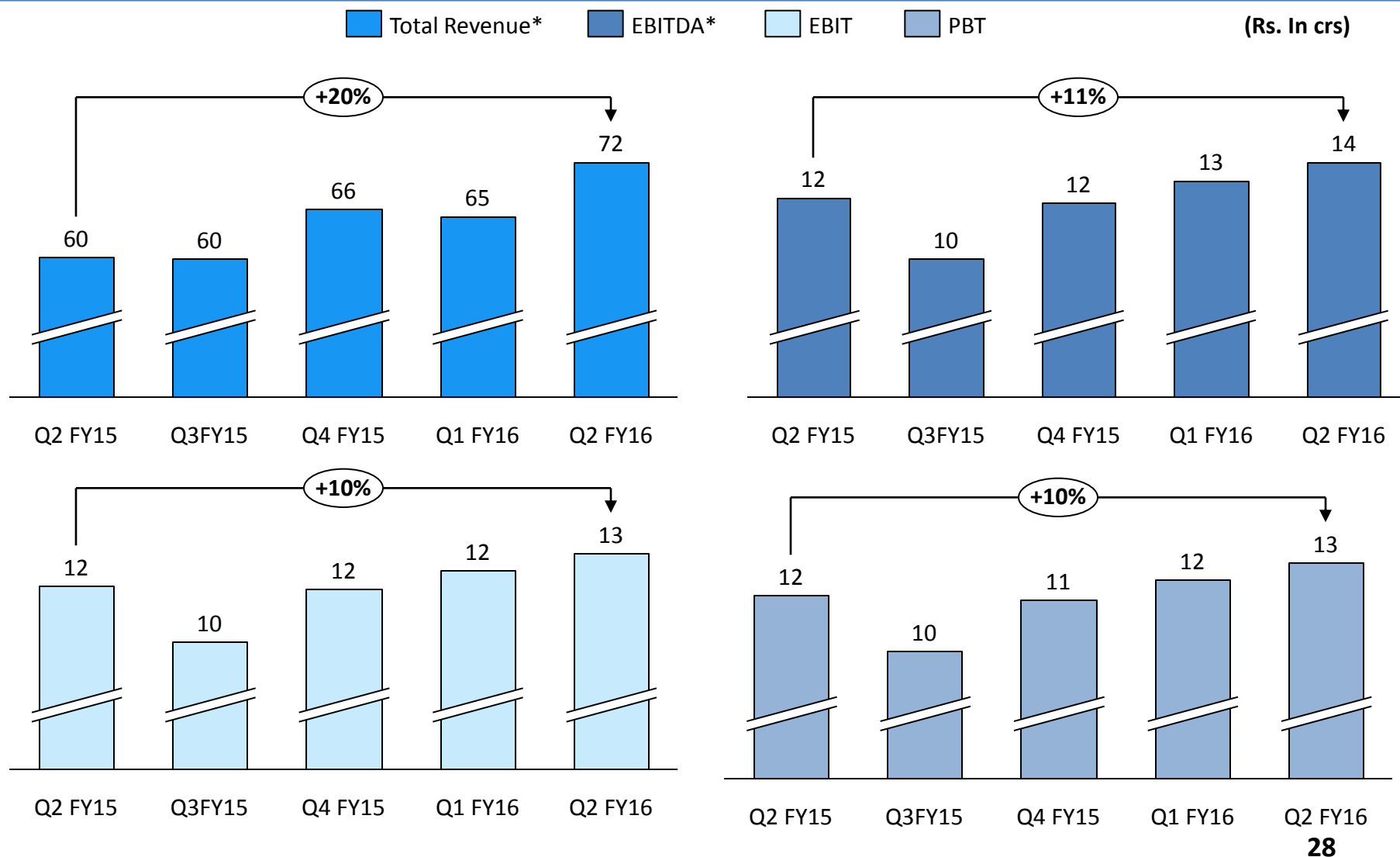




Financial Highlights



Financial Highlights – Quarterly

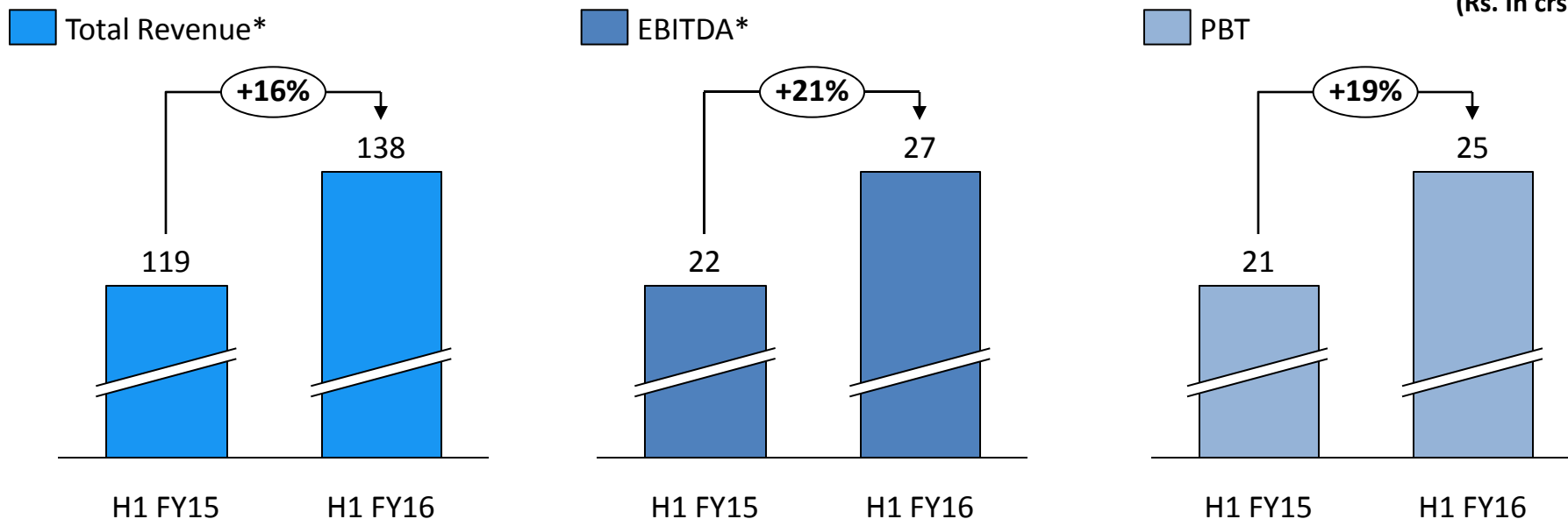


* incl. Other Income

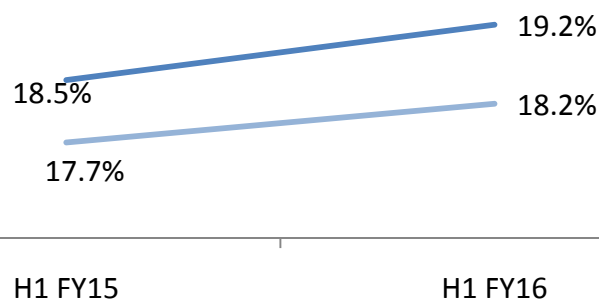
Financial Highlights – Half Yearly



(Rs. In crs)



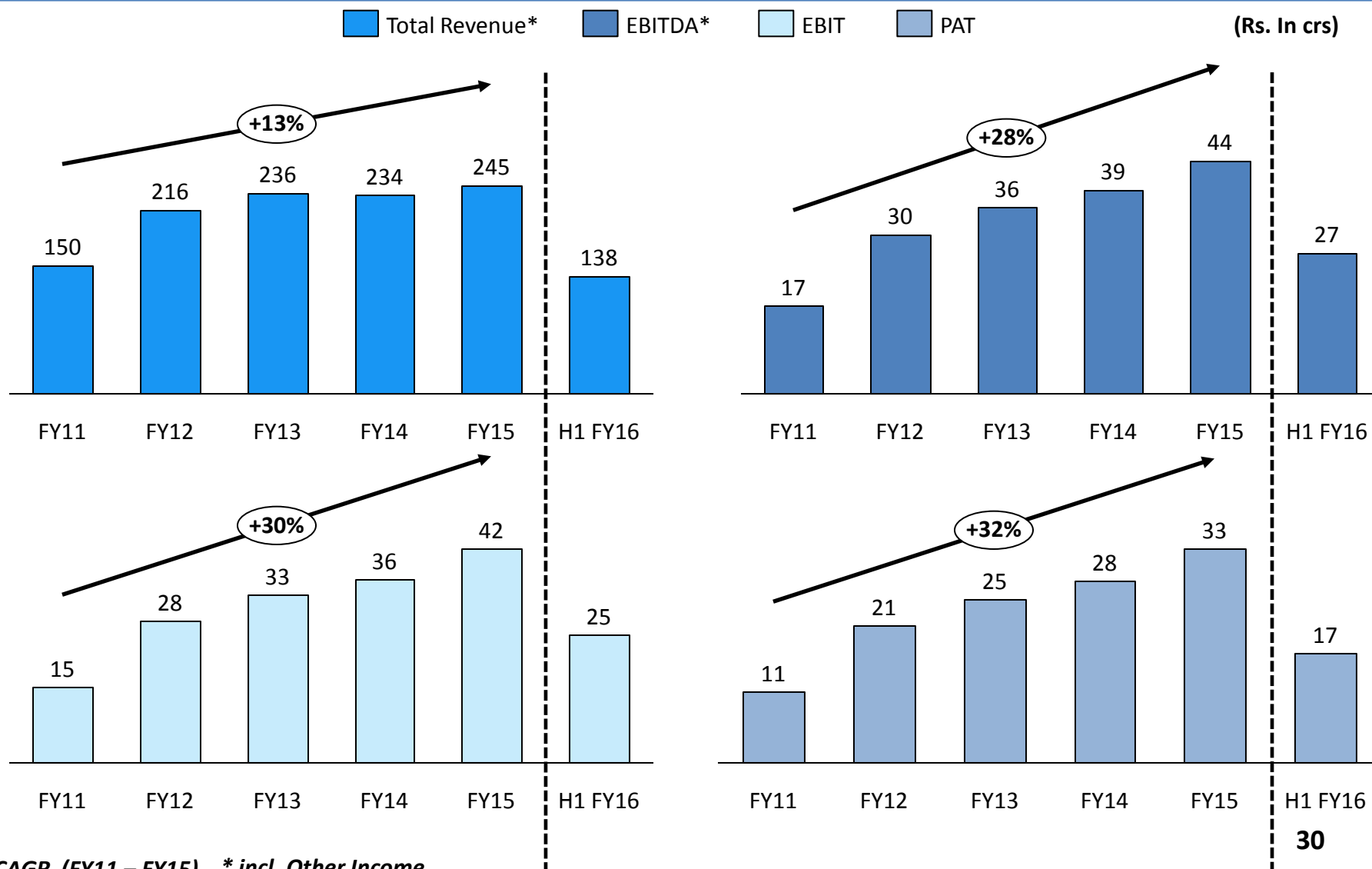
EBITDA* PBT



**Declared Interim Dividend of 45% on FV of Rs.2
(i.e. Re. 0.90 per equity share)**

* incl. Other Income

Financial Highlights – Yearly



Financial Highlights



Particulars (Rs. In Crs)	Q2FY16	Q2FY15	Y-o-Y	Q1FY16	Q-o-Q
Total Revenue from Operations	71.03	58.37		64.12	
Other Income	1.29	1.99		1.36	
Total Revenue	72.33	60.36	20%	65.49	10%
Cost of Material Consumed	44.22	41.25		39.26	
Changes in Inventories	-0.15	-4.16		-0.50	
Employee Expenses	5.65	4.48		4.86	
Other Expenses	9.02	6.49		8.95	
EBITDA	13.60	12.30	11%	12.92	5%
EBITDA %	18.8%	20.4%		19.7%	
Depreciation	0.68	0.59		0.65	
EBIT	12.92	11.71	10%	12.27	5%
EBIT (%)	17.9%	19.4%		18.7%	
Finance Cost	0.06	0.05		0.04	
Profit before Tax	12.86	11.66	10%	12.23	5%
Tax	4.22	2.90		4.19	
Profit after Tax	8.64	8.76	-1%	8.03	8%
PAT %	11.9%	14.5%		12.3%	

Financial Highlights – Half Yearly



Particulars (Rs. In Crs)	H1FY16	H1FY15	Y-o-Y
Total Revenue from Operations	135.16	116.51	
Other Income	2.65	2.11	
Total Revenue	137.81	118.61	16%
Cost of Material Consumed	83.48	77.59	
Changes in Inventories	-0.65	-1.61	
Employee Expenses	10.51	8.33	
Other Expenses	17.96	12.39	
EBITDA	26.52	21.92	21%
EBITDA %	19.2%	18.5%	
Depreciation	1.33	0.83	
EBIT	25.19	21.10	19%
EBIT (%)	18.3%	17.8%	
Finance Cost	0.10	0.09	
Profit before Tax	25.09	21.00	19%
Tax	8.41	5.33	
Profit after Tax	16.67	15.67	6%
PAT %	12.1%	13.2%	

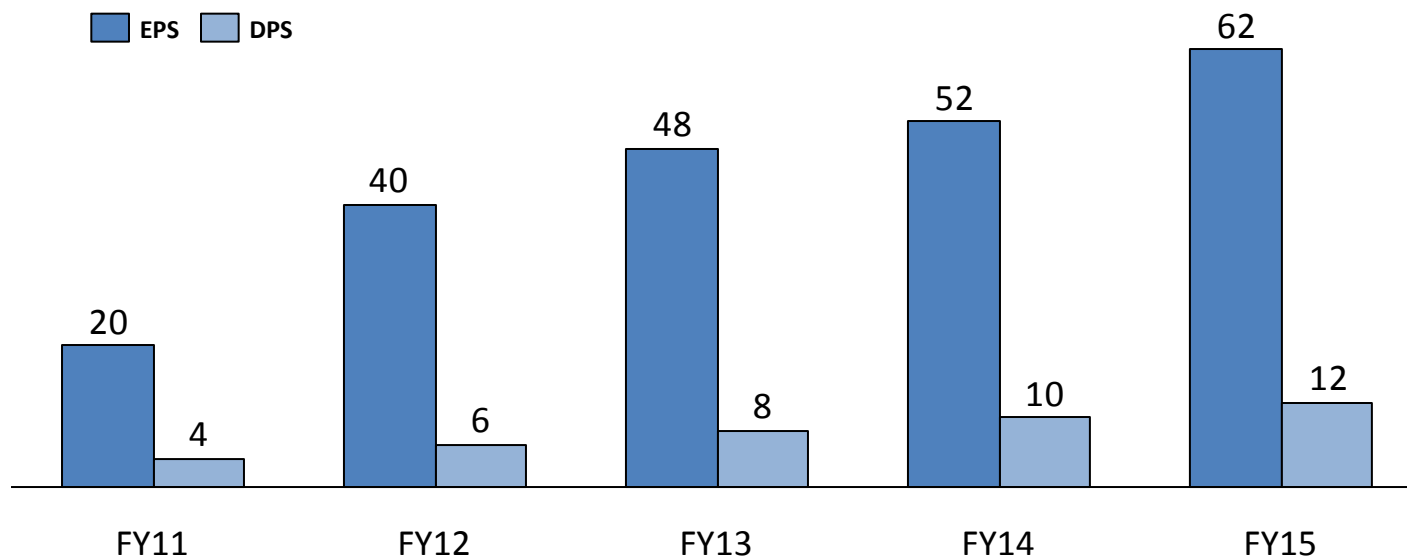
Balance Sheet



Particulars Rs. Crores	Sep-15	Mar-15
Shareholder's Fund	144.67	128.01
Share capital	5.25	5.25
Reserves & Surplus	139.42	122.76
Non-current liabilities	2.08	0.40
Deferred Tax Liabilities (Net)	1.90	0.28
Long term Provisions	0.19	0.11
Current liabilities	30.82	36.61
Trade Payables	18.12	18.83
Other Current Liabilities	11.56	11.71
Short Term Provisions	1.14	6.07
Total Liabilities	177.57	165.01

Particulars Rs. Crores	Sep-15	Mar-15
Non-current assets	73.49	42.37
Fixed assets (inc. CWIP)	28.19	26.65
Non-current Investments	42.66	13.97
Long-term loans and advances	2.36	1.63
Other Non-current assets	0.29	0.12
Current assets	104.09	122.64
Current Investments	28.37	49.50
Inventories	28.31	30.41
Trade receivables	35.55	33.80
Cash and bank balances	6.62	4.24
Short Term Loans & Advances	4.81	4.25
Other current assets	0.41	0.44
Total Assets	177.57	165.01

Dividend Pay-out



Earning Per Share (Rs.)	20	40	48	52	62
Dividend Per Share (Rs.)	4	6	8	10	12
Dividend Payout	20%	15 %	17 %	19%	19%

For further information, please contact

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