



INDAG RUBBER LTD

Safety & Reliability Mile After Mile.....

Q2FY17 Investor Presentation



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.

S. No	Particulars	Page
1	Result Highlights	4
2	Retreading Industry	7
3	Corporate Overview	12
4	Financial Highlights	30



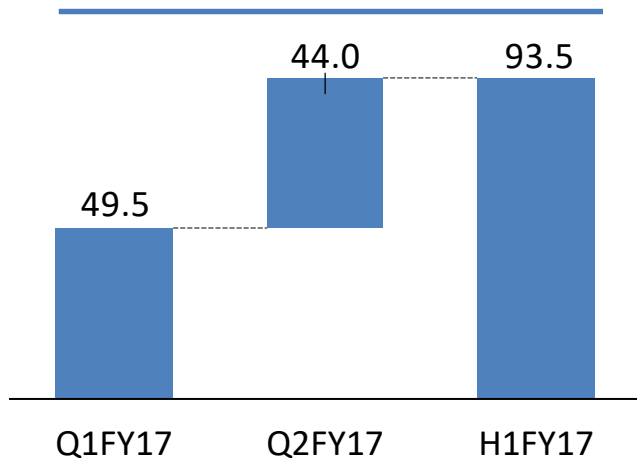
Result Highlights

Financial Highlights

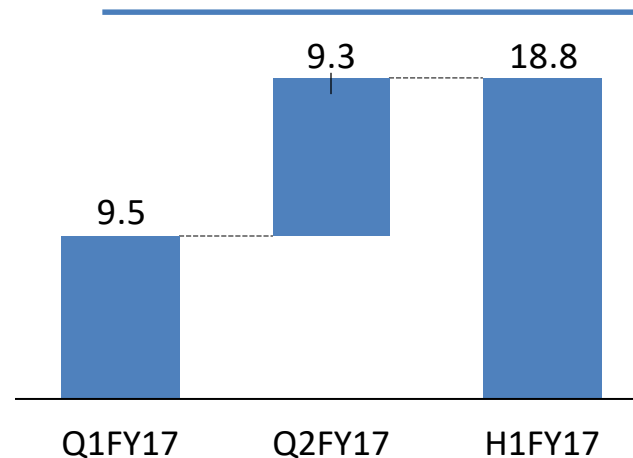


(Rs. In crs)

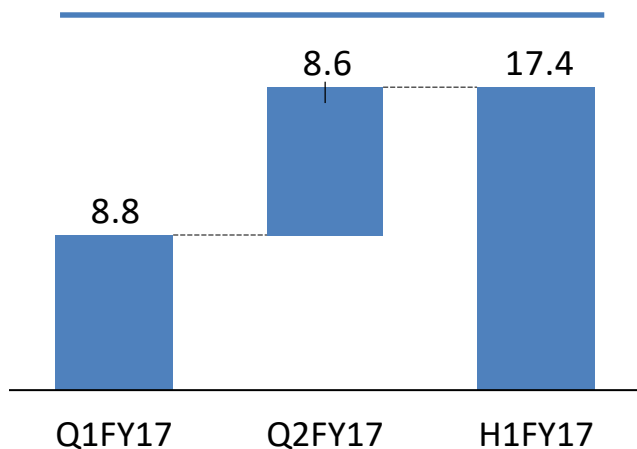
Revenue*



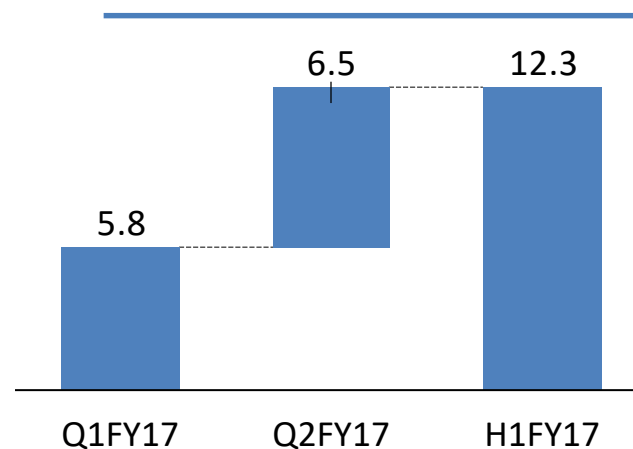
EBITDA*



EBIT



PAT

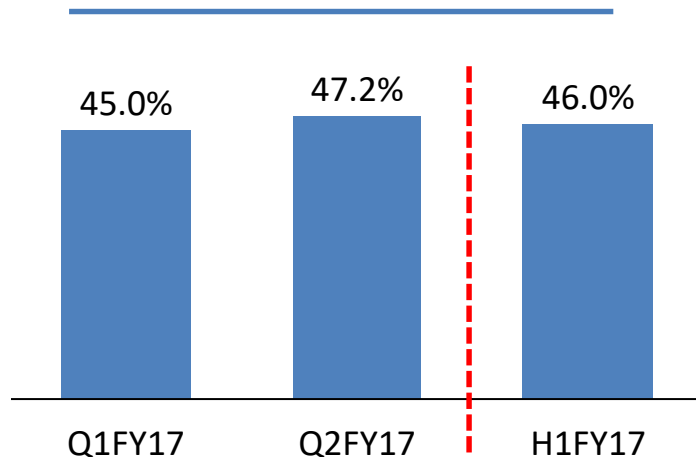


*incl. Other Income

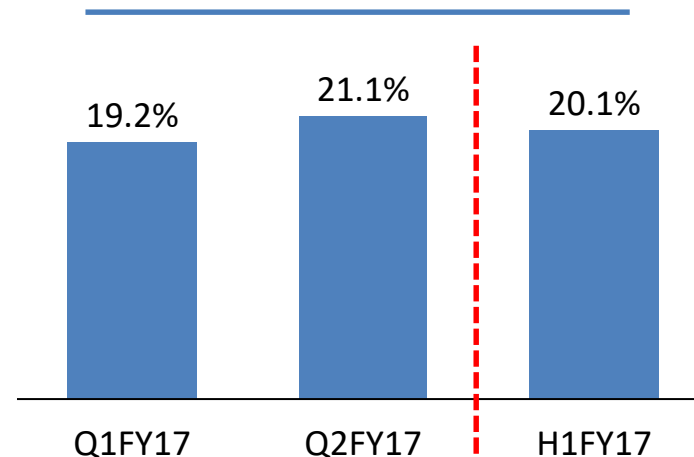
Financial Highlights



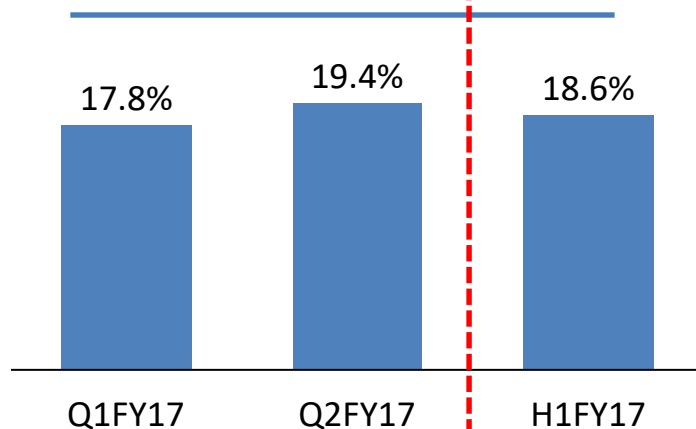
Gross Profit (%)



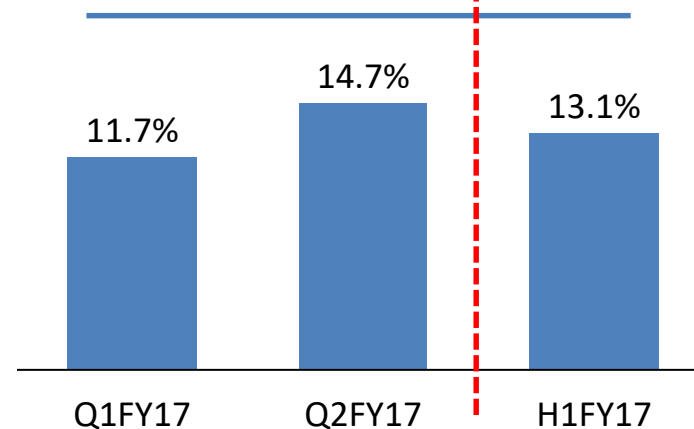
EBITDA* (%)



EBIT (%)



PAT (%)





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



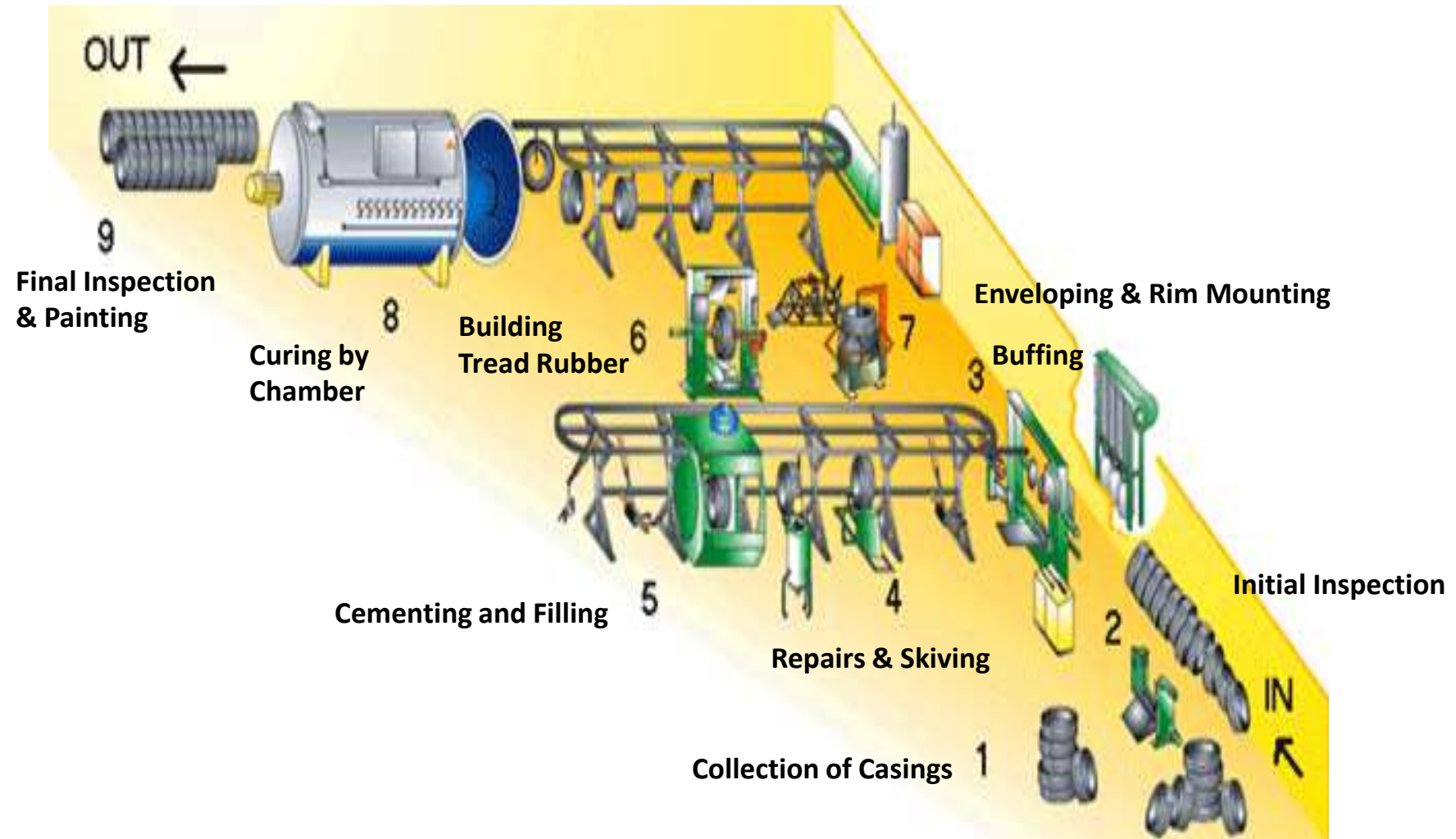
- Precured rubber of high density & available in various tread designs is lined with cushion gum before applying to a buffed casing
- Curing is done in a pressure chamber at low temperature 100°C & pressure

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

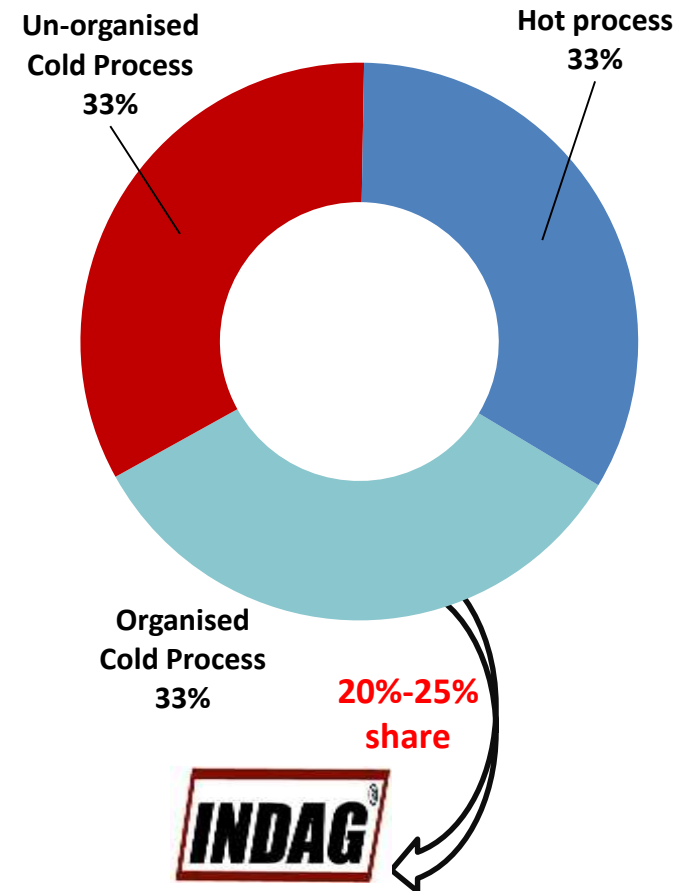
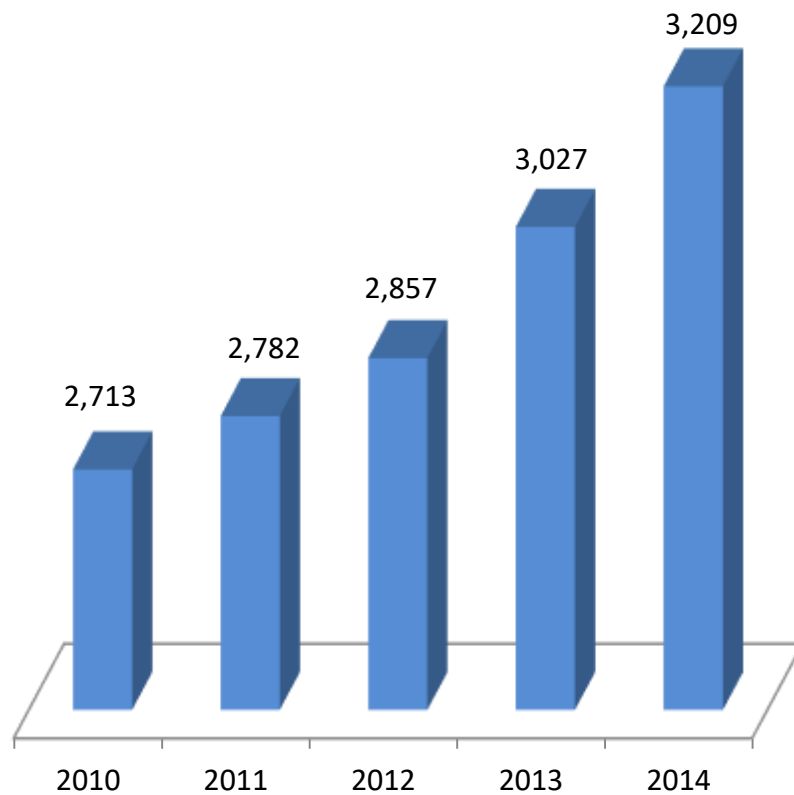


Environmental friendly: Requires ~7 gallons of crude oil to produce a retread as opposed to 22 gallons of oil to manufacture a new tyre

Indian Tread Manufacturing Industry




Market size (Rs.in crs)





Corporate Overview

Company Overview

A photograph of two orange semi-trucks driving on a two-lane road that stretches into the distance under a clear blue sky. The trucks are positioned in the center of the frame, one on each side of the white center line. The background shows green grass and trees on either side of the road.

India's Most Trusted Tread Manufacturing Company

Pioneered Cold Retreading technology in India

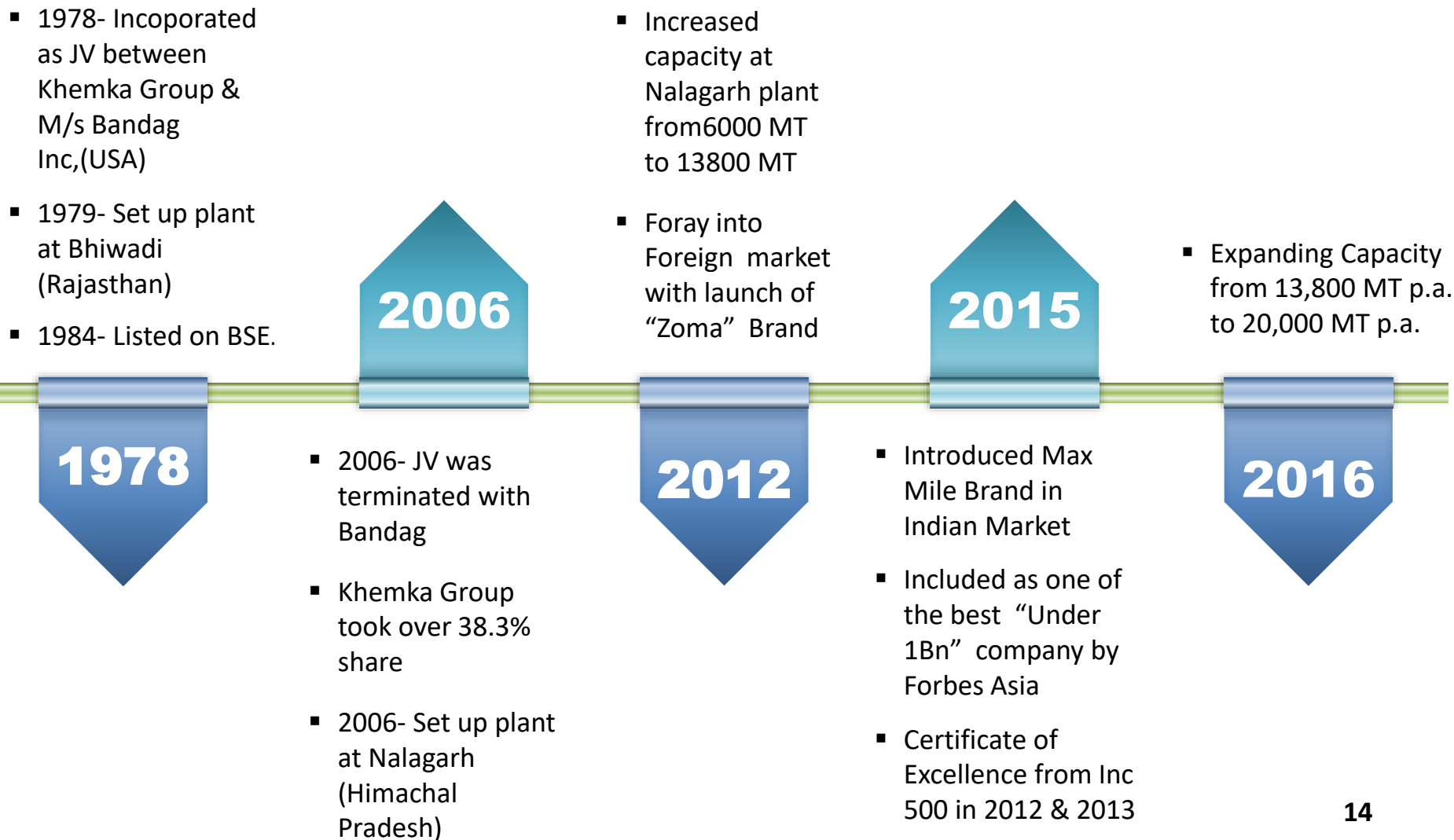
Presence in All type of Commercial Segments

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

- 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



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



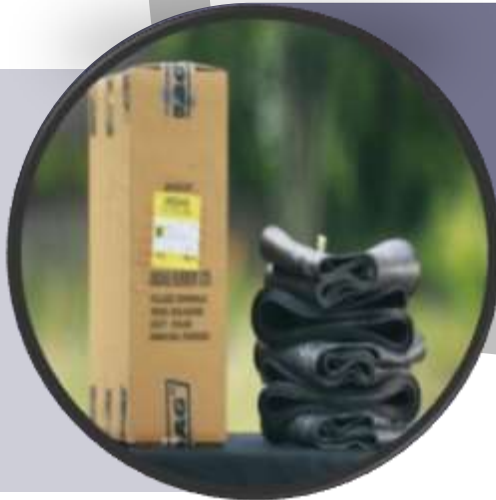
Un vulcanised Rubber strip gum

- 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

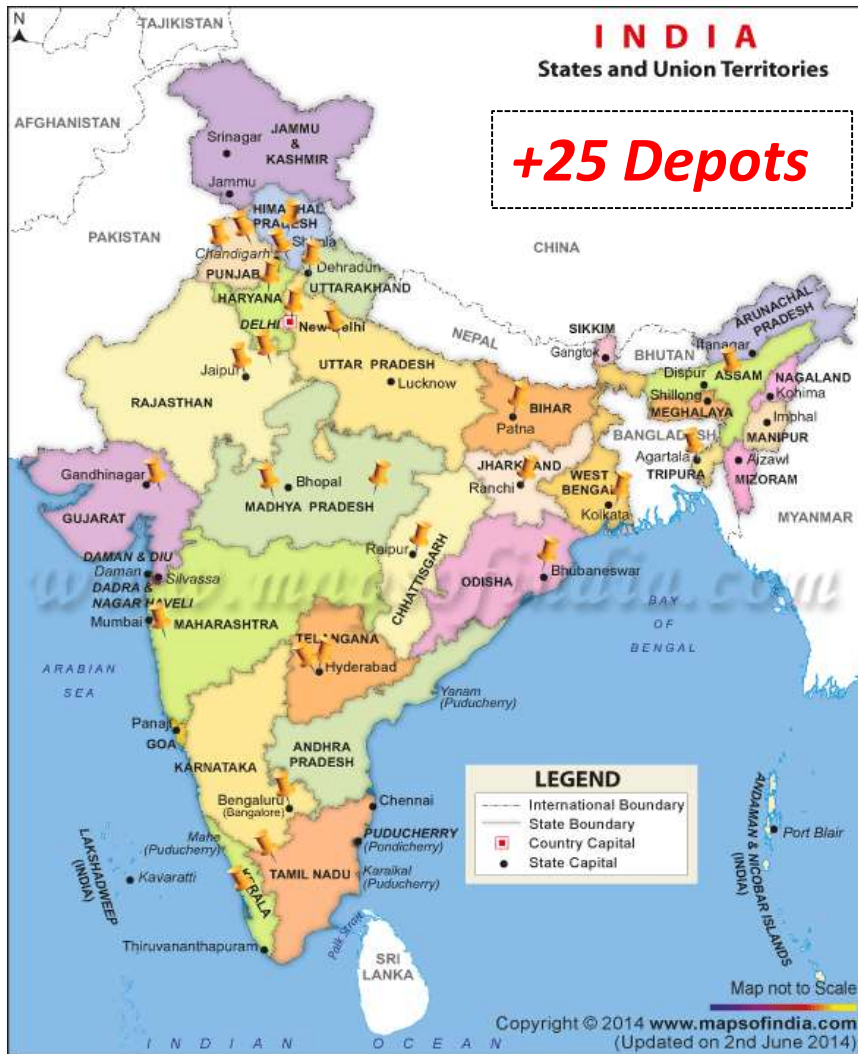


Universal Spray Cement

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



Distribution Network



- For speedy delivery of products
- Pan India Presence
- 1200+ Retreaders
- 100-150 Dealers
- 25 Depots PAN India basis

Training Retreaders ensure Quality



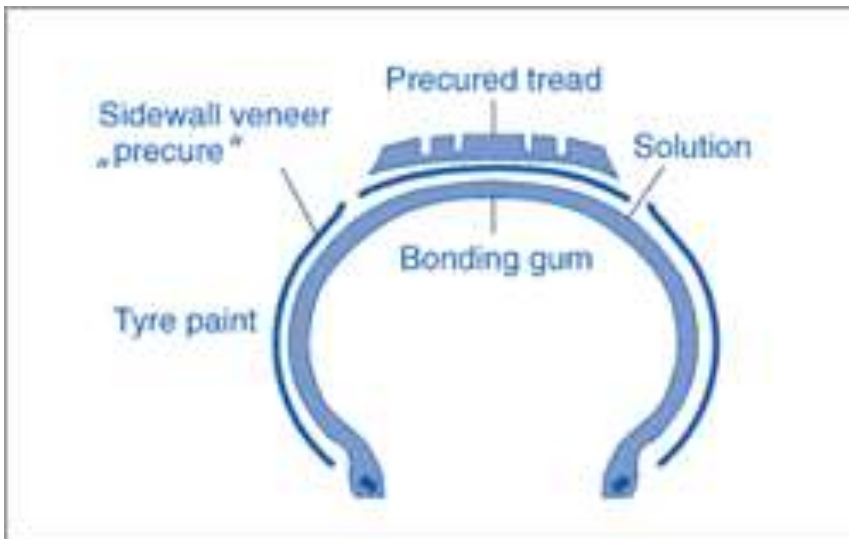
Training imparted by Engineers who has unique qualifications of Retreading

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

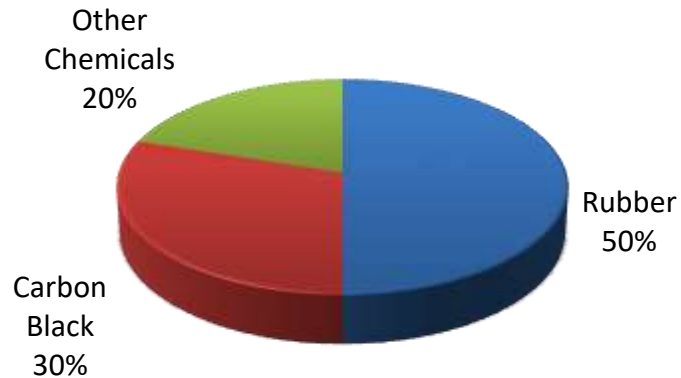


- ✓ Retreading operation carried out by Retreaders
- ✓ Retreaders also gets after sales and support services
- ✓ Problem solving and helping with the machinery issues
- ✓ Logistic & warehouse support

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



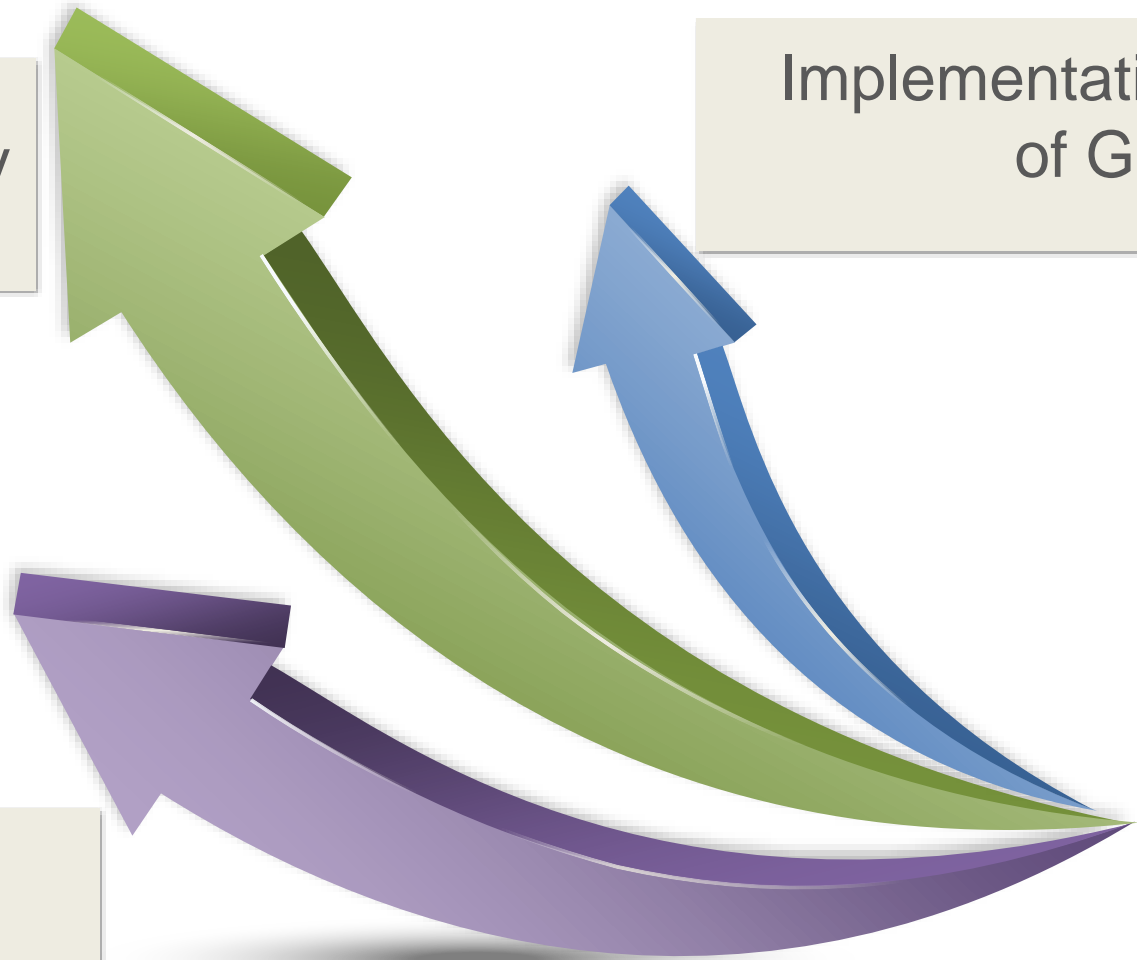
Large Opportunities



Increase in
Radialisation in CV
segment

Implementation
of GST

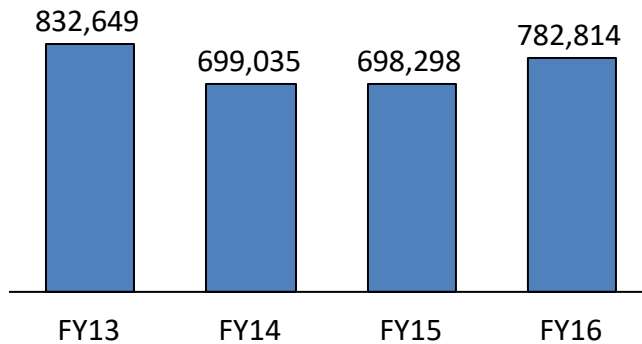
Increase in
CV Sales



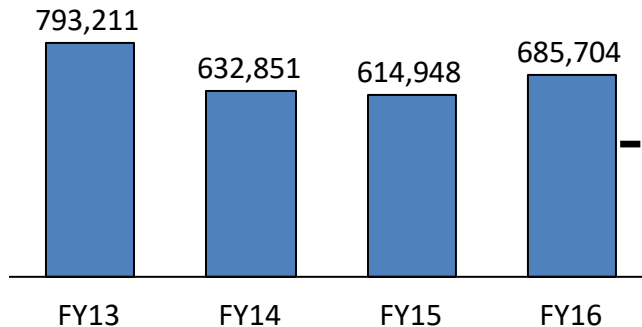
Increase in CV Sales



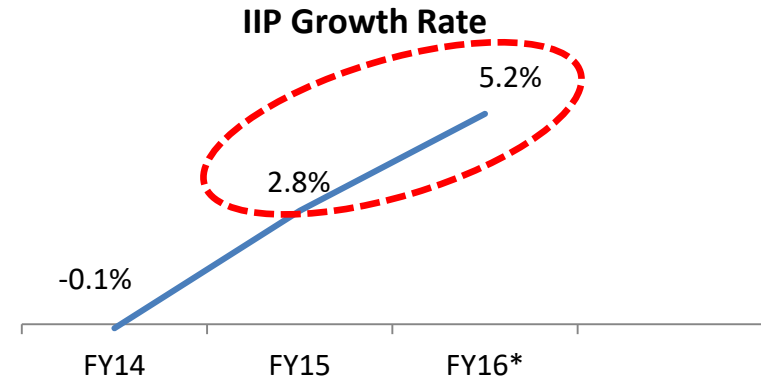
CV Production Trends



CV Domestic Sales Trends



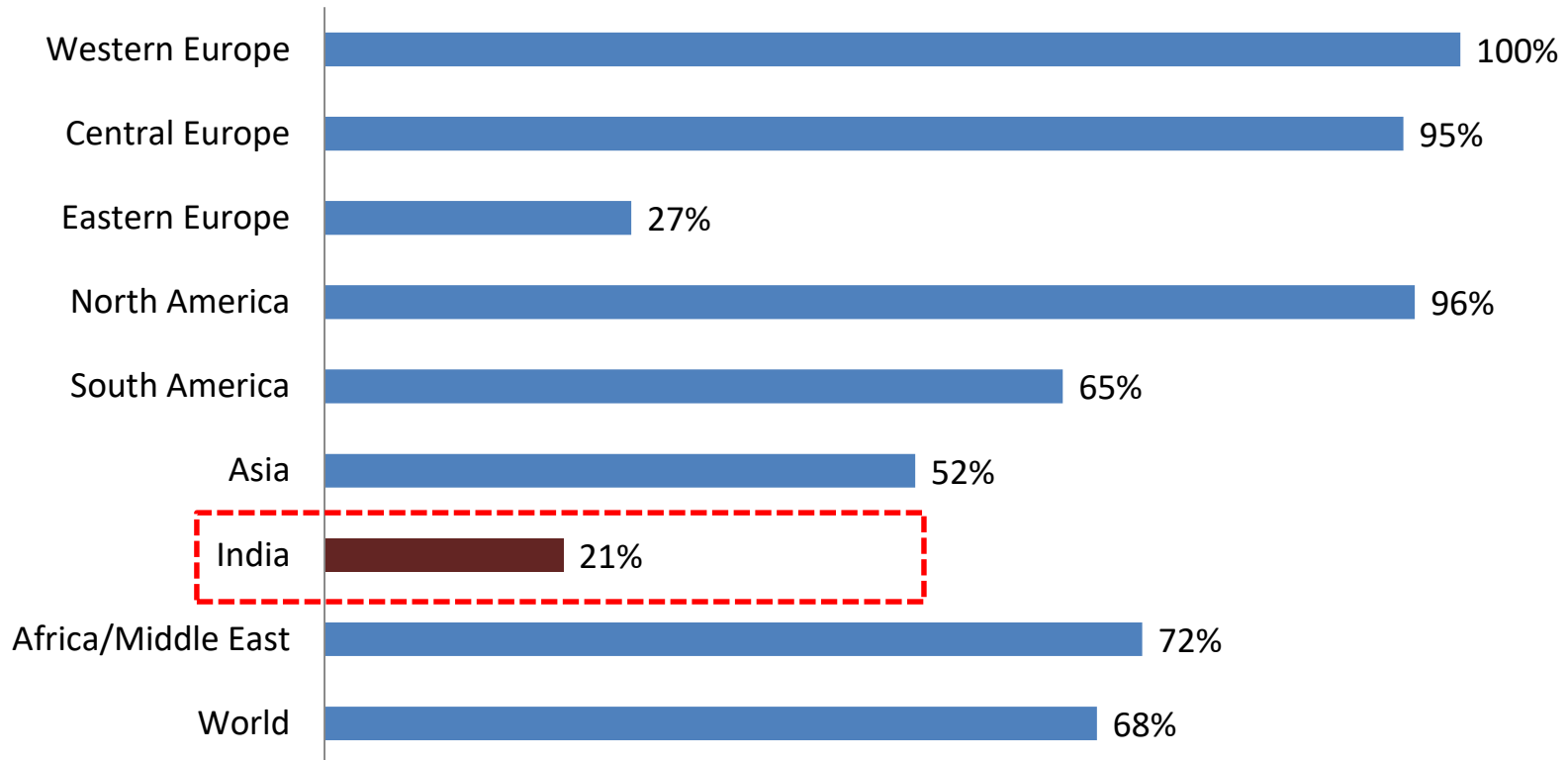
As Industrial Activity Picks up – More Demand for Commercial Vehicles for Movement of Goods – More Tires worn out – Retreading done on Tires



Retreading Industry Picks up with Lag effect

Large Opportunities for Retreading Business in coming years

Global Radialisation Penetration

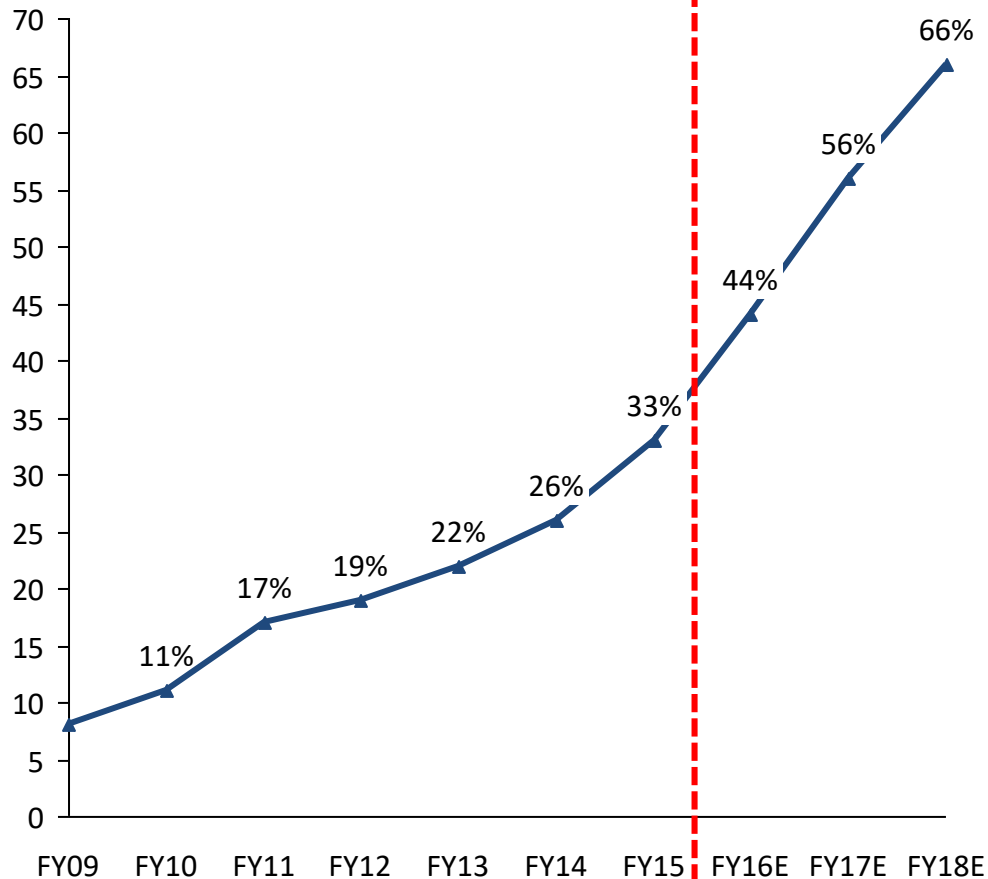


Current Radialisation in India is expected to be in the range of 28%-30% and expected to increase to **45% - 50% in next 3 years**

Increase in Radialisation in CV segment



Radialisation in Truck & Bus



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

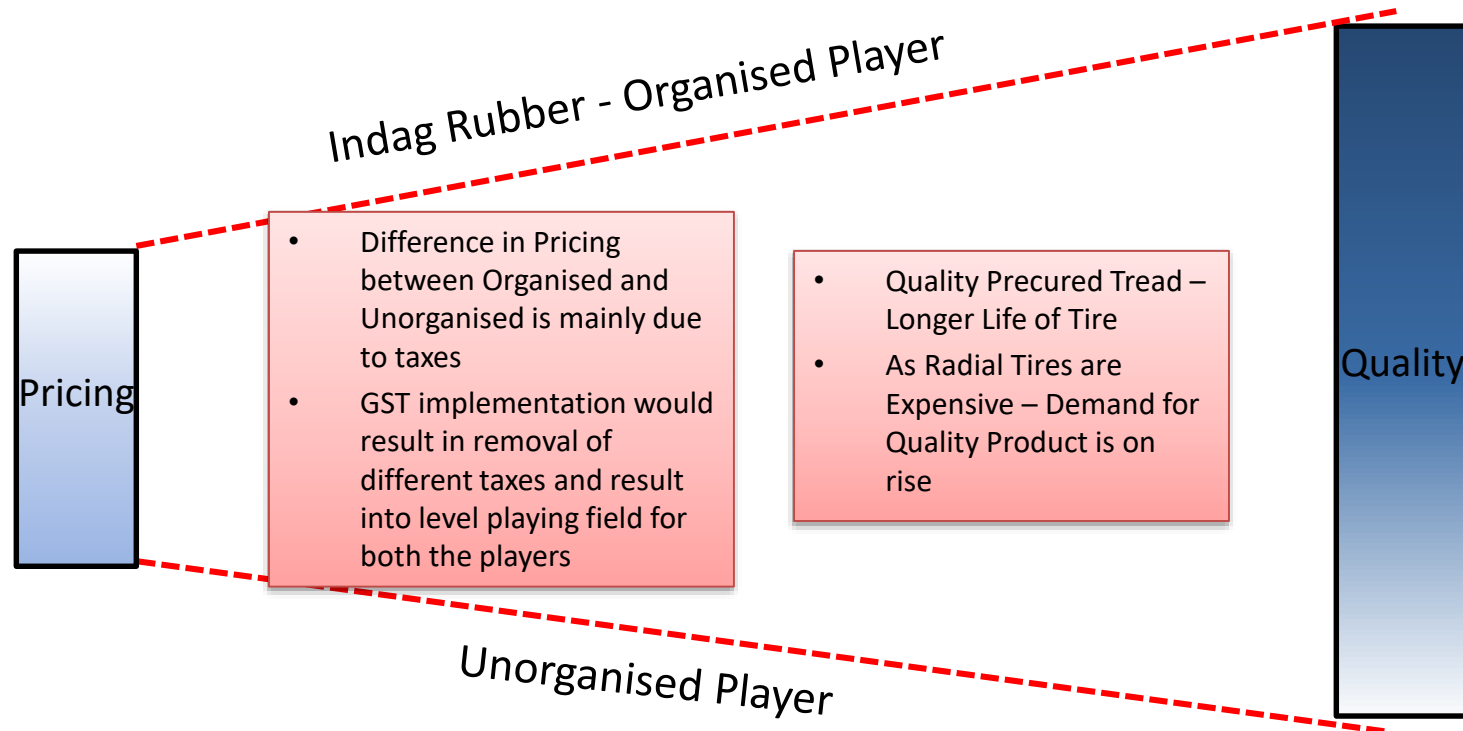
Better Road Conditions - Faster vehicles, running on radials will consume tyres more frequently, narrowing the gap in retreading time by covering larger distances in shorter durations

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

GST - A Game Changer

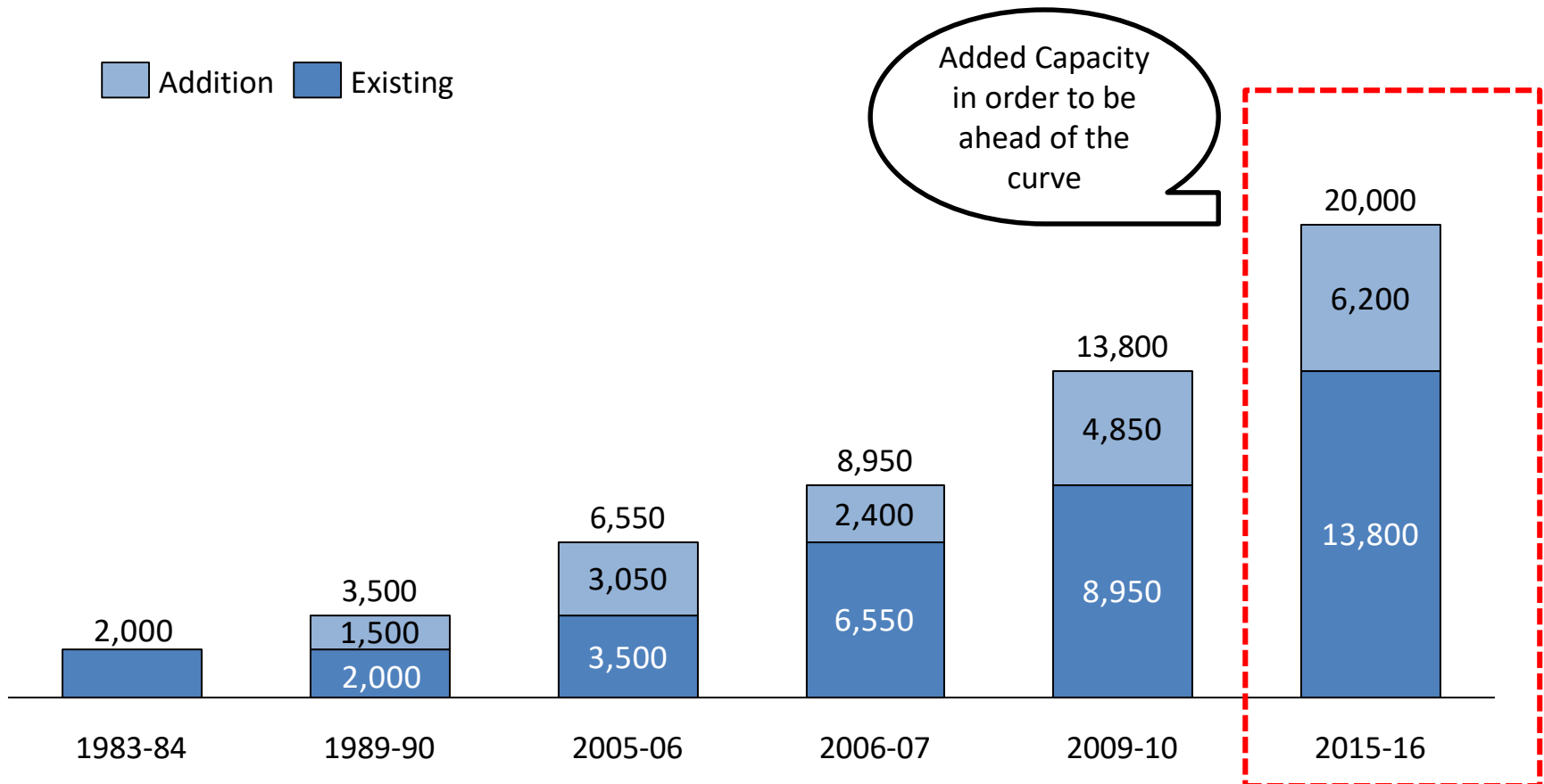


Retreading was dominated by Unorganised Players – Slow Shift towards Organised



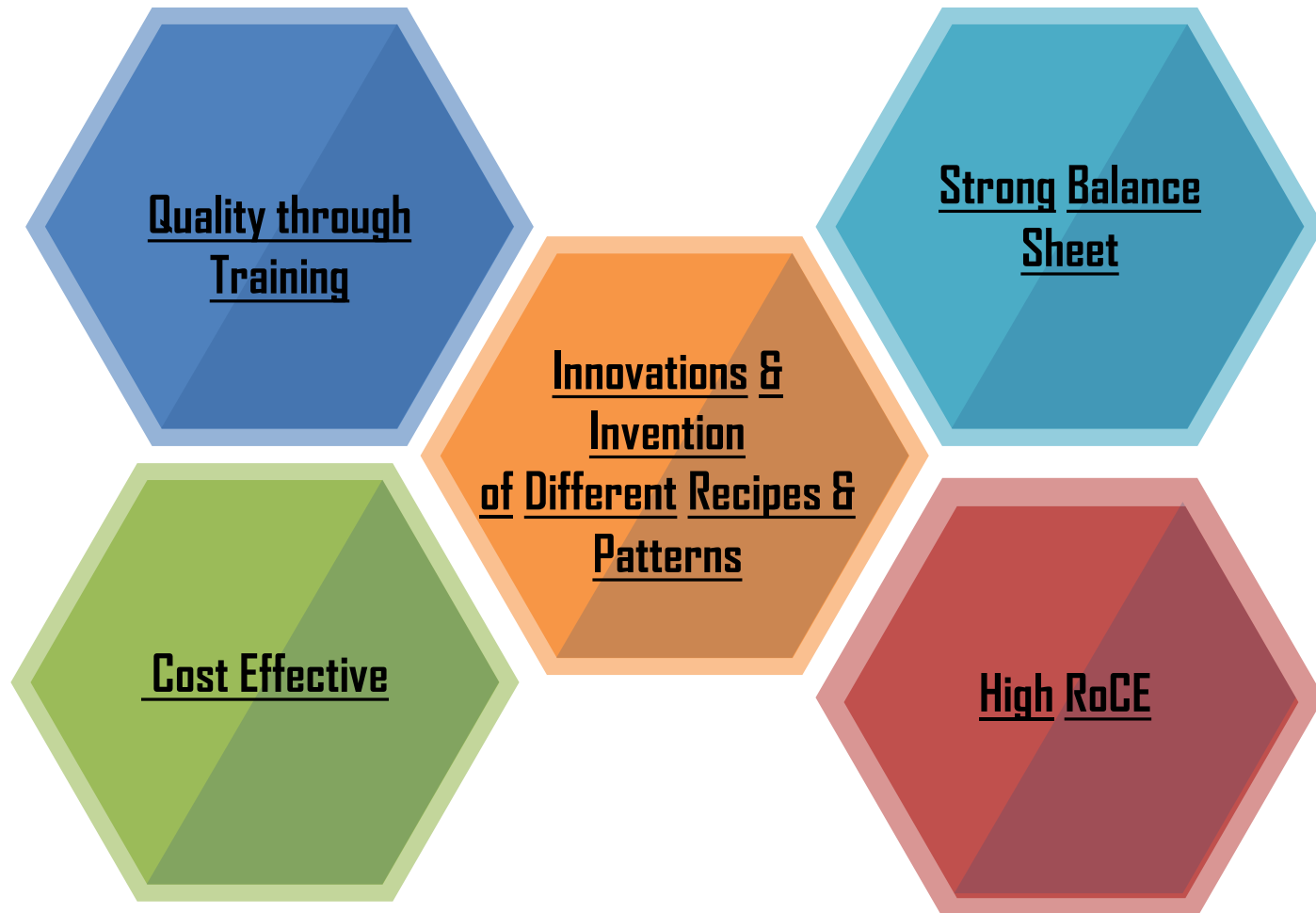
Company Offers - Best Quality with Reasonable Pricing

Capacity Expansion – To Grab Opportunities



- Capacity expansion of 6,200 MTPA is on stream from Q1FY17
- Brownfield Expansion with Total Capex of Rs.7 crs

Our Key Strengths





Financial Highlights



Financial Highlights – Q2 FY17



Particulars (Rs. In Crs)	Q2FY17	Q2FY16
Total Revenue from Operations	40.5	71.0
Other Operating Income	0.0	0.0
Other Income	3.5	1.3
Total Revenue	44.01	72.33
Cost of Material Consumed	26.4	44.1
Purchased stock in trade	0.1	0.1
Changes in Inventories	-3.2	-0.2
Employee Expenses	5.0	5.6
Other Expenses	6.5	9.0
EBITDA	9.28	13.60
EBITDA %	21.09%	18.80%
Depreciation	0.7	0.7
EBIT	8.6	12.9
EBIT (%)	19.4%	17.9%
Finance Cost	0.1	0.1
Profit before Tax	8.50	12.9
Tax	2.0	4.2
Profit after Tax	6.49	8.64
PAT %	14.74%	11.94%

Financial Highlights – H1 FY17



Particulars (Rs. In Crs)	H1FY17	H1FY16	FY16
Total Revenue from Operations	89.3	135.1	252.8
Other Operating Income	0.0	0.1	0.4
Other Income	4.2	2.6	4.7
Total Revenue	93.50	137.81	257.88
Cost of Material Consumed	54.6	83.3	150.3
Purchased stock in trade	0.1	0.2	0.2
Changes in Inventories	-4.3	-0.7	0.1
Employee Expenses	9.9	10.5	21.0
Other Expenses	14.4	18.0	35.2
EBITDA	18.79	26.52	50.94
EBITDA %	20.09%	19.24%	19.75%
Depreciation	1.4	1.3	2.8
EBIT	17.37	25.19	48.2
EBIT (%)	18.6%	18.3%	18.7%
Finance Cost	0.1	0.1	0.3
Profit before Tax	17.25	25.09	47.89
Tax	5.0	8.4	15.9
Profit after Tax	12.28	16.67	31.97
PAT %	13.13%	12.10%	12.40%

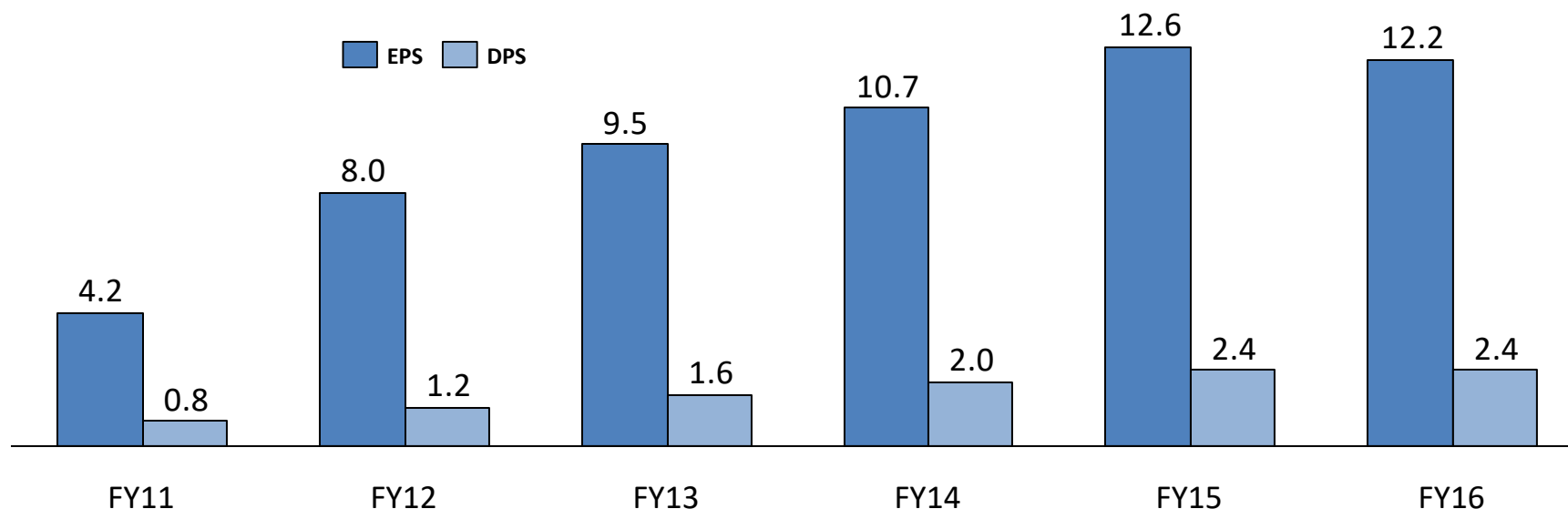
Balance Sheet



Particulars Rs. Crores	Sep-16	Mar-16
Shareholder's Fund	164.7	157.1
Share capital	5.3	5.3
Reserves & Surplus	159.4	151.9
Non-current liabilities	2.8	2.6
Deferred Tax Liabilities (Net)	2.8	2.6
Long term Provisions	0.0	0.0
Current liabilities	24.0	27.0
Trade Payables	10.2	10.9
Other Current Liabilities	11.8	14.9
Short Term Provisions	2.0	1.5
Total Liabilities	191.4	186.7

Particulars Rs. Crores	Sep-16	Mar-16
Non-current assets	85.9	86.8
Fixed assets (inc. CWIP)	31.9	31.8
Non-current Investments	52.8	53.7
Long-term loans and advances	1.1	1.2
Other Non-current assets	0.1	0.0
Current assets	105.5	99.9
Current Investments	33.5	29.7
Inventories	33.4	29.4
Trade receivables	27.2	30.1
Cash and bank balances	4.3	4.3
Short Term Loans & Advances	6.8	6.1
Other current assets	0.3	0.4
Total Assets	191.4	186.7

Dividend Pay-out



Earning Per Share*(Rs.)	4.2	8.0	9.5	10.7	12.6	12.2
Dividend Per Share* (Rs.)	0.8	1.2	1.6	2.0	2.4	2.4
Dividend Payout (%)	19%	15%	17%	19%	19%	20%

Declared Interim Dividend of Rs.0.90 per share (45% of Face Value of Rs.2 each)

For further information, please contact

Company :

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

www.indagrubber.com

Investor Relations Advisors :

Strategic Growth Advisors Pvt. Ltd.
CIN: U74140MH2010PTC204285
Ms. Neha Shroff / Ms. Ruchi Rudra
neha.shroff@sgapl.net / ruchi.rudra@sgapl.net

www.sgapl.net