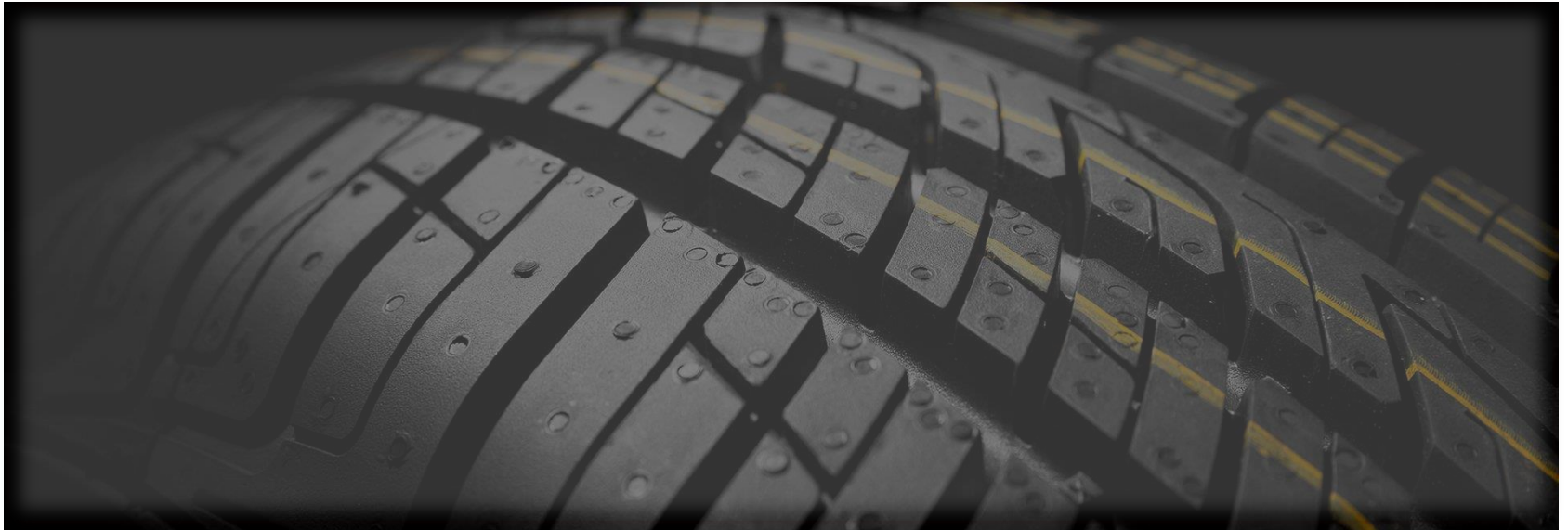




INDAG RUBBER LIMITED

Safety & Reliability Mile After Mile.....

Investor Presentation – Q2 FY18

November 2017

Safe harbor



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About Retreading

Retreading

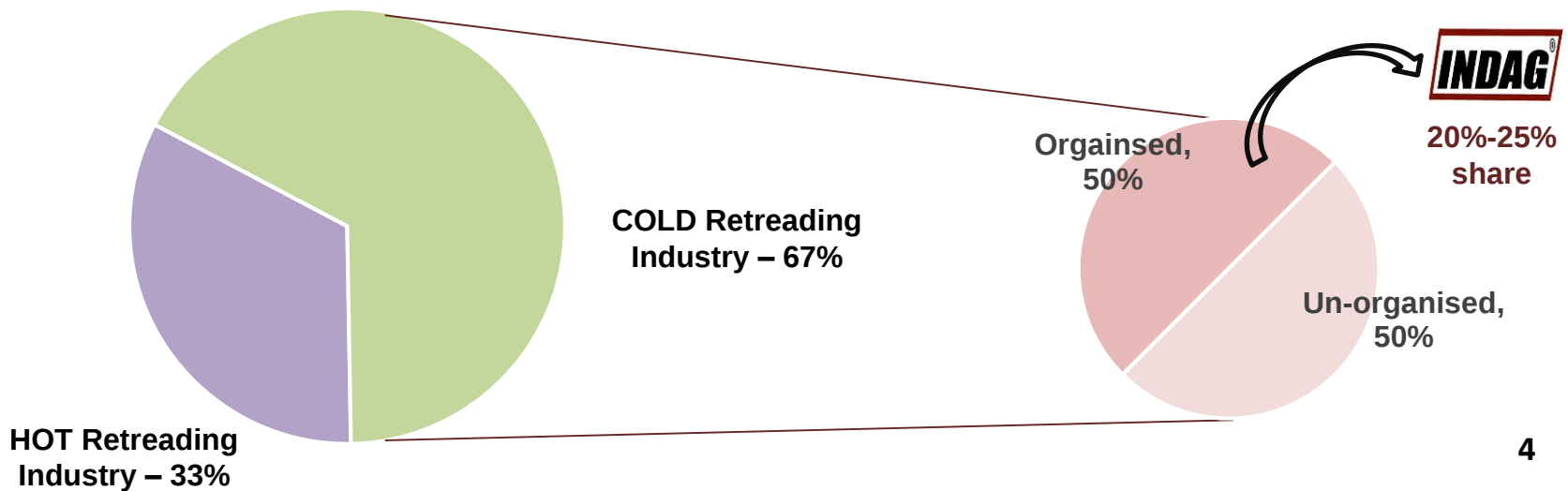


Retreading is a technology where the old tyres are made serviceable by removing worn out and damaged treads and replacing it with new treads

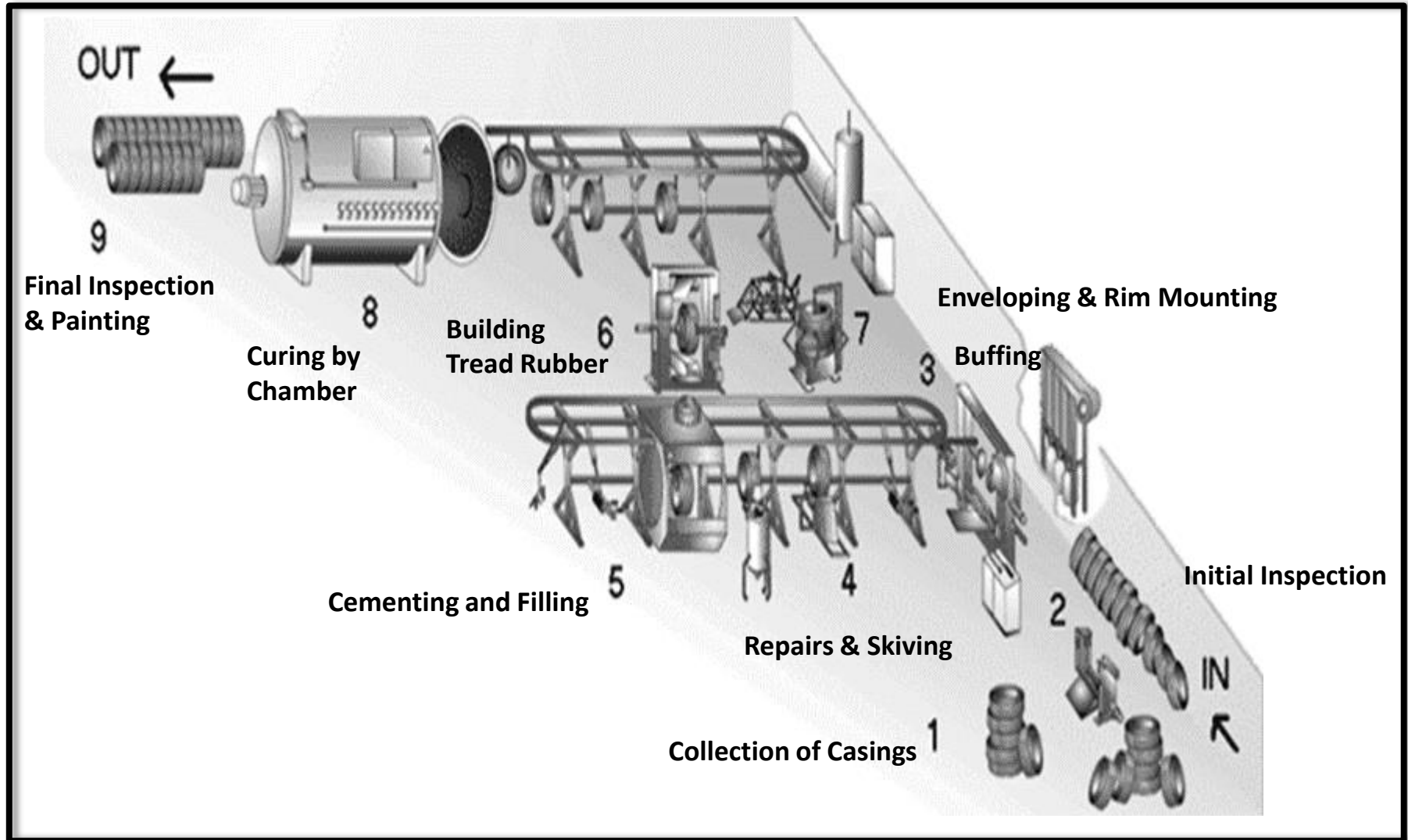
COLD PROCESS

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



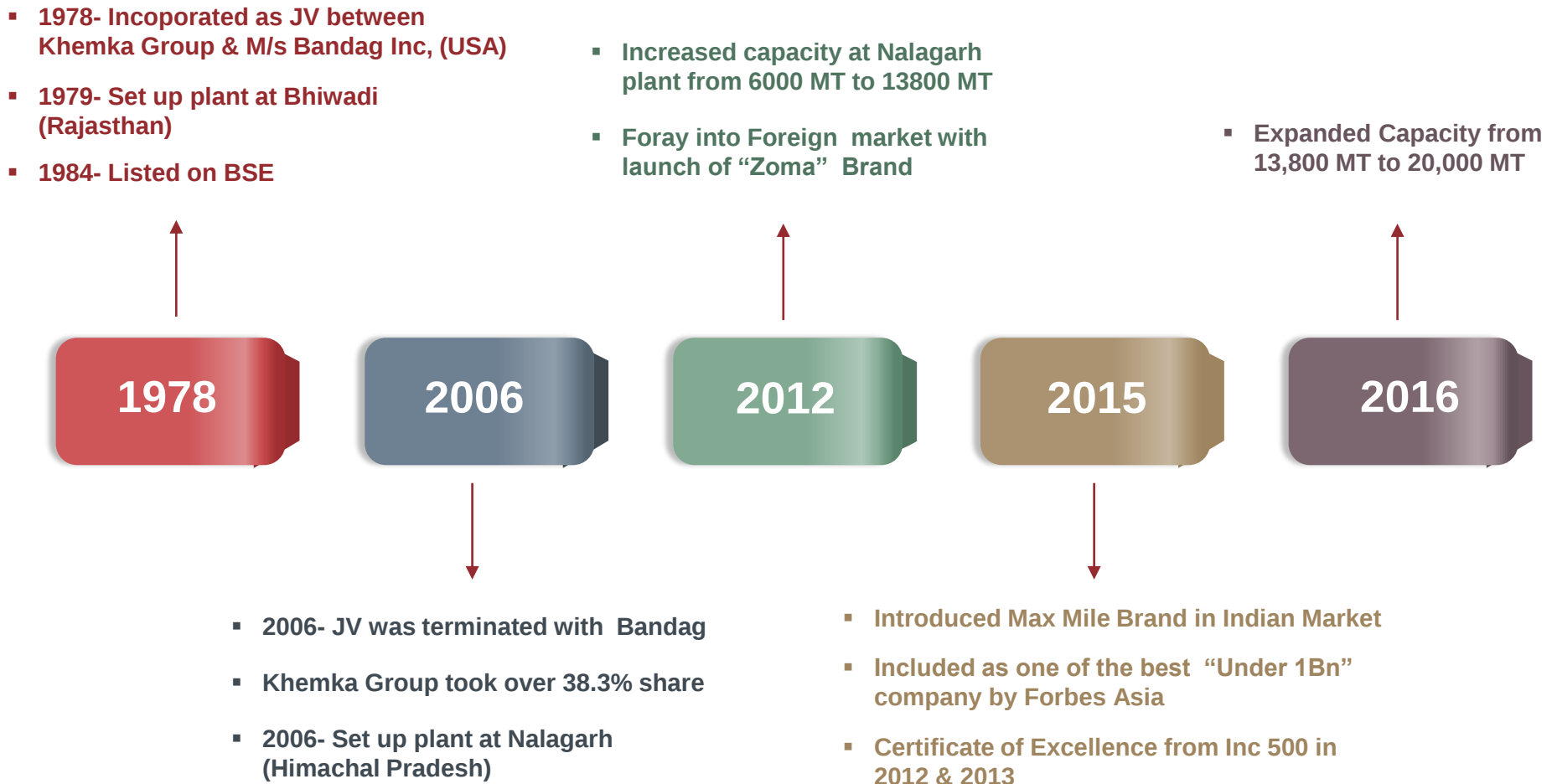
Best Quality with
Reasonable Pricing

**"Lowest Cost Per
Kilometre"**



Distributing through **25 Depots**
across Country

History

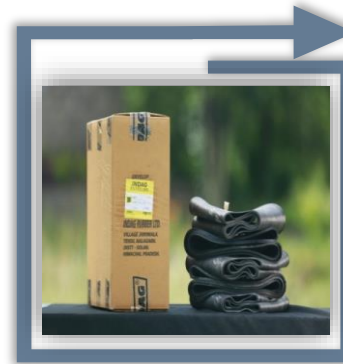
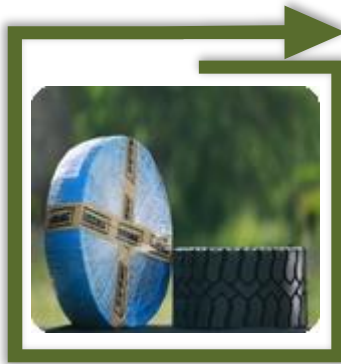


Products



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. J K Jain
Chief Finance Officer



Mrs. Manali D Bijlani
Company Secretary

Manufacturing Facilities



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

**Advanced Technology in terms
of machinery and equipment's**

**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**

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®
INDAG RUBBER LTD.

Manufactures & Supplies the

Best Quality with
Reasonable Pricing

*Retreading Products to
Retreaders*



Key Strengths & Opportunities

Our Key Strengths



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

Strong Distribution Network

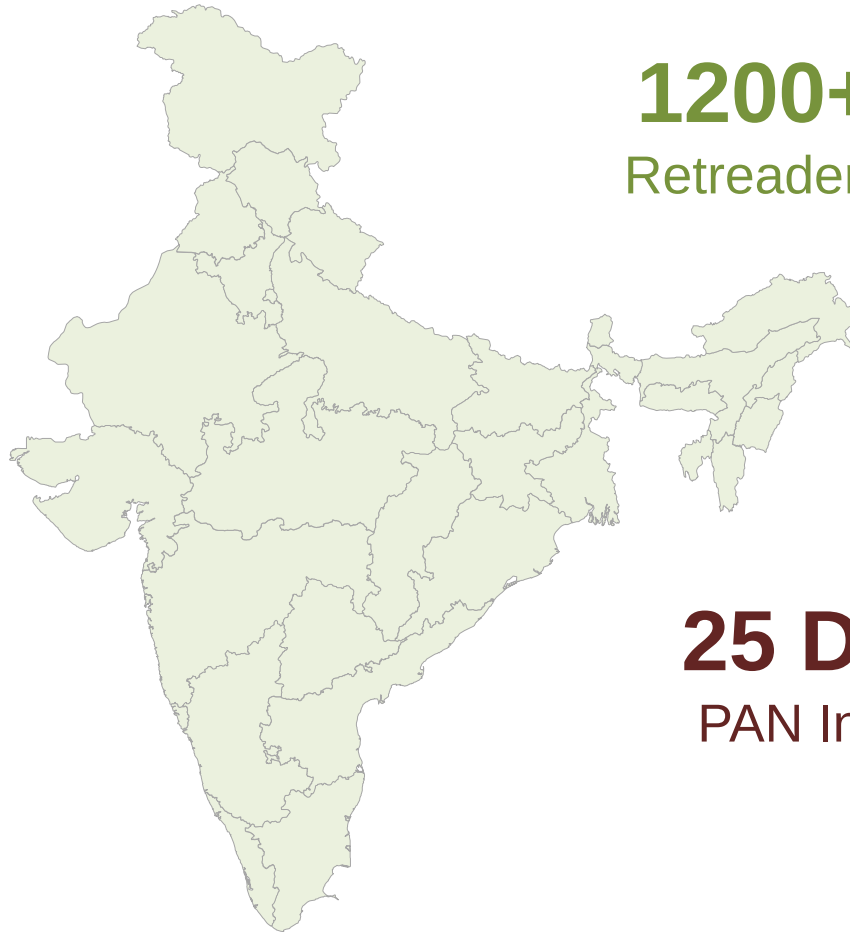


PAN India
Presence

1200+
Retreaders

100-150
Dealers

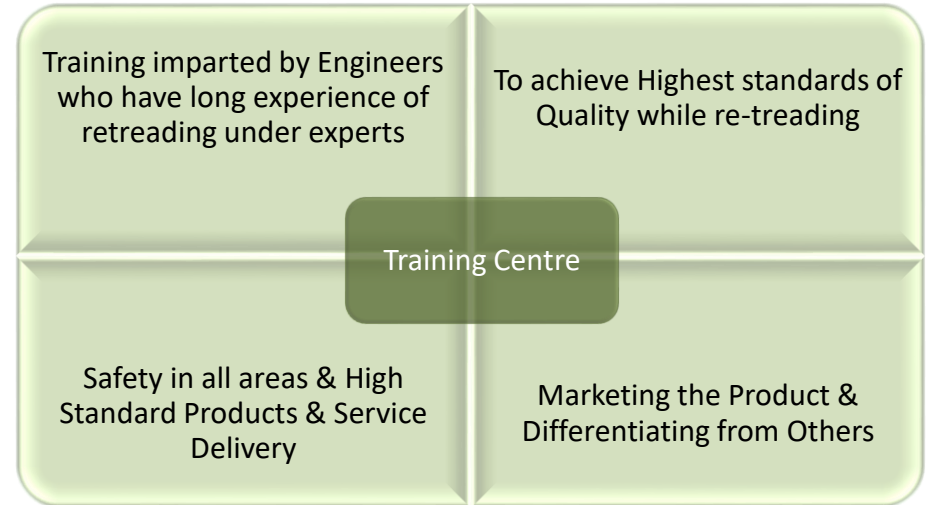
25 Depots
PAN India basis



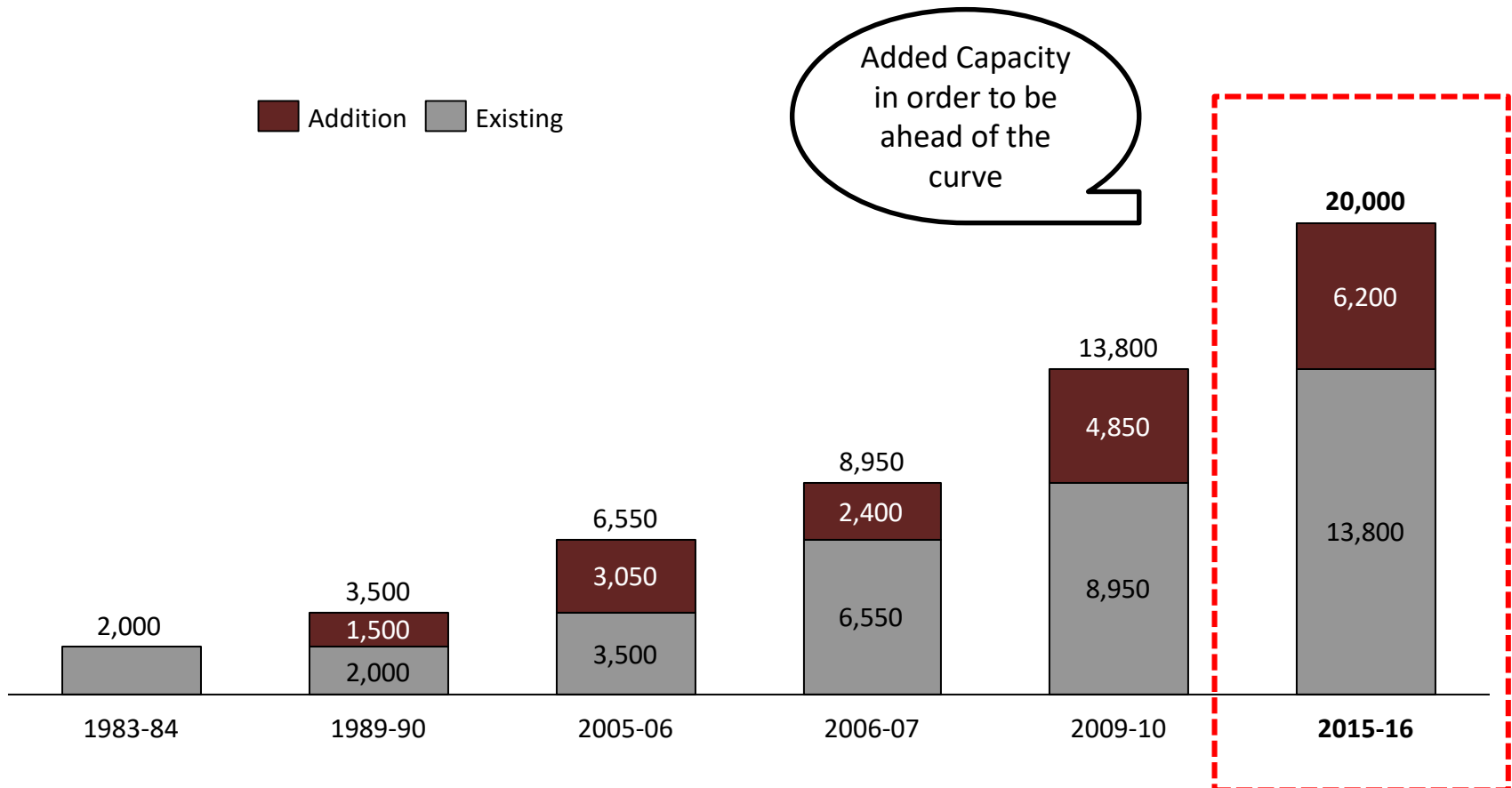
Training Retreaders



- ✓ 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 will
narrow the pricing difference
between the organised and
the un-organised



Reduction in influx/dumping of Chinese
tyres in India after demonetization

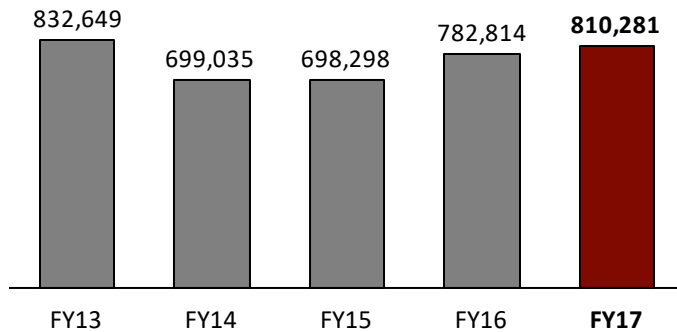


Will further reduce post GST
Implementation

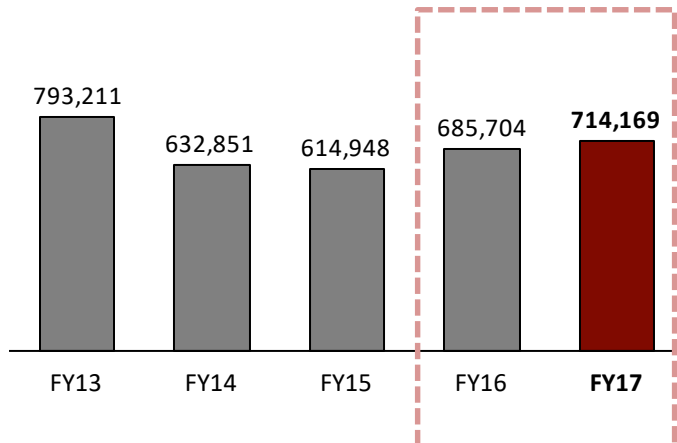
Increase in CV Sales



CV Production Trends

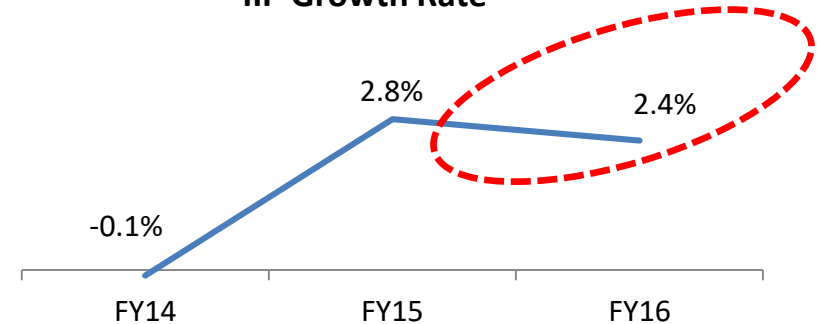


CV Domestic Sales Trends



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

IIP Growth Rate



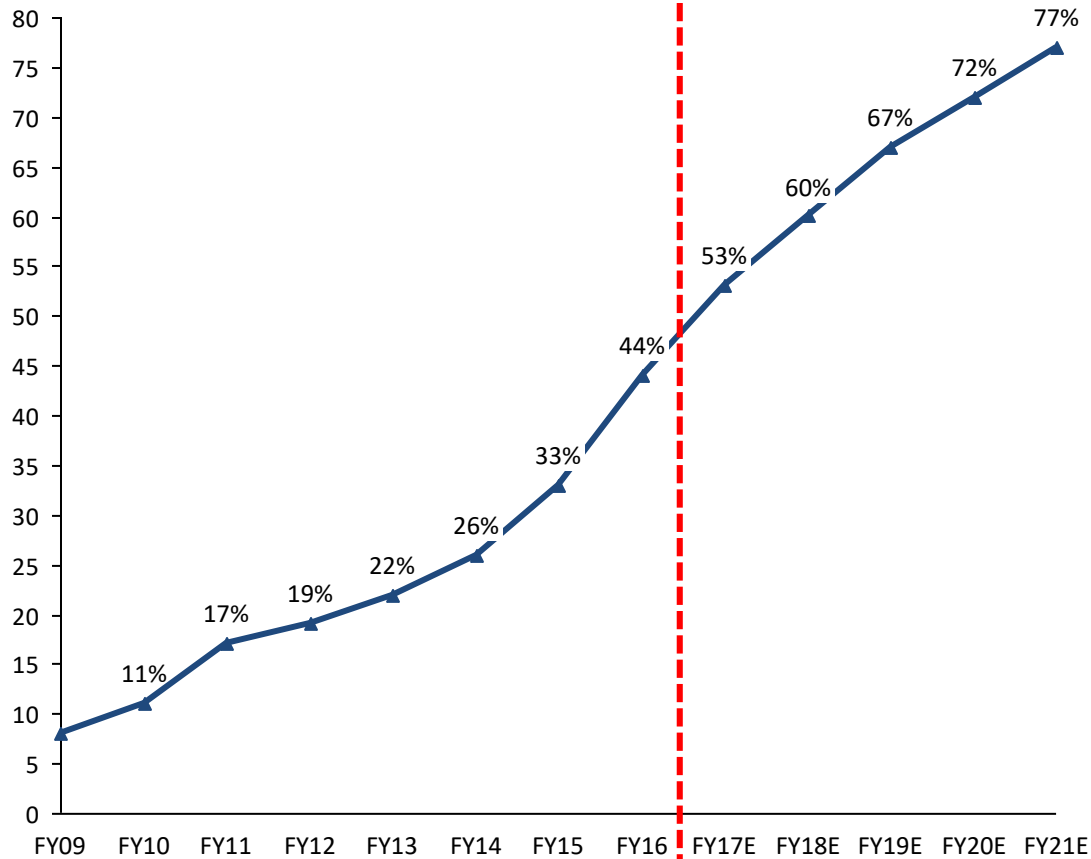
Retreading Industry Picks up with Lag effect

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

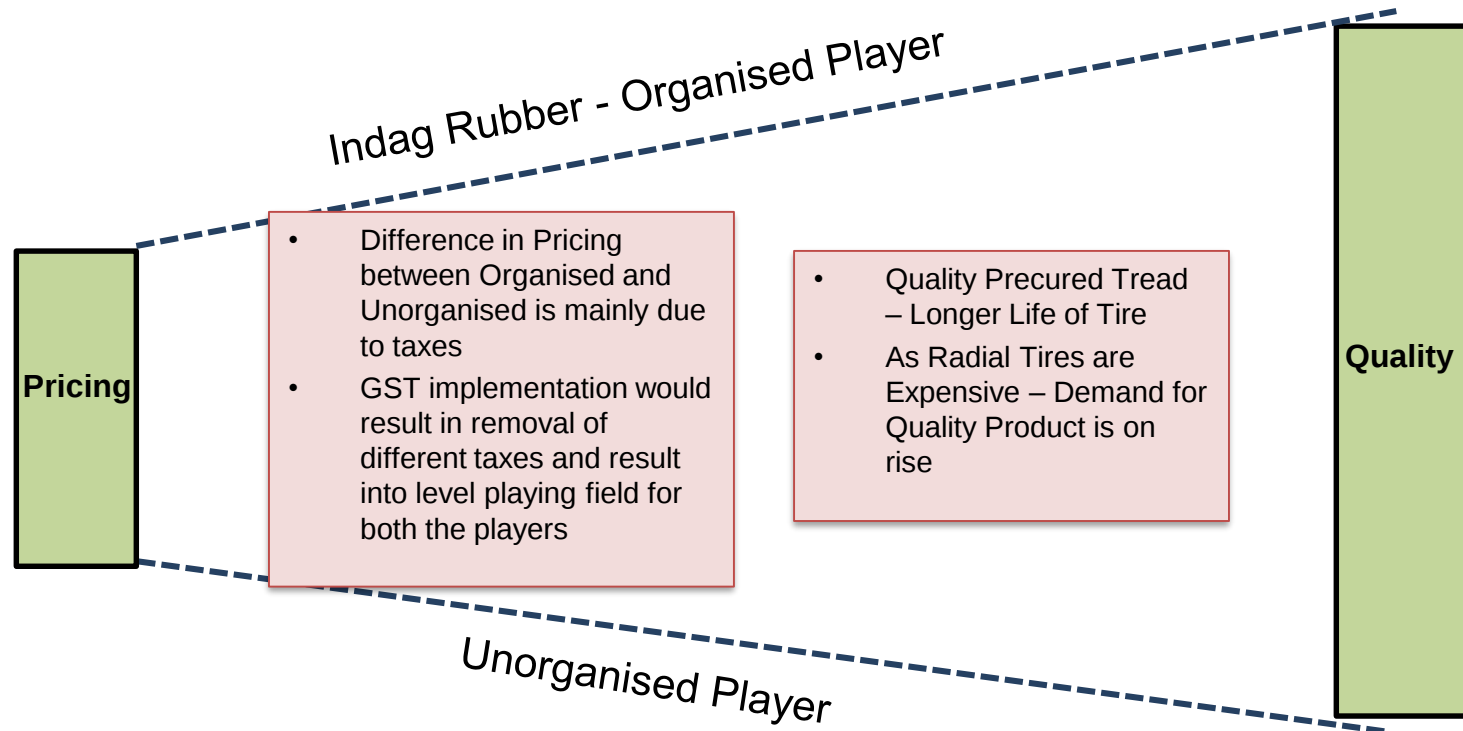
Better Road Conditions - Faster vehicles, running on radials will consume tyres more frequently, narrowing the gap in retreading time by covering larger distances in shorter durations

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 – Slow Shift towards Organised



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,

"I am happy to announce that our Company reported Topline of Rs. 42 crores with EBITDA and PAT of Rs. 6.3 crores and 3.8 crores respectively in the second quarter of the year.

Post implementation of GST, there has been a visible shift from unorganised sector to the organised sector. During the quarter we have seen an uptick in volumes as compared to the last quarter.

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 thus enhancing the demand of domestic tyres leading to an increased demand of retreading too.

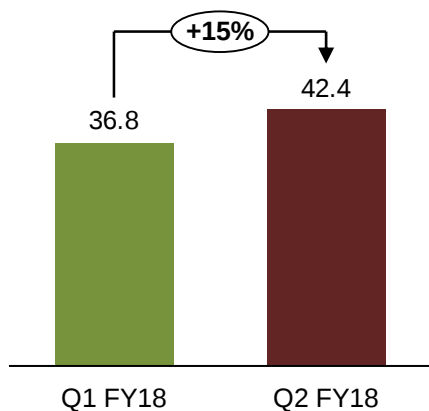
Tyre volume demand is expected to grow by 7-8% during FY18 and FY19, boosted by higher OEM demand and stable replacement demand. Demand for the truck and buses tyres is likely to pick up in H2 FY18.

The business is gradually coming back to normalcy"

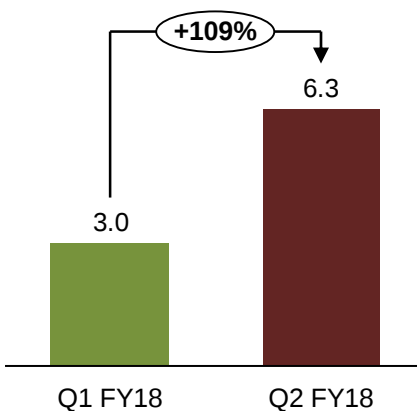
Financial Highlights – Q2 FY18



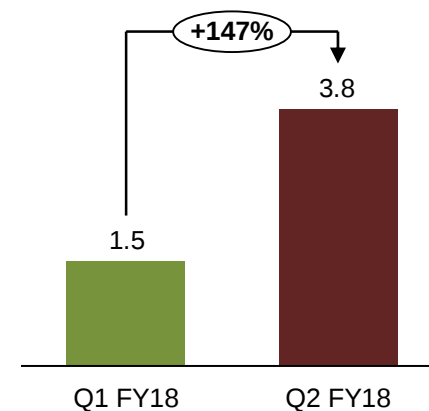
Revenue



EBITDA*

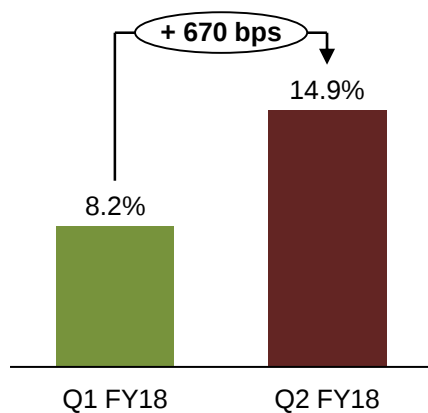


Profit after Tax

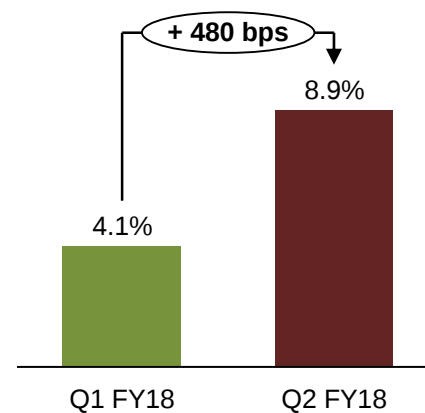


Rs. Crs.

EBITDA Margin* (%)



PAT Margin* (%)



*incl. Other Income

Financial Highlights – Q2 FY18



Particulars (Rs. In Crs)	Q2 FY18	Q1 FY18	Q-o-Q
Total Revenue from Operations	41.1	34.4	
Other Income	1.2	2.4	
Total Revenue (incl. Other Income)	42.4	36.8	15%
Raw Material	26.1	25.6	
Gross Profit	16.3	11.2	45%
Gross Profit %	38.5%	30.4%	
Employee Expenses	3.8	3.8	
Other Expenses	6.2	4.3	
EBITDA	6.3	3.0	109%
EBITDA %	14.9%	8.2%	
Depreciation	0.8	0.7	
EBIT	5.5	2.3	137%
EBIT (%)	13.0%	6.3%	
Finance Cost	0.1	0.1	
Profit before Tax	5.5	2.3	140%
Tax	1.7	0.7	
Profit after Tax	3.8	1.5	147%
PAT %	8.9%	4.1%	
Other Comprehensive Income	0.1	0.3	
Total Comprehensive Income	3.8	1.9	105%
EPS	1.43	0.58	

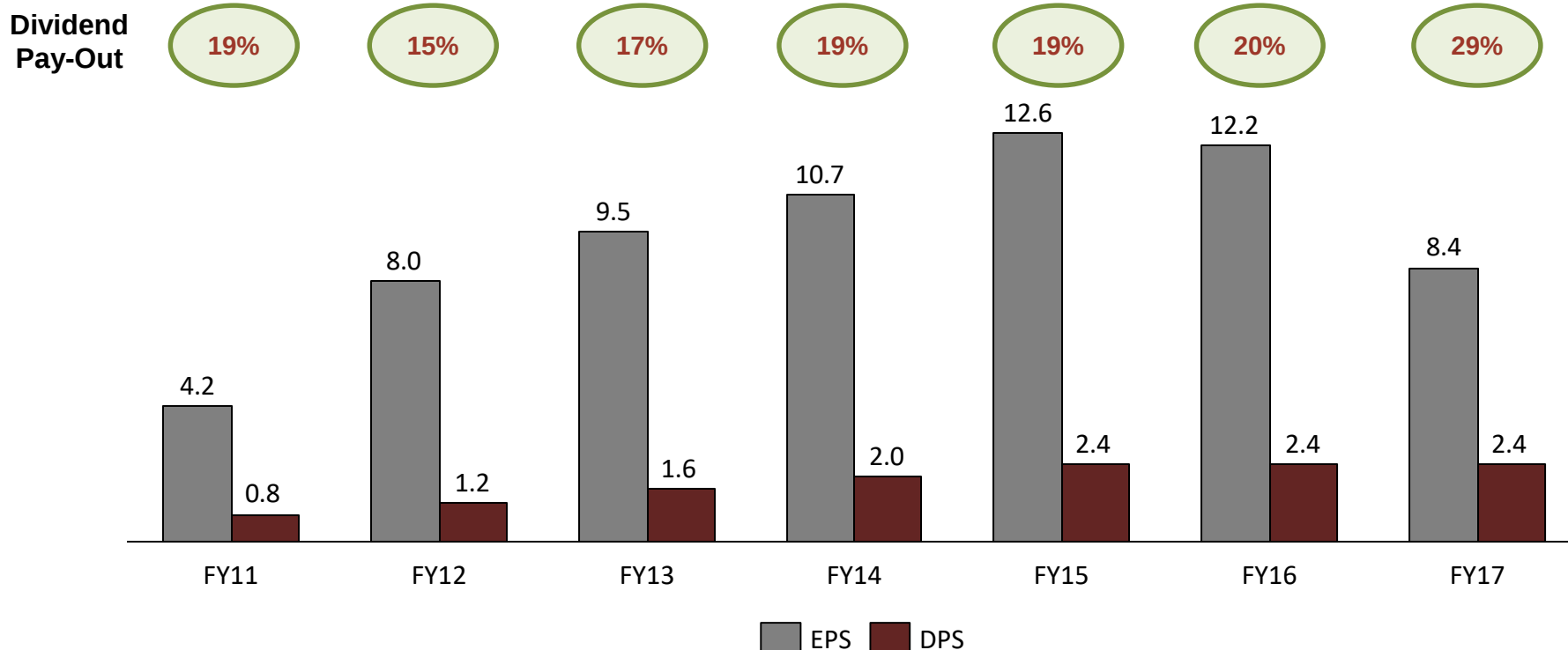
Balance Sheet



Liabilities (Rs. Crs.)	Sept - 17
Equity	
Share Capital	5.3
Other Equity	172.0
Total Equity	177.3
Non Current Liabilities	
Deferred Tax Liabilities (Net)	4.2
Total Non Current Liabilities	4.2
Current Liabilities	
Trade Payables	16.1
Other Financial Liabilities	2.4
Provisions	0.9
Current Tax Liabilities	0.5
Other Current Liabilities	1.8
Total Current Liabilities	21.6
Total Equity and Liabilities	203.1

Assets (Rs. Crs.)	Sept - 17
Non Current assets	
Property, Plant and Equipment's	29.7
Capital Work-In-Progress	0.0
Other Intangible Assets	0.2
Investments	84.2
Loans	0.1
Other Financial Assets	0.8
Income Tax Assets	0.2
Other Non-Current Assets	0.2
Total Non Current Assets	115.5
Current Assets	
Inventories	30.7
Investments	15.9
Trade Receivables	28.2
Cash and Cash Equivalents	2.0
Bank	1.6
Loans	0.3
Other Financial Assets	5.1
Income Tax Assets	0.6
Other Current Assets	3.2
Total Current Assets	87.6
Total Assets	203.1

Consistent Dividend Pay-out



The Board has approved Interim Dividend for the Financial Year 2017-18 of Rs. 0.90/- per equity share of Rs. 2/- each (45%)

For further information, please contact

Company :

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