

# **INDAG RUBBER LIMITED**

**Safety & Reliability Mile After Mile.....**

**Investor Presentation – Q2 & H1 FY19**

November 2018


# 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

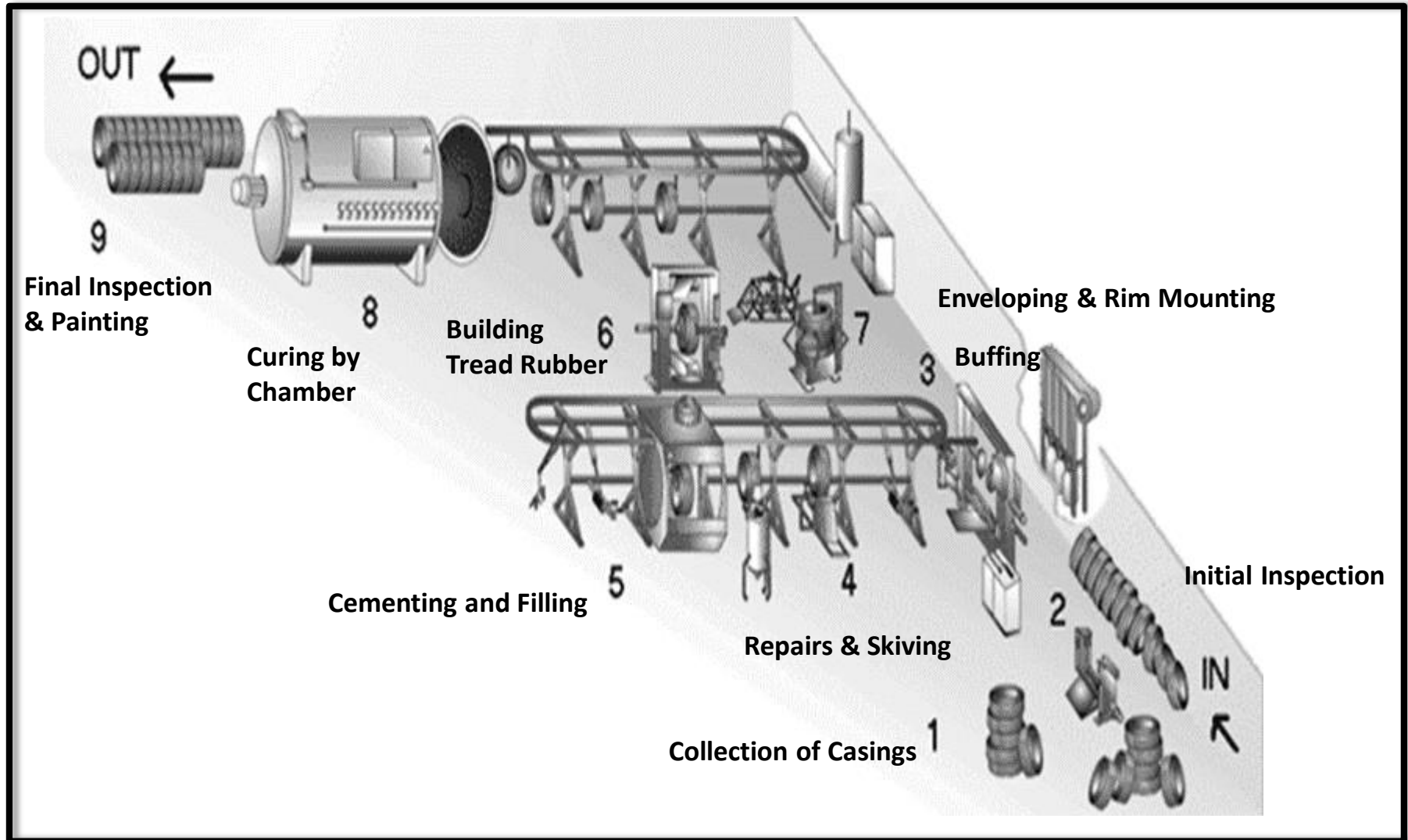
- Precured rubber of high density & available in various tread designs is lined with cushion gum before applying to a buffed casing
- Curing is done in a pressure chamber at low temperature 100°C & pressure

## 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

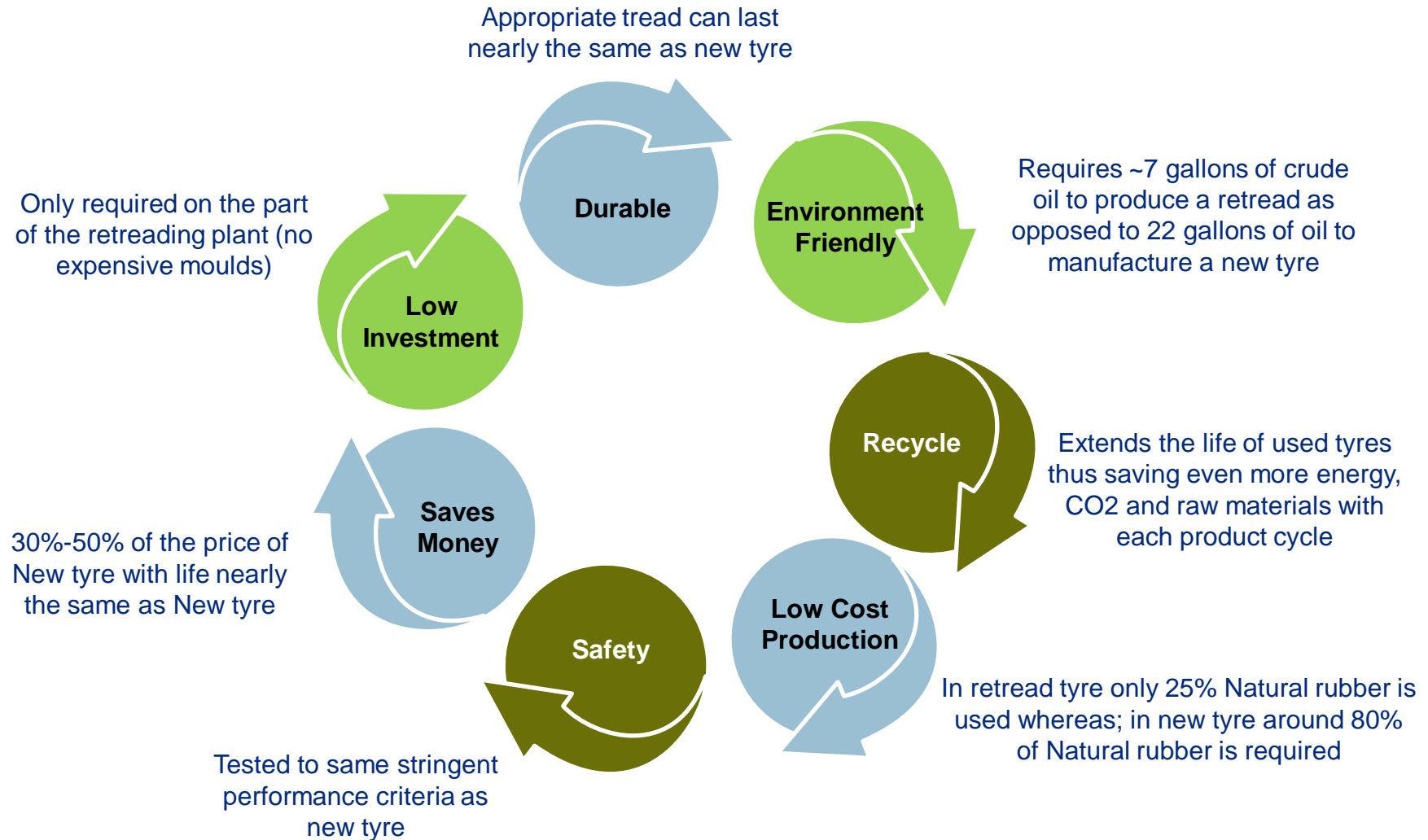



# Retreading Process





# Benefits of Retreading





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# Business Overview

# Company Overview



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

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

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

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***Best Quality with  
Reasonable Pricing***

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

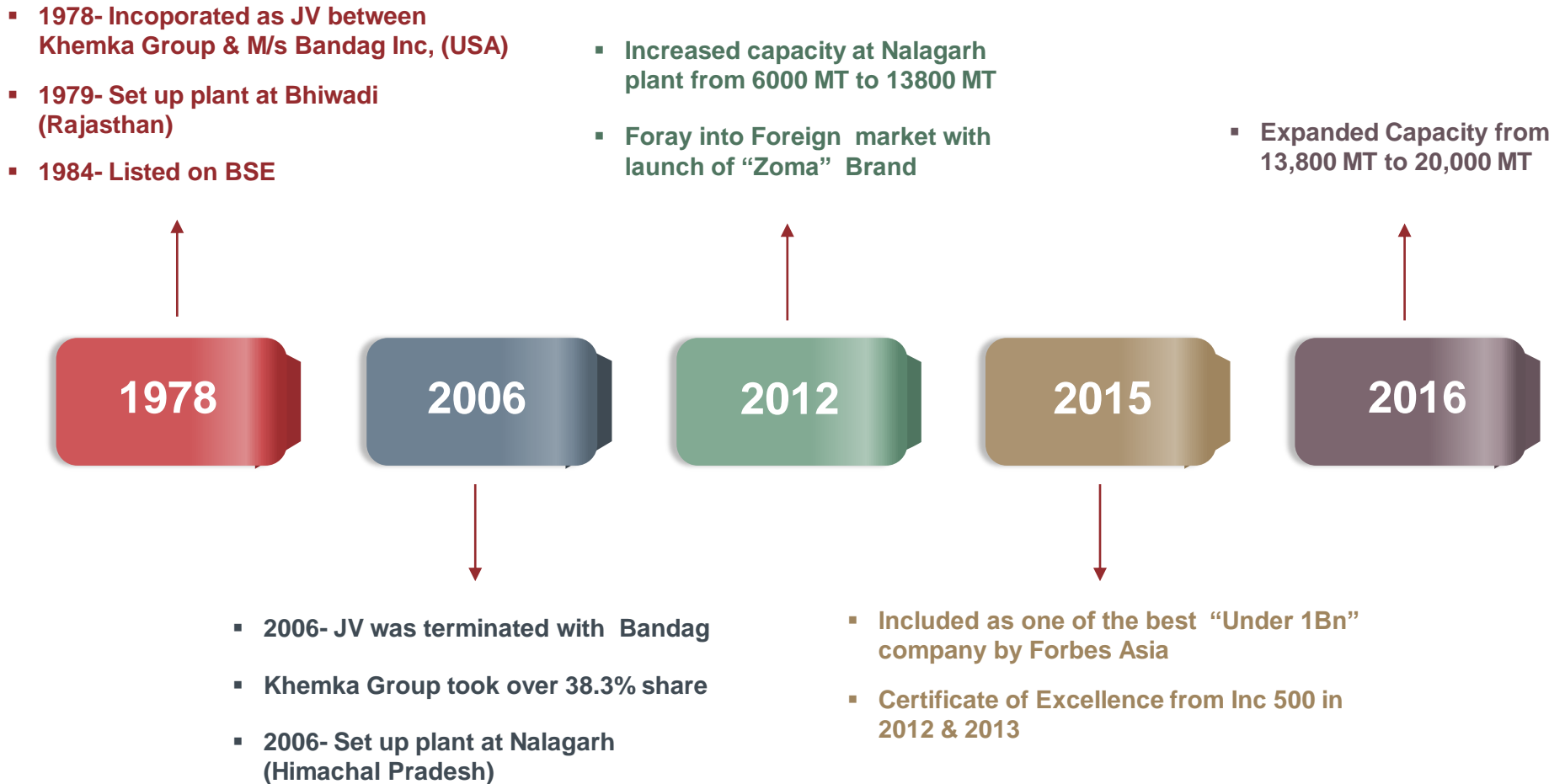
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***Distributing through 25  
Depots across Country***

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# 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



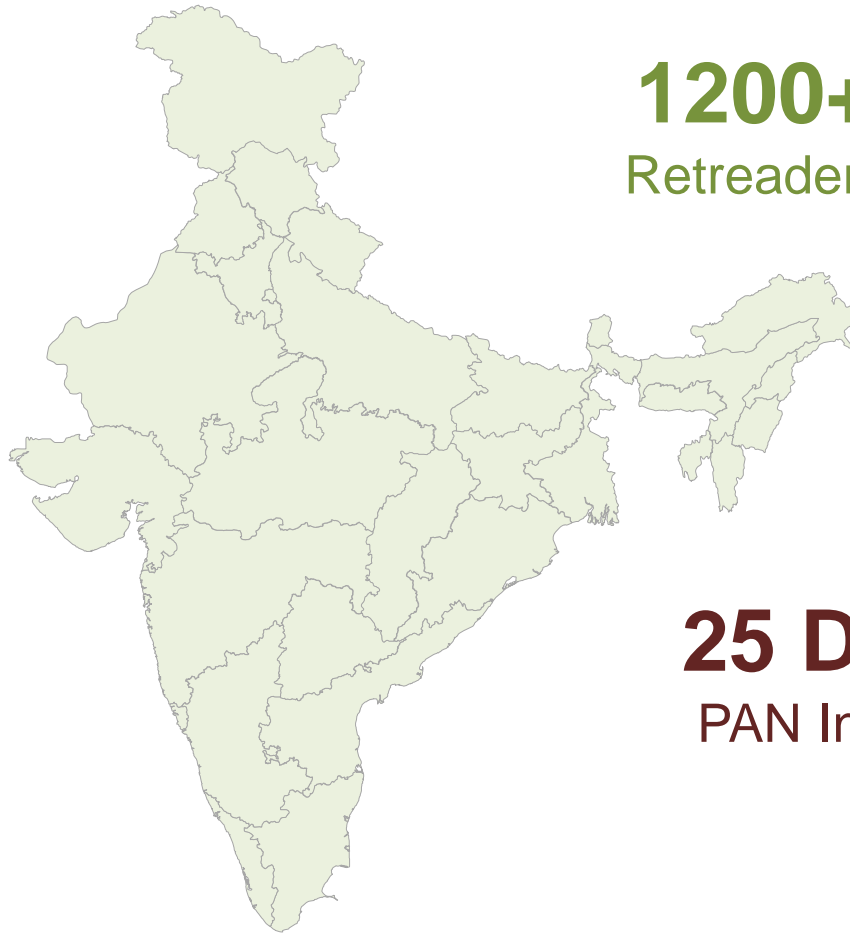
# Strong Distribution Network



**PAN India**  
Presence

**1200+**  
Retreaders

**150 +**  
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*

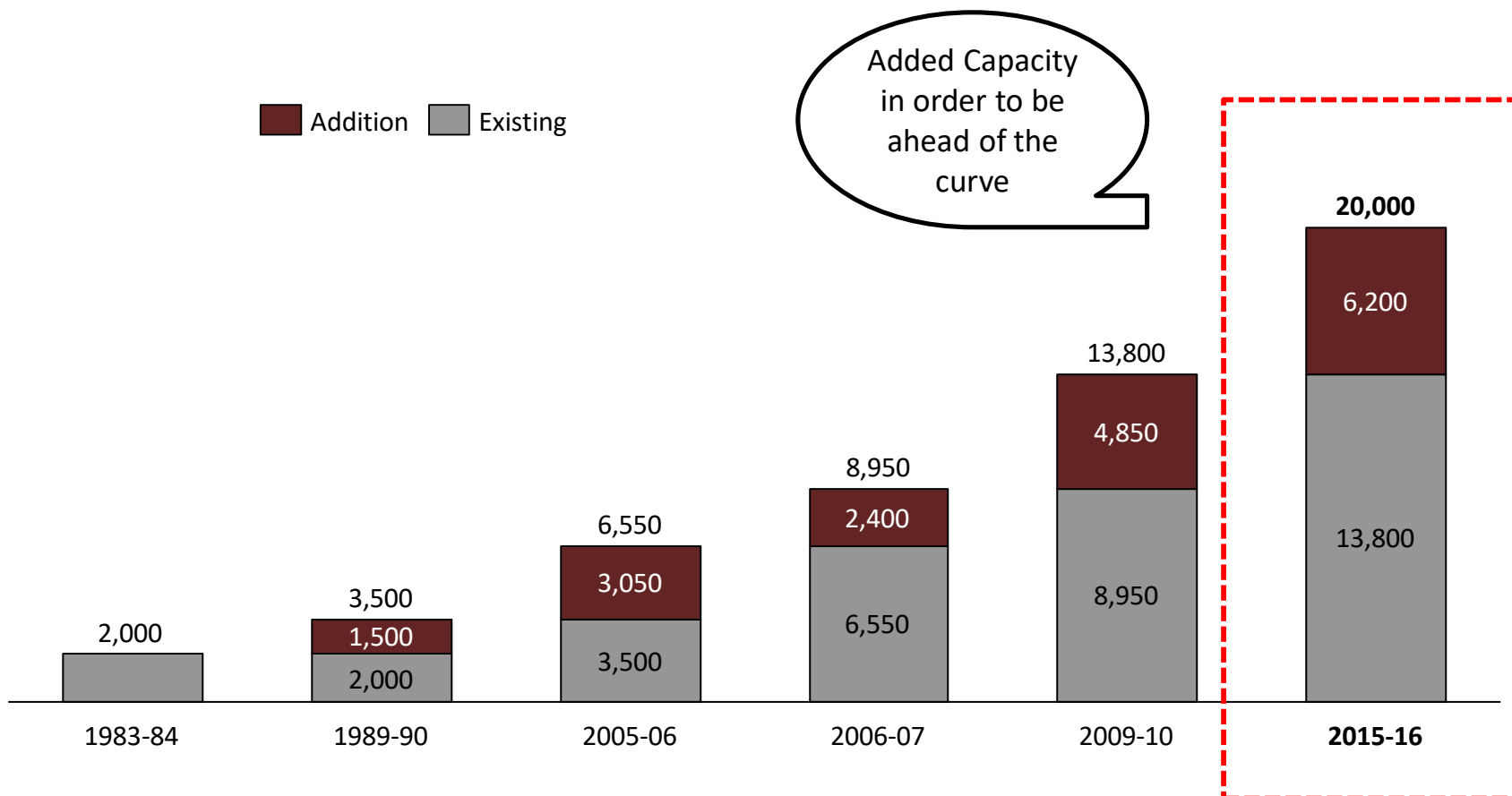
*Problem solving and helping with the machinery issues*

*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**



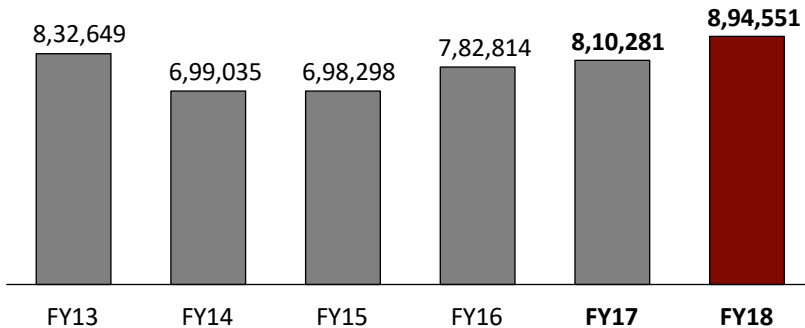
**Reduction in influx/dumping of Chinese  
tyres in India after demonetization and  
imposition of Anti-Dumping Duty**

**Has further reduced post GST  
Implementation**

# Increase in CV Sales

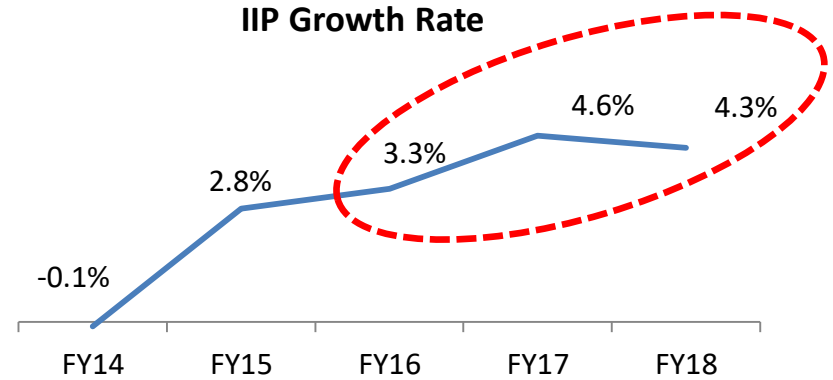


CV Production Trends

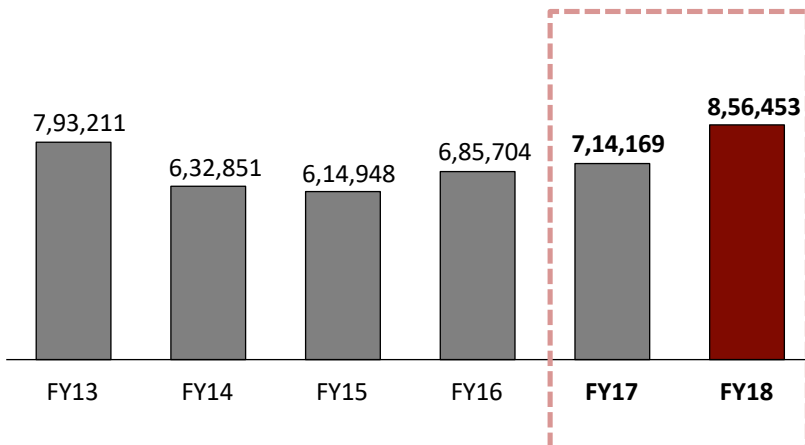


As Industrial Activity Picks up – More Demand for Commercial Vehicles for Movement of Goods – More Tires worn out – Retreading done on Tires

IIP Growth Rate



CV Domestic Sales Trends



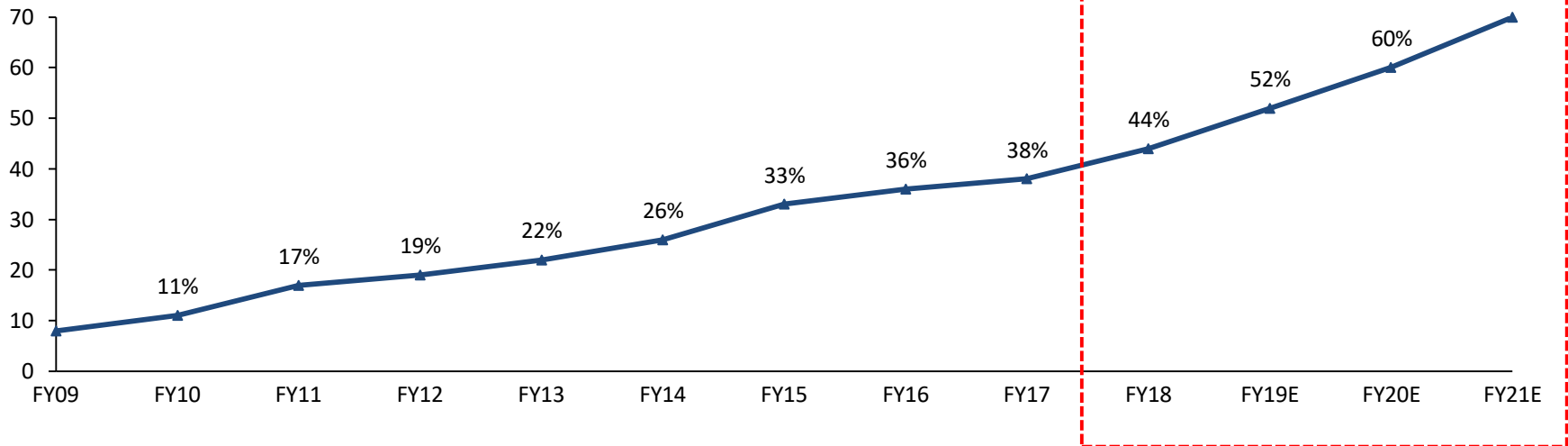
Retreading Industry Picks up with Lag effect

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

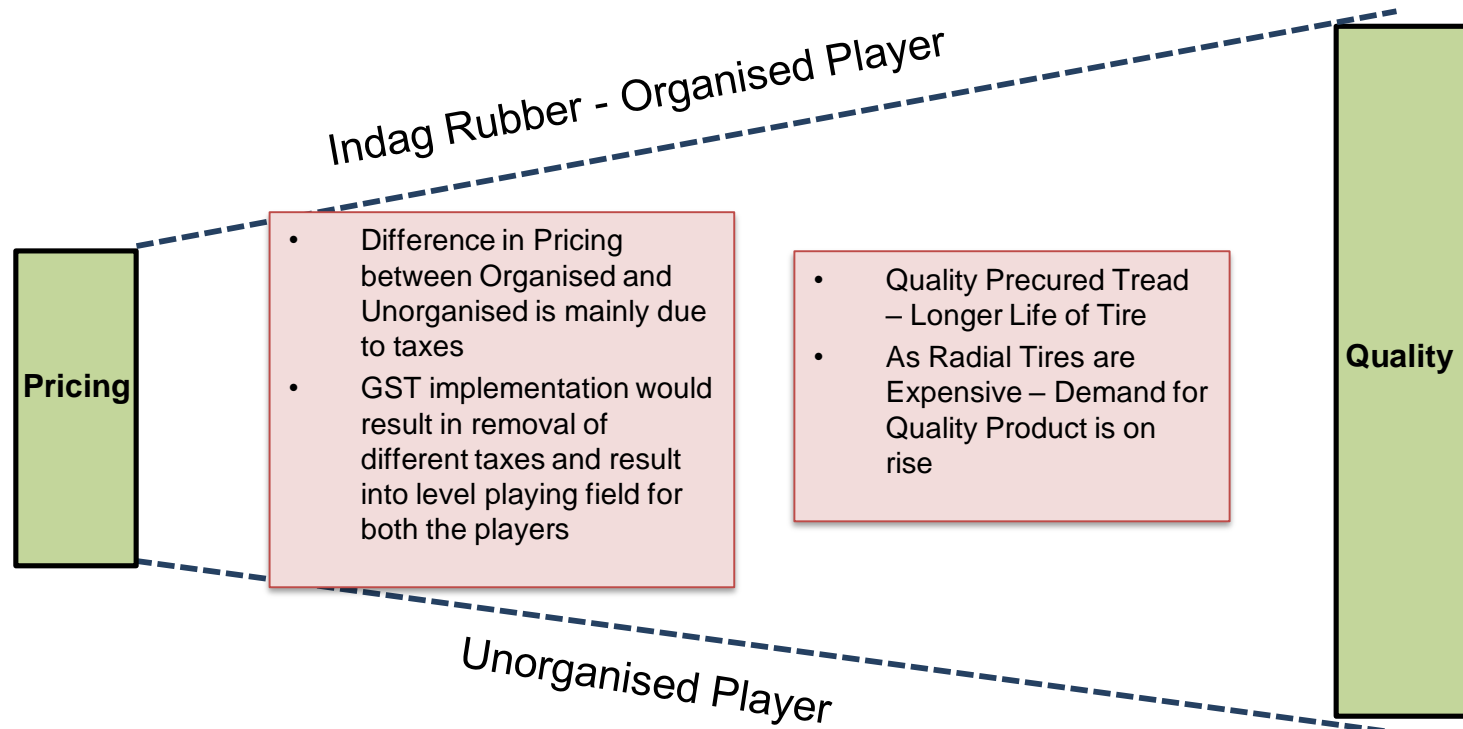
## **No Overloading & Proper Maintenance of Vehicles**

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**





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# 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 has achieved a **Revenue of Rs. 86 crores with EBITDA and PAT of Rs. 10 and Rs. 7 crores respectively** in the first half of FY19. The first half of this year has been good for the company "*

*We have seen increase in volumes for the first half of this year and we expect this momentum to continue going ahead.*

*With the growing radialization and reduction in the imports of cheap Chinese tyres, the domestic tyre industry is expected to grow. The demand for domestic tyres will lead to an increased demand for retreading too.*

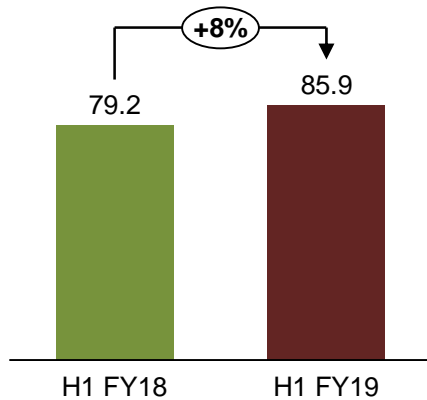
*Post implementation of GST, we have seen a visible shift from the unorganized sector to the organized sector. The retreading industry has seen a positive change and it is coming back to normalcy.*

*We shall further strive to improve the efficiency of our operations which will help us to enhance our performance going ahead."*

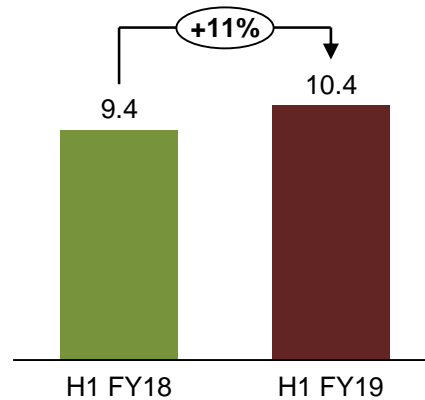
# Financial Highlights – H1 FY19



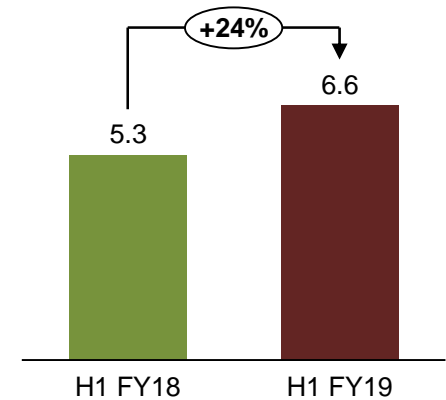
Revenue\*



EBITDA\*

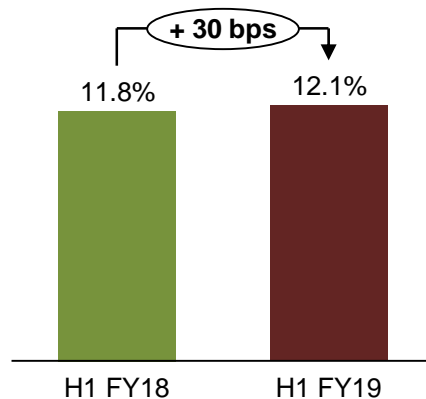


Profit after Tax

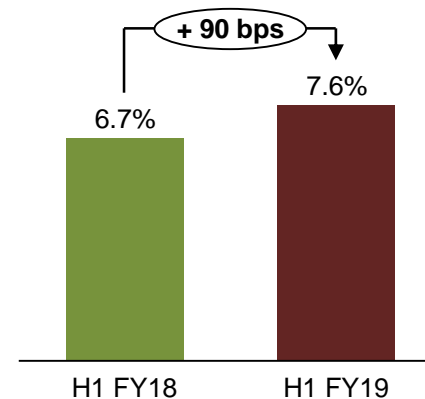


Rs. Crs.

EBITDA Margin\* (%)



PAT Margin (%)



\*incl. Other Income

# Financial Highlights – Q2 FY19



Particulars (Rs. In Crs.)	Q2 FY19	Q1 FY19	Q-o-Q
Total Revenue from Operations	44.6	39.1	
Other Income	1.4	0.8	
<b>Total Revenue (incl. Other Income)</b>	<b>46.0</b>	<b>39.9</b>	<b>15%</b>
Raw Material	30.5	25.4	
<b>Gross Profit</b>	<b>15.5</b>	<b>14.5</b>	<b>6%</b>
<b>Gross Profit %</b>	<b>33.7%</b>	<b>36.5%</b>	
Employee Expenses	4.3	4.0	
Other Expenses	5.7	5.7	
<b>EBITDA</b>	<b>5.5</b>	<b>4.9</b>	<b>11%</b>
<b>EBITDA %</b>	<b>11.9%</b>	<b>12.3%</b>	
Depreciation	0.8	0.8	
<b>EBIT</b>	<b>4.6</b>	<b>4.1</b>	<b>13%</b>
<b>EBIT (%)</b>	<b>10.1%</b>	<b>10.3%</b>	
Finance Cost	0.1	0.1	
<b>Profit before Tax</b>	<b>4.6</b>	<b>4.1</b>	<b>13%</b>
Tax	0.9	1.1	
<b>Profit after Tax</b>	<b>3.6</b>	<b>2.9</b>	<b>25%</b>
<b>PAT %</b>	<b>7.9%</b>	<b>7.3%</b>	
<b>EPS</b>	<b>1.39</b>	<b>1.11</b>	

# Financial Highlights – H1 FY19



Particulars (Rs. In Crs.)	H1 FY19	H1 FY18	Y-o-Y
Total Revenue from Operations	83.7	75.5	
Other Income	2.2	3.6	
<b>Total Revenue (incl. Other Income)</b>	<b>85.9</b>	<b>79.2</b>	<b>8%</b>
Raw Material	55.9	51.7	
<b>Gross Profit</b>	<b>30.0</b>	<b>27.5</b>	<b>9%</b>
<b>Gross Profit %</b>	<b>35.0%</b>	<b>34.8%</b>	
Employee Expenses	8.3	7.7	
Other Expenses	11.4	10.5	
<b>EBITDA</b>	<b>10.4</b>	<b>9.4</b>	<b>11%</b>
<b>EBITDA %</b>	<b>12.1%</b>	<b>11.8%</b>	
Depreciation	1.6	1.5	
<b>EBIT</b>	<b>8.8</b>	<b>7.8</b>	<b>12%</b>
<b>EBIT (%)</b>	<b>10.2%</b>	<b>9.9%</b>	
Finance Cost	0.1	0.1	
<b>Profit before Tax</b>	<b>8.6</b>	<b>7.7</b>	<b>12%</b>
Tax	2.1	2.4	
<b>Profit after Tax</b>	<b>6.6</b>	<b>5.3</b>	<b>24%</b>
<b>PAT %</b>	<b>7.6%</b>	<b>6.7%</b>	
<b>EPS</b>	<b>2.50</b>	<b>2.01</b>	

# Balance Sheet

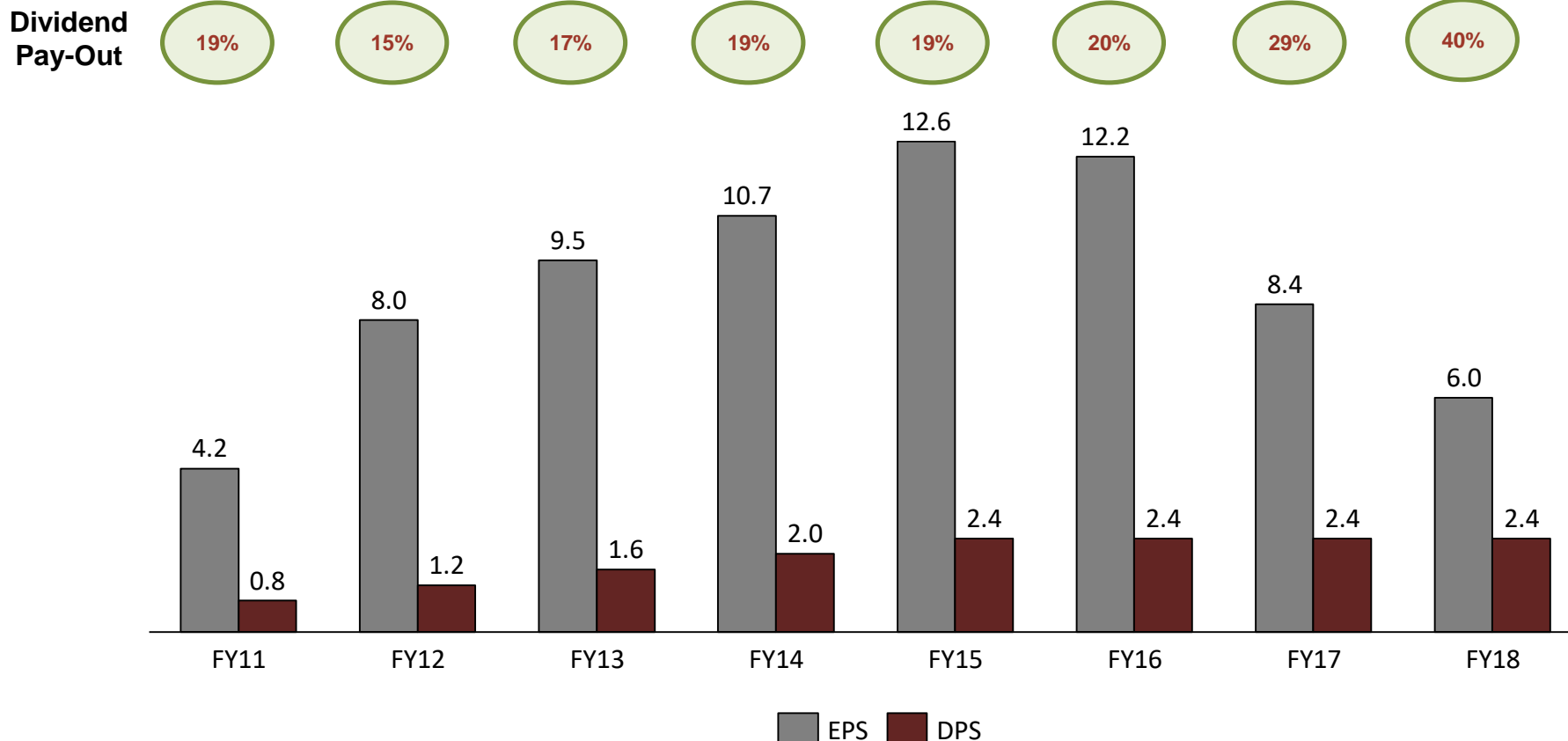


Liabilities (Rs. In Crs.)	Sep - 18	Mar-18
Equity		
Share Capital	5.3	5.3
Other Equity	183.0	181.2
<b>Total Equity</b>	<b>188.2</b>	<b>186.4</b>
<b>Non Current Liabilities</b>		
Financial Liabilities		
Borrowings	0.0	0.0
Deferred Tax Liabilities (Net)	3.7	3.6
<b>Total Non Current Liabilities</b>	<b>3.7</b>	<b>3.6</b>
<b>Current Liabilities</b>		
Financial Liabilities		
Borrowings	0.0	0.0
Trade Payables	11.4	14.3
Other Financial Liabilities	2.3	2.6
Provisions	0.7	1.1
Current Income Tax Liabilities(Net)	0.0	0.6
Other Current Liabilities	1.9	1.7
<b>Total Current Liabilities</b>	<b>16.4</b>	<b>20.2</b>
<b>Total Equity and Liabilities</b>	<b>208.3</b>	<b>210.3</b>

Assets (Rs. In Crs.)	Sep-18	Mar-18
<b>Non Current assets</b>		
Property, Plant and Equipments	27.8	28.4
Capital Work-In-Progress	0.1	0.2
Other Intangible Assets	0.3	0.3
Financial Assets		
Investments	97.8	101.8
Loans	0.0	0.0
Other Financial Assets	0.5	1.3
Income Tax Assets (net)	0.2	0.2
Other Non-Current Assets	0.2	0.0
<b>Total Non Current Assets</b>	<b>126.8</b>	<b>132.2</b>
<b>Current Assets</b>		
Inventories	34.8	32.8
Financial Assets		
Investments	2.5	5.2
Trade Receivables	32.2	28.9
Cash and Cash Equivalents	2.6	3.0
Other Bank Balances	1.9	1.1
Loans	0.3	0.2
Other Financial Assets	5.2	5.4
Income Tax Assets (net)	0.0	0.0
Other Current Assets	2.2	1.5
<b>Total Current Assets</b>	<b>81.5</b>	<b>78.1</b>
<b>Total Assets</b>	<b>208.3</b>	<b>210.3</b>



# Consistent Dividend Pay-out



The Board has approved Interim Dividend for the Financial Year 2018-2019 of Rs. 0.90/- per equity share of Rs. 2/- each ( 45% of FV)

**For further information, please contact**

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**Company :**

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