



**ISO 9001 : 2008**

## **Indag Rubber Limited**

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**E-mail :** info@indagrubber.com, Website: www.indagrubber.com, CIN-L74899DL1978PLC009038

**Works :** Village Jhiriwala, Tehsil, Nalagarh, Distt. Solan, Himachal Pardesh - 174101, India  
**Phone :** 09736000123

**February 14, 2019**

**The Bombay Stock Exchange**  
Phiroze Jeejeebhoy Towers,  
Dalal Towers  
Mumbai-400001

**(Company code 1321)**  
**(Scrip code-509162)**

### **Sub: Investor Presentation of Q3 FY2019**

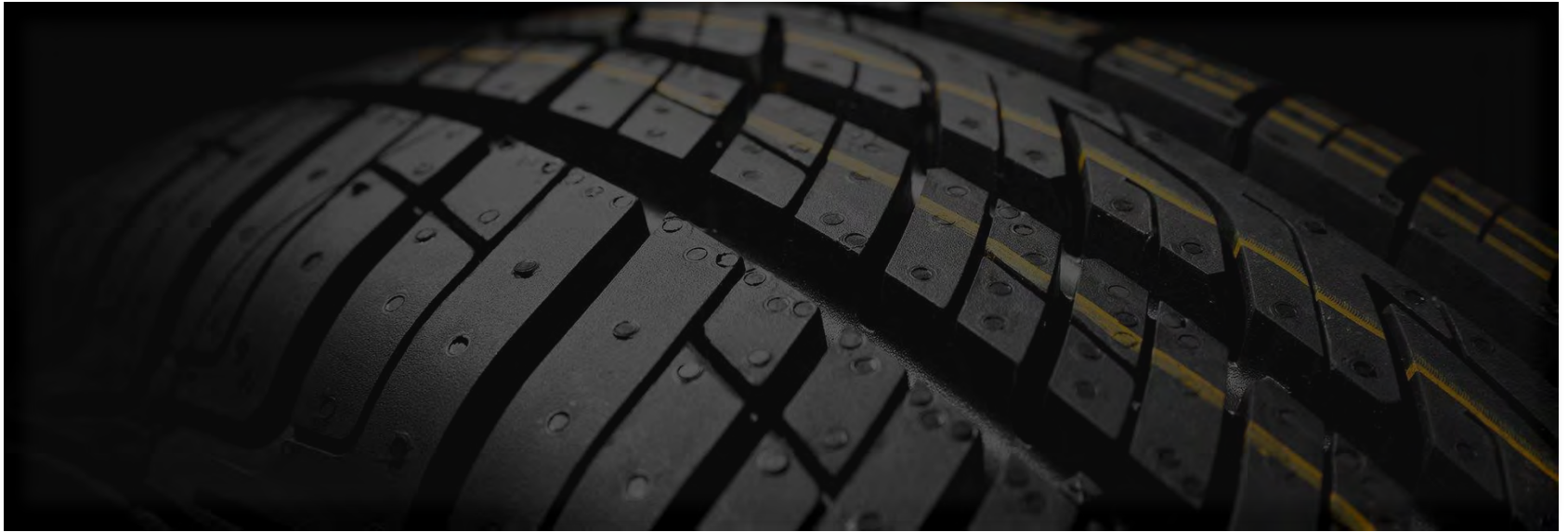
Dear Sir,

Enclosed please find the Investor Presentation of Q3 FY2019 for the information of the investors and public at large.

Thanking You.

For **Indag Rubber Limited**

**Manali D. Bijlani**  
**Company Secretary**



# **INDAG RUBBER LIMITED**

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

**Investor Presentation – Q3 & 9M FY19**

February 2019


# Safe harbor



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INDIA'S MOST TRUSTED RETREAD



THE ONLY ALTERNATIVE TO NEW TYRES

# About Retreading

# Retreading



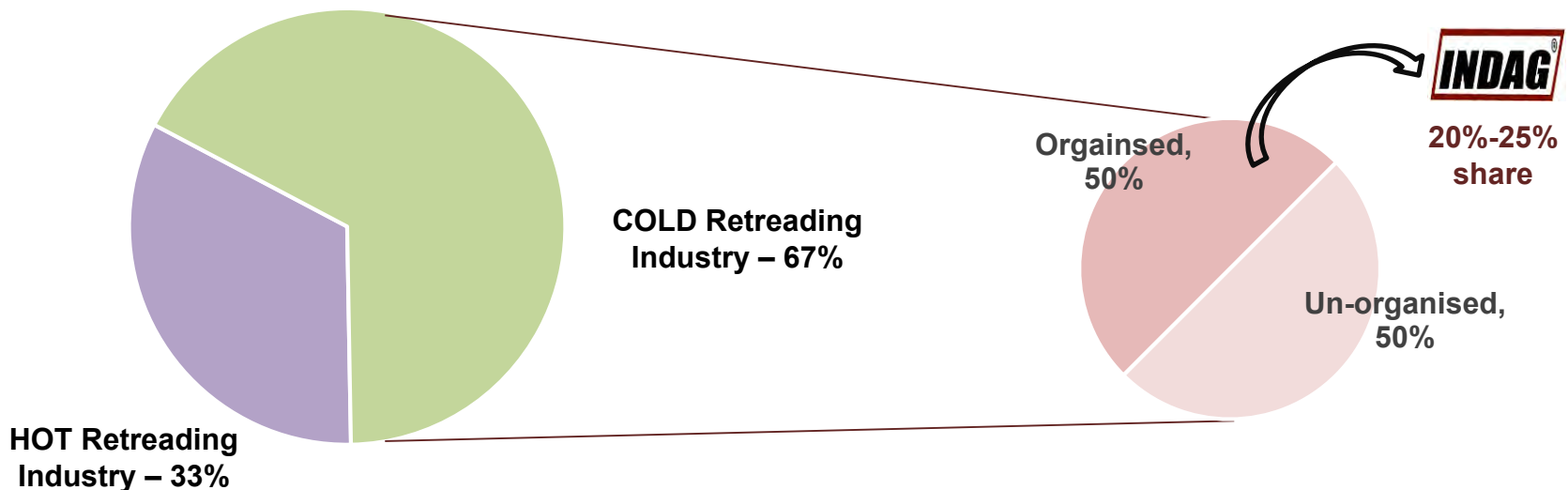
Retreading is a technology where the old tyres are made serviceable by removing worn out and damaged treads and replacing it with new treads

## 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

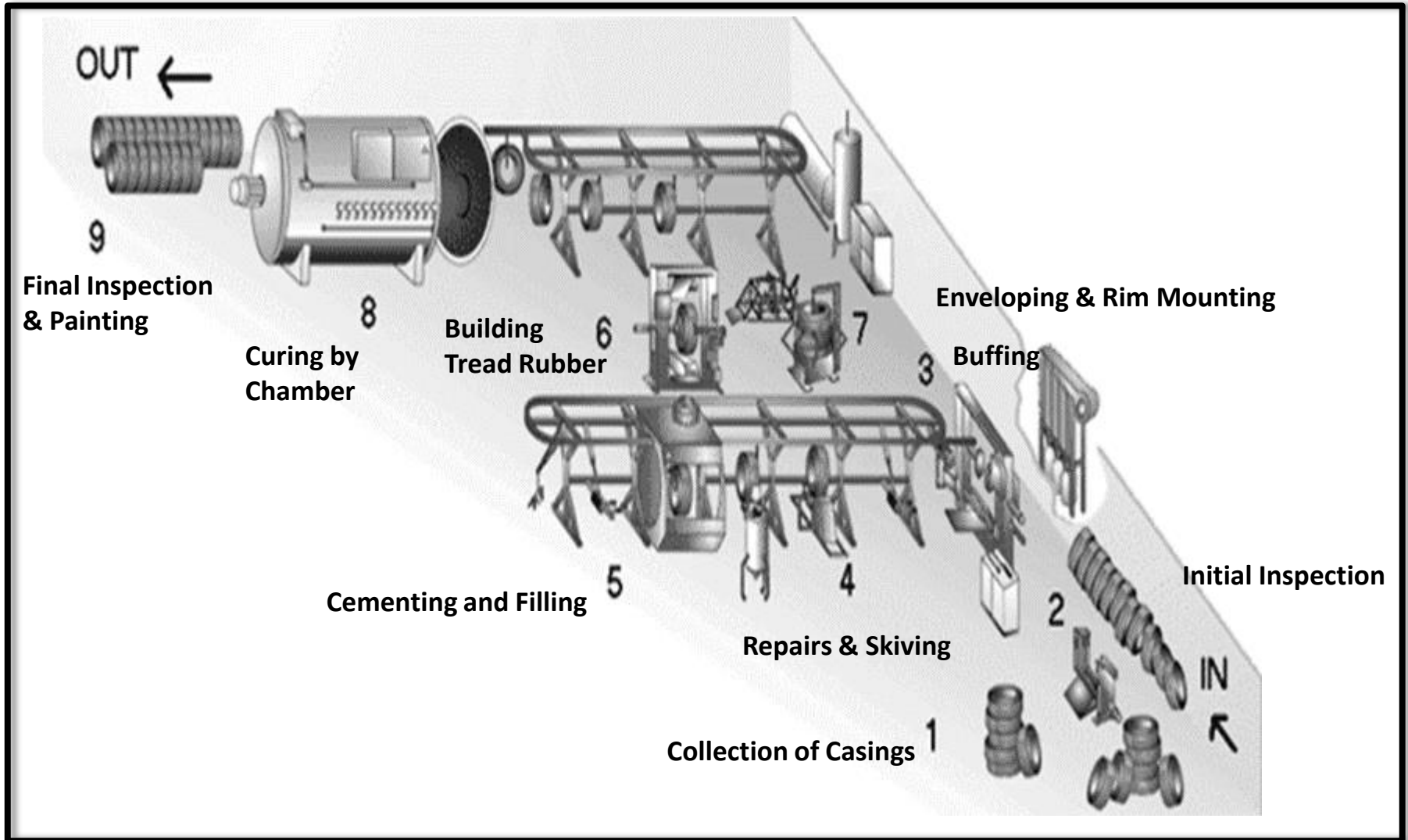
## HOT PROCESS

- 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

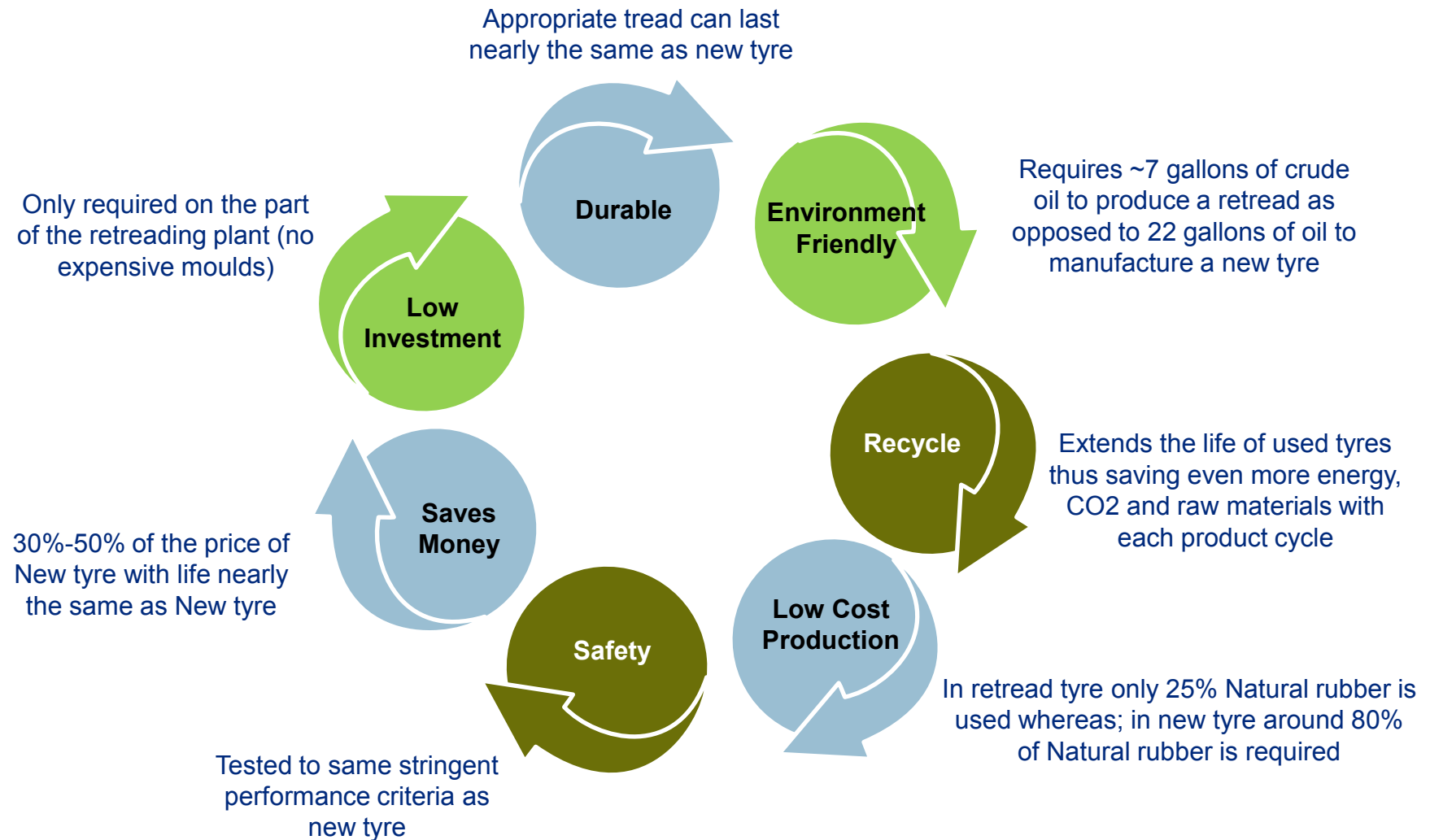





# Retreading Process



# Benefits of Retreading





INDIA'S MOST TRUSTED RETREAD

**INDAG**<sup>®</sup>

THE ONLY ALTERNATIVE TO NEW TYRES

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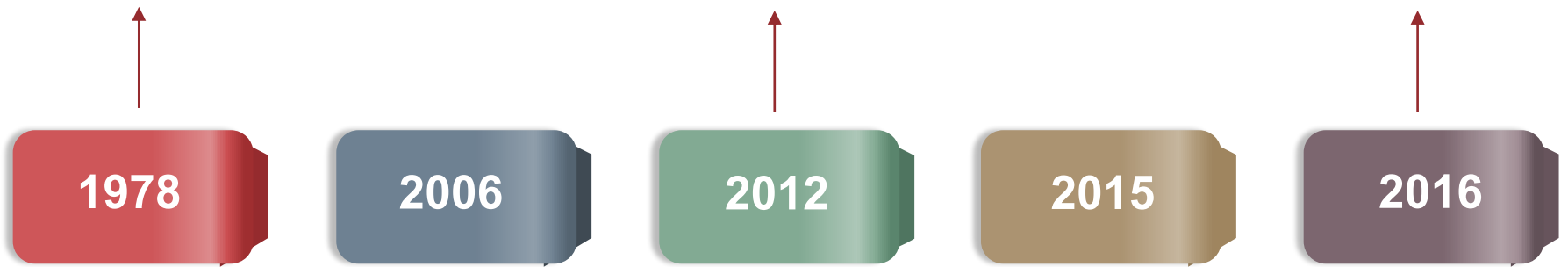
***Distributing through 25  
Depots across Country***

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# History



- 1978- Incorporated as JV between Khemka Group & M/s Bandag Inc, (USA)
- 1979- Set up plant at Bhiwadi (Rajasthan)
- 1984- Listed on BSE
- Increased capacity at Nalagarh plant from 6000 MT to 13800 MT
- Foray into Foreign market with launch of “Zoma” Brand
- Expanded Capacity from 13,800 MT to 20,000 MT



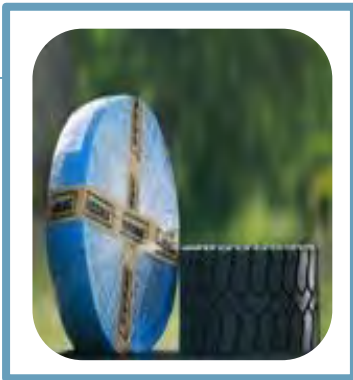
- 2006- JV was terminated with Bandag
- Khemka Group took over 38.3% share
- 2006- Set up plant at Nalagarh (Himachal Pradesh)

- Included as one of the best “Under 1Bn” company by Forbes Asia
- Certificate of Excellence from Inc 500 in 2012 & 2013

# Products

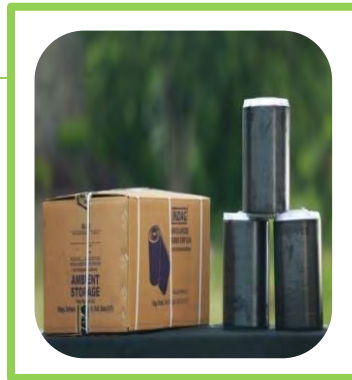


## PRECURED TREAD RUBBER



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

## UN – VUNCUNIZED RUBBER STRIP GUM



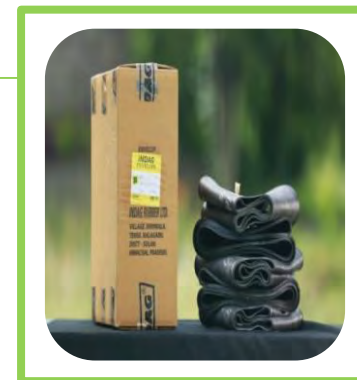
- Capacity of 1,800MT
- Bonding gum for curing process
- Specifically manufactured to provide longer shelf life

## 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*



INDIA'S MOST TRUSTED RETREAD

**INDAG**<sup>®</sup>

THE ONLY ALTERNATIVE TO NEW TYRES

## Key Strengths & Opportunities



# Our Key Strengths



# Strong Distribution Network

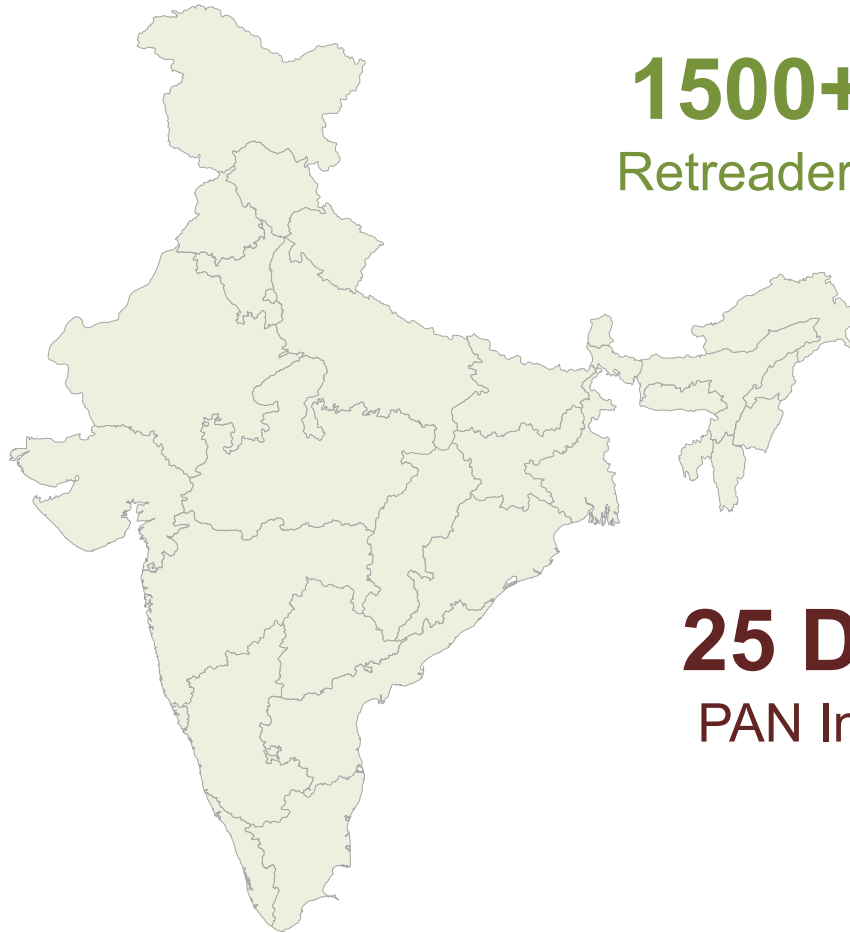


**PAN India**  
Presence

**1500+**  
Retreaders

**200**  
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**

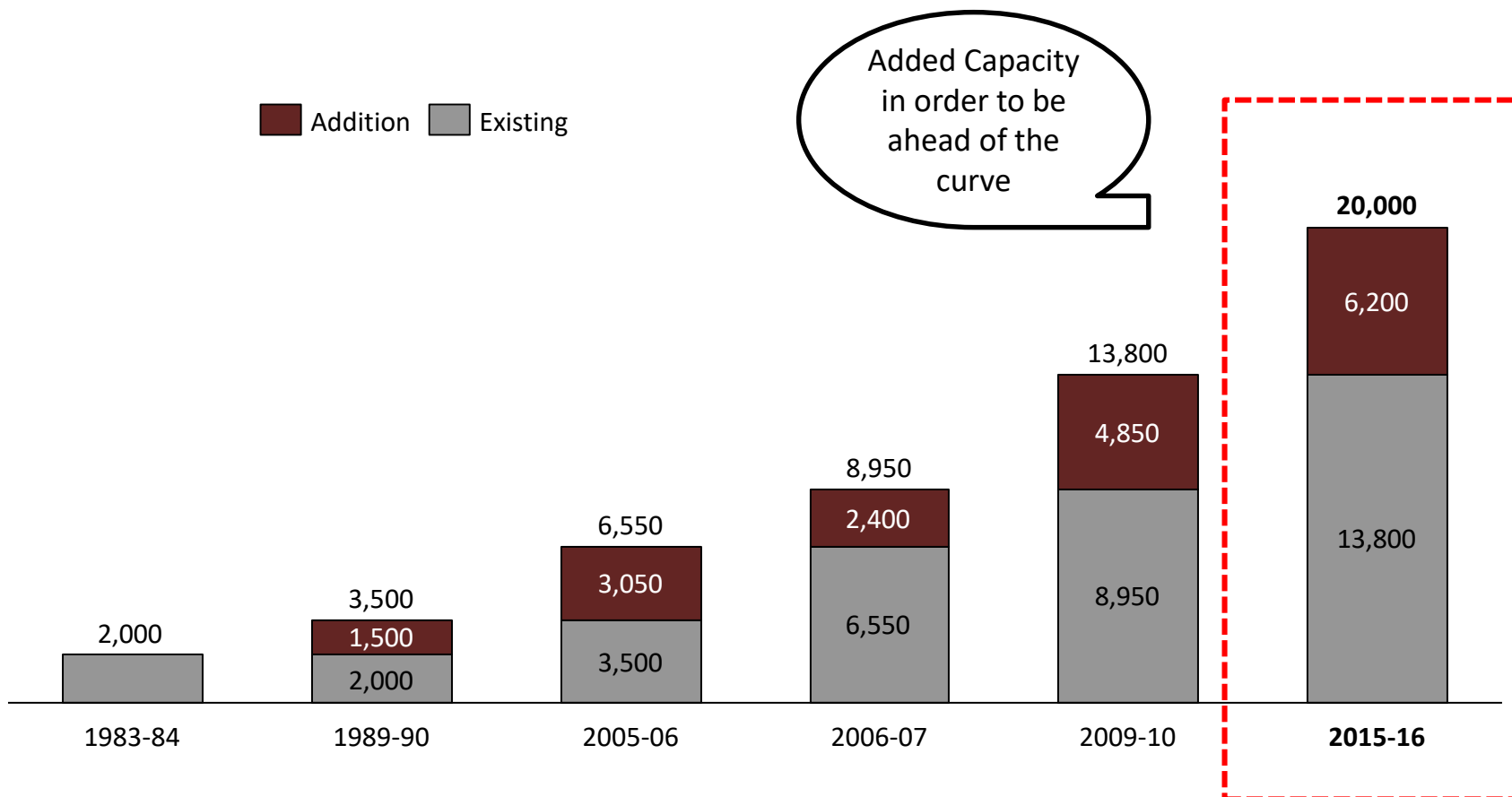
***Retreaders also get after-sales and support services***

***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**

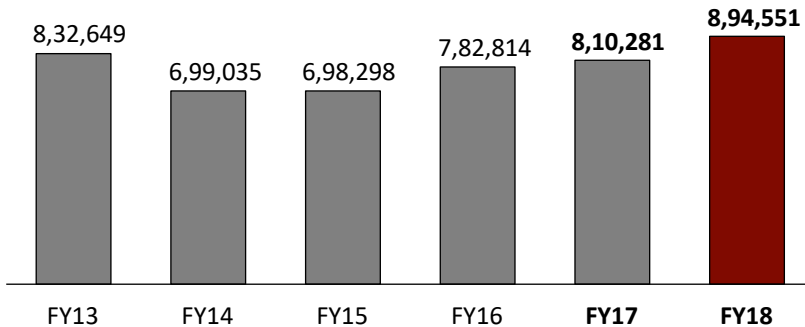
**Has further reduced post GST Implementation**



# Increase in CV Sales

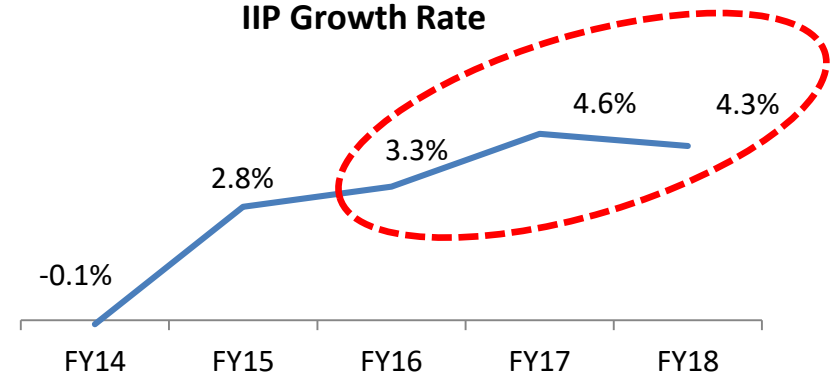


## CV Production Trends

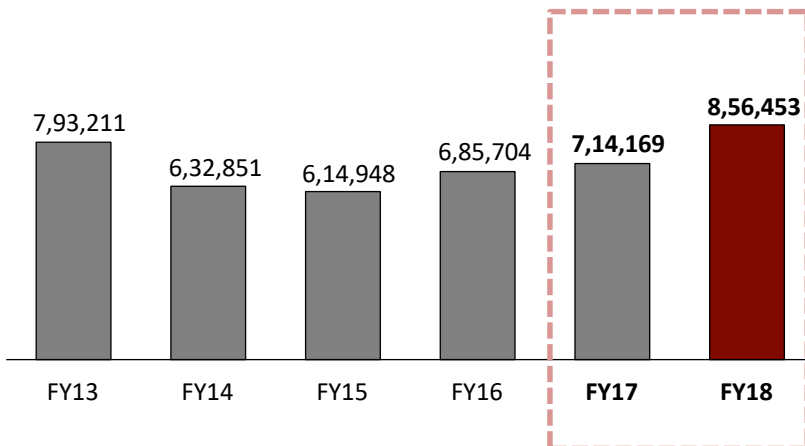


As Industrial Activity Picks up – More Demand for Commercial Vehicles for Movement of Goods – More Tires worn out – Retreading done on Tires

## IIP Growth Rate



## CV Domestic Sales Trends



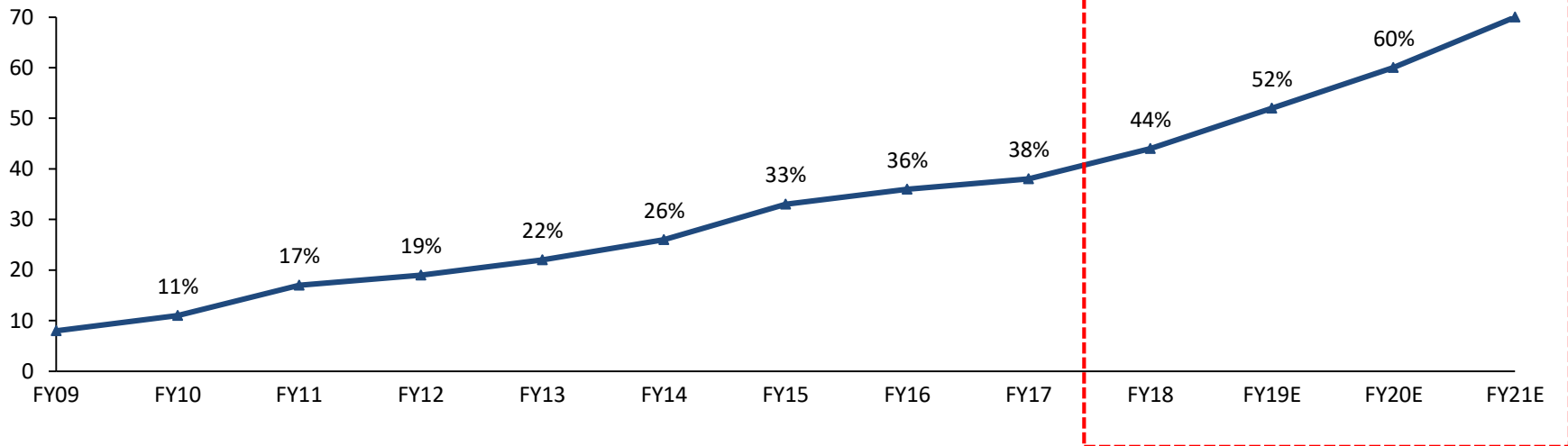
Retreading Industry Picks up with Lag effect

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

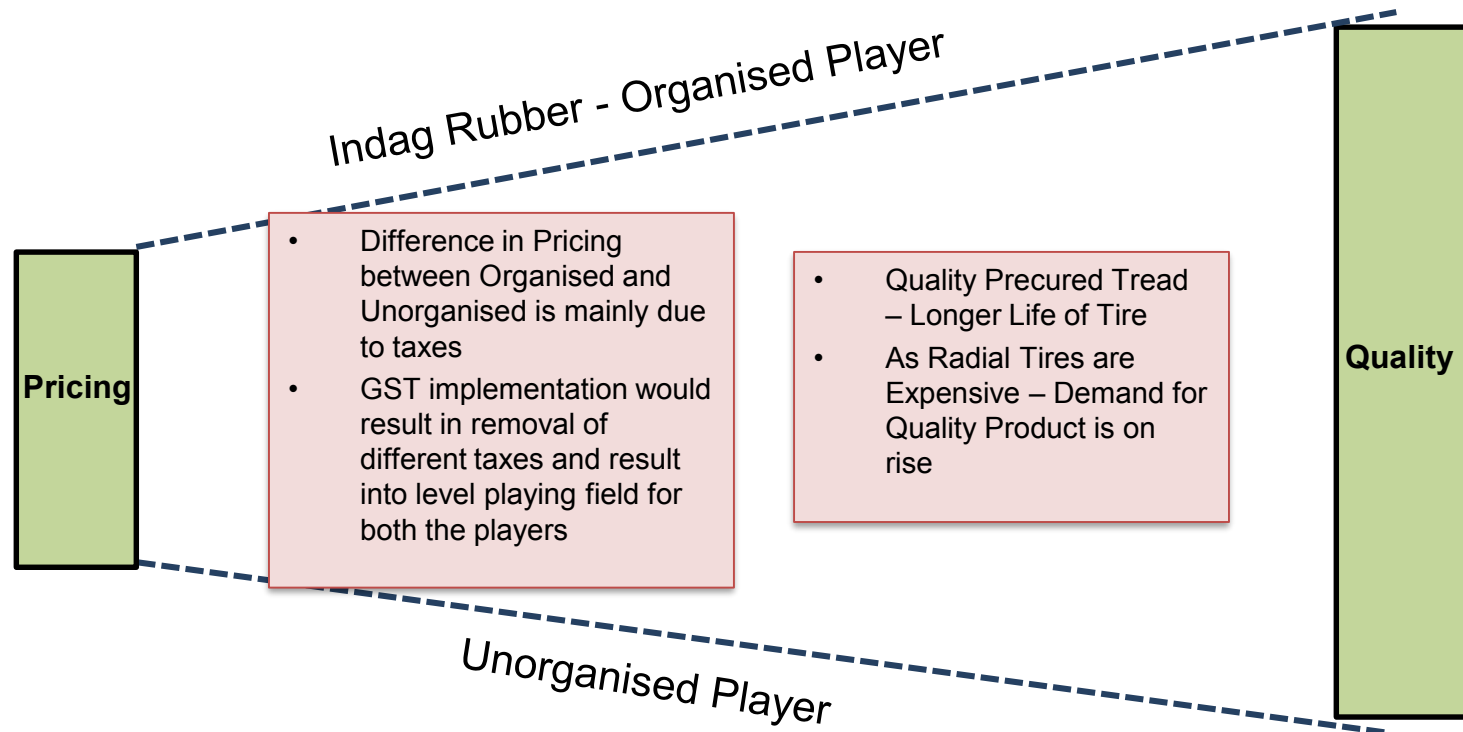
Will help to reduce Casing Failure, which is pre-condition for Tire Retreading




# 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,

*“During the first nine months of this financial year, our Company has achieved a **Revenue of Rs. 130 crores with EBITDA and PAT of Rs. 14 and Rs. 9 crores respectively.** We have faced raw material pressure during the year which have not been completely passed on due to stiff competition. In addition to that, we have incurred high employee cost on back of strengthening our sales, marketing and technical team. This move should benefit the company going ahead.*

*Tyre industry is estimated to grow by 7-9% over the next few years. The tyre industry in the country has witnessed large capacity expansion projects. The increase in demand for domestic tyres will further boost the demand for retreading too.*

*Radialization in CV segment continues to grow and has touched ~70% for truck OEM's while it is ~ 40% in the truck replacement segment. Further, low-cost radial imports from China have declined sharply due to the implementation of anti-dumping duty (ADD) which has benefitted domestic companies.*

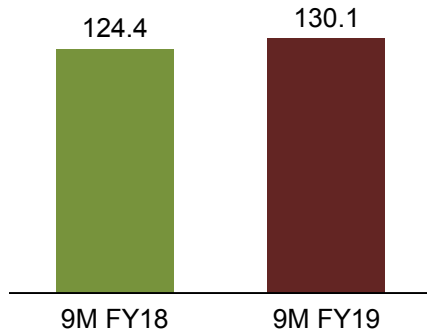
*Post implementation of GST, we have seen a visible shift from the unorganized sector to the organized sector. During December 2018, GST rates on retreaded tyres have slashed from 28% to 18%. This move has been positive for the retreading industry.*

*We shall continuously strive to improve the efficiency of our operations in order to help us to enhance our performance going ahead”*

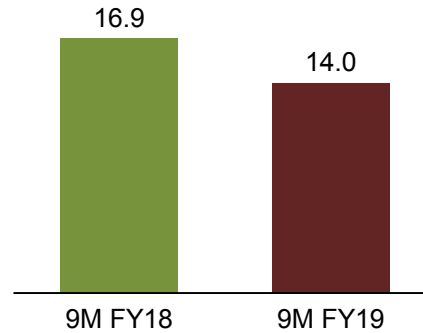
# Financial Highlights – 9M FY19



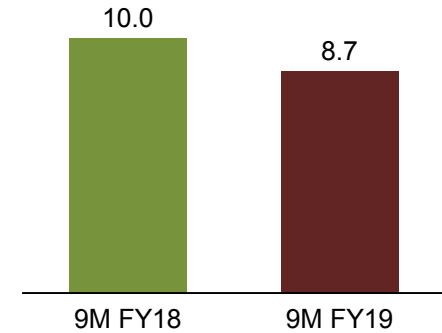
### Revenue\*



### EBITDA\*

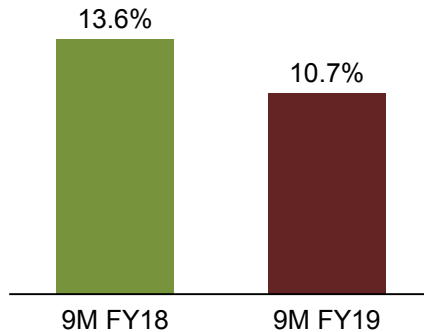


### Profit after Tax

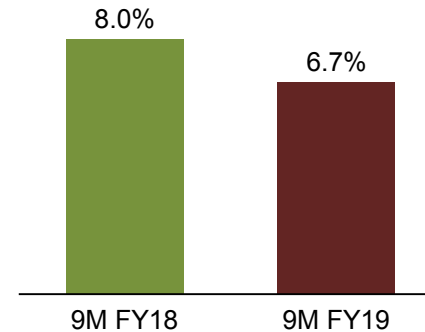


Rs. Crs.

### EBITDA Margin\* (%)



### PAT Margin (%)



\*incl. Other Income

# Financial Highlights – 9M FY19



Particulars (Rs. In Crs.)	9M FY19	9M FY18
Total Revenue from Operations	126.7	119.9
Other Income	3.4	4.5
<b>Total Revenue (incl. Other Income)</b>	<b>130.1</b>	<b>124.4</b>
Raw Material	85.8	79.3
<b>Gross Profit</b>	<b>44.3</b>	<b>45.1</b>
<b>Gross Profit %</b>	<b>34.1%</b>	<b>36.2%</b>
Employee Expenses	12.9	11.7
Other Expenses	17.4	16.5
<b>EBITDA</b>	<b>14.0</b>	<b>16.9</b>
<b>EBITDA %</b>	<b>10.7%</b>	<b>13.6%</b>
Depreciation	2.4	2.3
<b>EBIT</b>	<b>11.6</b>	<b>14.7</b>
<b>EBIT (%)</b>	<b>8.9%</b>	<b>11.8%</b>
Finance Cost	0.2	0.2
<b>Profit before Tax</b>	<b>11.4</b>	<b>14.5</b>
Tax	2.7	4.5
<b>Profit after Tax</b>	<b>8.7</b>	<b>10.0</b>
<b>PAT %</b>	<b>6.7%</b>	<b>8.0%</b>
<b>EPS</b>	<b>3.30</b>	<b>3.80</b>

# Balance Sheet



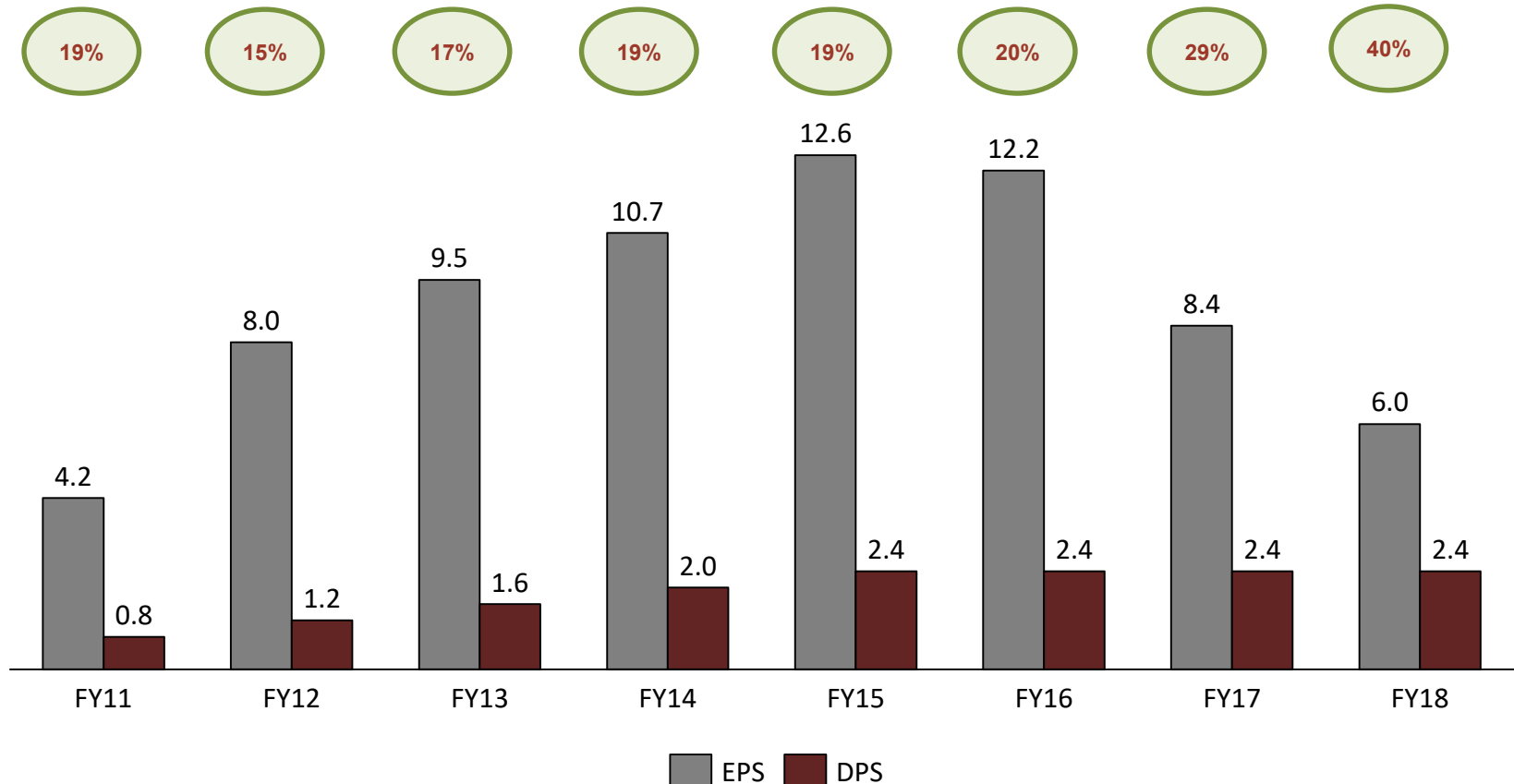
Liabilities (Rs. In Crs.)	Sep - 18	Mar-18
Equity		
Share Capital	5.3	5.3
Other Equity	183.0	181.2
<b>Total Equity</b>	<b>188.2</b>	<b>186.4</b>
<b>Non Current Liabilities</b>		
Financial Liabilities		
Borrowings	0.0	0.0
Deferred Tax Liabilities (Net)	3.7	3.6
<b>Total Non Current Liabilities</b>	<b>3.7</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



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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CIN: L74899DL1978PLC009038  
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[anil@indagrubber.com](mailto:anil@indagrubber.com)

[www.indagrubber.com](http://www.indagrubber.com)

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