



**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 :** 09318757174

**August 17, 2017**

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

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

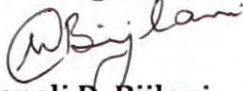
### **Sub: Investor Presentation of Q1 FY2018**

Dear Sir,

Enclosed please find the Investor Presentation of Q1 FY2018 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 – Q1 FY18**

August 2017



# Safe harbor

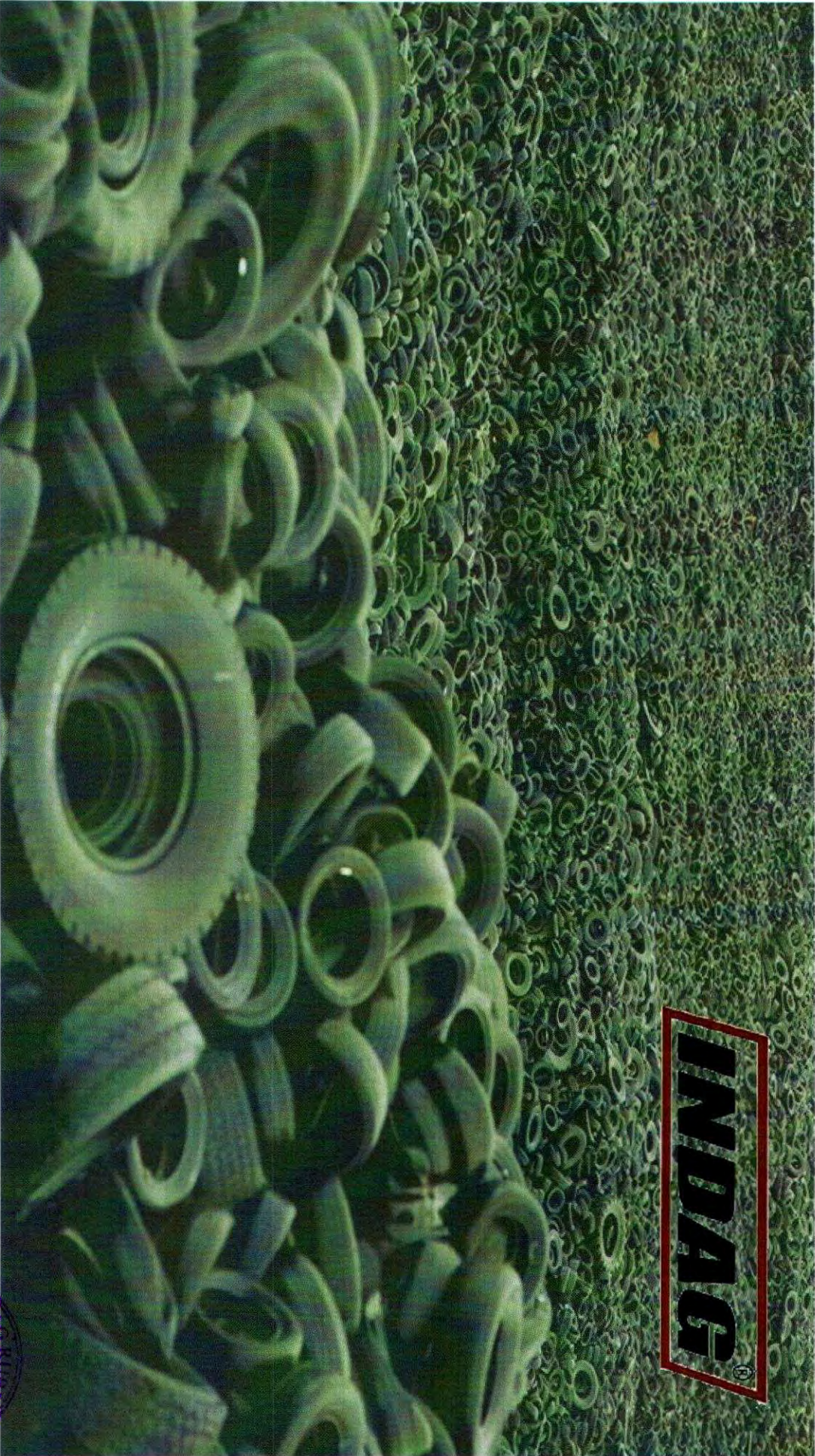


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**INDAG**<sup>®</sup>

# 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

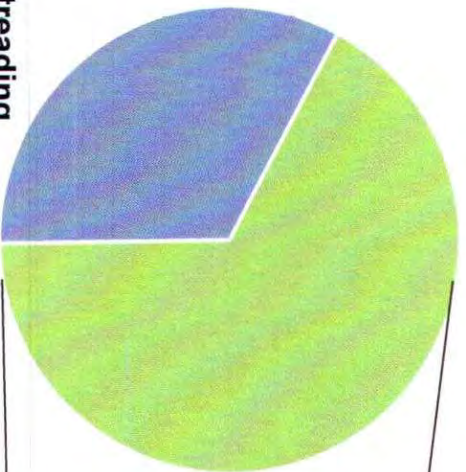
## COLD PROCESS

- 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

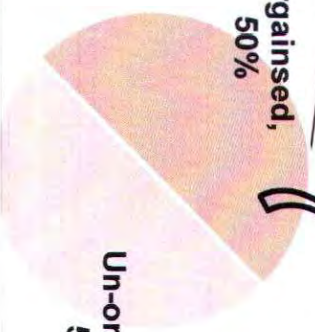
## HOT PROCESS

- 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

**HOT Retreading Industry – 33%**



**COLD Retreading Industry – 67%**

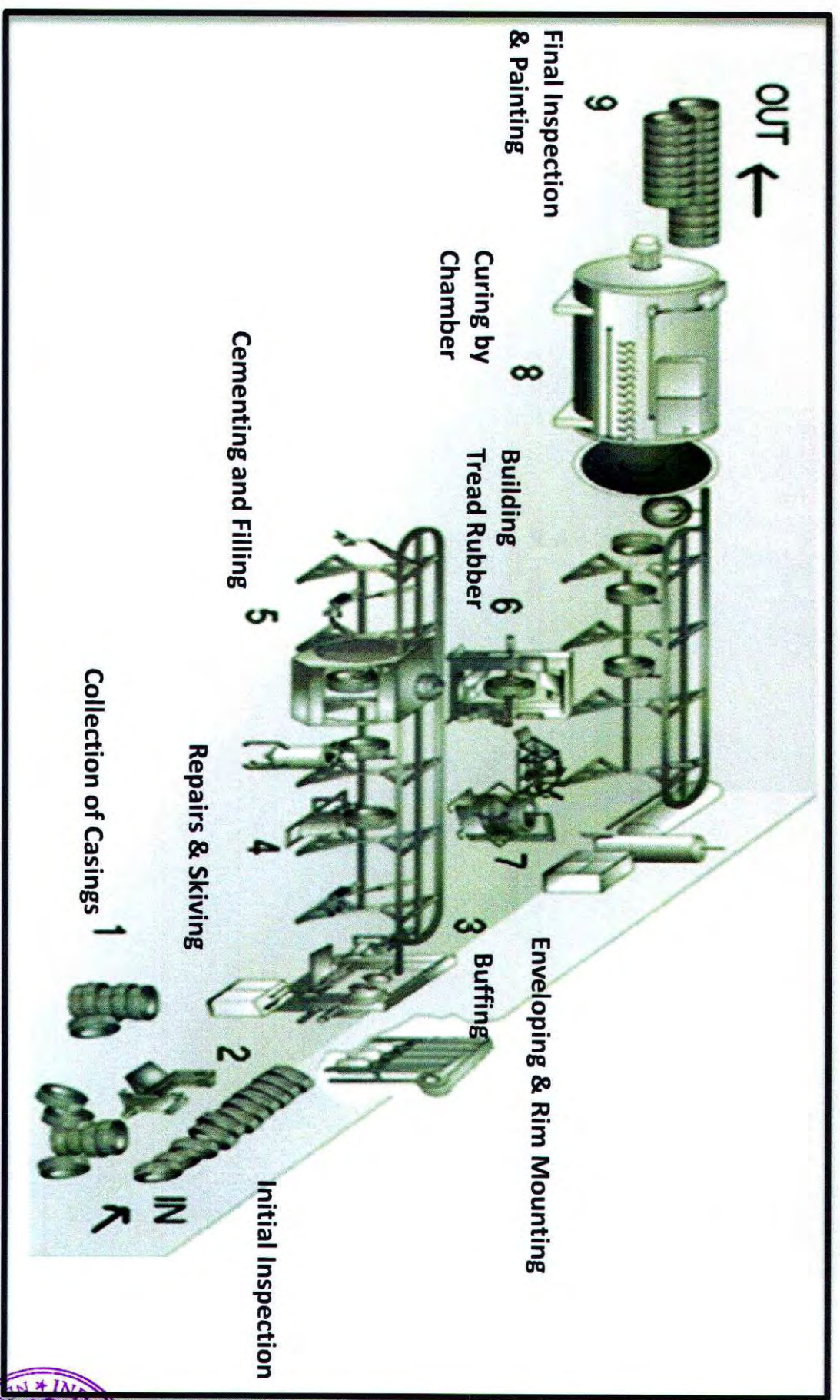


Organised, 50%

Un-organised, 50%



# 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

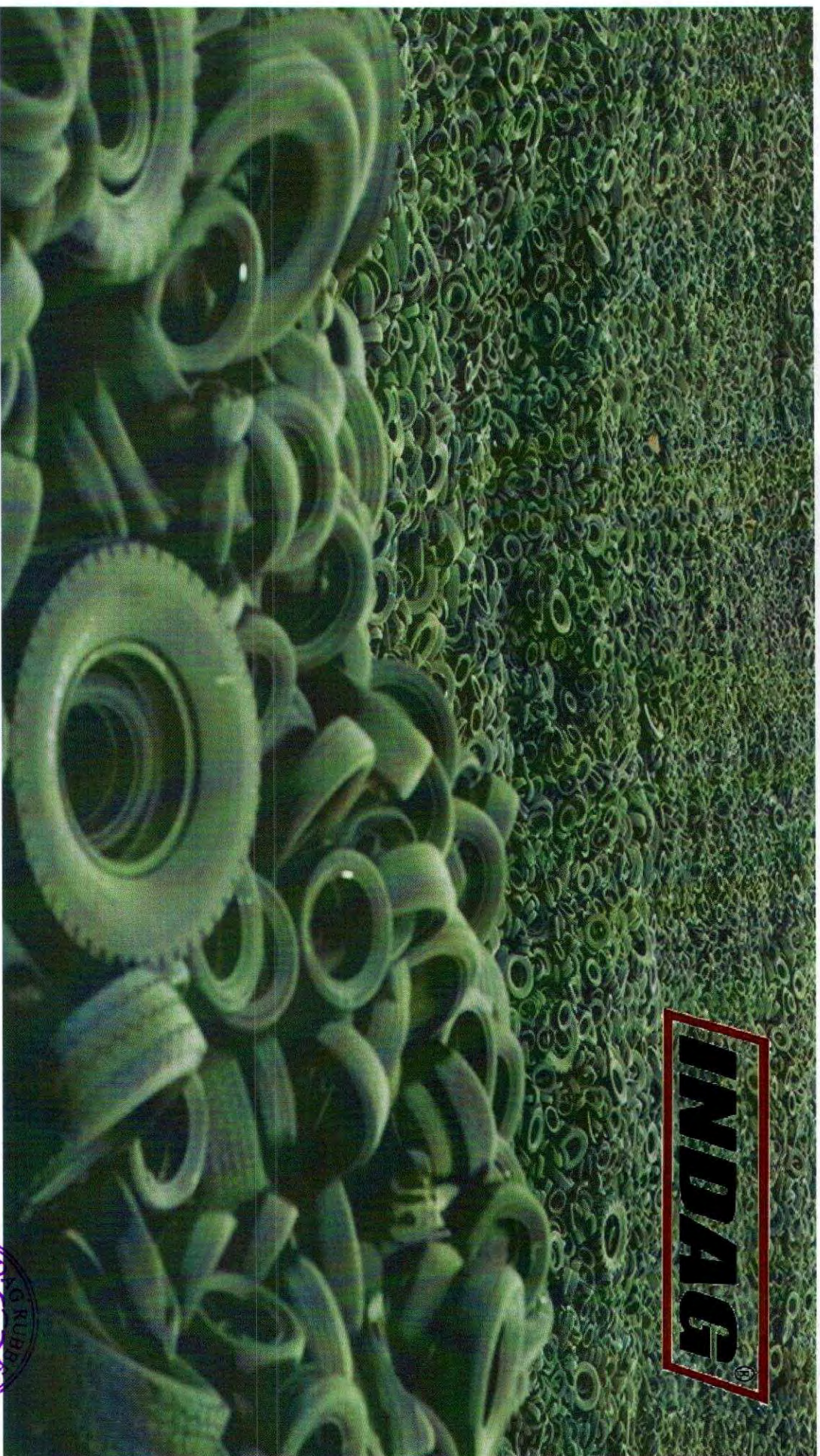
Only required on the part of the retreading plant (no expensive moulds)

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





# Business Overview





# Company Overview



India's most Trusted  
Tread Manufacturing  
Company

Presence in All type of  
Commercial Segments

"Lowest Cost Per  
Kilometre"

Pioneered Cold Retreading  
technology in India

Best Quality with  
Reasonable Pricing

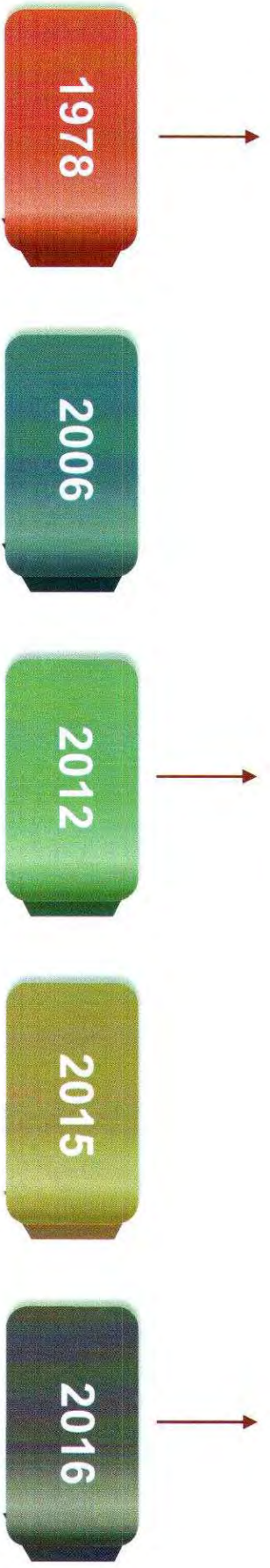
Distributing through 25 Depots  
across Country



# 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)
- Introduced Max Mile Brand in Indian Market
- Included as one of the best "Under 1Bn" company by Forbes Asia
- Certificate of Excellence from Inc 500 in 2012 & 2013



# Products

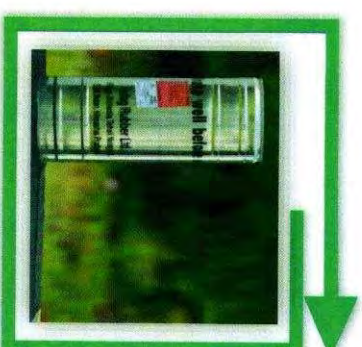
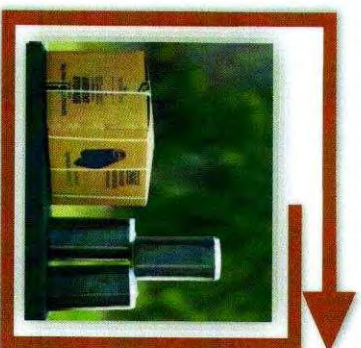


## UN – VUNCUNIZED RUBBER STRIP GUM

- 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

## ENVELOPE

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

- OTR & Tractor

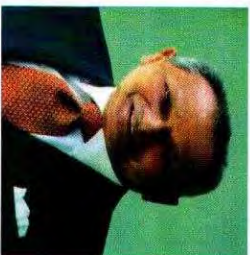


# Focused Management



## 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. 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*

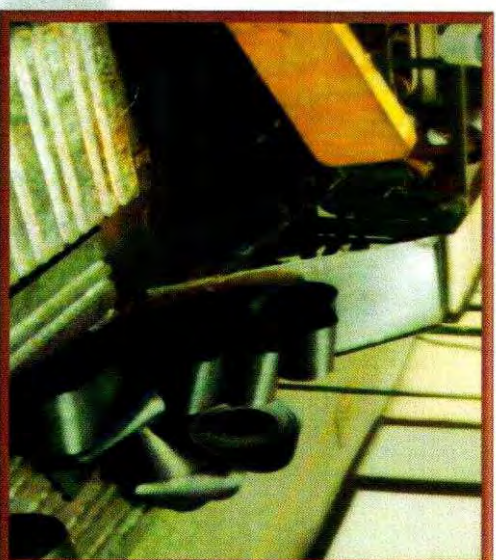
**Advanced Technology in terms  
of machinery and equipments**  
**Modern Retreading Cum-  
Training centre to impart high  
quality**



**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**



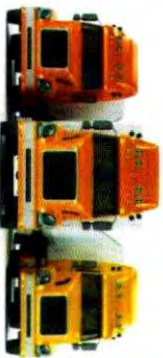
**Only company who uses curing  
temperature of 99°C than others  
who cure at higher temperature of  
125 -150°C**



# 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

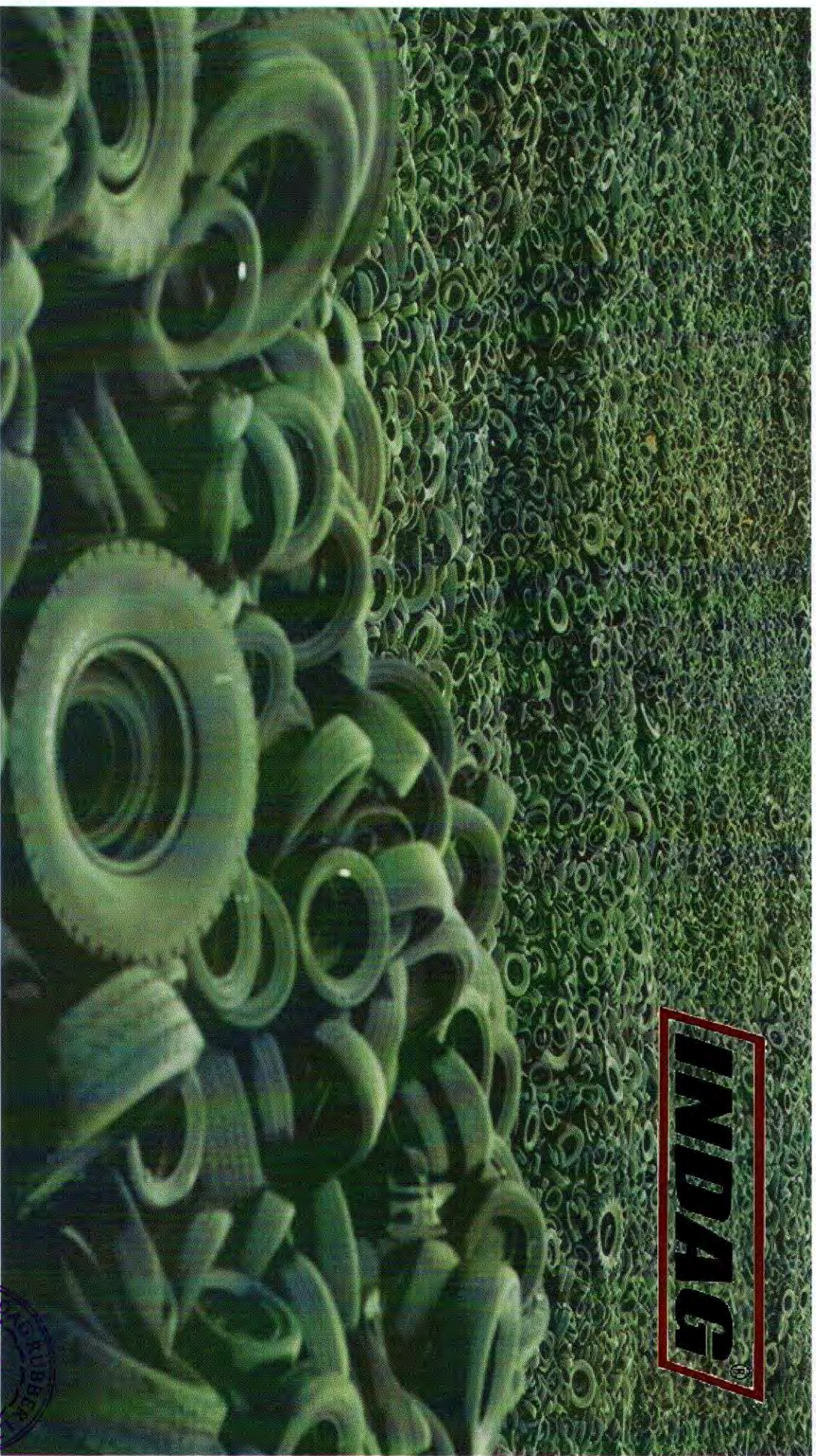
Best **Quality** with

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

**100-150**  
Dealers



**1200+**  
Retreaders

**25 Depots**  
PAN India basis



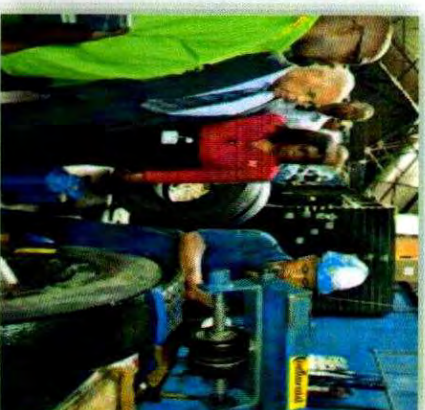
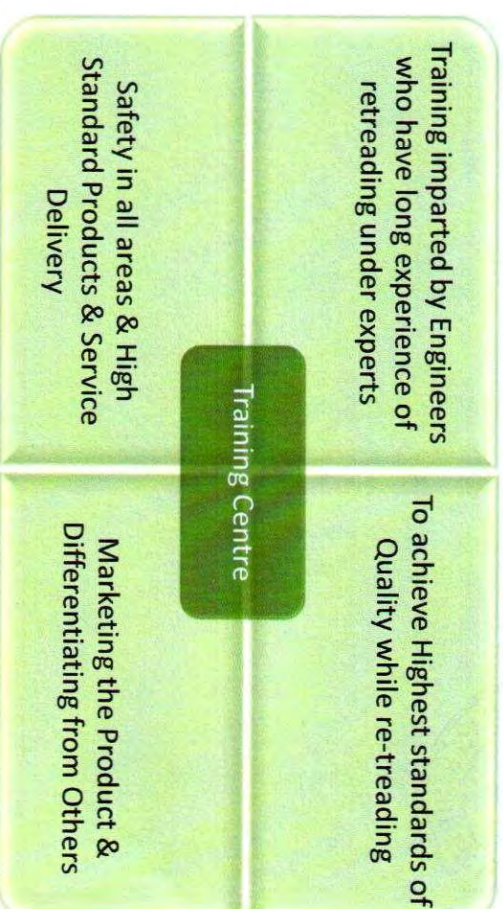
# Training Retreaders



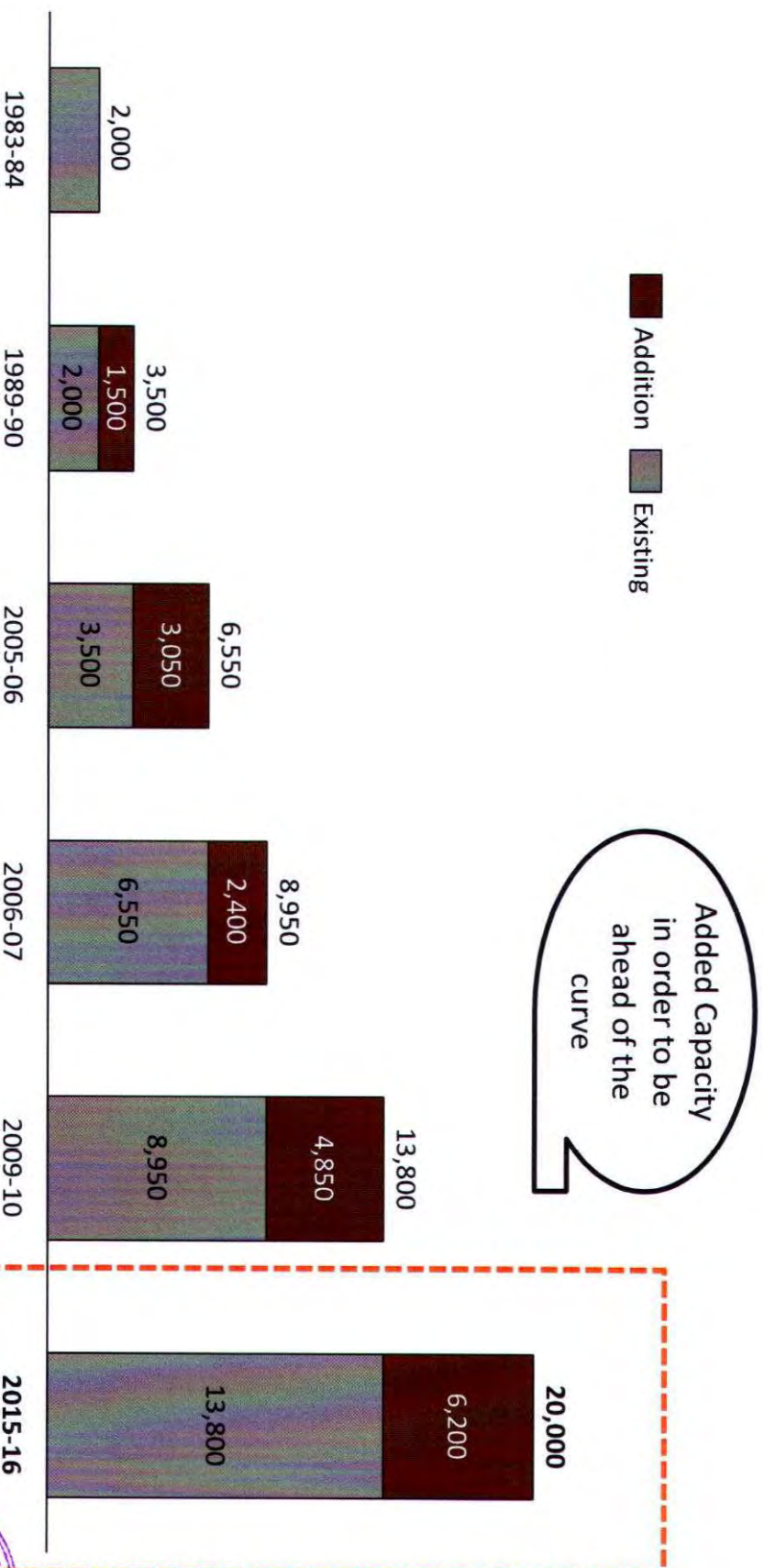
- ✓ Retreaders also get after-sales and support services

- ✓ 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



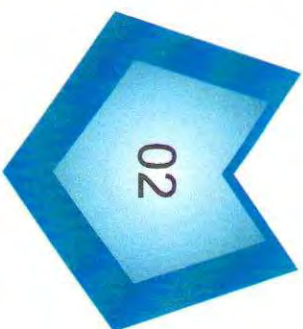
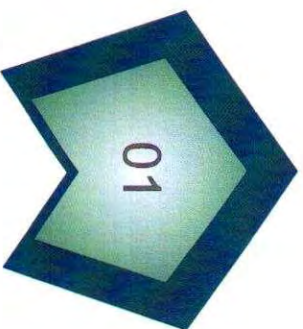
# Opportunities



Increase in Commercial Vehicle  
Sales especially the MHCV segment

Improving roads and support  
infrastructure

Implementation of GST will  
narrow the pricing difference  
between the organised and  
the un-organised



Increase in Radialisation  
in CV segment

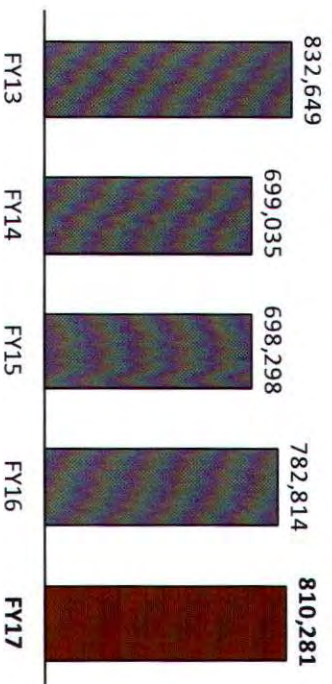
Reduction in influx/dumping of Chinese  
tyres in India after demonetization  
Will further reduce post GST  
Implementation



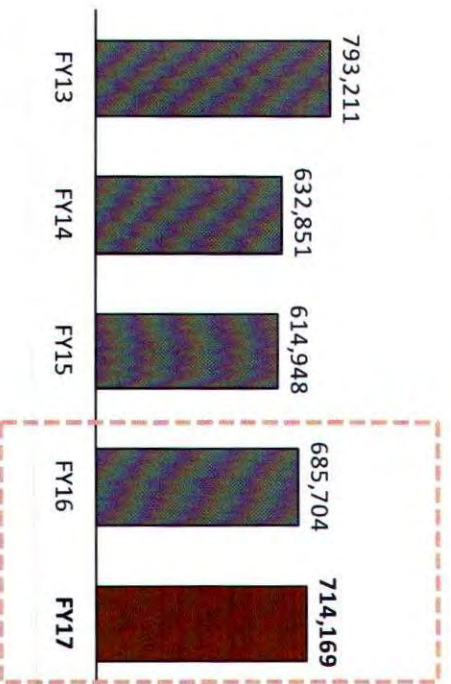
# Increase in CV Sales



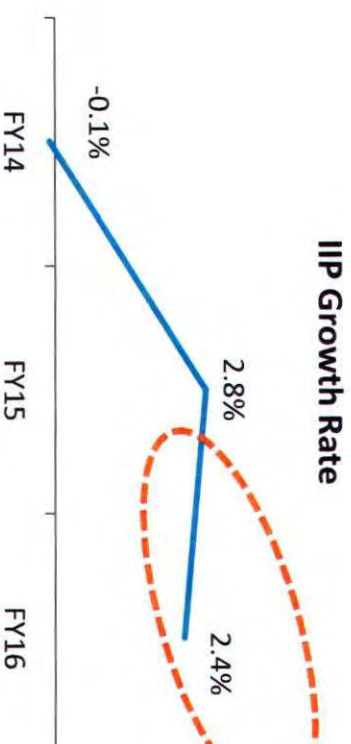
## CV Production Trends



## 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



Retreading Industry Picks up with Lag effect

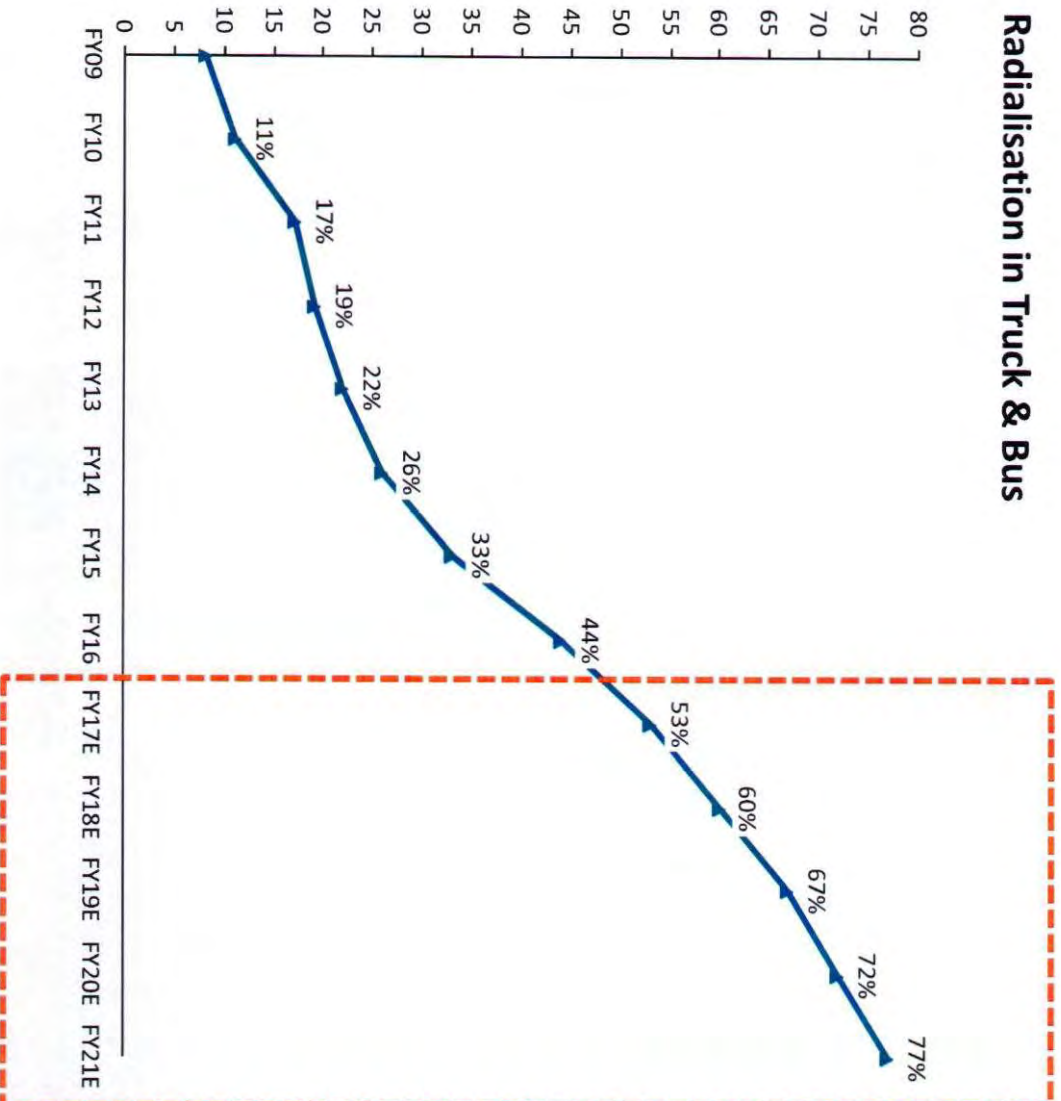
Large Opportunities for Retreading Business in coming years



# 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

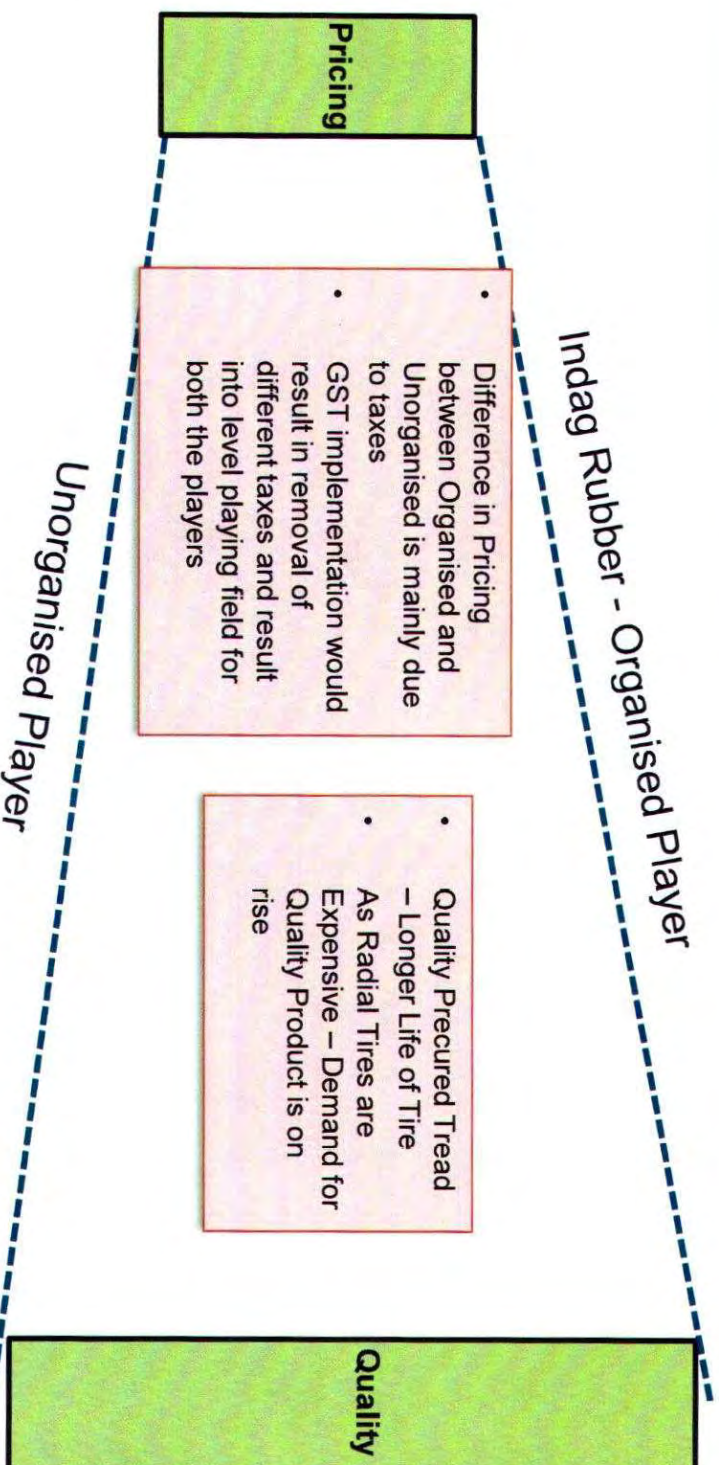
Source: JK Tyre Presentation



# GST - A Game Changer



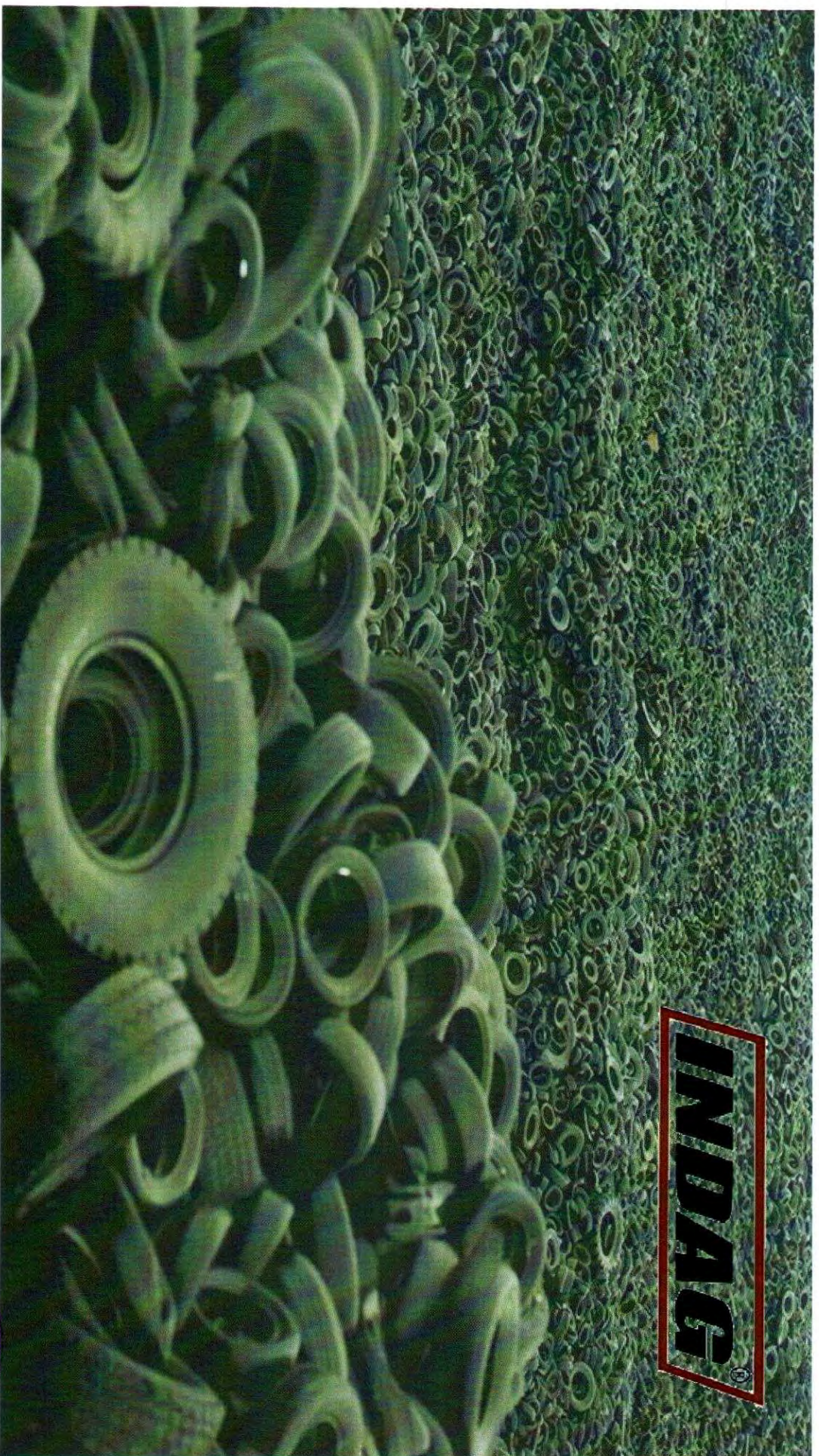
Retreading was dominated by Unorganised Players – Slow Shift towards Organised



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,**

*"There has been a change in the taxation policies of the country with the advent of GST. We have been impacted from mid-May 17 due to the then prevailing uncertainties. The quarter results saw a de-growth due to the same. However, we are witnessing traction in demand since last few weeks.*

*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 FY18 following the decline witnessed in FY17. Though demand in Q1 FY18 suffered due to destocking by dealers before GST rollout, this is a short-term aberration and volumes are likely to recover in H2 FY18.*

*As per the Ministry of Commerce & Industry, imposition of anti-dumping duty on import of truck and bus radial tyres is under process with Directorate General of Anti-Dumping and Allied Duties and is likely to be levied soon. This is expected to restrict imports of cheap tyres from China thus enhancing demand of domestic tyres leading to an increased demand of retreading too.*

*The business is gradually coming back to normalcy"*



# Financial Highlights – Q1 FY18



Particulars (Rs. In Crs)	Q1 FY18	Q1 FY17
Total Revenue from Operations	34.4	48.7
Other Income	2.4	1.3
<b>Total Revenue (incl. Other Income)</b>	<b>36.8</b>	<b>50.0</b>
Raw Material	25.6	27.2
<b>Gross Profit</b>	<b>11.2</b>	<b>22.8</b>
<b>Gross Profit %</b>	<b>30.4%</b>	<b>45.6%</b>
Employee Expenses	3.8	4.9
Other Expenses	4.3	7.8
<b>EBITDA</b>	<b>3.0</b>	<b>10.1</b>
<b>EBITDA %</b>	<b>8.2%</b>	<b>20.2%</b>
Depreciation	0.7	0.7
<b>EBIT</b>	<b>2.3</b>	<b>9.4</b>
<b>EBIT (%)</b>	<b>6.3%</b>	<b>18.8%</b>
Finance Cost	0.1	0.1
<b>Profit before Tax</b>	<b>2.3</b>	<b>9.4</b>
Tax	0.7	3.0
<b>Profit after Tax</b>	<b>1.5</b>	<b>6.4</b>
<b>PAT %</b>	<b>4.1%</b>	<b>12.8%</b>
Other Comprehensive Income	0.3	2.4
<b>Total Comprehensive Income</b>	<b>1.9</b>	<b>8.8</b>
<b>EPS</b>	<b>0.58</b>	<b>2.43</b>

On Standalone Basis



# Consistent Dividend Pay-out



Dividend Pay-Out

19%

15%

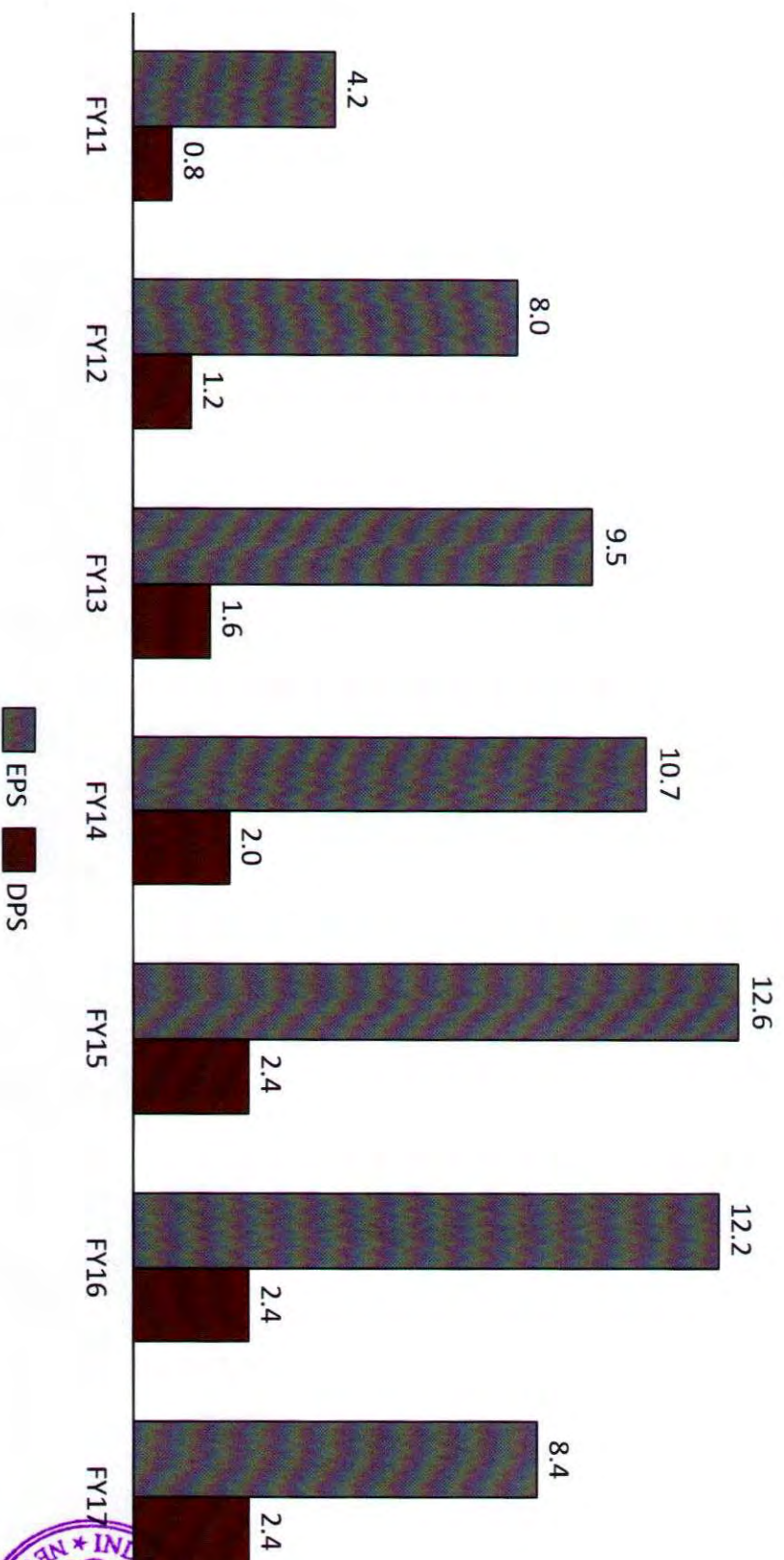
17%

19%

19%

20%

29%



\* Adjusted EPS & DPS for the split





For further information, please contact

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CIN: L74899DL1978PLC009038

Mr. Anil Bhardwaj, G.M. (Finance)

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