

**ISO 9001:2015**  
**ISO 14001:2015**

## **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 Pradesh - 174101, India  
**Phone :** 09736000123

November 15, 2019

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

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


### **Sub: Investor Presentation of Q2 & H1 FY2020**

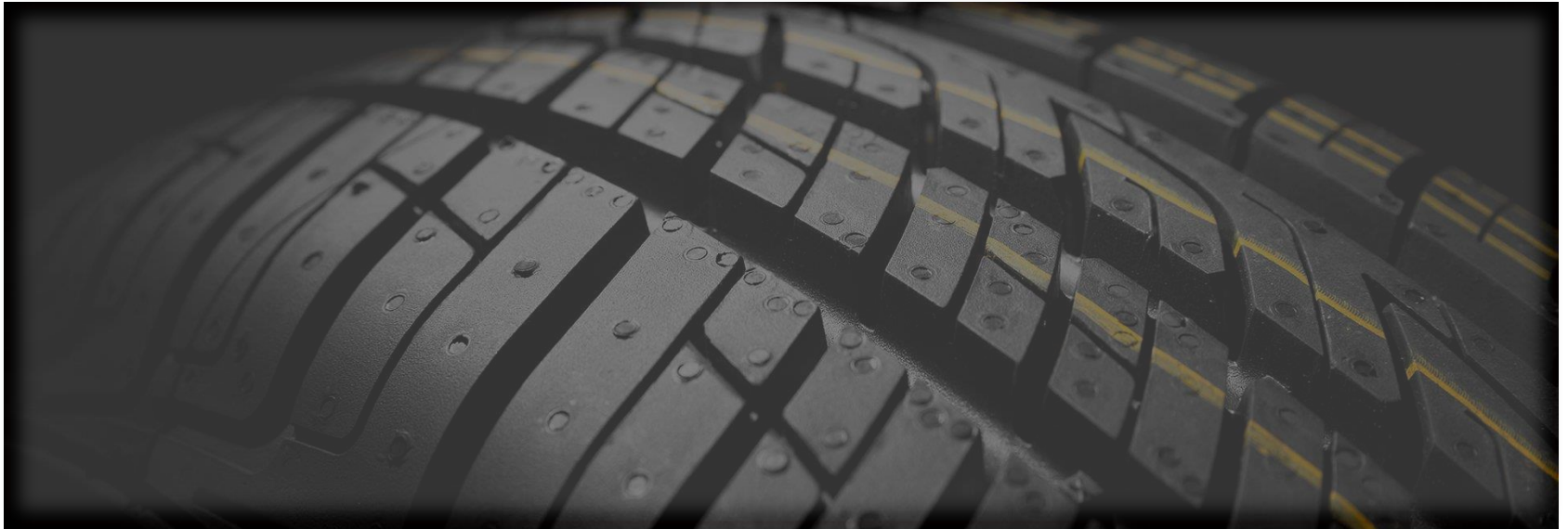
Dear Sir,

Enclosed please find the Investor Presentation of Q2 & H1 FY2020 for the information of the investors and public at large.

Thanking you.

For Indag Rubber Limited

  
Manali D. Bjlani  
Company Secretary



# **INDAG RUBBER LIMITED**

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

**Investor Presentation – Q2 & H1 FY20**

November 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

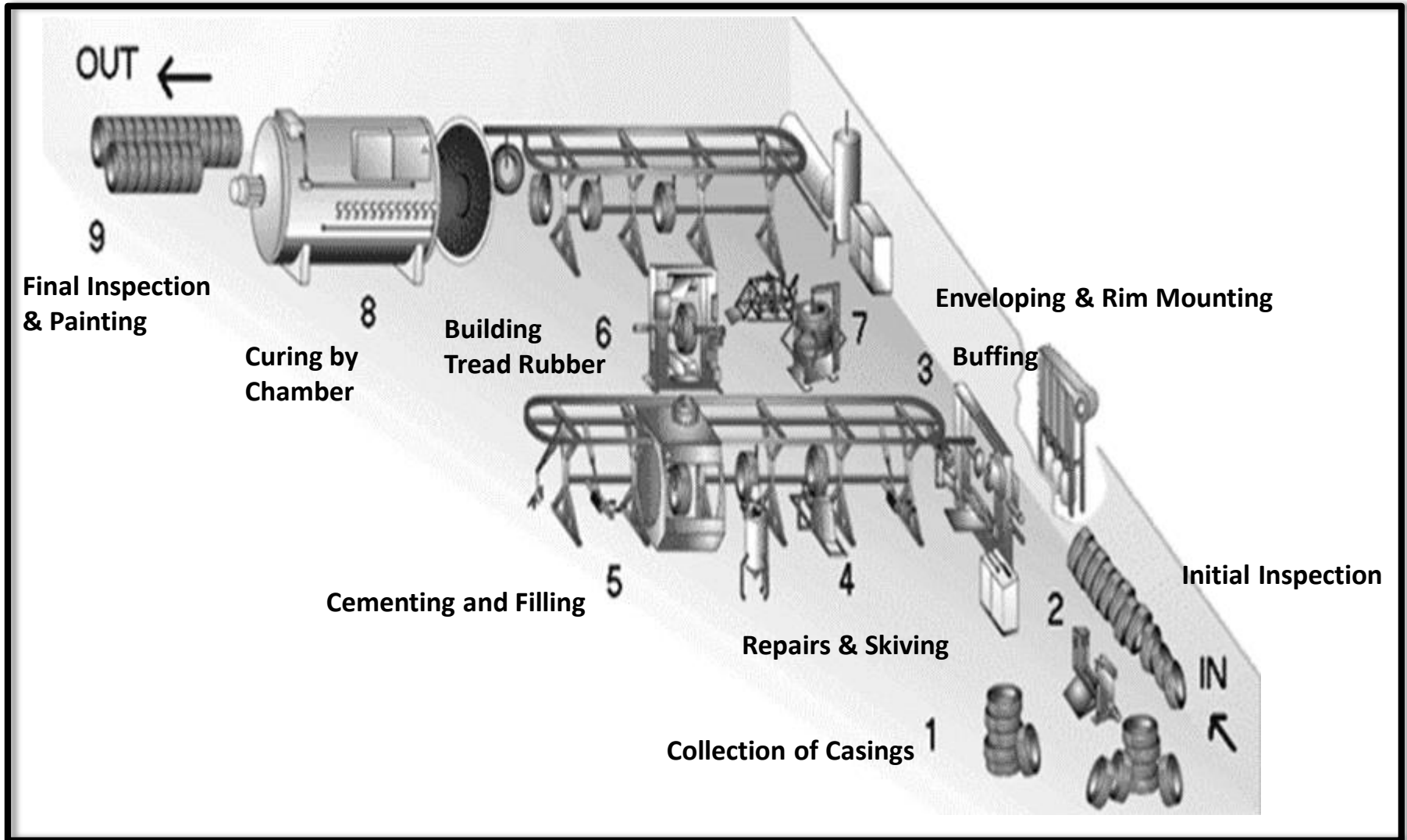
- Precured rubber of high density & available in various tread designs is lined with cushion gum before applying to a buffed casing
- Curing is done in a pressure chamber at low temperature 100°C & pressure

## HOT PROCESS

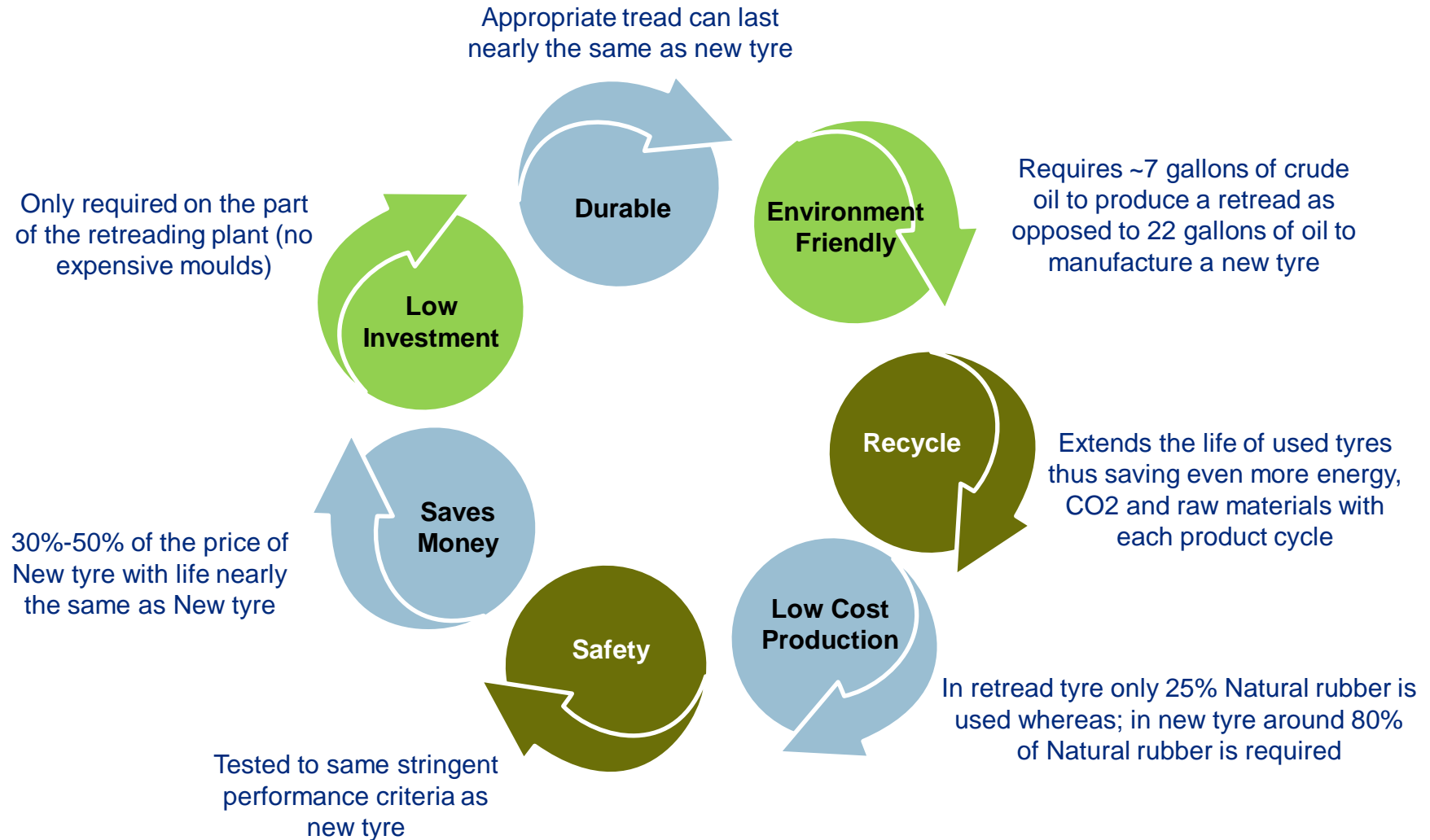
- Uncured rubber is added to a buffed casing & cured in the mold at temperatures of approximately 150°C-160°C
- This temperature allows uncured rubber to flow in the matrix forming the tread design during vulcanization




# Retreading Process



# Benefits of Retreading





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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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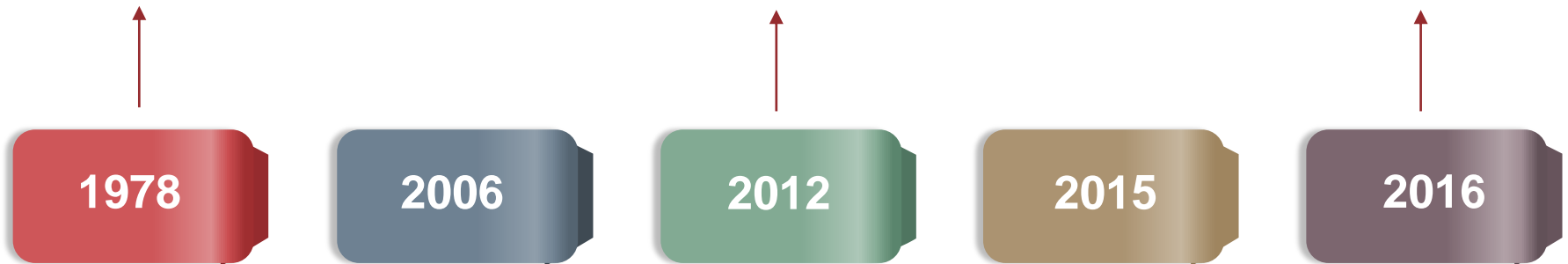
# History



- 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

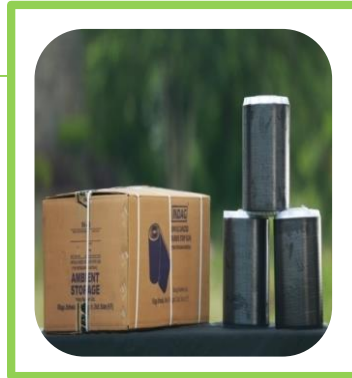


## PRECURED TREAD RUBBER



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

## UN – VUNCUNIZED RUBBER STRIP GUM



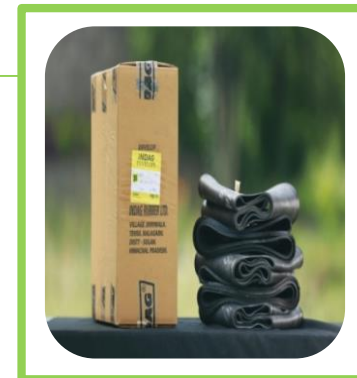
- Capacity of 1,800MT
- Bonding gum for curing process
- Specifically manufactured to provide longer shelf life

## 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 Tyre

OR

Retread the same Old  
Tyre



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*



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# Key Strengths & Opportunities



# Our Key Strengths



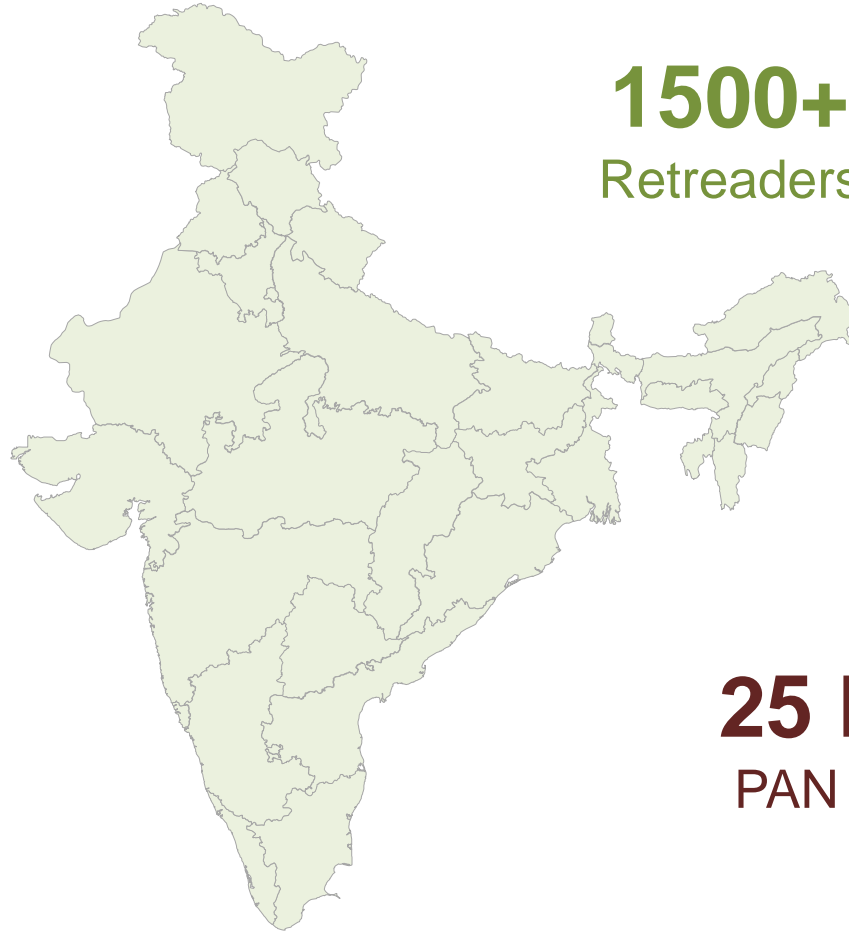
# Strong Distribution Network



**PAN India**  
Presence

**1500+**  
Retreaders

**200+**  
Dealers



**50+**  
Sales Team

**25 Depots**  
PAN India basis

# Training Retreaders



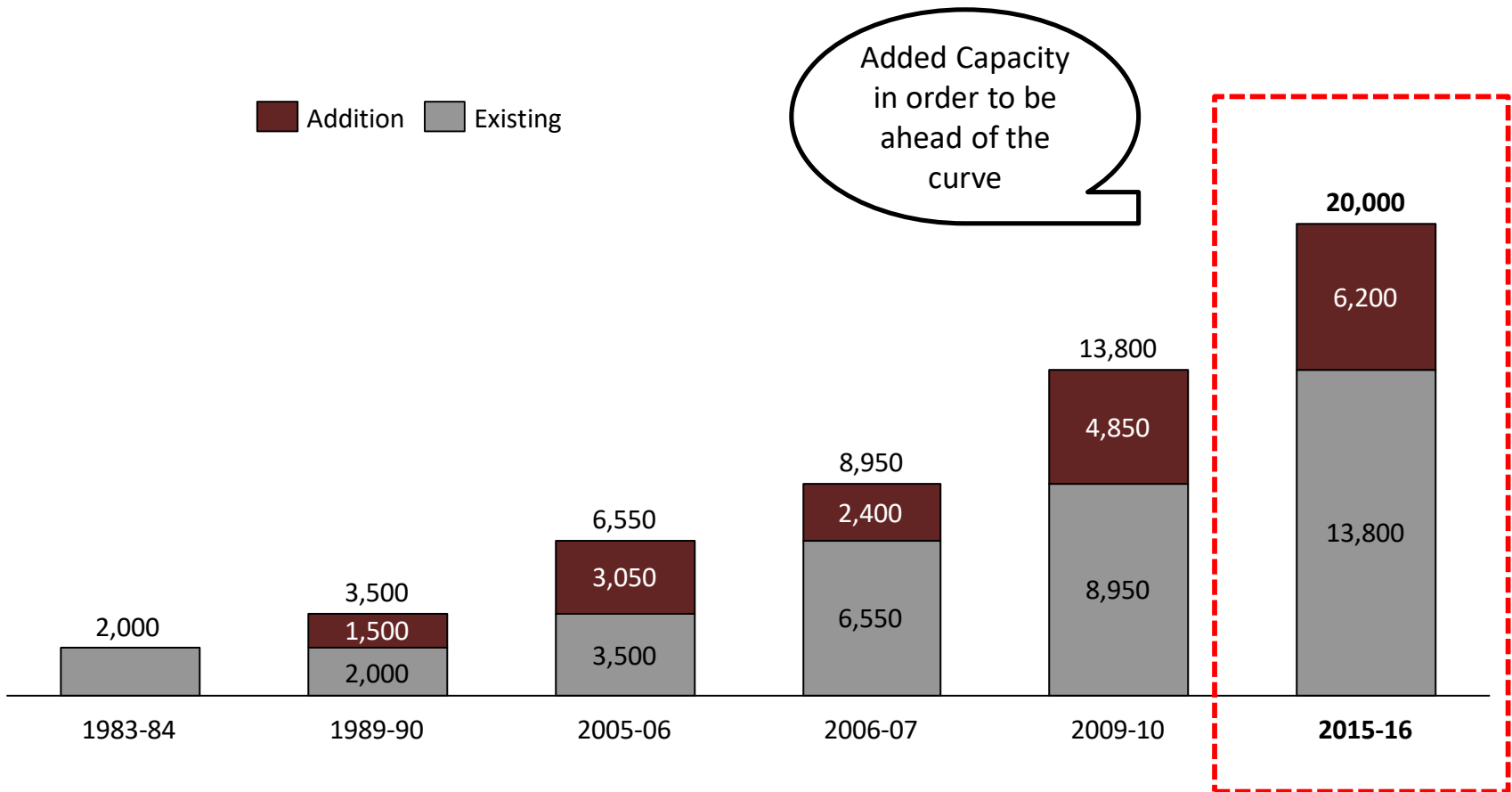
*Retreaders also get after-sales and support services*

*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 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

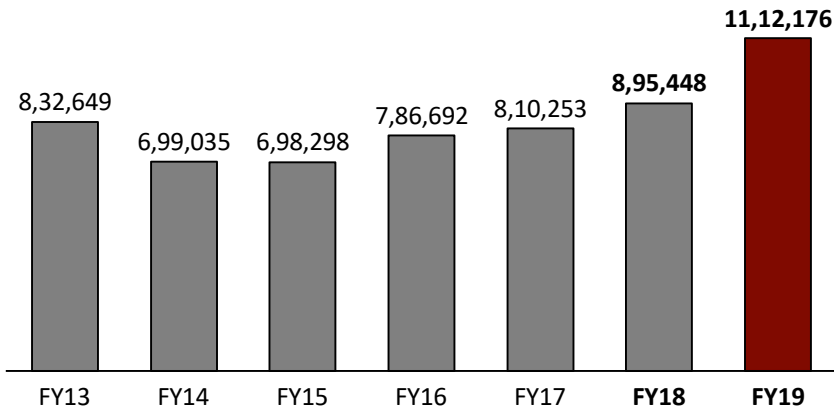
Has further reduced post GST Implementation



# Increase in CV Sales

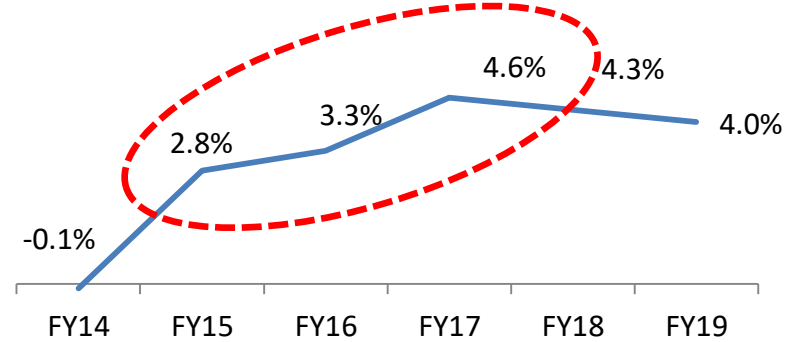


CV Production Trends



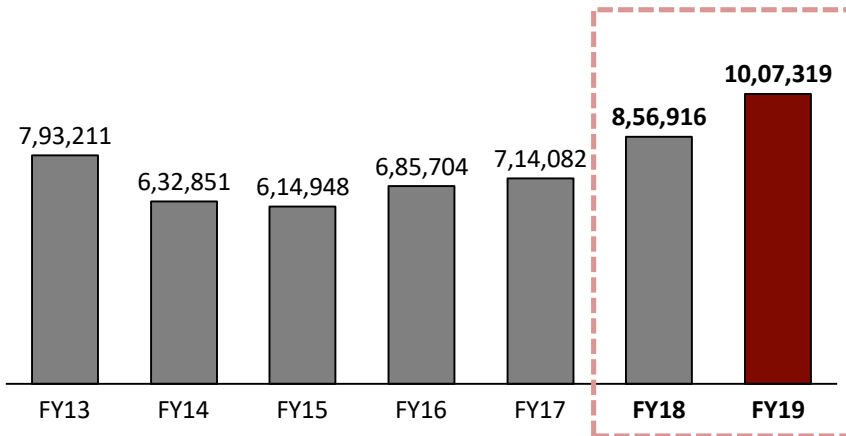
As Industrial Activity Picks up – More Demand for Commercial Vehicles for Movement of Goods – More Tires worn out – Retreading done on Tires

**IIP Growth Rate**



\*FY19 – From April 2018 – Feb 2019

CV Domestic Sales Trends



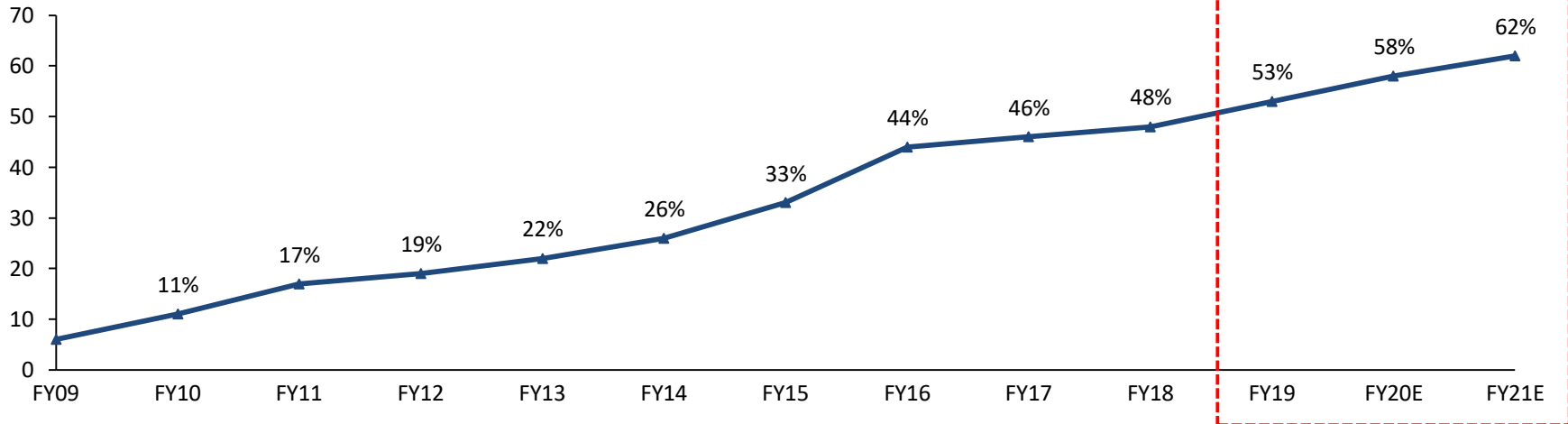
Retreading Industry Picks up with Lag effect

Large Opportunities for Retreading Business in coming years

# Increase in Radialisation



## Radialisation in Truck & Bus



Source: SIAM and Industry Reports

### 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

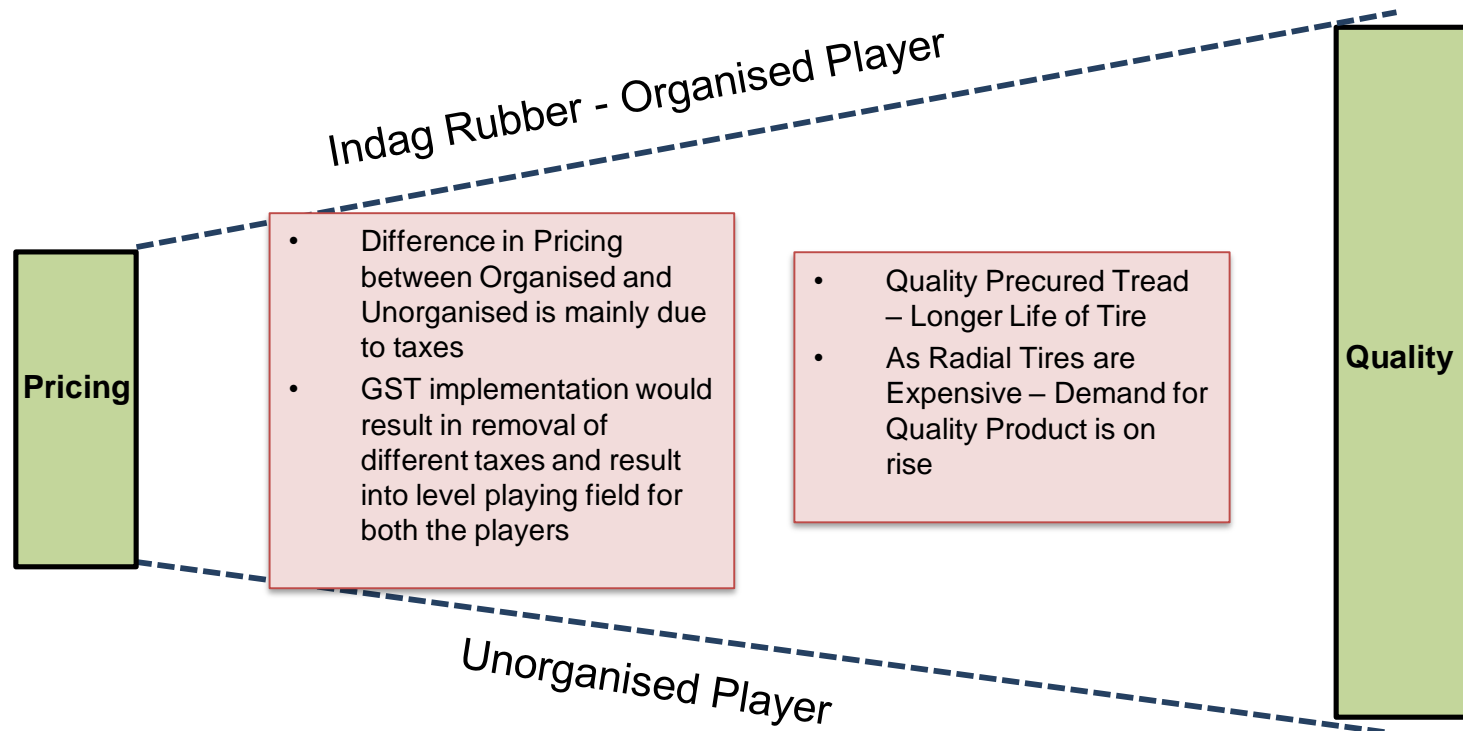
### No Overloading & Proper Maintenance of Vehicles

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,

*“The first half of FY20 has been good for the Company even in this challenging business environment. Despite lot of uncertainties in the auto industry, the Company has reported a Revenue of Rs. 105 crores with EBITDA and PAT of Rs. 12 and Rs. 8 crores respectively for the first half of FY20.*

*Over the last few quarters, we have received STU orders resulting in increase in volumes during the first half of this year.*

*Radialisation continues to grow in bus and truck segment which is more than 50% as compared to 44% in the previous year. Imports of pneumatic radial tyres have declined sharply. We expect increase in demand for domestic tyres, resulting in increase in demand for retreading.*

*This year has been one of the challenging years for Indian Auto Industry. Commercial vehicles segment has witnessed a decline in sales on account of liquidity crisis and revised axle load norms.*

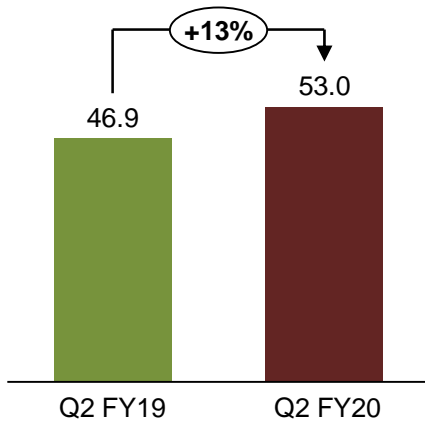
*It is expected that some pre-buying of BS-IV vehicles may happen ahead of BS-VI implementation in the Industry. There has been some uptick in sales of commercial vehicle during the festive season and green shots are now visible in the sector. It is anticipated that the industry will see normal growth by the first half of FY21.”*

# Financial Highlights – Q2 FY20

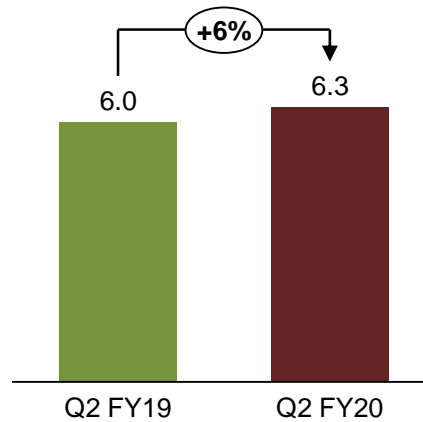


Rs. Crs.

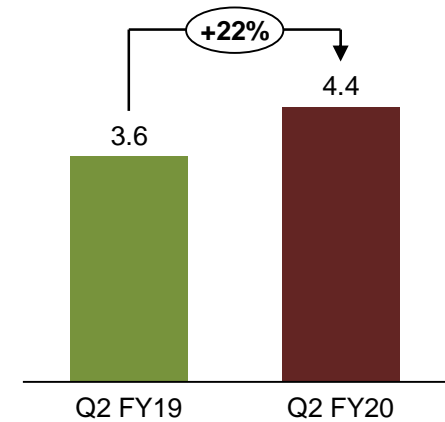
### Revenue\*



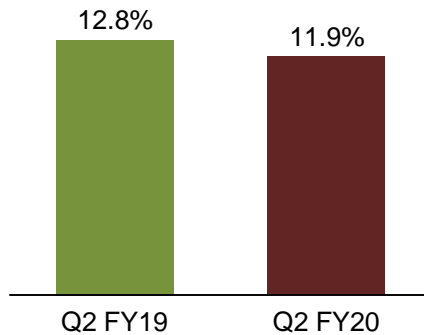
### EBITDA\*



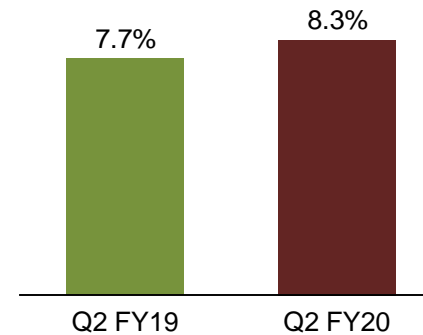
### Profit after Tax



### EBITDA Margin\* (%)



### PAT Margin (%)



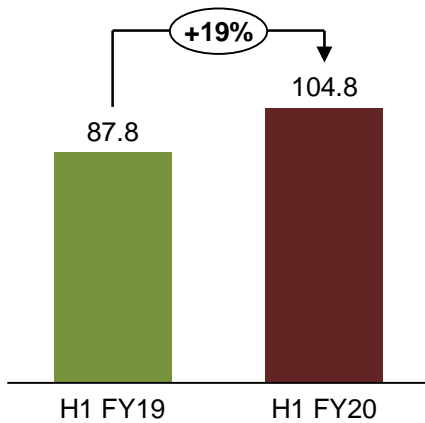
\*incl. Other Income  
On Consolidated Basis

# Financial Highlights – H1 FY20

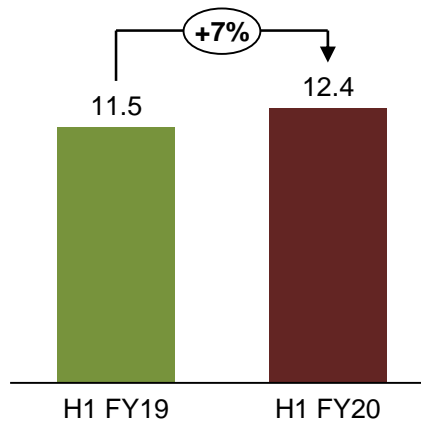


Rs. Crs.

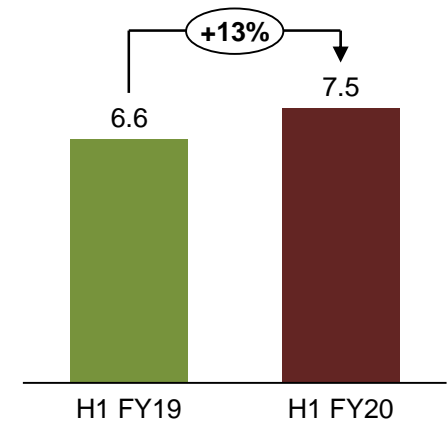
### Revenue\*



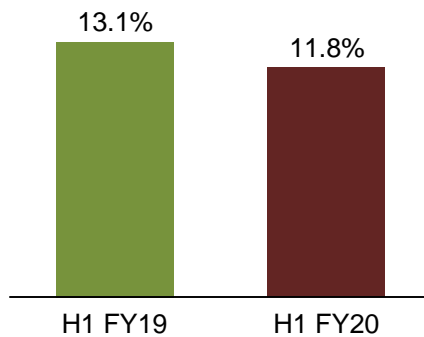
### EBITDA\*



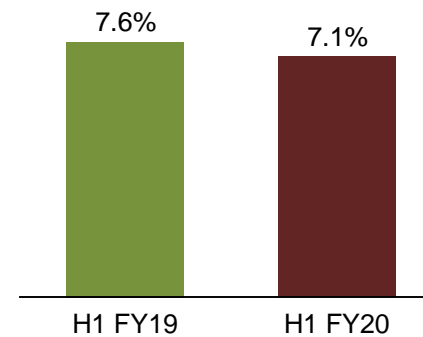
### Profit after Tax



### EBITDA Margin\* (%)



### PAT Margin (%)



\*incl. Other Income  
On Consolidated Basis

# Financial Highlights – Q2 & H1 FY20



Particulars (Rs. In Crs.)	Q2 FY20	Q2 FY19	Y-o-Y	H1 FY20	H1 FY19	Y-o-Y
Total Revenue from Operations	52.0	45.5	14%	102.2	85.7	19%
Other Income	1.0	1.4		2.6	2.2	
<b>Total Revenue (incl. Other Income)</b>	<b>53.0</b>	<b>46.9</b>	<b>13%</b>	<b>104.8</b>	<b>87.8</b>	<b>19%</b>
Raw Material	33.7	30.5		66.8	55.9	
<b>Gross Profit</b>	<b>19.3</b>	<b>16.4</b>	<b>18%</b>	<b>38.0</b>	<b>32.0</b>	<b>19%</b>
<b>Gross Profit %</b>	<b>36.3%</b>	<b>34.9%</b>		<b>36.3%</b>	<b>36.4%</b>	
Employee Expenses	5.2	4.3		10.2	8.3	
Other Expenses	7.7	6.1		15.4	12.2	
<b>EBITDA</b>	<b>6.3</b>	<b>6.0</b>	<b>6%</b>	<b>12.4</b>	<b>11.5</b>	<b>7%</b>
<b>EBITDA %</b>	<b>11.9%</b>	<b>12.8%</b>		<b>11.8%</b>	<b>13.1%</b>	
Depreciation	1.1	1.0		2.3	2.0	
<b>EBIT</b>	<b>5.2</b>	<b>5.0</b>	<b>5%</b>	<b>10.1</b>	<b>9.6</b>	<b>6%</b>
<b>EBIT %</b>	<b>9.8%</b>	<b>10.6%</b>		<b>9.7%</b>	<b>10.9%</b>	
Finance Cost	0.4	0.4		0.8	0.9	
<b>Profit before Tax</b>	<b>4.8</b>	<b>4.6</b>	<b>6%</b>	<b>9.3</b>	<b>8.7</b>	<b>7%</b>
Tax	0.4	0.9		1.9	2.1	
<b>Profit after Tax</b>	<b>4.4</b>	<b>3.6</b>	<b>22%</b>	<b>7.5</b>	<b>6.6</b>	<b>13%</b>
<b>PAT %</b>	<b>8.3%</b>	<b>7.7%</b>		<b>7.1%</b>	<b>7.6%</b>	
<b>EPS</b>	<b>1.68</b>	<b>1.38</b>		<b>2.82</b>	<b>2.51</b>	

# Balance Sheet



Liabilities (Rs. In Crs.)	Sep - 19	Mar-19
<b>Equity</b>		
Share Capital	5.3	5.3
Other Equity	187.7	185.6
Equity attributable to the shareholders of the Company	193.0	190.8
Non-Controlling Interest	3.2	3.1
<b>Total Equity</b>	<b>196.1</b>	<b>193.9</b>
<b>Non Current Liabilities</b>		
Financial Liabilities		
Borrowings	10.4	10.9
Provisions	0.7	0.6
Deferred Tax Liabilities (Net)	3.0	3.5
<b>Total Non Current Liabilities</b>	<b>14.1</b>	<b>15.0</b>
<b>Current Liabilities</b>		
Financial Liabilities		
Borrowings	0.0	0.0
Trade Payables	15.6	14.6
Other Financial Liabilities	3.8	4.1
Provisions	0.4	0.2
Current Income Tax Liabilities(Net)	0.0	0.0
Other Current Liabilities	2.0	1.7
<b>Total Current Liabilities</b>	<b>21.7</b>	<b>20.7</b>
<b>Total Equity and Liabilities</b>	<b>231.9</b>	<b>229.6</b>

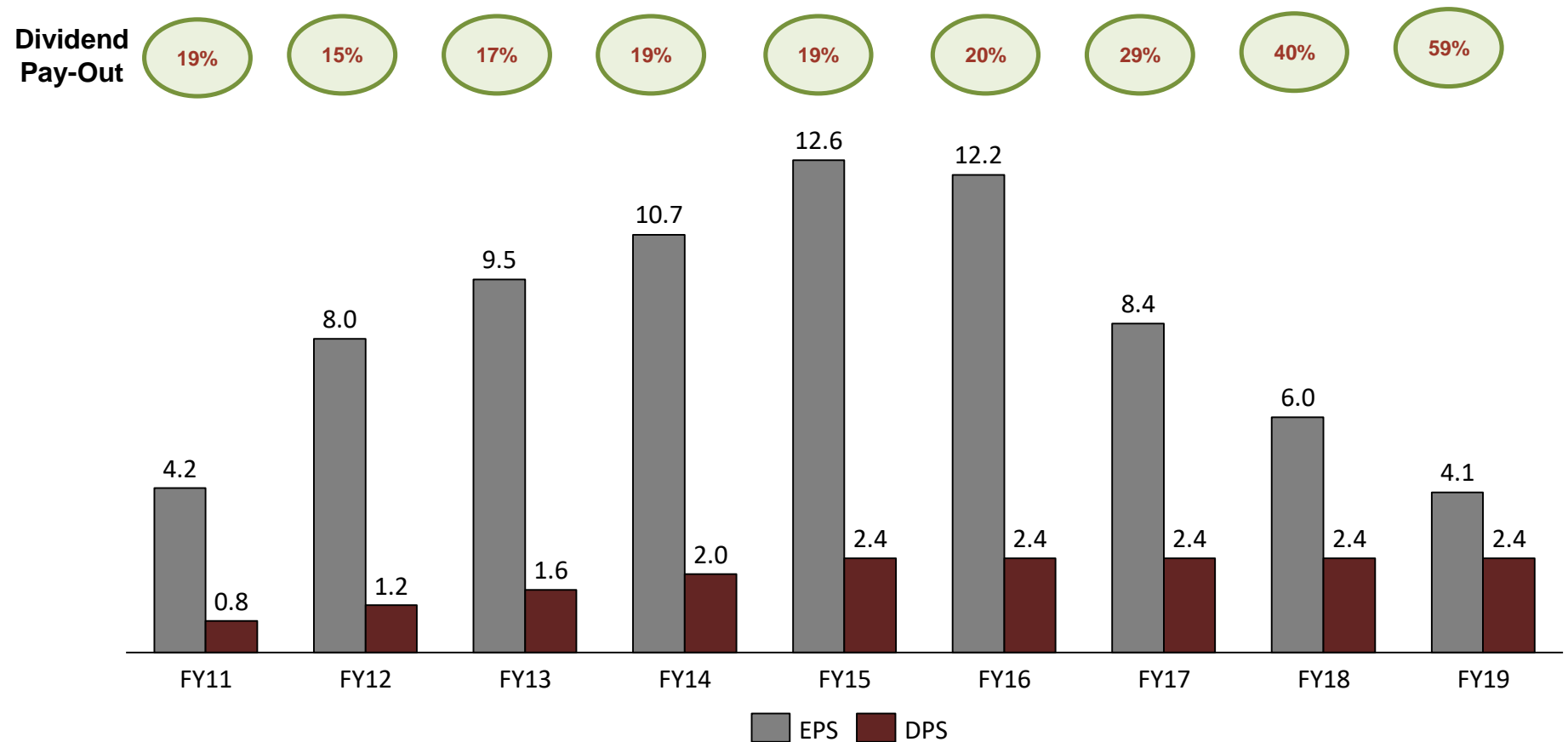
Assets (Rs. In Crs.)	Sep-19	Mar-19
<b>Non Current assets</b>		
Property, Plant and Equipments	42.2	42.9
Capital Work-In-Progress	3.8	0.9
Goodwill	0.4	0.4
Other Intangible Assets	0.2	0.2
Financial Assets		
Investments	86.7	87.7
Loans	0.0	0.0
Other Financial Assets	0.8	0.5
Income Tax Assets (net)	0.2	0.7
Other Non-Current Assets	2.4	0.7
<b>Total Non Current Assets</b>	<b>136.9</b>	<b>134.1</b>
<b>Current Assets</b>		
Inventories	34.4	38.1
Financial Assets		
Investments	5.9	8.3
Trade Receivables	40.7	34.5
Cash and Cash Equivalents	2.4	3.0
Other Bank Balances	3.2	3.5
Loans	0.3	0.2
Other Financial Assets	5.7	5.6
Income Tax Assets (net)	0.0	0.0
Other Current Assets	2.6	2.3
<b>Total Current Assets</b>	<b>95.1</b>	<b>95.5</b>
<b>Total Assets</b>	<b>231.9</b>	<b>229.6</b>

# Consolidated Cashflow Statement



Particulars (Rs. In Crs.)	Sep-19	Sep-18	Mar-19
<b>Net Profit Before Tax</b>	<b>9.3</b>	<b>8.7</b>	<b>14.1</b>
Adjustments for: Non Cash / Other Items	0.7	0.7	0.9
<b>Operating profit before working capital changes</b>	<b>10.0</b>	<b>9.4</b>	<b>15.1</b>
Changes in working capital	-1.8	-7.4	-10.6
<b>Cash generated from operations</b>	<b>8.2</b>	<b>2.0</b>	<b>4.5</b>
Direct taxes paid	-1.9	-2.7	-4.4
<b>Net Cash from Operating Activities</b>	<b>6.3</b>	<b>-0.7</b>	<b>0.1</b>
<b>Net Cash from Investing Activities</b>	<b>-0.7</b>	<b>6.0</b>	<b>9.8</b>
<b>Net Cash from Financing Activities</b>	<b>-6.2</b>	<b>-6.0</b>	<b>-10.5</b>
<b>Net Decrease in cash and cash equivalents</b>	<b>-0.6</b>	<b>-0.7</b>	<b>-0.5</b>
Add: Cash & Cash equivalents at the beginning of the period	3.0	3.5	3.5
<b>Cash &amp; Cash equivalents at the end of the period</b>	<b>2.4</b>	<b>2.8</b>	<b>3.0</b>

# Consistent Dividend Pay-out



**The Board has approved Interim Dividend for the Financial Year 2019-2020 of Rs. 0.90/- per equity share of Rs. 2/- each ( 45 % of FV)**

\*Adjusted EPS & DPS for the split





**For further information, please contact**

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**Company :**

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

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

**Investor Relations Advisors :**

Strategic Growth Advisors Pvt. Ltd.  
CIN: U74140MH2010PTC204285  
Mr. Deven Dhruva / Ms. Khushbu Shah  
[deven.dhruva@sgapl.net](mailto:deven.dhruva@sgapl.net) / [khushbu.shah@sgapl.net](mailto:khushbu.shah@sgapl.net)  
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