

ISO 9001 : 2008

Indag Rubber Limited

Regd. Office : Khemka House, 11, Community Centre, Saket, New Delhi - 110017, India
Phone : 26963172-73, 26961211, 26863310, 41664818, 41664043, Fax : 011- 26856350
E-mail : info@indagrubber.com, Website: www.indagrubber.com, CIN-L74899DL1978PLC009038

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

May 03, 2019

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

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

Sub: Investor Presentation of Q4 FY2019

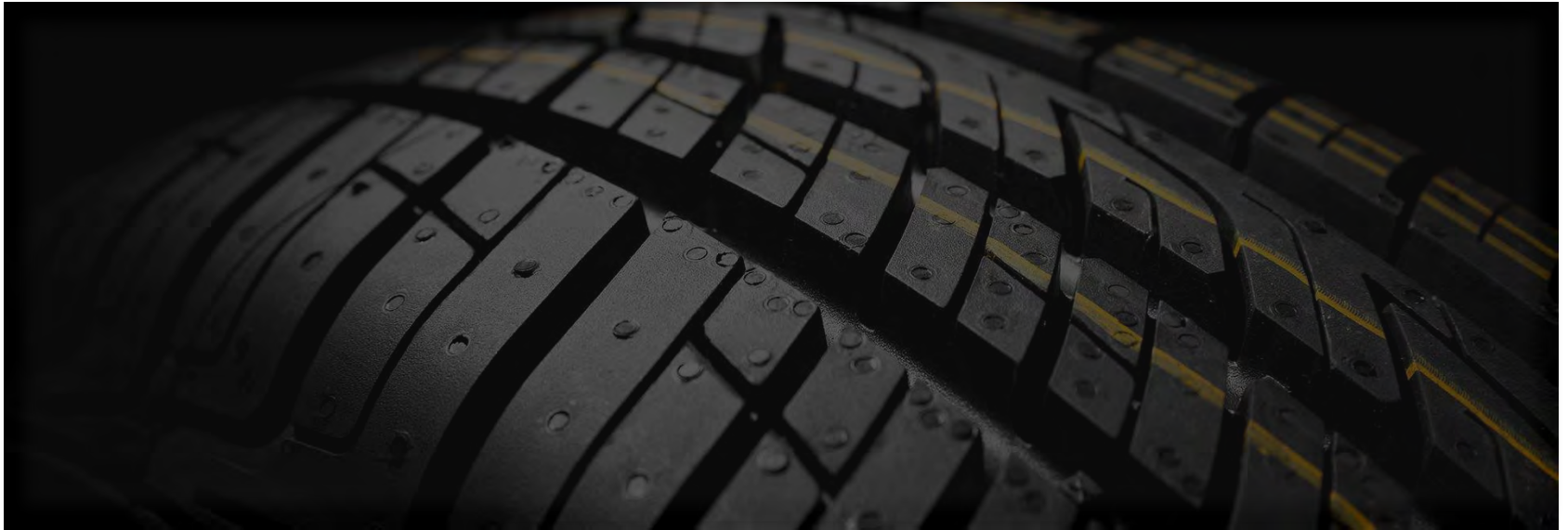
Dear Sir,

Enclosed please find the Investor Presentation of Q4 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 – FY19

April 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

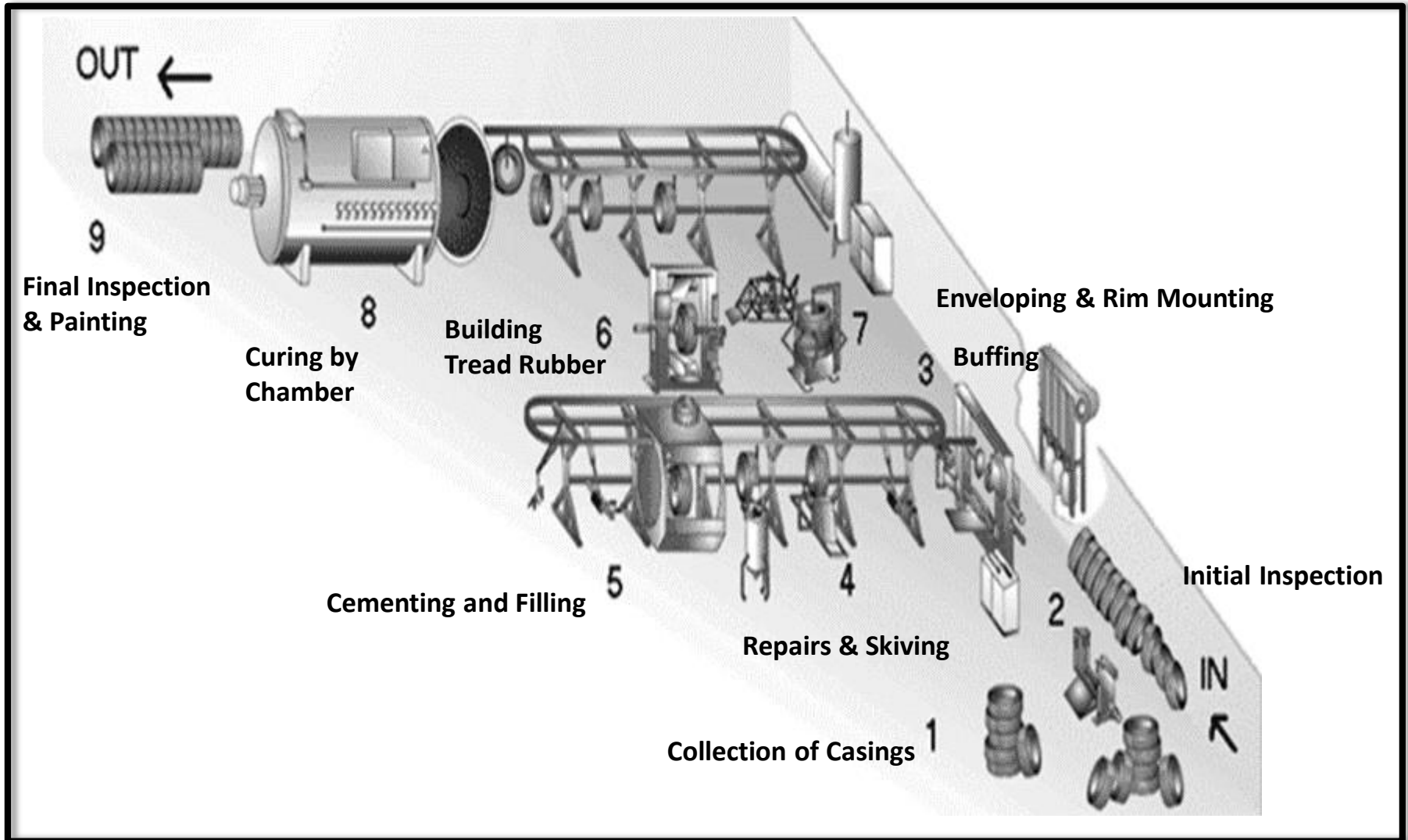
HOT PROCESS

- 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

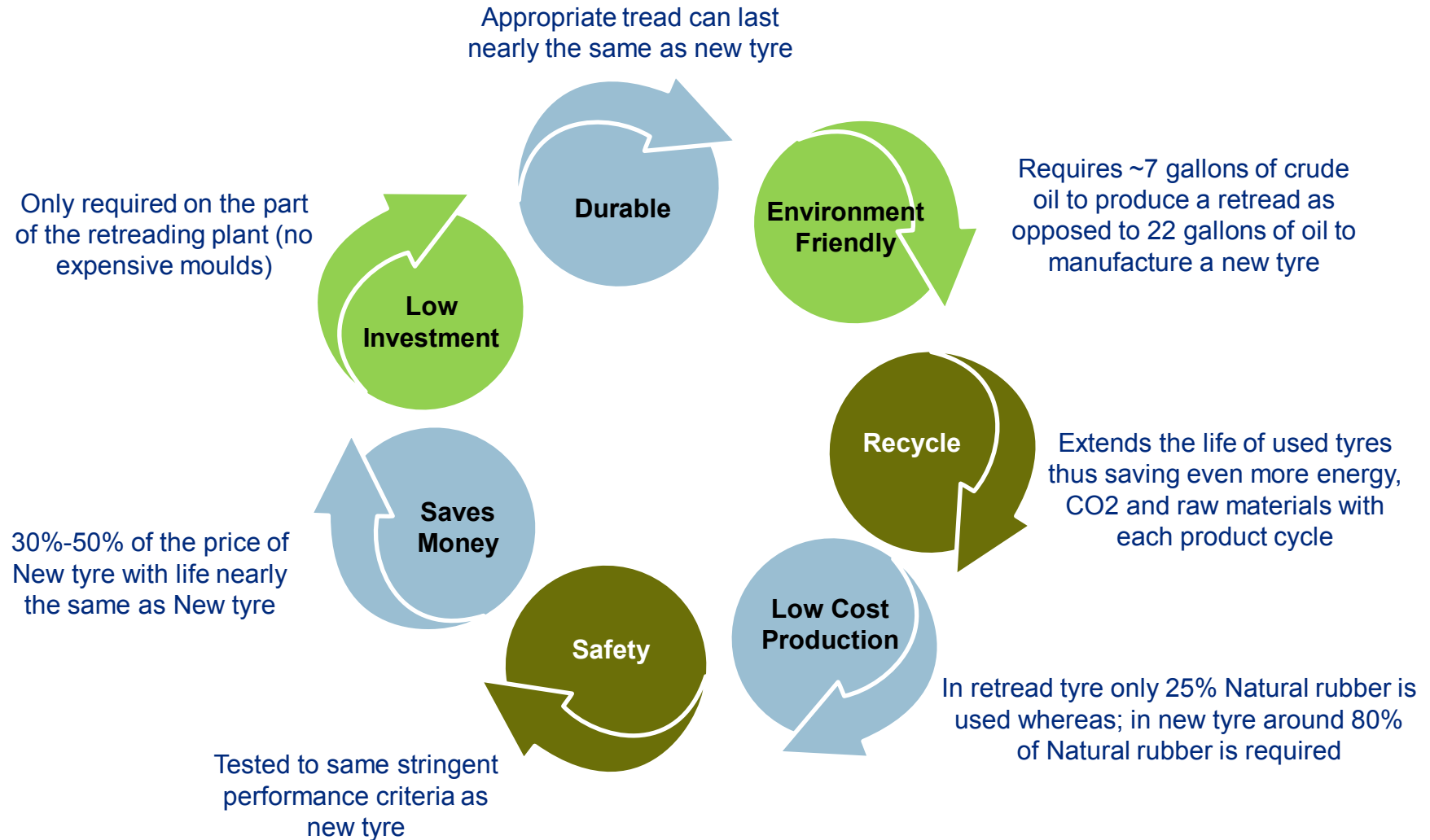
- Uncured rubber is added to a buffed casing & cured in the mold at temperatures of approximately 150°C-160°C
- This temperature allows uncured rubber to flow in the matrix forming the tread design during vulcanization




Retreading Process



Benefits of Retreading





INDIA'S MOST TRUSTED RETREAD

INDAG[®]

THE ONLY ALTERNATIVE TO NEW TYRES

Business Overview

Company Overview



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

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

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

***Best Quality with
Reasonable Pricing***

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

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

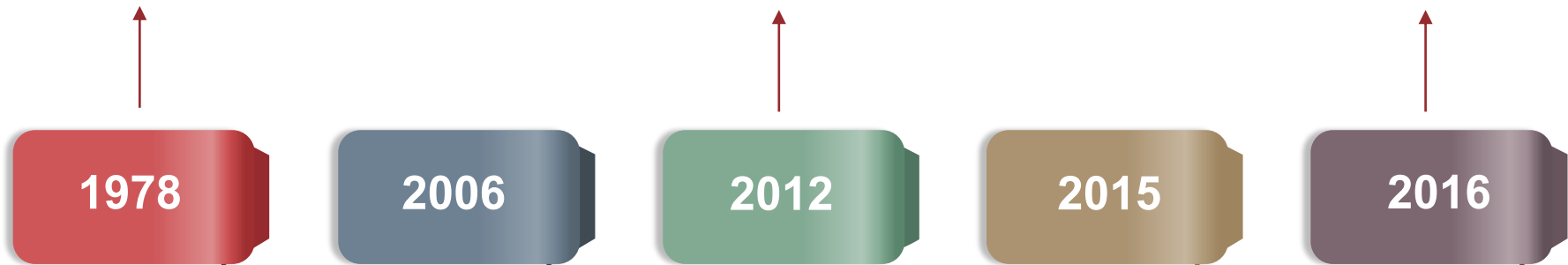
History



- 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



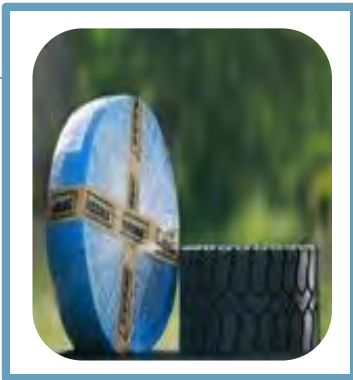
- 2006- JV was terminated with Bandag
- Khemka Group took over 38.3% share
- 2006- Set up plant at Nalagarh (Himachal Pradesh)

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

Products

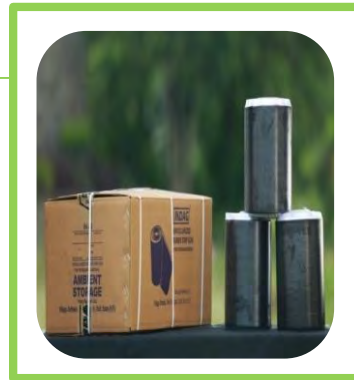


PRECURED TREAD RUBBER



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

UN – VUNCUNIZED RUBBER STRIP GUM



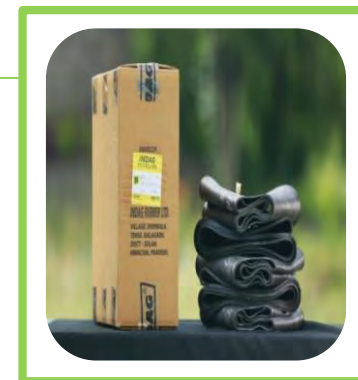
- Capacity of 1,800MT
- Bonding gum for curing process
- Specifically manufactured to provide longer shelf life

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



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



THE ONLY ALTERNATIVE TO NEW TYRES

Key Strengths & Opportunities

Our Key Strengths



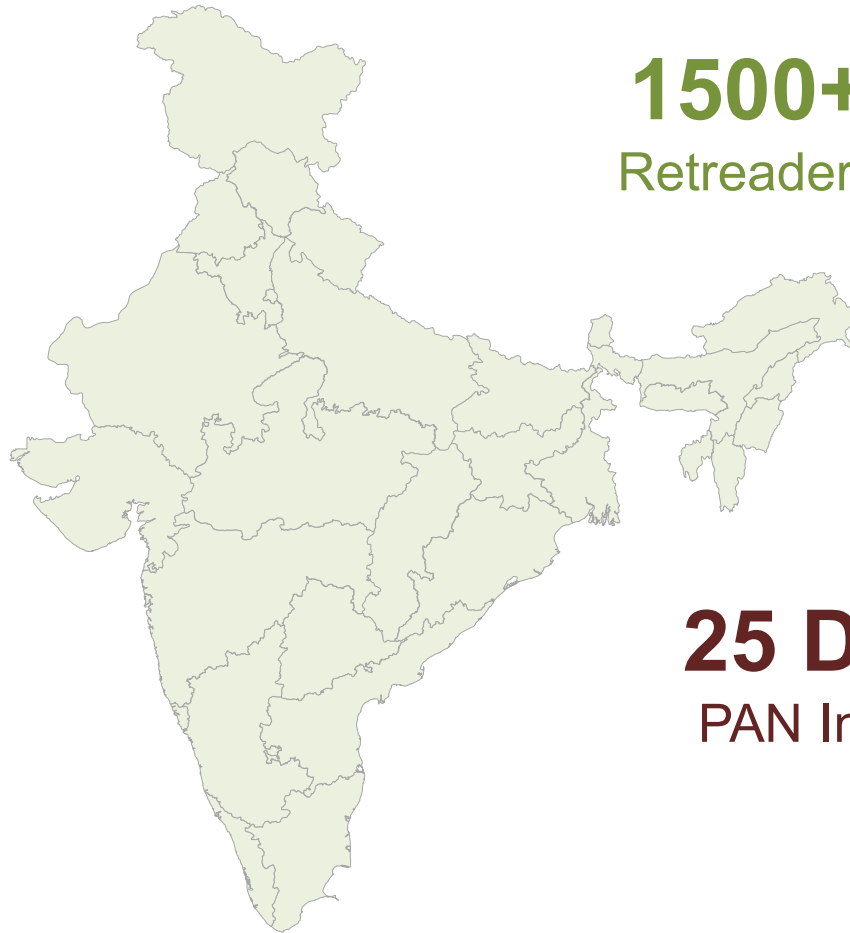
Strong Distribution Network



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

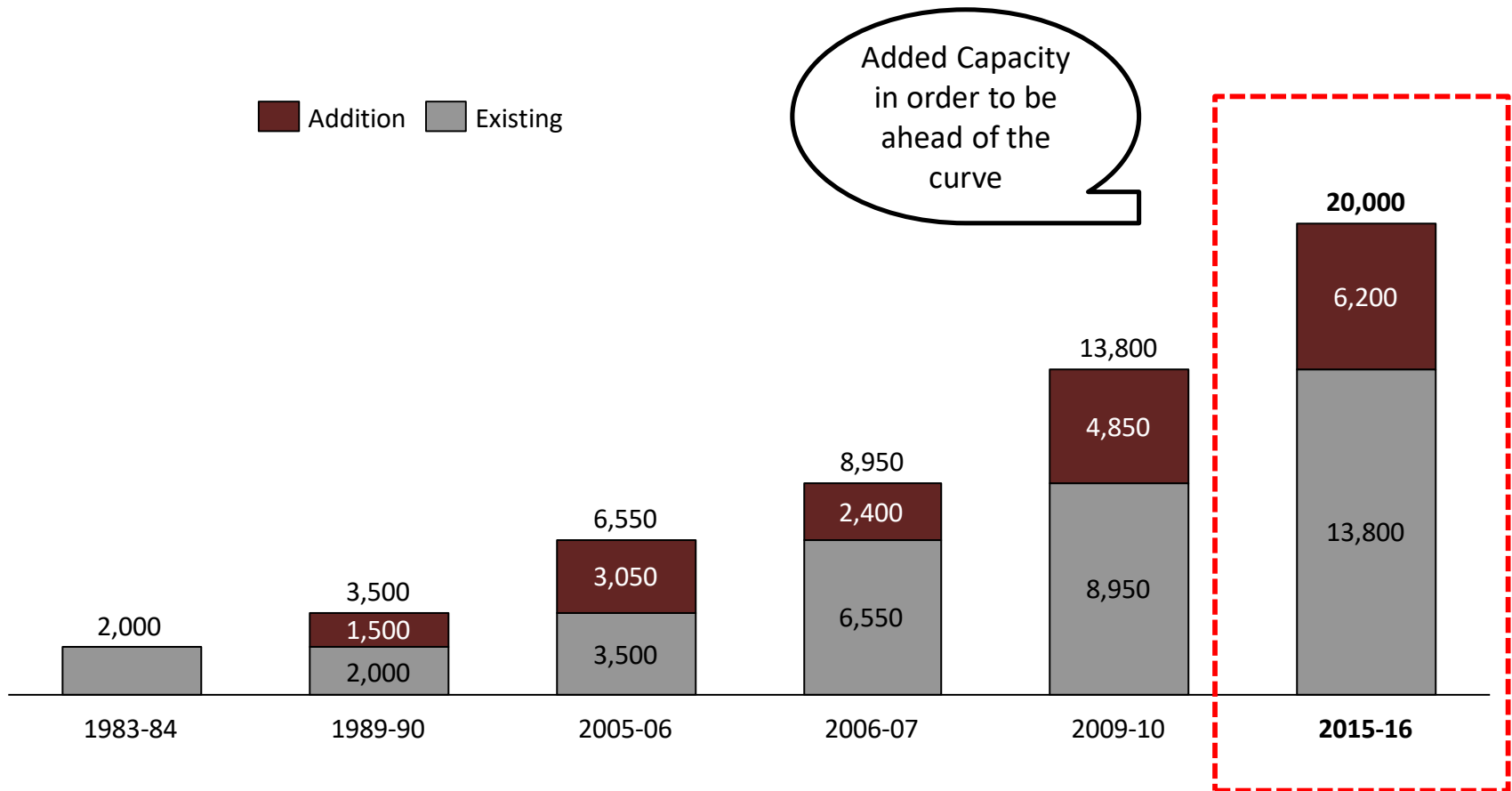
Retreaders also get after-sales and support services

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

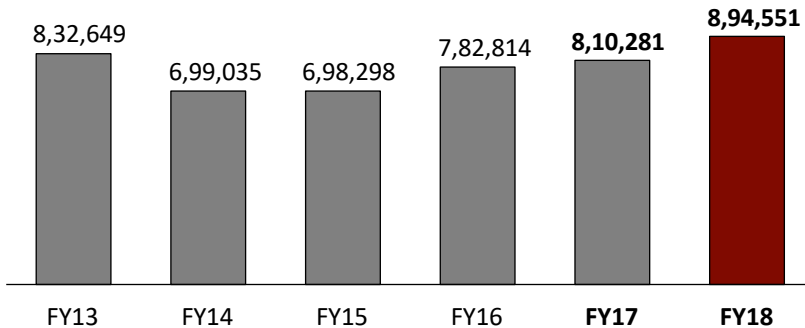
Has further reduced post GST Implementation



Increase in CV Sales

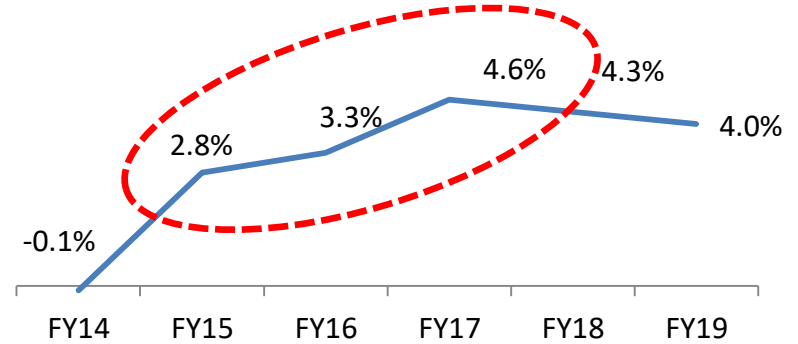


CV Production Trends



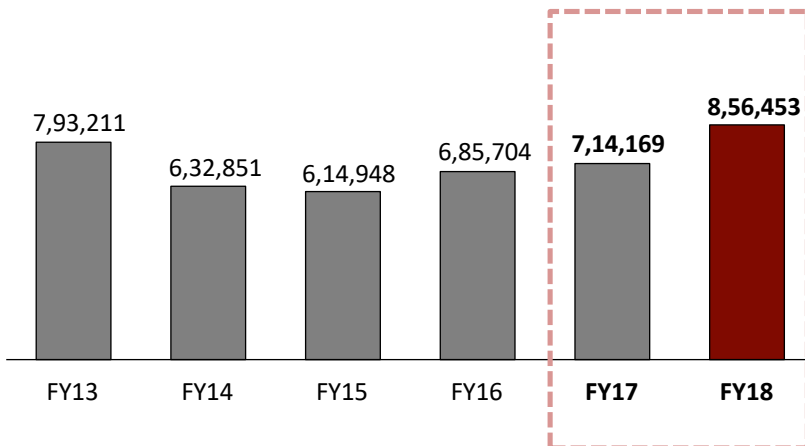
As Industrial Activity Picks up – More Demand for Commercial Vehicles for Movement of Goods – More Tires worn out – Retreading done on Tires

IIP Growth Rate



*FY19 – From April 2018 – Feb 2019

CV Domestic Sales Trends



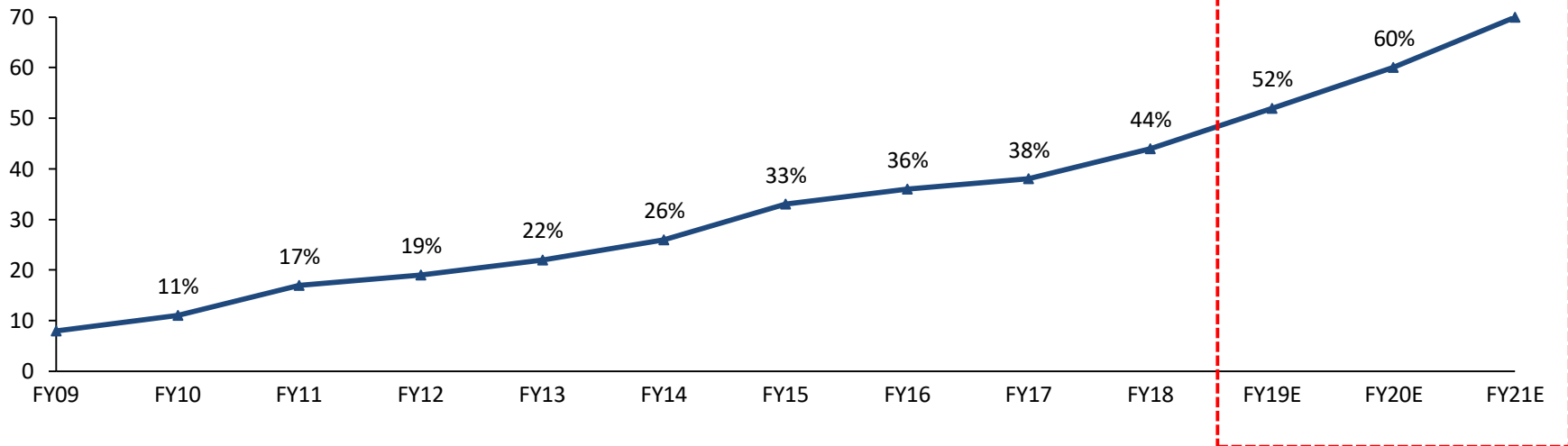
Retreading Industry Picks up with Lag effect

Large Opportunities for Retreading Business in coming years

Increase in Radialisation



Radialisation in Truck & Bus



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

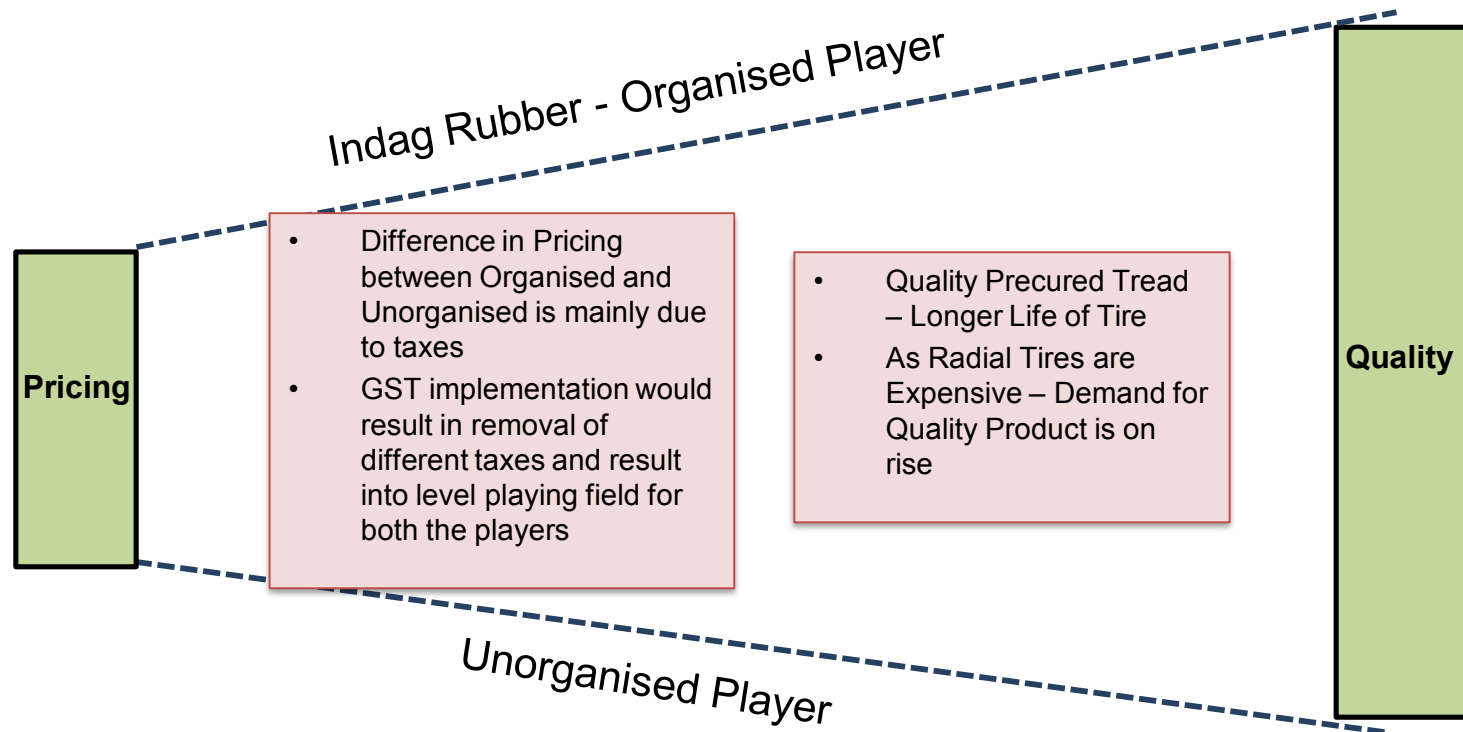
No Overloading & Proper Maintenance of Vehicles

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,

*“For the Financial Year 2019, our Company has reported a **Revenue of Rs. 178 crores with EBITDA and PAT of Rs. 20 crores and Rs. 11 crores respectively.** During the year, the company had incurred high employee cost on account of strengthening the sales and technical team. This would be beneficial for the company in the long run.*

For FY19, the Board has recommended a Final Dividend of Rs. 1.5 per equity share in addition to the Interim Dividend of Rs. 0.90 per share paid in November 2018. Face value (FV) of one equity share is Rs. 2.

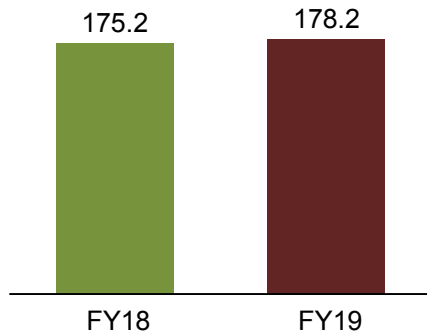
The commercial vehicle industry grew by 17.6% during FY19. This demand was driven on back of new infrastructure projects and fleet replacement. Going ahead, CV industry is forecasted to grow at 10-12% in FY20. In anticipation of commercial vehicle industry to grow, the demand for bus and truck tyres will increase. Tyre companies are also expanding their capacities. This will lead to increase in demand for tyres which is expected to enhance the demand for retreading too.

We have succeeded in getting large orders from two STUs for supply of Tread, Cushion Gum and USC during the year 2019-20 which will improve our financial results during that year.”

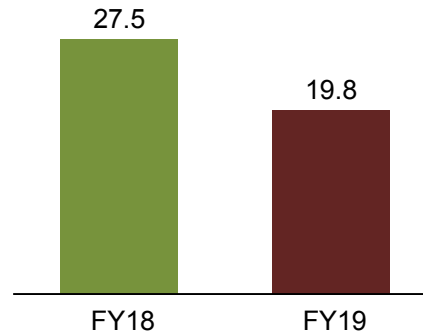
Financial Highlights – FY19



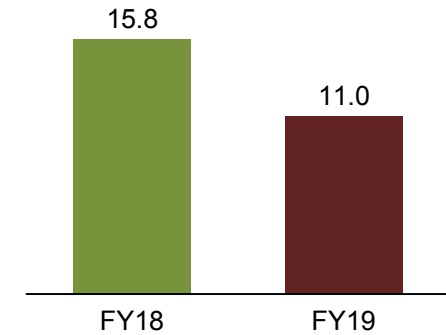
Revenue*



EBITDA*



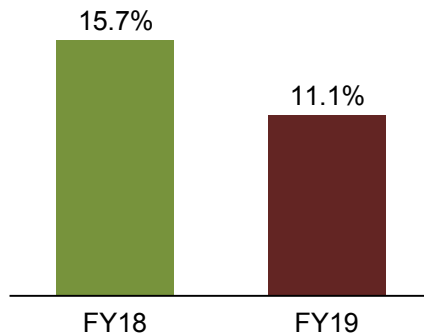
Profit after Tax



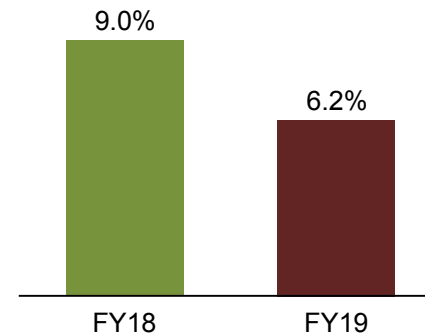
Rs. Crs.

*incl. Other Income

EBITDA Margin* (%)



PAT Margin (%)



On Consolidated Basis

Financial Highlights – FY19



Particulars (Rs. In Crs.)	FY19	FY18
Total Revenue from Operations	173.0	168.1
Other Income	5.2	7.1
Total Revenue (incl. Other Income)	178.2	175.2
Raw Material	115.3	107.4
Gross Profit	63.0	67.8
Gross Profit %	35.3%	38.7%
Employee Expenses	17.7	16.1
Other Expenses	25.4	24.3
EBITDA	19.8	27.5
EBITDA %	11.1%	15.7%
Depreciation	3.9	3.8
EBIT	15.9	23.7
EBIT %	8.9%	13.5%
Finance Cost	1.7	2.0
Profit before share of profit/(loss) of joint venture and tax	14.2	21.7
Share of loss of joint venture	0.1	0.0
Profit before Tax	14.1	21.7
Tax	3.1	5.9
Profit after Tax	11.0	15.8
PAT %	6.2%	9.0%
EPS	4.09	6.01

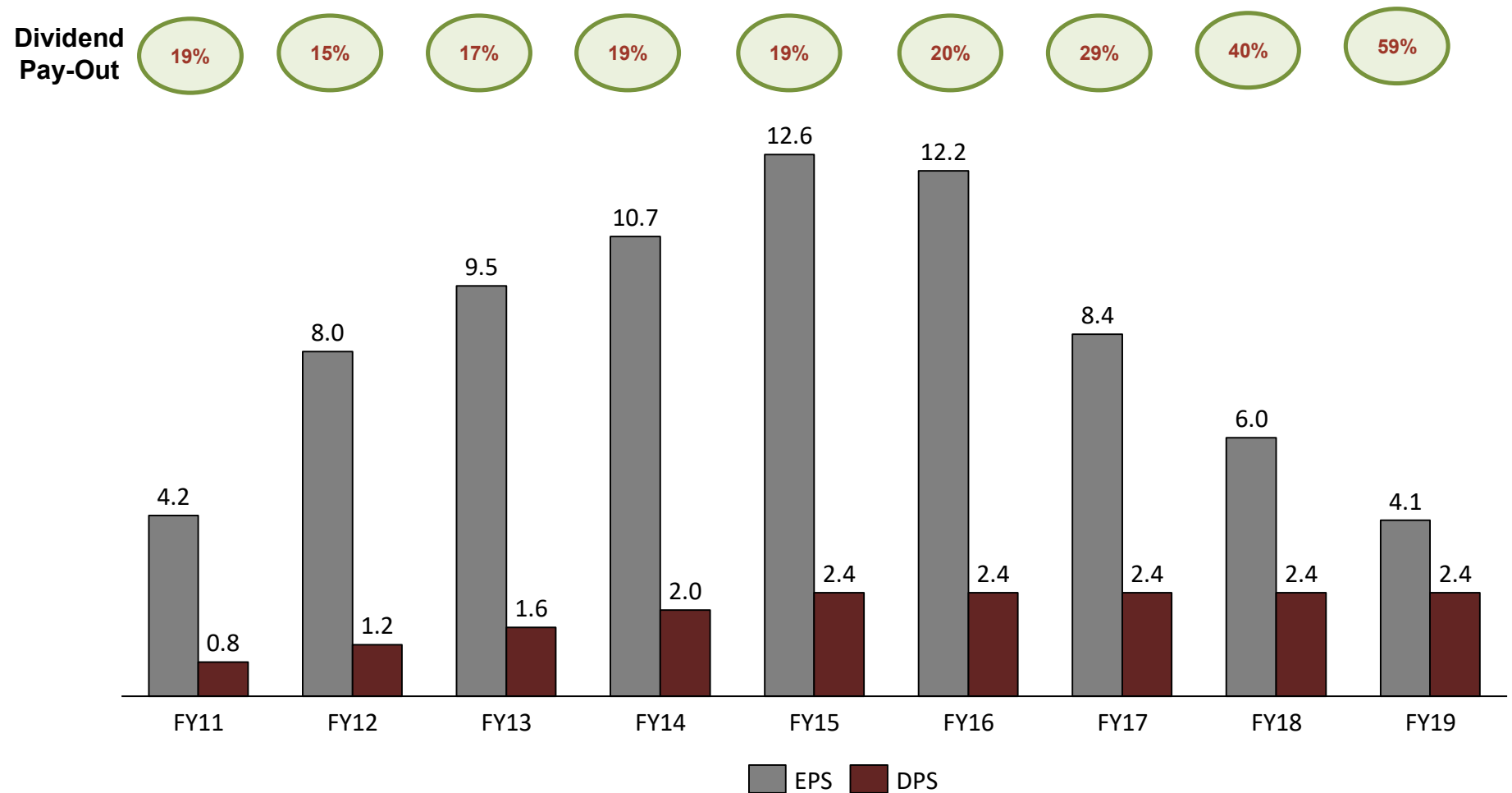
Balance Sheet



Liabilities (Rs. In Crs.)	Mar - 19	Mar-18
Equity		
Share Capital	5.3	5.3
Other Equity	185.6	181.6
Equity attributable to the shareholders of the Company	190.8	186.8
Non-Controlling Interest	3.1	3.9
Total Equity	193.9	190.7
Non Current Liabilities		
Financial Liabilities		
Borrowings	10.9	11.8
Provisions	0.6	0.5
Deferred Tax Liabilities (Net)	3.5	3.6
Total Non Current Liabilities	15.0	16.0
Current Liabilities		
Financial Liabilities		
Borrowings	0.0	0.0
Trade Payables	14.6	14.5
Other Financial Liabilities	4.1	4.2
Provisions	0.2	0.6
Current Income Tax Liabilities(Net)	0.0	0.6
Other Current Liabilities	1.7	1.7
Total Current Liabilities	20.7	21.7
Total Equity and Liabilities	229.6	228.4

Assets (Rs. In Crs.)	Mar-19	Mar-18
Non Current assets		
Property, Plant and Equipments	42.9	45.6
Capital Work-In-Progress	0.9	0.2
Goodwill	0.4	0.4
Other Intangible Assets	0.2	0.3
Financial Assets		
Investments	87.7	98.8
Loans	0.0	0.0
Other Financial Assets	0.5	1.3
Income Tax Assets (net)	0.7	0.2
Other Non-Current Assets	0.7	0.0
Total Non Current Assets	134.1	146.8
Current Assets		
Inventories	38.1	32.8
Financial Assets		
Investments	8.3	5.2
Trade Receivables	34.5	28.9
Cash and Cash Equivalents	3.0	3.5
Other Bank Balances	3.5	2.5
Loans	0.2	0.2
Other Financial Assets	5.6	6.9
Income Tax Assets (net)	0.0	0.1
Other Current Assets	2.3	1.6
Total Current Assets	95.5	81.6
Total Assets	229.6	228.4

Consistent Dividend Pay-out



*Adjusted EPS & DPS for the split



For further information, please contact

Company :

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

www.indagrubber.com

Investor Relations Advisors :

Strategic Growth Advisors Pvt. Ltd.
CIN: U74140MH2010PTC204285
Ms. Neha Shroff / Mr. Deven Dhruva
neha.shroff@sgapl.net / deven.dhruva@sgapl.net
+91 7738073466 / +91 9833373300

www.sgapl.net