



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 : 09318757174.

August 12, 2016

The Bombay Stock Exchange  
Phiroze Jeejeebhoy Towers  
Dalal Street  
Mumbai 400001

Ref. File No- **(Comp. Code. 509162)**

### **Sub: Result Press Release and updated Investor Presentation of Q1 2017**

Dear Sir,

Enclosed please find Result Press Release and updated Investor Presentation of Q1 2017 for the information of the investors and public at large.

Thanking You.

For Indag Rubber Limited

Manali D. Bijlani  
Company Secretary



# Indag Rubber Limited

## Indag Announces Q1 2017 Results

Net Revenue at Rs. 48.8crs

EBITDA at Rs. 9.5crs

PAT of Rs. 5.8crs

Release: 11<sup>th</sup> August 2016, Delhi

Indag Rubber Limited, one of the India's leading Tread Manufacturing Company, has declared Un-Audited Results for the financial quarter ended June 30, 2016.

### Financials at a Glance:

Rs. Crores	Q1FY17	Q1FY16
<b>Gross Revenue</b>	<b>53.9</b>	<b>64.1</b>
<b>Net Revenue</b>	<b>48.8*</b>	<b>64.1</b>
EBITDA (incl. Other Income)	9.5	12.9
<b>EBITDA Margin (%)</b>	<b>19%</b>	<b>20%</b>
Profit Before Tax	8.8	12.2
Profit After Tax	5.8	8.0
<b>PAT Margin (%)</b>	<b>12%</b>	<b>12%</b>

\*Net of Excise duty as benefit ended from Jan 2016

### Key Highlights:

- The Company recorded Gross Revenue of Rs.53.9crs during the period compared to Rs. 64.1crs in Q1FY16, due to industry facing a few headwinds including dumping of Chinese imports, increased usage of radials and slower renewals of institutional sales
- The EBITDA for the period is Rs. 9.5crs as against Rs.12.9crs during the same period previous year
  - Able to maintain Margin at 19% even after withdrawal of Excise duty
- The Profit Before Tax for the period is Rs. 8.8crs
- The Net Profit After Tax for the period is Rs.5.8
  - Margin stood at 12%, same as last year





**Commenting on the Result, Mr. K. K. Kapur CEO, Indag Rubber Limited said, “Inspite of lower revenues and withdrawal of excise duty benefits, we were able to maintain our EBITDA Margins at 19% and PAT Margins at 12%. We are seeing some positive signs like more than expected monsoon, passage of GST amendment bill and expectation of better GDP growth, which will boost the economic activities across the country leading to consumption, which in turn will increase transportation”.**



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## About Indag Rubber Limited

**Indag Rubber Limited** (IRL) is founded by Khemka Group during the early 80's. IRL pioneered the introduction of Cold Retreading Technology in India. Since then the company has provided Retreading material to customers ranging from Pre-cure Tread Rubber to Envelopes. IRL has state-of-the-art manufacturing unit established at Nalagarh Industrial Estate in Himachal Pradesh with an Annual Capacity to manufacture 13,800 tons of Precured Tread Rubber (PTR) along with allied items. With the Best Quality product and Reasonable pricing with wide Distribution network, Company provides Tread which gives "Low Cost per Kilometre" for tyres to the end users.

## Safe harbor statement

Statements in this document relating to future status, events, or circumstances, including but not limited to statements about plans and objectives, the progress and results of research and development, potential project characteristics, project potential and target dates for project related issues are forward-looking statements based on estimates and the anticipated effects of future events on current and developing circumstances. Such statements are subject to numerous risks and uncertainties and are not necessarily predictive of future results. Actual results may differ materially from those anticipated in the forward-looking statements. The company assumes no obligation to update forward-looking statements to reflect actual results changed assumptions or other factors.

## For more Information, please contact:

### Indag Rubber Limited

CIN: L74899DL1978PLC009038

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

Email: [anil@indagrubber.com](mailto:anil@indagrubber.com)

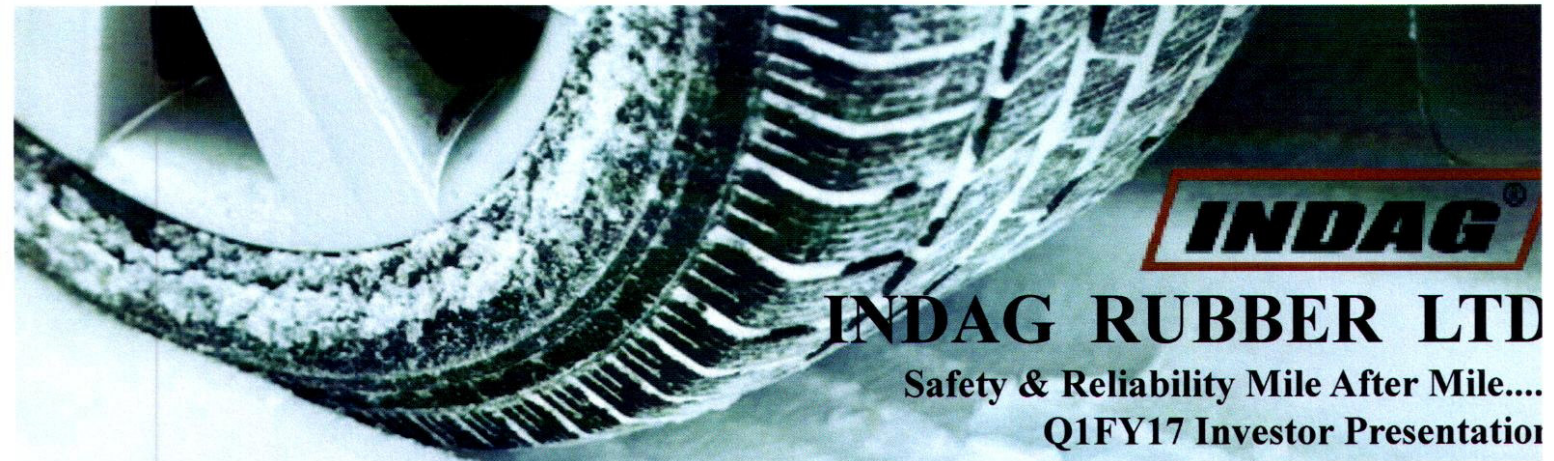
### Strategic Growth Advisors Pvt. Ltd.

CIN: U74140MH2010PTC204285

Ms. Neha Shroff

Email: [sneha@sgapl.net](mailto:sneha@sgapl.net)



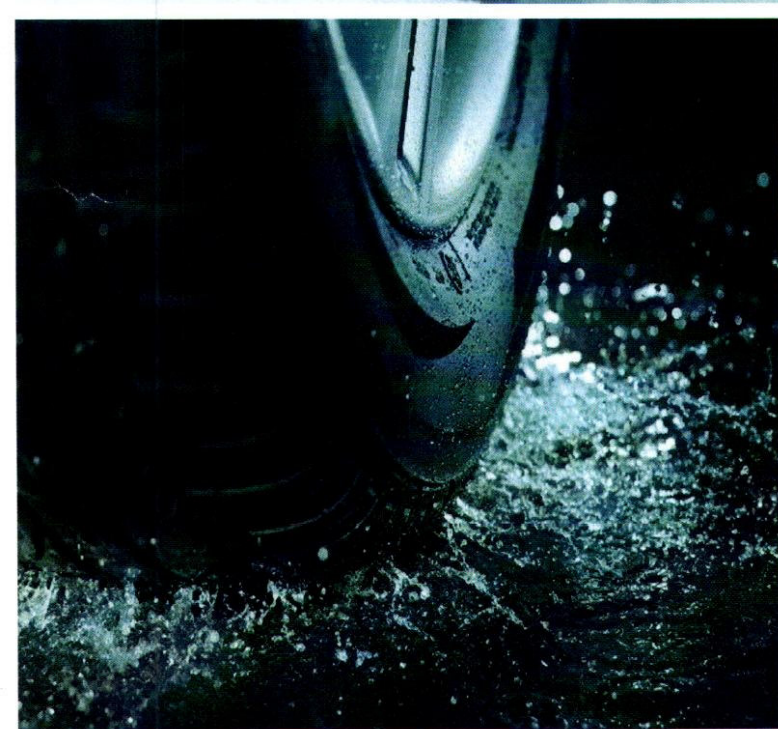


**INDAG®**

**INDAG RUBBER LTD**

Safety & Reliability Mile After Mile....

Q1FY17 Investor Presentation



## Safe Harbor



This presentation and the accompanying slides (the "Presentation"), which have been prepared by Indag Rubber Limited (the "Company"), have been prepared solely for information purposes and do not constitute any offer, recommendation or invitation to purchase or subscribe for any securities, and shall not form the basis or be relied on in connection with any contract or binding commitment whatsoever. No offering of securities of the Company will be made except by means of a statutory offering document containing detailed information about the Company.

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This presentation contains certain forward looking statements concerning the Company's future business prospects and business profitability, which are subject to a number of risks and uncertainties and the actual results could materially differ from those in such forward looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, competition (both domestic and international), economic growth in India and abroad, ability to attract and retain highly skilled professionals, time and cost over runs on contracts, our ability to manage our international operations, government policies and actions regulations, interest and other fiscal costs generally prevailing in the economy. The company does not undertake to make any announcement in case any of these forward looking statements become materially incorrect in future or update any forward looking statements made from time to time by or on behalf of the company.



# Content



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# Result Highlights



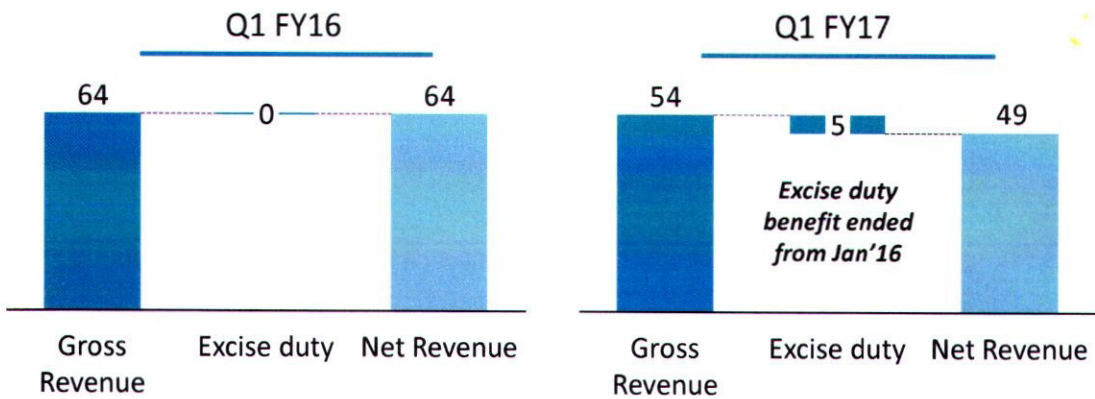
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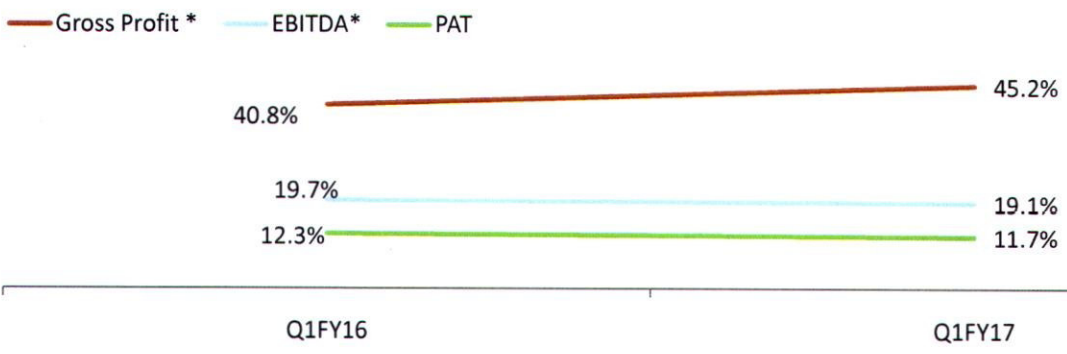
# Financial Highlights



Rs. In crs)



**Despite 16% Revenue de-growth (Rs.54crs in Q1FY17 vs. Rs.64crs in Q1FY16) Margin Profile largely intact**



\*incl. Other Income





# Retreading Industry



# 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

## Methods of Retreading

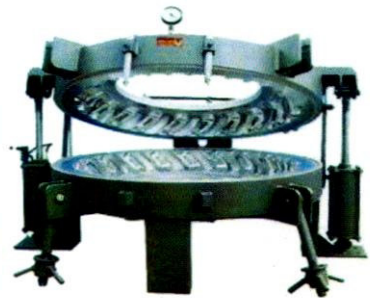
### Cold Process



- 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



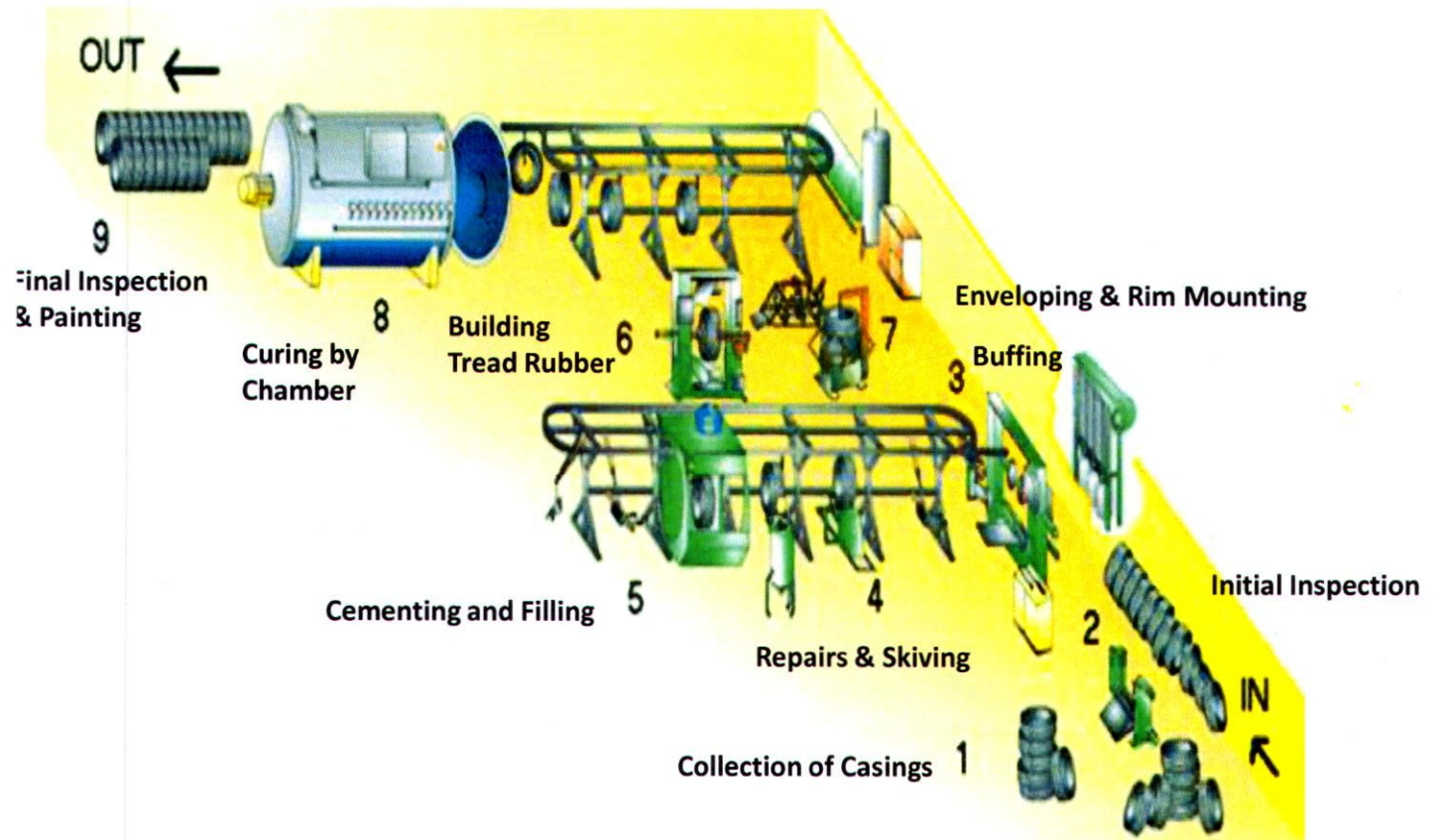
### Hot Process



- 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



**Saving Money:** 30%-50% of the price of New tyre with life nearly the same as New tyre



**Less investment:** required on the part of the retreading plant (no expensive moulds)



**Lower cost of production:** In retread tyre only 25% Natural rubber is used whereas; in new tyre around 80% of Natural rubber is required



**Safety:** Tested to same stringent performance criteria as new tyre



**Recycling:** Extends the life of used tyres thus saving even more energy, CO<sub>2</sub> and raw materials with each product cycle



**Durable:** Appropriate tread can last nearly the same as new tyre



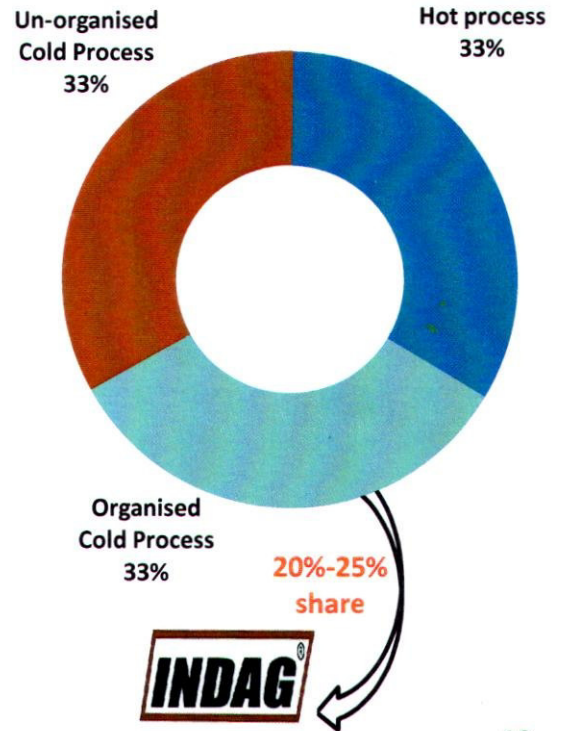
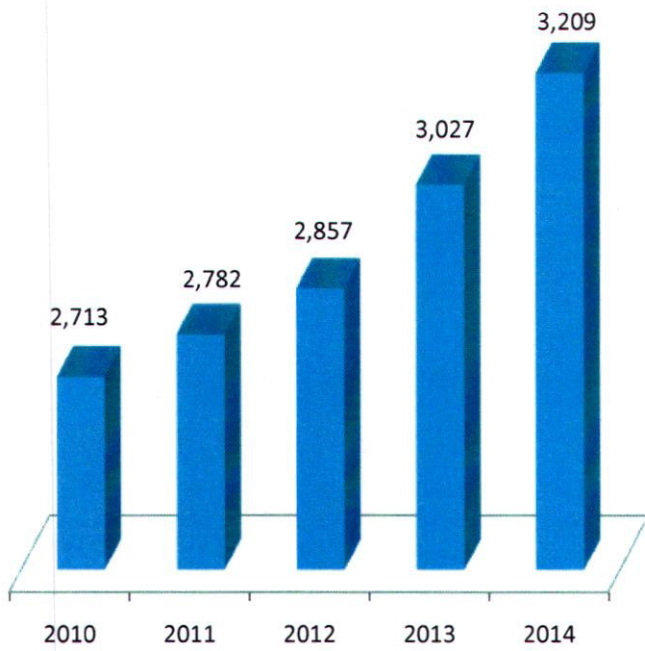
**Environmental friendly:** Requires ~7 gallons of crude oil to produce a retread as opposed to 22 gallons of oil to manufacture a new tyre



# Indian Tread Manufacturing Industry



Market size (Rs.in crs)





# Corporate Overview



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## Company Overview



India's Most Trusted Tread Manufacturing Company

Pioneered Cold Retreading technology in India

Presence in All type of Commercial Segments

Best Quality with Reasonable Pricing

"Lowest Cost Per Kilometer"

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

- Expanding Capacity from 13,800 MT p.a. to 20,000 MT p.a.

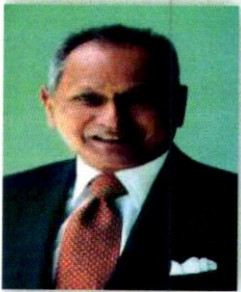


- 2006- JV was terminated with Bandag
- Khemka Group took over 38.3% share
- 2006- Set up plant at Nalagarh (Himachal Pradesh)

- 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

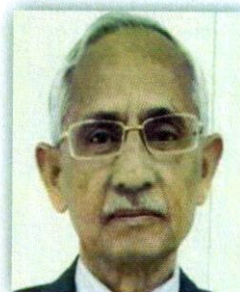


## Focused Management



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 MD of GAIL & 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



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## 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



**Mr. Nirmal Chaturvedi**  
Chief Operating Officer



**Mrs. Manali D Bijlani**  
Company Secretary



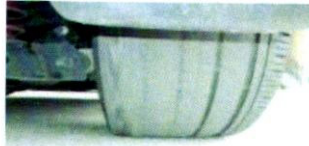
# Flow of Business



Fleet Owners Run the Vehicles



Treads get Worn after certain Usage



Buy new Tire

OR

Retread the same Old Tire



Cost of New Tyres  
**100%**

Savings  
**50-70%**



Cost of Retreaded Tyres  
**30-50%**



INDAG RUBBER LTD.

*Manufactures & Supplies the*

**Best Quality** with

**Reasonable Pricing**

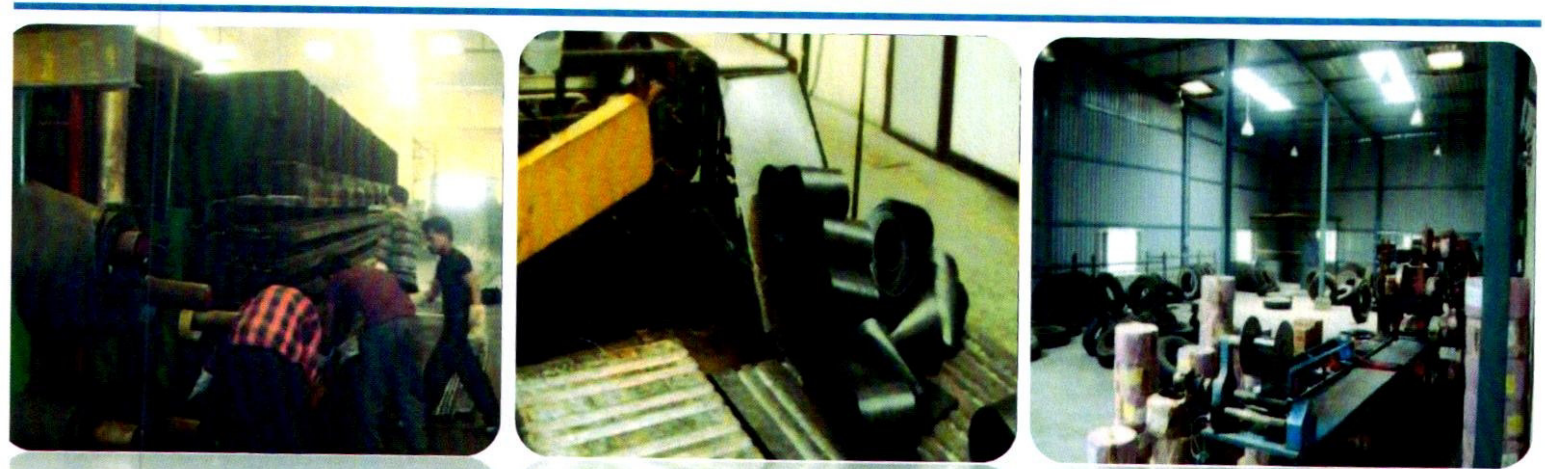
*Retreading Products to*

**Retreaders**



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## Manufacturing Facilities



- 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

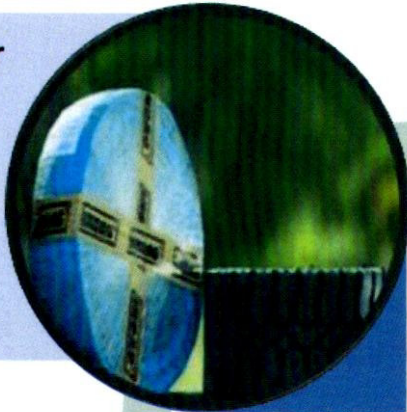


# Products



## Precured Tread Rubber

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



## Un vulcanised Rubber strip gum

- Capacity of 1800MT
- Bonding gum for curing process
- Specifically manufactured to provide longer shelf life



## Envelope

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



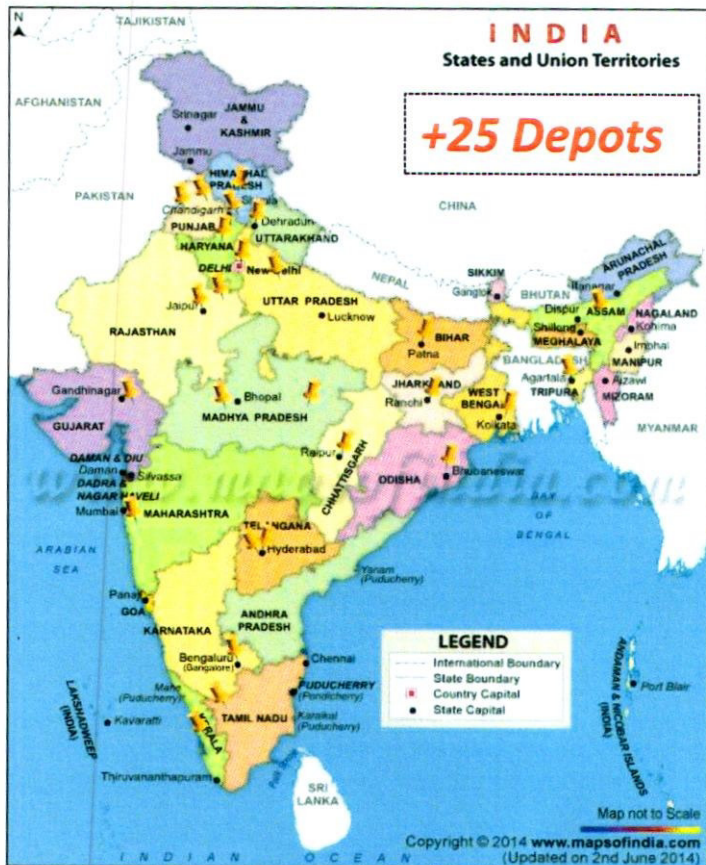
## Universal Spray Cement

- Capacity of 1800KL
- Solution available in Ready to use and Thick forms



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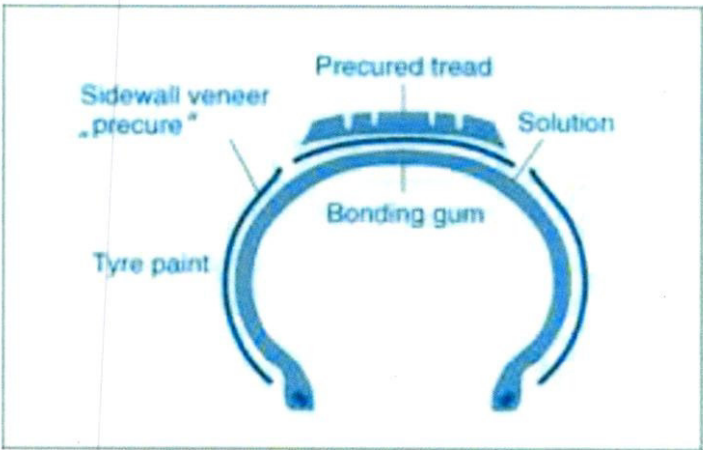
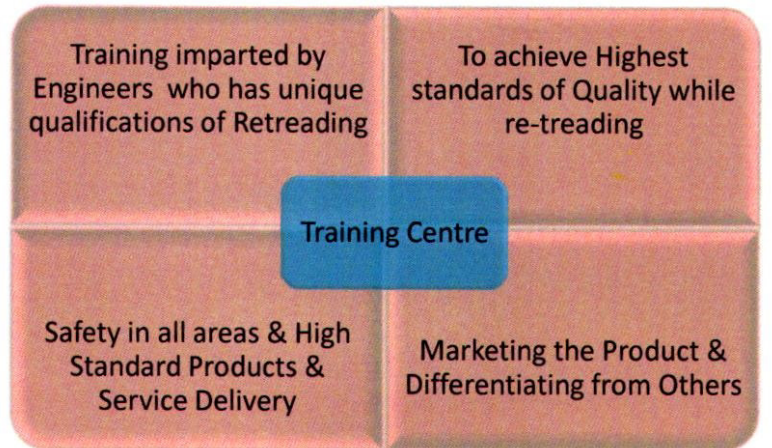
# Distribution Network



- For speedy delivery of products
- Pan India Presence
- 1200+ Retreaders
- 100-150 Dealers
- 25 Depots PAN India basis



# Training Retreaders ensure Quality



- ✓ Retreading operation carried out by Retreaders
- ✓ Retreaders also gets after sales and support services
- ✓ Problem solving and helping with the machinery issues
- ✓ Logistic & warehouse support



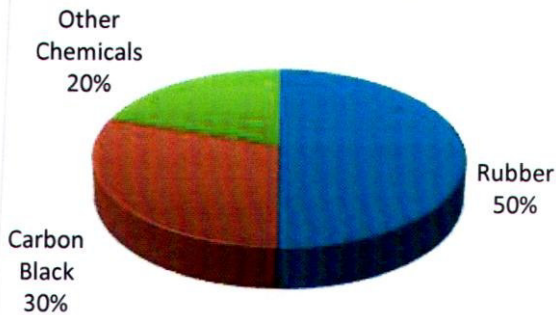
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# Key Raw materials



## Raw material composition



- Main vendors for Natural Rubber are located at South region (Kerala)/North East
- Takes minimum 7 days to reach the material from south region to Nalagarh plant
- Maintain minimum 7-8 days stock at plant and the same quantity in transit

## Raw Material Vendors



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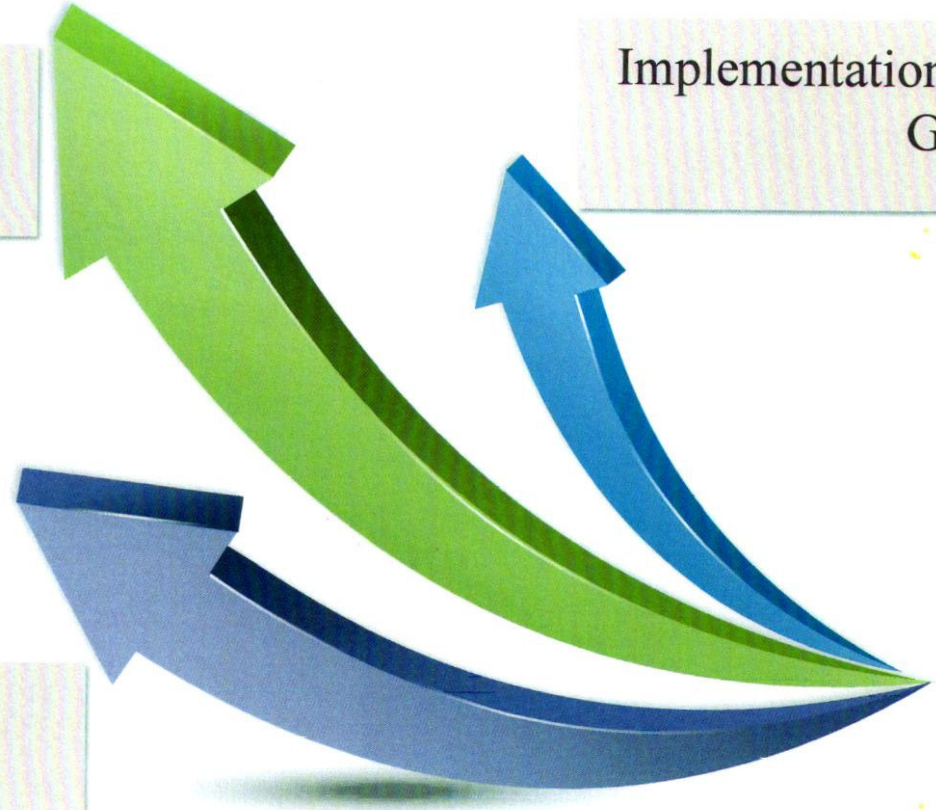
# Large Opportunities



Increase in Radialisation in CV segment

Implementation of GST

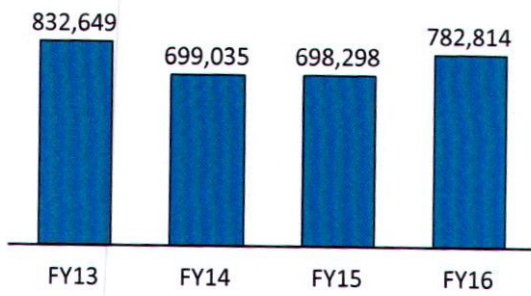
Increase in CV Sales



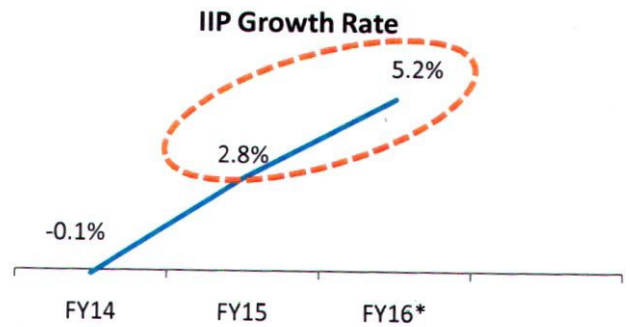
# Increase in CV Sales



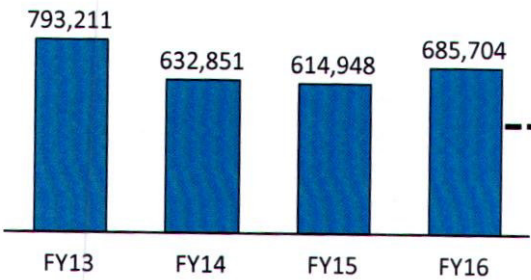
## CV Production Trends



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



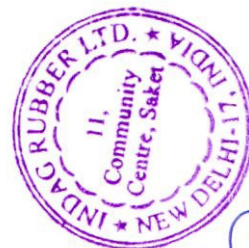
## CV Domestic Sales Trends



Retreading Industry Picks up with Lag effect

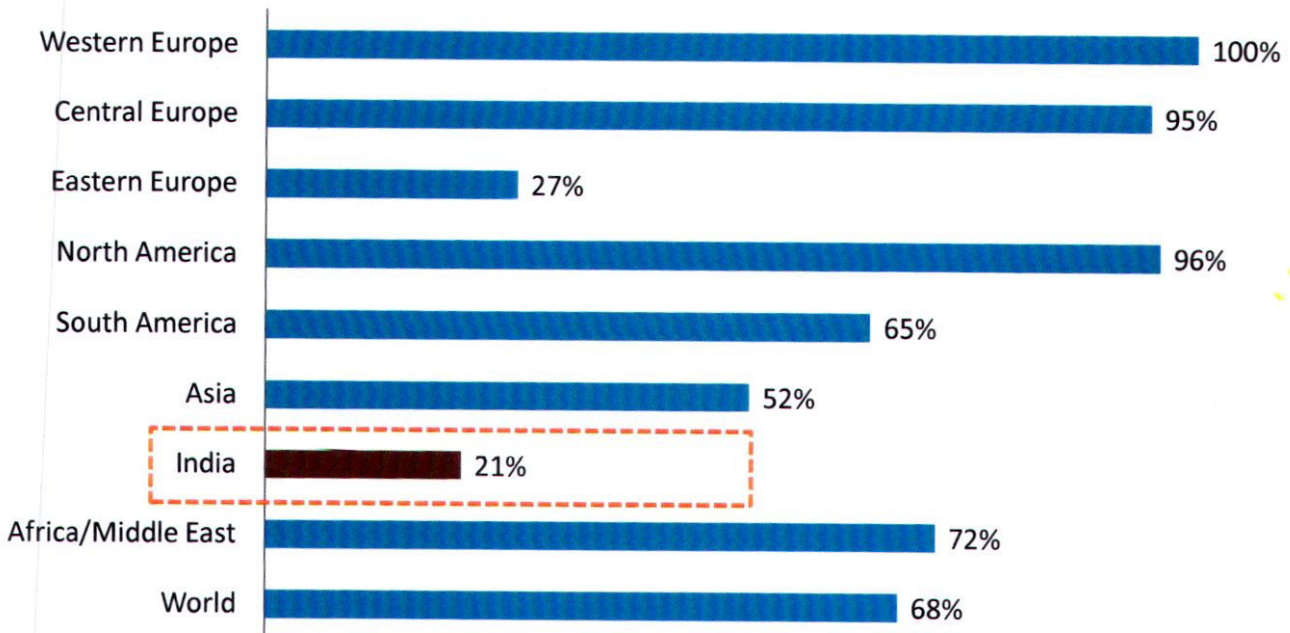
Large Opportunities for Retreading Business in coming years

Source: SIAM



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# Global Radialisation Penetration



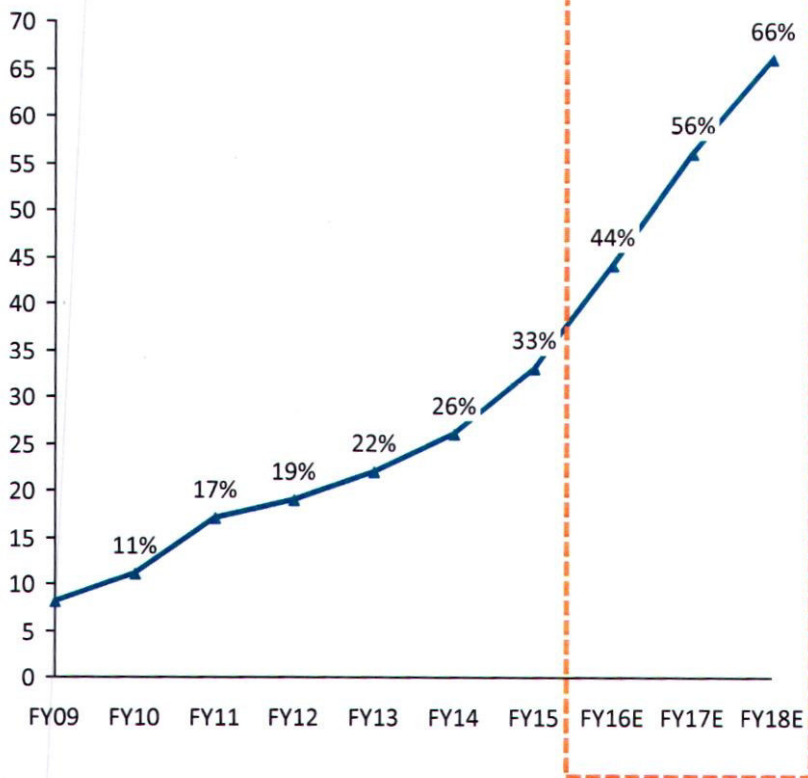
Current Radialisation in India is expected to be in the range of 28%-30% and expected to increase to 45% - 50% in next 3 years



## Increase in Radialisation in CV segment



### 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

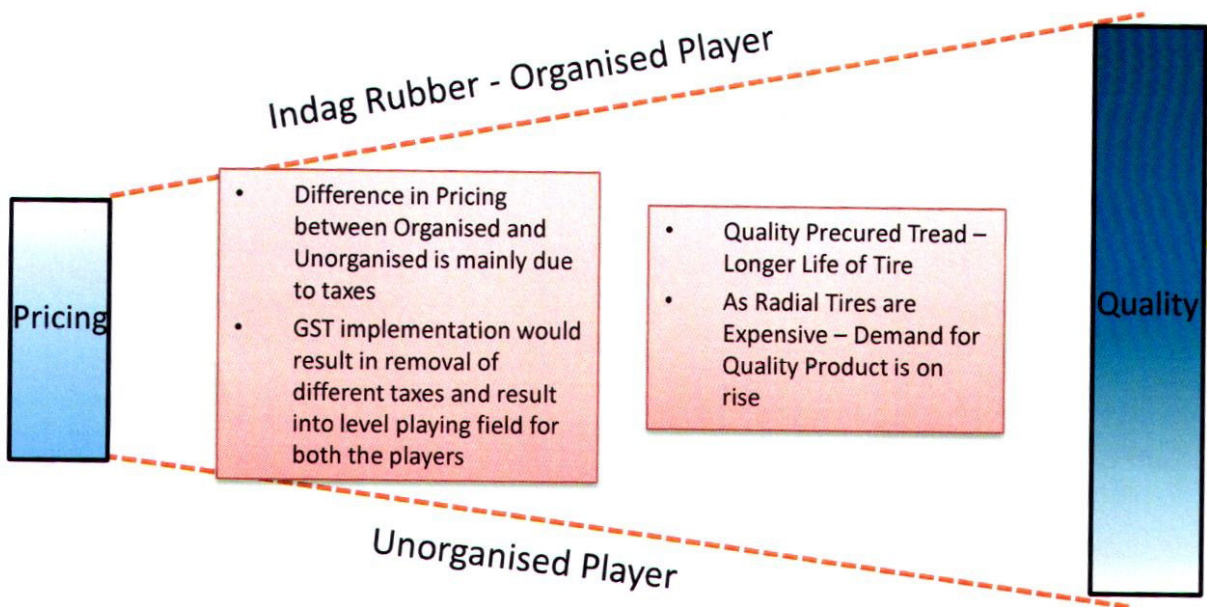
**No Overloading & Proper Maintenance of Vehicles** - Will help to reduce Casing Failure, which is pre-condition for Tire Retreading



# GST - A Game Changer



Retreading was dominated by Unorganised Players – Slow Shift towards Organised

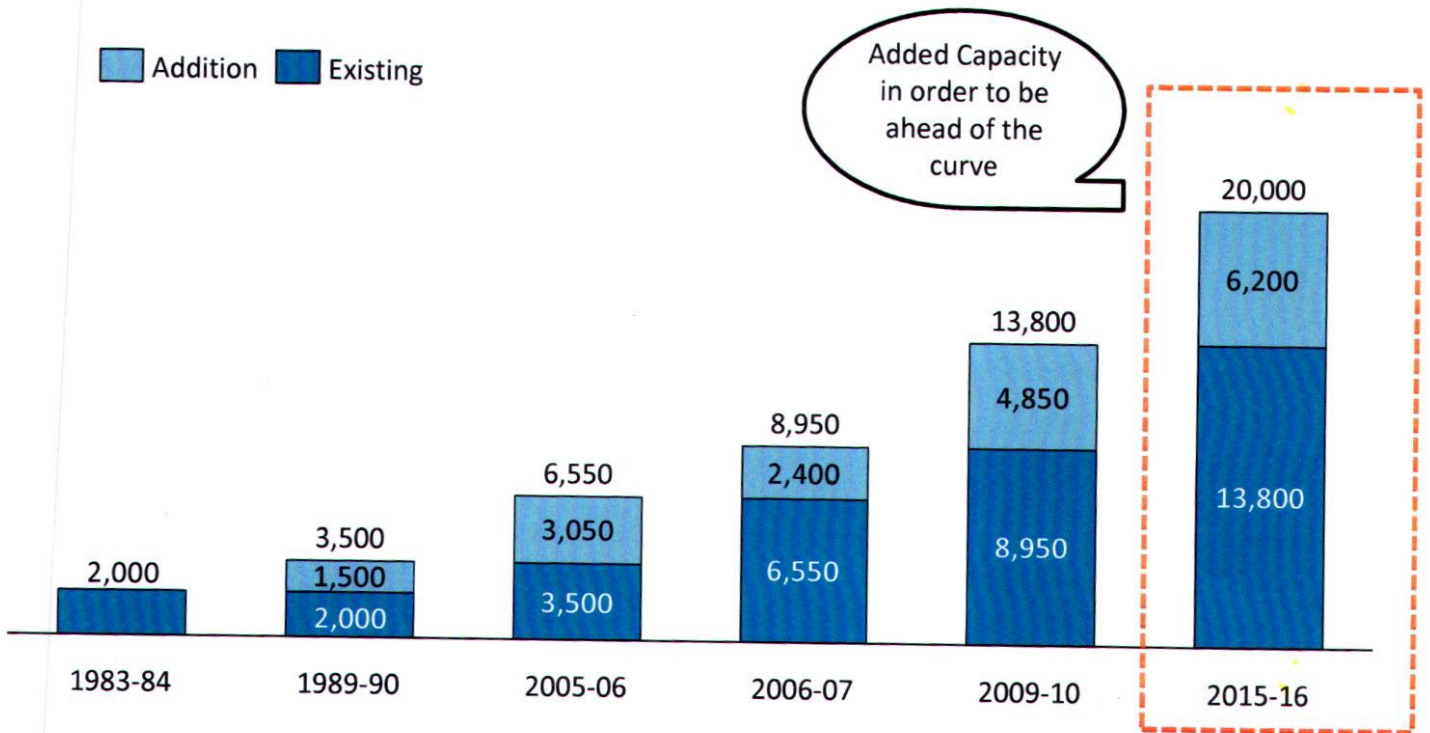


Company Offers - Best Quality with Reasonable Pricing



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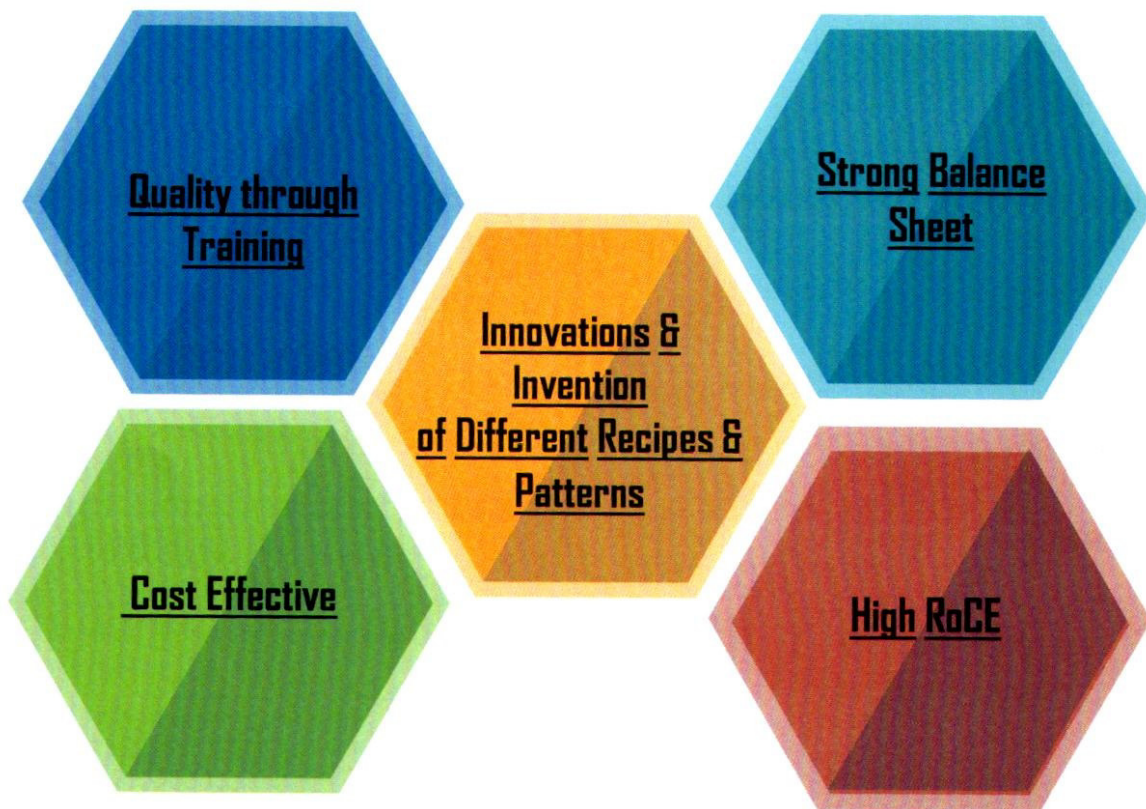
# Capacity Expansion – To Grab Opportunities



- Capacity expansion of 6,200 MTPA is on stream from Q1FY17
- Brownfield Expansion with Total Capex of Rs.7 crs



## Our Key Strengths



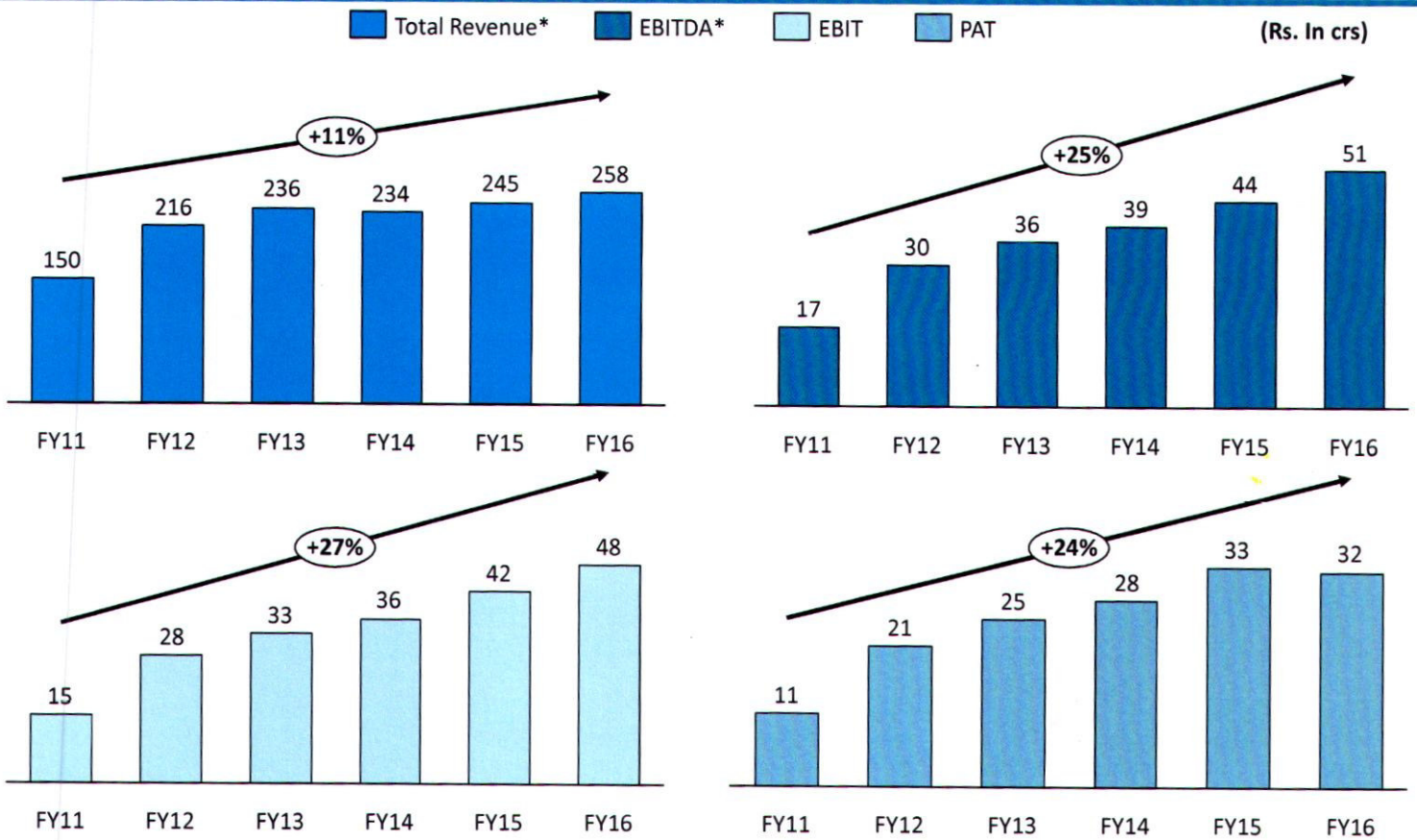




## Financial Highlights



# Financial Highlights – Yearly



CAGR (FY11 – FY16) \* incl. Other Income



## Financial Highlights – Q1 FY17



Particulars (Rs. In Crs)	Q1FY17	Q1FY16
Gross Revenue	53.9	64.1
Excise Duty	5.1	0
<b>Net Revenue from Operations</b>	<b>48.8</b>	<b>64.1</b>
Other Income	0.9	1.4
<b>Total Revenue</b>	<b>49.7</b>	<b>65.5</b>
Cost of Material Consumed	28.2	39.3
Changes in Inventories	-1.0	-0.5
Employee Expenses	4.9	4.9
Other Expenses	8.0	8.9
<b>EBITDA</b>	<b>9.5</b>	<b>12.9</b>
<b>EBITDA %</b>	<b>19.1%</b>	<b>19.7%</b>
Depreciation	0.7	0.6
<b>EBIT</b>	<b>8.8</b>	<b>12.3</b>
<b>EBIT (%)</b>	<b>17.7%</b>	<b>18.7%</b>
Finance Cost	0.1	0.0
<b>Profit before Tax</b>	<b>8.8</b>	<b>12.2</b>
Tax	3.0	4.2
<b>Profit after Tax</b>	<b>5.8</b>	<b>8.0</b>
<b>PAT %</b>	<b>11.7%</b>	<b>12.3%</b>

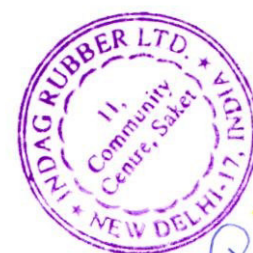


## Balance Sheet

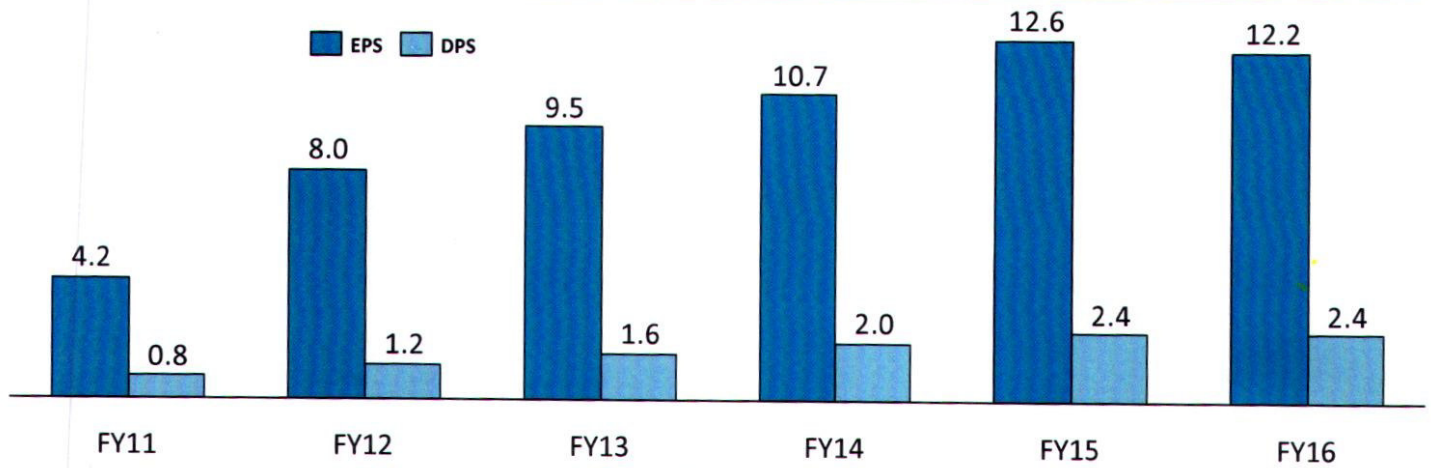


Particulars Rs. Crores	Mar-16	Mar-15
<b>Shareholder's Fund</b>	<b>157.1</b>	<b>128.0</b>
Share capital	5.3	5.3
Reserves & Surplus	151.9	122.8
<b>Non-current liabilities</b>	<b>2.6</b>	<b>0.4</b>
Deferred Tax Liabilities (Net)	2.6	0.3
Long term Provisions	0.0	0.1
<b>Current liabilities</b>	<b>27.0</b>	<b>36.6</b>
Trade Payables	10.9	18.8
Other Current Liabilities	14.9	11.7
Short Term Provisions	1.5	6.1
<b>Total Liabilities</b>	<b>186.7</b>	<b>165.0</b>

Particulars Rs. Crores	Mar-16	Mar-15
<b>Non-current assets</b>	<b>86.8</b>	<b>42.4</b>
Fixed assets (inc. CWIP)	31.8	26.7
Non-current Investments	53.7	14.0
Long-term loans and advances	1.2	1.6
Other Non-current assets	0.0	0.1
<b>Current assets</b>	<b>99.9</b>	<b>122.6</b>
Current Investments	29.7	49.5
Inventories	29.4	30.4
Trade receivables	30.1	33.8
Cash and bank balances	4.3	4.2
Short Term Loans & Advances	6.1	4.3
Other current assets	0.4	0.4
<b>Total Assets</b>	<b>186.7</b>	<b>165.0</b>



## Dividend Pay-out



<b>Earning Per Share*(Rs.)</b>	<b>4.2</b>	<b>8.0</b>	<b>9.5</b>	<b>10.7</b>	<b>12.6</b>	<b>12.2</b>
<b>Dividend Per Share* (Rs.)</b>	<b>0.8</b>	<b>1.2</b>	<b>1.6</b>	<b>2.0</b>	<b>2.4</b>	<b>2.4</b>
<b>Dividend Payout (%)</b>	<b>19%</b>	<b>15%</b>	<b>17%</b>	<b>19%</b>	<b>19%</b>	<b>20%</b>

\*Adjusted EPS & DPS for the split





For further information, please contact

**Company :**

Indag Rubber Ltd  
CIN: L74899DL1978PLC009038  
Mr. Anil Bhardwaj, Sr. Dy. 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  
Ms. Neha Shroff / Ms. Ruchi Rudra  
[sneha@sgapl.net](mailto:sneha@sgapl.net) / [rruchi@sgapl.net](mailto:rruchi@sgapl.net)

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