



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

**July 10, 2020**

BSE Limited  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai-400001

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

### **Sub: Investor Presentation of Q4 & FY2020**

Dear Sir,

Enclosed please find the Investor Presentation of Q4 & FY2020 for the information of the investors and public at large.

Thanking you.

Yours faithfully,  
For **Indag Rubber Limited**

Manali D. Bijlani

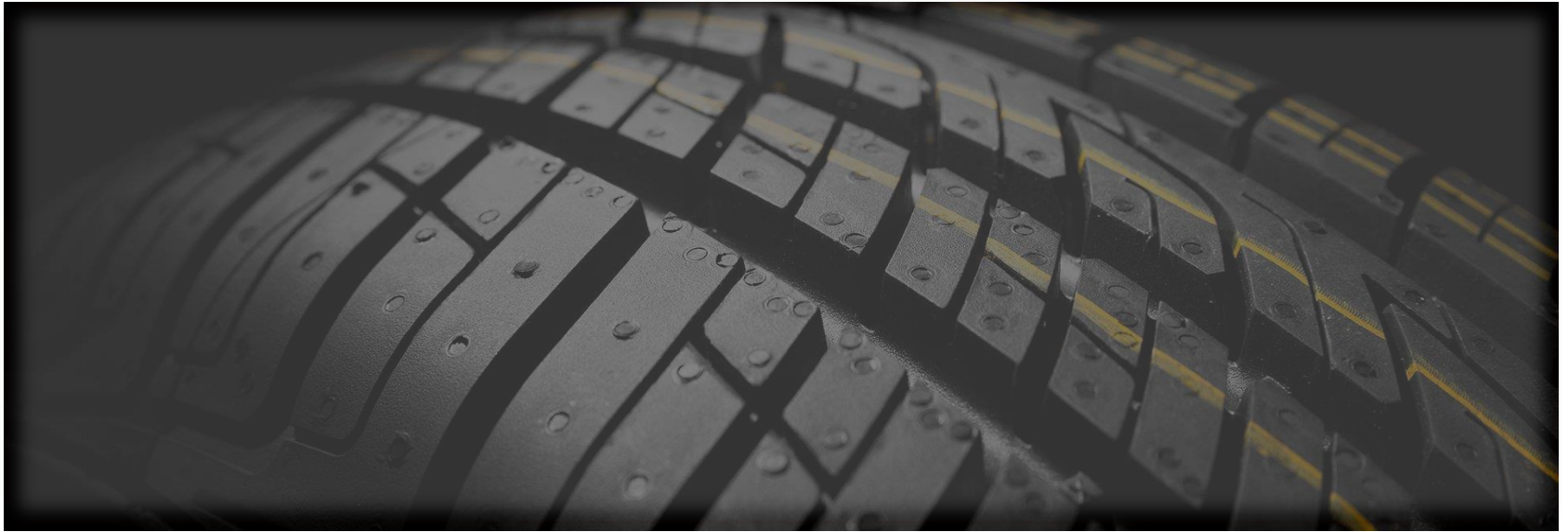
**Company Secretary**

(Contact Details: +91-9811743984)

THE ONLY ALTERNATIVE TO NEW TYRES



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# INDAG RUBBER LIMITED

THE ONLY ALTERNATIVE TO NEW TYRES.....SINCE 1978

Investor Presentation – Q4 & FY20

July 2020

# Safe harbor



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# About Retreading

# Retreading

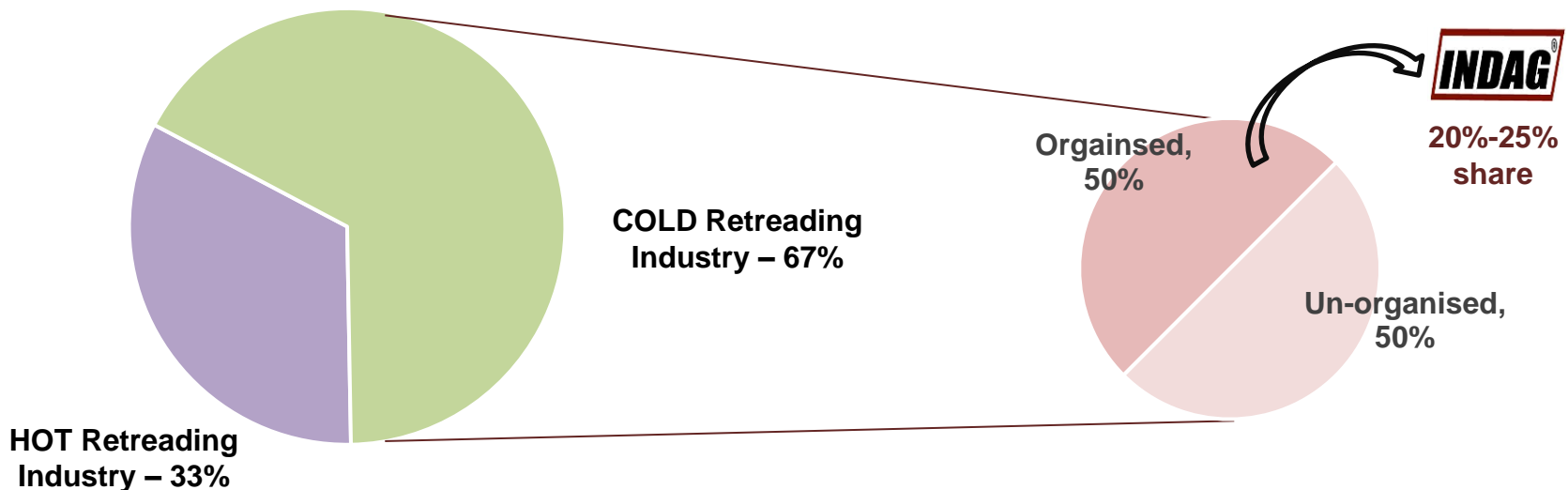
Retreading is a technology where the old tyres are made serviceable by removing worn out and damaged treads and replacing it with new treads

## COLD PROCESS

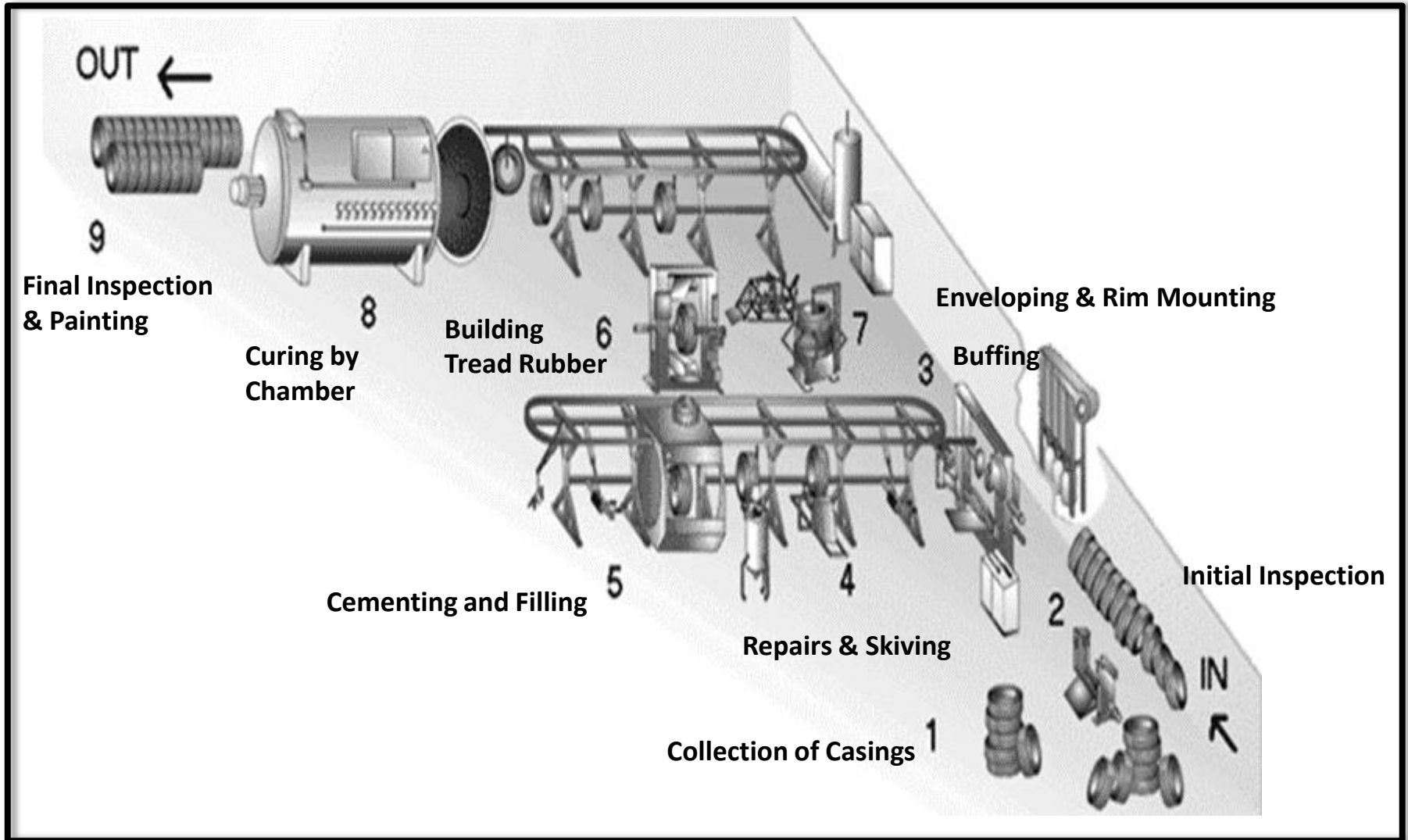
- Precured rubber of high density & available in various tread designs is lined with cushion gum before applying to a buffed casing
- Curing is done in a pressure chamber at low temperature 100°C & pressure

## HOT PROCESS

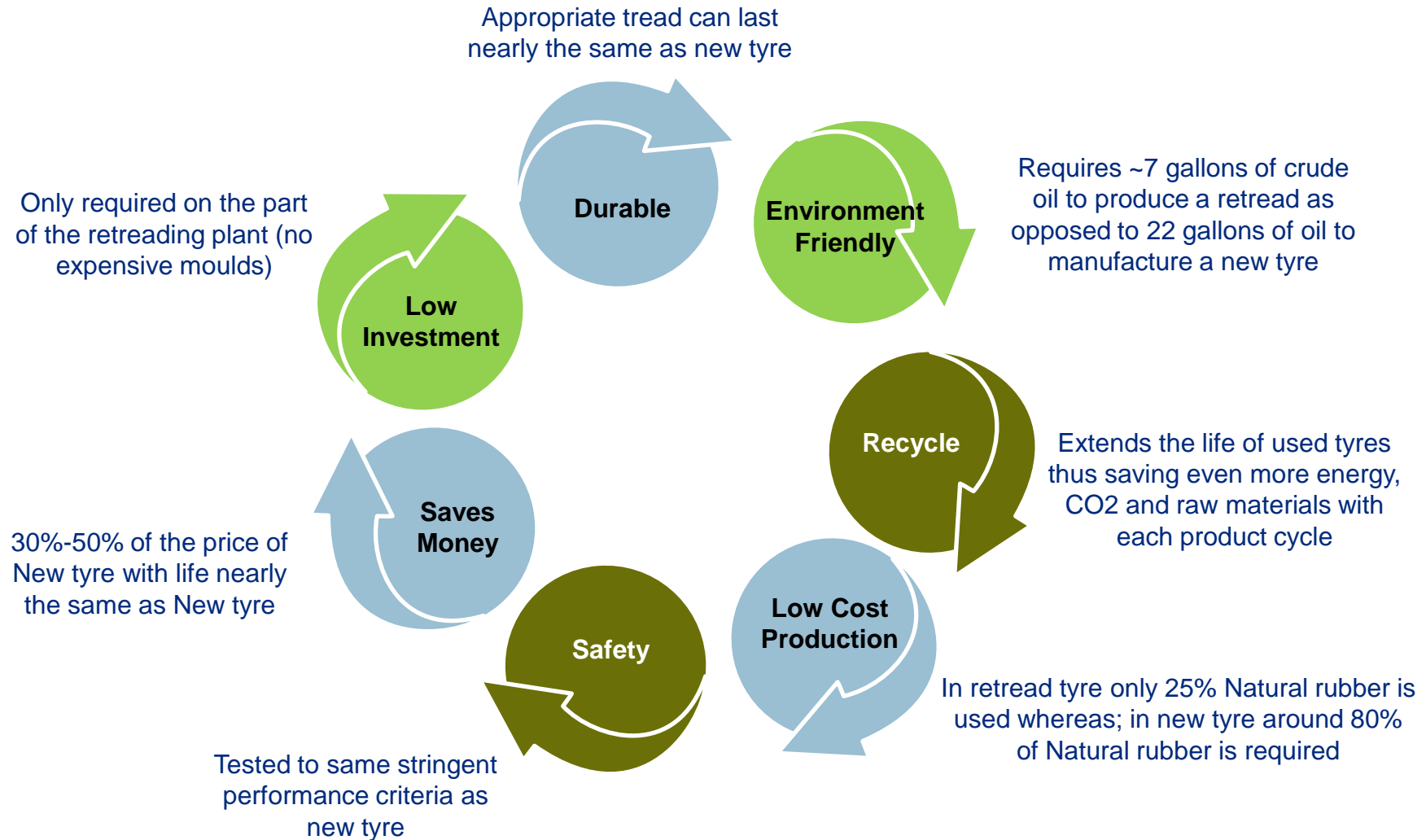
- Uncured rubber is added to a buffed casing & cured in the mold at temperatures of approximately 150°C-160°C
- This temperature allows uncured rubber to flow in the matrix forming the tread design during vulcanization



# 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 Vehicle Tyre  
Segments***

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***Best Quality with  
Reasonable Pricing***

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

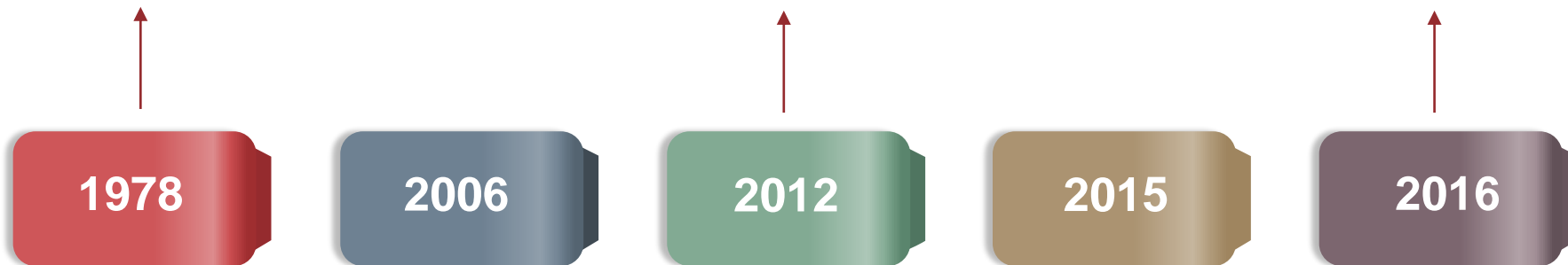
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***Distributing through 25  
Depots across Country***

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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



1978

2006

2012

2015

2016

- 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 wear out after certain usage



Buy new Tire

OR

Retread the same Old Tire



If Cost of New Tyre is

**Rs. 100**



Cost of Retreaded Tyre

**Rs. 30-50**



INDAG RUBBER LTD.

Indag manufactures and supplies **Best Quality** retreading products to the retreaders at a **Reasonable Price**

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# Key Strengths & Opportunities



# Our Key Strengths

We have a PAN India Presence with over 25 depots

**STRONG DISTRIBUTION NETWORK**

Training imparted by Engineers who has unique qualifications of Retreading to achieve Highest standards of Quality while re-treading

**TRAINING IMPARTED**

**INNOVATION**

Innovations & Invention of Different Recipes & Patterns

Cost Efficiencies have been maintained throughout thereby improving our Margins .

**COST EFFICIENCIES**

**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

Retreaders get after-sales and support services with regards to machinery issues

**AFTER SALE SERVICES**

We also provide Logistic & warehouse support

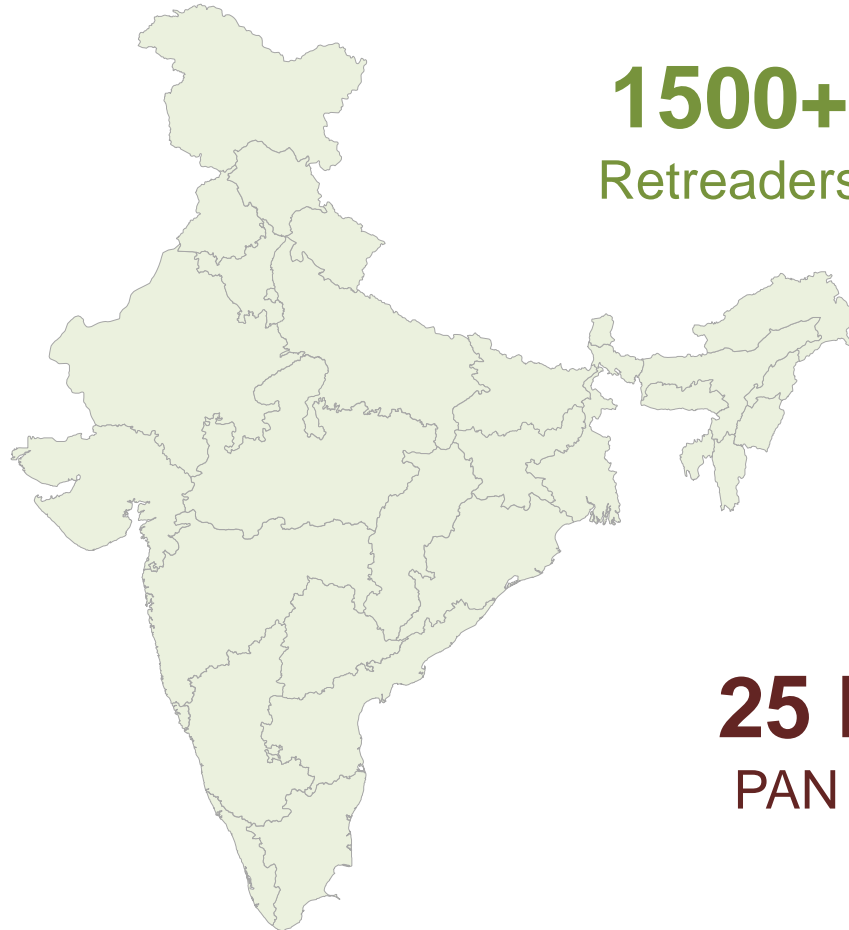


# Strong Distribution Network

**PAN India**  
Presence

**1500+**  
Retreaders

**200+**  
Dealers



**25 Depots**  
PAN India basis

**50+**  
Sales Team

# 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

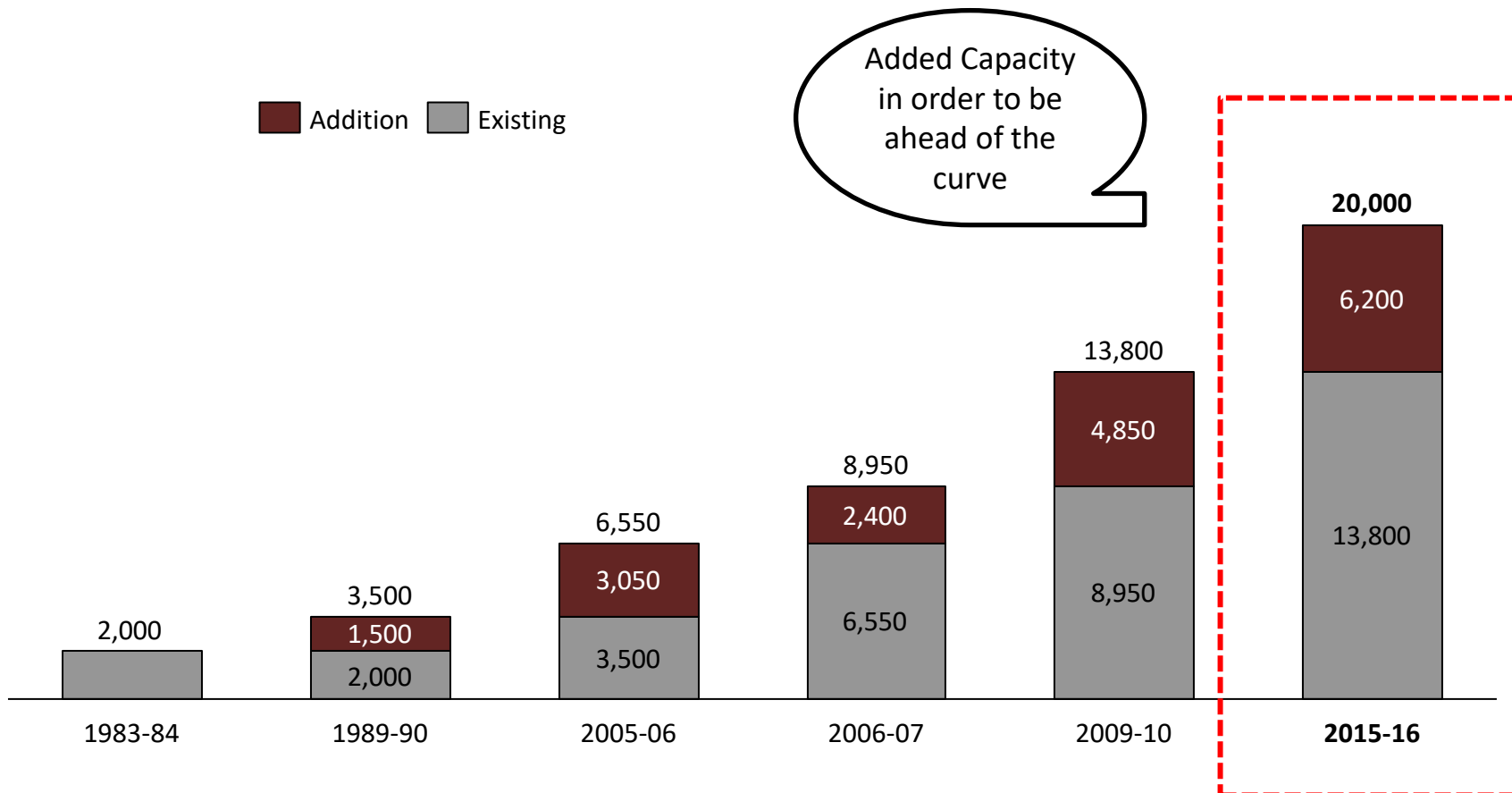
*Retreaders also get after-sales and support services*

*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 tyres in India after demonetization and imposition of Anti-Dumping Duty**

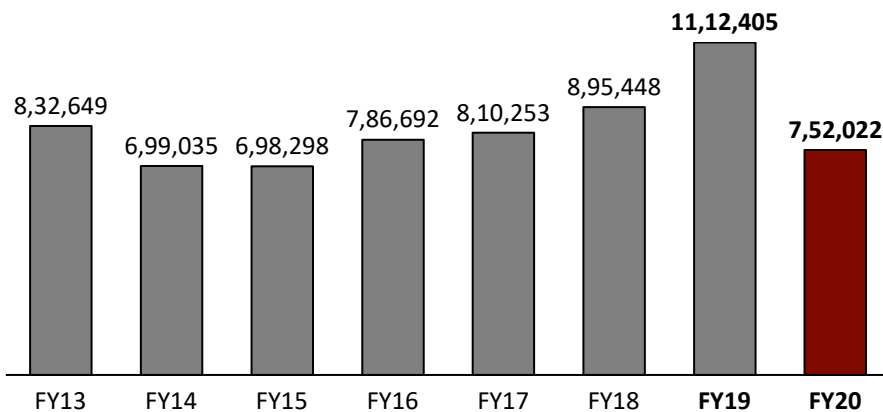
**Currently, all types of tyres are banned for imports to boost local industry**



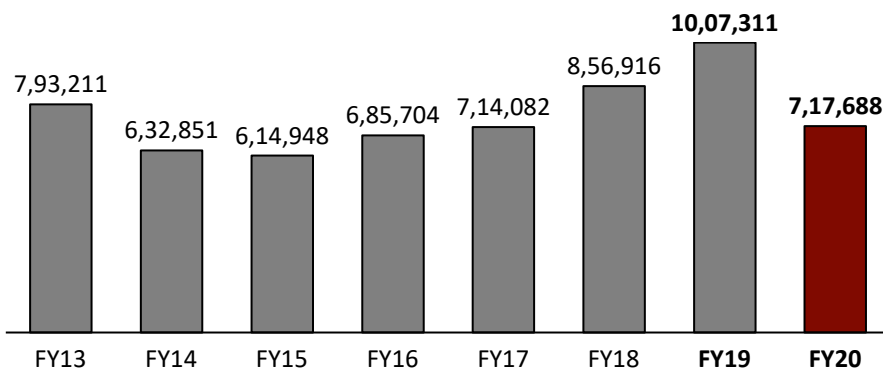


# CV Sale Trends

## CV Production Trends

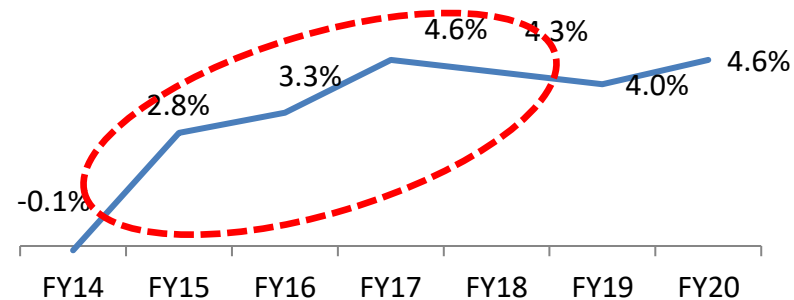


## CV Domestic Sales Trends



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

## IIP Growth Rate



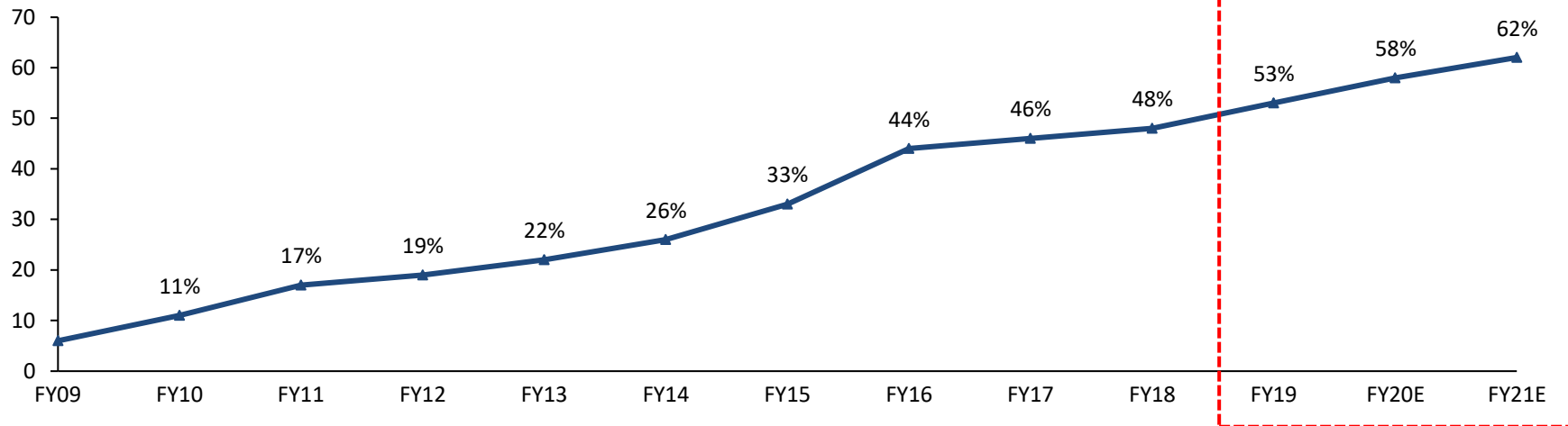
\*FY20 – From April 2019 – Feb 2020

**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

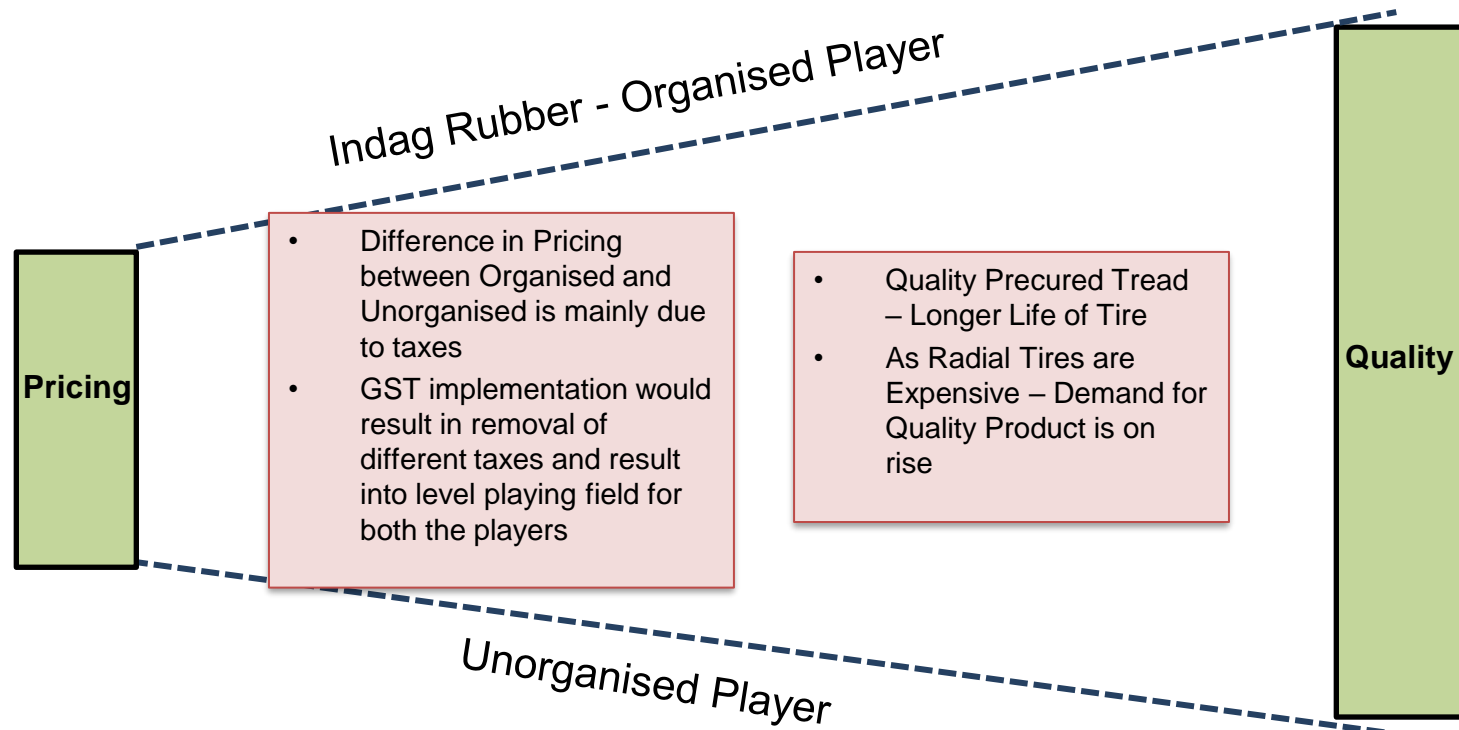
Faster vehicles, running on radials will consume tyres more frequently, narrowing the gap in retreading time by covering larger distances in shorter durations

### 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,

*“FY20 has been a tough year for the Auto Industry. Auto Industry has faced slowdown in demand which got worsened with the outburst of Covid-19 pandemic. However despite these challenges, the Company has reported a Revenue growth of 10% to Rs. 191 crores. EBITDA and PAT grew by 22% and 26% respectively.*

*Our Company's manufacturing operations were interrupted during the lockdown period. After obtaining requisite approvals from relevant government authorities, the Company had restarted operations. Our Company has been maintaining social distancing, sanitizing the premises on regular basis, enforcing wearing of masks and temperature checking of all employees at the Plant.*

*We believe that there will be impact on our revenues and profitability for Q1FY21 and for full year FY21 due to underutilization of capacities and slowdown in the economy.*

*Indag is continuing to focus on creating value for fleet owners and operators by reducing their cost per km, improving on-road reliability and safety – by delivering superior products, technical services and trained personnel to retreaders.*

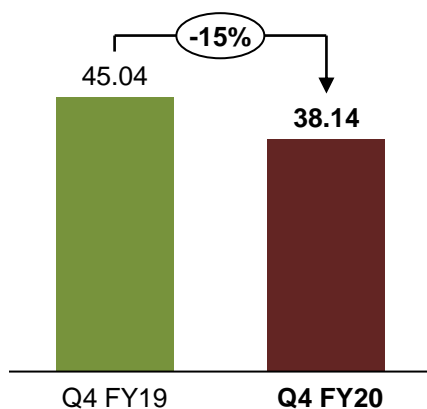
*We can expect certain green shoots for the domestic tyre industry with the government putting curbs on import of tyres. This development is a sentiment booster for the Indian Tyre Industry. With this positive move, we can expect increase in the production of tyres which shall increase the demand for retreading too in the coming years.*

*We are continuously focused to improve the efficiency of our operations and on cost-saving measures which will help to enhance our performance going ahead.”*

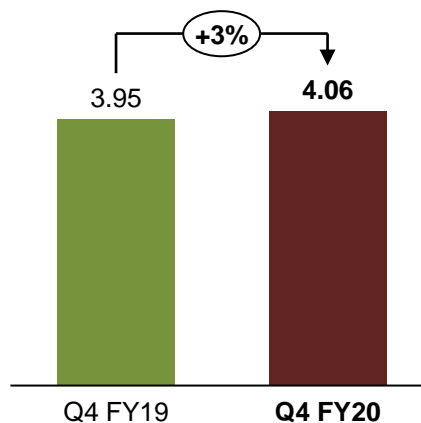
# Financial Highlights – Q4 FY20

Rs. Crs.

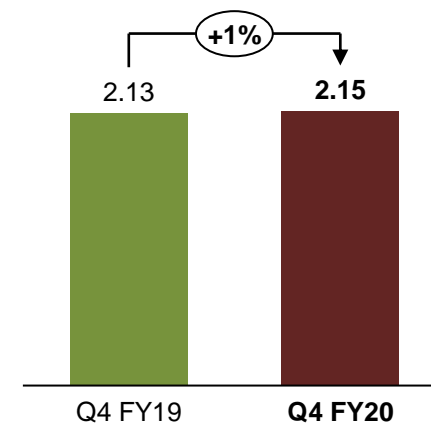
## Revenue\*



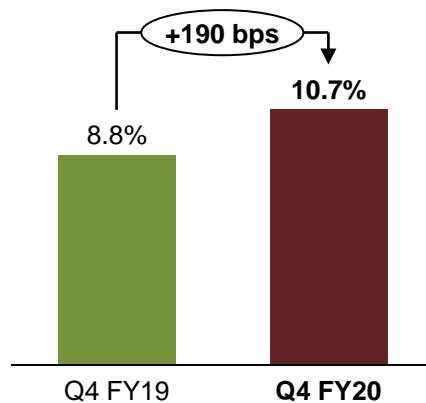
## EBITDA\*



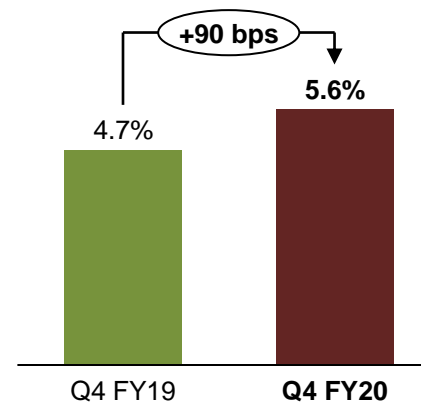
## Profit after Tax



## EBITDA Margin\* (%)



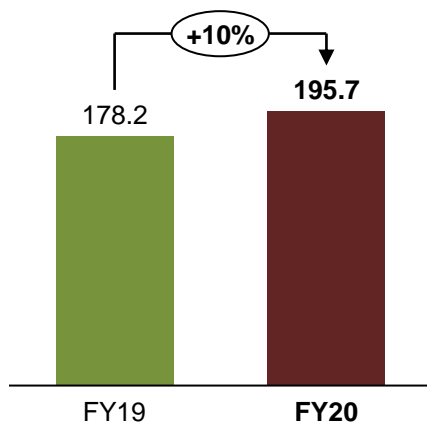
## PAT Margin (%)



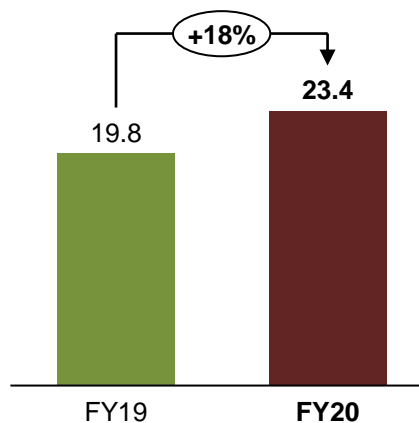
# Financial Highlights – FY20

Rs. Crs.

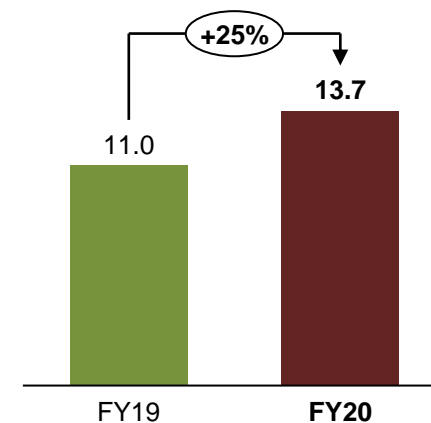
## Revenue\*



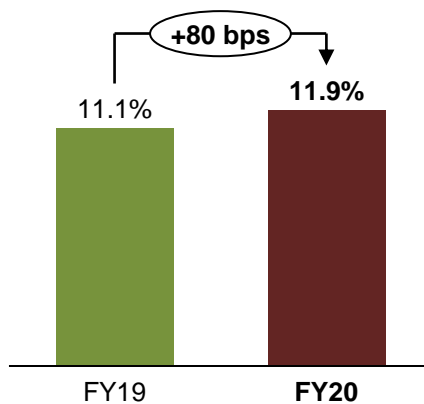
## EBITDA\*



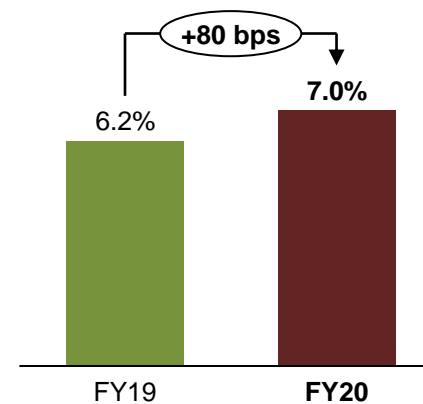
## Profit after Tax



## EBITDA Margin\* (%)



## PAT Margin (%)



# Consolidated Financials – Q4 & FY20

Particulars (Rs. In Crs.)	Q4 FY20	Q4 FY19	Y-o-Y	FY20	FY19	Y-o-Y
Total Revenue from Operations	36.7	43.3		191.0	173.0	
Other Income	1.5	1.8		4.7	5.2	
<b>Total Revenue (incl. Other Income)</b>	<b>38.1</b>	<b>45.0</b>	<b>-15%</b>	<b>195.7</b>	<b>178.2</b>	<b>10%</b>
Raw Material	21.3	29.5		121.1	115.3	
<b>Gross Profit</b>	<b>16.9</b>	<b>15.6</b>	<b>8%</b>	<b>74.6</b>	<b>63.0</b>	<b>19%</b>
<b>Gross Profit %</b>	<b>44.2%</b>	<b>34.6%</b>		<b>38.1%</b>	<b>35.3%</b>	
Employee Expenses	5.1	4.8		20.7	17.7	
Other Expenses	7.7	6.8		30.6	25.4	
<b>EBITDA</b>	<b>4.1</b>	<b>3.9</b>	<b>3%</b>	<b>23.4</b>	<b>19.8</b>	<b>18%</b>
<b>EBITDA %</b>	<b>10.7%</b>	<b>8.8%</b>		<b>11.9%</b>	<b>11.1%</b>	
Depreciation	1.1	1.0		4.5	3.9	
<b>EBIT</b>	<b>2.9</b>	<b>3.0</b>	<b>-2%</b>	<b>18.9</b>	<b>15.9</b>	<b>19%</b>
<b>EBIT %</b>	<b>7.7%</b>	<b>6.6%</b>		<b>9.7%</b>	<b>8.9%</b>	
Finance Cost	0.4	0.4		1.5	1.7	
<b>Profit before share of profit/(loss) of joint venture and tax</b>	<b>2.6</b>	<b>2.6</b>	<b>-1%</b>	<b>17.4</b>	<b>14.2</b>	<b>22%</b>
Share of loss of joint venture	0.0	0.1		0.1	0.1	
<b>Profit before Tax</b>	<b>2.5</b>	<b>2.5</b>	<b>1%</b>	<b>17.3</b>	<b>14.1</b>	<b>22%</b>
Tax	0.4	0.4		3.5	3.1	
<b>Profit after Tax</b>	<b>2.1</b>	<b>2.1</b>	<b>1%</b>	<b>13.7</b>	<b>11.0</b>	<b>25%</b>
<b>PAT %</b>	<b>5.6%</b>	<b>4.7%</b>		<b>7.0%</b>	<b>6.2%</b>	
<b>EPS</b>	<b>0.75</b>	<b>0.75</b>		<b>5.13</b>	<b>4.09</b>	

# Consolidated Balance Sheet

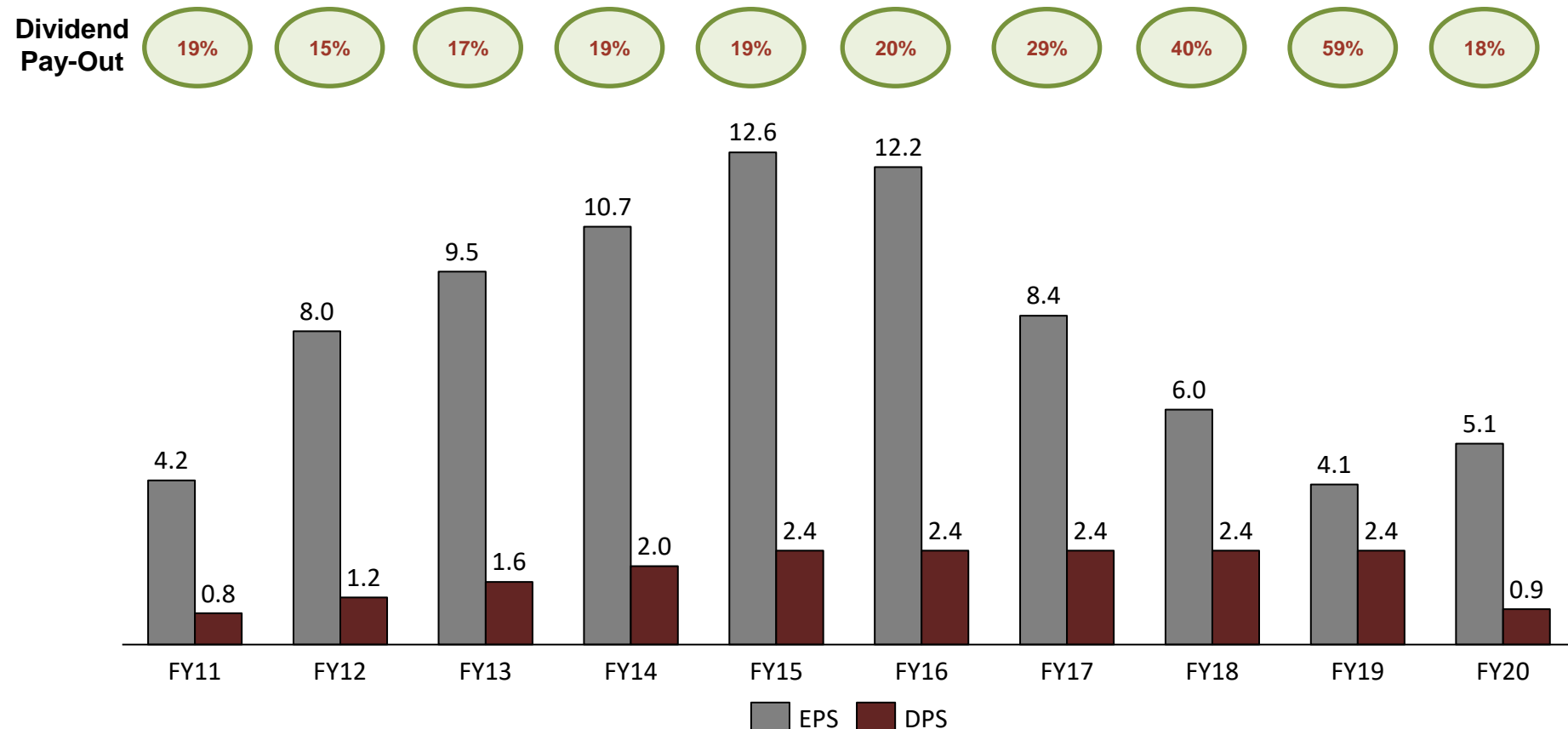
Liabilities (Rs. In Crs.)	Mar - 20	Mar-19
<b>Equity</b>		
Share Capital	5.3	5.3
Other Equity	182.0	185.6
Equity attributable to the shareholders of the Company	187.3	190.8
Non-Controlling Interest	3.4	3.1
<b>Total Equity</b>	<b>190.6</b>	<b>193.9</b>
<b>Non Current Liabilities</b>		
Financial Liabilities		
Borrowings	9.9	10.9
Provisions	0.7	0.6
Deferred Tax Liabilities (Net)	2.5	3.5
<b>Total Non Current Liabilities</b>	<b>13.1</b>	<b>15.0</b>
<b>Current Liabilities</b>		
Financial Liabilities		
Borrowings	-	-
Trade Payables	15.8	14.6
Other Financial Liabilities	4.1	4.1
Provisions	0.3	0.2
Current Income Tax Liabilities(Net)	0.0	0.0
Other Current Liabilities	1.9	1.7
<b>Total Current Liabilities</b>	<b>22.0</b>	<b>20.7</b>
<b>Total Equity and Liabilities</b>	<b>225.8</b>	<b>229.6</b>

Assets (Rs. In Crs.)	Mar-20	Mar-19
<b>Non Current assets</b>		
Property, Plant and Equipments	40.8	42.9
Capital Work-In-Progress	10.1	0.9
Goodwill	0.4	0.4
Other Intangible Assets	0.2	0.2
Financial Assets		
Investments	73.9	87.7
Loans	0.0	0.0
Other Financial Assets	0.6	0.5
Income Tax Assets (net)	0.8	0.5
Other Non-Current Assets	2.1	0.7
<b>Total Non Current Assets</b>	<b>129.0</b>	<b>133.9</b>
<b>Current Assets</b>		
Inventories	36.9	38.1
Financial Assets		
Investments	5.3	8.3
Trade Receivables	37.6	34.5
Cash and Cash Equivalents	1.3	3.0
Other Bank Balances	3.5	3.5
Loans	0.2	0.2
Other Financial Assets	5.4	5.8
Income Tax Assets (net)	0.0	0.0
Other Current Assets	6.4	2.3
<b>Total Current Assets</b>	<b>96.7</b>	<b>95.7</b>
<b>Total Assets</b>	<b>225.8</b>	<b>229.6</b>

# Consolidated Cashflow Statement

Particulars (Rs. In Crs.)	Mar-20	Mar-19
<b>Net Profit Before Tax</b>	<b>17.3</b>	<b>14.1</b>
Adjustments for: Non Cash / Other Items	1.9	0.9
<b>Operating profit before working capital changes</b>	<b>19.1</b>	<b>15.1</b>
Changes in working capital	-3.9	-10.6
<b>Cash generated from operations</b>	<b>15.2</b>	<b>4.5</b>
Direct taxes paid	-4.8	-4.4
<b>Net Cash from Operating Activities</b>	<b>10.5</b>	<b>0.1</b>
<b>Net Cash from Investing Activities</b>	<b>2.6</b>	<b>9.8</b>
<b>Net Cash from Financing Activities</b>	<b>-14.7</b>	<b>-10.5</b>
<b>Net Decrease in cash and cash equivalents</b>	<b>-1.6</b>	<b>-0.5</b>
Add: Cash & Cash equivalents at the beginning of the period	3.0	3.5
<b>Cash &amp; Cash equivalents at the end of the period</b>	<b>1.3</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)**



**For further information, please contact**

**Company :**

Indag Rubber Ltd  
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[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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