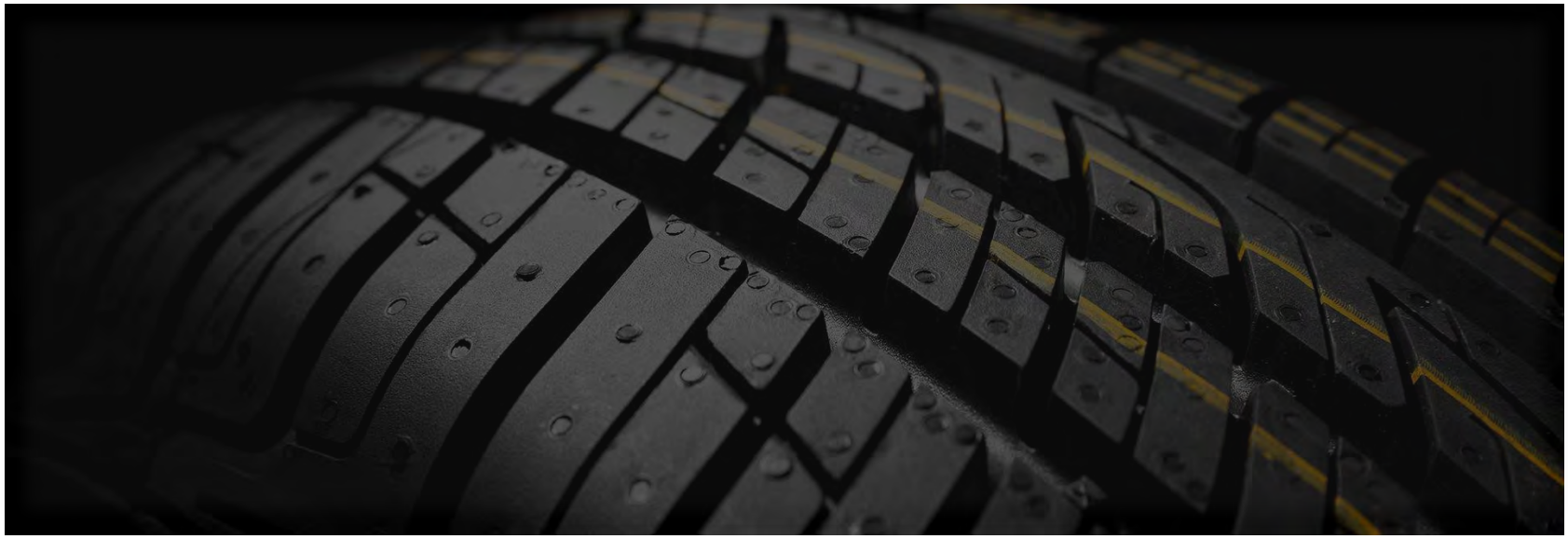

INDAG RUBBER LIMITED

Safety & Reliability Mile After Mile.....

FY17 Investor Presentation

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

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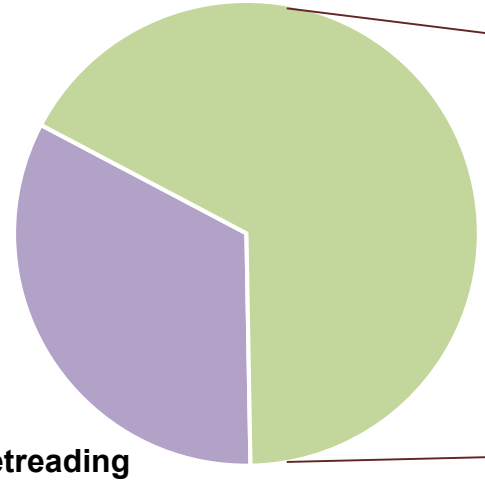
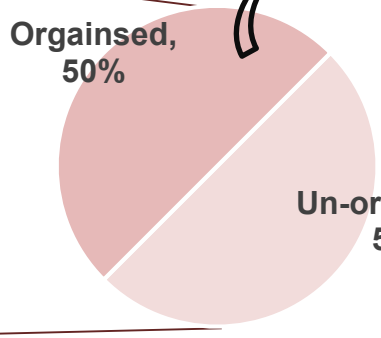
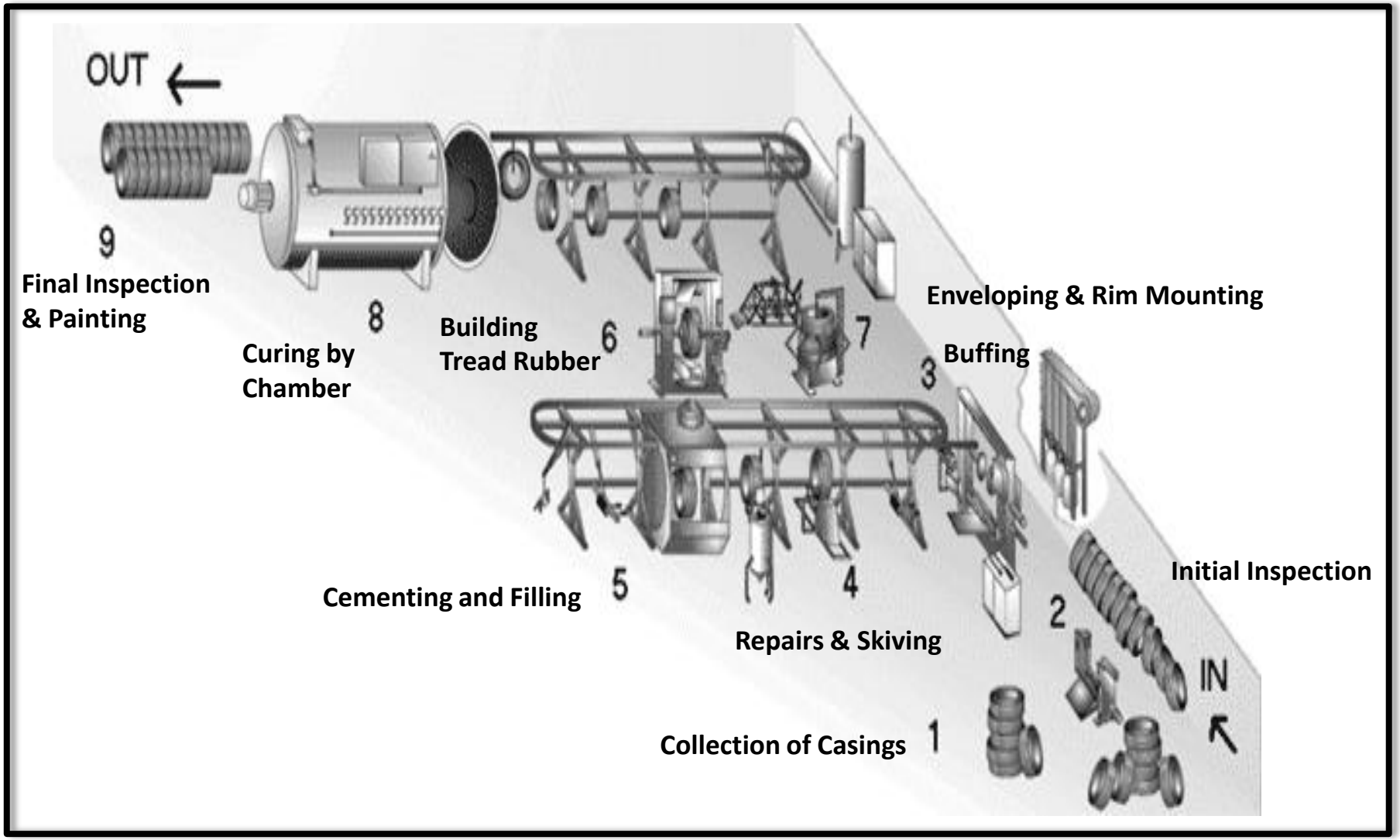




20%-25% share

Retreading Process



Benefits of Retreading

SAVES MONEY

30%-50% of the price of New tyre with life nearly the same as New tyre

LOW COST - PRODUCTION

In retread tyre only 25% Natural rubber is used whereas; in new tyre around 80% of Natural rubber is required

DURABLE

Appropriate tread can last nearly the same as new tyre

LOW INVESTMENT

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

SAFETY

Tested to same stringent performance criteria as new tyre

RECYCLE

Extends the life of used tyres thus saving even more energy, CO_2 and raw materials with each product cycle

ENVIRONMENT FRIENDLY

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

Business Overview

Company Overview

01 India's Most Trusted Tread Manufacturing Company

02 Pioneered Cold Retreading technology in India

03 Presence in All type of Commercial Segments

04 Best Quality with Reasonable Pricing

05 "Lowest Cost Per Kilometre"

06 Distributing through 25 Depots across Country

History

1978

- 1978- Incoporated as JV between Khemka Group & M/s Bandag Inc, (USA)
- 1979- Set up plant at Bhiwadi (Rajasthan)
- 1984- Listed on BSE

2006

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

2012

- Increased capacity at Nalagarh plant from 6000 MT to 13800 MT
- Foray into Foreign market with launch of "Zoma" Brand

2015

- 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

2016

- Expanded Capacity from 13,800 MT to 20,000 MT

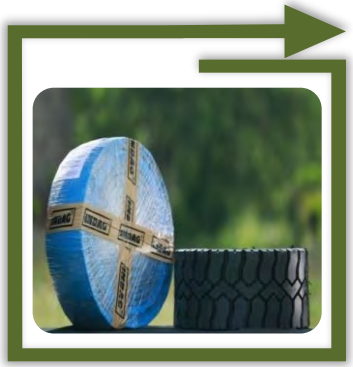
Products

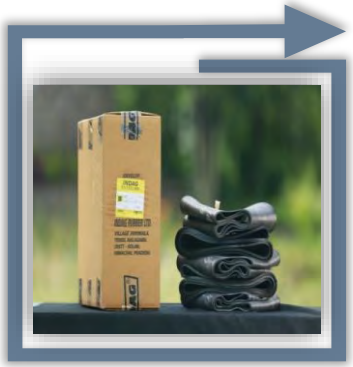
UN – VUNCUNIZED RUBBER STRIP GUM

- 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
- OTR & Tractor

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. J K Jain
Chief Finance Officer

Mr. Nirmal Chaturvedi
Chief Operating 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 equipment's

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

Cost of Retreaded Tyre
Rs. 30-50

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

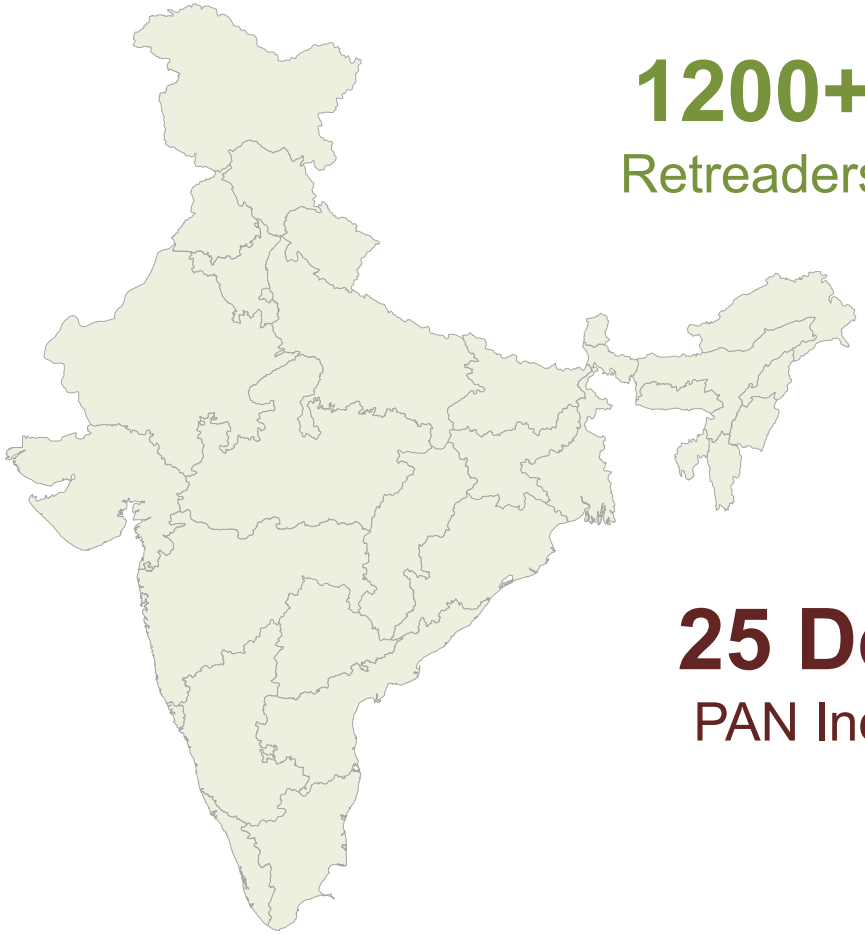
EXPANDED CAPACITIES

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

1200+
Retreaders



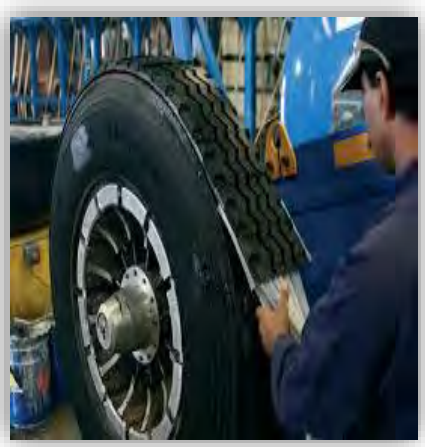
100-150
Dealers

25 Depots
PAN India basis

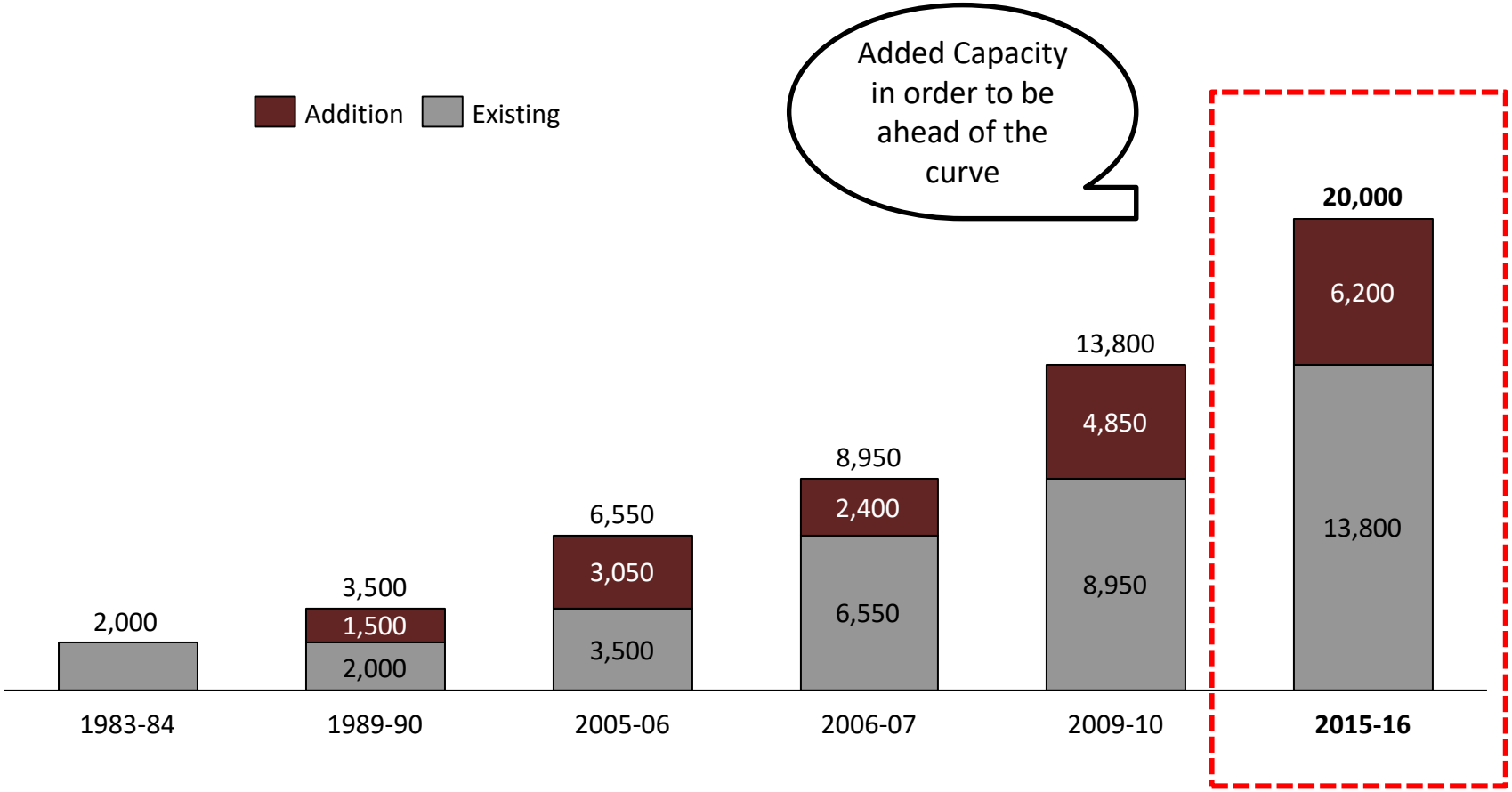
Map not to scale. All data, information and maps are provided “as is” without warranty or any representation of accuracy, timeliness or completeness.

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

01

02

Increase in Radialisation in CV segment

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

03

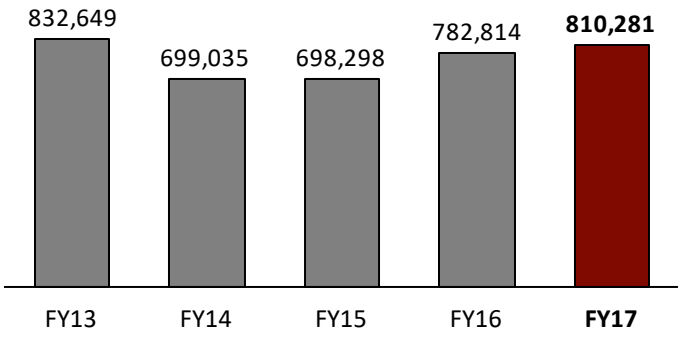
04

Reduction in influx/dumping of Chinese tyres in India after demonetization

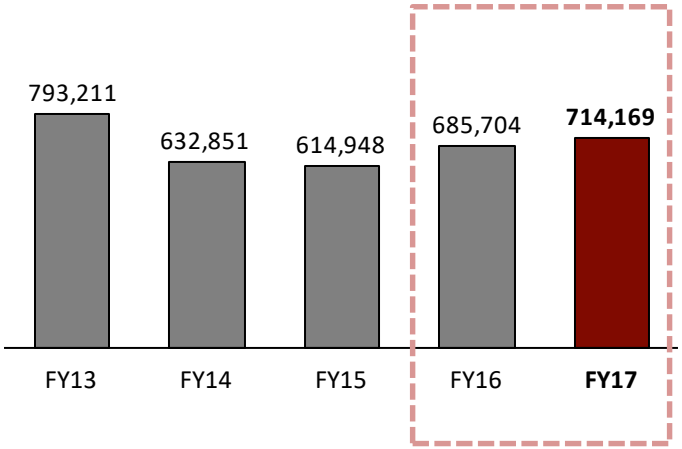
Will further reduce post GST Implementation

Increase in CV Sales

CV Production Trends

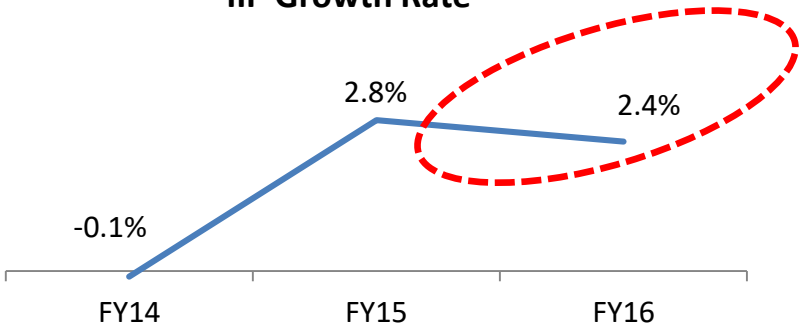


CV Domestic Sales Trends



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

IIP Growth Rate

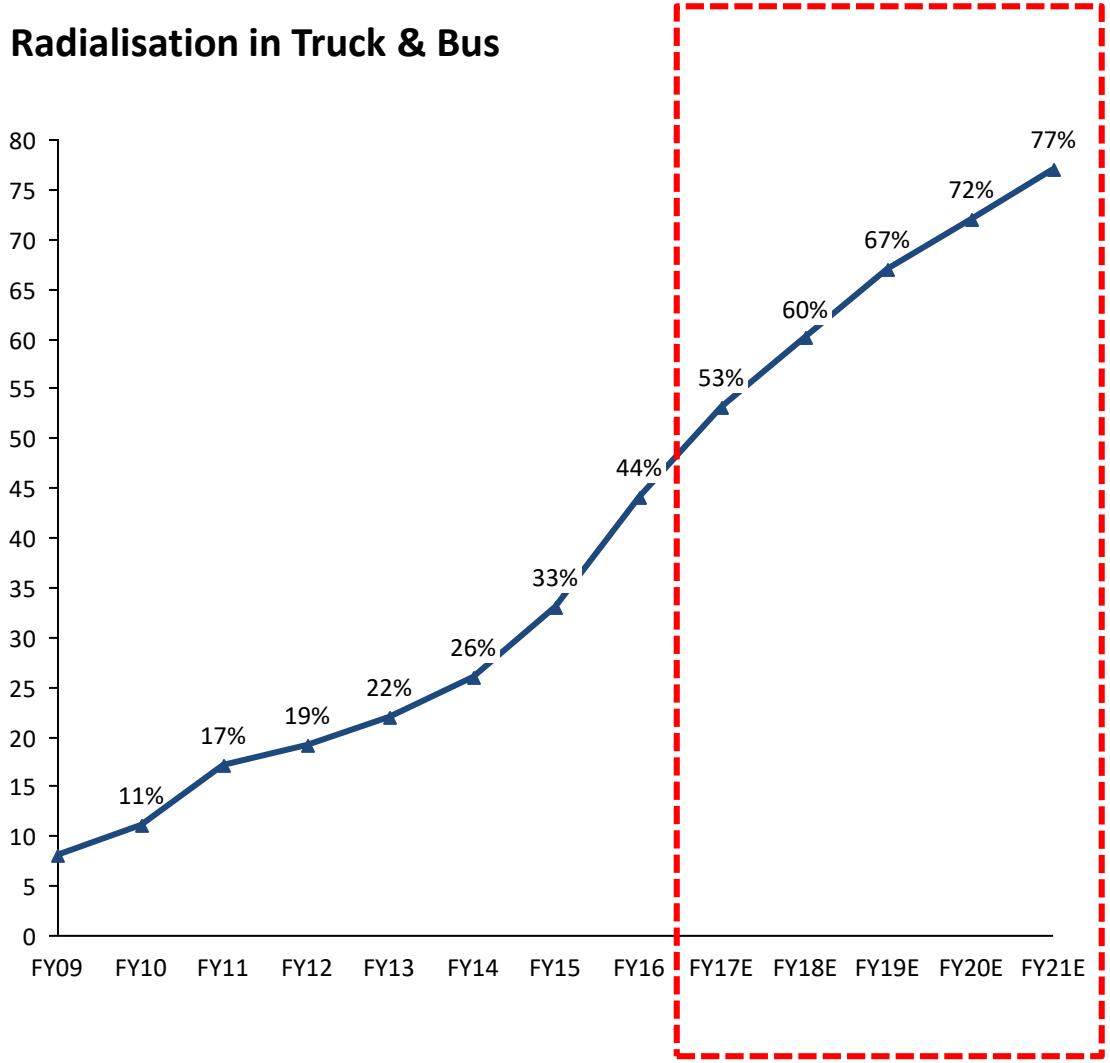


Retreading Industry Picks up with Lag effect

Large Opportunities for Retreading Business in coming years

Source: SIAM

Increase in Radialisation



Radialisation requires: Better Road conditions, No overloading & Proper Maintenance of Vehicles

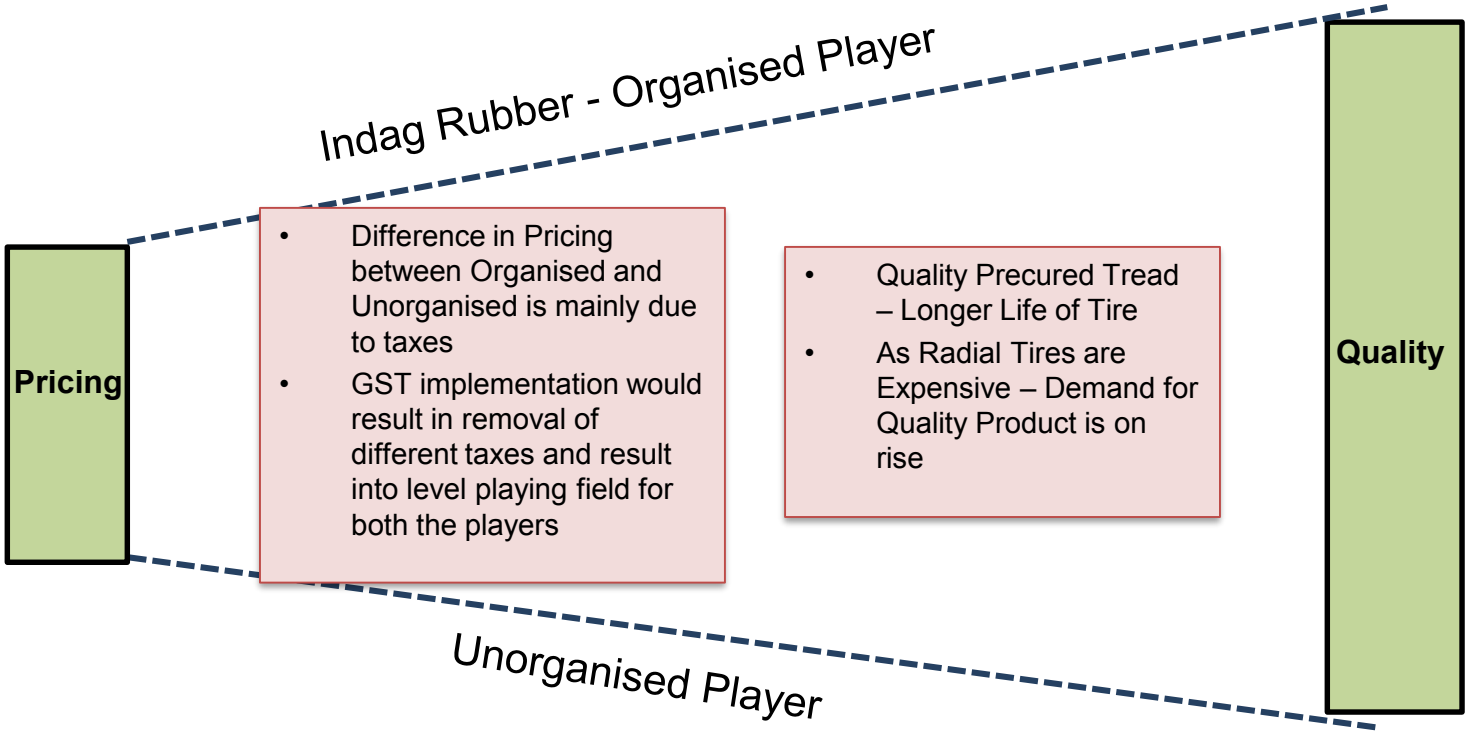
Better Road Conditions - Faster vehicles, running on radials will consume tyres more frequently, narrowing the gap in retreading time by covering larger distances in shorter durations

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



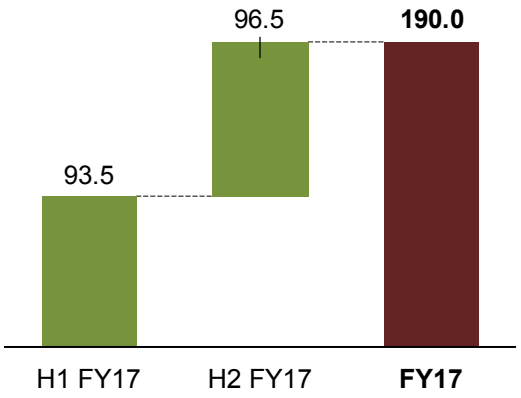
Company Offers - Best Quality with Reasonable Pricing

Financial Highlights

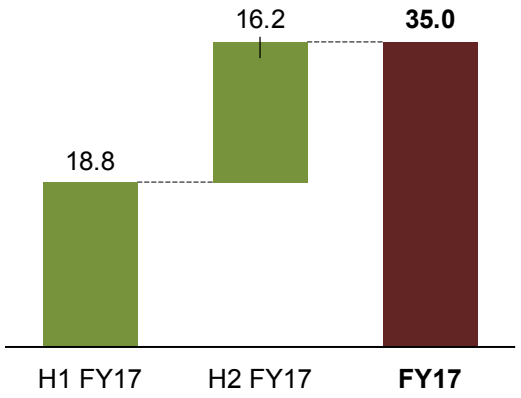
Financial Highlights

(Rs. In crs)

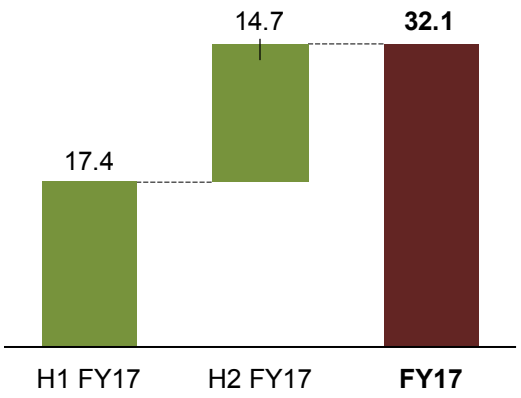
Revenue*



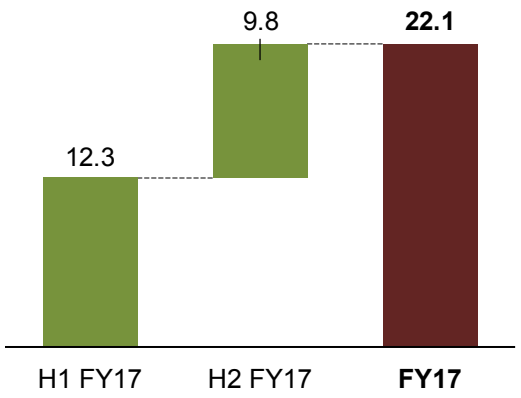
EBITDA*



EBIT

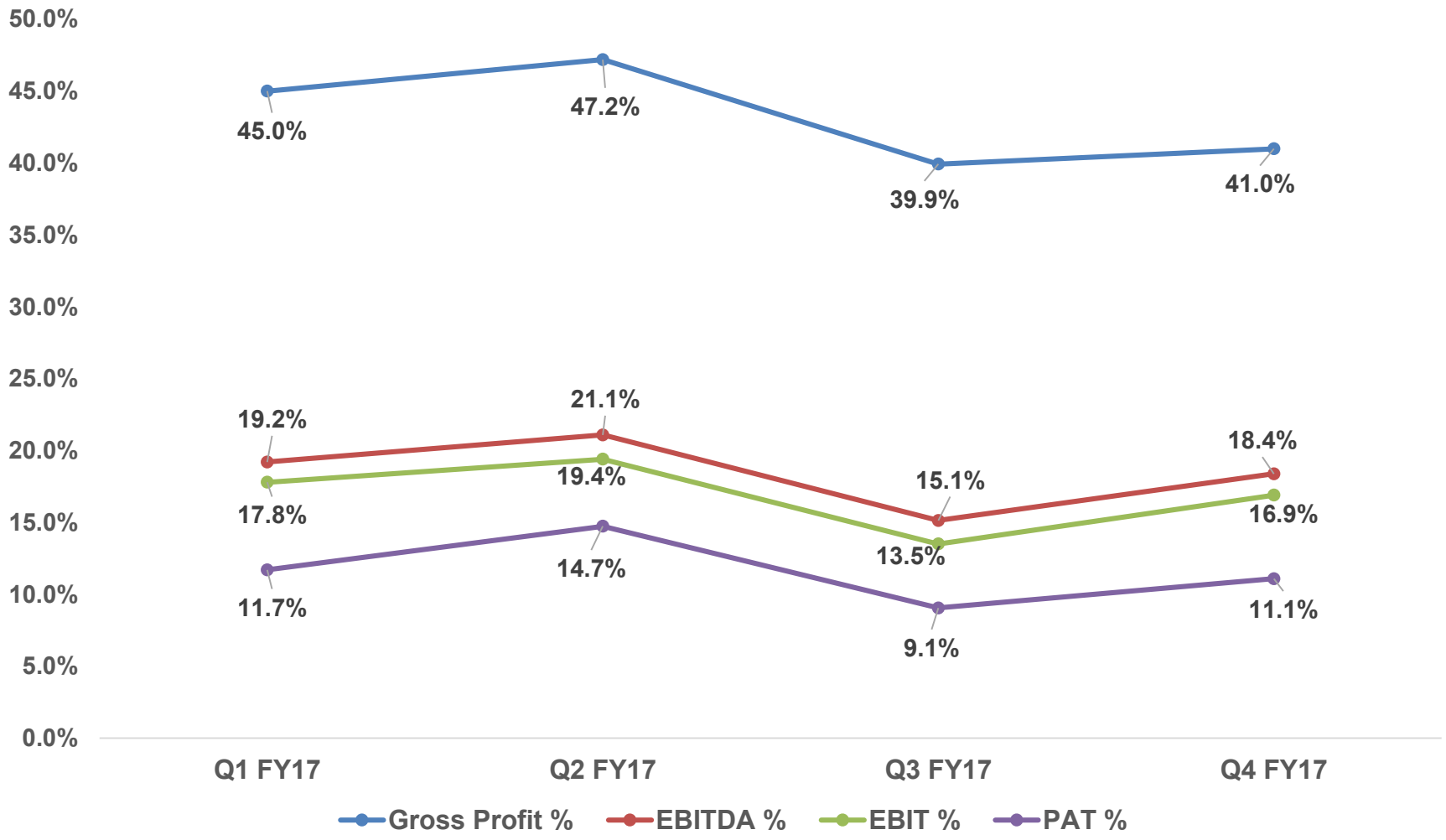


Profit After Tax



*incl. Other Income

Financial Highlights



*incl. Other Income

Financial Highlights – Q4 FY17

Particulars (Rs. In Crs)	Q4 FY17	Q3 FY17	Q-o-Q
Total Revenue from Operations	49.57	45.01	
Other Income	1.10	0.81	
Total Revenue (incl. Other Income)	**50.67**	**45.82**	**11%**
Raw Material	29.90	27.52	
Gross Profit	**20.77**	**18.30**	**14%**
Gross Profit %	***40.99%***	***39.93%***	
Employee Expenses	4.70	4.77	
Other Expenses	6.75	6.59	
EBITDA	**9.32**	**6.94**	**34%**
EBITDA %	***18.38%***	***15.14%***	
Depreciation	0.77	0.77	
EBIT	**8.55**	**6.17**	**39%**
EBIT (%)	***16.9%***	***13.5%***	
Finance Cost	0.14	0.05	
Exceptional Items	0.00	0.00	
Profit before Tax	**8.41**	**6.11**	**38%**
Tax	2.79	1.97	
Profit after Tax	**5.62**	**4.15**	**36%**
PAT %	***11.09%***	***9.05%***	
EPS	**2.14**	**1.58**	

On Standalone Basis

Financial Highlights – FY17

Particulars (Rs. In Crs)	FY17	FY16
Total Revenue from Operations	183.90	252.80
Other Income	6.08	5.08
Total Revenue (incl. Other Income)	**189.99**	**257.88**
Raw Material	107.89	150.69
Gross Profit	**82.10**	**107.19**
Gross Profit %	***43.21%***	***41.57%***
Employee Expenses	19.35	21.02
Other Expenses	27.71	35.23
EBITDA	**35.04**	**50.94**
EBITDA %	***18.44%***	***19.76%***
Depreciation	2.96	2.76
EBIT	**32.08**	**48.18**
EBIT (%)	***16.9%***	***18.7%***
Finance Cost	0.31	0.29
Exceptional Items	0.00	0.00
Profit before Tax	**31.77**	**47.89**
Tax	9.73	15.91
Profit after Tax	**22.04**	**31.98**
PAT %	***11.60%***	***12.40%***
EPS	**8.40**	**12.18**

On Standalone Basis

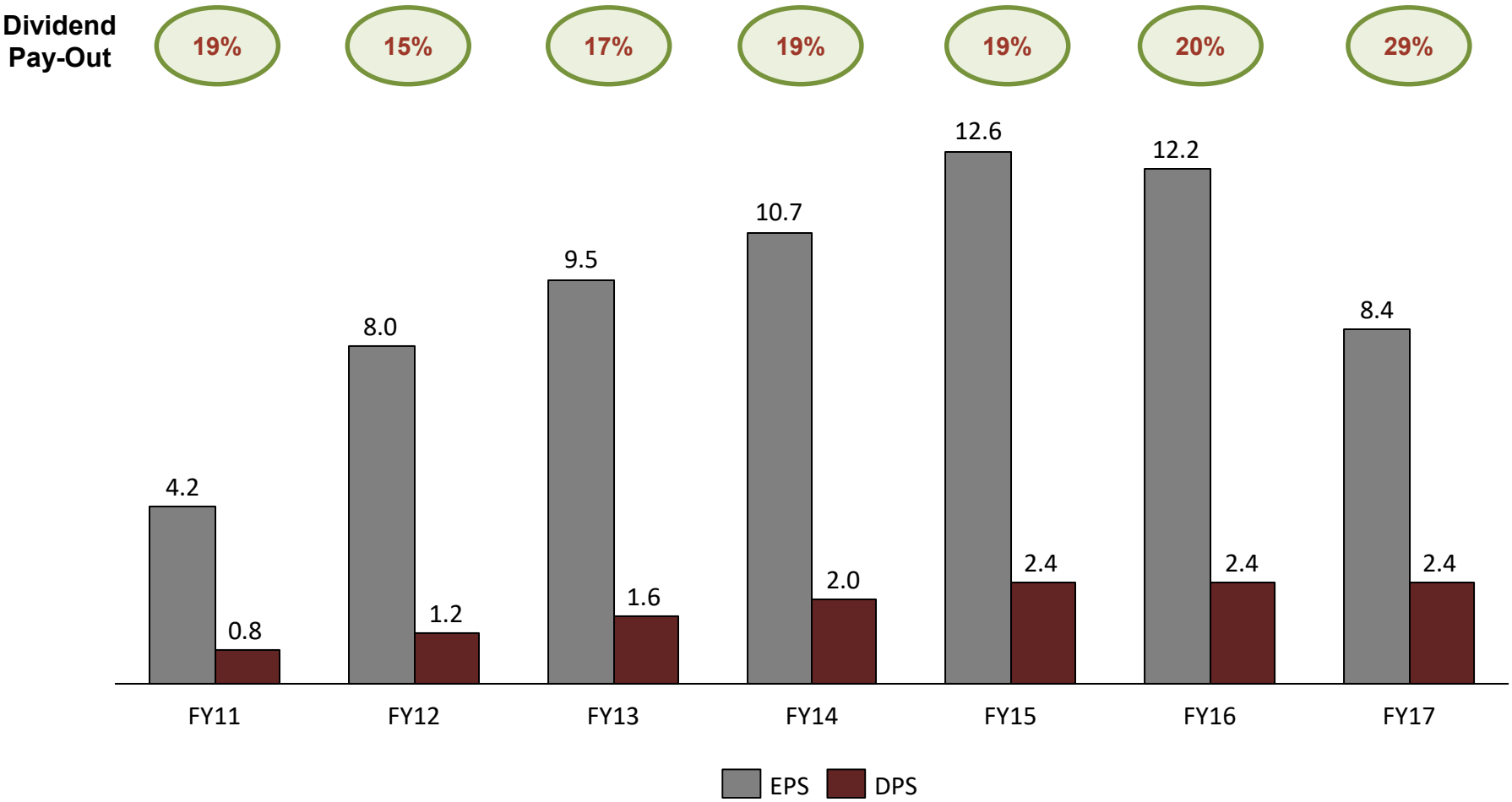
Balance Sheet

Liabilities (Rs. crs)	Mar-17	Mar-16
Share Capital	5.25	5.25
Total Reserves	166.34	151.87
Shareholder's Funds	**171.59**	**157.12**
Deferred Tax Liabilities (net)	3.30	2.62
Long Term Provisions	0.00	0.00
Total Non-Current Liabilities	**3.30**	**2.62**
Trade Payables	12.71	10.85
Other Current Liabilities	12.77	14.94
Short Term Provisions	1.49	1.16
Total Current Liabilities	**26.98**	**26.96**
Total Liabilities	**201.86**	**186.70**

Assets (Rs. crs)	Mar-17	Mar-16
Fixed Assets	30.98	31.80
Non Current Investments	61.63	53.70
Long Term Loans & Advances	0.90	1.23
Other Non-Current assets	0.31	0.04
Total Non-Current Assets	**93.81**	**86.77**
Current Investments	25.70	29.69
Inventories	41.42	29.35
Sundry Debtors	29.00	30.12
Cash and Bank	5.05	4.31
Short Term Loans and Advances	6.62	6.10
Other Current Assets	0.26	0.35
Total Current Assets	**108.05**	**99.93**
Total Assets	**201.86**	**186.70**

On Standalone Basis

Consistent Dividend Pay-out



*Adjusted EPS & DPS for the split

For further information, please contact

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