

Indag Rubber Limited

Investor Release: 24th July 2019, Delhi

Indag Rubber Limited, one of India's leading Tread Manufacturing Company, has declared its Unaudited Results for the Quarter ended 30th June 2019.

Key Highlights for Q1 FY20 (On Consolidated Basis)

Y-o-Y

- Total Revenues of Rs. 51.8 crores, a growth of 26% as compared to Rs. 41.0 crores in Q1 FY19. The growth was largely driven by increase in sales volumes
- EBITDA stood at Rs. 6.1 crores, a growth of 9% as compared to Rs. 5.6 crores in Q1 FY19
 - EBITDA Margins stood at 11.7%
 - High Revenues were offset against high employee cost and increased in other expenditure. The increased cost was on account of strengthening the sales & marketing and technical team
- Profit after Tax stood at Rs. 3.1 crores, a growth of 1% as compared to Rs. 3.0 crores in Q1 FY19
 - PAT Margins stood at 5.9%

Q-o-Q

- Total Revenues of Rs. 51.8 crores, a growth of 15% as compared to Rs. 45.0 crores in Q4 FY19
- EBITDA stood at Rs. 6.1 crores, a growth of 53% as compared to Rs. 3.9 crores in Q4 FY19
 - EBITDA Margins for the quarter stood at 11.7% vs 8.8% during Q4 FY19
- Profit after tax stood at Rs.3.1 crores, a growth of 41% as compared to Rs. 2.2 crores in Q4 FY19
 - PAT Margins for the quarter stood at 5.9% vs 4.8% for Q4 FY19

Interest Received for Investments in SRL 142 Holdings Limited

- Indag Rubber Limited had invested \$1.8 million in April 2017 in SRL 142 Holdings Limited through Cumulative Compulsorily Convertible Preference Shares. This was a portfolio investment on which Indag was to get a return of 12% in USD
- Indag Rubber Limited is happy to share that the Company has received its first interest which is a part of other income on the investments of \$0.216 million (~Rs. 1.5 crores) during the quarter
- **Details of the Investment :**
 - Investment in SRL 142 Holdings Limited was a related party transaction in which Mr. Nand Khemka and family members have controlling interest
 - SRL 142 Holdings Limited has invested in Oil and Gas project at Nigeria
 - Indag Rubber Limited have been allotted 1,800,000 Cumulative Compulsorily Convertible Preference Shares of \$1 each with return of 12% p.a. for an investment of \$1.8 Million which is equivalent to 3.288% stake in the Company

Commenting on the Result, Mr. K. K. Kapur CEO, Indag Rubber Limited said,

*“It gives me pleasure to announce that our Company was able to perform well even in this challenging environment. We were able to clock a **Revenue, EBITDA and PAT of Rs. 51.8 crores, Rs.6.1 crores and Rs. 3.1 crores respectively for the first quarter of FY20***

We have started seeing some green shoots in the sector which will help us to do better for the coming year. We have received orders from STUs for supply of Treads, Cushion Gum and USC. We have seen uptick in volumes, and we expect this momentum to continue going ahead.

Recently, the Government has announced the imposition of countervailing duty for five years on new pneumatic radial tyres which are imported from China. This is a positive move for the domestic tyre industry. With this, we expect the demand for domestic tyres to grow. The demand for domestic tyres will lead to an increased demand for retreading too.

The domestic commercial vehicle industry is expected to grow by 7-9% in the current year. With the expectation of increase in the vehicle cost for BS-VI compliant vehicles by 10%-12%, pre-buying by large fleet operators is expected ahead of the BS-VI implementation in April 2020. This will lead to increase in demand for tyres which is expected to enhance the demand for retreading too.

The business is coming back to normalcy and we expect higher revenues going ahead.”



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 20,000 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 "Lowest 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 further information, please contact

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