



Indag Rubber Limited

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

May 18, 2021

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

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

Sub: Investor Presentation – Q4 & FY21

Dear Sir,

Enclosed please find the Investor Presentation of Q4 & FY21, for the information of the investors and public at large.

Thanking you.

Yours faithfully,

For Indag Rubber Limited

Manali D. Bijlani

Company Secretary

THE ONLY ALTERNATIVE TO NEW TYRES



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INDAG RUBBER LIMITED

The only alternative to new tyres....since 1978



Investor Presentation - Q4 & FY21

May 2021

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Q4 & FY21 FINANCIAL HIGHLIGHTS



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

"We have delivered a steady performance in FY21 despite unprecedented macro-economic challenges. The spread of the COVID-19 pandemic in early March 2020 caused significant disruptions in our business operations like many others. However, post the partial lockdowns and easing of restrictions thereafter, we witnessed a sharp uptick in economic activities that limited our de-growth for the year. Profitability for the full year was impacted by certain one-off tax settlements of prior years, excluding which we have delivered a steady performance.

We have recorded 29% YoY revenue growth in Q4 FY21, albeit on a low base of last year. Margins have been impacted by input cost inflation which we will subsequently pass on to our customers. The commercial vehicle industry sales in Q4 FY21 have been strong led by robust demand for medium and heavy commercial vehicles reflecting the uptick in infrastructure, construction and manufacturing sector, and augurs well for our long terms prospects going forward.

The environment has since evolved with the onset of a new strain of Covid virus infecting certain key States across the country. As a result, we are seeing more localized, micro lockdowns and restrictions being imposed rather than a nation-wide lockdown witnessed last year. However, it is expected that the Indian Government's initiative of world's largest vaccination program, now open to all above 18 years, will achieve large scale immunity among the population and economic activities will be back to previous levels in due course.

We are working diligently on strengthening our value proposition to our customers and are confident of our medium to long term prospects. Keeping that in view along with our strong balance sheet, the Board of Directors have declared a final dividend of Rs 1.5/share taking the total dividend for the year to Rs 2.4/share."



- **Dividend:**

- Final Dividend recommended of Rs. 1.50 per equity share in addition to Interim Dividend of Rs. 0.90 per equity share paid in November 2020, thereby giving Total Dividend of Rs. 2.4 per equity share for Financial Year 2020-2021. Face Value (FV) of one equity share is Rs. 2

- **Other Updates**

- Appointed Mr. Vijay Shrinivas as Additional Director with effect from June 1, 2021
- Appointed Mr. Vijay Shrinivas as Whole time Director (Key Managerial Personnel designated as Chief Executive Officer) with effect from June 1, 2021 for a period of 3 years, subject to approval of members
- Appointed Mr. Vijay Shrinivas as Occupier of the factory situated at Nalagarh, Himachal Pradesh w.e.f. June 1, 2021

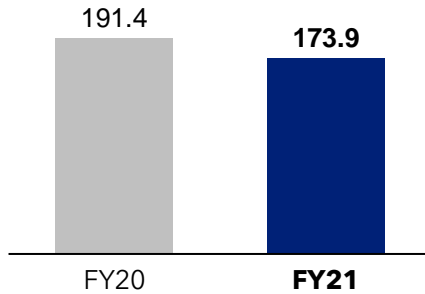
Brief Profile - Mr. Vijay Shrinivas



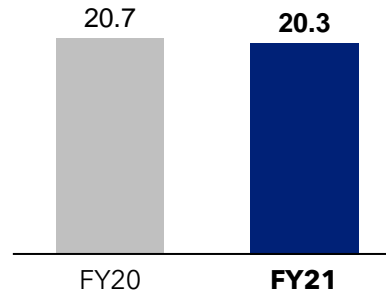
Mr. Vijay Shrinivas, aged 50 years, has done MBA in International Business from Indian Institute of Foreign Trade, New Delhi. He was last working with Arvind Ltd. as Chief Sales & Marketing Officer. Prior to that, he was with E I DuPont India Pvt Ltd, Bharat Shell Ltd and Larsen & Toubro Ltd in various operating and leadership roles. He has been working with Indag as Chief Commercial Officer since April, 2018.



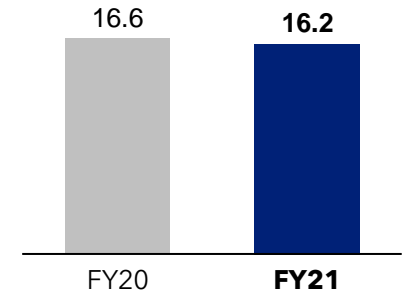
Revenue*



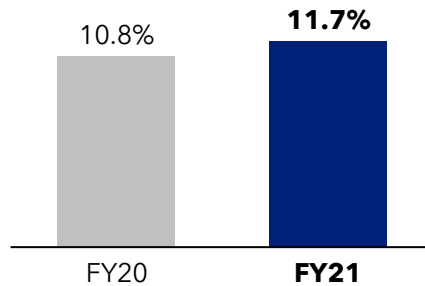
EBITDA*



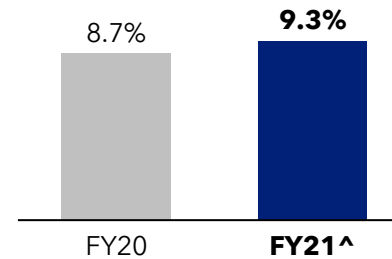
Profit before Tax^



EBITDA Margin* (%)



PBT Margin^ (%)

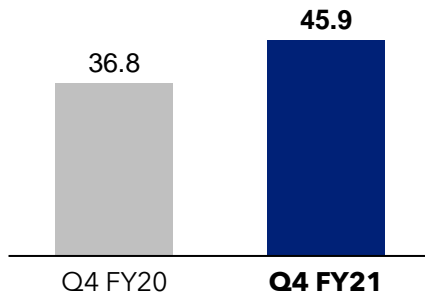


*Note 1: Revenue and EBITDA are including other income
^Note2: PBT is excluding exceptional items (details on slide 8)

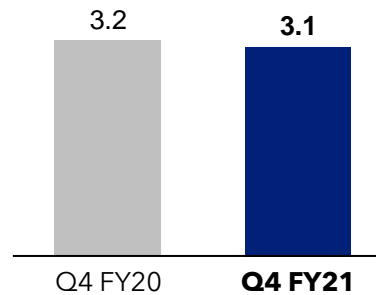
Note 3: All numbers are on consolidated basis (in Rs crore)



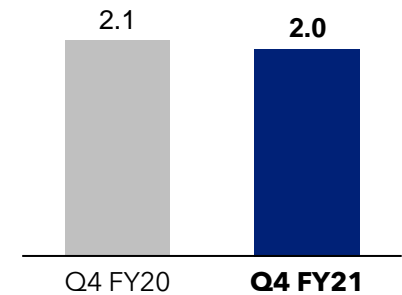
Revenue*



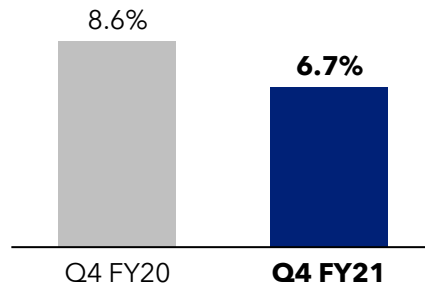
EBITDA*



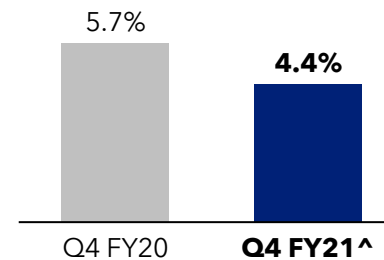
Profit before Tax



EBITDA Margin* (%)



PBT Margin (%)



Margins have been impacted due to input cost inflation which will be subsequently passed on to the customer

*Note 1: Revenue and EBITDA are including other income
Note 2: All numbers are on consolidated basis (in Rs crore)



Consolidated Financials – Q4 & FY21

Particulars (Rs. In Crs.)	Q4 FY21	Q4 FY20	Y-o-Y	FY21*	FY20	Y-o-Y
Total Revenue from Operations	45.7	35.4		169.8	186.8	
Other Income	0.2	1.4		4.0	4.6	
Total Revenue (incl. Other Income)	45.9	36.8	25%	173.9	191.4	-9%
Raw Material	29.8	21.3		107.6	121.1	
Gross Profit	16.1	15.5	4%	66.3	70.3	-6%
Gross Profit %	35.2%	42.2%		38.1%	36.7%	
Employee Expenses	5.5	5.1		21.0	20.6	
Other Expenses	7.6	7.3		25.1	29.0	
EBITDA	3.1	3.2	-3%	20.3	20.7	-2%
EBITDA %	6.7%	8.6%		11.7%	10.8%	
Depreciation	0.8	0.9		3.3	3.7	
EBIT	2.2	2.2	1%	17.0	16.9	0%
EBIT %	4.9%	6.0%		9.8%	8.9%	
Finance Cost	0.1	0.1		0.3	0.3	
Share of loss of joint venture	0.1	0.0		0.5	0.1	
Profit before exceptional item & Tax	2.0	2.1	-4%	16.2	16.6	-2%
Exceptional Items	0.0	0.0		13.2 [^]	0.0	
Profit before Tax	2.0	2.1	-4%	3.0	16.6	-82%
Tax	0.6	0.3		0.8	3.4	
Profit/Loss after tax from continuing operations	1.5	1.8	-19%	2.2	13.2	-83%
Discontinued operations						
Profit before tax	0.3	0.4		0.7	0.7	
Current Tax expense	0.0	0.1		0.1	0.1	
Profit after Tax	1.7	2.1	-21%	2.8	13.7	-79%
PAT %	3.7%	5.8%		1.6%	7.2%	
EPS	0.61	0.75		0.97	5.13	

[^] Exceptional Item of Rs 13.24 cr as the Company opted for the Himachal Pradesh {Legacy Cases Resolution} Scheme, 2019 on January 21, 2021 for settlement of Entry Tax matter of earlier years which was pending decision before Honorable High Court of Himachal Pradesh. Accordingly, an amount of Rs.12.45 cr which was treated as a contingent liability till the quarter and six months ended 30th September 2020 and settlement fee of Rs.0.79 cr has been charged off as expense and treated Rs. 13.24 cr as exceptional item in Q3 & 9M FY21 Results

* Q1 FY21 performance impacted on account of shutdown of operations due to CoVID-19

Consolidated Balance Sheet

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Liabilities (Rs. In Crs.)	Mar-21	Mar-20
Equity		
Share Capital	5.3	5.3
Other Equity	192.5	182.0
Equity attributable to the shareholders of the Company	197.7	187.3
Non-Controlling Interest	3.7	3.4
Total Equity	201.4	190.6
Non Current Liabilities		
Financial Liabilities		
Borrowings	-	9.9
Provisions	0.9	0.7
Deferred Tax Liabilities (Net)	2.8	2.5
Total Non Current Liabilities	3.7	13.1
Current Liabilities		
Financial Liabilities		
Borrowings	0.0	0.0
Trade Payables	15.2	15.8
Other Financial Liabilities	3.3	4.1
Provisions	0.5	0.3
Current Income Tax Liabilities(Net)	0.0	0.0
Other Current Liabilities	2.3	1.9
Total Current Liabilities	21.3	22.0
Liabilities directly associated with asset/disposal group held for sale	10.2	-
Total Equity and Liabilities	236.6	225.8

Assets (Rs. In Crs.)	Mar-21	Mar-20
Non Current assets		
Property, Plant and Equipments	25.0	40.8
Capital Work-In-Progress	19.3	10.1
Goodwill	0.4	0.4
Other Intangible Assets	0.1	0.2
Financial Assets		
Investments	83.6	73.9
Loans	0.0	0.0
Other Financial Assets	1.0	0.6
Income Tax Assets (net)	2.8	0.8
Other Non-Current Assets	2.3	2.1
Total Non Current Assets	134.6	129.0
Current Assets		
Inventories	36.0	36.9
Financial Assets		
Investments	7.3	5.3
Trade Receivables	29.5	37.6
Cash and Cash Equivalents	1.8	1.3
Other Bank Balances	1.9	3.5
Loans	0.2	0.2
Other Financial Assets	1.5	5.4
Income Tax Assets (net)	0.0	0.0
Other Current Assets	6.2	6.4
Total Current Assets	84.3	96.7
Asset/Disposal group held for sale	17.6	-
Total Assets	236.6	225.8



Consolidated Cashflow Statement

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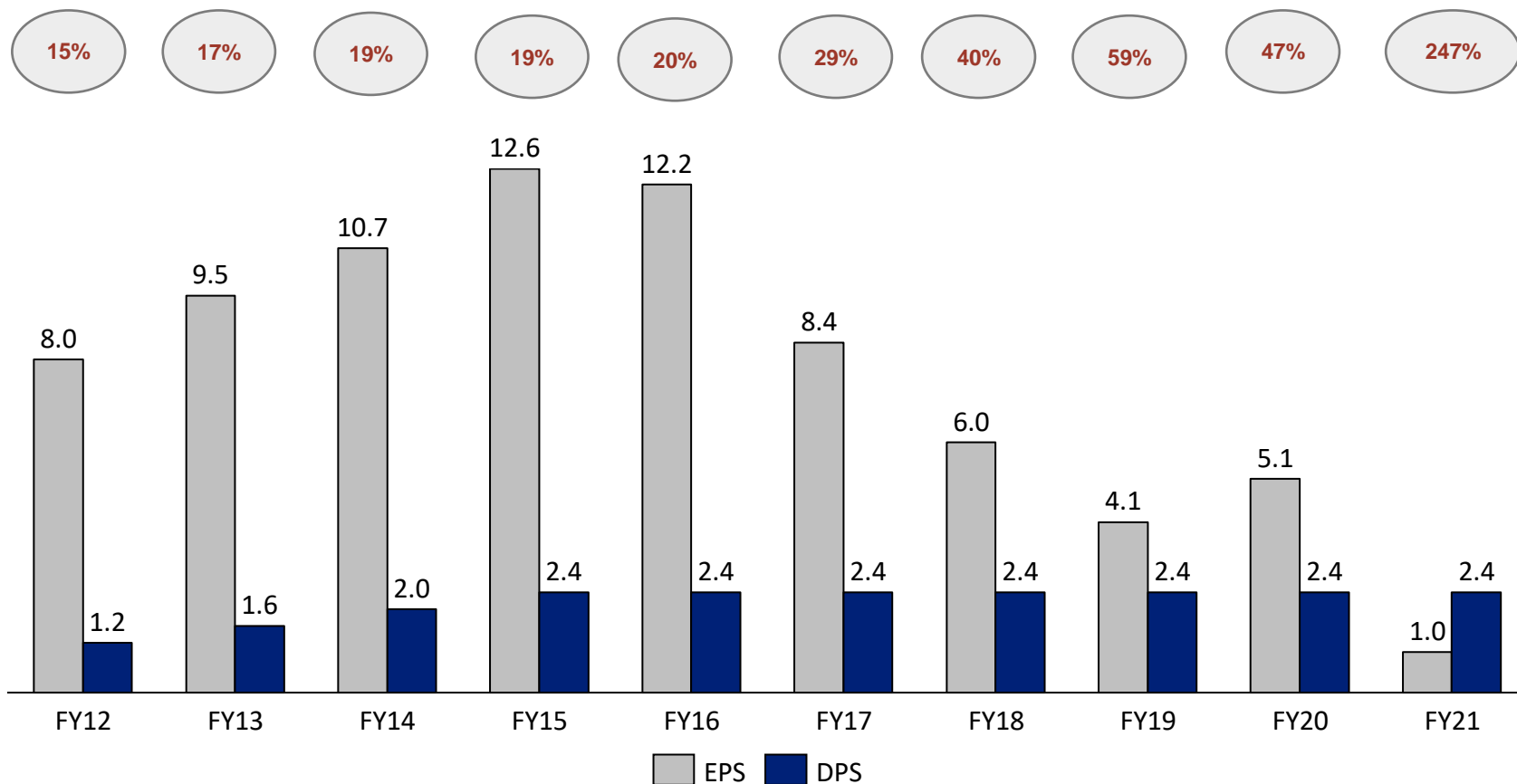
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Particulars (Rs. In Crs.)	Mar-21	Mar-20
Net Profit Before Tax	3.7	17.3
Adjustments for: Non Cash / Other Items	15.4	1.9
Operating profit before working capital changes	19.1	19.1
Changes in working capital	7.8	-3.9
Cash generated from operations	26.8	15.2
Direct taxes paid	-11.8	-4.8
Net Cash from Operating Activities	15.0	10.5
Net Cash from Investing Activities	-9.2	2.6
Net Cash from Financing Activities	-4.7	-14.7
Net Decrease in cash and cash equivalents	1.1	-1.6
Add: Cash & Cash equivalents at the beginning of the period	1.3	3.0
Cash & Cash equivalents at the end of the period	2.4	1.3



Consistent Dividend Pay-out

Dividend Pay-Out



Adjusted EPS & DPS for the split

Indag Disinvests in Solar Business

Indag Rubber Limited on 27th October, 2020 had announced the disinvestment/sale of 100% shareholding in its step-down subsidiary, Samyama Jyothi Solar Energy Private Limited by SUN-AMP Solar India Private Limited (subsidiary) to NextPower III Singapore Holdco. Pte. Ltd., for a consideration of US\$ 1,012,000

SUN-AMP Solar India Private Limited (SUN-AMP) is a non-material subsidiary of Indag Rubber Limited (INDAG), in which INDAG holds 51% shareholding

INDAG would receive ~Rs. 4.49 crore (amount invested Rs. 2.95 crore) at the time of distribution of funds to shareholders by SUN-AMP Solar India Private Limited, irrespective of its 51% stake in the subsidiary company

Consequent to the above transaction, SAMYAMA shall cease to be a subsidiary of SUN-AMP and step-down subsidiary of INDAG. SUN-AMP shall continue to remain a non-material subsidiary of INDAG . Announcement done as on 27th October, 2020

Indag will continue to focus on its core business of manufacturing of Precured Tread Rubber



India's Most Trusted Tread Manufacturing Company

Pioneered Cold Retreading Technology in India

Best Quality with Reasonable Pricing

Presence in All types of Commercial Vehicle Tyre Segments

"Lowest Cost Per Kilometre"

VISION & MISSION

To be No.1 company in every market served, by offering best-in-class tyre Retreading products and services through largest network of trained Channel partners committed to offer most reliable, economical and sustainable tyre solutions for commercial transport industry.

VALUES

Excellence
Customer Satisfaction
Commitment
Social Responsiveness
Creativity
Openness and Diversity



1,500+

Retreaders



40+

Years in Business



18+

Depots across
India



1,00,000+

Satisfied
Customers



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ABOUT RETREADING

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

COLD Retreading Industry - 67%

HOT Retreading Industry - 33%

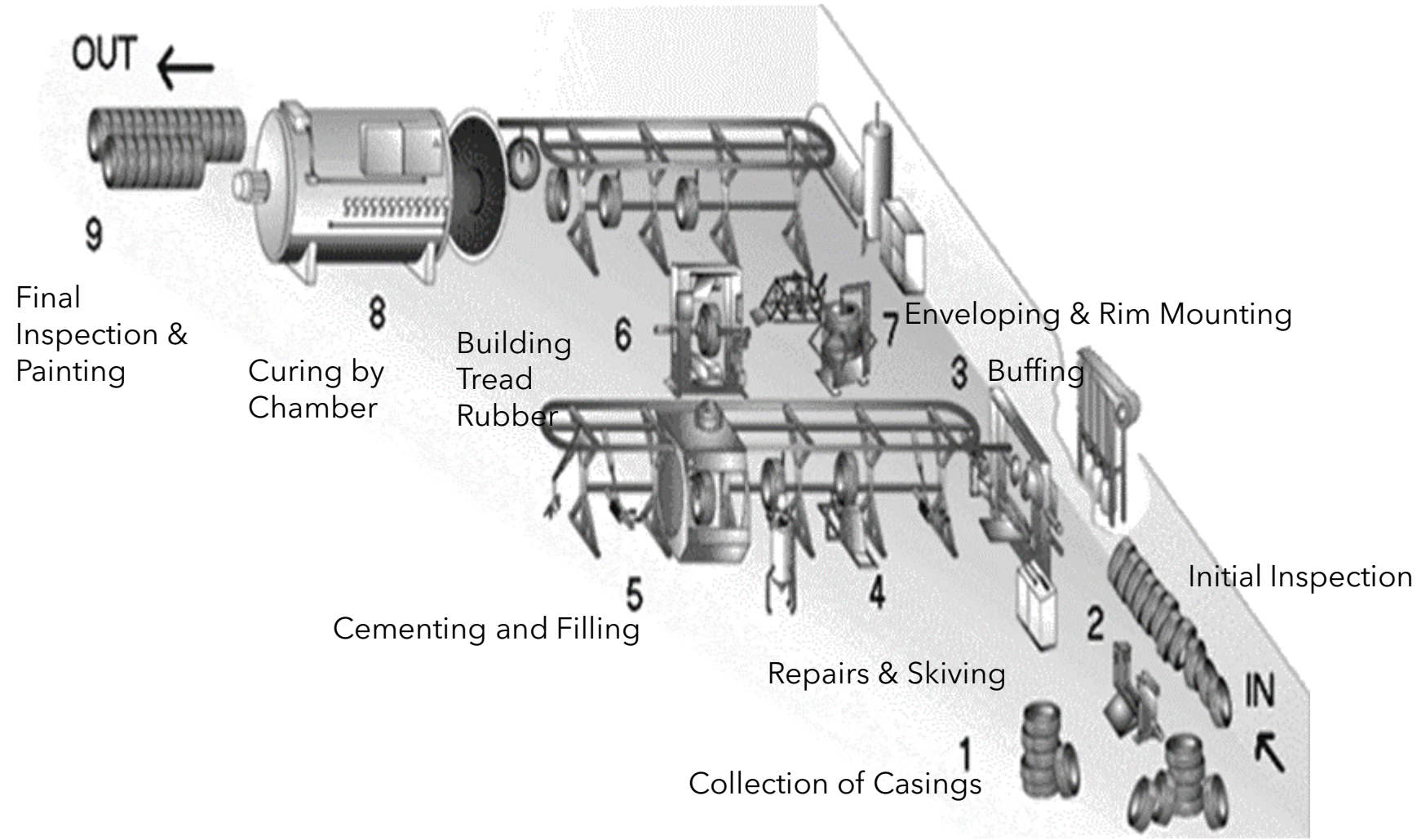
Organised, 50%

Un-organised, 50%

20% - 25% share

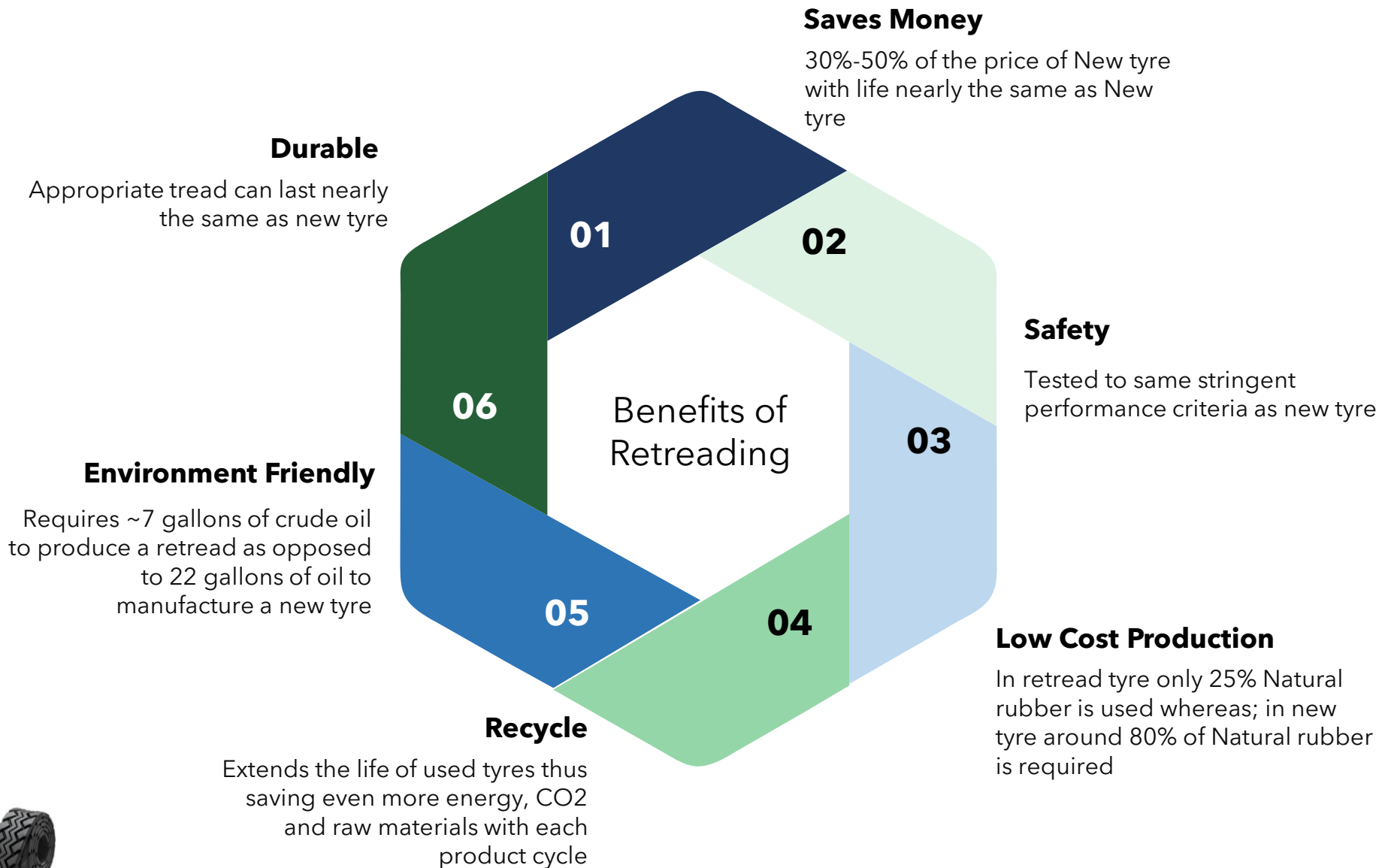


Retreading Process





Benefits of Retreading





Flow of Business

Fleet Owners
Run the Vehicles

Treads wear out
after certain
usage



Buy new Tire

OR

Retread the same
Old Tire



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

If Cost of
New Tyre
is
Rs. 100



Savings
50-70%

Cost of
Retreaded Tyre
Rs. 30-50



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BUSINESS OVERVIEW

Our Journey

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1978 - Incorporated as JV between Khemka Group & M/s Bandag Inc, (USA)

1979 - Set up plant at Bhiwadi (Rajasthan)

1984 - Listed on BSE

1978

JV was terminated with Bandag

Khemka Group took over 38.3% share

Set up plant at Nalagarh (Himachal Pradesh)

2006

Increased capacity at Nalagarh plant from 6,000 MT to 13,800 MT

Foray into Foreign market with launch of "Zoma" Brand

2012

Included as one of the best "Under 1Bn" company by Forbes Asia

Certificate of Excellence from Inc 500 in 2012 & 2013

2015

2016

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



Our Products



PRECURED TREAD RUBBER

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



UN - VULCANIZED 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



TYRE ENVELOPES

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





Indag uses advanced technology in terms of machinery, equipment and raw materials

Our products give mileage that result in **LOWEST COST PER KILOMETER**

Our processes have been certified as ISO 9001:2015 compliant

Continuously engaged in R&D to develop and deliver superior compounds that give higher mileage to our customers
Constant engaging in testing of compounds in the field, to ensure that our customers get a product that gives superior performance

In order to produce tread rubber, Indag blends the ingredients, and then extrude the mixture long slabs. The rubber slabs are placed in to mould that apply heat at very high pressure on rubber slab in mould. This will result in to extremely dense, pre-cured tread rubber, specially different to other tread manufacturer



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

Only company who uses curing temperature of 99°C than others who cure at higher temperature of 125 - 150°C

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





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





Ms. Bindu Saxena
Non-Executive Director
(Independent)



Mr. P R Khanna
Non-Executive Director
(Independent)



Mr. Harjiv Singh
Non-Executive Director
(Independent)



Mr. Vijay Shrinivas
Chief Commercial Officer



Mr. Anil Bhardwaj
G.M.(Accounts) & CFO



Mrs. Manali D Bijlani
Company Secretary



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KEY STRENGTHS

STRONG DISTRIBUTION NETWORK

We have a PAN India Presence with over 18 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

STRONG FINANCIALS

We have a Strong Balance Sheet with zero Debt

COST EFFICIENCIES

Cost Efficiencies have been maintained throughout thereby improving our Margins

AFTER SALES - SERVICES

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

We also provide Logistic & warehouse support





PAN India Presence

1,500+
Retreaders

200+
Dealers

18+
Depots across
India

50+
Sales Team





Consultancy Services to our Retreaders:

- Retreading process consultancy
- Retreading machinery consultancy



"Strongly recommend Indag's retreads as they perform exceptionally well, upto 85% of new tyre mileage. Extremely satisfied with Indag's ZZYL 240 RRR tread for tubeless Radial tyres."

Bhagwati Air Express Pvt. Ltd., Delhi (Fleet Owner)

"Upon using 80+ tyres of Indag ZZYL and ZZE2 Treads, we found that the Average wear rate to be 9000 km/mm; providing a 32% additional mileage performance compared to competitor. Thus, we are grateful to the Indag team for their recommendations and support; and are very much satisfied with Indag's offerings."

R R Logistics, Rajasthan (Fleet Owner)

"Indag Rubber is made of passionate and hardworking people who provide excellent Sales and Technical Support along with Marketing collaterals. This has resulted in superior quality of the product which is at par with any brand of new tyres in terms of Road Handling, Cornering Stability. Mileage Performance and High Cut-Chip Resistance; all leading to the successful fulfillment of Indag's promise of Lowest Cost/KM."

Sanjay Tyres , Madhya Pradesh (Retreader)

"Indag's premium quality and best-in-class retreading process has fulfilled our expectations. ZZE2 (ICON) offering is specially designed for good traction and lower resistance enabling me to achieve an extremely high mileage of 1.25 lac KM, providing the lowest cost/km in the industry."

Chartered Speed Ltd. , Madhya Pradesh (Fleet Owner)



Increase in Commercial Vehicle Sales especially the MHCV segment

Improving roads and support infrastructure



Implementation of GST has narrowed the pricing difference between the organised and the un-organised



Increase in Radialisation in CV segment



Reduction in influx/dumping of tyres in India after demonetization and imposition of Anti-Dumping Duty

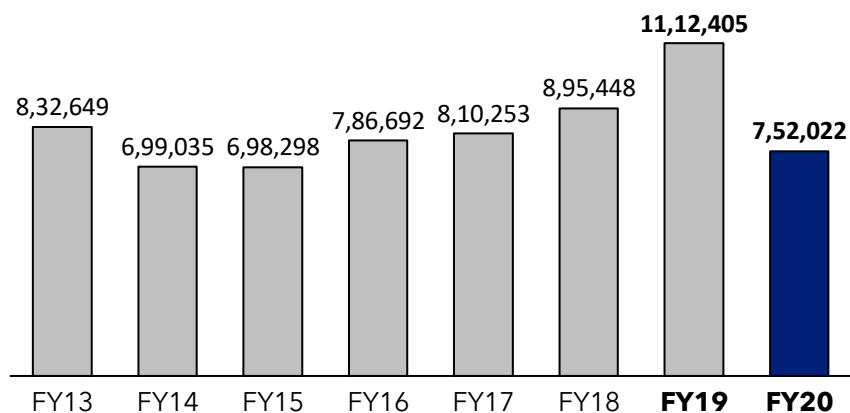


Currently, all types of tyres are banned for imports to boost local industry



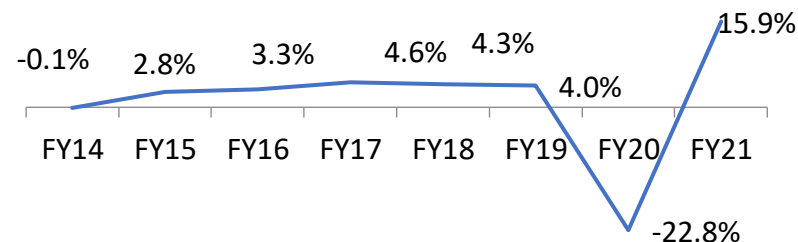
CV Sale Trends

CV Production Trends

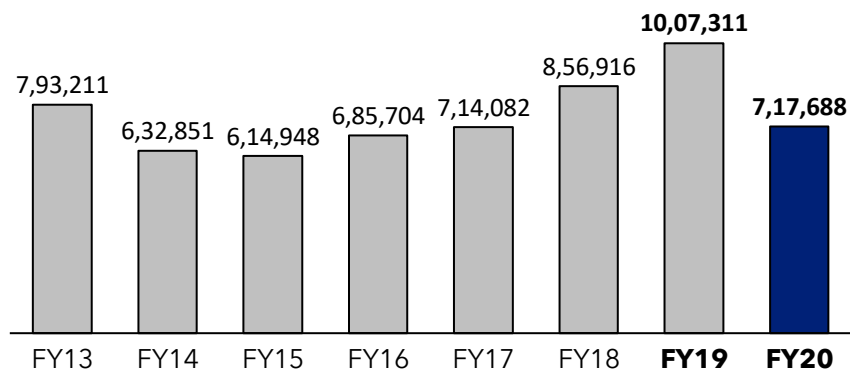


As Industrial Activity Picks up - More Demand for Commercial Vehicles for Movement of Goods - More Tires worn out - Retreading done on Tires

IIP Growth Rate



CV Domestic Sales Trends



*FY21- From April 2020 - Feb 2021

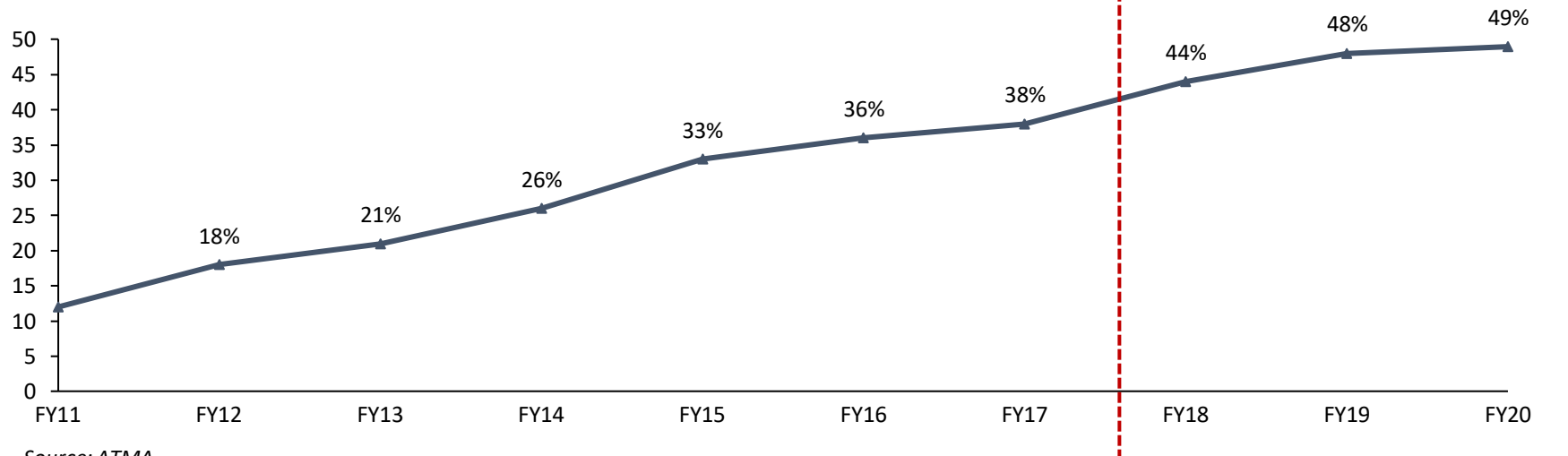
Retreading Industry Picks up with Lag effect

Large Opportunities for Retreading Business in coming years



Increase in Radialisation

Radialisation in Truck & Bus



Source: ATMA

Radialisation Requires

Better Road conditions, No overloading & Proper Maintenance of Vehicles

Better Road Conditions

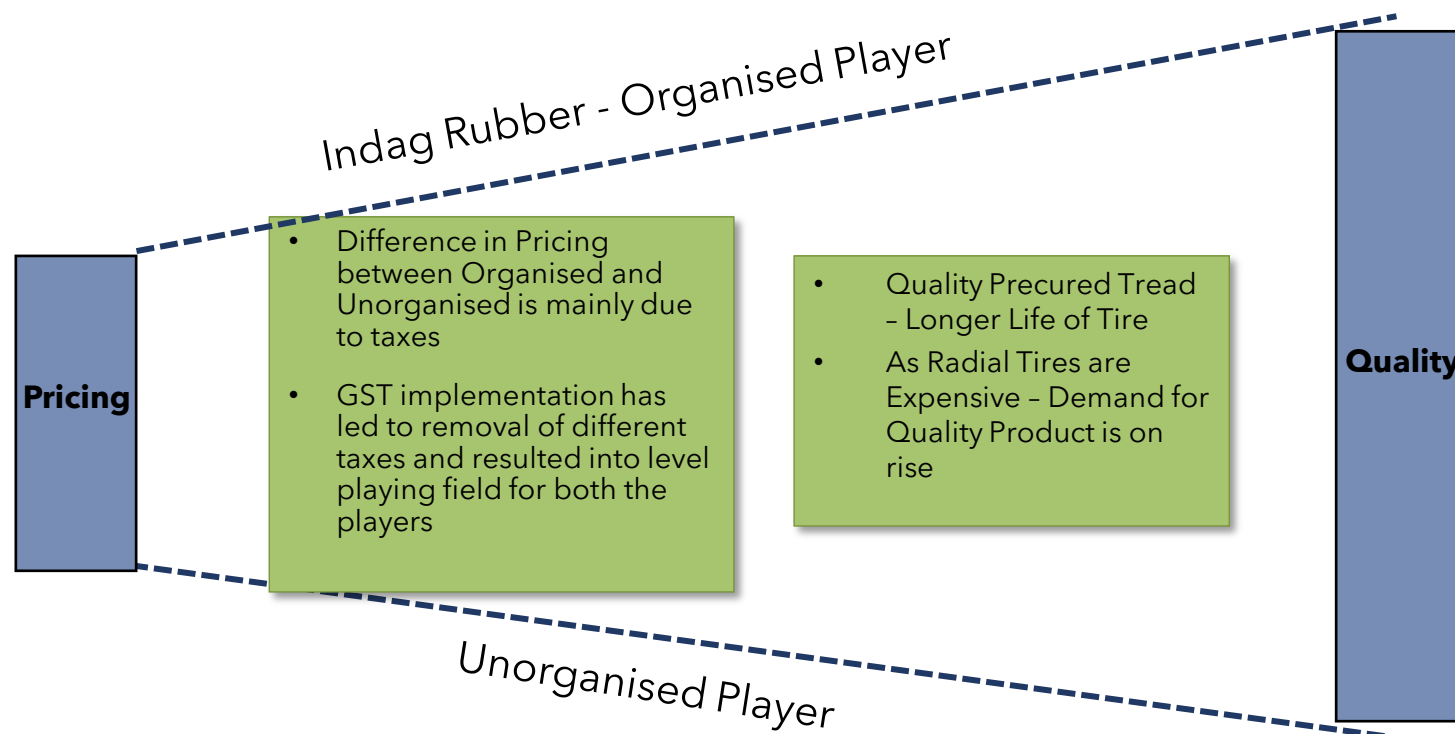
Faster vehicles, running on radials will consume tyres more frequently, narrowing the gap in retreading time by covering larger distances in shorter durations

No Overloading & Proper Maintenance of Vehicles

Will help to reduce Casing Failure, which is pre-condition for Tire Retreading



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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For further information, please contact

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