



## **Indag Rubber Limited**

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E-mail : info@indagrubber.com, Website: www.indagrubber.com, **CIN-L74899DL1978PLC009038**

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

**August 21, 2021**

BSE Limited

(Company code-1321)

Phiroze Jeejeebhoy Towers,

(Scrip code-509162)

Dalal Street, Mumbai-400001

### **Sub: Investor Presentation – Q1 FY22**

Dear Sir,

Enclosed please find the Investor Presentation of Q1 FY22, 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 - Q1 FY22**

August 2021

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## Q1 FY22 FINANCIAL HIGHLIGHTS



## **Commenting on the Result, Mr. Vijay Shrinivas CEO, Indag Rubber Limited said,**

*"Q1 FY22 was a challenging quarter. The resurgence of CoVID-19 in the start of the quarter resulted in consequent lockdown like restrictions of varying degrees across different regions of the country which caused demand disruption.*

*Our operations at manufacturing facilities were running smoothly and we took all necessary precautions ensuring the safety and well being of our employees. We have reported total income of Rs. 31.7 crores for Q1 FY22. Our margins were impacted by input cost inflation which was not completely passed on due to market competition and lower demand.*

*State of Indian economy by RBI reveals that the tapering of the second wave, coupled with an aggressive vaccination push, has brightened near term prospects for the Indian economy. While several high frequency indicators of activity are recovering, a solid increase in aggregate demand is yet to take shape.*

*Tyre Sector is witnessing huge capacity expansions being announced by many tyre companies. According to ICRA tyre industry is expected to grow in the current financial year supported by sharp recovery in OEM tyre demand , lower base of FY21, improved pace of vaccination, preference for personal mobility and healthy rural cashflows amid a normal monsoon forecast. With pick up in economic activities, transportation of goods is expected to speed up which shall augur well for the demand of trucks and fleets thereby driving the demand for retreading in coming quarters.*

*We are focused to provide fleet owners with world class retreading solutions. We are continuously striving to improve the efficiency of our operations and strong focus on cost saving measures which shall help to enhance our performance going ahead."*



## Consolidated Financials – Q1 FY22

Particulars (Rs. In Crs.)	Q1 FY22	Q1 FY21	Y-o-Y
<b>Revenue from Operations</b>	<b>31.3</b>	<b>25.6</b>	<b>22%</b>
Other Income	0.4	0.6	
<b>Total Revenue (incl Other Income)</b>	<b>31.7</b>	<b>26.3</b>	<b>21%</b>
Total Raw Material	21.4	18.4	
<b>Gross Profit</b>	<b>10.3</b>	<b>7.8</b>	<b>31%</b>
<b>Gross Profit %</b>	<b>32.4%</b>	<b>29.8%</b>	
Employee Expenses	5.3	4.4	
Other Expenses	5.3	3.3	
<b>EBITDA</b>	<b>-0.3</b>	<b>0.1</b>	<b>-</b>
<b>EBITDA %</b>	<b>-1.1%</b>	<b>0.5%</b>	
Depreciation	0.8	0.7	
<b>EBIT</b>	<b>-1.1</b>	<b>-0.6</b>	<b>-</b>
<b>EBIT (%)</b>	<b>-3.5%</b>	<b>-2.3%</b>	
Finance Cost	0.0	0.1	
Share of loss of joint venture	0.2	0.1	
Exceptional Items	0.0	0.0	
<b>Profit before Tax</b>	<b>-1.4</b>	<b>-0.8</b>	<b>-</b>
Tax	-0.4	-0.2	
<b>Profit/loss after tax from continuing operations</b>	<b>-1.0</b>	<b>-0.5</b>	<b>-</b>
Discontinued operations			
Profit before tax	0.3	0.2	
Current tax expense	0.0	0.0	
<b>Profit after Tax</b>	<b>-0.8</b>	<b>-0.3</b>	<b>-</b>
<b>PAT %</b>	<b>-2.5%</b>	<b>-1.3%</b>	
<b>EPS</b>	<b>-0.34</b>	<b>-0.16</b>	

- Q1 FY22 Revenues were impacted due to demand disruption caused by the localized lockdowns on account of 2nd wave of CoVID-19. However, the Company reported topline growth of 21% on account of low base of last year
- Margins have been impacted due to steep increase in raw material prices which was not completely passed on due to market competition and lower demand



# Consolidated Balance Sheet

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Liabilities (Rs. In Crs.)	Mar-21	Mar-20
<b>Equity</b>		
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
<b>Total Equity</b>	<b>201.4</b>	<b>190.6</b>
<b>Non Current Liabilities</b>		
Financial Liabilities		
Borrowings	-	9.9
Provisions	0.9	0.7
Deferred Tax Liabilities (Net)	2.8	2.5
<b>Total Non Current Liabilities</b>	<b>3.7</b>	<b>13.1</b>
<b>Current Liabilities</b>		
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
<b>Total Current Liabilities</b>	<b>21.3</b>	<b>22.0</b>
<b>Liabilities directly associated with asset/disposal group held for sale</b>	10.2	-
<b>Total Equity and Liabilities</b>	<b>236.6</b>	<b>225.8</b>

Assets (Rs. In Crs.)	Mar-21	Mar-20
<b>Non Current assets</b>		
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
<b>Total Non Current Assets</b>	<b>134.6</b>	<b>129.0</b>
<b>Current Assets</b>		
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
<b>Total Current Assets</b>	<b>84.3</b>	<b>96.7</b>
<b>Asset/Disposal group held for sale</b>	17.6	-
<b>Total Assets</b>	<b>236.6</b>	<b>225.8</b>



# Consolidated Cashflow Statement

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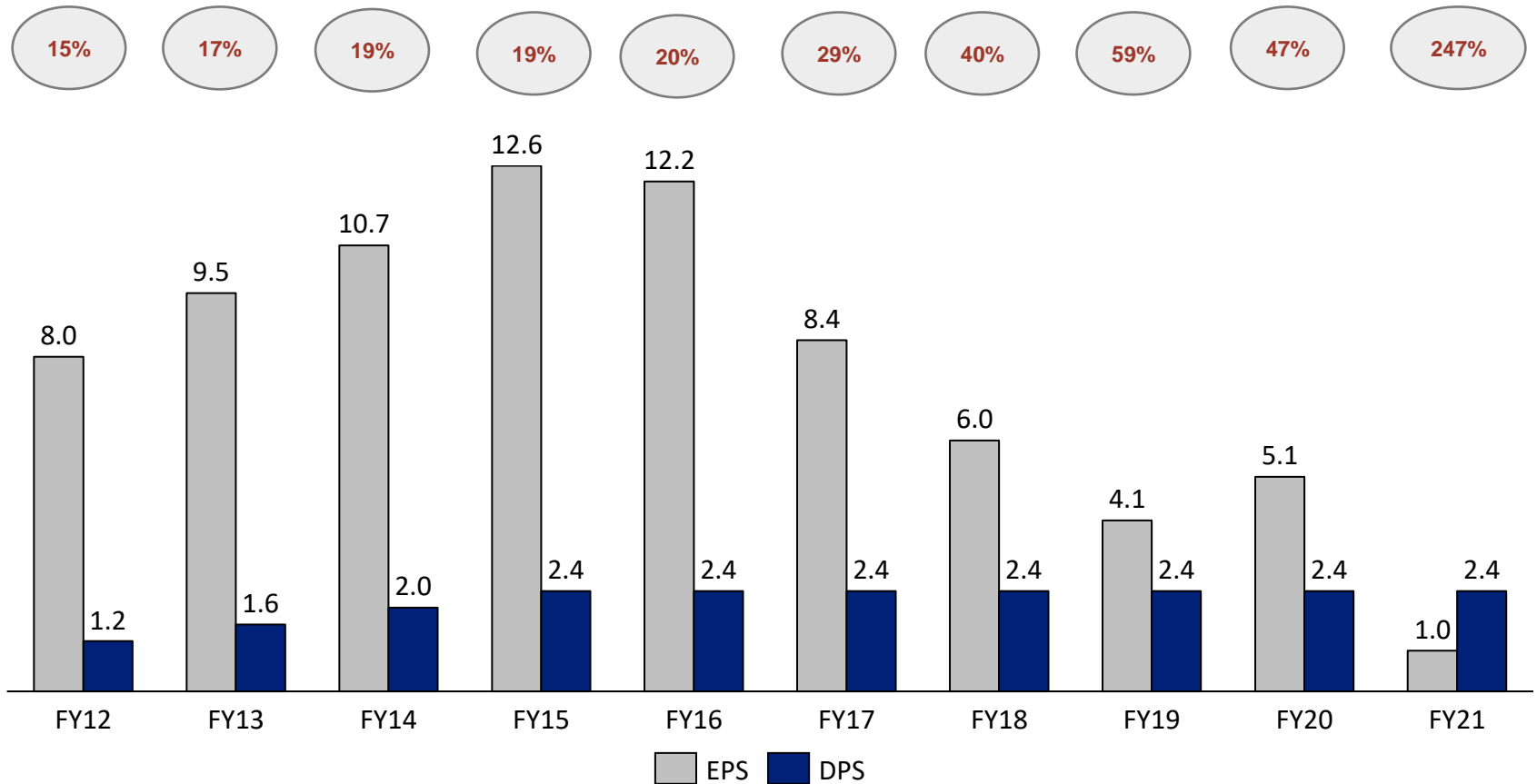
Particulars (Rs. In Crs.)	Mar-21	Mar-20
<b>Net Profit Before Tax</b>	<b>3.7</b>	<b>17.3</b>
Adjustments for: Non Cash / Other Items	15.4	1.9
<b>Operating profit before working capital changes</b>	<b>19.1</b>	<b>19.1</b>
Changes in working capital	7.8	-3.9
<b>Cash generated from operations</b>	<b>26.8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





# Consistent Dividend Pay-out

**Dividend Pay-Out**



Adjusted EPS & DPS for the split

# Indag Disinvests in Solar Business

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Indag Rubber Limited on 27<sup>th</sup> 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 27<sup>th</sup> October, 2020

Indag will continue to focus on its core business of manufacturing of Precured Tread Rubber and allied products to provide world class products and services to fleet operators



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%

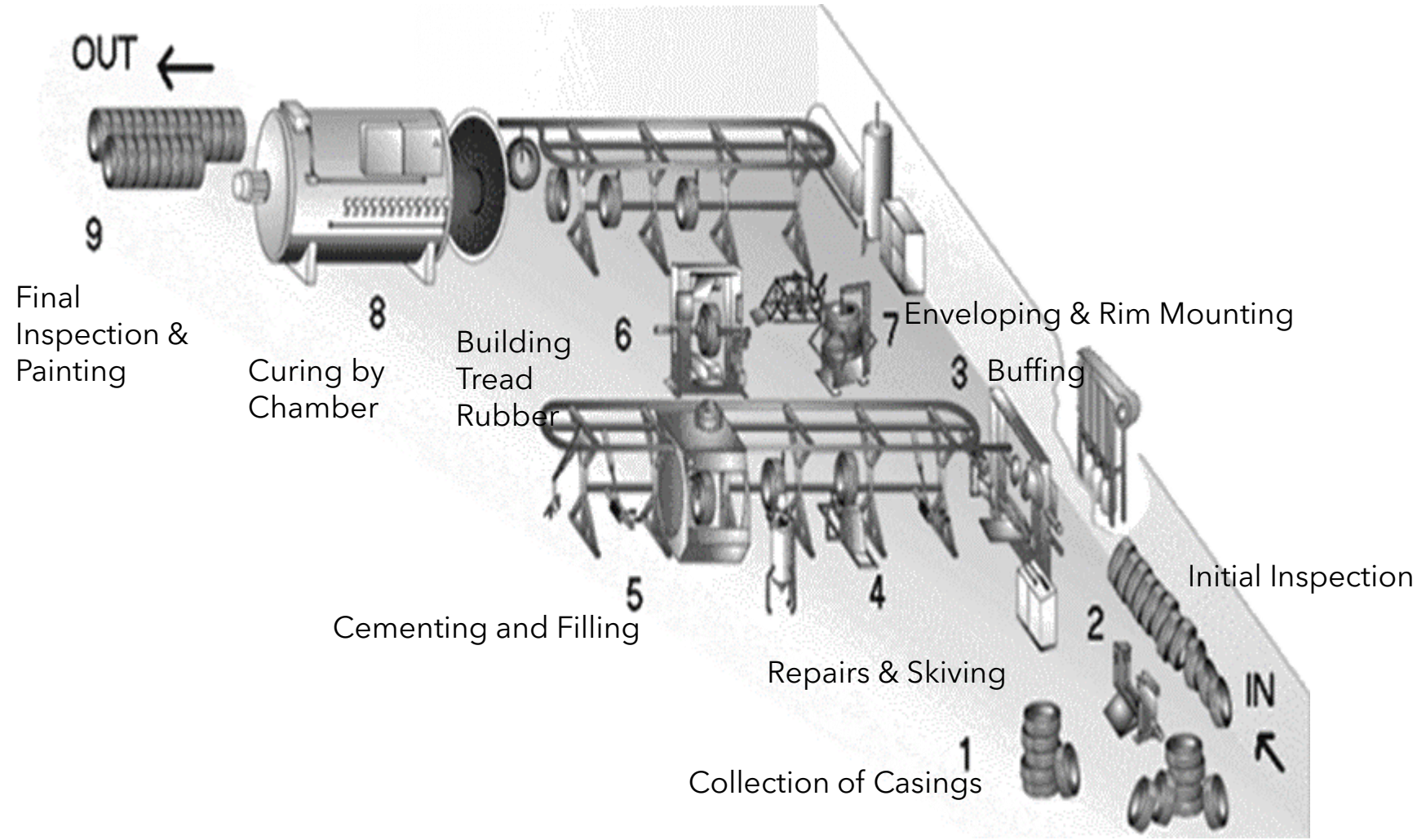
**Organised, 50%**

Un-organised, 50%

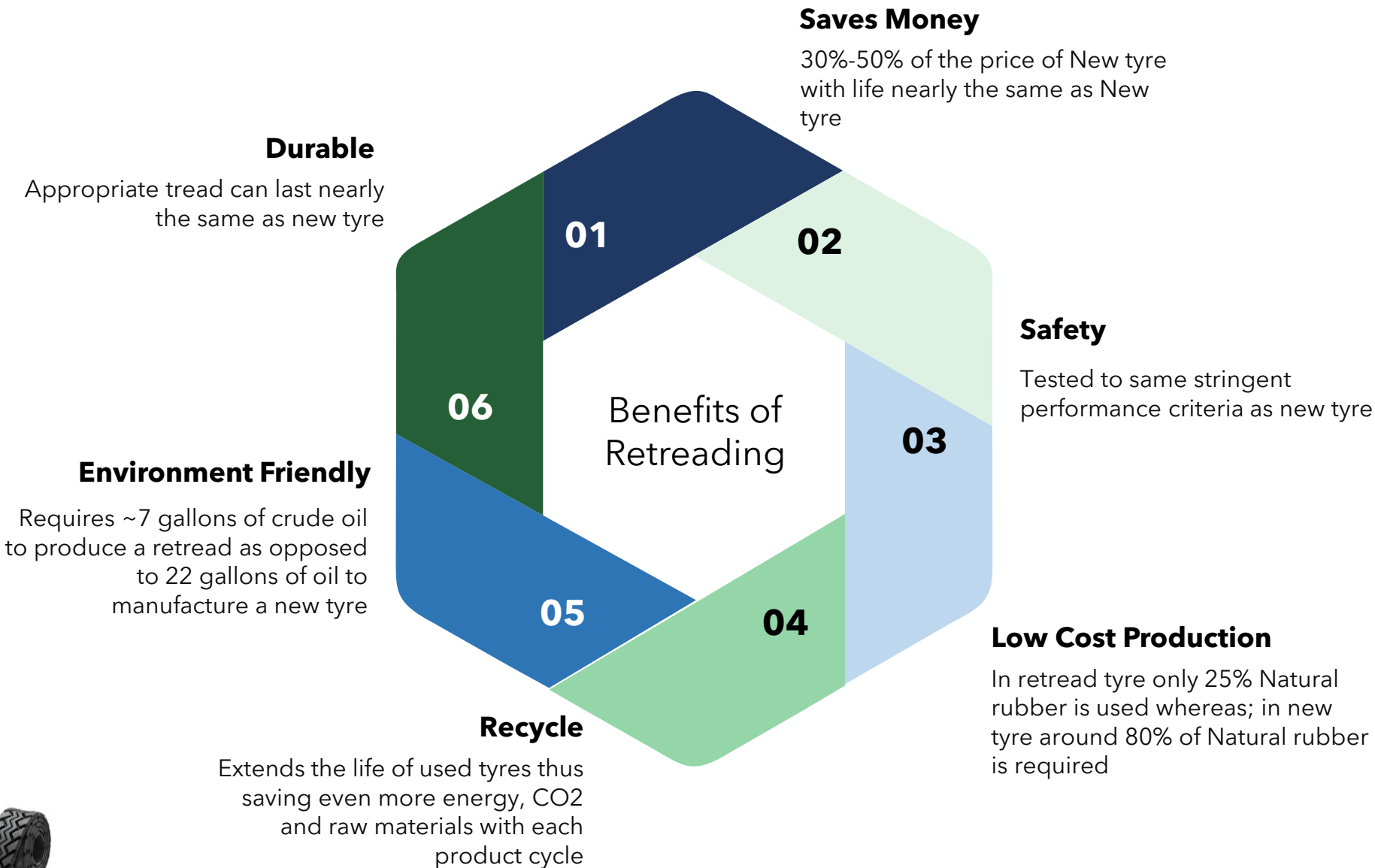
**20% - 25% share**



# 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**



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**

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

Certificate of Excellence from Inc 500 in 2012 & 2013

**2012**

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

Foray into Foreign market with launch of "Zoma" Brand

**2015**

**2016**

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



# Our Products



## PRECURED TREAD RUBBER

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



## UN - VULCANIZED RUBBER STRIP GUM

- Capacity of 1,800MT p.a.
- Bonding gum for curing process
- Specifically manufactured to provide longer shelf life



## UNIVERSAL SPRAY CEMENT

- Capacity of 1,800 KL p.a.
- 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 and ISO 14001:2015 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 Art 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

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. Vijay Shrinivas**

CEO & Whole Time Director

- With the company since 2018. 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
- MBA in International Business from Indian Institute of Foreign Trade, New Delhi with 21 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. Raj Kumar Agrawal  
Non-Executive Director  
(Independent)



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



Mrs. Manali D Bijlani  
Company Secretary



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KEY STRENGTHS



# Our 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



Increase in Radialisation in CV segment

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



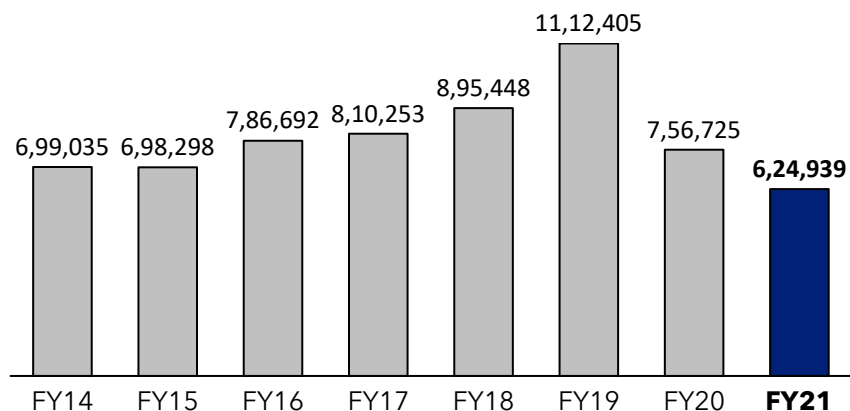
Reduction in influx/dumping of tyres in India after demonetization and imposition of Anti-Dumping Duty

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



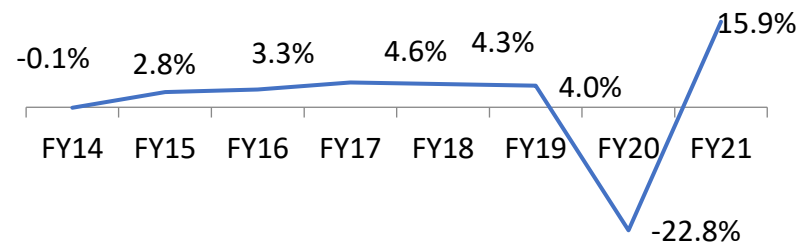
# CV Sale Trends

## CV Production Trends



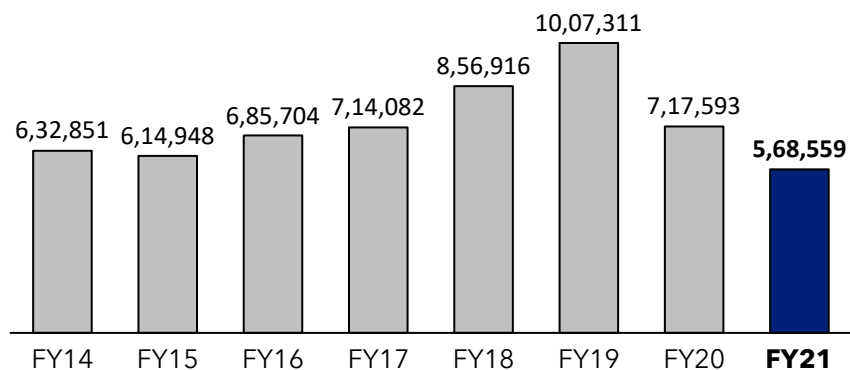
As Industrial Activity Picks up - More Demand for Commercial Vehicles for Movement of Goods - More Tires worn out - Retreading done on Tires

## IIP Growth Rate



\*FY21- From April 2020 - Feb 2021

## CV Domestic Sales Trends



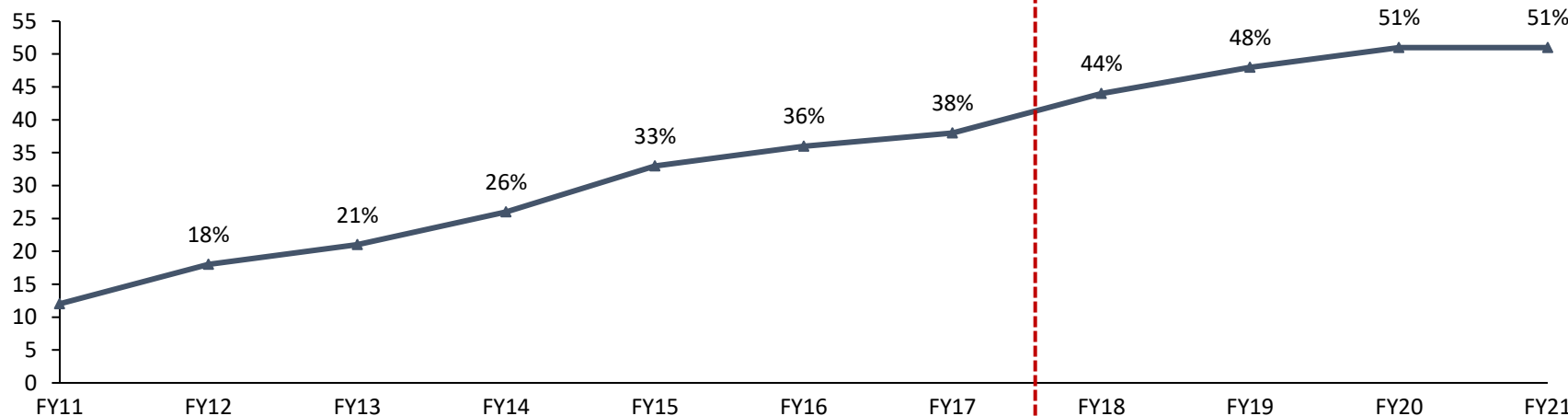
Retreading Industry Picks up with Lag effect

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**

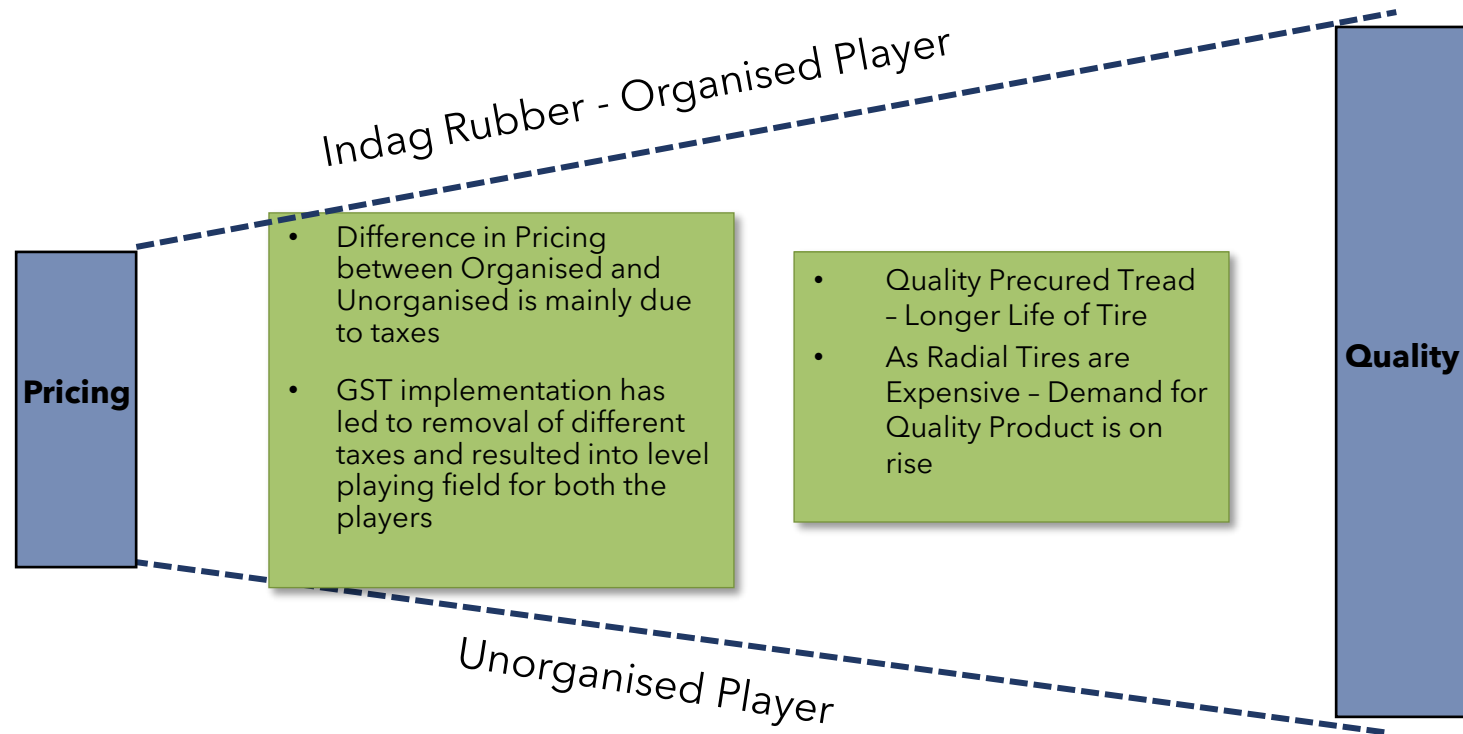
Faster vehicles, running on radials will consume tyres more frequently, narrowing the gap in retreading time by covering larger distances in shorter durations

### **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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