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Indag Rubber Limited

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September 10, 2024

BSE Limited

(Company code-1321)

Phiroze Jeejeebhoy Towers,

(Scrip code-509162)

Dalal Street, Mumbai-400001

Subject: Transcript of the 45th Annual General Meeting.

Please find enclosed the transcript of the 45th Annual General Meeting of the Company held on Friday, August 16, 2024, through video conferencing / other audio-visual means.

This transcript will also be uploaded on the Company's website at www.indagrubber.com.

This is for your information and records.

Thanking You,

For Indag Rubber Limited

**Sonal Garg
Company Secretary**

Transcript of 45th Annual General Meeting
Indag Rubber Limited
August 16, 2024, 03:00 hours IST

Company Secretary: Good afternoon Ladies & Gentlemen! I, Sonal Garg, Company Secretary, have joined the 45th AGM through video conferencing from New Delhi on 16th August, 2024 at 3 PM. Before I hand over the proceedings to the Chairman, I would like to highlight following points:

1. Company had provided the facility to cast the votes electronically, on all resolutions set forth in the Notice of this AGM. Members who have not cast their votes electronically and who are participating in this meeting are given opportunity to cast their votes during the meeting, details of which are already shared in the Notice.
2. We have received requests from some Members for registration as a speaker shareholder in the AGM today. Such Members shall be allowed to speak once the Chairman directs the same. We request speakers to limit their speech to 2 minutes to give opportunity to other Members.
3. Register of Directors' and Key Managerial Personnel and their shareholding and other Statutory Registers are available for inspection during the meeting, as uploaded on website of the Company at the link provided in the Notice.
4. The proceedings of this meeting are being recorded for compliance purposes.

I hereby confirm that requisite quorum is present. Before the Chairman starts the meeting, may I request all Directors and KMPs to kindly state their name and confirm their location.

Company Secretary: Mr. Raj Agrawal

Mr. Raj Agrawal: Good afternoon everybody. I'm attending this meeting from my residence in New Delhi.

Company Secretary: Ms. Ranjana Agarwal

Ms. Ranjana Agarwal: Good afternoon everybody. I'm attending this meeting from New Delhi.

Company Secretary: Mr. Shiv Khemka.

Mr. Shiv Khemka: Good afternoon everyone! I am Shiv Khemka and I am attending this meeting from New Delhi.

Company Secretary: Mr. Sushil Kumar Dalmia.

Mr. Sushil Kumar Dalmia: A very good afternoon to everyone! My name is Sushil Kumar Dalmia. I am attending this meeting from my office in New Delhi.

Company Secretary: Mr. Uday Khemka.

Mr. Uday Khemka: Good afternoon everyone! I am Uday Khemka and I am attending this meeting from New Delhi.

Company Secretary: Mr. Vijay Shrinivas.

Mr. Vijay Shrinivas: Good afternoon everybody. My name is Vijay Shrinivas and I'm attending this meeting from Indag Rubber Limited's office in Saket, New Delhi.

Company Secretary: Mr. Anil Bhardwaj.

Mr. Anil Bhardwaj: Good afternoon everyone. I am Anil Bhardwaj and I'm attending this meeting from Saket, New Delhi.

Company Secretary: Thank you very much everyone. Mr. Nikhil Khanna, Director, is also attending the meeting from New Delhi.

Authorised Representatives of Khanna & Annadhanam, Statutory Auditors and RMG & Associates, Secretarial Auditors are also present in the meeting from New Delhi. Pursuant to Article 66 of the Articles of Association of the Company, I request Sh. Nand Khemka, Chairman cum Managing Director to kindly take the Chair and commence the meeting.

Chairman: Good afternoon Members. I am Nand Khemka, Chairman cum Managing Director of the Company and I have joined the AGM from New Delhi.

As we gather virtually once again, it is a pleasure in welcoming you all to this 45th Annual General Meeting of your Company. As the requisite quorum is present, I declare the meeting open.

This AGM has been convened through video conferencing in compliance with the circulars issued by Ministry of Corporate Affairs and SEBI, which exempt physical attendance of the Members to the AGM venue.

Mr. Nikhil Khanna, Chairman of Nomination and Remuneration Committee; Mr. Raj Kumar Agrawal, Chairman of Audit Committee and Stakeholders' Relationship Committee; Mr. Uday Khemka, Chairman of Corporate Social Responsibility Committee; and authorized representatives of Auditors are present at the meeting.

Company's accounts for the year ended March 31, 2024, along with the Directors' and Auditors' reports, Report on Corporate Governance and Management Discussion and Analysis Report, have already been circulated electronically. There is no qualification, reservation or remarks in the Statutory Auditors' Report and Secretarial Auditors' Report. With the concurrence of all the Members present, I take them as read.

Despite intensifying challenges in the Middle East and persistent global supply chain disruptions throughout the latter half of FY 2024, the Indian economy demonstrated remarkable resilience. This impressive performance can be attributed to factors like growing domestic demand, the government's focus on increased capital expenditure, strong manufacturing growth, moderate inflation, a stable interest rate regime and healthy foreign exchange reserves.

The government remains committed to enhancing and investing in the nation's overall infrastructure, including roads, railways, airports, ports, and power infrastructure, which will benefit your Company. Each retreaded tyre conserves 57 litres of oil, 44 kilograms of rubber and prevents the release of 136 kilograms of carbon dioxide.

Over the past year, our Company has executed a multifaceted strategy to strengthen our penetration in the tyre retreading industry. This strategy centers on continuous quality enhancements and proactive outreach initiatives. We've forged deeper connections with

established retreaders and developed partnerships directly with fleet owners. These efforts create tangible value for fleet owners and operators by reducing tyre costs and optimizing cost per kilometer. During the year, your company had total revenue of approx. Rs. 261 crores as against Rs. 252 crores in the previous year. The profit before finance cost and depreciation amounted to Rs. 27 crores 73 lacs against Rs. 22 crores 3 lacs in the previous year.

During the year, our total revenue increased by 9 crores. PAT in FY 2024 was Rs. 16 crores and 75 lacs against Rs. 13 Crores and 24 lakhs in FY 2023. During the year, your company declared interim dividend of Rs.0.90 per equity share and a Final Dividend of Rs. 2.10 has been recommended for approval of the Members in this AGM; thus, making a total Dividend of Rs. 3.00/- per Equity Share having face value of Rs. 2 each for the Financial Year 2023-2024.

In addition to the ordinary businesses, the Board recommends the re-appointment of CEO & Whole Time Director, re-appointment of Chairman Cum Managing Director and fixation of remuneration of Shome & Banerjee, Cost Auditors of the Company, for FY 2024-25.

The Board recommends all the resolutions as set forth in the Notice for e-voting.

Remote electronic voting facility was provided to the Members which was open from 13th to 15th August, 2024. Members, who have not cast their vote through remote e-voting, may cast their vote. Voting results will be announced on the website of the Company and Stock Exchange on receipt of consolidated report from the Scrutinizer.

Members, who have already registered themselves, may now speak one by one.

Company Secretary: I would now request the moderator, Skyline, to please unmute Mr. Amit Kumar.

Mr. Amit Kumar (Shareholder 1): enquired about reasons behind gap of increase in revenue by 4% and EBITDA by 26% and how the Company plans to sustain this momentum in FY 25. Further, the EBITDA margin from operations was approx. 7% in FY 2024 as compared to approx. 16% about 7-8 years back. What would be the sustainable EBITDA margin way forward? He further

enquired about financial control measures taken by the Company during last 5 years to reduce the working capital cycle from 121 to 67 days.

CEO replied that working cycle of company has decreased from 120 days to 67-68 days over the last years, as we have done very well in receivables management by announcing advanced payment schemes and cash discounts to our customers. He informed that we have further brought down inventory both in terms of finished goods and work-in progress to bring down working capital cycle and, after the GST, we have done consolidation on the no. of depots, resulting in bringing down our DSO from 63 days to 32 days and our inventory from 82 days to 57 days.

CEO also informed that for the FY 23-24, we had some headwinds for the commodity prices like the Russia Ukraine war due to which, our revenue grew only by 4%. Further, our volumes grew in the aftermarket business by approx. 17% during the last year, which is the sustainable business for the Company. We have also improved our operating efficiencies by doing automation at the plant. Further, the share of our premium products is increasing. All these factors put together have contributed to operating EBITDA margin of 7% for last year. In addition, income from investments, which is a steady income, also contributed to incremental EBITDA margin of approx. 4%, resulting in overall EBITDA margin of 11% in FY 2024. In response to his query for sustainable EBITDA for the business, CEO apprised that the EBITDA margin of 16% achieved in 2015-16, out of which 4% was on account of Tax benefits/exemptions which we got in Himanchal Pradesh, which was available till 2016. In this context, our normalised operating EBITDA margins for 2015-16 was 12%.

Post that, implementation of GST, demonetization, impact of pandemic and increasing commodity prices had impacted our margins. However, market is moving towards the positive side and we hope to achieve 10 - 12% operating EBITDA margin from this business in long run. CEO thanked Mr. Amit for asking these questions.

Company Secretary: Moderator please unmute Mr. Eshit Sheth.

Mr. Eshit Sheth (Shareholder 2): Thanked the Management for giving him this opportunity. He sought information on when the Company expects to fully utilize its production capacity. He also inquired about the current status of margins and the Company's strategies for enhancing

profitability. Additionally, Mr. Sheth asked about the advantages of Extended Producer Responsibility (EPR) for the Company and whether any EPR credits have been received and the scope of growth of retreading industry. He also requested guidance on the profitability and revenue prospects of the Subsidiary Company.

CEO replied that we are observing robust growth across various industries like manufacturing, mining, construction, e-commerce, automobile, logistics and the entire road transportation sector which are positively impacting the retreading industry. We believe that we will very soon be able to fully utilize our installed capacity.

He also informed that post recovery from the pandemic, geopolitical situations and the unprecedented increase in commodity prices, things got normalized last year and we grew our volumes. He informed that Company's focus remains on volume growth as it measures the operational efficiency of the Company. He also informed that our volume from the aftermarket business grew by seventeen percent during the last year and by ten percent in the year before that. He also informed that our volumes from STU segment is not a very steady volume and we consider that as a marginal business. Therefore, it is an interplay between these two segments which determines our capacity utilization. Over the past two years, it is evident that there has been a clear upward trend. We do believe that all the strategic directions that we have taken, it's towards increase in the volume and achieving our capacity in the next three years.

CEO then replied to Mr. Eshit' question related to margins of the Company and informed that in the year 2015-16, it was sixteen percentage, out of which four percentage was on account of the tax benefits that we got. We ought to get back to twelve percentage, which is our aspiration. However, during the FY 2015-16, there was kind of a different operating environment. There was no GST, the demonetization didn't happen and a lot of this business was happening in cash down the value chain. Therefore, over the last 5-6 years, we have seen lots of consolidation of the market happening, a lot of formalization happening in the industry, which will benefit organized players like us.

On EPR, CEO informed that EPR on the tyre industry will definitely benefit retreading. It is benefiting the recycling industry the most because that's a very low hanging fruit, but you will find as years progress by retreading industry will also benefit because retreading is the greenest of the green business as it promotes circularity and reuse of the tyre. The low hanging fruit for

the Government, for the tyre industry and the industry value chain players is to go after recycling. But once a certain base for recycling is accelerated and marching towards our sustainable development goal for our country, reuse is the one which will accelerate that. So, I do believe that retreading industry will benefit now and in the long term. Government has made the first effort now in recognizing retreading certificates. So, if a tyre company produces retreading certificate, they get a moratorium for one year from producing recycling certificate, which is a great beginning. CEO informed that we are still working with the Ministry of Environment and industry bodies to enhance the benefits for the retreading industry. They do understand and appreciate and they have given us a seat on the table now, but as years progress by, you will find a lot more understanding about the benefits of retreading happening.

About radialization, CEO informed that it is now about sixty percentage in medium and heavy commercial vehicles. However, in LCVs and smaller commercial vehicles, the radialization level is far below even now. Radialization is very good for the retreading industry because radial tyres are very scientifically constructed. The retreadability of the casing increases because of radialization. It's an excellent tailwind for the retreading industry on an overall basis. My belief is that until retreading reaches eighty percentage, the small play of technology disruption will keep happening, but however, with the kinds of roads that are being built, there are more wheels on the vehicles now. Overall, the benefit of the infrastructure growth will definitely be much faster than the market shrinkage that happens because of radialisation. So, I'm very confident that when it reaches eighty percentage we'll realize the full benefit, but until then, the way the logistics industry is growing, the focus of the government on infrastructure will ensure the growth of retreading industry.

On the question related to Millenium Manufacturing Systems Pvt. Ltd, the CEO informed that it is a greenfield project and the plant of Millenium is ready now. The initial units which were produced have passed the factory acceptance test from our principles from Spain and the factory has passed through the homologation by the third party. CEO also informed that we have crossed several critical milestones in the Millenium's journey and as we start shipping the first few products, we are working on the business plan for next financial year and the remaining part of this year. But the headline is that the factory is in operation, the key employees and workers are in place, we have produced few units commercially, it has passed all the necessary tests and the

factory has been homologated by a third party. We are now fine tuning the business plan and getting future orders and moving on.

CEO thanked him for asking these questions.

Company Secretary: Thank you so much, Sir. Moderator, please unmute Mr. Ankit Jain.

Mr. Ankit Jain (Shareholder 3) was inaudible.

Company Secretary: Moderator please unmute Mr. Gagan Kumar.

Mr. Gagan Kumar (Shareholder 4): expressed gratitude for the opportunity and appreciated the high returns on investment and dividend payout by the Company. He also praised the Finance and Secretarial teams for their high standards of corporate governance. He inquired about the Company's value creation roadmap for the next two years, future strategies to enhance investors' confidence, number of shares transferred to the Investor Education and Protection Fund (IEPF), and the order book for other quarters.

CEO: thanked him for his remarks and informed that the value creation roadmap involves growing the business aggressively and we strongly believe that the retreading business is in the early stages of growth in India, as the retreading percentage today in India is only 65%, as compared to the countries like United States where retreading is 2.2 times of the no. of sales of tyres happening in the aftermarket for Medium and Heavy Commercial Vehicles. Therefore, our country has a lot of potential for growth in that area. He further informed that the key drivers for growth are good roads, radialisation of tyres, no overloading of vehicles because when the vehicle is overloaded, the tyres get damaged. He further informed that all the key drivers are in a positive space happening in the country as roads are being built at a very good space, radialization has already reached 60 percentage and overloading for long distances has reduced extremely now. These drivers will create value in our business and I think we are going to capitalize all of that and we want to keep growing our business in that area. In addition, the formalization is also happening in the industry. Earlier, lots of transactions used to happen in cash, now formalization of business is happening which is bringing down the size of unorganized players and actually positively influencing the organized players. These are the key areas which are helping us grow

our business now and we are well poised to capture this growth. He also informed that we are the only company in this space who provides full and turnkey solutions starting from the equipment that is required for retreading to giving technical services and providing commercial services. We are possibly the only retreading company to do a fleet engagement activities. We have a large technical team which audits and ensures that the retreaders, equipment, training and practices are in good shape so that the tyres retreaded by them meets the high standards of Indag. We are in a highly underpenetrated market and I believe that in the next decade, the retreading percentage will be improved and Indag as the largest player in the industry, will naturally benefit from that.

The CEO then requested the Company Secretary to address the question regarding shares transferred to the IEPF Authority.

Company Secretary: informed that during FY 23-24, approximately 17,500 shares of the Company had been transferred to the IEPF Authority as per the provisions of the Companies Act.

Company Secretary: Moving on to the next speaker. Moderator, please unmute Mr. Bhawya Nailwal.

Mr. Bhawya Nailwal (Shareholder 5) appreciated the management team for reaching new heights, providing good returns to investors and adhering to best corporate governance practices. He expressed complete satisfaction with the company and had no questions.

Company Secretary: Moving on to the next speaker. Moderator, please unmute Mr. Mohammed Sazid Saifi.

Mr. Mohammed Sazid Saifi (Shareholder 6) inquired about the performance projections for the Subsidiary Company over the next two years and sought information on the Company's initiatives related to Corporate Social Responsibility (CSR) and Extended Producer Responsibility (EPR) regulations.

CEO thanked him for the questions and informed that queries about the Subsidiary had already been addressed.

He informed that the Company believes a lot in sustainability and referred to the Chairman's speech wherein he had informed that each retreaded tyre conserves 57 litres of oil, 44 kilograms of rubber and prevents the release of 136 kilograms of carbon dioxide. So, we believe in sustainability and we will get into sustainable businesses as we expand. He further informed that Millennium Manufacturing Systems Pvt. Ltd. (Subsidiary Company) is also a very green operation as it manufactures power conversion systems, which will go in battery energy storage systems. The PV industry and the wind energy are very fast growing. The PV industry generates power during the day and in the night, it remains idle. So, a battery energy storage system actually helps the energy plant to charge the battery during the daytime and then supply power to the grid during the nighttime. So, it is a very clean and green energy and I'm extremely happy that we walked into the green corridor with our Subsidiary Company. Further, we are in the contract manufacturing business for one of the world's largest player in this subsystem within battery energy storage systems space. So, the opportunity for growth is extremely high and we have built the plan for one gigawatt capacity now, and as we see the capacity utilization improving once, now that we have commenced the production, there will be no limit for growth because it's not a very capex heavy industry. We have the necessary tools and the intellectual property for its manufacturing. Therefore, the growth will be extremely fast for this Company, Our first goal is to - have a reasonable size of pipeline of orders and make sure that we achieve our full capacity first and then we'll start expanding.

For CSR, CEO informed that the company had spent funds for the improvement of schools in Punjab through the Nabha Foundation, which focuses on educating the underprivileged children. He further informed that the Company will keep monitoring and tracking performance of these children and we are very happy and proud to see that that these children from underprivileged families have got an opportunity to study and they are doing exceedingly well. He further informed that the Company will continue to undertake these CSR activities.

Company Secretary: Moderator, please unmute Mr. Rakesh Kumar.

Moderator: He is also not available, ma'am.

CEO: then advised that questions from the chat box should be addressed in the meantime. Question received from Mr. Ankit Jain was noted regarding Indag's digitalization strategy.

CEO: responded that significant digitalization steps have been taken, including transitioning to SAP from an older legacy system, launching CRM systems to enhance customer relationships, and running a loyalty program named Indag Ke Sitare for retreaders across the country, in which we have registered approx. 3,000 retreaders across the Country. Automation and other digital initiatives have also been undertaken in plant and we will continue to take such initiatives.

Company Secretary: Thank you, Sir. Moderator, please unmute Mr. Rohit Potti Parkash.

Moderator: He is not present in the meeting.

Company Secretary: Moderator, please unmute Mr. Toni Bhatia.

Moderator: He is not present in the meeting.

Company Secretary: Moderator, please unmute Mr. Praveen Kumar.

Moderator: Mr. Praveen Kumar, please unmute your mic.

Mr. Praveen Kumar (Shareholder 7) praised the Management for satisfactorily answering the questions and maintaining business operations efficiently in these challenging conditions. He also appreciated the CSR initiatives aligned with the vision of Hon'ble PM Mr. Narendra Modi. He inquired about the current percentage of AI usage in the business, its benefits, and plans for increasing AI tool utilization in the coming year. He further praised the Management for dividend payments and thanked the Secretarial team and CFO for having good corporate governance practices and giving attention to retail investors.

CEO thanked Mr. Praveen for his generous remarks and updated him on the Company's use of AI and other digital initiatives. This includes implementing an AI bot on the WhatsApp Business app to handle customers' inquiries.

CEO mentioned that Q&A session may now be closed.

Company Secretary: Thank you very much everyone. I may now request our Chairman to kindly close the meeting.

Due to technical issues, the Chairman advised the Company Secretary to read out his closing remarks. The Company Secretary read the same as under:

I thank all Directors and Members who have taken out their valuable time to attend the meeting. Members whose questions could not be answered may write to the company and we will reply to the questions appropriately. I declare the meeting closed. The voting shall remain open for another 15 minutes. Thank you very much.