



Indag Rubber Limited

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December 02, 2021

BSE Limited

(Company code-1321)

Phiroze Jeejeebhoy Towers,

(Scrip code-509162)

Dalal Street, Mumbai-400001

Sub: Investor Presentation – Q2 & H1' FY 22

Dear Sir,

Enclosed please find the Investor Presentation of Q2 & H1' FY 22, for the information of the investors and public at large.

Thanking you.

Yours faithfully,

For Indag Rubber Limited

Manali D. Bijlani

Company Secretary



INDAG RUBBER LIMITED

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



Investor Presentation - Q2 & H1 FY22

December 2021

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Q2 & H1 FY22 FINANCIAL HIGHLIGHTS



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

"Post subdued Q1 FY22, we have witnessed gradual recovery in demand from Q2 FY22 onwards. With large scale vaccination drives across the country there has been significant drop in covid cases and recovery in economic and business activities. With 1 billion vaccination mark for the country, we have so far kept the third wave at bay and a lot of confidence is coming back post the 2nd wave of Covid-19 which will enable more stable and conducive operational environment for tyre industry.

Our manufacturing facilities are running smoothly and most of our employees are double vaccinated. Our company has clocked total income of Rs.46.2 crores for Q2 FY22. The company has faced sharp increase in prices of raw materials which was not fully passed on as the markets are recovering from 2nd wave of Covid-19. This has affected the margins and profitability. We expect to pass on the prices in the coming quarter looking at the business environment.

Automobile industry has been grappling with issue of semi conductor shortages and steep hike in raw material costs impacting the production of vehicles. However, there has been improvement in supplies over last few weeks and the trend is expected to continue in months to come.

At Indag, we are continuously striving to improve the efficiency of our operations and focused on cost saving measures. Being pioneer of the cold retreading, a huge product portfolio with different tread design patterns, we are well placed to provide fleet owners with world class retreading solutions."



Consolidated Financials – Q2 & H1 FY22

Particulars (Rs. In Crs.)	Q2 FY22	Q2 FY21	Q1 FY22	H1 FY22	H1 FY21
Revenue from Operations	45.5	45.9	31.3	76.8	71.5
Other Income	0.8	2.2	0.4	1.2	2.9
Total Revenue (incl Other Income)	46.2	48.1	31.7	77.9	74.4
Total Raw Material	32.5	28.5	21.4	54.0	46.9
Gross Profit	13.7	19.6	10.2	23.9	27.5
Gross Profit %	29.7%	40.8%	32.3%	30.7%	36.9%
Employee Expenses	5.0	5.6	5.3	10.3	10.0
Other Expenses	6.8	6.8	5.3	12.1	10.1
EBITDA	1.9	7.3	-0.3	1.5	7.4
EBITDA %	4.1%	15.1%	-1.1%	2.0%	9.9%
Depreciation	0.8	0.8	0.8	1.6	1.6
EBIT	1.1	6.4	-1.1	0.0	5.8
EBIT (%)	2.3%	13.3%	-3.5%	0.0%	7.8%
Finance Cost	0.0	0.1	0.0	0.1	0.1
Share of loss of joint venture	0.3	0.1	0.2	0.5	0.2
Profit before Tax	0.8	6.3	-1.4	-0.6	5.5
Tax	0.5	1.6	-0.4	0.1	1.4
Profit/loss after tax from continuing operations	0.3	4.7	-1.0	-0.7	4.2
Discontinued operations					
Profit before tax	0.0	0.0	0.3	0.3	0.2
Current tax expense	0.0	0.0	0.0	0.0	0.0
Profit after Tax	0.3	4.7	-0.8	-0.4	4.4
PAT %	0.7%	9.8%	-2.5%	-0.6%	5.9%
EPS	0.19	1.79	-0.34	-0.15	1.63

Margins & Profitability were impacted due to sharp increase in raw material prices which was not fully passed on as the markets are recovering from 2nd wave of Covid-19

Note: Q1FY21 performance was impacted by lockdowns induced due to 1st wave of Covid-19, however, Q1 FY22 Revenues were impacted on account of restrictions imposed due to 2nd wave of Covid



Consolidated Balance Sheet

Liabilities (Rs. In Crs.)	Sep-21	Mar-21
Equity		
Share Capital	5.3	5.3
Other Equity	192.2	192.5
Equity attributable to the shareholders of the Company	197.5	197.7
Non-Controlling Interest	3.6	3.7
Total Equity	201.1	201.4
Non Current Liabilities		
Financial Liabilities		
Borrowings	-	-
Provisions	1.0	0.9
Deferred Tax Liabilities (Net)	3.3	2.8
Total Non Current Liabilities	4.3	3.7
Current Liabilities		
Financial Liabilities		
Borrowings	-	-
Trade Payables	13.2	15.2
Other Financial Liabilities	7.3	3.3
Provisions	0.1	0.5
Current Income Tax Liabilities(Net)	0.2	0.0
Other Current Liabilities	2.3	2.3
Total Current Liabilities	23.1	21.3
Liabilities directly associated with asset/disposal group held for sale	-	10.2
Total Equity and Liabilities	228.5	236.6

Assets (Rs. In Crs.)	Sep-21	Mar-21
Non Current assets		
Property, Plant and Equipments	24.6	25.0
Capital Work-In-Progress	22.1	19.3
Goodwill	0.4	0.4
Other Intangible Assets	0.2	0.1
Financial Assets		
Investments	78.3	83.6
Loans	0.0	0.0
Other Financial Assets	0.9	1.0
Income Tax Assets (net)	3.6	2.8
Other Non-Current Assets	0.2	2.3
Total Non Current Assets	130.2	134.6
Current Assets		
Inventories	38.0	36.0
Financial Assets		
Investments	25.1	7.3
Trade Receivables	22.1	29.5
Cash and Cash Equivalents	1.5	1.8
Other Bank Balances	1.5	1.9
Loans	2.7	0.2
Other Financial Assets	1.6	1.5
Income Tax Assets (net)	0.0	0.0
Other Current Assets	5.7	6.2
Total Current Assets	98.3	84.3
Asset/Disposal group held for sale	-	17.6
Total Assets	228.5	236.6

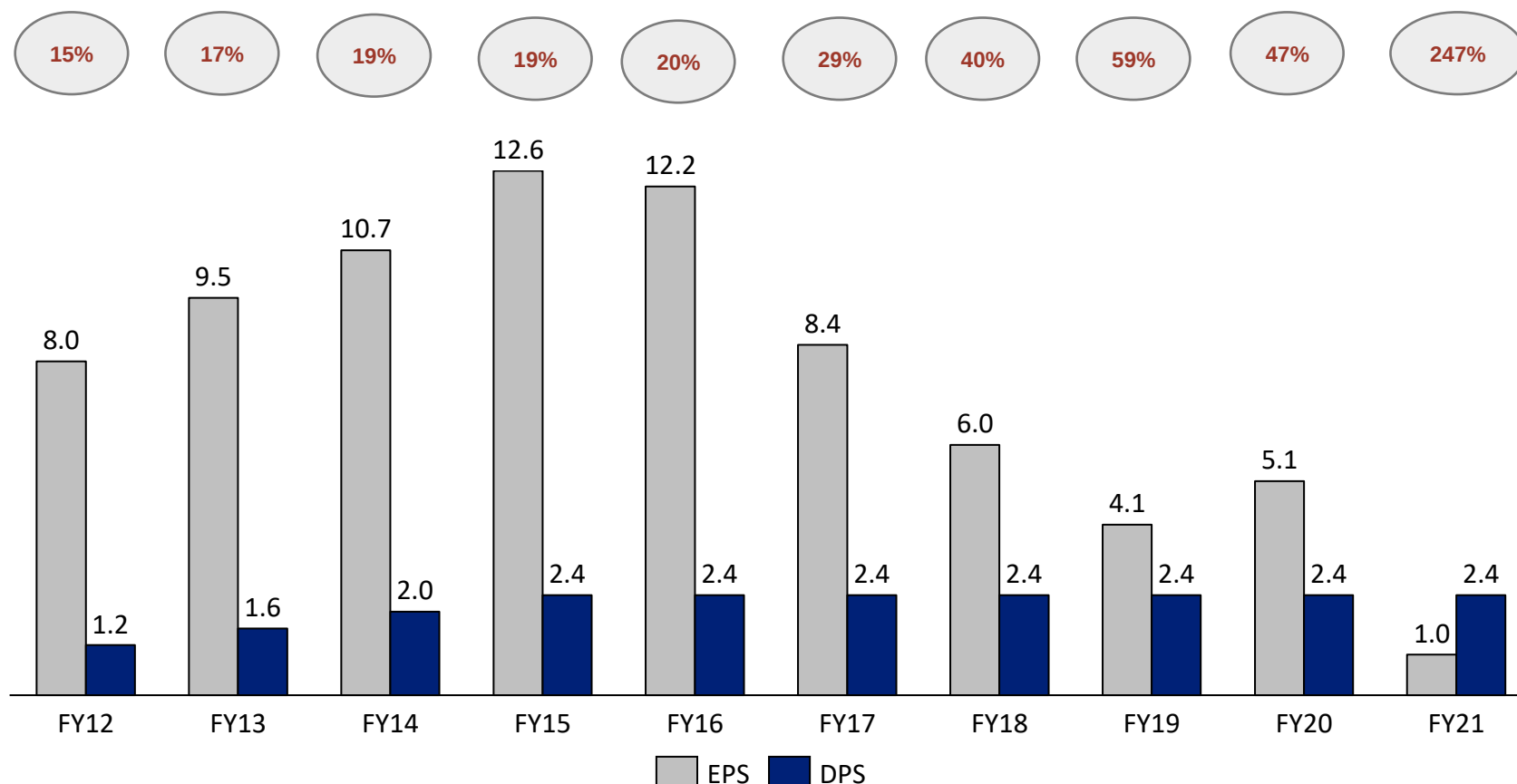
Consolidated Cashflow Statement

Particulars (Rs. In Crs.)	Sep-21	Sep-20
Net Profit Before Tax	-0.6	5.8
Adjustments for: Non Cash / Other Items	1.0	0.3
Operating profit before working capital changes	0.5	6.0
Changes in working capital	1.0	15.8
Cash generated from operations	1.5	21.8
Direct taxes paid	-0.9	-1.2
Net Cash from Operating Activities	0.6	20.7
Net Cash from Investing Activities	-0.7	-17.8
Net Cash from Financing Activities	-0.2	-1.2
Net Decrease in cash and cash equivalents	-0.3	1.7
Add: Cash & Cash equivalents at the beginning of the period	1.8	1.3
Cash & Cash equivalents at the end of the period	1.5	3.0



Consistent Dividend Pay-out

**Dividend
Pay-Out**



The Board has declared Interim Dividend for the Financial Year 2021-2022 of Rs. 0.90/- per equity share of Rs. 2/- each (45 % of FV)



Disinvestment 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
- The transaction relating to sale of Samyama Jyothi Energy Pvt. Ltd. has been completed during quarter ended 30th September 2021 and gain of Rs. 5.96 lakhs has been recognized as income for the quarter and half year ended 30th September 2021
- SUN-AMP Solar India Private Limited will continue to remain a non-material subsidiary of INDAG



Exit from Joint Venture Company - Sun Mobility EV Infra Private Limited

- The Board of Directors in their meeting held on 28th September 2021 had considered and approved sale / transfer of 15,00,000 equity shares of Rs.10 each of SUN Mobility EV Infra (P) Limited (Joint Venture company(JVCO)) to EPIC Mobility Technologies Pte Ltd. (Joint Venture Partner) at IRR of 15% pre-tax or Fair Market Value (whichever is higher)
- The Company had subscribed 15 lakhs of fully paid equity shares of the face value Rs 10/- amounting to Rs 150 lakhs and 120 lakhs of fully paid preference shares of Rs 10 each amounting to Rs 1200 lakhs
- The Company has transferred all the equity shares to the Joint Venture partner at an agreed price of Rs 14.642 per share
- The Joint Venture Company has redeemed the preference shares at the same price that is 14.642, which has resulted in a total gain of Rs 626.67 lakhs. Since the transaction has been completed in October 2021 it will be reflected in the next quarter results
- Mr. Vijay Shrinivas, who was a representative Director of the Company on the Board of Joint Venture Company, has resigned from the Board of Joint Venture Company w.e.f. 18 October 2021, as the Company is not holding any share capital of the JVCO w.e.f. 18 October 2021



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

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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

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

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

COLD Retreading Industry - 67%

HOT Retreading Industry - 33%

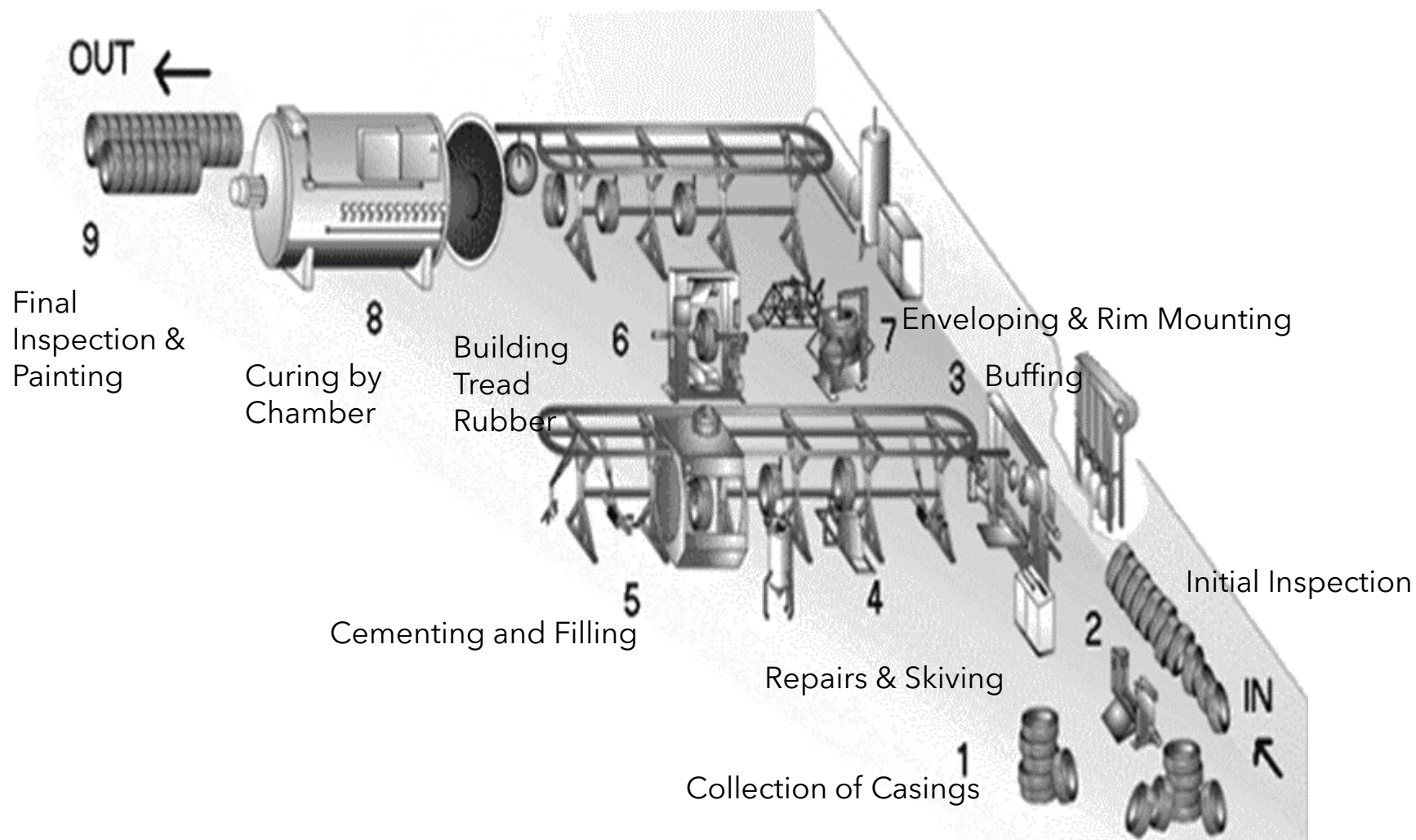
Organised, 50%

Un-organised, 50%

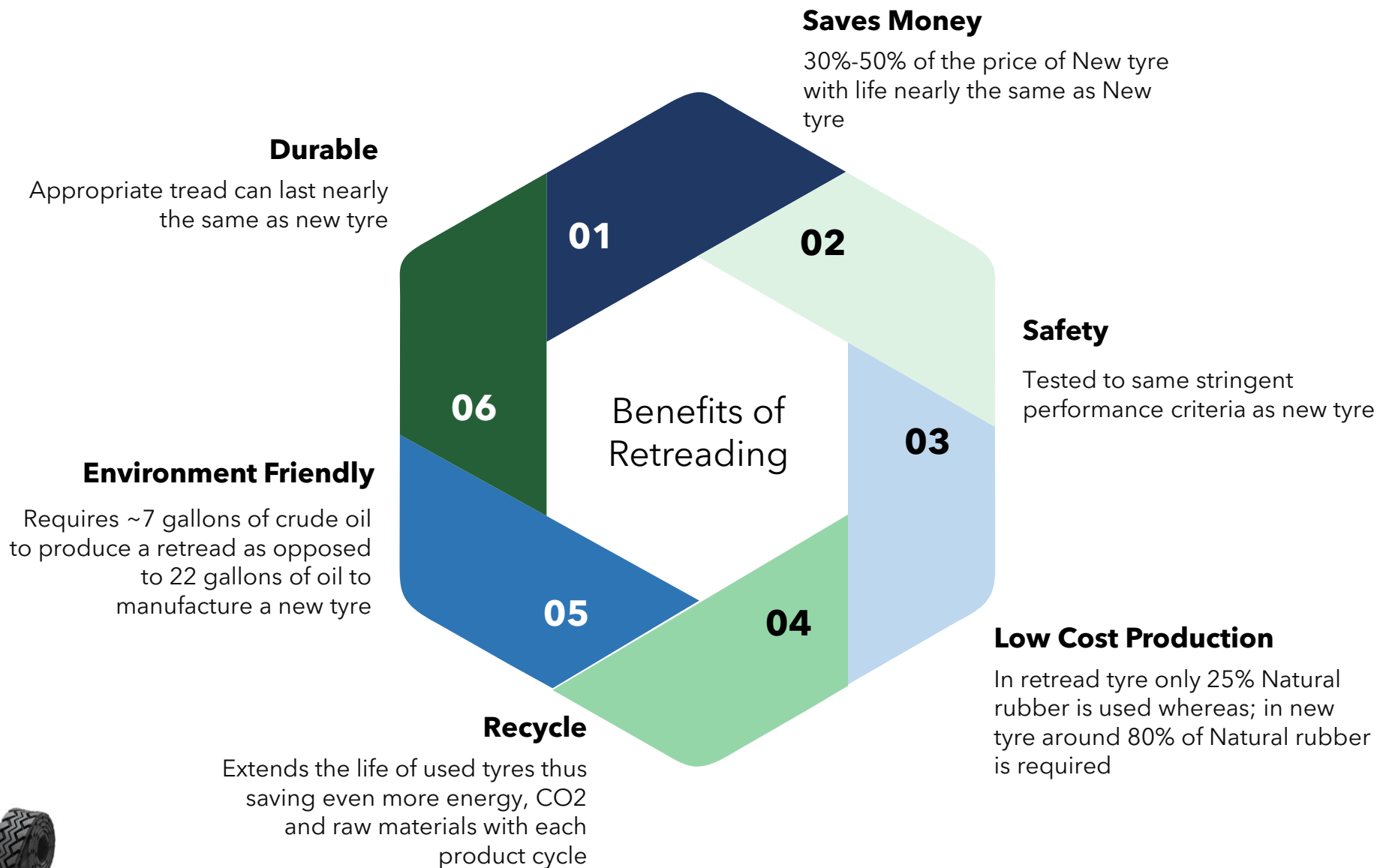


20% - 25% share





Benefits of Retreading



Fleet Owners
Run the Vehicles



Treads wear out
after certain
usage



Buy new Tire



OR

Retread the same
Old Tire



If Cost of
New Tyre
is
Rs. 100



Savings
50-70%



Cost of
Retreaded Tyre
Rs. 30-50



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

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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

2006

JV was terminated with Bandag

Khemka Group took over 38.3% share

Set up plant at Nalagarh (Himachal Pradesh)

2012

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

2015

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

2021

Disinvestment in Step down subsidiary Samyama Jyothi Energy Private Ltd.

Exit from JVCO - Sun Mobility EV Infra Private Limited





PRECURED TREAD RUBBER

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



UN - VUNCUNIZED 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 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



What our Clients say



"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



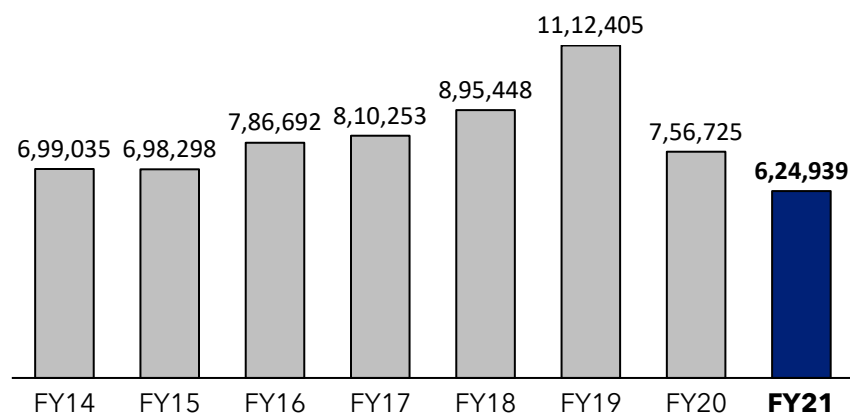
Reduction in influx/dumping of tyres in
India after demonetization and imposition
of Anti-Dumping Duty

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

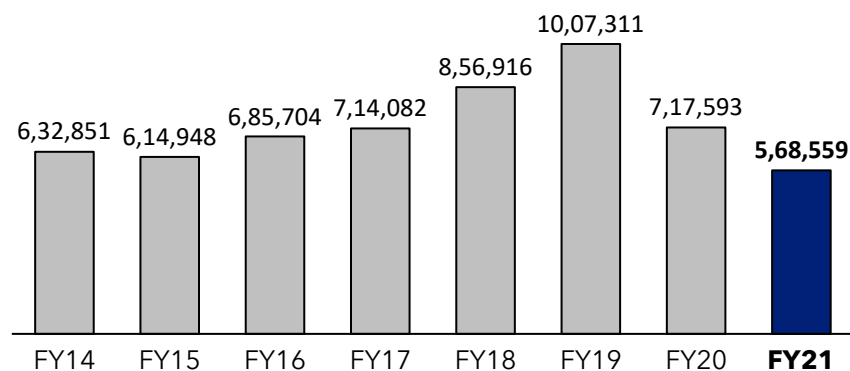


CV Sale Trends

CV Production Trends

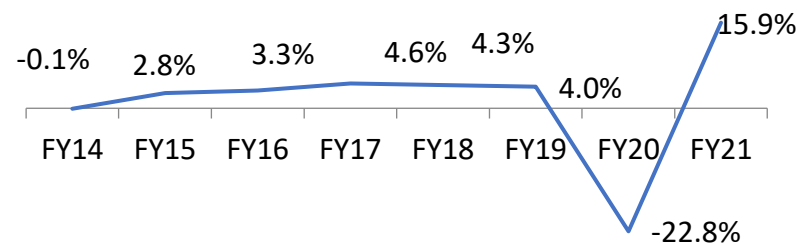


CV Domestic Sales Trends



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



*FY21- From April 2020 - Feb 2021

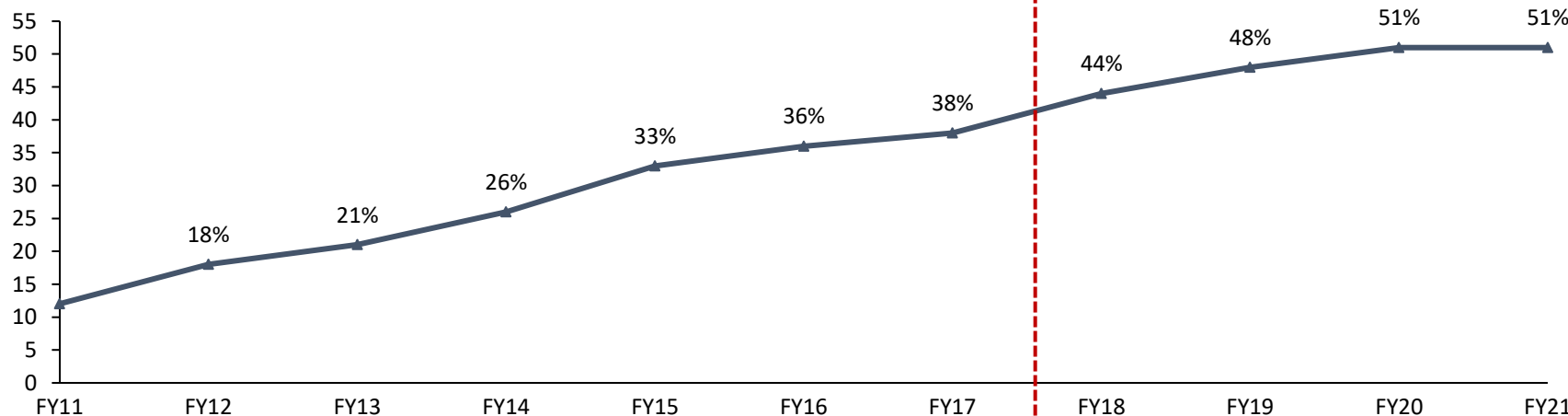
Retreading Industry Picks up with Lag effect

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

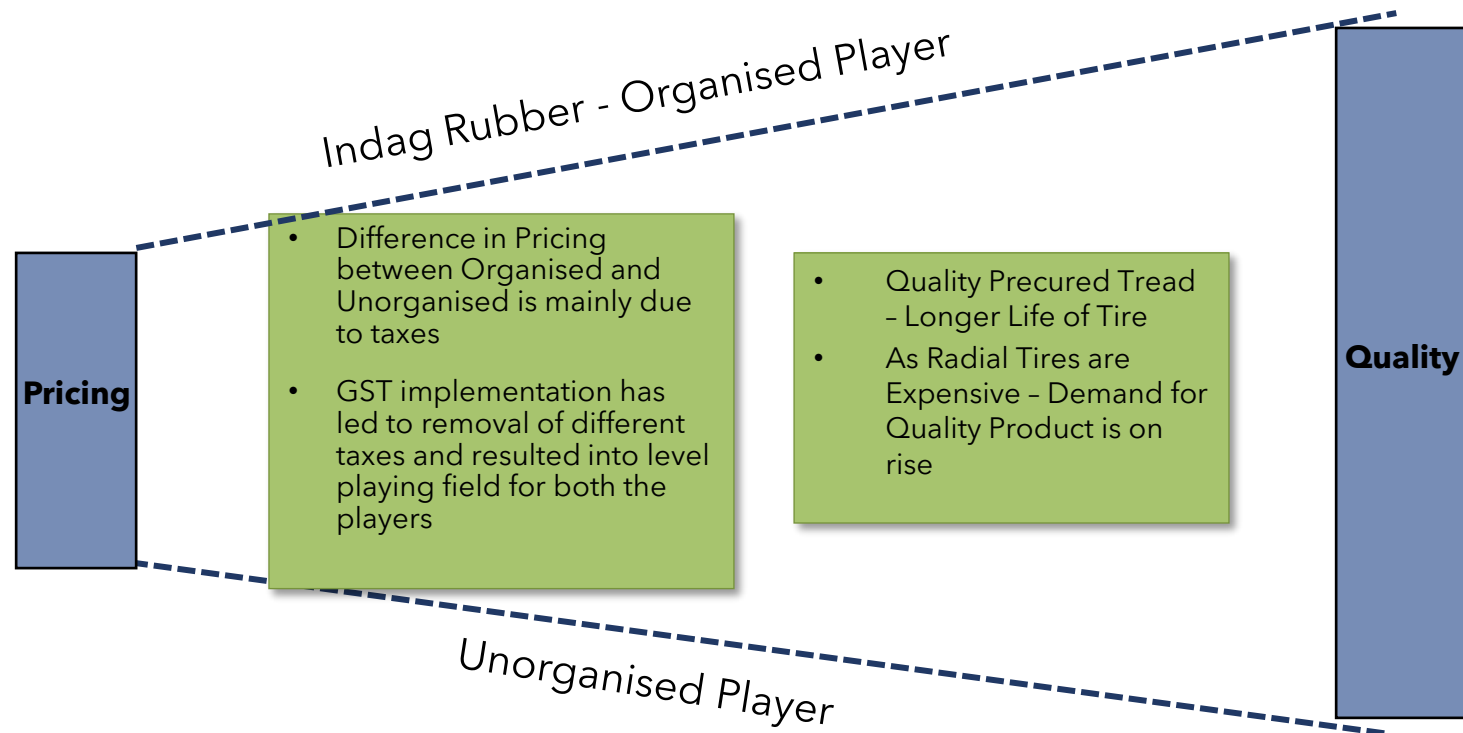
Faster vehicles, running on radials will consume tyres more frequently, narrowing the gap in retreading time by covering larger distances in shorter durations

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





For further information, please contact

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