



Indag Rubber Limited

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Phone : 09736000123

December 09, 2020

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

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

Sub: Investor Presentation of Q2 & H1 - FY2021

Dear Sir,

Enclosed please find the Investor Presentation of Q2 & H1 - FY2021 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 - Q2 & H1 FY21

December 2020

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Q2 & H1 FY21 FINANCIAL HIGHLIGHTS

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

"After a subdued performance in Q1 due to Covid-19 led disruptions with partial shutdown of operations, logistics and supply chain issues and lower demand, our Company's manufacturing facilities resumed partially in the month of June 2020 with all necessary precautions. Our financial performance in the second quarter improved substantially with a revenue growth to Rs 49 crore and EBITDA of Rs. 7.8 crore.

We expect the momentum to sustain going into the second half of the year. Commercial vehicle makers have started seeing uptick in sales following good harvest of rabi crop, recovery in economic activity and revival of the infrastructure sector. This will improve fleet utilisation and eventually lead to enhanced demand for retreading in the coming quarters.

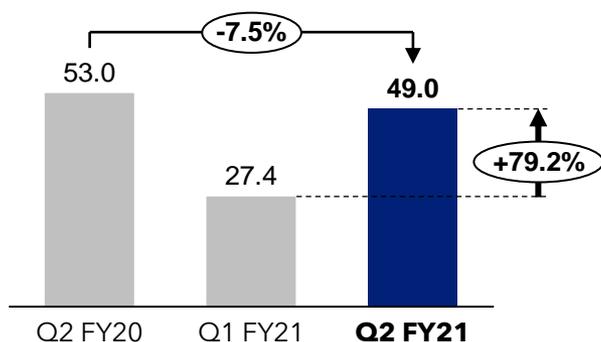
To conclude, we have seen a strong recovery in our performance this quarter. We expect this momentum to continue going ahead on back of normalization of operations in most markets, subject to any reoccurrence of CoVID-19 related shutdowns. Indag is persistently striving on creating value for fleet owners and operators by reducing their cost per km, improving on-road reliability and safety - by delivering superior products, technical services and trained personnel to retreaders."



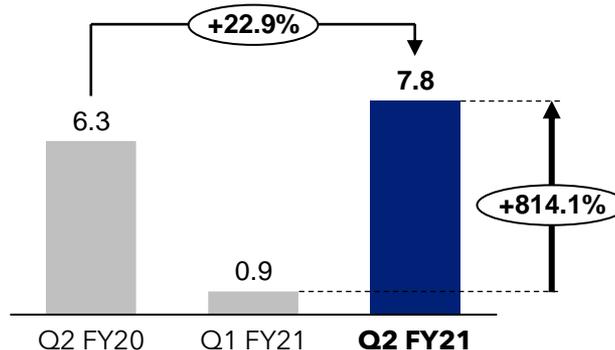
Q2 FY21 Financial Highlights

Rs. Crs.

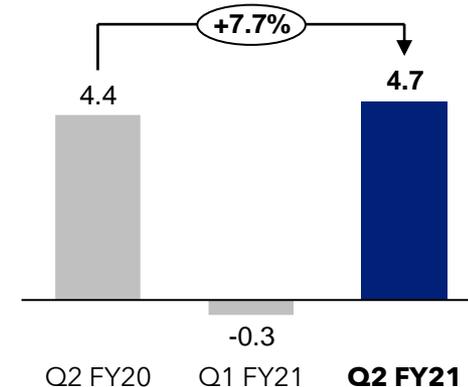
Revenue*



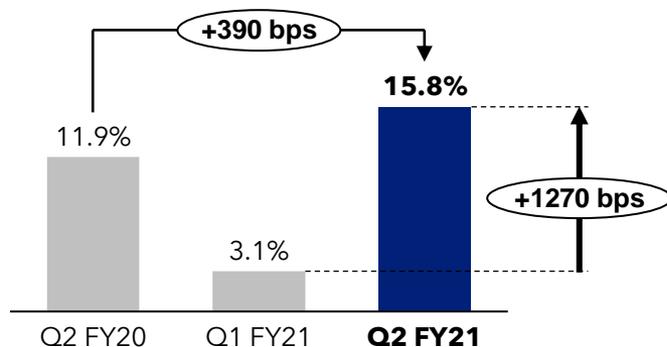
EBITDA*



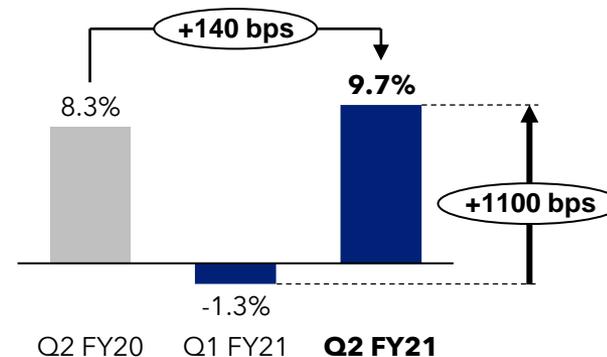
Profit after Tax



EBITDA Margin* (%)



PAT Margin (%)



Strong Recovery in Business Trajectory post the unlocking of the economy



*incl. Other Income

Consolidated Financials – Q2 & H1 FY21

Particulars (Rs. In Crs.)	Q2 FY21	Q2 FY20	Y-o-Y	Q1 FY21*	Q-o-Q	H1 FY21	H1 FY20	Y-o-Y
Total Revenue from Operations	46.8	52.0		26.7		73.5	102.2	
Other Income	2.3	1.0		0.7		2.9	2.6	
Total Revenue (incl. Other Income)	49.0	53.0	-7%	27.4	79%	76.4	104.8	-27%
Raw Material	28.5	33.7		18.4		46.9	66.8	
Gross Profit	20.5	19.3	7%	8.9	130%	29.5	38.0	-22%
Gross Profit %	41.9%	36.3%		32.6%		38.6%	36.3%	
Employee Expenses	5.6	5.2		4.4		10.0	10.2	
Other Expenses	7.1	7.7		3.7		10.9	15.4	
EBITDA	7.8	6.3	23%	0.9	810%	8.6	12.4	-30%
EBITDA %	15.8%	11.9%		3.1%		11.3%	11.8%	
Depreciation	1.0	1.1		0.9		2.0	2.3	
EBIT	6.7	5.2	29%	-0.1	-	6.7	10.1	-34%
EBIT %	13.7%	9.8%		-0.3%		8.7%	9.7%	
Finance Cost	0.4	0.4		0.4		0.7	0.8	
Profit before share of profit/(loss) of joint venture and tax	6.4	4.8	32%	-0.4	-	5.9	9.3	-37%
Share of loss of joint venture	0.1	0.0		0.1		0.2	0.0	
Profit before Tax	6.3	4.8	30%	-0.5	-	5.8	9.3	-38%
Tax	1.6	0.4		-0.2		1.4	1.9	
Profit after Tax	4.7	4.4	8%	-0.3	-	4.4	7.5	-41%
PAT %	9.7%	8.3%		-1.3%		5.7%	7.1%	
EPS	1.80	1.68		-0.17		1.63	2.82	



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

On Consolidated Basis

Consolidated Balance Sheet

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Liabilities (Rs. In Crs.)	Sep-20	Mar-20
Equity		
Share Capital	5.3	5.3
Other Equity	189.9	182.0
Equity attributable to the shareholders of the Company	195.2	187.3
Non-Controlling Interest	3.5	3.4
Total Equity	198.7	190.6
Non Current Liabilities		
Financial Liabilities		
Borrowings	9.4	9.9
Provisions	0.8	0.7
Deferred Tax Liabilities (Net)	2.1	2.5
Total Non Current Liabilities	12.4	13.1
Current Liabilities		
Financial Liabilities		
Borrowings	0.0	0.0
Trade Payables	16.0	15.8
Other Financial Liabilities	4.7	4.1
Provisions	0.3	0.3
Current Income Tax Liabilities(Net)	0.0	0.0
Other Current Liabilities	2.6	1.9
Total Current Liabilities	23.5	22.0
Total Equity and Liabilities	234.5	225.8

Assets (Rs. In Crs.)	Sep-20	Mar-20
Non Current assets		
Property, Plant and Equipments	41.5	40.8
Capital Work-In-Progress	13.1	10.1
Goodwill	0.4	0.4
Other Intangible Assets	0.1	0.2
Financial Assets		
Investments	77.0	73.9
Loans	0.0	0.0
Other Financial Assets	0.5	0.6
Income Tax Assets (net)	0.2	0.8
Other Non-Current Assets	2.4	2.1
Total Non Current Assets	135.2	129.0
Current Assets		
Inventories	27.1	36.9
Financial Assets		
Investments	20.2	5.3
Trade Receivables	34.0	37.6
Cash and Cash Equivalents	3.0	1.3
Other Bank Balances	4.2	3.5
Loans	0.2	0.2
Other Financial Assets	5.7	5.4
Income Tax Assets (net)	0.0	0.0
Other Current Assets	5.0	6.4
Total Current Assets	99.3	96.7
Total Assets	234.5	225.8



Consolidated Cashflow Statement

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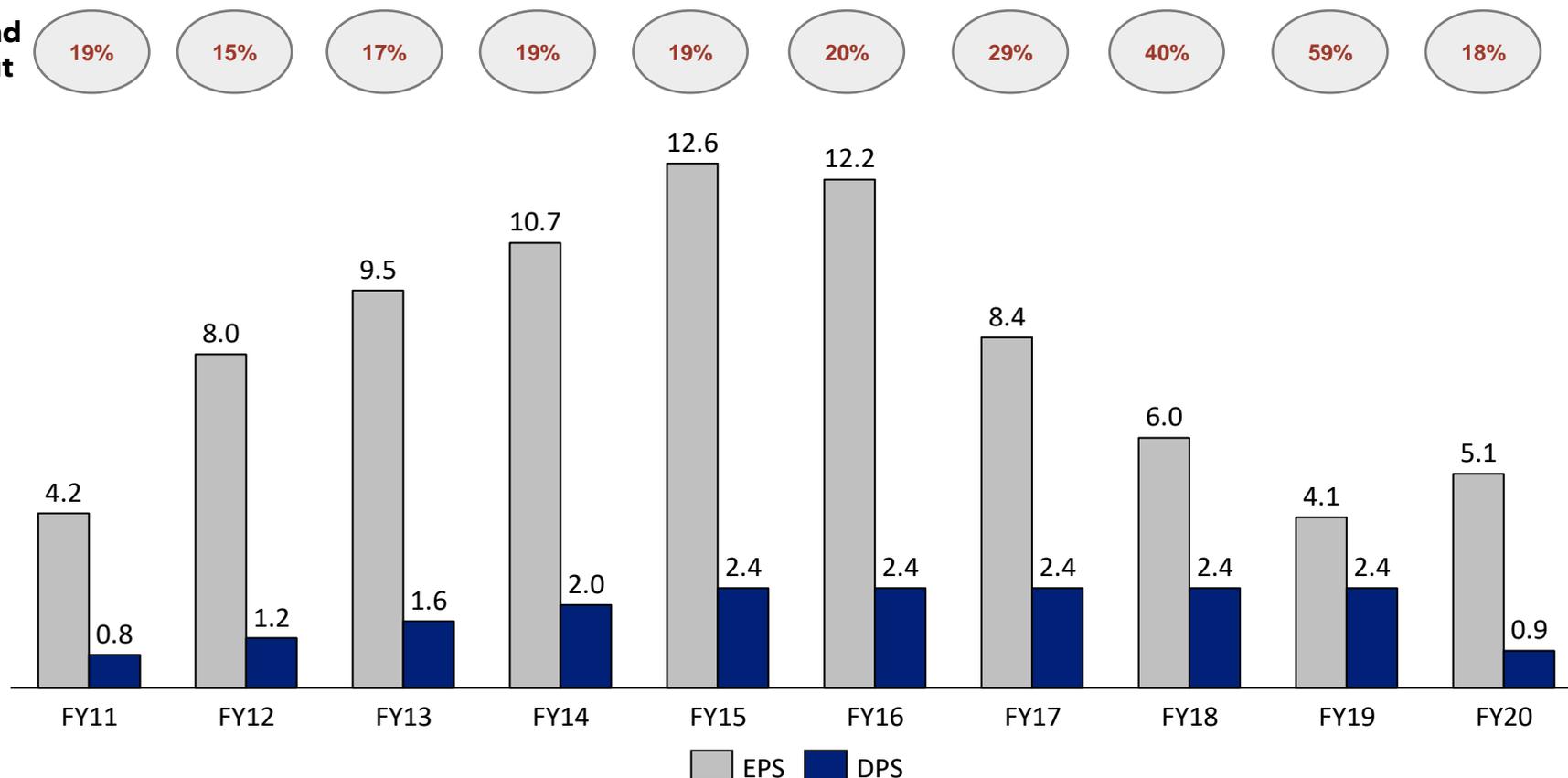


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Particulars (Rs. In Crs.)	Sep-20	Sep-19
Net Profit Before Tax	5.8	9.3
Adjustments for: Non Cash / Other Items	0.3	0.7
Operating profit before working capital changes	6.0	10.0
Changes in working capital	15.8	-1.8
Cash generated from operations	21.8	8.2
Direct taxes paid	-1.2	-1.9
Net Cash from Operating Activities	20.7	6.3
Net Cash from Investing Activities	-17.8	-0.7
Net Cash from Financing Activities	-1.2	-6.2
Net Decrease in cash and cash equivalents	1.7	-0.6
Add: Cash & Cash equivalents at the beginning of the period	1.3	3.0
Cash & Cash equivalents at the end of the period	3.0	2.4



Consistent Dividend Pay-out

Dividend Pay-Out

The Board has approved Interim Dividend for the Financial Year 2020-2021 of Rs. 0.90/- per equity share of Rs. 2/- each (45 % of FV)

*Adjusted EPS & DPS for the split

Indag Disinvests in Solar Business

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Indag Rubber Limited has 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%

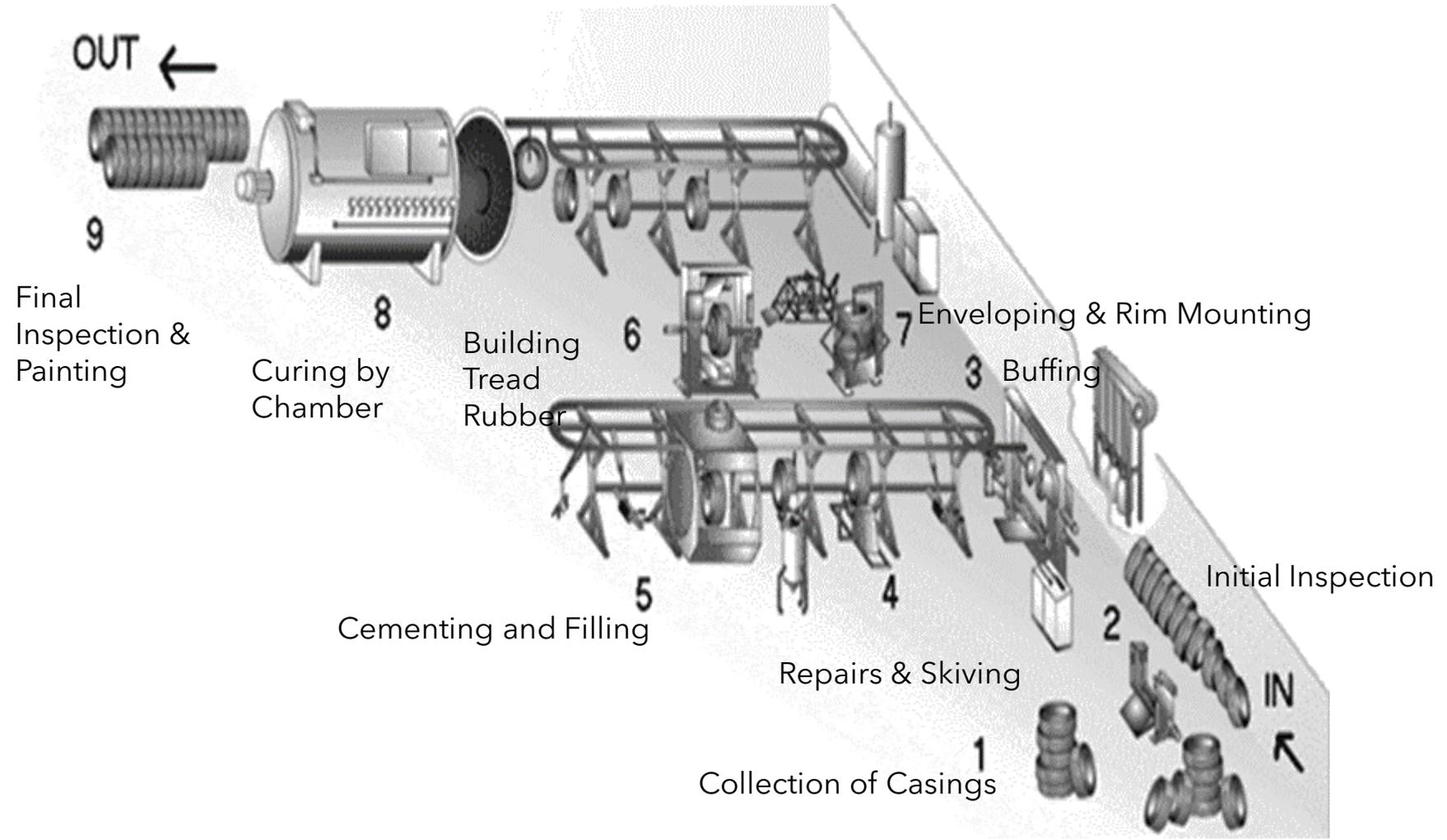
Organised, 50%

Un-organised, 50%

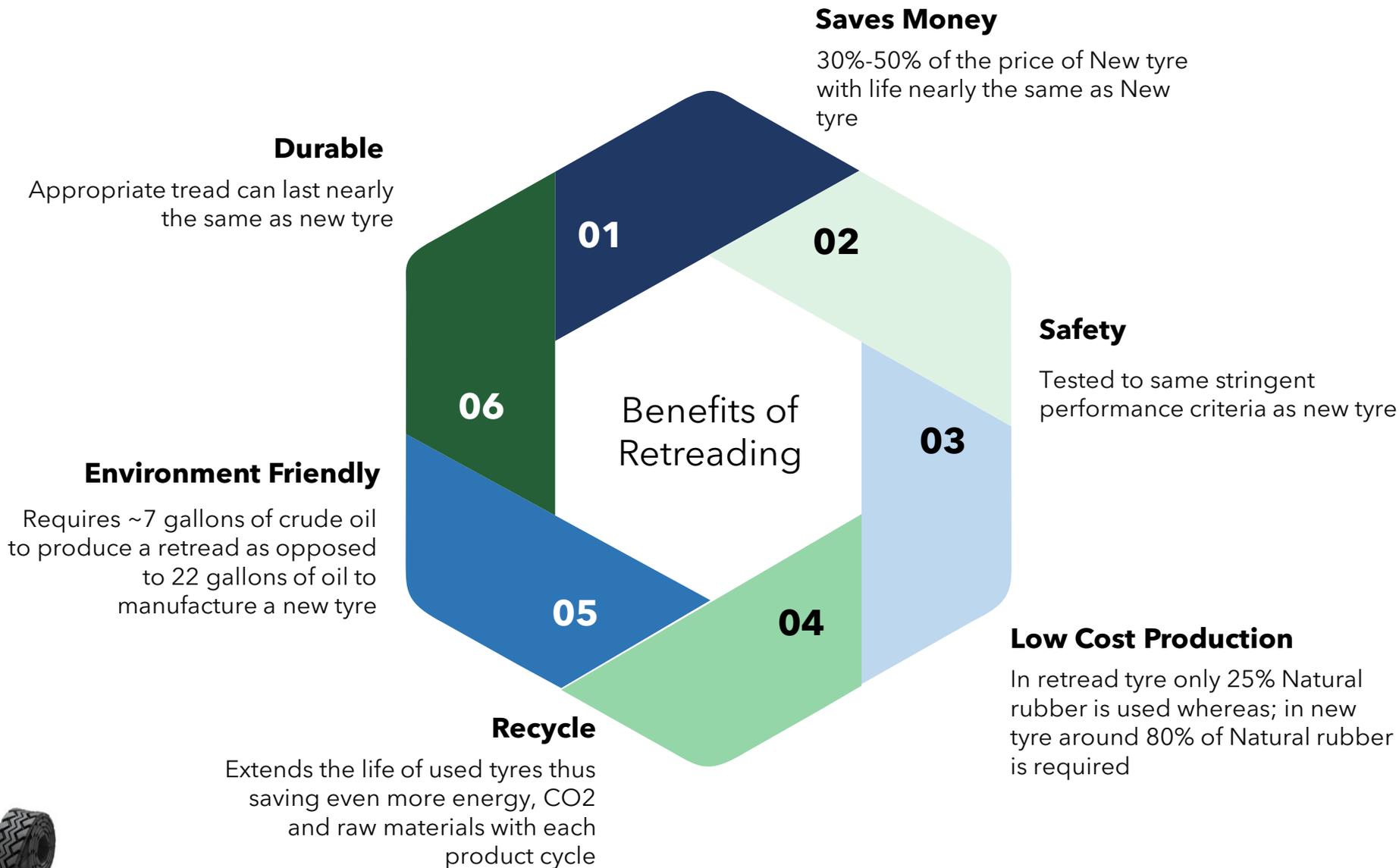
20% - 25% share



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 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. 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. R Parameswar
Non-Executive Director
(Independent)



Mr. Harjiv Singh
Non-Executive Director
(Independent)



Mr. Vijay Shrinivas
Chief Commercial Officer



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



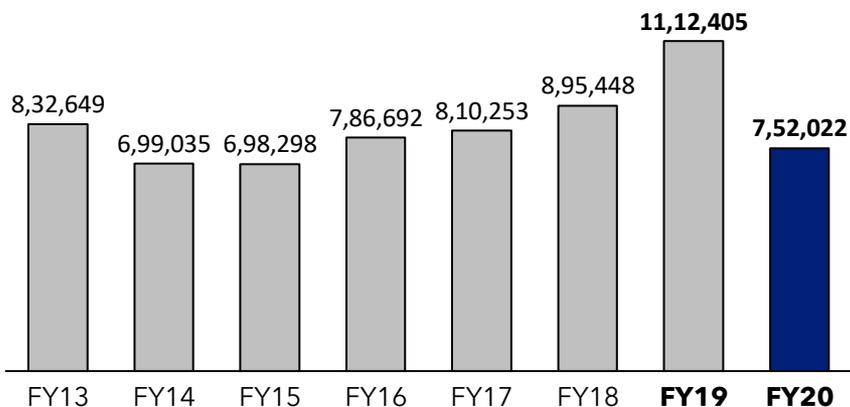
Reduction in influx/dumping of tyres in India after demonetization and imposition of Anti-Dumping Duty

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

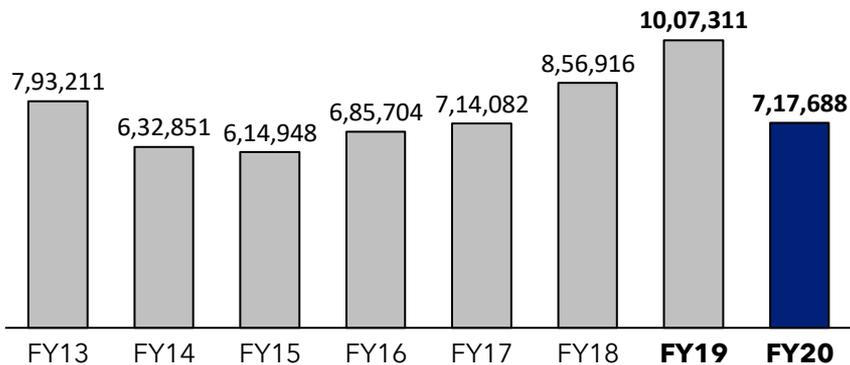


CV Sale Trends

CV Production Trends

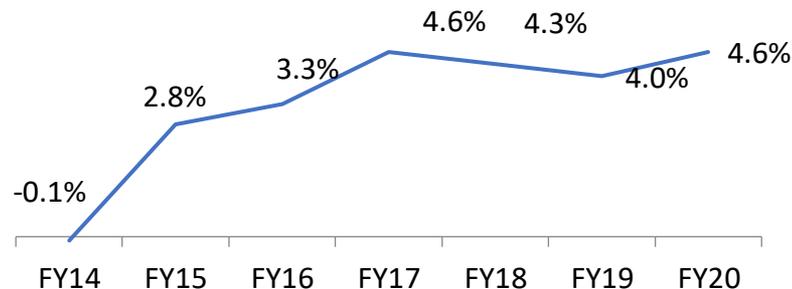


CV Domestic Sales Trends



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



*FY20 - From April 2019 - Feb 2020

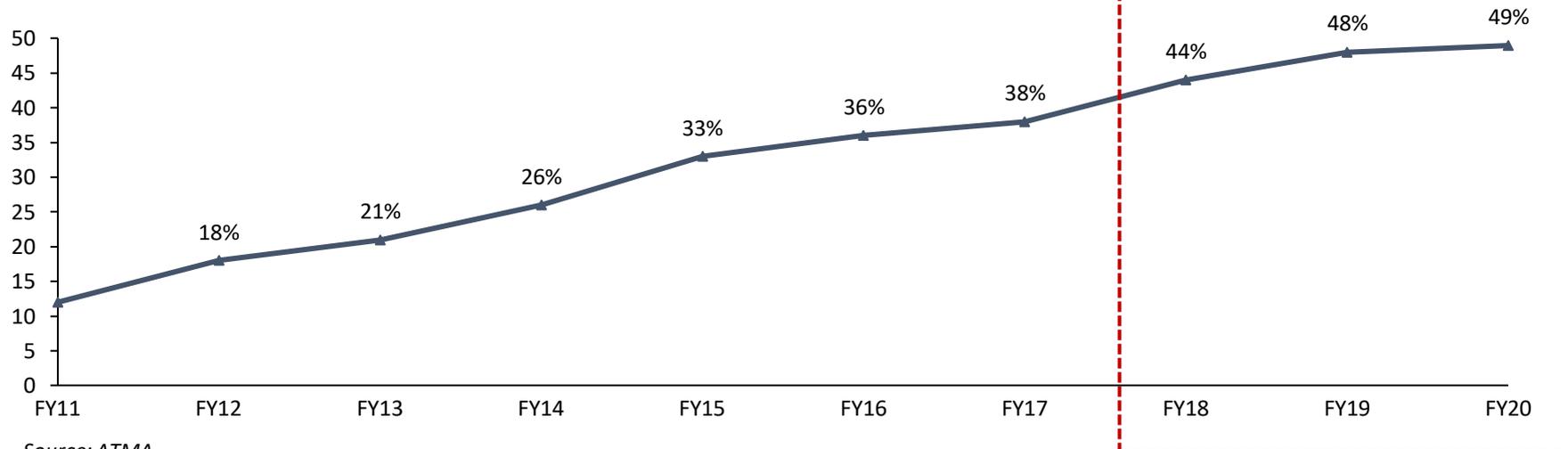
Retreading Industry Picks up with Lag effect

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

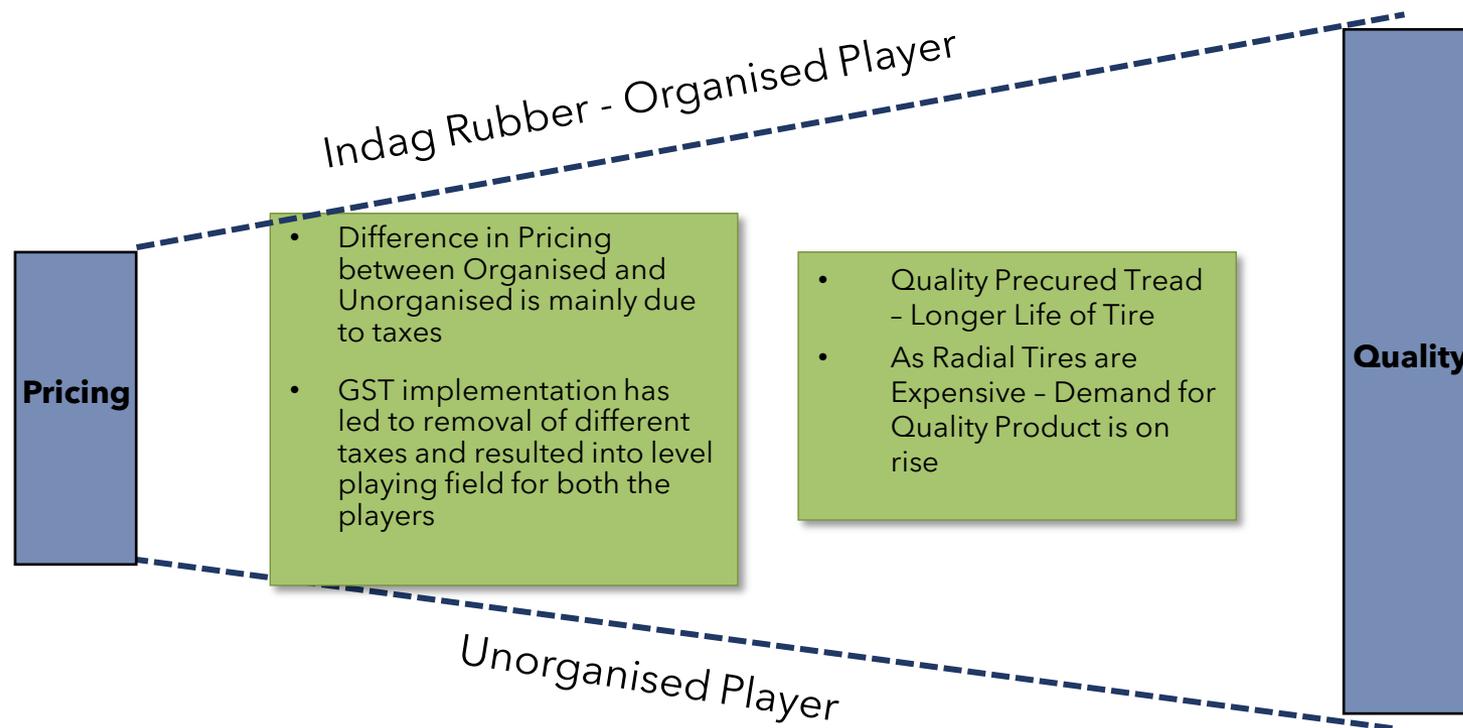
Faster vehicles, running on radials will consume tyres more frequently, narrowing the gap in retreading time by covering larger distances in shorter durations

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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