



ISO 9001: 2015
ISO 14001:2015
ISO 450001:2018

Indag Rubber Limited

Regd. Office: Khemka House, 11, Community Centre, Saket, New Delhi -110017, India
Phone: 26963172-73, 26961211, 26863310, 41664818, 41664043; **Fax:** 011-26856350
E-mail: info@indagrubber.com; Website: www.indagrubber.com; **CIN-L74899DL1978PLC009038**

Works: Village Jhiriwala, Tehsil, Nalagarh, Distt. Solan, Himachal Pradesh - 174101, India
Phone: +91-9736000123

August 26, 2025

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

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

Subject: Disclosure under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Dear Ma'am/Sir,

Pursuant to Regulation 30 read with Schedule III of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform you that the Credit Rating Agency, ICRA Limited, has revised the credit ratings assigned to the Company as under:

1. **Long-term credit rating:** [ICRA] A- (Negative)
2. **Short-term credit rating:** [ICRA] A2+

Please find enclosed the rating rationale letter with the reason(s) as received from ICRA Limited for your reference.

This is for your information and records please.

Thanking you,

Yours faithfully,
For **Indag Rubber Limited**

Sonal Garg
Company Secretary & Compliance Officer
(ACS 24598)

ICRA/Indag Rubber Limited/25082025/1

Date: August 25, 2025

Mr. Anil Bharadwaj
Chief Financial Officer
Indag Rubber Limited
11, Community Center,
Saket, New Delhi-110017

Dear Sir,

Re: ICRA's credit rating for below instruments of Indag Rubber Limited

This is in reference to the periodic monitoring of ICRA assigned credit rating for the mentioned instruments of your company based on the announcement of Q1 FY2026 results on BSE, the Rating Committee of ICRA has taken the following rating actions:

Instrument	Rated Amount (Rs. crore)	Rating Action ¹
Long-term Fund-based – Cash Credit	3.40	[ICRA]A- (Negative); Downgraded from [ICRA]A (Negative)
Short-term Unallocated	25.00	ICRA]A2+; Downgraded from [ICRA]A1
Short-term – Non-fund Based Bank Guarantee	0.00	ICRA]A2+; Downgraded from [ICRA]A1
Total	28.40	

The aforesaid rating(s) will become due for surveillance within one year from the date of rating communication letter. However, ICRA reserves the right to review and/or, revise the above rating(s) at any time based on new information becoming available, or the required information not being available, or other circumstances that ICRA believes could have an impact on the rating(s). Therefore, request the lenders and investors to visit ICRA website at www.icra.in for latest rating(s) of the company.

The rating(s) are specific to the terms and conditions of the instruments as indicated to us by you, and any change in the terms or size of the same would require a review of the rating(s) by us. In case there is any change in the terms and conditions or the size of the rated instrument, the same must be brought to our notice before the instrument is used by you. In the event such changes occur after the rating(s) have been assigned by us and their use has been confirmed by you, the rating(s) would be subject to our review, following which there could be a change in the rating(s) previously assigned. Notwithstanding the foregoing, any change in the over-all limit of the instrument from that specified in this letter, would constitute an enhancement that would not be covered by or under the said Rating Agreement.

The rating(s) assigned must be understood solely as an opinion and should not be treated, or cause to be treated, as recommendation to buy, sell, or hold the rated instrument availed/issued by your company.

You are also requested to forthwith inform us about any default or delay in repayment of interest or principal amount of the instrument rated, as above, or any other debt instruments/ borrowing and keep us informed of any other developments which may have a direct or indirect impact on the debt servicing capability of the company including any proposal for re-schedulement or postponement of the repayment programmes of the dues/ debts of the company with any lender(s) / investor(s), or occurrence of any significant development that could impact the ability of the company to raise funds such as restriction imposed by any authority from raising funds through issuance of debt

¹ Complete definitions of the ratings assigned are available at www.icra.in.



securities through electronic bidding system. Further, you are requested to inform us immediately as and when the borrowing limit for the instrument rated, as above, or as prescribed by the regulatory authority(ies) is exceeded.

We look forward to your communication and assure you of our best services.

Thanking you,
Yours sincerely,
For ICRA Limited

SUPRIO
BANERJEE

Digitally signed
by SUPRIO
BANERJEE
Date: 2025.08.25
17:25:43 +05'30'

Suprio Banerjee
Vice President & Co-Group Head | Corporate Ratings
supriob@icraindia.com

Annexure
Instrument Details

Details of Bank Limits Rated by ICRA (Rated on Long-Term Scale)	Amount (Rs. crore)	Rating	Rating Assigned on
	Cash Credit		
State Bank of India	0.40	[ICRA]A- (Negative);	August 22, 2025
Kotak Mahindra Bank Limited	3.00	[ICRA]A- (Negative);	August 22, 2025
Total	3.40		

Details of Bank Limits Rated by ICRA (Rated on Short-Term Scale)	Amount (Rs. crore)	Rating	Rating Assigned on
	Bank Guarantee		
Kotak Mahindra Bank Limited	25.00	[ICRA]A2+	August 22, 2025
Total Bank Guarantee (A)	25.00		
	Unallocated Limits		
Not Applicable (B)	0.00	[ICRA]A2+	August 22, 2025
Grand Total (A+B)	25.00		

August 25, 2025

Indag Rubber Limited: Ratings downgraded to [ICRA]A- (Negative)/[ICRA]A2+

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term Fund-based – Cash Credit	4.00	3.40	[ICRA]A- (Negative); downgraded from [ICRA]A (Negative)
Short-term Unallocated	0.50	0.00	-
Short-term – Non-fund based Bank Guarantee	38.50	25.00	[ICRA]A2+; downgraded from [ICRA]A1
Total	43.00	28.40	

*Instrument details are provided in Annexure I

Rationale

The ratings downgrade and continuation of the Negative outlook on the long-term rating of Indag Rubber Limited (Indag) considers weaker-than-expected revenues and sustained elevated raw material costs, which resulted in contraction in its standalone operating margins to 2.0% in FY2025 and 2.2% in Q1 FY2026 and from 7.0% in FY2024. The consolidated OPM was relatively lower at 0.7% in FY2025 and 0.6% in Q1 FY2026 and from 6.6% in FY2024 on account of nascent stages of operations leading to cash burn in its subsidiary Millenium Manufacturing Services Private Limited (Millenium). The company witnessed a year-on-year (YoY) revenue contraction of 9.1% in FY2025 and 19% in Q1 FY2026 on account of relatively lower demand from the aftermarket segment and lower-than-expected business from the state transport corporation (STC) business. Decline in volume, along with pressure on the profitability, resulted in a deterioration in the company's financial performance. ICRA expects Indag's performance to remain subdued in the near term. Further, investment made by Indag in its 51% subsidiary, Millenium Manufacturing Services Private Limited (Millenium), involved in contract manufacturing of power conversion systems (PCS), is yet to start deriving revenues from the same. While Indag is expected to diversify its revenue stream with the full-fledged commencement of operations in Millenium (expected to start from H2 FY2026), execution and project risks would be closely monitored. Further, the cash losses being incurred by Millenium also continue to have a bearing on the overall consolidated margins of the company.

The ratings continue to factor in the company's strong brand and its market presence in the organised retreading segment, aided by a pan-India distribution network of dealers, retreaders and fleet owners. Its professional management, supported by an experienced promoter group, also provides comfort. The company's financial risk profile is characterised by a comfortable capital structure, led by its debt-free status and healthy liquidity profile at a standalone level. While the interest cover and DSCR have declined due to a sharp fall in OPBITDA, the same continue to remain at a comfortable level of 1.67 times and 7.13 times, respectively in FY2025. The company had healthy cash and liquid investments of around Rs. 116 crore as of June 30, 2025 with no major capex plans in the anvil.

The ratings remain constrained by Indag's current modest scale of operations. While the scale is expected to improve at a consolidated level in the medium-to-long term, it remains dependent on timely commencement and healthy ramp-up of operations at its subsidiary. The modest scale of operations at a standalone level is further accentuated by the fragmented nature of the industry. Further, its profitability has contracted in the current fiscal owing to elevated level of input prices, particularly natural and synthetic rubber. The company's profit margins continue to remain vulnerable to fluctuations in raw material prices with Indag's limited ability to pass on the rise to its end-customers mainly because of competition from the unorganised sector and various OEMs with retreading verticals. Further, in FY2025 and Q1 FY2026, the adverse impact of profit margins was more prominent owing to low level of revenues from the STC segment. The raw material prices have reduced to some extent in the current fiscal, which is expected to support the profitability, going forward. Any further material investment

in joint venture or group company, resulting in a deterioration in its liquidity, or any major debt addition at a consolidated level and its impact on the credit profile will be closely monitored from the credit rating perspective.

Key rating drivers and their description

Credit strengths

Established presence and track record in retreading industry as well as pan-India distribution network – Indag is an established player in India's tyre retreading business and has a strong presence through a wide network of retreaders and distributors. Indag caters to the entire country with its strong brand through its plant in Nalagarh, Himachal Pradesh. It can leverage its established market presence and strong value in the organised segment, as well as its technical know-how, to increase its scale as the demand scenario improves.

Extensive experience of promoters – Indag's promoters have been associated with the manufacturing of tyre retreading materials since 1978. Initially, the business was a joint venture (JV) with Bandag Corporation, US. The JV was terminated on March 1, 2006, as the Khemka Group took over Bandag's shareholding. The Khemka Group has interests in varied businesses like renewable energy (wind and solar), among others. In FY2024, Indag diversified into contract manufacturing of PCS via Millennium, which may provide additional avenues to scale up, going forward.

Strong capital structure and coverage metrics with healthy liquidity – At a standalone level, the company has remained debt-free over the last several years. Consequently, the company's capital structure and coverage metrics remain comfortable at a standalone level. While the interest cover and DSCR have declined due to a sharp fall in OPBITDA, the same continue to remain at a comfortable level of 1.67 times and 7.13 times, respectively in FY2025. Going forward, Millennium is expected to raise debt to bridge its working capital gap once commercial operations commence. Despite additional debt, Indag's capital structure and coverage indicators are expected to remain comfortable at the consolidated level. Further, the company is likely to continue maintaining strong liquidity, which lends additional comfort.

Credit challenges

Modest scale of operations; may improve owing to efficient execution of operations in Millennium – The retreading industry has various unorganised players, which impact Indag's growth potential to an extent. The retreading industry witnessed an uptrend and Indag recorded a revenue growth of around 46% in FY2023 on the back of stable demand for replacement tyres. The growth sustained in FY2024 as well, albeit at a much gradual pace, given a higher base. However, the revenues declined by 9.1% in FY2025 and 19% in Q1 FY2026 on a YoY basis. While Indag's scale at a standalone level continues to remain modest, the company is expecting to scale up its revenues significantly with the recent diversification through its subsidiary, Millennium. It will undertake contract manufacturing of PCS for one of the largest global energy companies. This diversification is expected to improve the company's scale of operations, which had remained range-bound for the past several years. However, timely commencement and ramp-up of operations will be important.

Contraction in margins owing to elevated raw material prices – Indag remains exposed to raw material price fluctuation risk. It has been able to only partly pass on the raw material price increases amid stiff competition. Therefore, any adverse movement in raw material prices directly impact its profitability. In FY2025, the operating profit margins (OPM) declined to 0.7% from 6.6% in FY2024, owing to elevated prices of key raw materials such as natural rubber. The OPM continued to remain subdued at 0.6% in Q1 FY2026. While the prices of raw materials have begun contracting gradually, the company's margin is expected to remain under pressure in the near term.

Exposed to competition from unorganised players – The industry is highly unorganised with a sizeable portion of retreading executed by small-sized regional players. With several small players in the field as well as several tyre OEMs setting up retreading verticals, Indag encounters stiff competition. However, Indag's strong brand image and long-term track record of performance lend it with a competitive advantage.

Environmental and social risks

Environmental considerations: Indag does not face any major physical climate risk. It recognises quality and productivity as prerequisites for its operations and has implemented ISO 9001:2015 and ISO 14001:2015 standards. The company promotes itself as a Green Company, as retreading prevents landfill waste and pollution caused by incineration of discarded tyres. Further, retreading promotes sustainability and reusability, reducing carbon footprint. The company provides an alternative to tyres, which utilises higher crude oil and carbon content than retreading materials. Indag does not generate any significant waste. The waste produced is generally sold as scrap. Several anti-pollution systems have been fully installed and are operational, and the company makes continuous efforts to protect the environment.

Social considerations: Indag undertakes various social activities to improve the lives of the local community as a part of its corporate social responsibility (CSR). At present, the company is associated with the Nabha Foundation where the company's annual budget is Rs. 25 lakh for imparting education through five Navi Disha and MGK schools. This apart, Indag has an allocated budget of Rs. 8.7 lakh towards promotion of agriculture, enterprise development, dairy farming, health and sanitisation. Indag also provides economic assistance to the socio-economically disadvantaged, infrastructure development and other activities specified under the Companies Act, 2013. The company also follows a nomination and remuneration policy for motivating its manpower.

Liquidity position: Strong

The liquidity position of the company is strong, supported by healthy cash and liquid investments of around Rs. 116 crore as of June 30, 2025. In addition, the company has fully unutilised cash credit limits of Rs. 3 crore, which further aid in its liquidity position. Indag has neither any long-term debt repayment obligation nor any planned major capex in the medium term, which negates any near-term funding requirement. Going forward, any further funding support to its subsidiary, resulting in a deterioration in its liquidity, will remain a key rating monitorable.

Rating sensitivities

Positive factors – The outlook may be revised to Stable if there is a revival in the business in terms of both revenues and profitability while maintaining the company's liquidity. The ratings might be upgraded, if there is any substantial improvement in its scale of operations.

Negative factors – The ratings might be downgraded if the company is unable to materially improve its revenues and earnings. Further, a stretch in the working capital intensity or higher dividend payout or any incremental long-term investments in Group companies or JVs, resulting in weakening liquidity, may also trigger ratings downgrade.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Auto Component
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of Indag. The list of companies consolidated have been mentioned in Annexure-II. Earlier, ICRA used to review the standalone financials of the company. However, in FY2024, IRL had invested in its 51% subsidiary, Millenium. While the standalone business remains the principal driver for the Group's financial profile as of now, in ICRA's opinion, the company's consolidated financials, along with the inclusion of the subsidiary, will reflect the credit risk profile more accurately. As a result, ICRA had revised its rating approach to analyse its consolidated business and financial profiles, as it is more representative of IRL's credit profile.

About the company

Indag Rubber Limited was incorporated in July 1978 as a JV between the Khemka Group and Bandag Inc, US, one of the biggest players in the US retreading industry. In 2006, the Khemka Group took over Bandag's shareholding. The company provides retreading materials ranging from pre-cured retreaded rubber strips to other retreading accessories like envelopes. Indag uses the cold cure technique to manufacture retreading materials. The company's processes are ISO 9001-2008-certified and its products are tested at multiple stages to ensure superior quality. Its manufacturing facility is in Nalagarh, Himachal Pradesh.

Indag has invested in its 51% subsidiary, Millenium, which is involved in contract manufacturing of PCS for one of the largest energy companies globally. The remaining 49% has been invested by Sun Renewables WH Private Limited and Elcom Innovations Private Limited.

Key financial indicators (audited)

Consolidated	FY2024	FY2025	Q1 FY2026*
Operating income	251.18	228.4	45.0
PAT	15.58	4.6	0.8
OPBDIT/OI	6.62%	0.72%	0.58%
PAT/OI	6.20%	2.02%	1.89%
Total outside liabilities/Tangible net worth (times)	0.18	0.19	-
Total debt/OPBDIT (times)	0.60	5.69	-
Interest coverage (times)	23.54	1.67	-

Source: Company, ICRA Research; * Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Standalone	FY2024	FY2025	Q1 FY2026*
Operating income	251.18	224.82	45.01
PAT	16.75	8.42	1.84
OPBDIT/OI	7.04%	1.96%	2.24%
PAT/OI	6.67%	3.75%	4.09%

Source: Company, ICRA Research; * Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: A member of the Board of Directors of ICRA Limited is also an Independent Director on the Board of Directors of Indag Rubber Limited. This Director was not involved in any of the discussions and processes related to the rating of the instrument(s) mentioned herein.

Rating history for past three years

Current ratings (FY2025)					Chronology of rating history for the past 3 years					
Instrument	Type	Amount rated (Rs. crore)	Aug 25, 2025		FY2025		FY2024		FY2023	
					Date	Rating	Date	Rating	Date	Rating
1 Cash Credit	Long Term	3.40	[ICRA]A- (Negative)		Feb 20, 2025	[ICRA]A (Negative)	-	-		
					May 08, 2024	[ICRA]A (Stable)	-	-	Mar 30, 2023	[ICRA]A (Stable)
2 Unallocated	Short Term	0.00	-		Feb 20, 2025	[ICRA]A1	-	-		
					May 08, 2024	[ICRA]A1	-	-	Mar 30, 2023	[ICRA]A1
3 Bank Guarantee	Short Term	25.00	[ICRA]A2+		Feb 20, 2025	[ICRA]A1	-	-		
					May 08, 2024	[ICRA]A1	-	-	Mar 30, 2023	[ICRA]A1

Complexity level of the rated instruments

Instrument	Complexity indicator
Cash Credit	Simple
Unallocated	Not applicable
Bank Guarantee	Very simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Cash Credit	NA	NA	NA	3.40	[ICRA]A- (Negative)
NA	Unallocated	NA	NA	NA	0.00	-
NA	Bank Guarantee	NA	NA	NA	25.00	[ICRA]A2+

Source: Company

Annexure II: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
Indag Rubber Limited	-	Full consolidation
Millenium Manufacturing Services Private Limited	51.00%	Full consolidation

ANALYST CONTACTS

Jitin Makkar

+91 124 4545 368

jitinm@icraindia.com

Kinjal Shah

+91 22 6114 3442

kinjal.shah@icraindia.com

Mythri Macherla

+91 22 6114 3435

mythri.macherla@icraindia.com

Piyush Kedar

+91 22 6114 3469

piyush.kedar@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar

+91 22 6114 3406

shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited



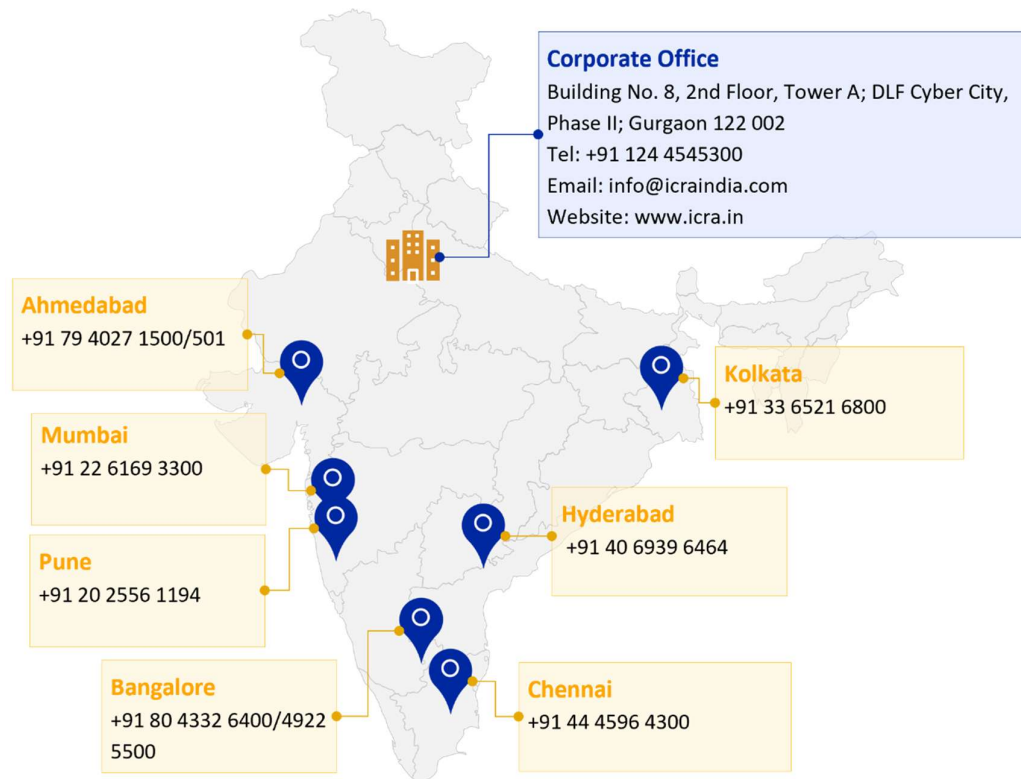
Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



Branches



© Copyright, 2025 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.