

# BALKRISHNA INDUSTRIES LTD

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Investor Presentation

February'2023



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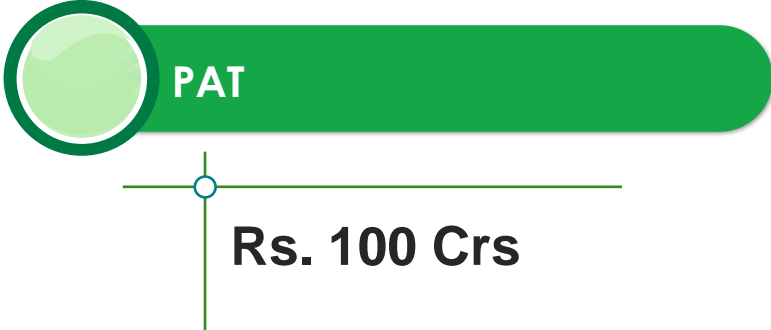
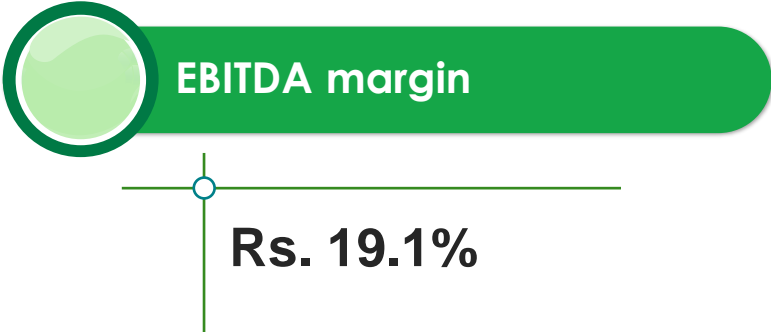
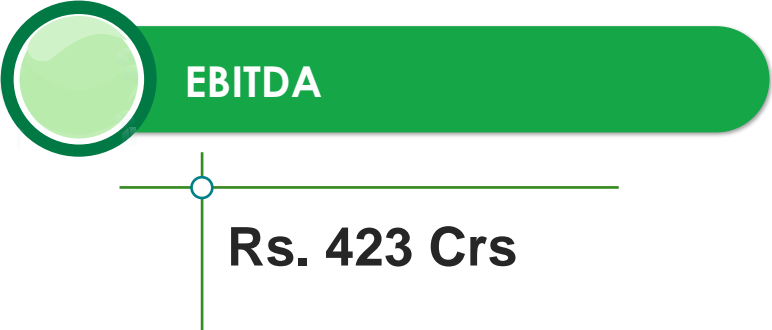
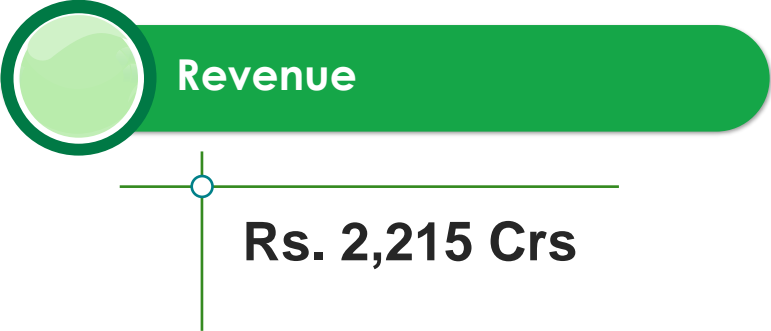
**YEARS OF GROWTH**



# Performance Snapshot – Q3FY23



GROWING TOGETHER



Declared 3rd interim Dividend of Rs. 4/- per equity share

# Management Commentary

Currently, experiencing channel inventory clearance in end markets. The distribution channel across global markets had excess inventory not only in OHT segment but other tire segments as well.

Along with this, the slow lowering of raw material prices and improvement in delivery timelines owing to better availability of containers has led to slower ordering cycle by the channel.

The end demand is still holding up, but the channel issues of ordering continue to impact the volumes.

As expected Q3 volumes were 66,480 MT.

The Company continues to face challenges of de-stocking in Q4 however the intensity of the situation is receding on month-on-month basis.

The situation has been relatively better in North America however recession fears continue to impact demand.

India continues to be stable supported by better economic environment.

The freight cost correction witnessed in the last few months has led to improvement in margins which is reflected in freight costs which now stand at ~9% of sales in Q3.

Expect further benefits on account of freight to reflect in Q4 and fully in Q1FY24.

The Company has lowered the surcharge to end customers on account of freight and the same is reflected in our ASP which has moved down ~6% on QoQ basis.

The aspect which impacted margins negatively and almost negated the impact of freight costs were raw material costs. While raw material prices have corrected, the Company not fully enjoy the benefits due to high-cost raw material inventory in the system.

Further, lower volumes clocked in Q3 led to lower absorption of fixed costs as against the expectation of higher volumes built in at the start of the financial year.

Lower Raw material and freight costs, better hedge rate, better end market situation gives hope for a margin recovery in FY24.

# Capex Status



## Carbon Black and Captive Power Plant

- Commissioned 55,000 MTPA Carbon Black capacity along with Power Plant
- The Project of advanced carbon material for 30,000 MTPA is proceeding as per schedule
- Project Capex cost - Rs. 650cr

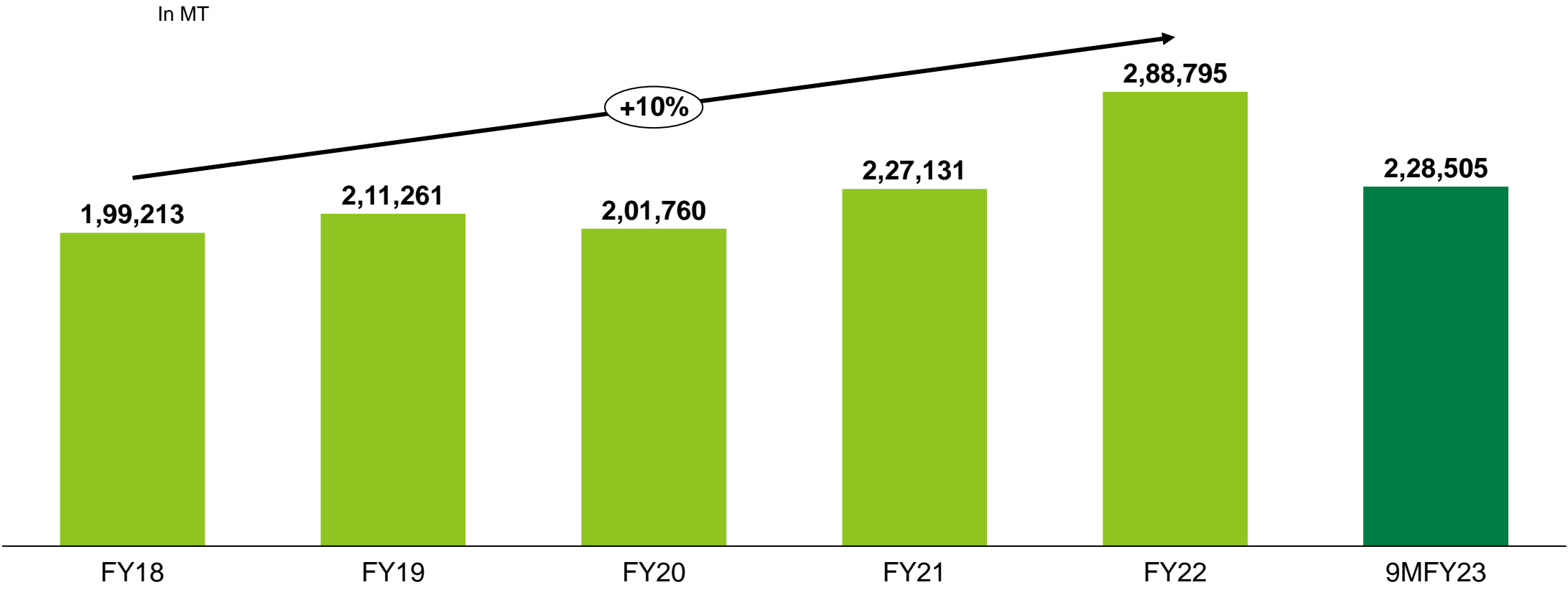


## Waluj Brownfield Capex

- The Board had earlier intended to replace the OLD Waluj plant by the newly commissioned Greenfield Plant, but given the subsequent business outlook, it was decided to continue operations at both the plants along with modernization of the Old Plant
- In November 2022, the Board of Directors decided to revert to its earlier decision of ceasing operations at the old plant. The earlier approved capex of Rs. 350 crores for modernization of the old plant will now be utilised at the new plant site to bring in economies of scale
- Execution of this brownfield project has commenced and is expected to be completed as per schedule. The Waluj location will accordingly have an overall capacity of 55,000 MTPA at a single site

**The current achievable capacity is 335,000 MTPA and will increase back to 360,000 MTPA by H1FY24 post commissioning of the Waluj brownfield project**

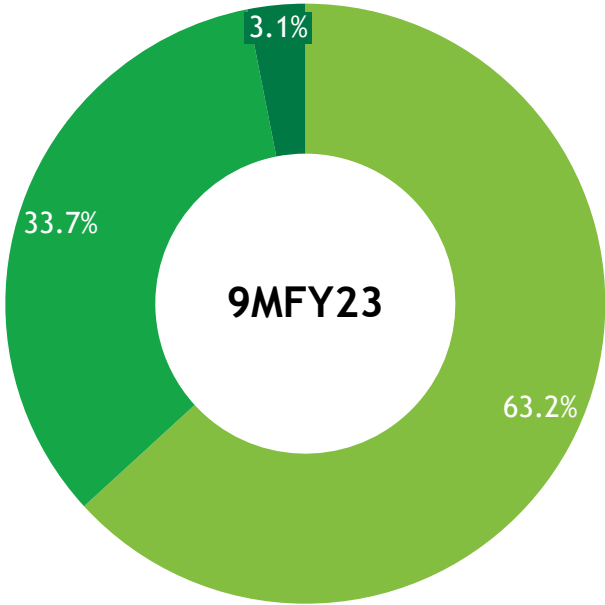
# Sales Volume Profile – 9MFY23



All Figures on Standalone basis

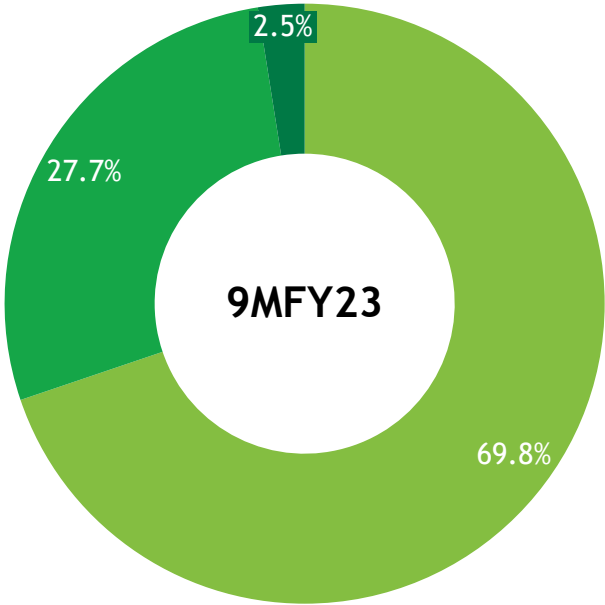
# Volume Profile

Segmental Sales



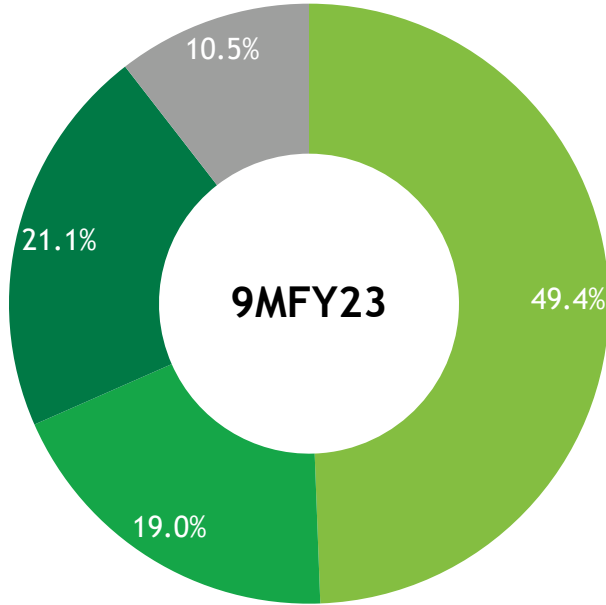
Agriculture OTR Others

Channel Sales



Replacement OEM Others

Geographical Sales



Europe Americas India RoW

All Figures on Standalone basis



# Profit & Loss



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Particulars (Rs in Cr)				Standalone			
	Q3FY23	Q3FY22	YoY	9MFY23	9MFY22	YoY	FY22
<b>Sales (MT)</b>	<b>66,480</b>	<b>70,320</b>	<b>-5%</b>	<b>228,505</b>	<b>211,676</b>	<b>8%</b>	<b>288,795</b>
Revenue from Operations	2,142	2,030		7,493	5,893		8,267
Realized Gain on Foreign Exchange	73	49		255	94		152
<b>Total Income</b>	<b>2,215</b>	<b>2,079</b>	<b>7%</b>	<b>7,748</b>	<b>5,987</b>	<b>29%</b>	<b>8,419</b>
Raw Material	1,109	1,015		3,743	2,890		4,034
(Increase) / Decrease in Stock	28	-49		33	-214		-255
Employee Expenses	100	97		309	291		380
Other Expenses	554	510		2,128	1,415		2,078
<b>EBITDA</b>	<b>423</b>	<b>507</b>	<b>-17%</b>	<b>1,534</b>	<b>1,606</b>	<b>-4%</b>	<b>2,182</b>
<b>EBITDA Margin</b>	<b>19.1%</b>	<b>24.4%</b>		<b>19.8%</b>	<b>26.8%</b>		<b>25.9%</b>
Other Income	43	31		86	133		185
Unrealized Gain / (Loss)	-166	17		-91	60		39
Interest & Finance Charges	14	2		21	6		8
Depreciation	145	115		405	327		444
<b>Profit Before Tax</b>	<b>142</b>	<b>439</b>	<b>-68%</b>	<b>1,103</b>	<b>1,466</b>	<b>-25%</b>	<b>1,954</b>
Tax	42	110		280	429		544
<b>Profit After Tax</b>	<b>100</b>	<b>329</b>	<b>-70%</b>	<b>823</b>	<b>1,037</b>	<b>-21%</b>	<b>1,411</b>
<b>PAT Margin</b>	<b>4.5%</b>	<b>15.8%</b>		<b>10.6%</b>	<b>17.3%</b>		<b>16.8%</b>

- Average Hedge rate for Q3FY23 was Rs. 85 versus average custom rate (used for invoicing) of Rs. 81 leading to Realized gain on foreign exchange of Rs. 73 crores
- Euro rate as on 31<sup>st</sup> December 2022 was -Rs. 88 versus -Rs. 80 as on 30<sup>th</sup> September 2022, leading to M2M loss on Foreign currency borrowings during Q3FY23 to the tune of Rs. 166cr

# Net Forex Gain/(Loss)

Particulars (Rs in Cr)	Q3FY23	Q3FY22	9MFY23	9MFY22
Foreign Exchange Fluctuation on Sales	73	49	255	94
Foreign Exchange Fluctuation on Others	6	14	35	36
<b>Total Realised Gain/(Loss) - A</b>	<b>78</b>	<b>64</b>	<b>289</b>	<b>130</b>
<b>Total Unrealized Gain/(Loss) - B</b>	<b>-166</b>	<b>17</b>	<b>-91</b>	<b>60</b>
<b>Net Forex Gain/(Loss) = A + B</b>	<b>-88</b>	<b>80</b>	<b>198</b>	<b>190</b>

# Balance Sheet



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Particulars (Rs. Cr.)	Sep'22	Mar'22
<b>ASSETS</b>		
<b>Non-current assets</b>	<b>7,839</b>	<b>7,054</b>
Property, Plant and Equipment	4,644	3,906
Capital work-in-progress	1,281	1,258
Investment Property	71	79
Other Tangible Assets	0	0
Financial Assets		
(i) Investments	1,214	1,213
(ii) Other Financial Assets	215	83
Income Tax Assets (Net)	-	8
Other non-current assets	414	506
<b>Current assets</b>	<b>4,471</b>	<b>3,803</b>
Inventories	1,676	1,639
Financial Assets		
(i) Investments	651	685
(ii) Trade Receivables	1,395	1,098
(iii) Cash and cash equivalents	206	29
(iv) Bank Balances other than (iii) above	7	6
(v) Loans	4	3
(vi) Others	192	65
Other Current Assets	340	277
<b>TOTAL</b>	<b>12,310</b>	<b>10,857</b>

Particulars (Rs. Cr.)	Sep'22	Mar'22
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>	<b>7,630</b>	<b>6,925</b>
Equity Share Capital	39	39
Other Equity	7,591	6,886
<b>Non-Current Liabilities</b>	<b>1,258</b>	<b>807</b>
Financial Liabilities		
(i) Borrowings	837	501
(i) Other Financial Liabilities	0	0
Provisions	59	24
Deferred Tax Liabilities (Net)	297	251
Other Non-Current Liabilities	66	31
<b>Current liabilities</b>	<b>3,423</b>	<b>3,126</b>
Financial Liabilities		
(i) Borrowings	2,253	1,942
(ii) Trade Payables	707	808
(iii) Other Financial Liabilities	150	120
Other Current Liabilities	256	251
Provisions	4	4
Tax Liabilities	53	-
<b>TOTAL</b>	<b>12,310</b>	<b>10,857</b>

All Figures on Standalone basis

# Cash Flow

Particulars (Rs. Cr.)	H1FY23	FY22
<b>Operating profit before working capital changes</b>	<b>1,114</b>	<b>2,163</b>
Changes in working capital	-483	-825
Cash generated from operations	631	1,339
Direct taxes paid (net of refund) and others	-177	-457
<b>Net Cash from Operating Activities</b>	<b>454</b>	<b>881</b>
<b>Net Cash from Investing Activities</b>	<b>-826</b>	<b>-1,889</b>
<b>Net Cash from Financing Activities</b>	<b>548</b>	<b>1,003</b>
<b>Net Change in cash and cash equivalents</b>	<b>177</b>	<b>-5</b>

# Resilient Business Model



Gross Cash and Cash equivalents of Rs. 2,082 Cr as on 31<sup>st</sup> December, 2022



Diversified Product Portfolio, spread across Agriculture, Industrial, Construction, Earthmoving, Mining, Port, Lawn and Garden and ATV tires



Self Reliant in Carbon Black along with Multiple sourcing arrangements for other Raw Materials



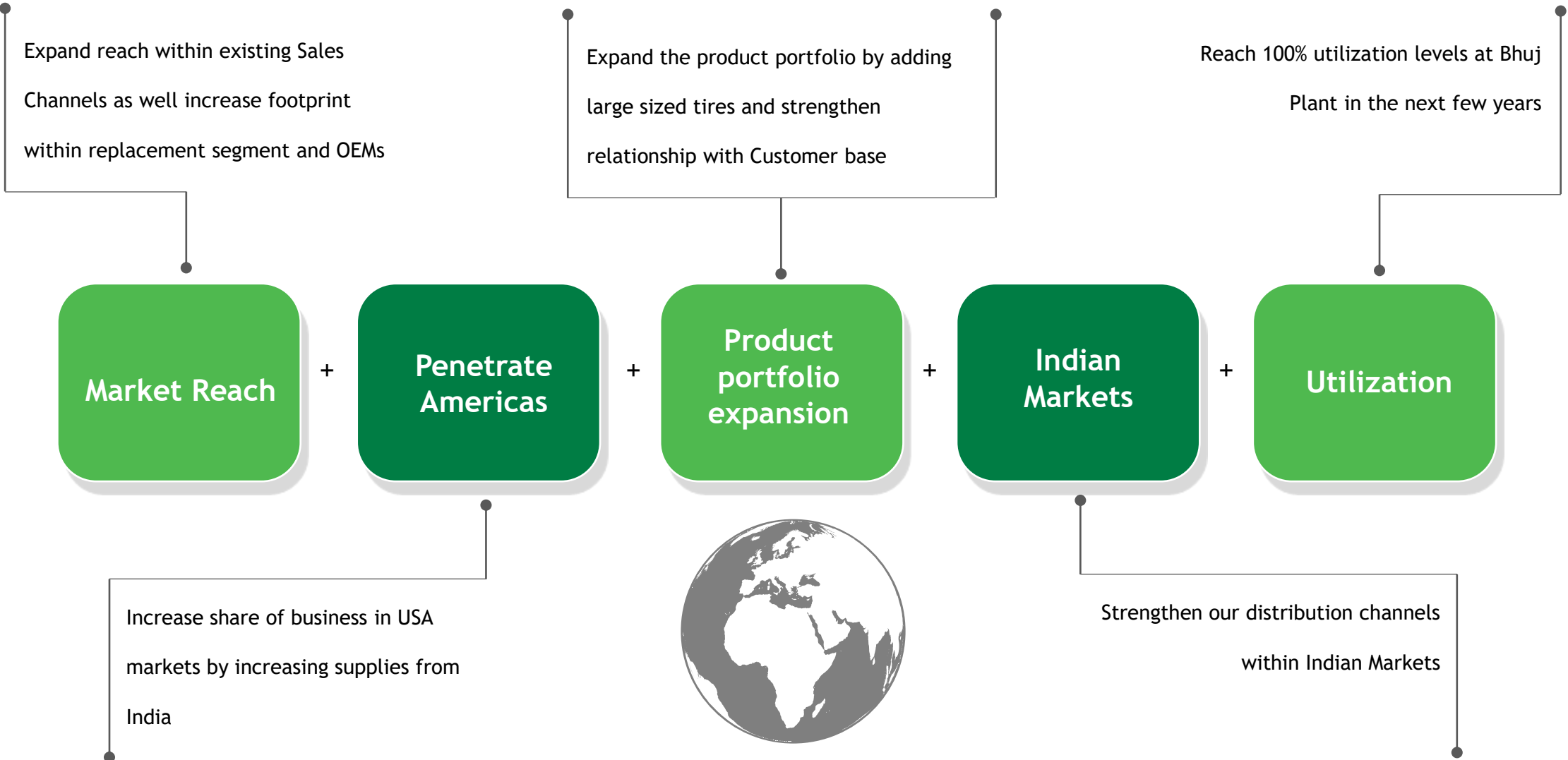
Ongoing Capex

**BKT has built a resilient business model and is confident to withstand the near-term challenges to emerge stronger with a higher global market share**

# Strategy at BKT



# Our Focus Area



# To Serve Global OEMs...



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# With India Production and Global Sales



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Waluj,  
Maharashtra

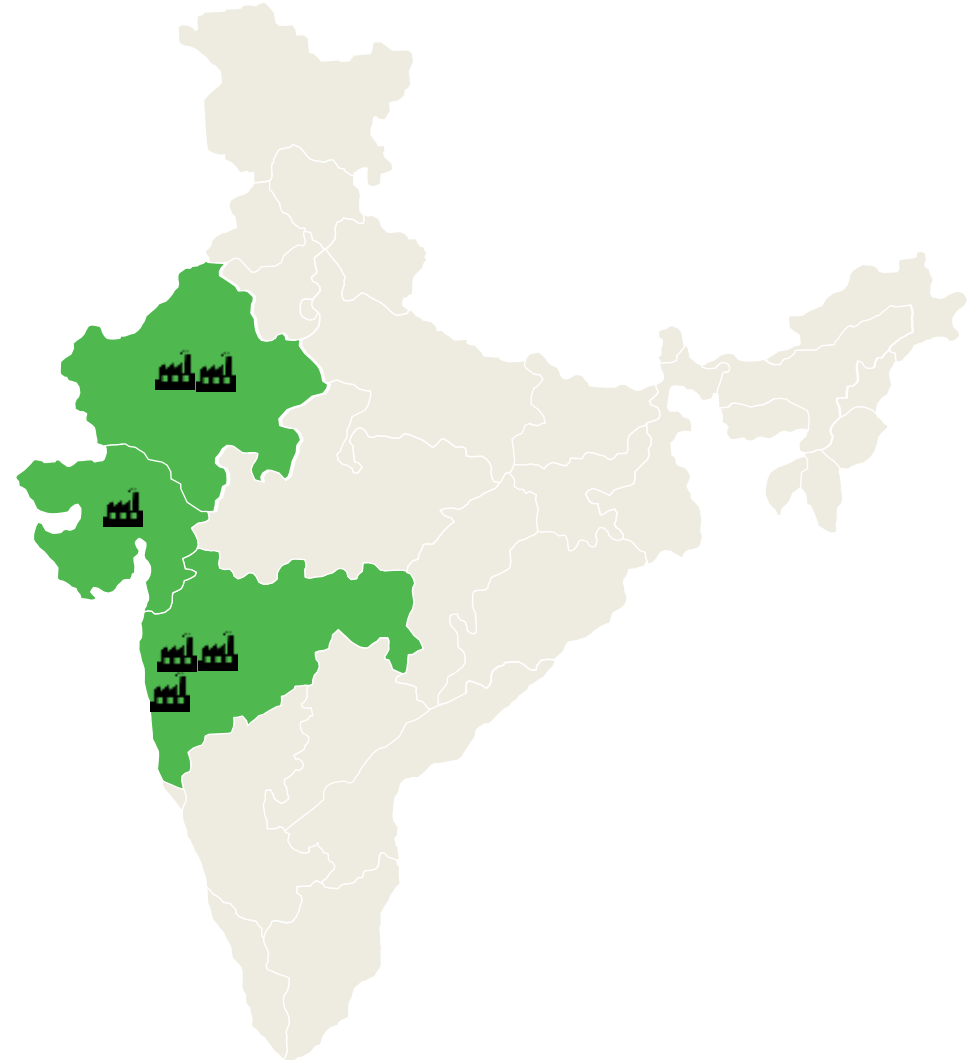
Bhiwadi,  
Rajasthan

Chopanki,  
Rajasthan

Bhuj,  
Gujarat

Mould plant,  
Dombivali

**India**  
Our Manufacturing base



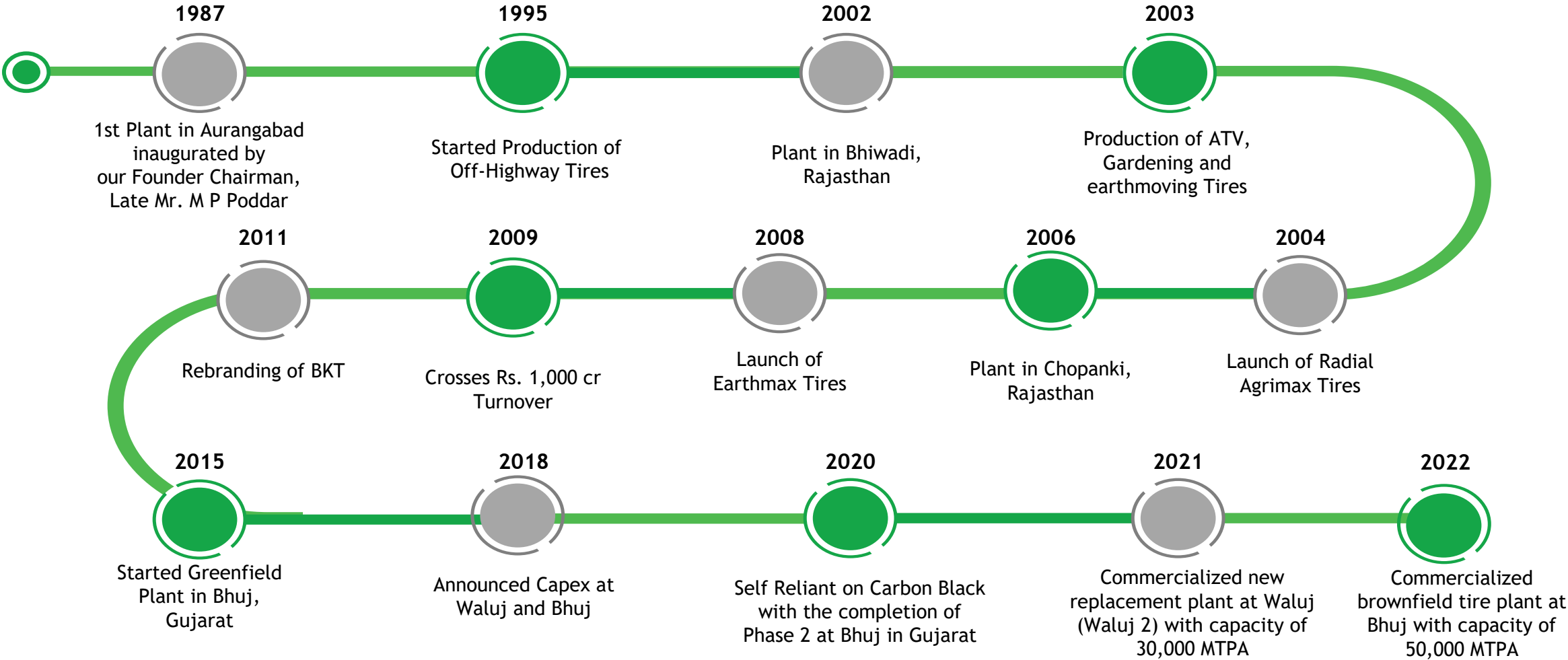
Note – Maps not to scale. All data, information, and maps are provided “as is” without warranty or any representation of accuracy, timeliness or completeness

# Balkrishna Industries – A Snapshot



- 01** **Leading ‘Off-Highway Tire’ Exporter**  
BKT is India’s Leading player in the Global ‘Off Highway Tire (OHT)’ Market
- 02** **Wide and comprehensive product portfolio**  
Deep understanding of OHT market has led to capabilities to manufacture over 3,200 SKUs
- 03** **Capacities**  
The current achievable capacity is 335,000 MTPA and will increase back to 360,000MTPA by H1FY24 post commissioning of the waluj brownfield project
- 04** **Global reach**  
Sales to over 160 countries through Distribution network in Americas, Europe, India and Rest of the World
- 05** **Strong OEM Presence**  
Strong Partnerships with Global OEM’s a testimony of our Brand Acceptance & Performance
- 06** **Experienced Management Team**  
Experienced Management Teams across business divisions and verticals

# Our Strong Evolution



**India's Largest Off-Highway Tire Manufacturer**

# Business Practices Driving our Long-Term Sustainability



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## Energy Efficiency



- To ensure energy efficiency Initiated use of 'Green Energy' - installing 5MW windmills and 2 MW solar power plants for our greenfield projects

## Environment



- Controlled emissions through electrostatic precipitators in boilers and discharge through appropriate effluent treatment plants
- Replacing existing coal fired boilers with 'gas fired boilers
- Planted approximately 1,00,000 trees in and around Bhuj plant

## Waste Management



- Implemented disciplined waste management system for systematic collection of scrap and safe storage/disposal and re-use of wastes
- Promoted industrial recycling of waste like reclaim rubber, crumb powder and rubberised friction compound

# Outcomes of our Sustainability Process



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## Key Performance

High-yield ratio between material input & output with 99% efficiency leading to minimal process

**1:1**

Proportion of recyclable raw materials wrt the total raw materials used

**2.5%**

Waste reduction over the past three years

**14.9%**

Reduction in consumption of natural resources like water and coal over the last four years

**12-18%**

## Future Targets

- Zero Liquid Discharge (ZLD)
- Green House Gas (GHG) emissions
- Waste reduction
- Consumptions reduction
- Green energy

## Recognitions

- BKT plants have been achieving ‘Energy Conservation Award’ by both the State & Central Government every year
- BKT-Bhuj has been awarded ‘National Water Excellence Management Award’ by CII

# Promoting Education, Health & Rural Development



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**Our Endeavour is to improve the lives of children and adults, and our mission is to ensure health with dignity to every underprivileged children and adult**

# BKT – A Strong Global Brand from INDIA



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# Strengthening BKT Brand : Americas



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BKT is the Official and Exclusive Tire manufacturer of MONSTER JAM and its fleet of Monster Trucks -  
Monster Jam is a top sporting event in America



# Strengthening BKT Brand : Canada



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BKT Continental Cup - Curling: BKT is the Title Sponsor of Continental Cup

# Strengthening BKT Brand: Spain, Europe



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BKT is the Official Global Partner for the Spanish Football League “La Liga”

# Strengthening BKT Brand: Italy, Europe



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BKT is the Title Sponsor for the ITALIAN SERIE 'B' FOOTBALL CHAMPIONSHIP - THE NEWBORN - "SERIE BKT"

# Strengthening BKT Brand: France, Europe



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BKT is the Sponsor for the “LIGUE de Football Professionel (LFP)” in France

# Strengthening BKT Brand: France, Europe



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**BKT Is Official Tire Supplier for Rugby World Cup France 2023**

# RUGBY CHAMPIONSHIP



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BKT is associated with United Rugby Championship

# Strengthening BKT Brand : EUROPE



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Premium Partner of EUROLEAGUE BASKETBALL

# Strengthening BKT Brand : Tractor of the year (TotY) - EUROPE



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Team of expert journalists in agricultural mechanization, assign the Tractor of the Year (TotY) award to the 'Best European Tractor'



# Strengthening BKT Brand : Australia



OFFICIAL OFF-HIGHWAY  
TIRE PARTNER OF THE KFC BBL

BKT is the Official “OFF-HIGHWAY TIRE PARTNER” for KFC BIG BASH LEAGUE (THE AUSTRALIAN CRICKET LEAGUE)

# Strengthening BKT Brand : India



Official Partner of Teams in the Cricket T20 League for Season 14

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# Strengthening BKT Brand : India



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[Click here for the BKT Video](#)

Ranveer Singh is the Brand Ambassador of BKT



# Thank You

## Company



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