

BALKRISHNA INDUSTRIES LTD

Investor Presentation - August 2021

August '21

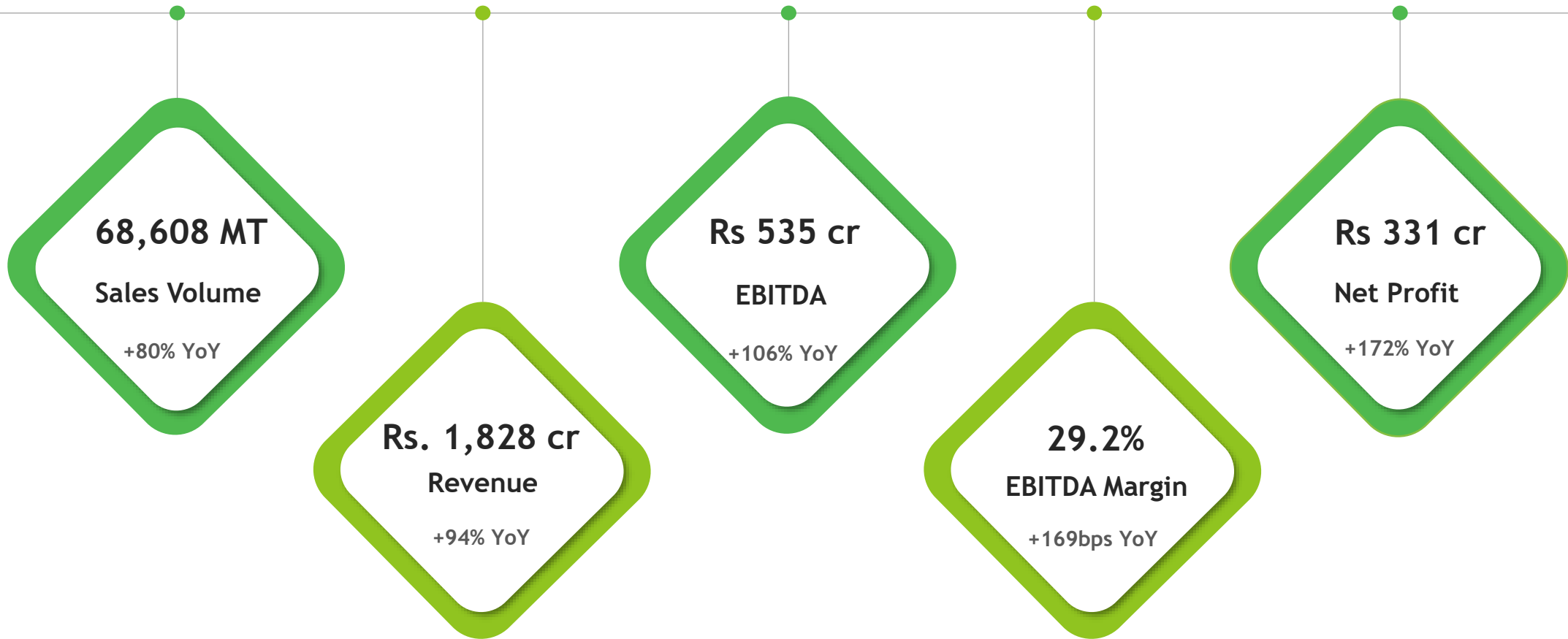


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Performance Snapshot – Q1FY22



Declared 1st Interim Dividend of Rs. 4/- per equity share

All Figures on Standalone basis

Management Commentary

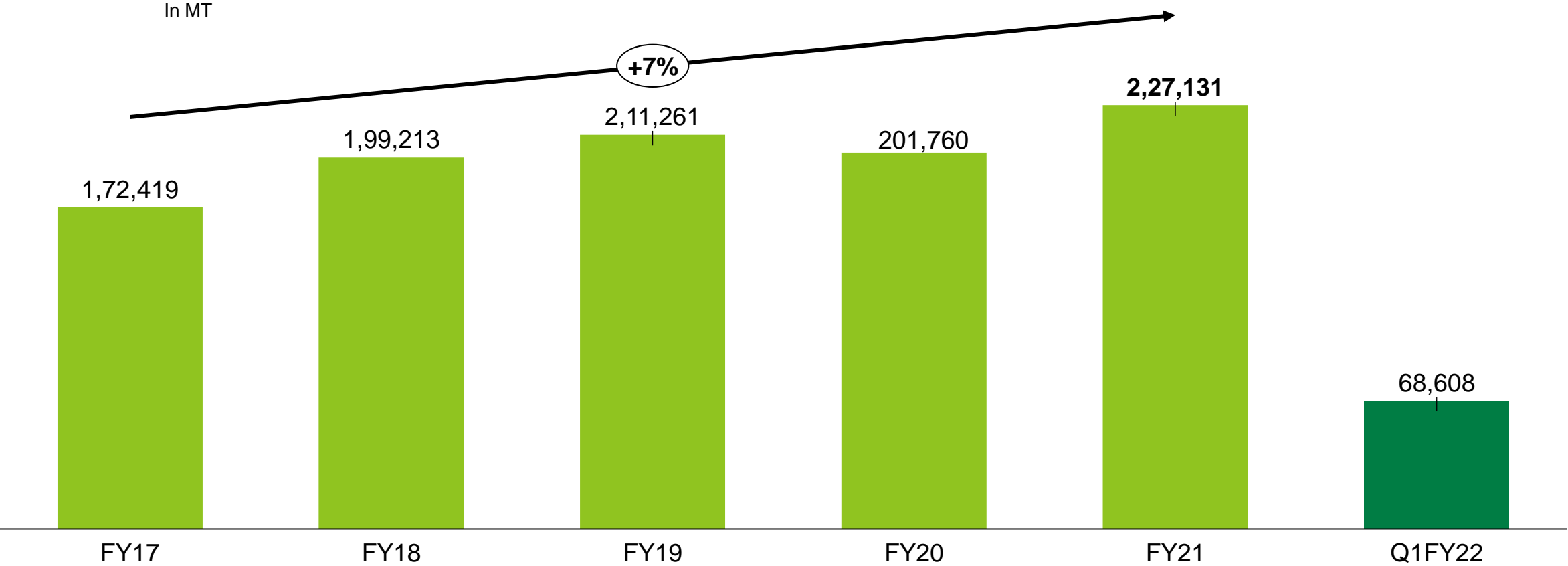
Continue to witness strong demand tailwinds across geographies and segments. This is visible in our sales volume numbers where we have clocked 68,608 MT for Q1FY22 which is our highest quarterly sales volumes

Expect this momentum to continue as economic activity is in an uptrend and Government's world over are creating infrastructure. Further end prices of commodities and agriculture produce continues to be robust thereby giving strong support to our sector

While on the demand front we remain positive, the raw material scenario is very challenging. All raw material prices are on an uptrend and this will impact our margin profile for the next few months. Further the logistics costs have gone up significantly across routes and we believe it could continue to be at similar levels through the current fiscal

In view of these cost pressures, we have been taking price hikes of our products in end markets on a quarterly basis. We are confident that we will be able to maintain 28-30% EBITDA margin on long term sustainable basis

Sales Volume Profile – Q1FY22

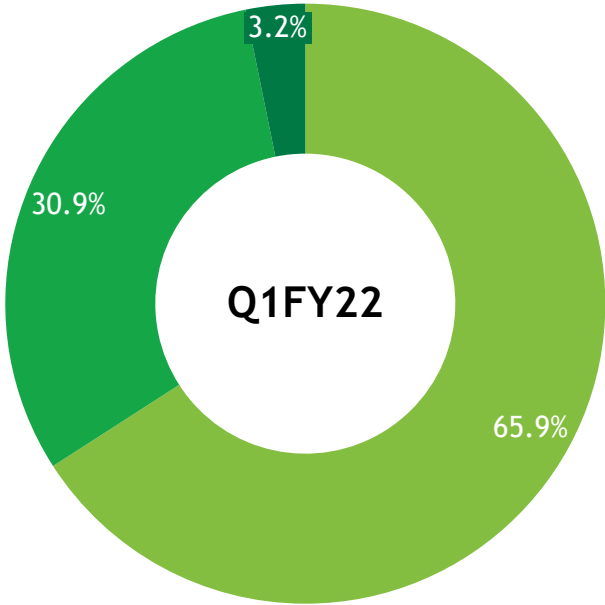


Highest ever Quarterly Sales Volume in Q1FY22

All Figures on Standalone basis

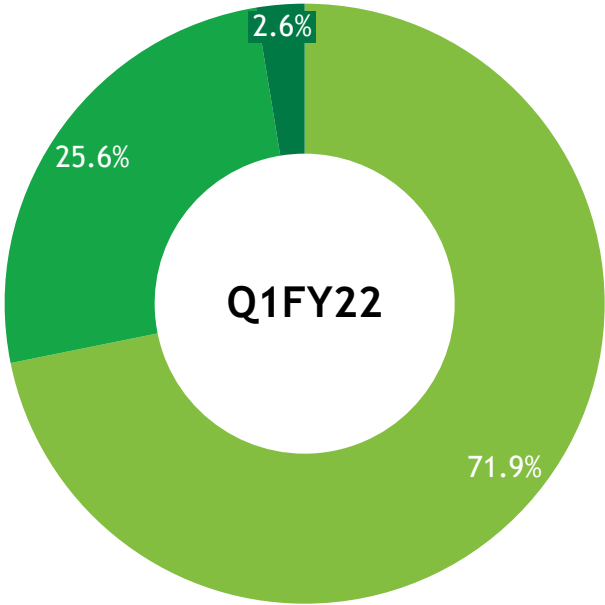
Volume Profile

Segmental Sales



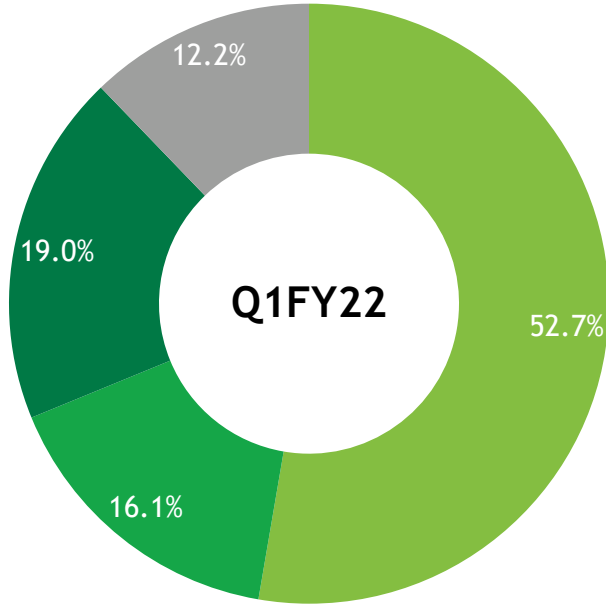
Agriculture OTR Others

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			
	Q1FY22	Q1FY21	YoY	FY21
Sales (MT)	68,608	38,096	80%	2,27,131
Revenue from Operations	1,813	929		5,758
Realized Gain on Foreign Exchange	15	13		-18
Total Income	1,828	942	94%	5,740
Raw Material	880	420		2,452
(Increase) / Decrease in Stock	-98	-53		-149
Employee Expenses	94	70		326
Other Expenses	417	246		1,302
EBITDA	535	260	106%	1,810
EBITDA Margin	29.2%	27.6%		31.5%
Other Income	40	33		119
Unrealized Gain / (Loss)	17	-29		18
Interest & Finance Charges	2	2		10
Depreciation	104	100		406
Profit Before Tax	485	162	199%	1,531
Tax	153	40		376
Profit After Tax	331	122	172%	1,155
PAT Margin	18.1%	12.9%		20.1%

The contingent liability as of 31st March 2021 was Rs. 65.4 Cr as disclosed in our Annual Report

In Q1FY22 certain tax assessment has been completed and the liability has been crystalized at Rs. 35.7 Cr which has been included in Tax expenses in Q1FY22, as Income tax of earlier years

The balance amount will get crystalized in coming quarters and will be accordingly included in tax expenses

Net Forex Gain/(Loss)



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Particulars (Rs in Cr)	Standalone		
	Q1FY22	Q1FY21	FY21
Foreign Exchange Fluctuation on Sales	15	13	-18
Foreign Exchange Fluctuation on Others	7	8	42
Total Realised Gain/(Loss) - A	22	21	24
Total Unrealized Gain/(Loss) - B	17	-29	18
Net Forex Gain/(Loss) = A + B	38	-8	42

All Figures on Standalone basis

Balance Sheet



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Particulars (Rs. Cr.)	Mar'21	Mar'20
ASSETS		
Non-current assets	5,649	4,854
Property, Plant and Equipment	3,247	3,189
Capital work-in-progress	856	586
Investment Property	86	86
Other Tangible Assets	1	2
Financial Assets		
(i) Investments	1,026	712
(ii) Other Financial Assets	15	13
Income Tax Assets (Net)	70	90
Other non-current assets	348	177
Current assets	2,391	1,877
Inventories	909	580
Financial Assets		
(i) Investments	392	351
(ii) Trade Receivables	730	649
(iii) Cash and cash equivalents	34	23
(iv) Bank Balances other than (iii) above	23	22
(v) Loans	4	4
(vi) Others	35	14
Other Current Assets	264	232
TOTAL	8,040	6,731

Particulars (Rs. Cr.)	Mar'21	Mar'20
EQUITY AND LIABILITIES		
EQUITY	6,007	5,028
Equity Share Capital	39	39
Other Equity	5,969	4,989
Non-Current Liabilities	262	238
Financial Liabilities		
(i) Borrowings	1	2
(i) Other Financial Liabilities	0	0
Provisions	25	24
Deferred Tax Liabilities (Net)	204	178
Other Non-Current Liabilities	33	34
Current liabilities	1,771	1,465
Financial Liabilities		
(i) Borrowings	892	859
(ii) Trade Payables	633	361
(iii) Other Financial Liabilities	75	165
Other Current Liabilities	165	75
Provisions	5	4
TOTAL	8,040	6,731

All Figures on Standalone basis

Resilient Business Model



Long Term Debt Free
Cash and Cash equivalents of Rs. 1,557 Cr as on 30th June 2021



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



New Capex planned

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

New Capex of Rs. 1,900cr

Brownfield Tire Plant

- Debottlenecking and Brownfield expansion along with addition of balancing and ancillary equipment at Bhuj
- Expansion to add ~50,000 MTPA capacity; expected completion by H2FY23
- Capex cost of up to Rs. 800cr

Carbon Black and Captive Power Plant

- Current achievable capacity at 115,000 MTPA. With successful addition of new customers, carbon black capacity is planned to be increased to 200,000 MTPA including 30,000 MTPA of high value advanced carbon material and Power Plant
- Facility will allow larger control over supply chain while fulfilling internal demand on expanded capacity of Tires and meeting increased demand from 3rd parties
- Capex cost of up to Rs. 650cr; expected completion by H1FY23

Modernization, Automation and Technology Upgradation

- Modernization, automation and technology upgradation of certain existing equipment and install automated material handling systems
- Capex to be undertaken at existing facilities at Rajasthan and Bhuj leading to improvement in quality and efficiency
- Capex cost of up to Rs. 450cr; expected to be completed by H1FY23

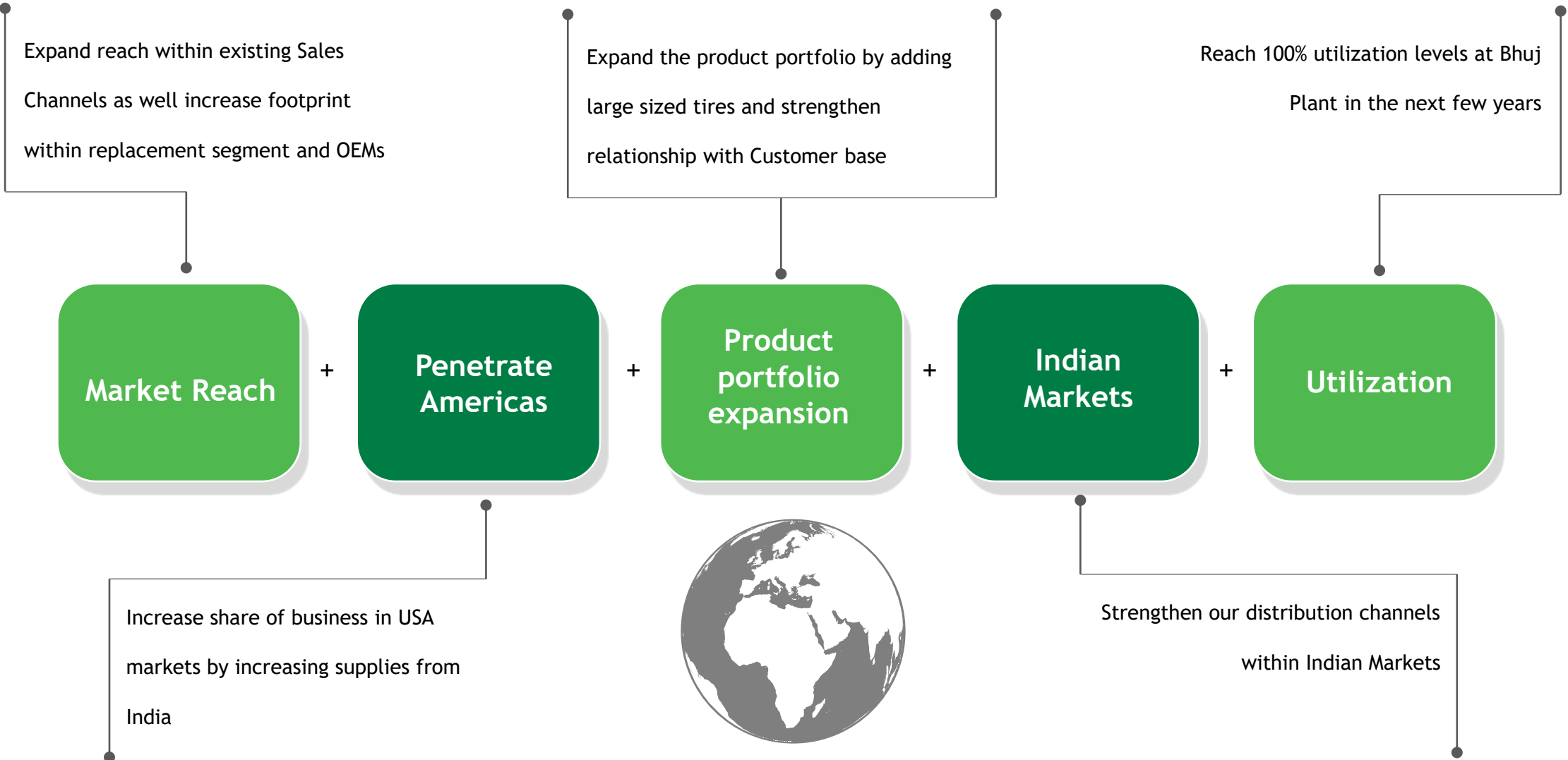


- ✓ Rs. 1,900cr Capex to be funded by Internal Accrual and Debt, if required
- ✓ Post Brownfield capex achievable capacity of Tire Plant will stand at 335,000 MTPA
- ✓ Embarking on new capex in Carbon Black on back of Proven quality of product coupled with strong demand for captive consumption and 3rd parties.
- ✓ Modernization capex to lead to better efficiency

Strategy at BKT



Our Focus Area



To Serve Global OEMs...



The Brand Names mentioned are the property of their respective owners and are used here for identification purposes only

With India Production and Global Sales



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Waluj,
Maharashtra

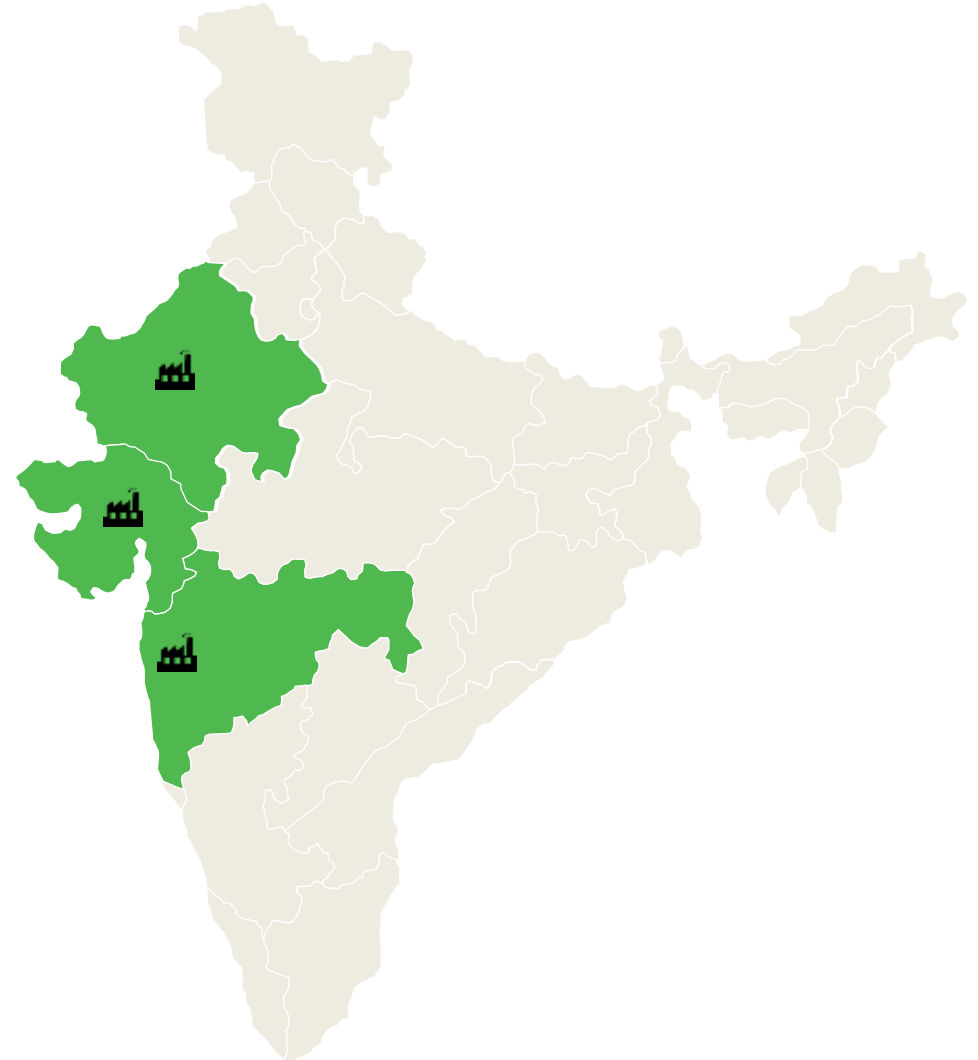
Bhiwadi,
Rajasthan

Chopanki,
Rajasthan

Bhuj,
Gujarat

Mould plant,
Dombivali

India
Our Manufacturing base



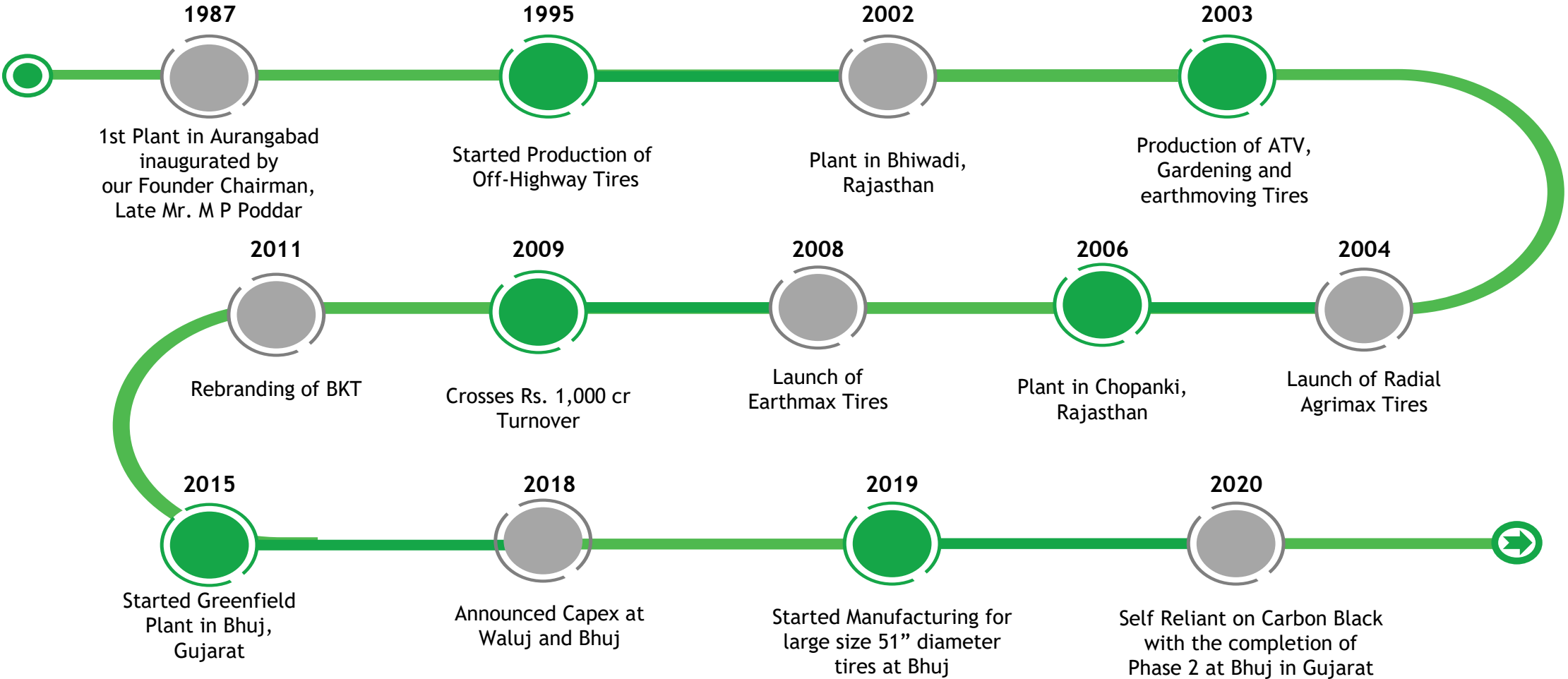
Note – Maps not to scale. All data, information, and maps are provided “as is” without warranty or any representation of accuracy, timeliness or completeness

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 2,700 SKUs
- 03** **Capacities**
Achievable capacities of ~285,000 M.T.P.A
- 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

- ✓ Part of electricity needs of the North India plants are being met by green energy generated through our own wind and solar projects
- ✓ In Bhuj, the Company's largest production site, the company has
 - ✓ Planted over 100,000 trees
 - ✓ Created two large water reservoirs and
 - ✓ Set up a co-generation plant for self-efficiency



'Sustainable Business Operations' is core to our Business ethos

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



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

Strengthening BKT Brand: Italy



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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 : EUROPE



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Premium Partner of EUROLEAGUE BASKETBALL

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



SPONSORED BY



Team of 26 expert journalists in agricultural mechanization, assign the Tractor of the Year (TotY) award to the 'Best European Tractor'

Strengthening BKT Brand : Australia



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

Strengthening BKT Brand : India



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Official Partner of Teams in the Cricket T20 League



Thank You

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