



# BALKRISHNA INDUSTRIES LTD

Investor Presentation

February, 2019

# Safe Harbor

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## Our Performance



# 9MFY19 Performance



## Interim Dividend

3<sup>rd</sup> Interim Dividend declared at  
Rs. 2/- per share in addition to  
Rs. 4/- per share paid in H1FY19



## Sales Volume

**155,873** MT

+ 7% YoY



## Revenue

**Rs. 3,981** Crores

+ 18% YoY



## EBITDA

**Rs. 1,093** Crores

+ 12% YoY



## EBITDA Margin

**27.5%**



## Profit After Tax

**Rs. 597** Crores

+ 9% YoY

# Profit & Loss

Particulars (Rs.Cr)	Standalone						
	Q3FY19	Q3FY18	YoY %	9MFY19	9MFY18	YoY %	FY18
Sales (MT)	46,780	49,553	-6%	155,873	145,211	7%	199,213
Revenue from Operations	1,206	1,106		3,893	3,233		4,464
Realized Gain on Foreign Exchange	-9	55		88	146		221
<b>Total Income</b>	<b>1,197</b>	<b>1,161</b>	<b>3%</b>	<b>3,981</b>	<b>3,379</b>	<b>18%</b>	<b>4,686</b>
Raw Material	571	510		1,867	1,610		2193
(Increase) / Decrease in Stock	-18	-5		-63	-33		-43
Employee Expenses	68	61		204	180		249
Other Expenses	273	243		880	647		935
<b>EBITDA</b>	<b>303</b>	<b>352</b>	<b>-14%</b>	<b>1,093</b>	<b>976</b>	<b>12%</b>	<b>1,352</b>
<b>EBITDA Margin</b>	<b>25.3%</b>	<b>30.3%</b>		<b>27.5%</b>	<b>28.9%</b>		<b>28.9%</b>
Other Income #	-1	16		72	88		91
Interest & Finance Charges	2	2		8	10		13
Depreciation	83	80		250	233		311
<b>Profit Before Tax</b>	<b>217</b>	<b>286</b>	<b>-24%</b>	<b>907</b>	<b>821</b>	<b>10%</b>	<b>1,118</b>
Tax	72	96		310	275		379
<b>PAT</b>	<b>145</b>	<b>190</b>	<b>-24%</b>	<b>597</b>	<b>546</b>	<b>9%</b>	<b>739</b>
<b>PAT Margin</b>	<b>12.1%</b>	<b>16.3%</b>		<b>15.0%</b>	<b>16.1%</b>		<b>15.8%</b>

## Q3FY19 Commentary

- Sales Realization was higher by ~9% on YoY basis which was partially offset by 6% drop in Sales Volumes
- EBITDA margin was impacted by
  - ~10% increase in Raw Material costs
  - ~11% increase in Employee expenses
  - ~12% increase in Other expenses led by higher freight costs and higher branding costs
- PAT was impacted by M2M loss of Rs. 34crs v/s a gain of Rs. 11crs in Q3FY18

# Includes Investment Income and Unrealized Gain/(Loss)

## Other Income and Net Forex Gain/(Loss)

Particulars (Rs. Cr)	Standalone			
	Q3FY19	Q3FY18	9MFY19	9MFY18
Exchange Difference Gain (Realized)	2	62	102	164
Exchange Difference Gain (Un-Realized)	-34	11	8	33
Others	33	5	64	55
<b>Total Other Income</b>	<b>1</b>	<b>78</b>	<b>174</b>	<b>253</b>

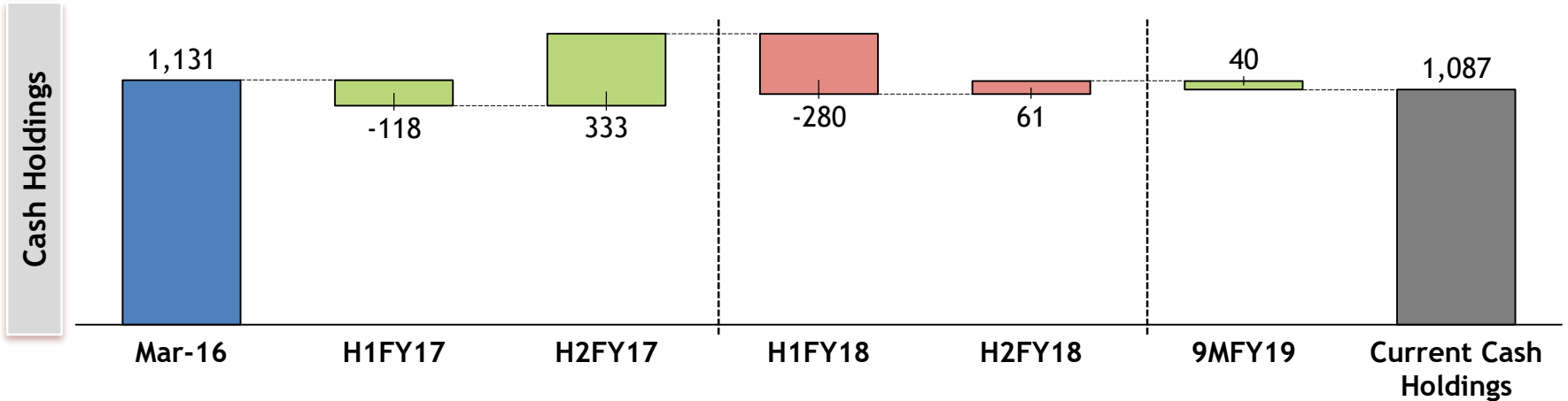
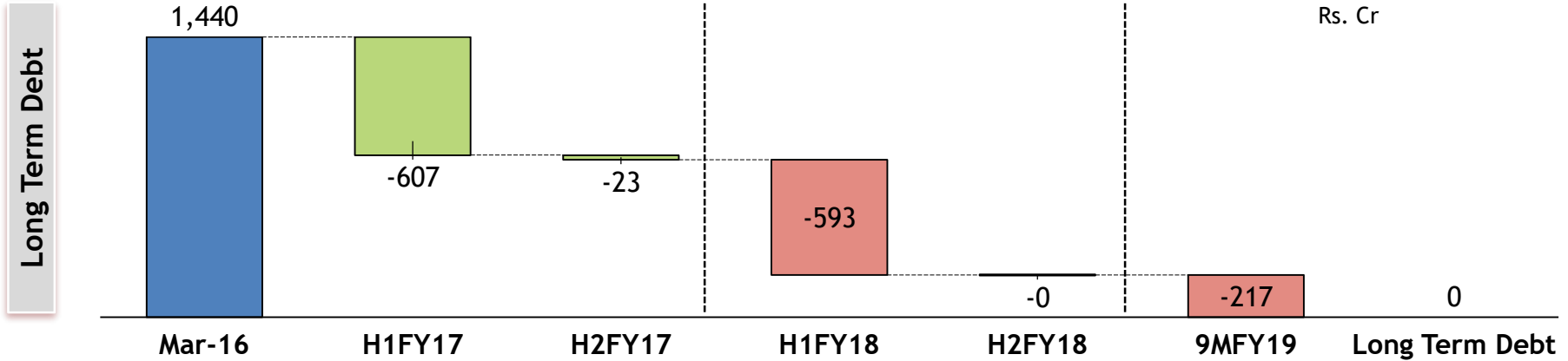
Particulars (Rs. Cr)	Standalone			
	Q3FY19	Q3FY18	9MFY19	9MFY18
Foreign Exchange Fluctuation on Sales	-9	55	88	146
Foreign Exchange Fluctuation on Others	11	7	15	18
<b>Total Realised Gain/(Loss) – A</b>	<b>2</b>	<b>62</b>	<b>102</b>	<b>164</b>
Foreign Exchange Fluctuation on Non Derivative Items	-34	18	8	33
Foreign Exchange Fluctuation on Derivate Item	-	-6	-	-
<b>Total Unrealized Gain/(Loss) - B</b>	<b>-34</b>	<b>11</b>	<b>8</b>	<b>33</b>
<b>Net Forex Gain/(Loss) = A + B</b>	<b>-32</b>	<b>73</b>	<b>110</b>	<b>198</b>

# Balance Sheet

Particulars (Rs. Cr.)	Sep'18	Mar'18
<b>ASSETS</b>		
<b>Non-current assets</b>	<b>3,620</b>	<b>3,861</b>
Property, Plant and Equipment	2,779	2,795
Capital work-in-progress	195	118
Investment Property	51	51
Other Tangible Assets	3	3
Financial Assets		
(i) Investments	255	620
(ii) Other Financial Assets	9	8
Income Tax Assets (Net)	36	81
Other non-current assets	293	185
<b>Current assets</b>	<b>2,581</b>	<b>1,983</b>
Inventories	752	594
Financial Assets		
(i) Investments	858	483
(ii) Trade Receivables	565	502
(iii) Cash and cash equivalents	31	18
(iv) Bank Balances other than (iii) above	13	7
(v) Loans	8	14
(vi) Others	9	88
Other Current Assets	345	277
<b>TOTAL</b>	<b>6,201</b>	<b>5,845</b>

Particulars (Rs. Cr.)	Sep'18	Mar'18
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>	<b>4,365</b>	<b>4,095</b>
Equity Share Capital	39	39
Other Equity	4,326	4,057
<b>Non-Current Liabilities</b>	<b>251</b>	<b>353</b>
Financial Liabilities		
(i) Borrowings	0	2
(i) Other Financial Liabilities	0	0
Provisions	13	13
Deferred Tax Liabilities (Net)	232	329
Other Non-Current Liabilities	5	9
<b>Current liabilities</b>	<b>1,585</b>	<b>1,396</b>
Financial Liabilities		
(i) Borrowings	859	616
(ii) Trade Payables	420	397
(iii) Other Financial Liabilities	163	268
Other Current Liabilities	135	108
Provisions	8	7
<b>TOTAL</b>	<b>6,201</b>	<b>5,845</b>

# Long Term Debt Profile



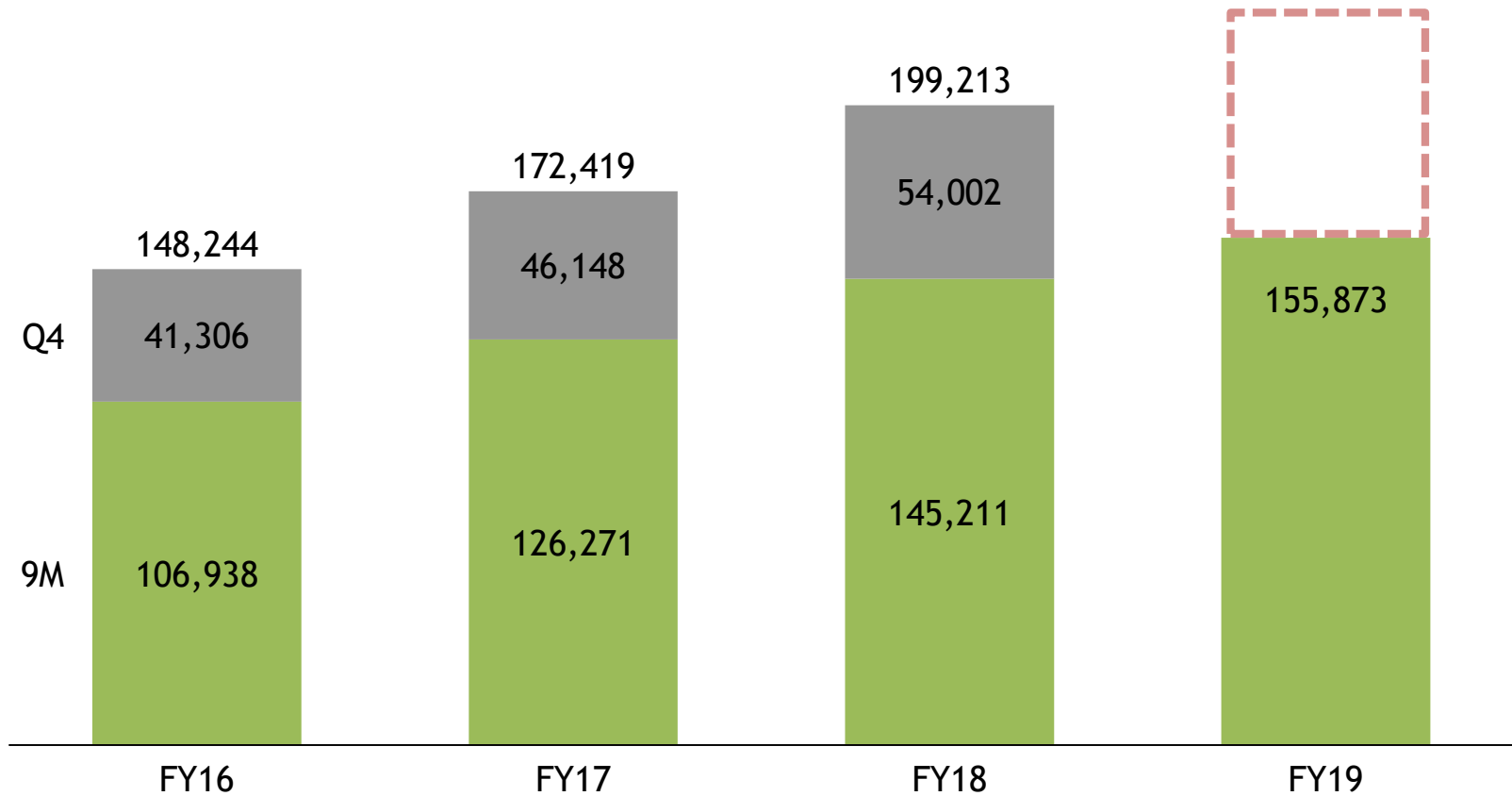
No Long Term Debt



# Sales Profile

In MT

**Volume Guidance**  
210,000 - 220,000 MT for FY19



# BKT 2.0: Embarking on next Phase of Growth

## Global Manufacturing footprint

Strategic initiative to strengthen the BKT Brand with a Plant in USA having a capacity of 20,000 MT p.a. at a capex of up to USD 100mn

## Carbon Black Plant

Capex for Carbon Black project is progressing as per schedule. Estimated capital outlay is Rs. 425 crores for 140,000 MT p.a

## Replacement of Waluj Plant

New state of the art fully integrated facility at a caoex of approximately Rs. 500 crores to replace a very old existing plant to enhance productivity

## Large sized All Steel Radial OTR Plant

Upscaling to large sized All steel radial OTR Tires by investing in new capacity of 5,000 MT p.a. Additionally building Warehouse and Mixing Plant at Bhuj in Gujarat. Total capex of up to Rs. 500 crores

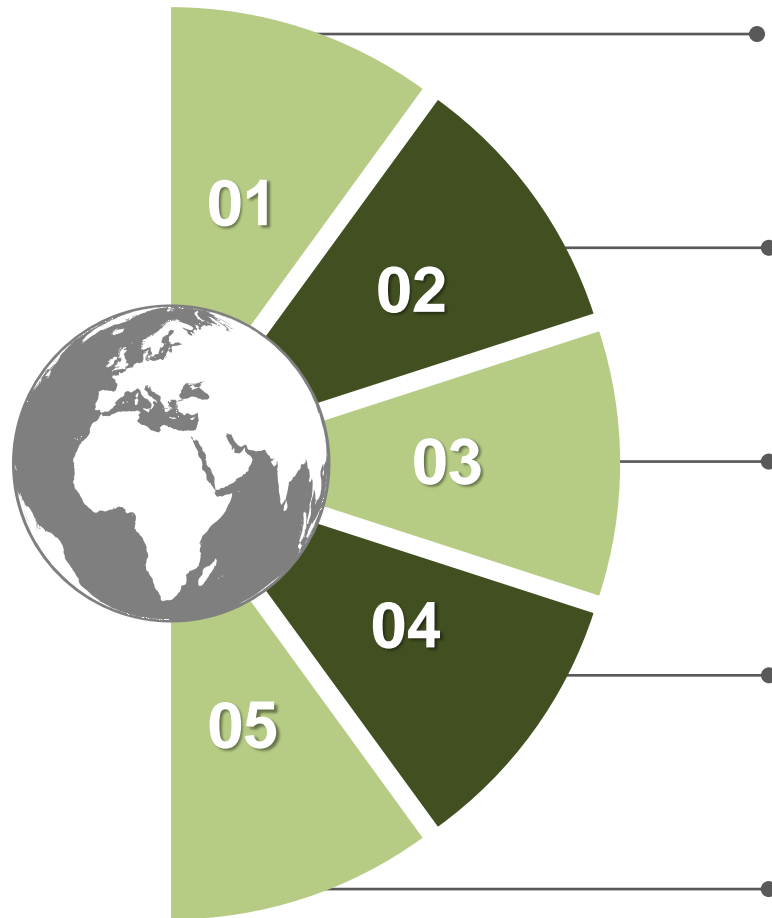
**Financing through Internal Accruals + Debt**

## Strategy at BKT



# Our Focus Area

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## **Market Reach**

Expand reach within existing Sales Channels as well increase footprint within replacement segment and OEMs

## **Penetrate Americas**

Increase share of business in USA markets by increasing supplies from India and manufacturing from USA Plant

## **Product portfolio expansion**

Expand the product portfolio by adding large sized tires and strengthen relationship with Customer base

## **Indian Markets**

Strengthen our distribution channels within Indian Markets

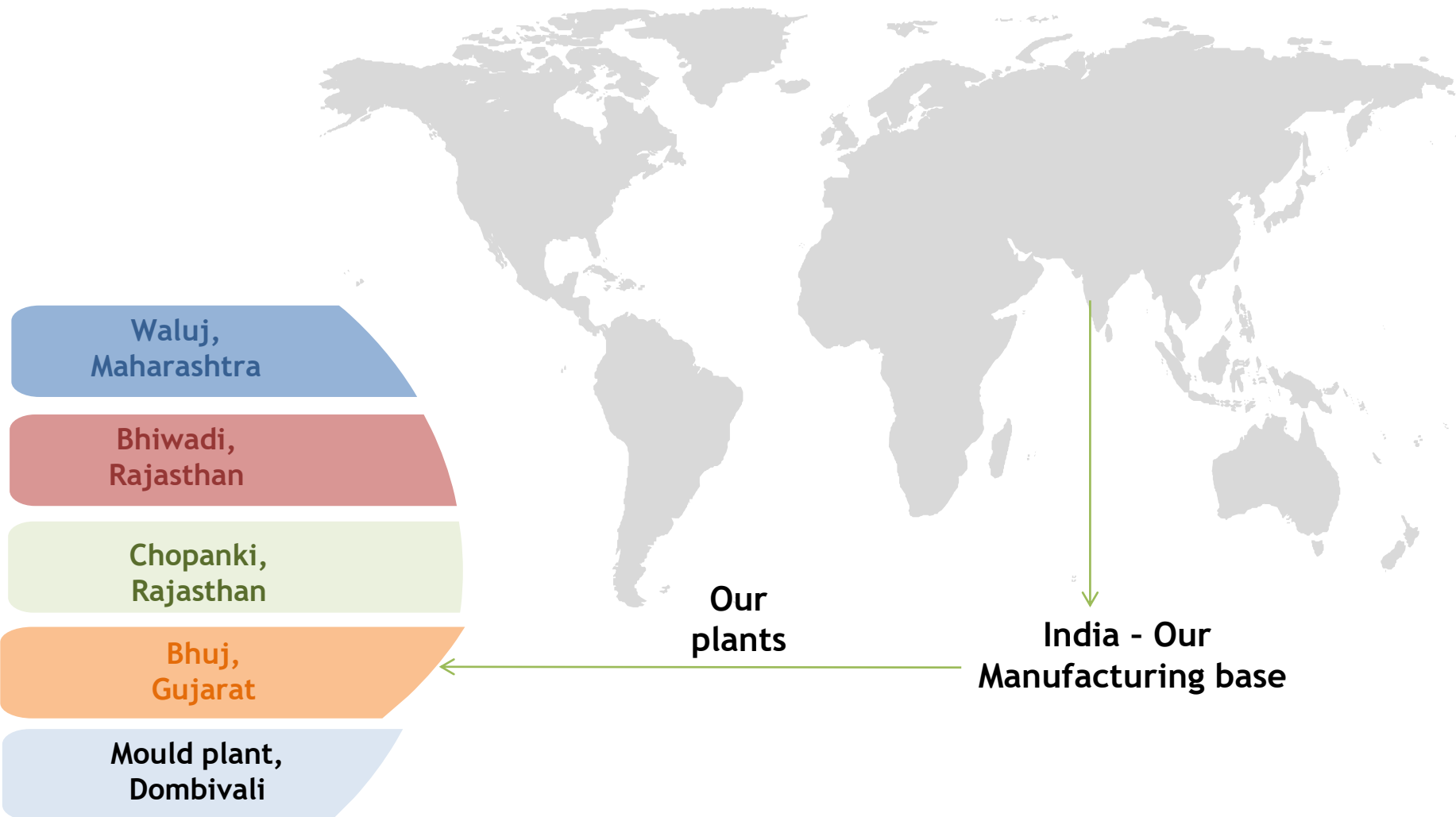
## **Utilization**

Reach 100% utilization levels at Bhuj Plant in the next 2-3 years

# To Serve Global OEMs...



# With India Production and Global Sales



## BKT - A Strong Indian Brand

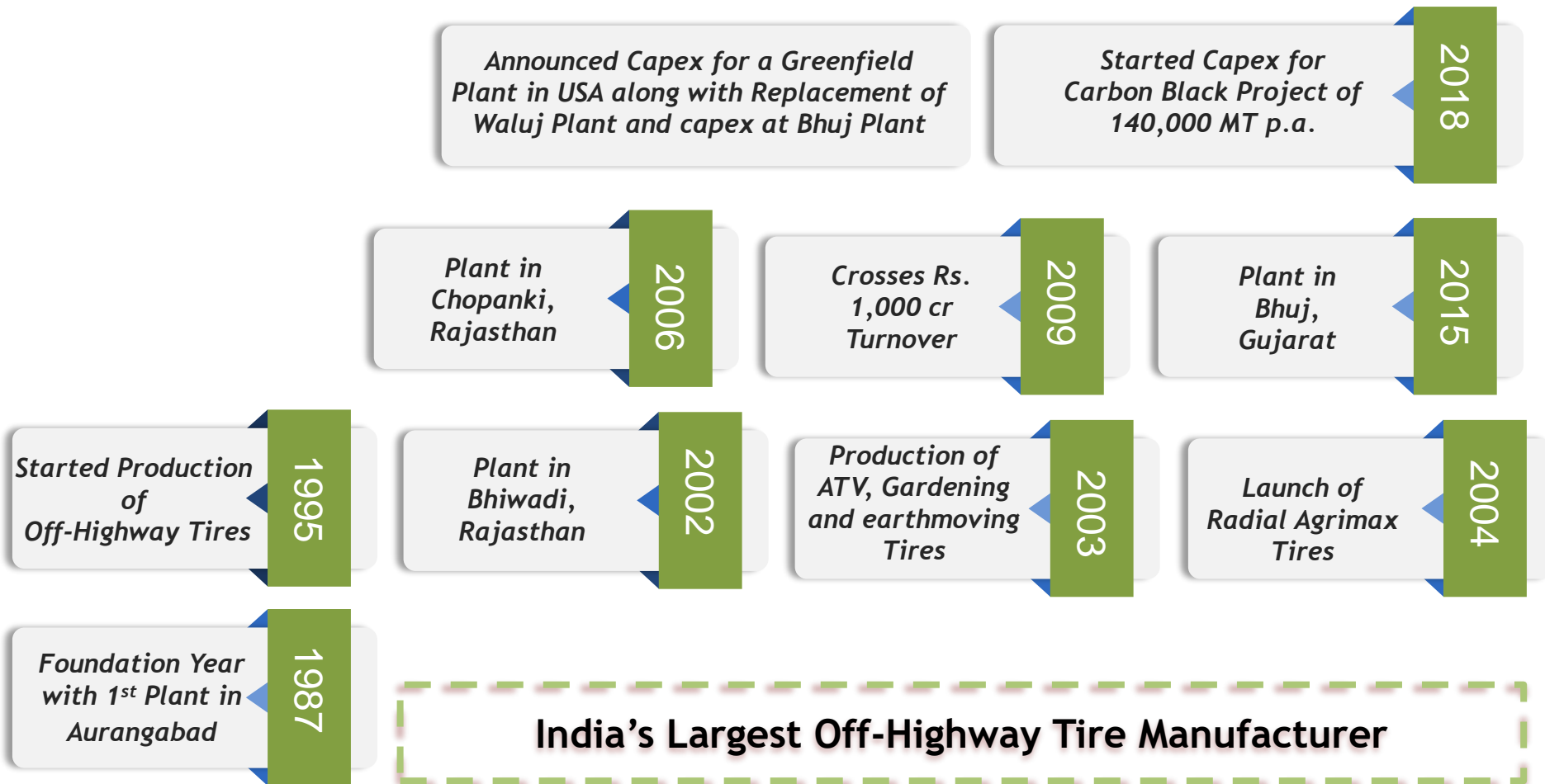


# Balkrishna Industries - A Snapshot





# Our Strong Evolution



# Application of our Tires

**Agriculture Tires**



Cotton Pick Harvester



Tractor



Vineyard Tractor



Pivot Irrigator

**Industrial Tires**



Loader



Telehandler



Mobile Crane

**OTR Tires**



Load Haul Dump

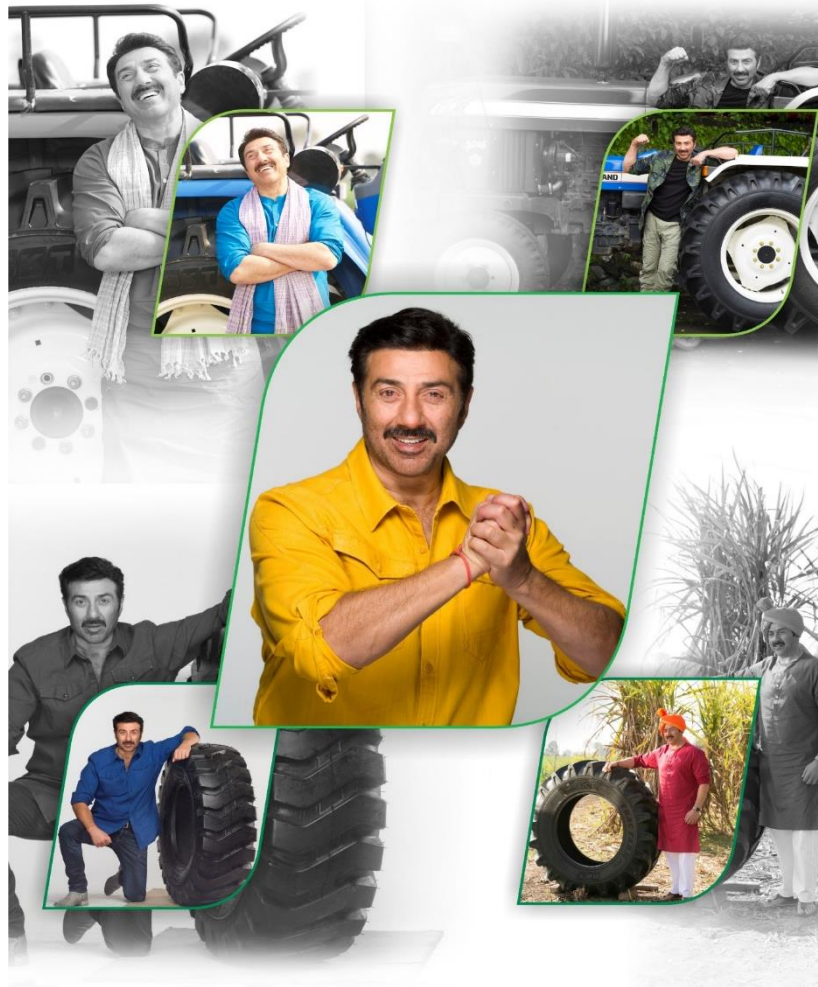


Underground Mining



Container Handler

# Strengthening BKT Brand : Sunny Deol our Brand Ambassador



Popular Bollywood Icon Sunny Deol is the Brand Ambassador of BKT

# Strengthening BKT Brand : India



Supporting Kabbadi by becoming the official Tire Partner for 7 marquee Teams in Pro Kabbadi League

## Strengthening BKT Brand : France, Europe

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**BKT is the New TITLE Sponsor for the FRENCH Football League  
“COUPE DE LA LIGUE BKT”**

## Strengthening BKT Brand : Italy, Europe



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

# Strengthening BKT Brand : Australia



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

## Strengthening BKT Brand : USA



**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**



## Mr. Arvind Poddar inducted in TIA Hall of Fame

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Mr. Arvind Poddar, CMD, was inducted in the Tire Industry Association (TIA) Hall of Fame at the SEMA Show in Las Vegas, USA in October 2018

The Hall of Fame award is TIA's highest honor and is one of the most prestigious accolades of the tire industry at a global level

This award attests to the BKT Group's development and commitment to excellence over the past few years thus transforming BKT into one which has put in considerable efforts to achieve innovation and sustainability goals

BKT now sets benchmarks in the global Off-Highway tire market and has one of the most extensive product portfolios in the segment.

# CSR Initiatives: Growing Together



Inaugurated Community Kitchen in Bhuj, Gujarat; to provide food to over 50,000 students at local schools



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