



# BALKRISHNA INDUSTRIES LTD

Investor Presentation - February 2021

# Safe Harbor

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# Performance Snapshot - Q3FY21



## Sales Volumes

59,810 MT  
+26% YoY



## Revenue

Rs. 1,497 Cr  
+27% YoY



## EBITDA

Rs. 477 Cr  
EBITDA  
with margin of  
31.9%



## PAT

Rs. 322 Cr  
+46% YoY

Board of Directors have declared a 3<sup>rd</sup> Interim Dividend of Rs. 5/- per equity share

# Management Commentary

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01

The demand continues to be strong in Agriculture segment across Geographies. In the other segments, demand continues to remain stable more or less stable post the recovery in the end markets of industrial, construction and mining segment

02

With 9MFY21 volumes of approximately 159,130 MT, we are increasing our guidance for FY21 and expect to end FY21 with sales volume of 215,000-220,000 MT. We strongly believe this demand trend to continue in FY22 and years to come

03

The Board of Directors have approved a capex plan of Rs. 1,900 cr.

- Brownfield project at Bhuj to increase tire capacity
- Increase carbon black capacity including advance carbon black and power plant at Bhuj
- Modernization, Automation and Technology upgradation capex at existing facilities

Further, the Board of Directors have shelved the USA Project

# Update on Ongoing Capex

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## Ultra Large Giant Tires at Bhuj

Project for 51” and 57” Ultra large All steel giant radial tire plant has been completed. The tires are under various stages of testing

## Carbon Black Plant at Bhuj

2<sup>nd</sup> Phase of trial production was commenced in March 2020. This was ahead of schedule. With this our total installed capacity stood at 140,000 MTPA. Commenced sales to 3<sup>rd</sup> party buyers and received strong acceptance on the quality of product

## Replacement Tire Plant at Waluj

Replacement Tire Plant at a greenfield location in Waluj for 30,000 MTPA is likely to commence by Q1FY22

## USA Project

The Board of Directors have decided to shelve the said project



# Proposal for New Capex Program of Rs. 1,900cr

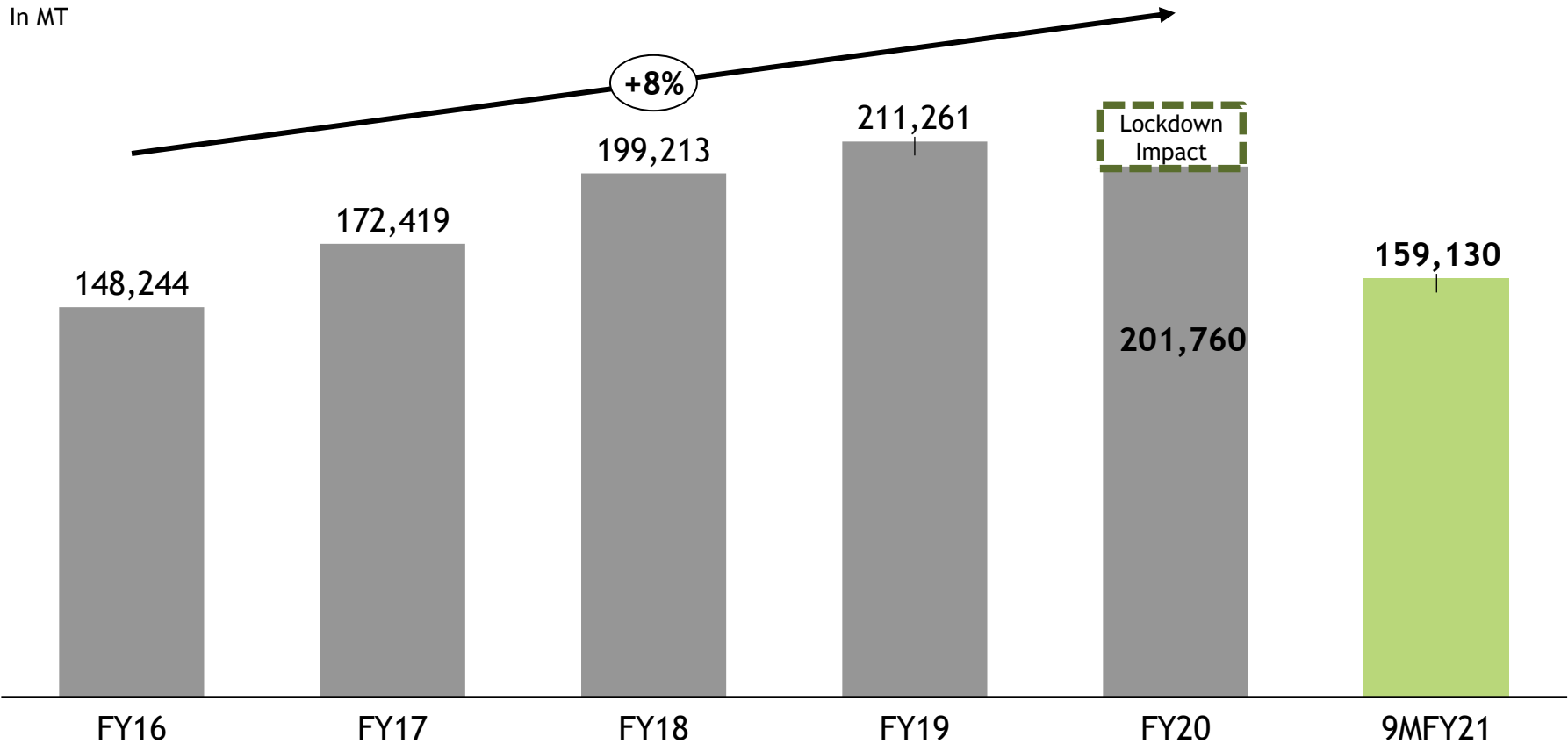
- Brownfield Tire Plant**
- Debottlenecking and Brownfield expansion along with addition of balancing and ancillary equipment at Bhuj
  - Expansion to add ~50,000 MTPA capacity; expected completion by H2FY23
  - Capex cost of up to Rs. 800cr

- 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 3<sup>rd</sup> 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 3<sup>rd</sup> parties.
- ✓ Modernization capex to lead to better efficiency

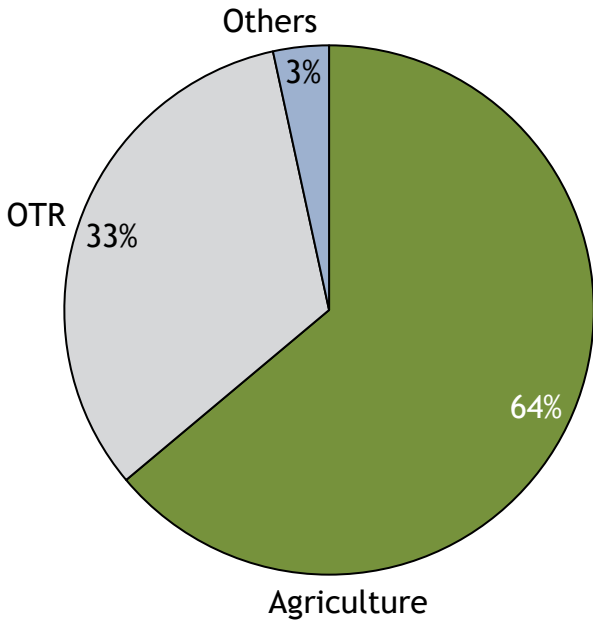
# Sales Volume Profile - 9MFY21



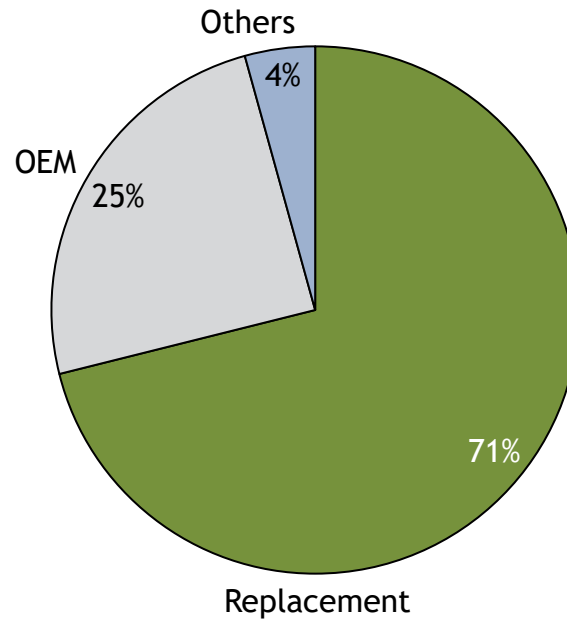
FY21 Sales volume guidance: 215,000-220,000 MT

# Volume Profile - 9MFY21

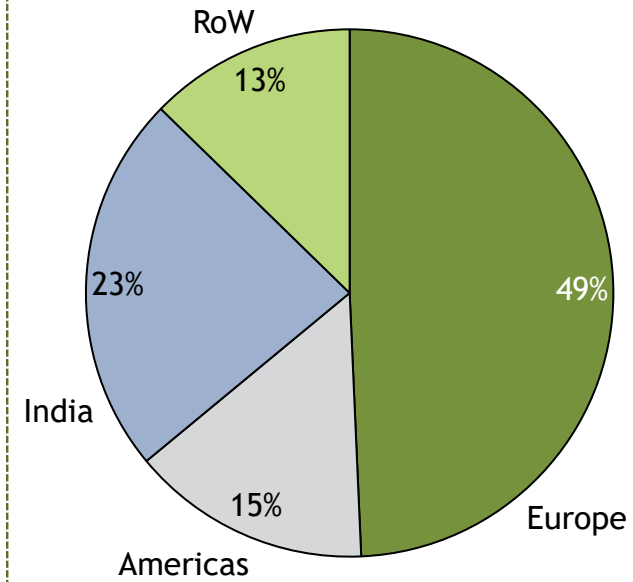
### Segmental Sales



### Channel Sales



### Geographical Sales





# Profit & Loss

Particulars (Rs.Cr)	Standalone						
	Q3FY21	Q3FY20	Growth	9MFY21	9MFY20	Growth	FY20
Sales (MT)	59,810	47,321	26%	159,130	143,794	11%	201,760
Revenue from Operations	1,505	1,161		4,012	3,425		4,782
Realized Gain on Foreign Exchange	-8	23		-22	83		115
<b>Total Income</b>	<b>1,497</b>	<b>1,183</b>	<b>27%</b>	<b>3,990</b>	<b>3,508</b>	<b>14%</b>	<b>4,898</b>
Raw Material	642	501		1,676	1,559		2,078
(Increase) / Decrease in Stock	-39	-22		-94	-38		49
Employee Expenses	83	71		238	210		286
Other Expenses	333	264		915	802		1,104
<b>EBITDA</b>	<b>477</b>	<b>369</b>	<b>29%</b>	<b>1,256</b>	<b>974</b>	<b>29%</b>	<b>1,381</b>
<b>EBITDA Margin</b>	<b>31.9%</b>	<b>31.2%</b>		<b>31.5%</b>	<b>27.8%</b>		<b>28.2%</b>
Other Income #	51	2		91	86		117
Interest & Finance Charges	2	2		8	5		7
Depreciation	102	95		303	270		368
<b>Profit Before Tax</b>	<b>424</b>	<b>275</b>	<b>54%</b>	<b>1,036</b>	<b>784</b>	<b>32%</b>	<b>1,123</b>
Tax	102	54		253	96		178
<b>PAT</b>	<b>322</b>	<b>221</b>	<b>46%</b>	<b>783</b>	<b>688</b>	<b>14%</b>	<b>945</b>
<b>PAT Margin</b>	<b>21.5%</b>	<b>18.6%</b>		<b>19.6%</b>	<b>19.6%</b>		<b>19.3%</b>

# Includes Investment Income and Unrealized Gain/(Loss)

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

Particulars (Rs. Cr)	Standalone			
	Q3FY21	Q3FY20	9MFY21	9MFY20
Exchange Difference Gain (Realized)	1	28	8	97
Exchange Difference Gain (Un-Realized)	15	-22	-5	6
Others	36	24	95	79
<b>Total Other Income</b>	<b>51</b>	<b>30</b>	<b>99</b>	<b>182</b>

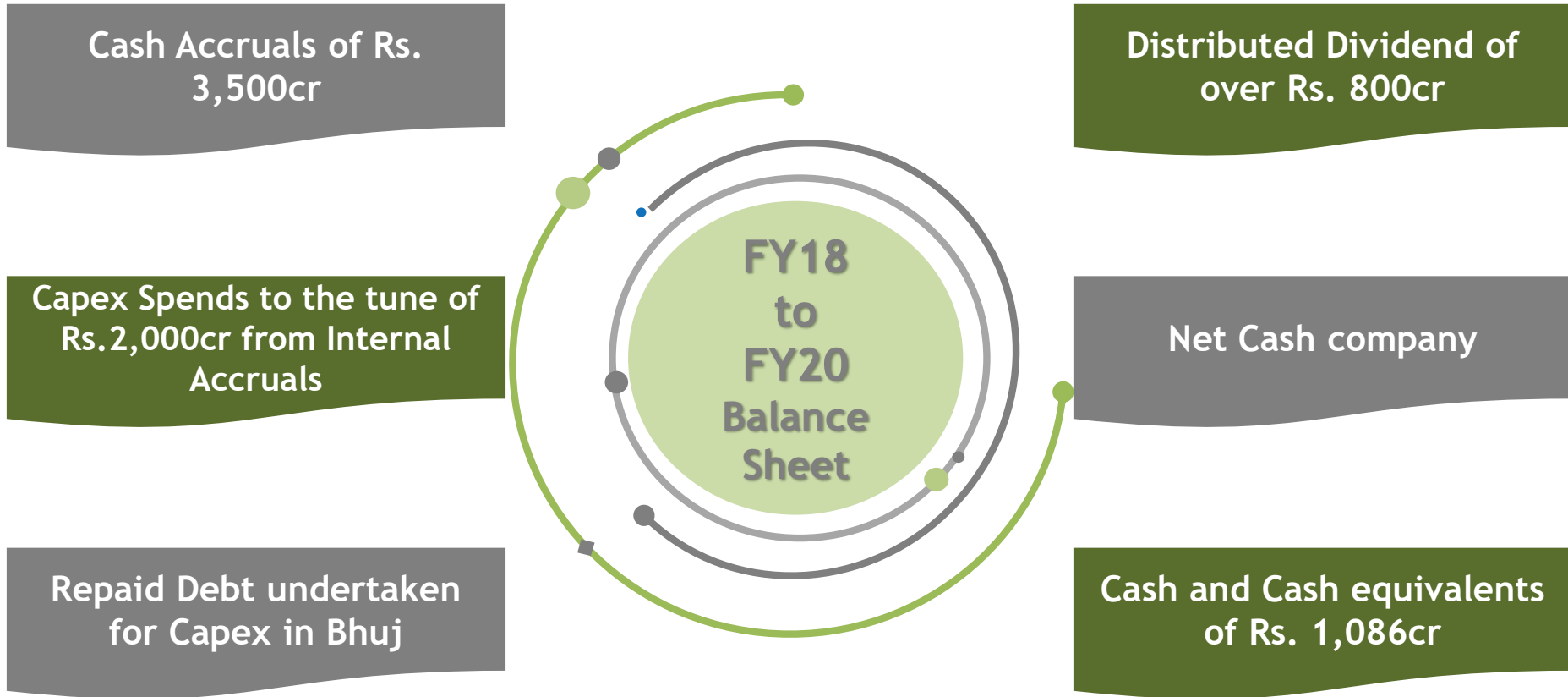
Particulars (Rs. Cr)	Standalone			
	Q3FY21	Q3FY20	9MFY21	9MFY20
Foreign Exchange Fluctuation on Sales	-8	23	-22	83
Foreign Exchange Fluctuation on Others	8	5	30	14
<b>Total Realised Gain/(Loss) – A</b>	<b>1</b>	<b>28</b>	<b>8</b>	<b>97</b>
<b>Total Unrealized Gain/(Loss) - B</b>	<b>15</b>	<b>-22</b>	<b>-5</b>	<b>6</b>
<b>Net Forex Gain/(Loss) = A + B</b>	<b>15</b>	<b>6</b>	<b>4</b>	<b>103</b>

# Balance Sheet

Particulars (Rs. Cr.)	Sep'20	Mar'20
<b>ASSETS</b>		
<b>Non-current assets</b>	<b>5,118</b>	<b>4,854</b>
Property, Plant and Equipment	3,186	3,189
Capital work-in-progress	666	586
Investment Property	85	86
Other Tangible Assets	1	2
Financial Assets		
(i) Investments	837	712
(ii) Other Financial Assets	12	13
Income Tax Assets (Net)	80	90
Other non-current assets	251	177
<b>Current assets</b>	<b>2,100</b>	<b>1,877</b>
Inventories	761	580
Financial Assets		
(i) Investments	410	351
(ii) Trade Receivables	672	649
(iii) Cash and cash equivalents	30	23
(iv) Bank Balances other than (iii) above	23	22
(v) Loans	4	4
(vi) Others	35	14
Other Current Assets	167	232
<b>TOTAL</b>	<b>7,218</b>	<b>6,731</b>

Particulars (Rs. Cr.)	Sep'20	Mar'19
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>	<b>5,429</b>	<b>5,028</b>
Equity Share Capital	39	39
Other Equity	5,390	4,989
<b>Non-Current Liabilities</b>	<b>251</b>	<b>238</b>
Financial Liabilities		
(i) Borrowings	1	2
(i) Other Financial Liabilities	0	0
Provisions	26	24
Deferred Tax Liabilities (Net)	174	178
Other Non-Current Liabilities	49	34
<b>Current liabilities</b>	<b>1,539</b>	<b>1,465</b>
Financial Liabilities		
(i) Borrowings	815	859
(ii) Trade Payables	387	361
(iii) Other Financial Liabilities	136	165
Other Current Liabilities	195	75
Provisions	6	4
<b>TOTAL</b>	<b>7,218</b>	<b>6,731</b>

# Strong Balance Sheet performance in FY18 to FY20... Future Ready



**Strong Balance Sheet provides financial flexibility**

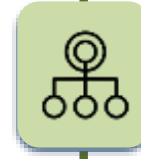
# Resilient Business Model



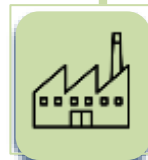
Long Term Debt Free with Cash and Cash equivalents of Rs. 1,423 crs as on 31<sup>st</sup> December 2020



Diversified Product Portfolio, spread across Agriculture, Industrial, Construction and mining tires



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



Capex ready

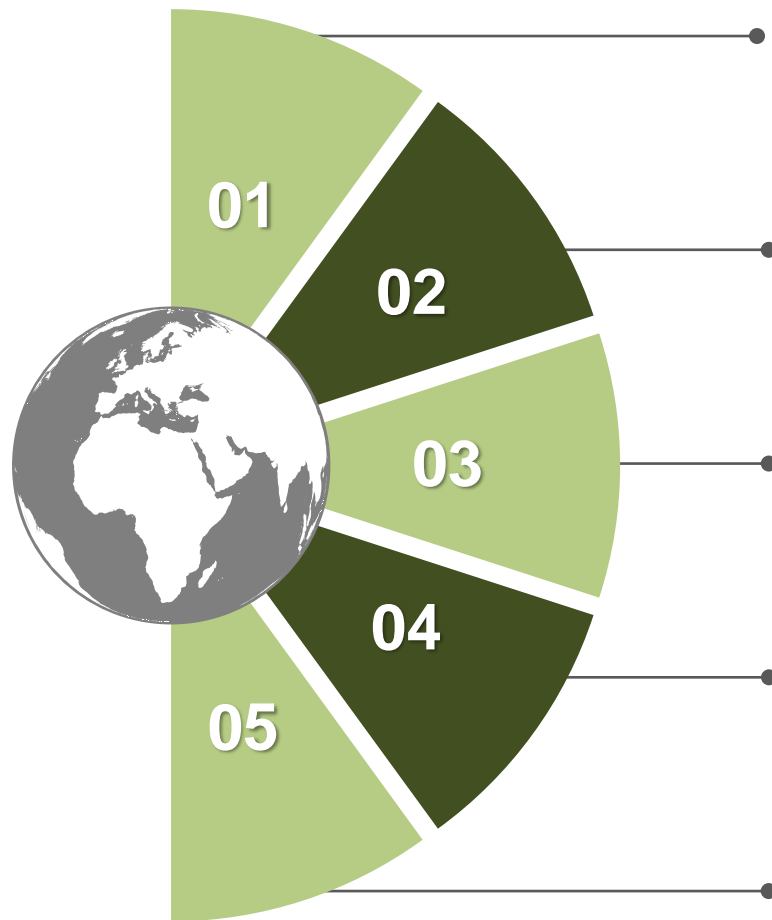
**BKT has built a resilient business model and is confident to withstand the near term challenges to emerge stronger with a higher global market share**

## Strategy at BKT



# Our Focus Area

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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

## **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 few years



# 'Atmanirbhar' BKT - Our Pledge

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**FROM INDIA  
FOR INDIA**  
BE INDIAN... BUY INDIAN

VOCAL FOR LOCAL  
**BKT**  
GROWING TOGETHER



We pledge to fulfil the vision of self-reliance by continuing to manufacture in India for domestic consumption and global markets

Our focus will be on improving our product portfolio, sustaining the consistent product quality and efficient service levels, thus enhancing the brand recognition with end customers

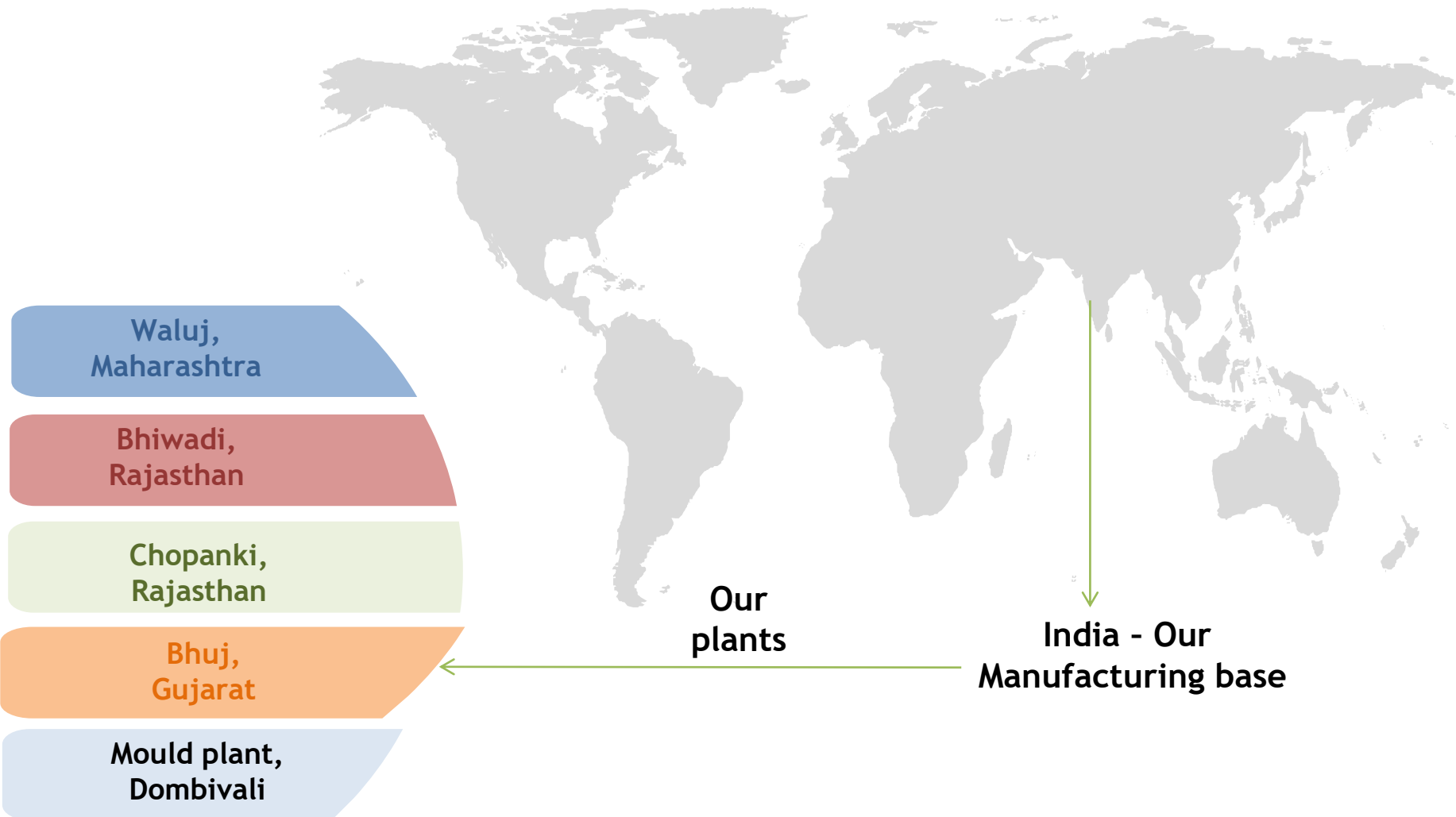
Make in India is going to provide an impetus to the self-reliant India serving the local and global markets thereby, enhancing the Brand equity of Indian Manufacturers

# To Serve Global OEMs...



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

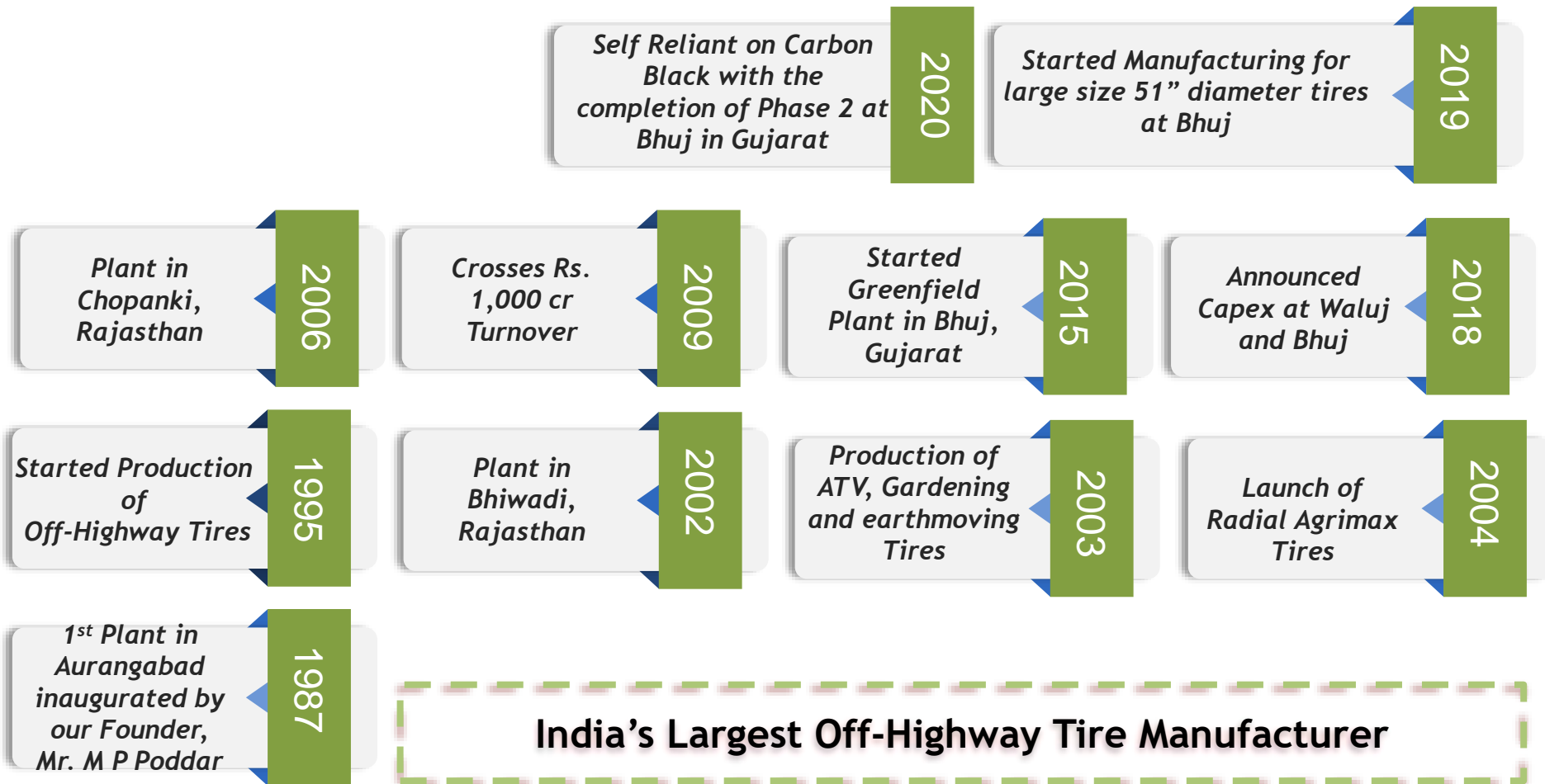
# With India Production and Global Sales



# Balkrishna Industries - A Snapshot



# Our Strong Evolution



## BKT... at the forefront of Sustainability

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- 50% of the production plants' electricity needs in North India have been met by green energy generated in our own wind park since 2004
- 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**



# 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



## BKT - A Strong Global Brand from INDIA



# Strengthening BKT Brand : Americas



**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



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



## 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 : Spain, Europe



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

# 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

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SPONSORED BY



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

# Strengthening BKT Brand : Australia

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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



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