

# BALKRISHNA INDUSTRIES LTD

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Investor Presentation

November'22



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**YEARS OF GROWTH**



# Performance Snapshot – Q2FY23



GROWING TOGETHER

Sales Volume

78,872 MT

Revenue

Rs 2,806 cr

EBITDA

Rs 564 cr

EBITDA Margin

20.1%

Net Profit

Rs. 404 cr

*Declared 2<sup>nd</sup> interim Dividend of Rs. 4/- per equity share*

All Figures on Standalone basis

# Management Commentary

Looking at the current geo-political challenges across the globe especially in Europe, which is also our biggest market, there are strong headwinds.

Despite these challenges during the quarter, the Company could deliver a good performance and registered sales volumes of 78,872 MT

The current situation in Europe continues to be challenging and thereby may have an effect on our performance in H2FY23.

The demand pattern has been relatively better in North America however recession fears have impacted the growth rates.

India continues to be stable supported by better economic environment backed by good monsoons

The global economic weakening coupled with sharp uptick in interest rates has also led to a reduction in order placement by the dealers and distributors

The recent price correction in raw materials and logistics costs bode well for our margin profile. However, as guided the benefits are expected to kick in from early Q4

During this challenging macro environment, we are unable to guide for annual sales volumes for FY23

# Capex Status



## Brownfield Tire Plant at Bhuj

- Commissioned the 50,000 MTPA brownfield tire plant at Bhuj
- Expect complete ramp-up in production in H2FY23
- Project Capex Cost - Rs. 800cr



## Carbon Black and Captive Power Plant

- Expect commissioning for 55,000 MTPA Carbon Black capacity along with Power Plant during December 2022
- The Project of advanced carbon material for 30,000 MTPA will be commissioned in Q4FY23
- Project Capex cost - Rs. 650cr



## Modernization, Automation and Technology Upgradation

- Completed the Capex program
- Project Capex cost - Rs. 450cr

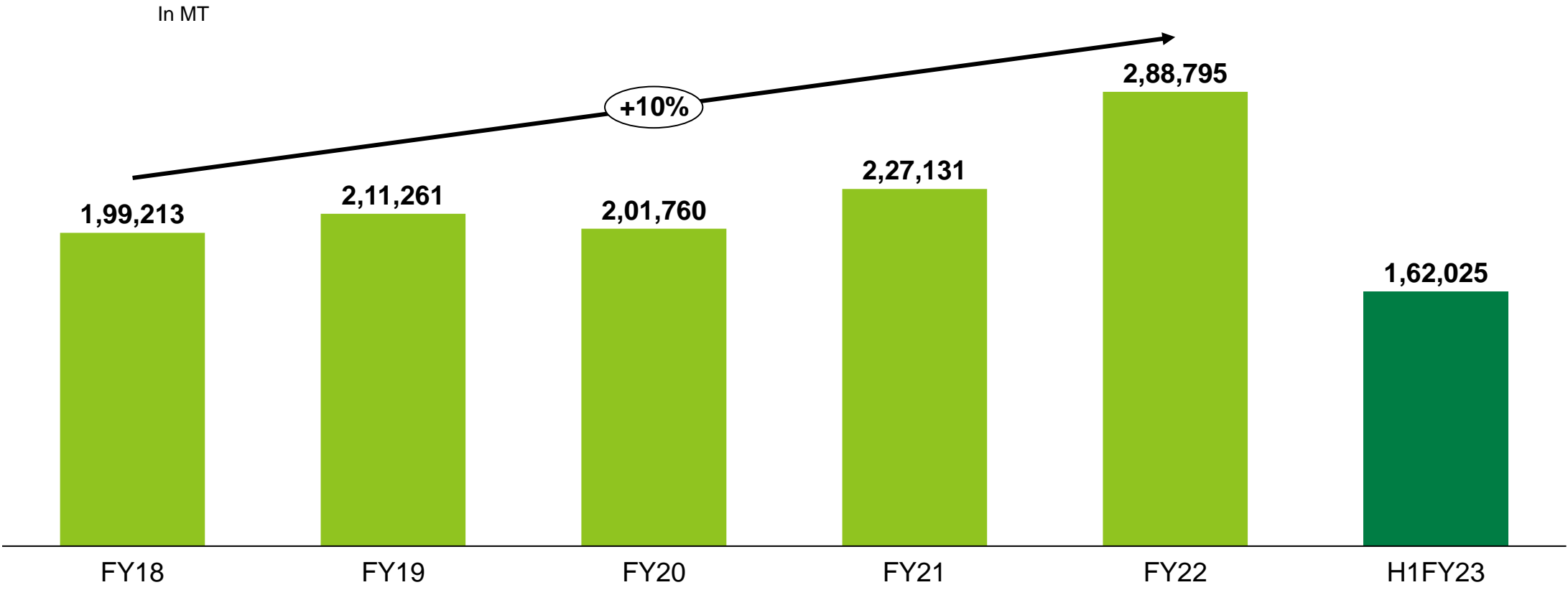


## Waluj Capex Update

- 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
- The Board has now 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
- This will be done as a brownfield project, which is expected to be completed by H1F124. The Waluj location will accordingly have an overall capacity of 55,000 MTPA at a single site

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

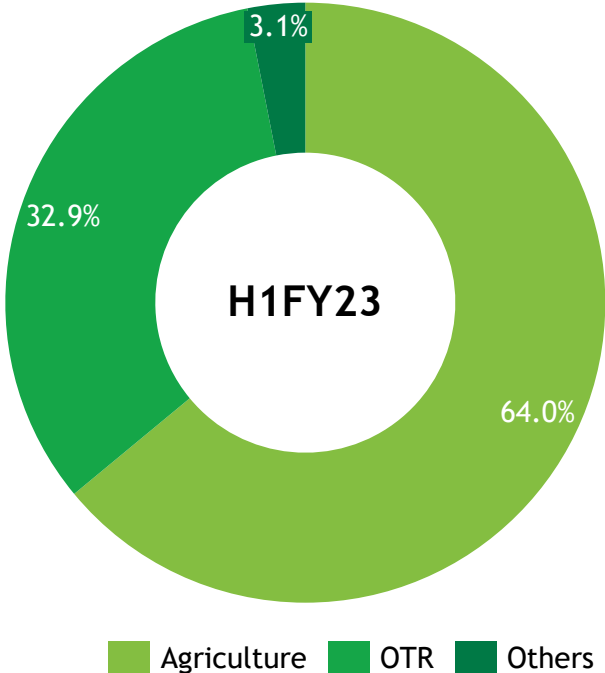
# Sales Volume Profile – H1FY23



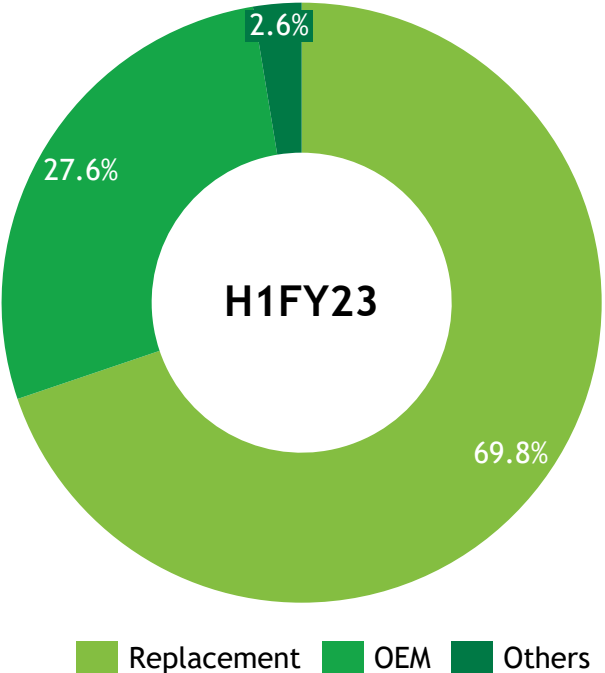
All Figures on Standalone basis

# Volume Profile

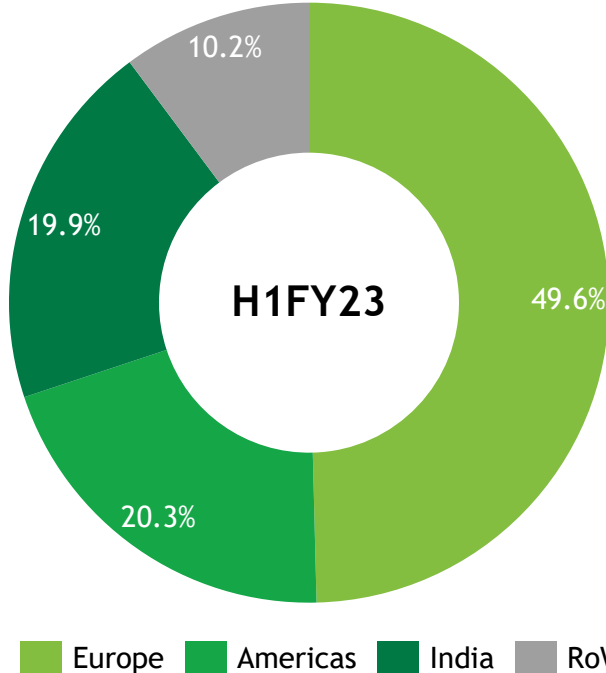
Segmental Sales



Channel Sales



Geographical Sales



All Figures on Standalone basis



# Profit & Loss



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Particulars (Rs in Cr)					Standalone			
	Q2FY23	Q2FY22	YoY	H1FY23	H1FY22	YoY	FY22	
<b>Sales (MT)</b>	<b>78,872</b>	<b>72,748</b>	<b>8%</b>	<b>162,025</b>	<b>141,356</b>	<b>15%</b>	<b>288,795</b>	
Revenue from Operations	2,704	2,050		5,351	3,863		8,267	
Realized Gain on Foreign Exchange	102	30		182	45		152	
<b>Total Income</b>	<b>2,806</b>	<b>2,080</b>	<b>35%</b>	<b>5,533</b>	<b>3,908</b>	<b>42%</b>	<b>8,419</b>	
Raw Material	1,233	994		2,633	1,875		4,034	
(Increase) / Decrease in Stock	136	-67		5	-165		-255	
Employee Expenses	102	99		209	194		380	
Other Expenses	771	488		1,574	905		2,078	
<b>EBITDA</b>	<b>564</b>	<b>564</b>	<b>0%</b>	<b>1,111</b>	<b>1,099</b>	<b>1%</b>	<b>2,182</b>	
<b>EBITDA Margin</b>	<b>20.1%</b>	<b>27.1%</b>		<b>20.1%</b>	<b>28.1%</b>		<b>25.9%</b>	
Other Income	58	62		43	102		185	
Unrealized Gain / (Loss)	49	27		75	43		39	
Interest & Finance Charges	4	2		7	4		8	
Depreciation	134	108		260	213		444	
<b>Profit Before Tax</b>	<b>532</b>	<b>543</b>	<b>-2%</b>	<b>961</b>	<b>1,027</b>	<b>-6%</b>	<b>1,954</b>	
Tax	128	165		237	319		544	
<b>Profit After Tax</b>	<b>404</b>	<b>377</b>	<b>7%</b>	<b>724</b>	<b>708</b>	<b>2%</b>	<b>1,411</b>	
<b>PAT Margin</b>	<b>14.4%</b>	<b>18.1%</b>		<b>13.1%</b>	<b>18.1%</b>		<b>16.8%</b>	

# Net Forex Gain/(Loss)

Particulars (Rs in Cr)	Q2FY23	Q2FY22	H1FY23	H1FY22
Foreign Exchange Fluctuation on Sales	102	30	182	45
Foreign Exchange Fluctuation on Others	18	15	29	22
<b>Total Realised Gain/(Loss) - A</b>	<b>120</b>	<b>45</b>	<b>211</b>	<b>66</b>
<b>Total Unrealized Gain/(Loss) - B</b>	<b>49</b>	<b>27</b>	<b>75</b>	<b>43</b>
<b>Net Forex Gain/(Loss) = A + B</b>	<b>168</b>	<b>71</b>	<b>286</b>	<b>110</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. 2,078 Cr as on 30<sup>th</sup> September 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



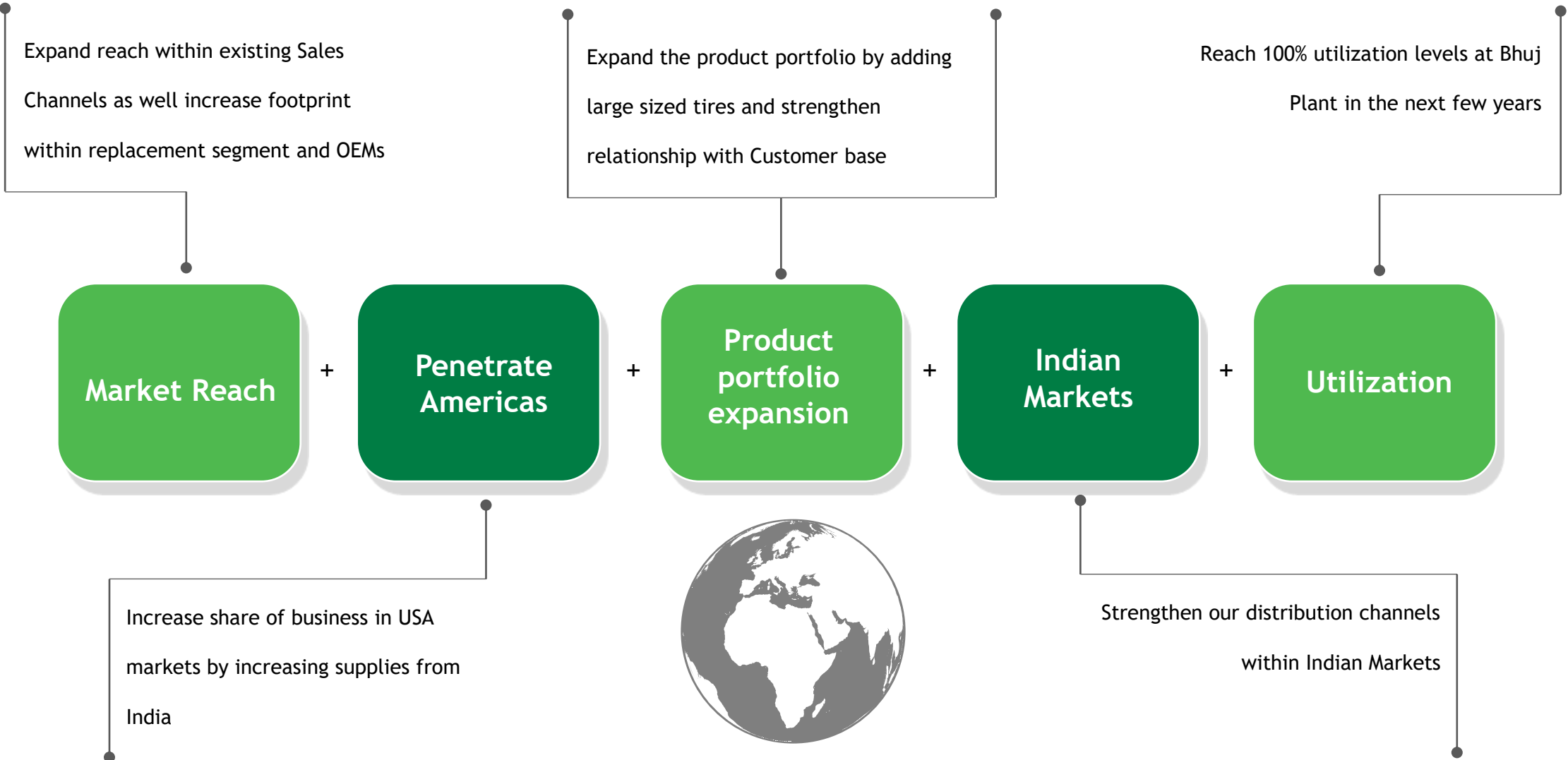
Ongoing Capex

**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

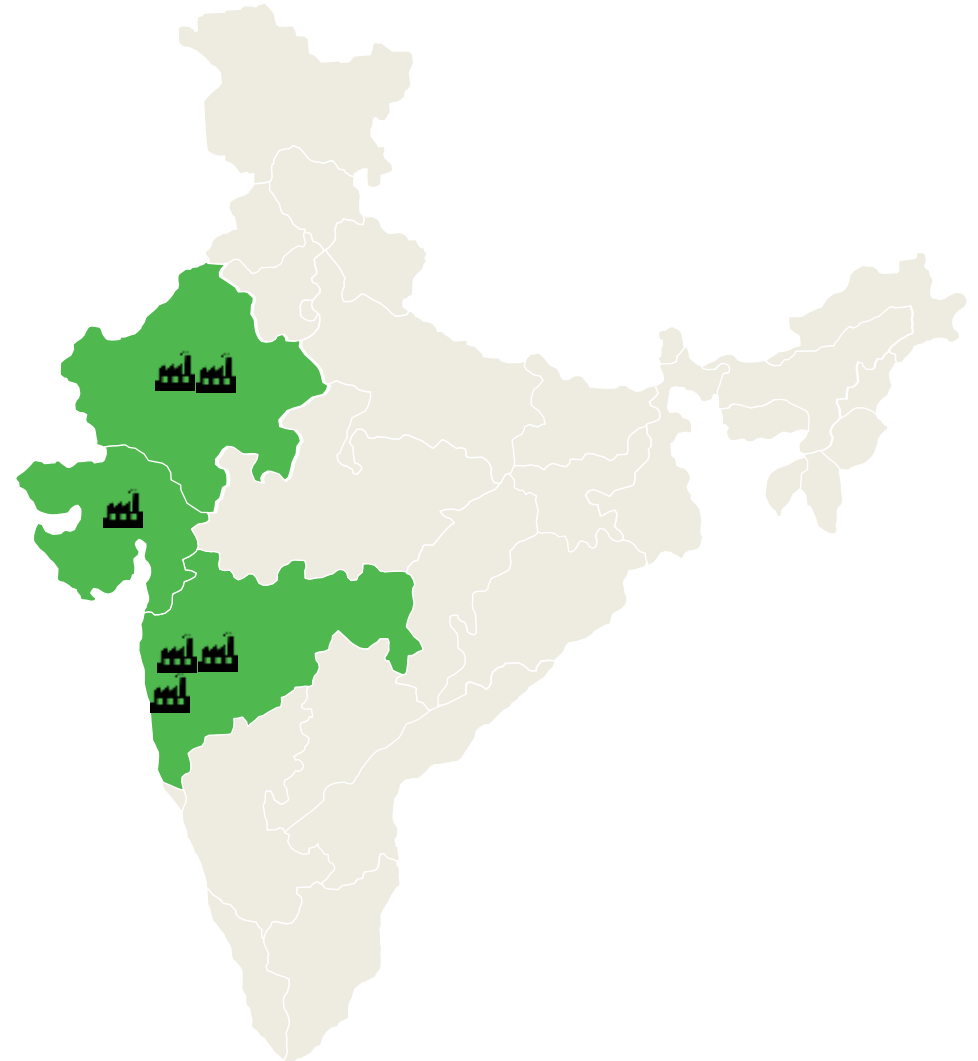
Bhiwadi,  
Rajasthan

Chopanki,  
Rajasthan

Bhuj,  
Gujarat

Mould plant,  
Dombivali

**India**  
Our Manufacturing base



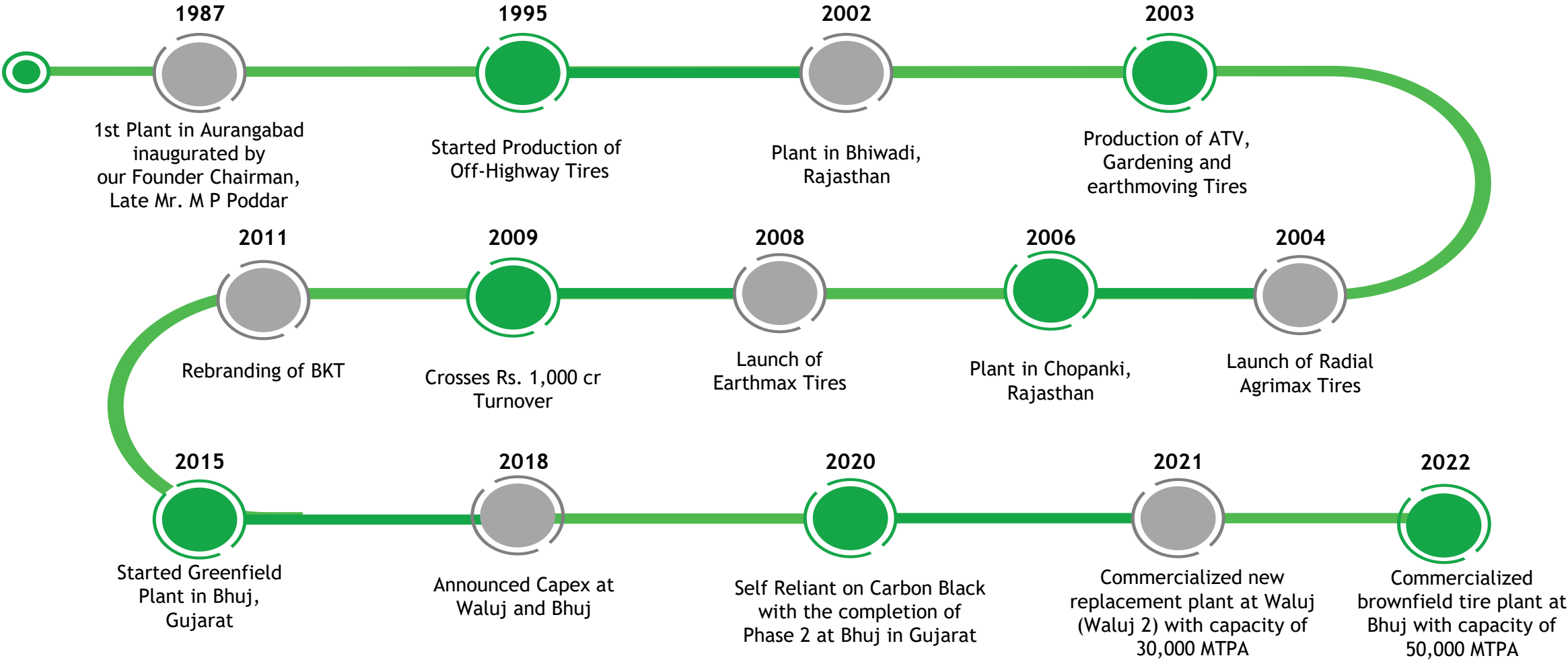
Note – Maps not to scale. All data, information, and maps are provided “as is” without warranty or any representation of accuracy, timeliness or completeness

# 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



*GROWING TOGETHER*



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



# Strengthening BKT Brand : Australia



**KFC**

**BBL**

**BKT**  
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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 for Season 14

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# Strengthening BKT Brand : India



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Ranveer Singh is now the Brand Ambassador of BKT



# Thank You

## Company



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