

BALKRISHNA INDUSTRIES LTD

Investor Presentation

February '22



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Performance Snapshot – Q3FY22



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Declared 3rd Interim Dividend of Rs. 4/- per equity share
Declared special dividend of Rs.12/- per equity share

All Figures on Standalone basis

Management Commentary

Across Geographies, we continue to see strong demand for our products

The macro challenges continue to be in terms of raw material costs and logistics cost along with the availability of containers. Higher marketing spends and Power & Fuels expenses impacted our profitability in Q3FY22. We continue to maintain 28-30% EBITDA margin on a long-term sustainable basis

All capex plans are on-track and we expect to take benefit of this strong demand via the capacity additions at Waluj and Bhuj plants

Sales Volume guidance for FY22 stands at 275,000 - 285,000 MT

Cumulative Capex of Rs. 2,250cr

Brownfield Tire Plant at Bhuj

- 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

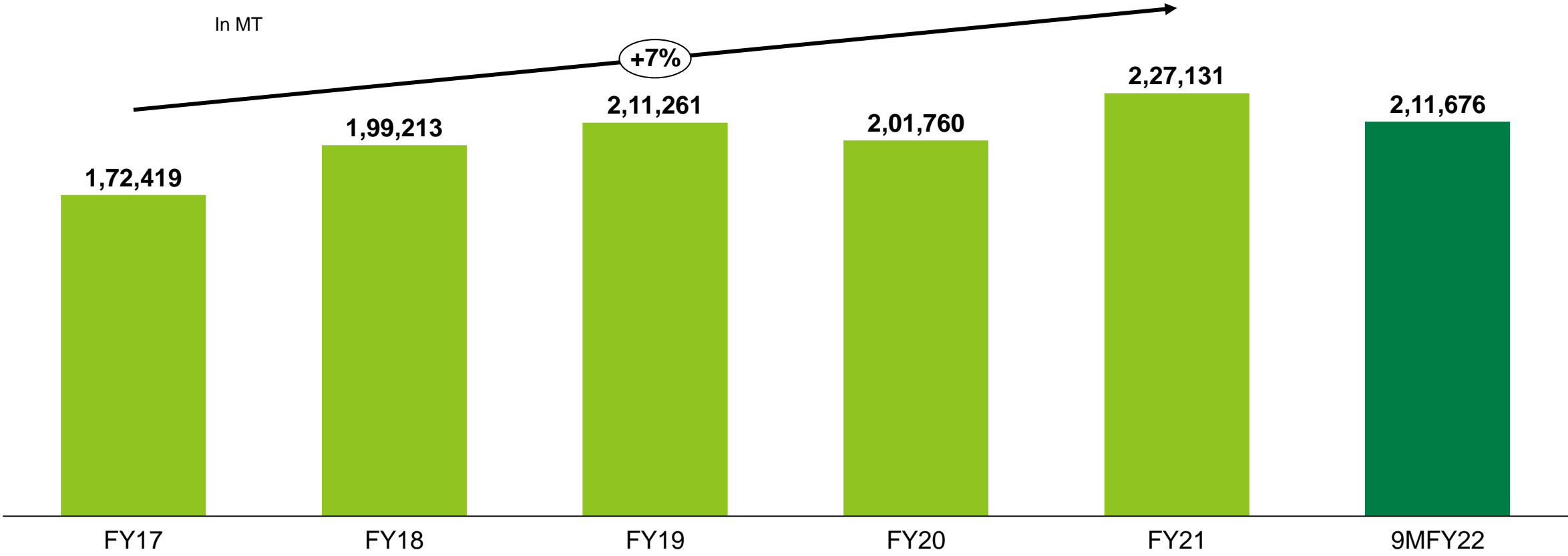
- Modernization, automation and technology upgradation of certain existing equipment and install automated material handling systems
- Capex to be undertaken at existing facilities at Rajasthan and Bhuj leading to improvement in quality and efficiency
- Capex cost of up to Rs. 450cr; expected to be completed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

Capex at OLD Waluj Plant

- Capex in form of installation of latest machineries, replacement of certain machineries, upgradation of certain systems and some portion of civil work
- Capacity will reach 25,000 MT p.a.
- Capex cost of up to Rs. 350cr; capacity be available from Q3FY23

- ✓ The current achievable capacity is 285,000 MT p.a. including the NEW Waluj plant that commenced operations in September 2021
- ✓ The Brownfield capex at Bhuj will add 50,000 MT p.a.
- ✓ The OLD Waluj revamped plant will add 25,000 MT p.a.
- ✓ **The achievable capacity by end of FY23 will be 360,000 MT p.a**

Sales Volume Profile – 9MFY22

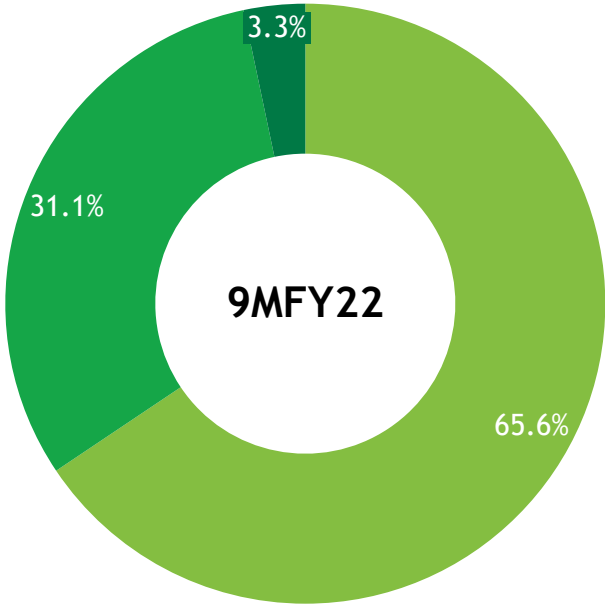


FY22 Guidance : 275,000 MT - 285,000 MT

All Figures on Standalone basis

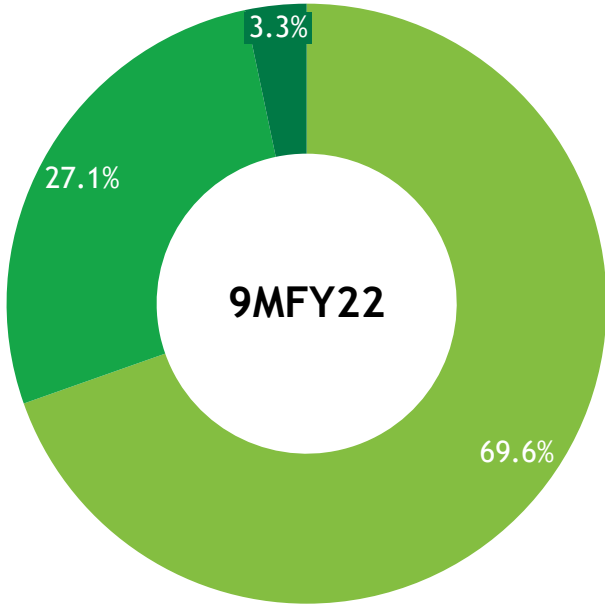
Volume Profile

Segmental Sales



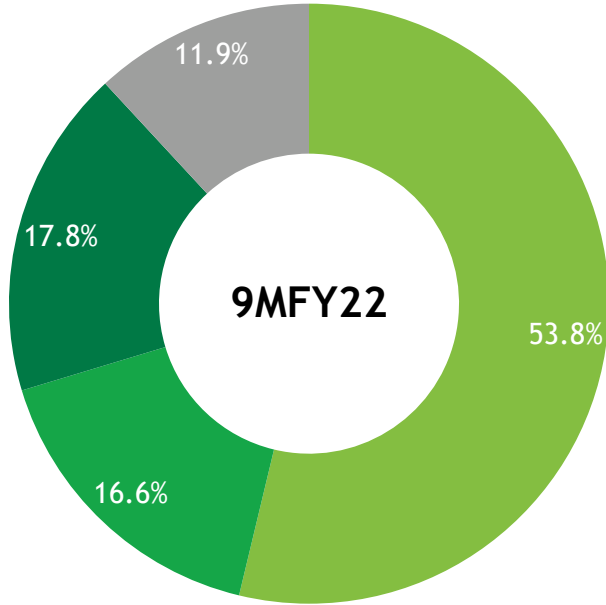
Agriculture OTR Others

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)	Q3FY22	Q3FY21	YoY	Q2FY22	9MFY22	9MFY21	YoY	FY21
Sales (MT)	70,320	59,810	18%	72,748	211,676	1,59,129	33%	2,27,131
Revenue from Operations	2,030	1,505		2,050	5,893	4,012		5,758
Realized Gain on Forex	49	-8		30	94	-22		-18
Total Income	2,079	1,497	39%	2,080	5,987	3,990	50%	5,740
Raw Material	1,015	642		994	2,890	1,676		2,452
(Inc) / Dec in Stock	-49	-39		-67	-214	-95		-149
Employee Expenses	97	83		99	291	238		326
Other Expenses	510	333		488	1,415	919		1,302
EBITDA	507	477	6%	564	1,606	1,256	28%	1,810
EBITDA Margin	24.4%	31.9%		27.1%	26.8%	31.4%		31.5%
Other Income	31	36		62	133	99		119
Unrealized Gain / (Loss)	17	15		27	60	-5		18
Interest & Finance	2	2		2	6	8		10
Depreciation	115	102		108	327	303		406
Profit Before Tax	439	424	3%	543	1,466	1,036	41%	1,531
Tax	110	102		165	429	253		376
Profit After Tax	329	322	2%	377	1,037	783	32%	1,155
PAT Margin	15.8%	21.5%		18.1%	17.3%	19.6%		20.1%

Q3FY22 v/s Q2FY22

Continued Price rise in Raw materials impacted the Gross margins in Q3FY22. Margins were lower by -190bps versus Q2FY22

EBITDA margin was impacted on account of higher Raw Material costs, increased power and fuel costs and marketing spends

Net Forex Gain/(Loss)

Particulars (Rs in Cr)	Q3FY22	Q3FY21	9MFY22	9MFY21
Foreign Exchange Fluctuation on Sales	49	-8	94	-22
Foreign Exchange Fluctuation on Others	14	8	36	30
Total Realised Gain/(Loss) - A	64	1	130	8
Total Unrealized Gain/(Loss) - B	17	15	60	-5
Net Forex Gain/(Loss) = A + B	80	15	190	4

Balance Sheet



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Particulars (Rs. Cr.)	Sep'21	Mar'21
ASSETS		
Non-current assets	6,289	5,649
Property, Plant and Equipment	3,566	3,247
Capital work-in-progress	893	856
Investment Property	84	86
Other Tangible Assets	0	1
Financial Assets		
(i) Investments	1,114	1,026
(ii) Other Financial Assets	15	15
Income Tax Assets (Net)	0	70
Other non-current assets	616	348
Current assets	3,080	2,391
Inventories	1,227	909
Financial Assets		
(i) Investments	491	392
(ii) Trade Receivables	876	730
(iii) Cash and cash equivalents	31	34
(iv) Bank Balances other than (iii) above	23	23
(v) Loans	3	4
(vi) Others	41	35
Other Current Assets	387	264
TOTAL	9,369	8,040

Particulars (Rs. Cr.)	Sep'21	Mar'21
EQUITY AND LIABILITIES		
EQUITY	6,538	6,007
Equity Share Capital	39	39
Other Equity	6,499	5,969
Non-Current Liabilities	285	262
Financial Liabilities		
(i) Borrowings	1	1
(i) Other Financial Liabilities	0	0
Provisions	27	25
Deferred Tax Liabilities (Net)	213	204
Other Non-Current Liabilities	44	33
Current liabilities	2,546	1,771
Financial Liabilities		
(i) Borrowings	1,442	892
(ii) Trade Payables	763	633
(iii) Other Financial Liabilities	109	75
Other Current Liabilities	206	165
Provisions	5	5
Current Tax Liabilities (Net)	22	0
TOTAL	9,369	8,040

All Figures on Standalone basis

Cash Flow

Particulars (Rs. Cr.)	H1FY22	FY21
Operating profit before working capital changes	1,109	1,798
Changes in working capital	-411	-80
Cash generated from operations	698	1,719
Direct taxes paid (net of refund) and others	-220	-356
Net Cash from Operating Activities	478	1,363
Net Cash from Investing Activities	-889	-1,159
Net Cash from Financing Activities	407	-194
Net Change in cash and cash equivalents	-3	10

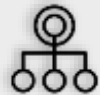
Resilient Business Model



Long Term Debt Free
Cash and Cash equivalents of Rs. 1,927 Cr as on
31st December, 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



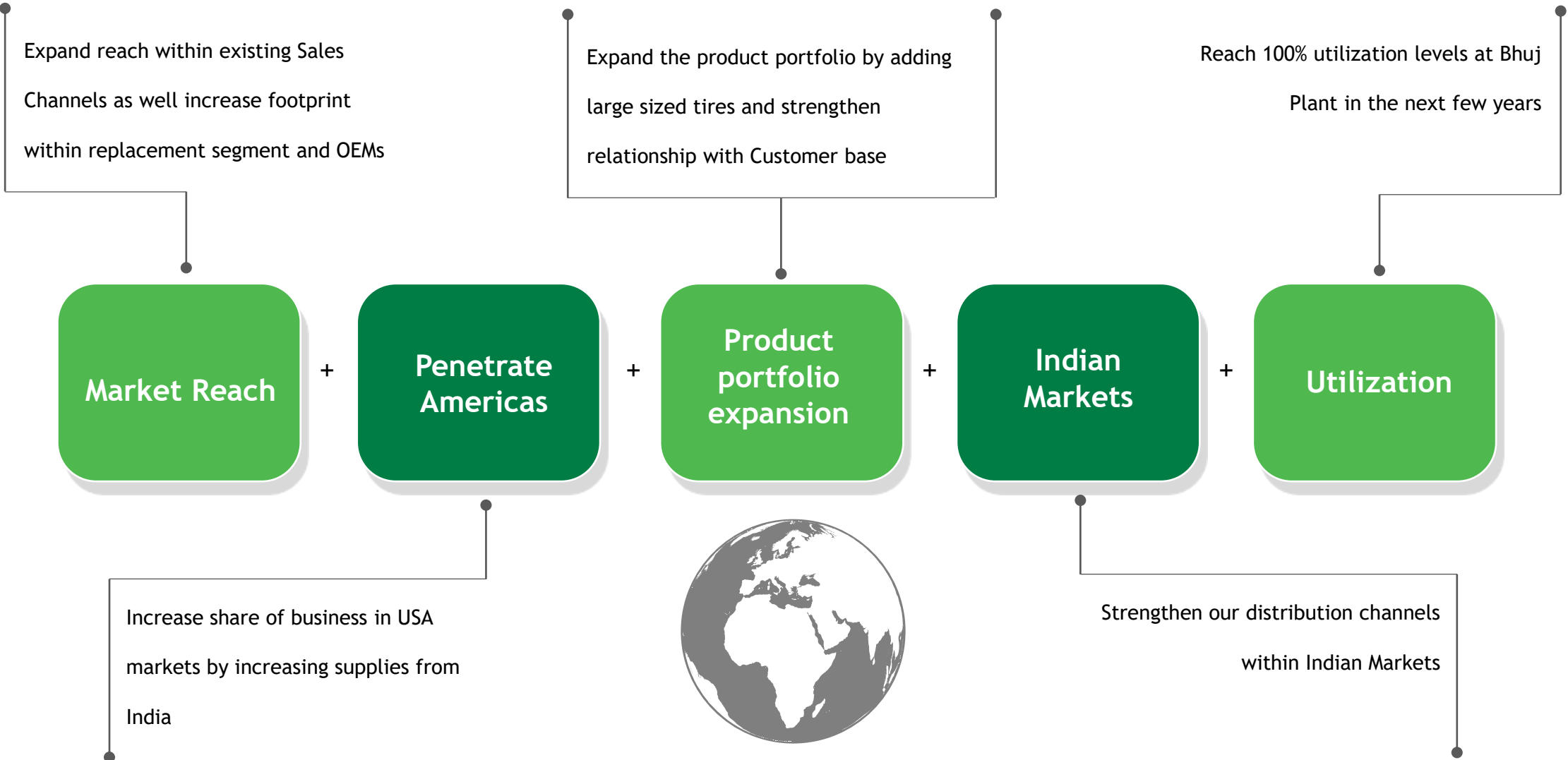
New Capex planned

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

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

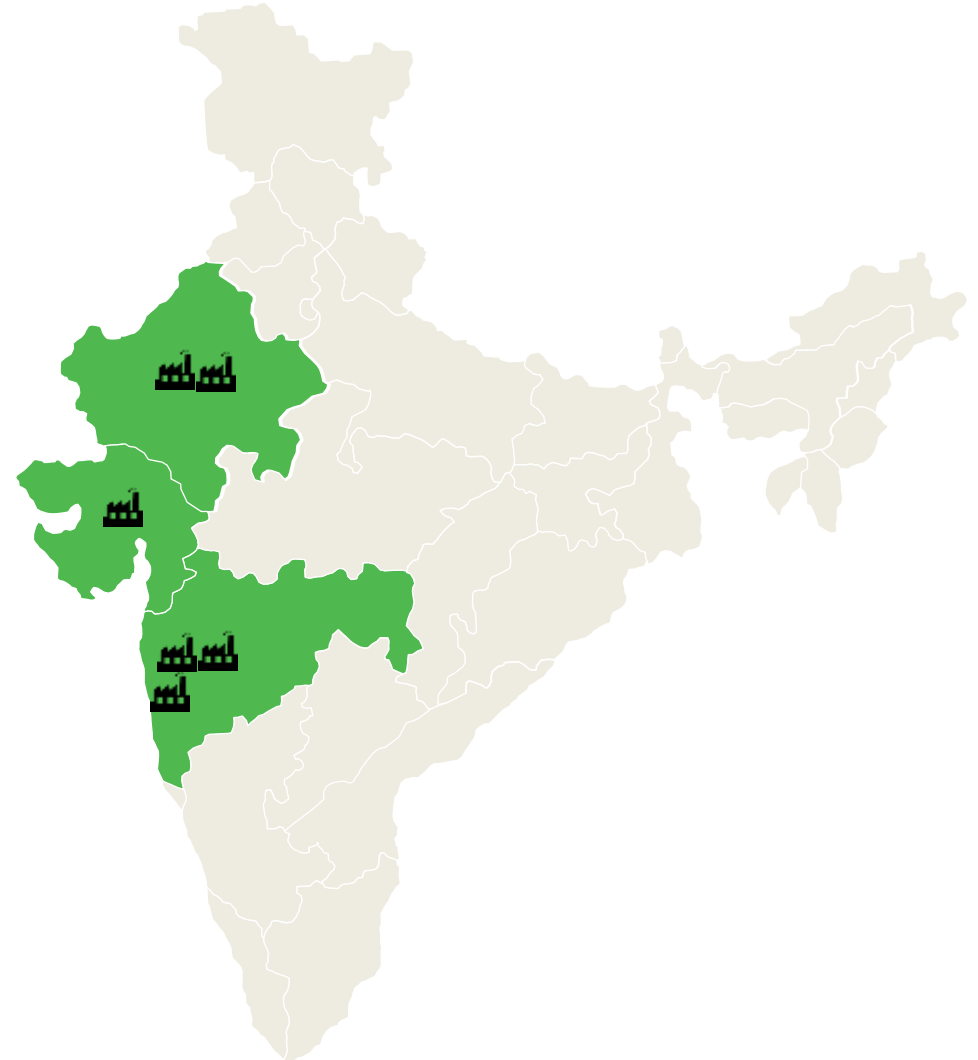
Bhiwadi,
Rajasthan

Chopanki,
Rajasthan

Bhuj,
Gujarat

Mould plant,
Dombivali

India
Our Manufacturing base



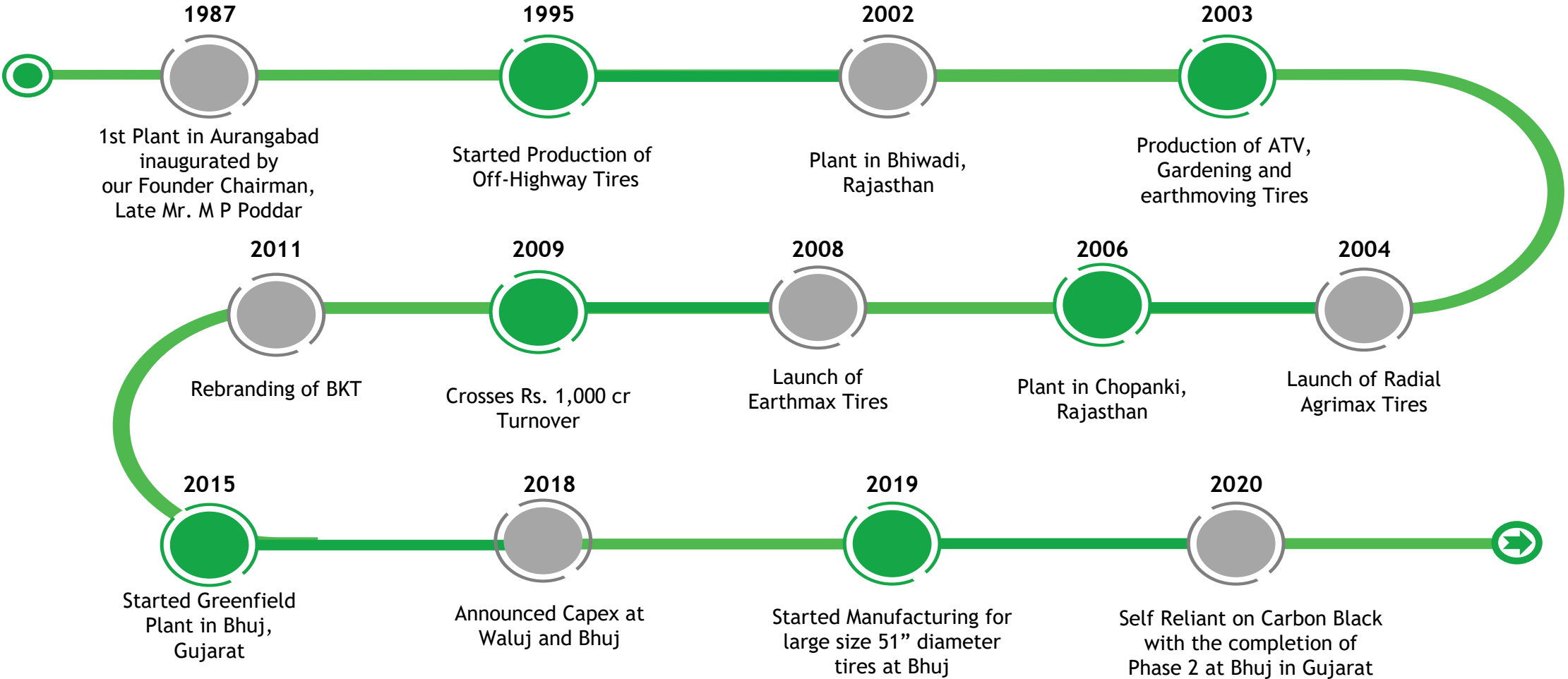
Note – Maps not to scale. All data, information, and maps are provided “as is” without warranty or any representation of accuracy, timeliness or completeness

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



GROWING TOGETHER



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

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



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



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Official Partner of Teams in the Cricket T20 League for Season 13

Strengthening BKT Brand : India



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Partnership with Teams in the Indian Football League



Thank You

Company



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