



GROWING TOGETHER



Investor Presentation

November 2012

Safe Harbor



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Content

	Page
A. Management	4
B. Global Markets - Local Production	8
C. Key Competitive Advantages	15
D. Growth Strategies	17
E. Financial Highlights	20

Management



Off-highway tyre Solutions

Balkrishna Industries...

- ⦿ India's leading exporter of "Off-Highway Tires"
- ⦿ Widest and comprehensive product portfolio of over 2000 SKUs
- ⦿ 166,000 MTPA current achievable production capacity
 - Achievable capacity to be further enhanced to 276,000 MT by FY 2015
- ⦿ Market presence in more than 120 countries
 - Europe, America, Asia Pacific, Middle-East, ANZ etc
- ⦿ Exponential Revenue & Earning growth

Under the able leadership of ...

Mr. Arvind Poddar - Chairman & Managing Director

- Promoter of the Company
- In last 6 years, Company grew exponentially with around 30% CAGR
- Commissioning of new plant at Bhuj, Gujarat with capacity creation of over 70%
- Moving towards USD 1 billion revenue by 2015

The Core Team Executing the Vision

Mr. B K Bansal

Director - Finance

Mr. Rajiv Poddar

Executive Director

Mr. D M Vaidya

Director - Technical

Mr. M S Bajaj

Sr. V P - Commercial

Consistently growing in all areas of business

	Parameter	FY06	FY12
Finance*	Revenue (Rs. Crs)	620	3,018
	Net Profit (Rs. Crs)	69	269
	Net Worth (Rs. Crs)	288	1,139
Production	No. of plants	2	4
	Achievable Production Capacity (MT)	48,750	144,000
	Production (MT)	42,500	133,040
Marketing	Markets being Serviced	75	120
	No. of Distributors	~ 120	~ 200
	No. of Sales Office	1	4

* Consolidated

Global Markets - Local Production

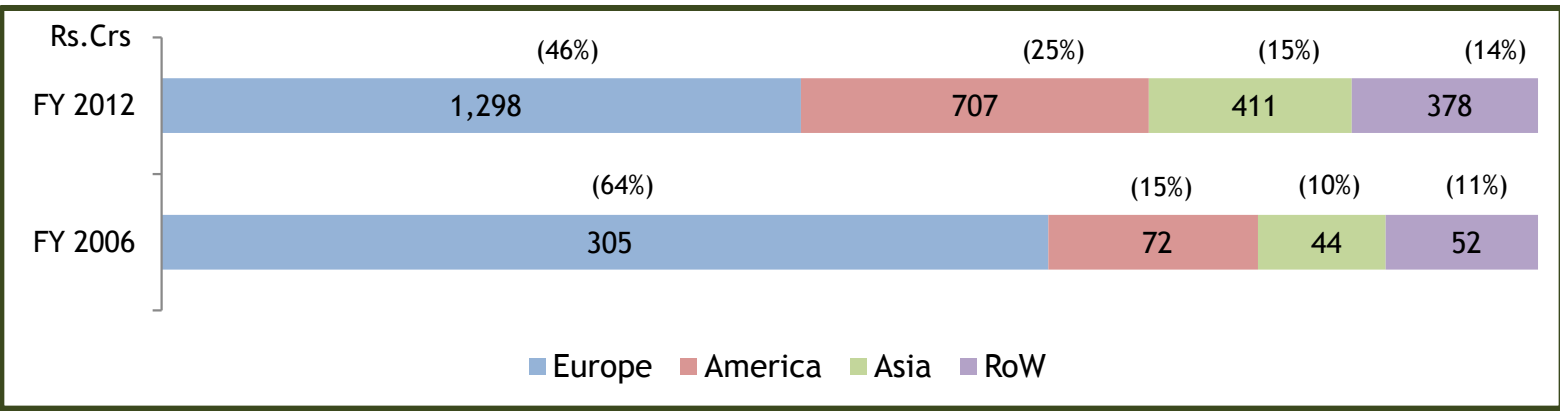


Off-highway tyre Solutions

Presence in over 120 countries...

Demand drivers in Key Continents

Europe	Americas	Asia Pacific
<ul style="list-style-type: none"> Large & Mechanized farms Large replacement market 	<ul style="list-style-type: none"> Agriculture & Mining sector growing Large Farm-Equipments trends Fast growing economies such as Brazil, Argentina, Colombia, Costa Rica etc 	<ul style="list-style-type: none"> Agriculture & Infrastructure booming Moving from traditional to larger sized equipments



Expanding by higher penetration & geographical diversification

With various “Off-Highway Tires (OHT)”...

Agriculture
(63%)



- Tires for Tractors, Trailers, Farm Equipment, Forestry
- Specifically designed as per farm requirement
- Tractor Radial Tires under brand “Agrimax”

OTR
(34%)



- Industrial, Construction & Earth Mover tires
- Tires for articulate dump trucks, loaders, underground mines, port application
- Steel Radial OTR tire under brand “Earthmax”

Others
(3%)

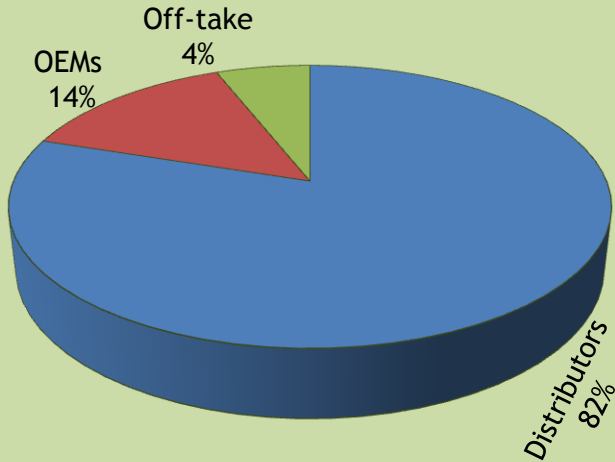


- Tires for Sports, Utility vehicles such as Golf-cart, Lawn & Garden tires
- Tires for All Terrain Vehicles (ATV) with puncture resistance

One Stop -Shop for all off highway tires solution

Through various sales channels

96% Sales under 'BKT' brand



Distributors

- Caters Replacement Market
- Strong Global Network
 - Over 200 Distributors in 120 countries
- Expanding market reach by
 - Increasing penetration of existing distributors
 - Adding new distributors

OEMs

- Supplier to leading OEMs such as,

▪ Volvo	▪ BOMAG
▪ John Deere	▪ SAME
▪ CNH	▪ Ferrari
▪ Class	▪ JCB

Off-Take

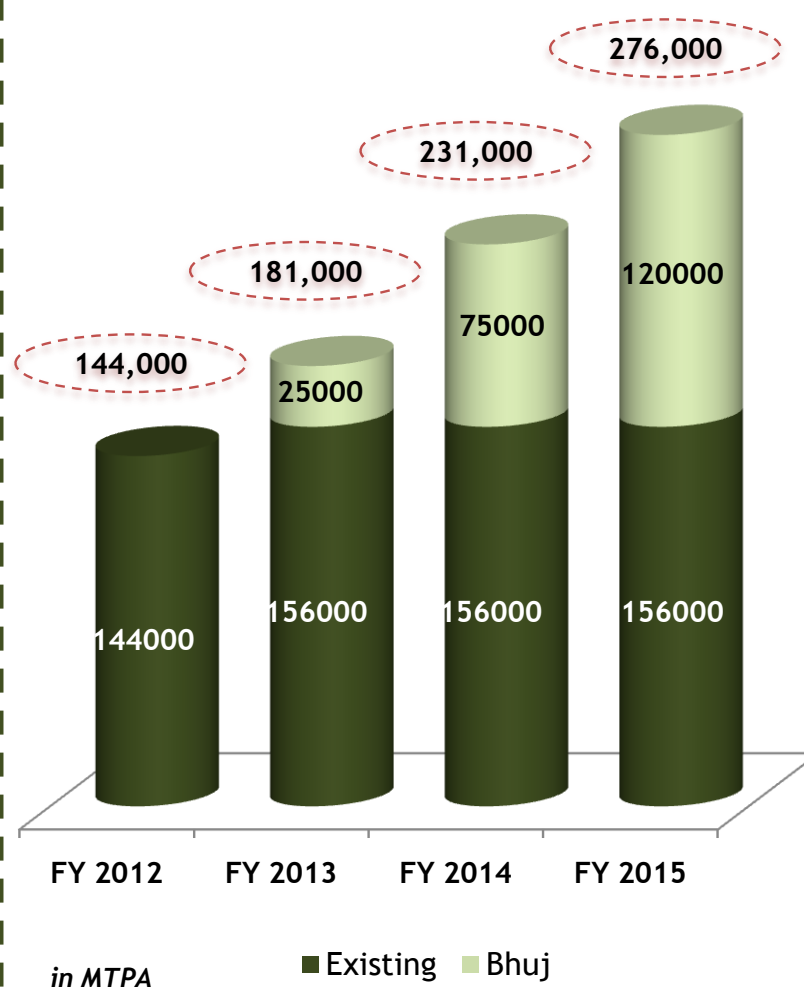
- Supplier to leading Global Tire manufacturers - labeled under their brand
 - Reaffirms Global Quality Standards

Replacement Market lends stability in turbulent times

Commercial Production commenced at Bhuj, Gujarat

- Commissioning of Bhuj plant
 - Commencement of commercial production in Aug 12
- Production of entire range of off highway products
 - Emphasis on radial products and large and ultra large specialty OTR tires
- Estimated project cost of Rs 1,800 crores
 - 120,000 MT of Achievable Production Capacity
 - 20 MW Captive Power Project
 - Additional Rubber mixing units
 - Housing Colony and Common infrastructure
- Rs 1,093 crores incurred till Sep 12
- Funding by USD 275 mn debt and Internal Accruals
 - USD 175 mn drawn in June 11
 - USD 100 mn drawn in Aug 12

Achievable Production Capacity built up



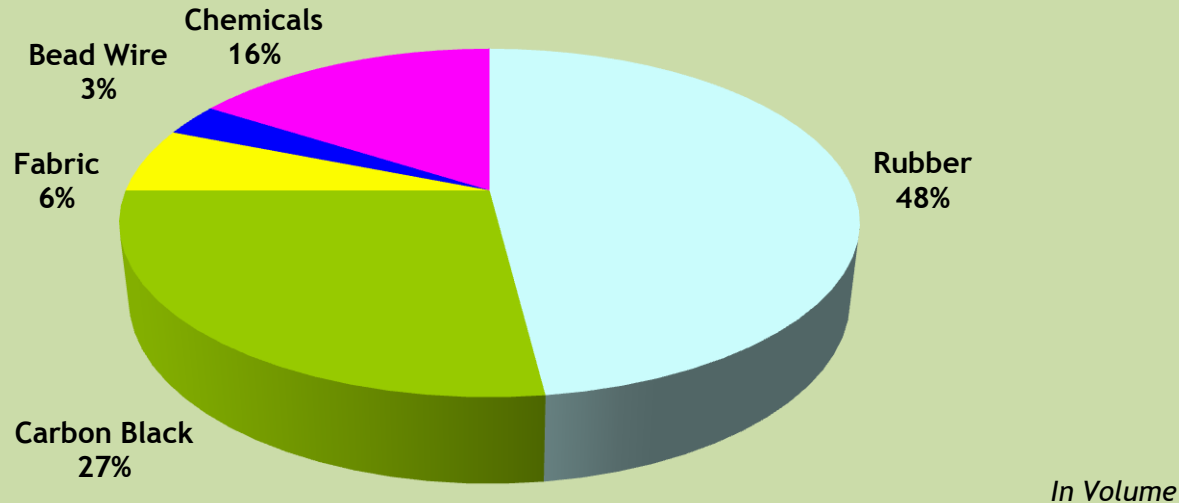
Existing manufacturing facilities...

- State of the art tire manufacturing plants at
 - Bhiwadi & Chopanki in Rajasthan
 - Aurangabad, Maharashtra
 - Bhuj, Gujarat
 - In-house Mould Plant, Dombivali, Maharashtra
- Achievable Production Capacity at 166,000 MTPA
 - Wide product range of over 2000 SKUs
 - Frequent change over in production cycle
 - Large Variety - low volume restricts optimal capacity utilization



Key Raw materials

Raw material composition



- **Rubber sourced from**
 - India, Indonesia, Malaysia & Thailand - Major Rubber Producing countries
- **Closer to Rubber producing countries gives edge over global peers**
 - Lower logistic expenses
- **Flexibility in sourcing from India or Import**
 - No impact of Import Duty being major exporter
- **Other materials - Synthetic Rubber, Carbon Black, Fabric & Chemicals**
 - Derivatives of Crude Oil

Key Competitive Advantages



Off-highway tyre Solutions

Key Competitive Advantages

Low Operating Cost ... v/s ... Global Peers

- Labor intensive business, however India manufacturing leads to 1/5th labor cost compared to global peers
- Lower selling & distributing expenses due to sales by **distributor network**

Faster Mind to Market Product Roll-out

- Strong R&D Team for product development
- In-house mould facility leads to faster conversion

Flexible Plant Operation

- Maximize utilization of entire basket of 2000 SKUs
- Ensures timely execution of customer's order

Inter- Changeability of production amongst various plants

- Helps production planning to achieve optimum output
- Facilitates container dispatch of varied tires

The Radial Advantage

- Largest manufacturer of full range of Radial Tractor Tires located in a low-cost region
- Globally few manufacturers with concentration in USA & Europe
- Addition of capacity makes it a preferred global partner for radial tires

Growth Strategies



Off-highway tyre Solutions

Sales strategy to back capacity creation

A

Increase penetration in current markets

- Increasing coverage through current distributors
- Appointment of new distributors to cater all segments

B

Increase exposure with OEMs

- Developing newer products for OEMs
- Expanding the OEMs base

C

Development of new emerging markets viz. Russia & CIS

- Demand drivers are stable economy growth & major infrastructure developments in highway, ports, mining sector
- Establishing distributor network

D

Enhancing Product Portfolio

- All Steel Radial Mining Tires
- Agri-Radial Tires
- Special Puncture-Proof Defense Tires

India business opportunity unfolding ...

- ◎ **Presently, ~ 10% of Revenue from India**
 - Mainly from OTR Segment
 - Tie-up with OEMs like JCB, Escorts, L&T Case, SDF, John Deere, CNH
- ◎ **Investment in Indian Infrastructure growing rapidly**
 - Earthmoving & Construction equipment (ECE) industry expected to grow rapidly
- ◎ **Agriculture Sector in India witnessing transformation**
 - India moving towards mechanized farming which improves productivity
- ◎ **Well positioned to capture growing India market**
 - Tying-up with new OEMs
 - Establishing distribution network

Financial Highlights



Off-highway tyre Solutions

Standalone - Tire Business :

Financial Highlights - Q2 FY2013



Rs.Crs	Q2 FY13	Q2FY12	YoY %	Q1 FY13	QoQ%
Sales (MT)	37,152	32,439		37,001	
Revenue	887	669	32.6%	821	8.0%
Raw Material	558	448		483	
(Increase) / Decrease in Stock	-52	-24		-12	
Employee Expenses	25	17		25	
Other Expenses	170	111		168	
EBITDA	187	117	59.6%	157	19.2%
<i>EBITDA Margin</i>	21.1%	17.5%			
Other Income	1	7		1	
Interest & Finance Charges	6	4		6	
Exchange (Gain)/Loss	-26	6		20	
Depreciation	25	21		23	
PBT	183	94		108	
Tax	59	30		35	
PAT	124	63	95.6%	73	69.3%
<i>PAT Margin</i>	13.9%	9.5%		8.9%	

Previous period figures have been regrouped/reclassified as per revised Schedule VI, wherever necessary

Standalone - Tire Business : Financial Highlights - H1 FY2013



Rs.Crs	H1 FY13	H1 FY12	YoY %	FY12
Sales (MT)	74,153	61,148		133,040
Revenue	1,708	1,247	37.0%	2,789
Raw Material	1,041	824		1,759
(Increase) / Decrease in Stock	-64	-26		-48
Employee Expenses	50	35		72
Other Expenses	338	204		500
EBITDA	344	210	64.2%	506
<i>EBITDA Margin</i>	20.2%	16.8%		18.1%
Other Income	2	21		3.3
Interest	12	8		18
Exchange (Gain)/Loss	-6	6		10
Depreciation	48	40		83
PBT	291	177		398
Tax	94	57		130
PAT	197	119	64.9%	269
<i>PAT Margin</i>	11.5%	9.6%		9.6%

Previous period figures have been regrouped/reclassified as per revised Schedule VI, wherever necessary

Standalone - Tire Business : Balance Sheet - H1 FY2013

Rs. Crs.	12-Sep	12-Mar	Rs. Crs.	12-Sep	12-Mar
Shareholder's Fund			Non-current assets		
Share capital	19	19	Fixed assets	1,751	1,278
Reserves & Surplus	1,258	1,061	Long-term loans and advances	521	393
Non-current liabilities			Non-current investments	33	32
Long term borrowings	1,463	914	Other non-current assets	0	0
Long-term provisions	212	125	Current assets		
Other non-current liabilities	145	97	Current Investments	8	-
Current liabilities			Inventories	547	481
Short term borrowings	729	749	Trade receivables	497	480
Trade Payables	260	200	Cash and bank balances	540	357
Other current liabilities	55	76	Short-term loans and advances	236	195
			Other current assets	8	25
Total Liabilities	4,141	3,242	Total Assets	4,141	3,242

Previous period figures have been regrouped/reclassified as per revised Schedule VI, wherever necessary

Annual Financial Highlights : Tire Business

Profitability

Rs. Crs.	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Revenue	749	1,006	1,257	1,413	1,934	2,820
<i>YoY Growth</i>	46%	34%	25%	12%	37%	46%
EBITDA	176	232	202	396	360	506
<i>EBITDA Margin</i>	23.5%	23.1%	16.1%	28.0%	18.6%	17.9%

- Continuous Revenue Growth despite global credit crisis
- Margin declined mainly due to
 - Sudden & Exponential price hike in input costs
 - Forex impact

- Exceptional year for higher earning margins mainly due to
 - Reversal in input costs

Guidance for FY 2013 : Sales of Tires ~ 140,000 - 145,000 MT

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