



BALKRISHNA INDUSTRIES LTD

Investor Presentation
November, 2018

Safe Harbor

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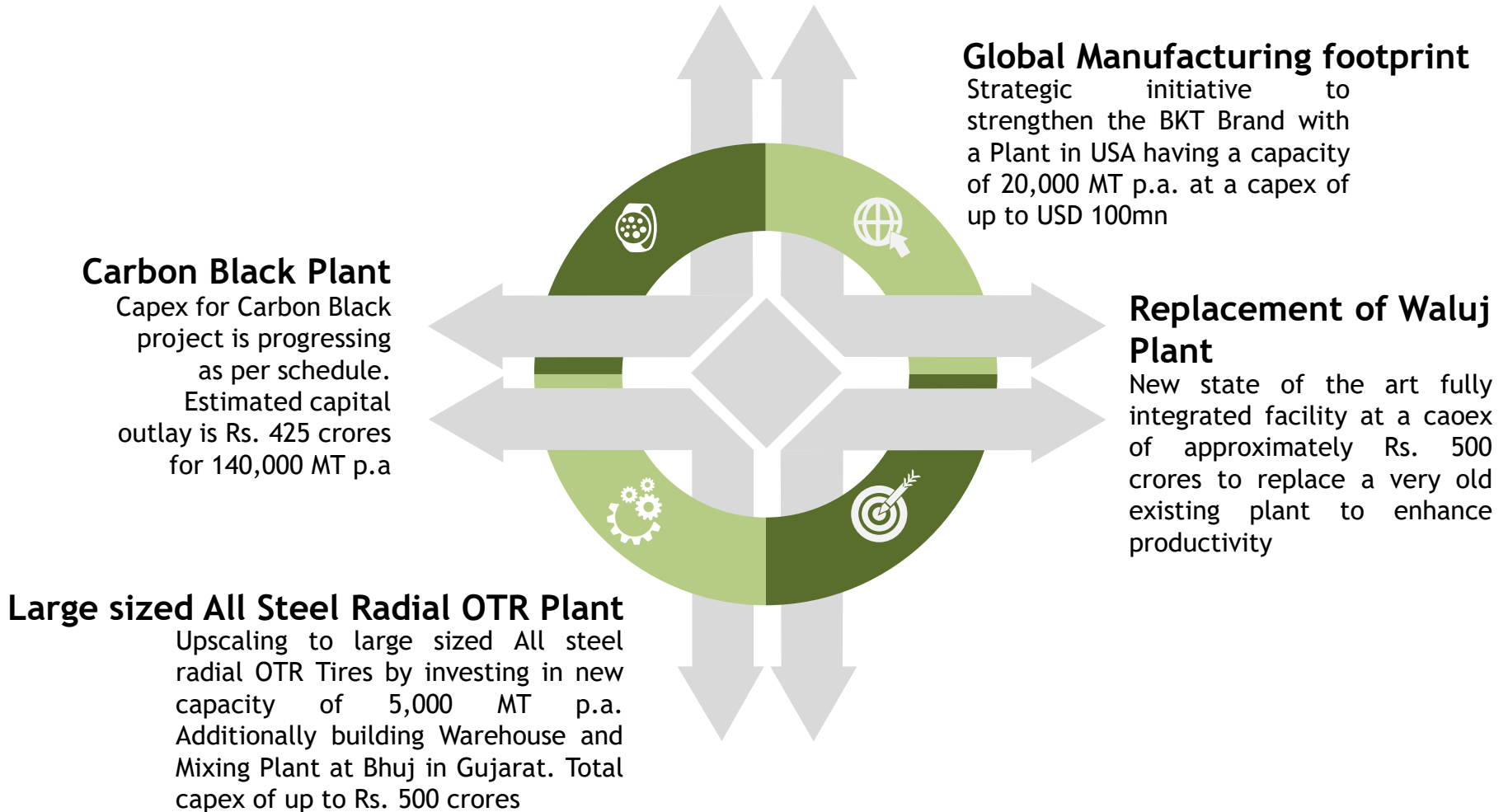
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Our Performance



BKT 2.0: Embarking on next Phase of Growth

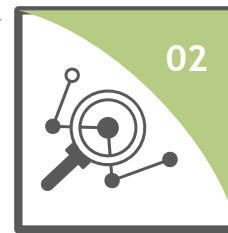


Financing through Internal Accruals + Debt

USA Tire Plant: Strategically addressing Americas market

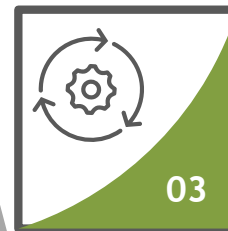
Greenfield Plant in USA

Setting up a Greenfield Plant in USA with a capacity of 20,000 MT p.a. at a capital outlay of up to USD 100mn



Faster Acceleration

Made in USA Plant will enable to penetrate faster with Local OEMs by offering them faster delivery schedule



Supply to nearby regions

This Plant will enable exports to other neighboring countries in a more competitive manner



Strengthen Brand

USA investment is important to strengthen the brand profile of BKT with its large customer base



To strengthen BKT Brand Profile with OEMs and help penetrate the Americas market

Waluj Plant: Replacing existing Plant

Current Plant

- Waluj Plant is old very old and long due for complete revamping
- The size of the plot is also small and as a result many activities are conducted outside the factory premises
- 30,000 MT p.a. Plant operating at sub-optimal levels
- Land and Building weakened due to ageing

New Plant

- To set up Greenfield Plant on freehold land of ~22 acres within near vicinity at a cost of approximately Rs.500 crores. Plant to be operational by 2021
- Capacity remains unchanged at 30,000 MT p.a. Plant to have its own warehousing facility + Co-gen plant
- Waluj location is critical as company has access to established talent pool and is able to service various OEMs in nearby areas as well as Distributors in South India

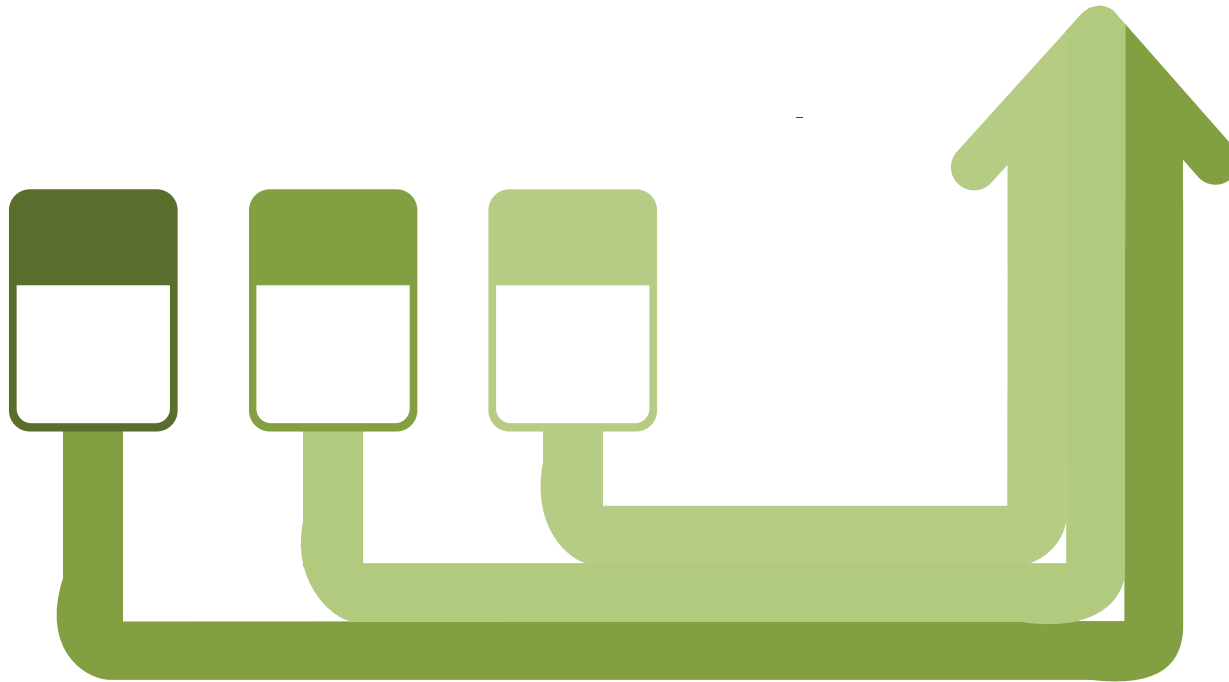
New state of the art fully integrated facility will increase productivity

Bhuj Capex: Moving up the Value Chain



Total Capex of up to Rs. 500crs
Large size All Steel OTR facility will broaden the product range

Carbon Black Capex: Progressing as per schedule



Plant Size

Total Plant size to be 140,000 MT p.a. at a capex cost of Rs. 425 crores at Bhuj in Gujarat

Timelines

60,000 MT p.a. capacity will be operational in March 2019 while the balance will be onstream by March 2021

Supplies to support USA Plant

Plant to bring operational efficiencies and support Carbon Black requirements including USA Tire Plant

To become self sufficient in Carbon Black requirements

H1FY19 Performance



Interim Dividend

2nd Interim Dividend declared at
Rs. 2/- per share in addition to
Rs. 2/- per share paid in Q1FY19



Sales Volume

109,093 MT

+ 14% YoY



Revenue

Rs. 2,784 Crores

+ 26% YoY



EBITDA

Rs. 790 Crores

+ 27% YoY



EBITDA Margin

28.4%

+ 26 Bps YoY



Profit After Tax

Rs. 453 Crores

+ 27% YoY

Profit & Loss

Particulars (Rs.Cr)	Standalone						
	Q2FY19	Q2FY18	YoY %	H1FY19	H1FY18	YoY %	FY18
Sales (MT)	52,339	49,331	6%	109,093	95,658	14%	199,213
Revenue from Operations	1,325	1,114		2,688	2,126		4,464
Realized Gain on Foreign Exchange	45	67		96	92		221
Total Income	1,370	1,182	16%	2,784	2,218	26%	4,686
Raw Material	647	546		1,296	1,099		2193
(Increase) / Decrease in Stock	-35	2		-45	-28		-43
Employee Expenses	68	60		136	118		249
Other Expenses	310	196		607	404		935
EBITDA	380	378	1%	790	624	27%	1,352
EBITDA Margin	27.7%	32.0%		28.4%	28.1%		28.9%
Other Income #	44	10		73	72		91
Interest & Finance Charges	2	3		6	8		13
Depreciation	83	78		167	153		311
Profit Before Tax	338	307	10%	691	535	29%	1,118
Tax	116	104		238	179		379
PAT	222	203	10%	453	356	27%	739
PAT Margin	16.2%	17.2%		16.3%	16.1%		15.8%

Includes Investment Income and Unrealized Gain/(Loss)

Other Income and Net Forex Gain/(Loss)

Particulars (Rs. Cr)	Standalone			
	Q2FY19	Q2FY18	H1FY19	H1FY18
Exchange Difference Gain (Realized)	47	73	100	103
Exchange Difference Gain (Un-Realized)	22	-7	42	22
Others	21	16	31	50
Total Other Income	91	83	173	175

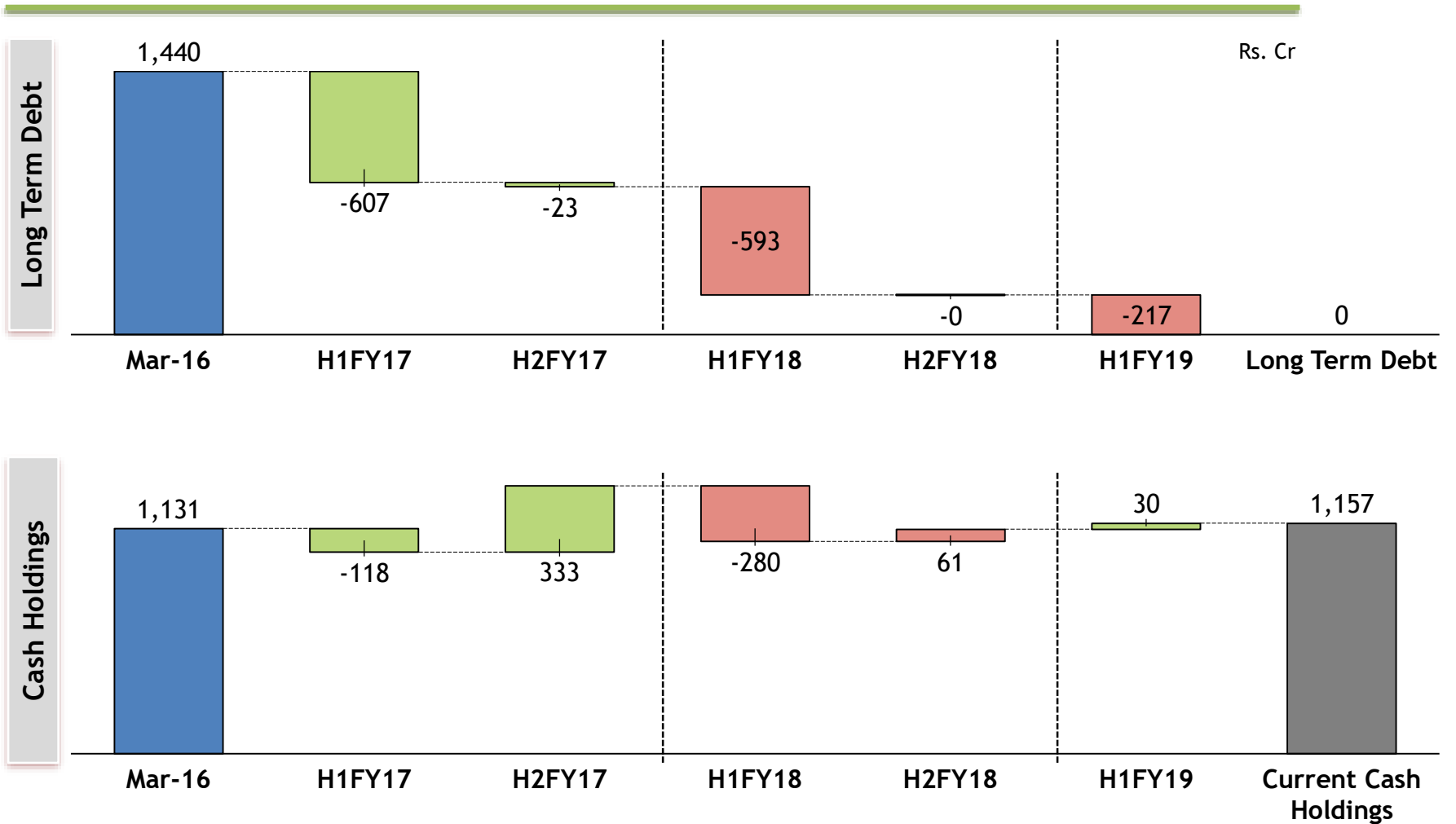
Particulars (Rs. Cr)	Standalone			
	Q2FY19	Q2FY18	H1FY19	H1FY18
Foreign Exchange Fluctuation on Sales	45	67	96	92
Foreign Exchange Fluctuation on Others	2	5	4	11
Total Realised Gain/(Loss) – A	47	73	100	103
Foreign Exchange Fluctuation on Non Derivative Items	22	0	42	15
Foreign Exchange Fluctuation on Derivate Item	-	-7	-	6
Total Unrealized Gain/(Loss) - B	22	-7	42	22
Net Forex Gain/(Loss) = A + B	70	66	142	125

Balance Sheet

Particulars (Rs. Cr.)	Sep'18	Mar'18
ASSETS		
Non-current assets	3,620	3,861
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
Current assets	2,581	1,983
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
TOTAL	6,201	5,845

Particulars (Rs. Cr.)	Sep'18	Mar'18
EQUITY AND LIABILITIES		
EQUITY	4,365	4,095
Equity Share Capital	39	39
Other Equity	4,326	4,057
Non-Current Liabilities	251	353
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
Current liabilities	1,585	1,396
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
TOTAL	6,201	5,845

Long Term Debt Profile

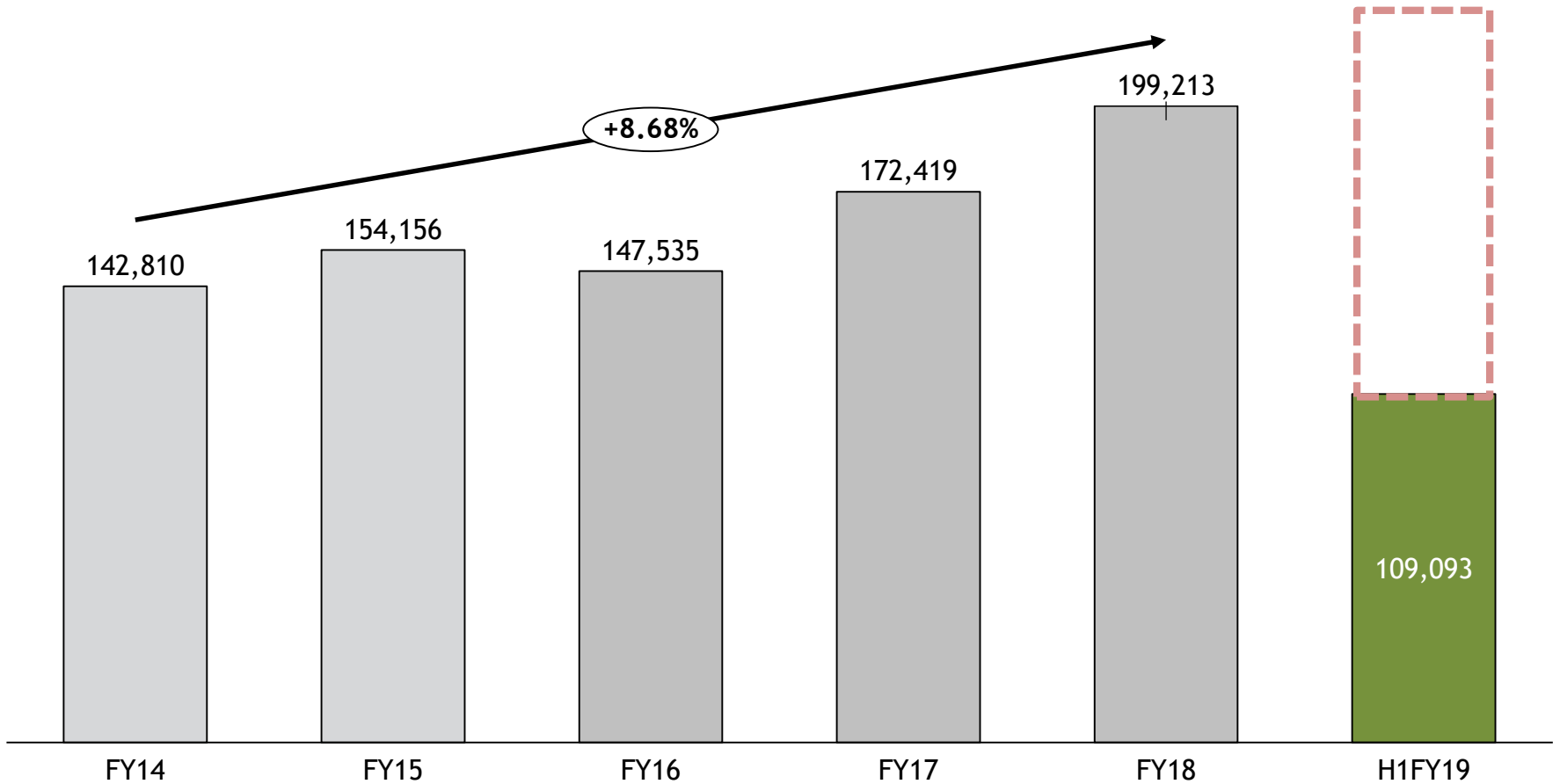


No Long Term Debt

Sales Profile

In MT

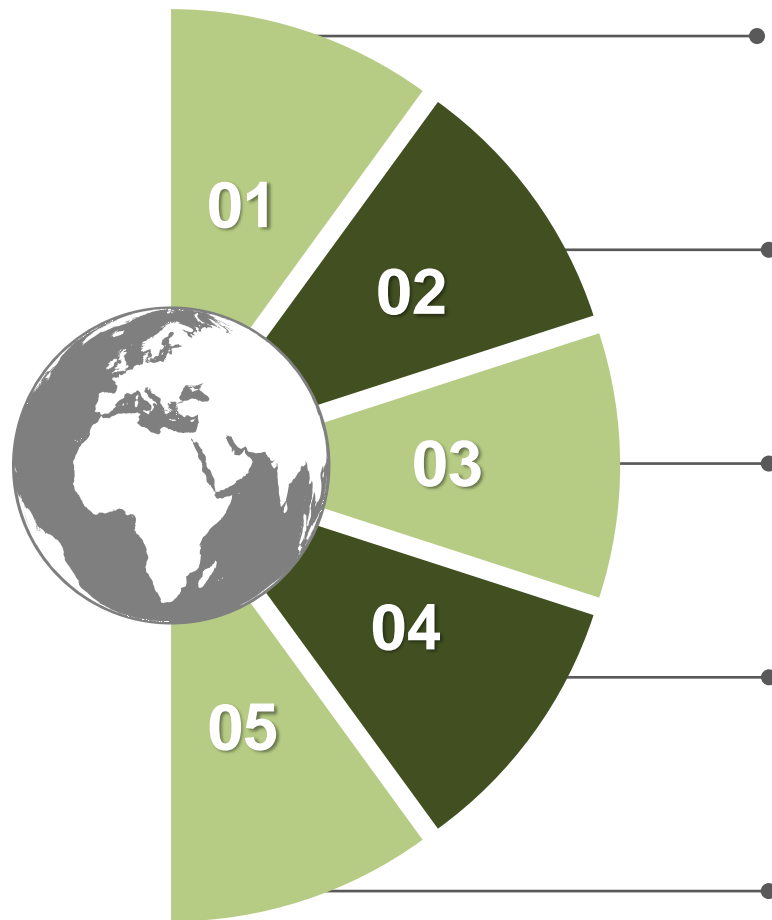
Volume Guidance
210,000 - 220,000 MT for FY19



Strategy at BKT



Our Focus Area



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

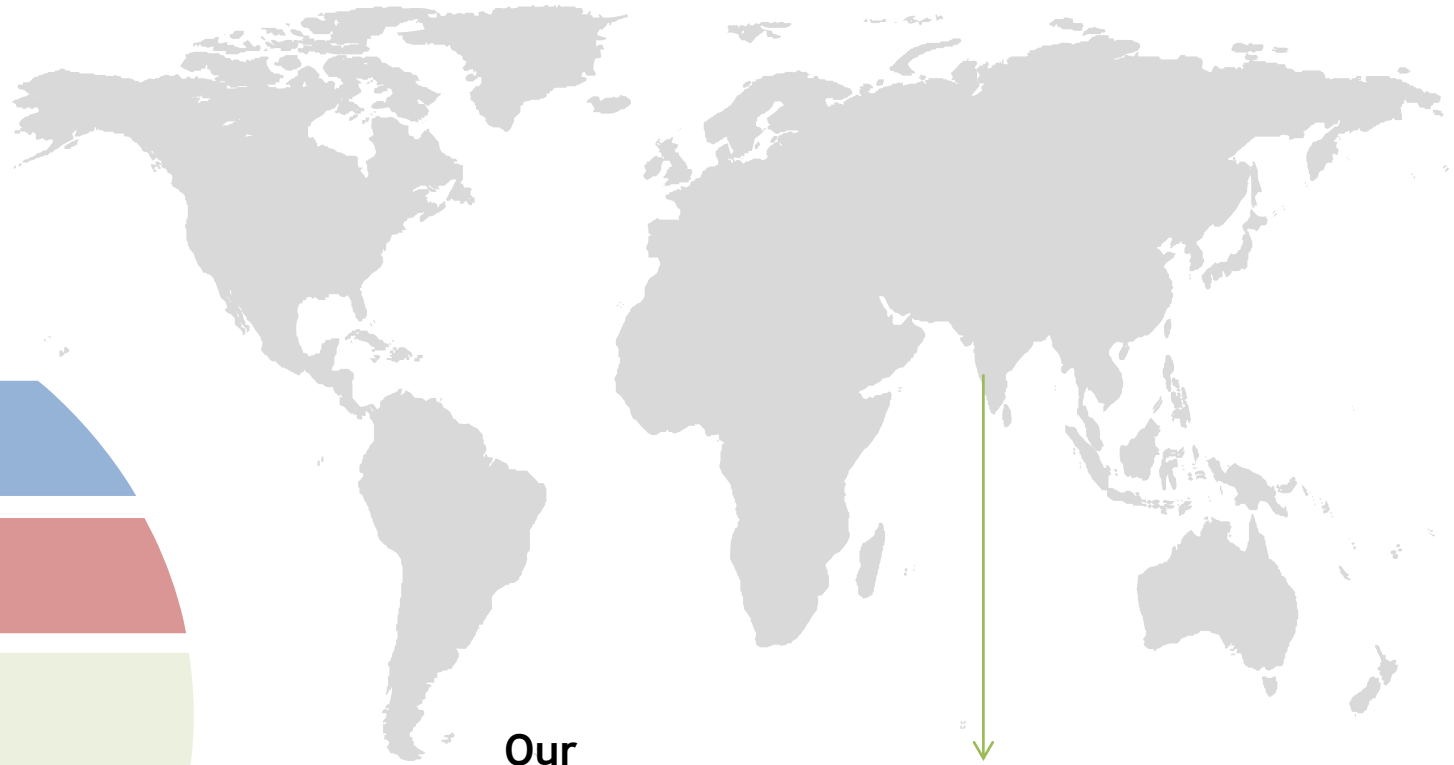
Utilization

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

To Serve Global OEMs...



With India Production and Global Sales



Aurangabad,
Maharashtra

Bhiwadi,
Rajasthan

Chopanki,
Rajasthan

Bhuj,
Gujarat

Mould plant,
Aurangabad

Our
plants

India - Our
Manufacturing base

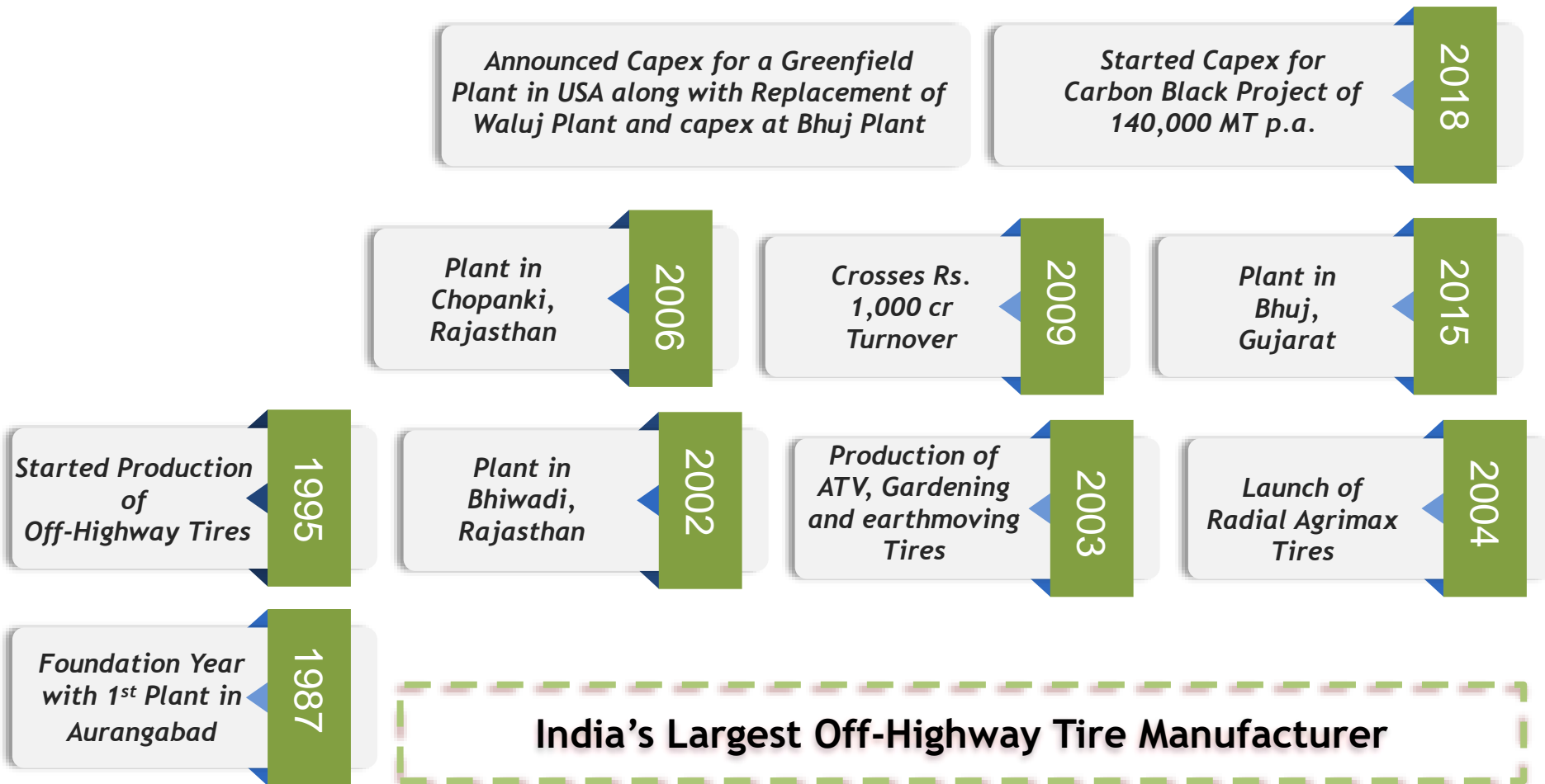
BKT - A Strong Indian Brand



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



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