



BIL/SE/2025-26

5th November, 2025

To,
BSE Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001.

National Stock Exchange of India Ltd,
5th Floor, Exchange Plaza,
Bandra Kurla Complex,
Bandra (E), Mumbai 400 051.

Scrip Code: 502355 (Equity)
Scrip Code : 973556 (Debt)

Trading Symbol: BALKRISIND

Dear Sir/Madam,

Subject: Transcript of Conference call with Investors/Analysts conducted on 1st November, 2025 to discuss the Q2 FY26 Results.

In continuation of our letter dated 27th October, 2025 and pursuant to Regulation 30(6) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of conference call with Investors/Analysts related to Q2 & H1 FY26 Results of the Company held on 1st November, 2025. This information will also be hosted on the Company's website at <https://www.bkt-tires.com/ww/us/investors-desk> .

You are requested to kindly take the above information on record and disseminate.

Thanking you,

Yours faithfully,
For **Balkrishna Industries Limited**

Vipul Shah
Director & Company Secretary
and Compliance Officer
DIN: 05199526

Encl: As Above

Balkrishna Industries Ltd.

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“Balkrishna Industries Limited
Q2 & H1 FY '26 Earnings Conference Call”
November 01, 2025

“E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 1st November 2025 will prevail.



MANAGEMENT: **MR. RAJIV PODDAR – JOINT MANAGING DIRECTOR – BALKRISHNA INDUSTRIES LIMITED**
MR. MADHUSUDAN BAJAJ – SENIOR PRESIDENT AND DIRECTOR, COMMERCIAL AND CHIEF FINANCIAL OFFICER – BALKRISHNA INDUSTRIES LIMITED
MR. RAVI JOSHI – DEPUTY CHIEF FINANCIAL OFFICER – BALKRISHNA INDUSTRIES LIMITED
MR. SATISH SHARMA - SENIOR PRESIDENT AND DIRECTOR, STRATEGY AND BUSINESS DEVELOPMENT – BALKRISHNA INDUSTRIES LIMITED
MR. SUSHIL MISHRA – HEAD, ACCOUNTS – BALKRISHNA INDUSTRIES LIMITED
SGA, INVESTOR RELATIONS ADVISORS

Moderator: Ladies and gentlemen, good day, and welcome to Balkrishna Industries Limited Q2 and H1 FY '26 Earnings Conference Call. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on the date of this call. These statements are not the guarantee of future performance and involve risks and uncertainties that are difficult to predict.

As a reminder, all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Rajiv Poddar, Joint Managing Director of Balkrishna Industries Limited. Thank you, and over to you, sir.

Rajiv Poddar: Thank you, Iqra. Good morning, everyone, and thank you for joining us today. Along with me, I have Mr. Bajaj, Senior President and Director, Commercial and our CFO; Mr. Satish Sharma, Senior President and Director of Strategy and Business Development; Mr. Ravi Joshi, our Deputy CFO; Mr. Sushil Mishra, our Head of Accounts; and SGA, our IR advisors.

Let me begin with performance updates. We continue to navigate through a period of significant challenges. During the quarter, tariff related headwinds intensified with the U.S. increasing import duties on India to 50%. This development has a severe impact on our U.S. sales, which accounted for approximately 10% of our last year sales volume. Consequently, the overall sales volume and sales performance for this quarter reflects the decline in shipments to U.S. markets.

We would also like to take this opportunity to express our gratitude to the Government of India for the reduction of GST rates, a measure that is expected to stimulate end consumer demand and positively influence the broader market sentiment.

Additionally, what we hear from the public domain, there is growing optimism regarding the early conclusions of the trade agreement between India and U.S., which once realized, is expected to ease the current tariff challenges and support our medium-term outlook for the United States.

While the geopolitical and macro environment, particularly outside India continues to remain uncertain and warrants cautious optimism, we believe that such short-term headwinds will ultimately strengthen our foundations and create opportunities for sustainable growth in the mid and long term.

Our strategic focus remains to strengthening our market position in India and Europe, while driving incremental growth from rest of the world markets. We will keep endeavoring to increase our share in U.S., which should regain momentum once the tariff situation eases.

Our foresight in anticipating geographic and segment concentration risks has, however, mitigated part of this impact. The strategic initiatives undertaken such as enhancing our presence

in the Indian market and expanding our carbon black business were key elements of our derisking framework. Building on the strong foundation, we remain cautiously optimistic in the near term, but are confident about the long-term outlook.

With continued expansion of our market reach, additional product lines and expectations of a more favorable macro environment and tariff environment, we are well positioned for a long-term growth momentum and move steadily towards our long-term vision of achieving INR23,000 crores in revenue by 2030.

Let me now share some highlights of our business in the last quarter.

BKT received the Excellence level award from Caterpillar's Global Supplier Excellence recognition program for outstanding performance in quality, delivery and customer support of mining tires. This is our fourth consecutive year of this recognition.

For our commercial vehicle and passenger vehicle, we inaugurated a dedicated vehicle dynamics and testing base at the NATRAX in Indore, Asia's second largest and longest test track facility. This will help us for our tire testing and further improving quality parameters in these tires for these vehicles.

It also gives me immense pleasure to share that BKT Bhuj plant achieved a 5-star grading and a Sword of Honor Award for 2025 by the British Safety Council, reflecting best-in-class standards in workplace safety, health management and risk control systems.

BKT has been named the title sponsor for the Australia, India Men's ODI and T20s International Series. This is testimony of our commitment to continuously invest in our brand building.

We have further strengthened our leadership across regions and end segments. These appointments will create a sharper focus with an aim to increase market share across all segments across the globe.

With this, I now move on to operational highlights.

For the quarter, our volume stood at 70,252 MT, a de-growth of 4% year-on-year. For the first half of this year, our volumes stood at 150,916 MT, a degrowth again of 4% year-on-year.

Our stand-alone revenue for the quarter stood at INR2,360 crore

This includes, a realized loss of foreign exchange pertaining to sales of INR68 crores. For the first half of this year, stand-alone revenue stood at INR5,079 crores, registering a marginal decline on a year-on-year basis. This includes realized loss on foreign exchange pertaining to the sales of INR70 crores.

The stand-alone EBITDA for the quarter was at INR500 crores with a margin of 21.5%. Like last quarter, we were impacted by lower American sales and higher India sales. Additionally, we

created inventory of raw materials to comply with EUDR regulations, which will come into effect from 1st Jan '26.

For the first half of this year, the standalone EBITDA was at INR1,155 crores. The margin for this first half stood at 22.7%. Profit after tax stood for the quarter was recorded at INR256 crores (*Please note INR256 crores was mentioned erroneously, it should be read as INR265 crores*), while for H1, it was INR552 crores.

Our capex spend for the first half of this year was approximately INR1,737 crores. The announced projects are going as per schedule and are expected to be completed as per planned time lines.

As on 30th September '25, the gross debt and cash equivalents were at INR3,615 crores and INR3,159 crores, respectively. Accordingly, we have a net debt of INR456 crores.

The Board of Directors has declared a second interim dividend of INR4 per equity share in addition to the INR4 shares paid for the previous quarter.

With this, I conclude my opening remarks and leave the floor open for Q&A.

Moderator: Thank you very much. The first question is from the line of Siddhartha Bera from Nomura. Please go ahead.

Siddhartha Bera: Okay. So sir, just wanted to understand first on the U.S. market. I mean, we have seen that impact of tariffs coming through. Assuming -- I mean, if it normalizes at some point, how soon can we sort of see the volumes coming back? How are the inventory levels as of now?

And how do you think that sort of quickly turns around going ahead? And second is on the Europe also, we have seen a bit of a softness there. What is happening in that market? Is it also related to the trade uncertainty or why demand is slow there? And when do you see that recovering as well?

Rajiv Poddar: So for the U.S., once the situation eases out, we should be able to, and we start seeing normalization, I think hopefully, within a couple of weeks, we should start seeing some turnaround. Also, what we are anticipating is there may be some pent-up demand.

So in the short term it may kickstart some things. But we are ready for servicing that market. We'll be ready in about a couple of weeks from once we start getting the orders. And regarding the EU market, there is challenges over there, which we are seeing in the overall market. So we are hopeful that things will ease out as we move forward.

Siddhartha Bera: Understood. And sir, on the capex side, I mean, we have already done about INR1,700 crores in the first half. And you had guided for close to maybe INR35 billion over the next 3 years earlier when we sort of started TBR, PCR plans. So where should we sort of think about the capex for this year? And how does the 3-year plan look now?

Rajiv Poddar: So we envisage the year-end to be close to- INR 2,000 crores to INR2,200 crores and the balance to be in the coming years.

- Siddhartha Bera:** Okay. So this year, capex will be about INR2,200 crores. Is that you are saying?
- Rajiv Poddar:** Sorry, can you repeat your question?
- Siddhartha Bera:** No, I said that we have already done INR17 billion in the first half. So where do we see the capex for this year? And how should we look at the next 2 years given the plan of INR35 billion we had guided for?
- Rajiv Poddar:** So that's what I mentioned. This year, we see the year ending close to about INR2,000 crores to INR2,200 crores. The balance will come in the next year. And so in the next 2 years, we will see the whole money being utilized.
- Siddhartha Bera:** Okay. Okay. So this year, first half capex has been a lot higher. Second half, we will see some much lesser capex ?
- Rajiv Poddar:** Yes, as the plant and machines are getting ready, they will keep on deploying.
- Siddhartha Bera:** Okay. And will there be any maintenance capex on top of it or this is the total capex we are talking about?
- Rajiv Poddar:** This includes the maintenance capex.
- Siddhartha Bera:** Includes the maintenance capex. Okay. And sir, lastly, on the ASP and margin side also, we have seen a bit of a correction this quarter. If you can just highlight a couple of reasons for that. Is it only the U.S. share reduction or anything else here which has impacted the financials?
- Ravi Joshi** Yes. So that is because of the geographic mix and the product mix, mainly contributed by these 2 factors.
- Siddhartha Bera:** Understood. Sir, lastly, on this plan of TBR and PCR, can you sort of highlight now like we are probably starting the pilot from Q4. So next year, how much do you think we can produce for the TBR sort of project?
- Madhusudan Bajaj:** It will be a slow start, and we will start somewhere in the second half of the next fiscal.
- Moderator:** The next question is from the line of Raghunandhan N.L. from Nuvama Research.
- Raghunandhan N. L.:** Congratulations on the Caterpillar recognition. On my questions for U.S.A. in Q2, the applicable tariff was 25% and in Q3, the applicable tariff will be 50%. Would that be right? Or 50% was already there in place for part of Q2?
- Rajiv Poddar:** For the second half of Q2, the 50% was already in place, sir.
- Raghunandhan N. L.:** Understood. And just to clarify, you are absorbing part of the impact in Q2?
- Rajiv Poddar:** No, at the moment, we are not selling. We are not absorbing anything, so not selling anything.
- Raghunandhan N. L.:** Understood, sir. And this is the tailwind of EURINR. How is the realization for Q2 versus Q1? And what is the hedge rate for remaining part of the year?

- Ravi Joshi** So Q2 was almost at par with the Q1 and the numbers, I'm not handy, so I may not be able to comment for the rest of period.
- Raghunandhan N. L.:** Got it, sir. And can you share the freight cost as a percentage of sales in Q2?
- Sushil Mishra:** This is around 6% to 7% of total sales.
- Raghunandhan N. L.:** Got it. And that should remain at this level?
- Sushil Mihra:** Yes.
- Raghunandhan N. L.:** And just the last question, sir, on the input cost, how are you seeing the trend in terms of Q2 versus Q1? And what is the expectation for Q3? And also the EUDR regulation impact, what kind of a cost impact can it have?
- Madhusudan Bajaj:** So all the raw material prices are on softer side, but because of the EUDR, we expect a similar cost for the next quarter.
- Raghunandhan N. L.:** Okay. So Q3 should be flat Q-o-Q?
- Madhusudan Bajaj:** Yes.
- Moderator:** The next question is from the line of Mumuksh Mandlesha from Anand Rathi Institutional Equities.
- Mumuksh Mandlesha** Sir, just can you help us understand how the end market in U.S. is reacting due to differential tariff? So are some of the Indian players putting or are the -- I mean, some other players taking some market share temporarily, sir? And in the end market, has there been any price hike being taken, sir?
- Rajiv Poddar:** So at the moment, what we understand from our local team in U.S. is that they are consuming - - they're depleting their stock inventory from there. There is no fresh supplies coming in. And everybody is on a more of a wait and watch across the globe. So it is not that other players are from -- at least from India are able to eat in or anything to the best of our knowledge.
- Mumuksh Mandlesha** Okay. And has there been some price hikes within the end market by the distributors any -- around price hike, sir?
- Rajiv Poddar:** No, at the moment, because they are using old inventory, we don't have any update of any price hikes. But I mean, they will start feeling some pressure once the older stock is depleted. So that time, we'll have to see -- I mean, truly either the tariffs ease out or then we'll have to -- we'll get a true color of it if it doesn't ease out in the coming quarters because the inventory would have depleted by then.
- Mumuksh Mandlesha** Got it, sir. And sir, on the new segment, sir, can you update how are the progress happening in terms of the new product development in terms of sizes, etcetera, and how is the channel building, sir?

- Satish Sharma:** Yes, the progress is as per plan. I cannot share the plan in complete details on the call. But I can clearly state that the progress is to plan. There is no variation to the plan. And like I mentioned in the previous question, we are set to release our first production in the second half of the next fiscal.
- Mumuksh Mandlesha** Got it, sir. And sir, lastly, how is the carbon black sales for this quarter, sir?
- Madhusudan Bajaj:** It is around 55% of the total production. And if you are asking from the turnover point of view, it is less than 10%.
- Moderator:** The next question is from the line of Yash Agrawal from Nirmal Bang.
- Yash Agrawal:** I just wanted to understand from the demand side of Europe, like how it will pan out in H2, whether it will get better from current situation.
- Rajiv Poddar:** So we are -- from what we are hearing from the team that the headwinds are now easing out. Of course, it's too early to give a very rosy picture, but things seem to be easing out. So we are quite confident that the headwinds are easing out. That's what we can say.
- Yash Agrawal:** And also on the U.S. tariff position, like after the resolution and negotiation, how like low we expect the tariff to go from current situation?
- Rajiv Poddar:** That I think nobody would be able to suggest advise if I mean, what -- how low it should go. I mean, as a manufacturer, we would like it to be as low as possible, but what is the number that is for anybody to give you a number. So I think that as far as it goes. I think our Indian government is also very positively pushing for it. So we believe we are in safe hands. And whatever the Indian government and concludes with the U.S. team, we will abide by it.
- Moderator:** The next question is from the line of Joseph George from IIFL Capital.
- Joseph George** I have 3 questions. The first one is how much is the margin hit because of the EUDR provisions? Have you already started making it? Or will you start making it in the fourth quarter? Some color there.
- Rajiv Poddar:** So we have already started procuring material from last quarter and that you can see the impact of it. We will not be able to give you the exact breakup of -- I don't have the numbers for the exact breakup between the EUDR split and that, but it definitely has started kicking in, and we see it to be now fully in place in this last quarter.
- Joseph George** So would it be right to assume that this quarter's margins take into account the full impact of these provisions or these procurements? Or do you expect incremental impact going into the subsequent quarters?
- Madhusudan Bajaj:** So this quarter is not impacted fully. Next quarter, it will be fully impacted. But then whatever implication is there, that will be offset by the softening of the other raw materials.
- Joseph George** Okay, sir. The second question that I had was on carbon black revenues. So when do we expect to see a ramp-up in carbon black revenues with the specialty carbon black revenues kicking in?

- Madhusudan Bajaj:** Next financial year, we should be able to see.
- Joseph George:** Okay. The last question is, I think in the past, you had guided to a low single-digit kind of volume growth this year. Is there a revised number that you can give out based on the 1H numbers? Or are things too uncertain to maybe talk about
- Rajiv Poddar:** We have not given any guidance, but we've always maintained that there is too much volatility in the world to give any guidance. So we are not giving any guidance. And we've not given in the last 4 quarters.
- Moderator:** The next question is from the line of Pankaj Tibrewal from IKIGAI Asset Managers.
- Pankaj Tibrewal:** I know these are challenging times. But if one takes a slightly medium-term view on a 3-, 4-year basis, -- how do you see the shape and size of the company changing? I know these are times where both Europe, U.S., everywhere, there's been headwinds. You said that the headwinds are easing. But one takes a slightly medium-term view on a 3-, 5-year basis, how the shape and size of the company is likely to change? And with the current capacities coming on stream, how do you see things shaping up on the domestic side? These are the 2 questions, Rajiv.
- Rajiv Poddar:** So thank you, Pankajji for the question. I think as I mentioned that in the short term, there are headwinds and there is humongous volatility -- that said, we are not shying away from investment either in the terms of branding or in terms of infrastructure setup because we believe that these are the times where we have to make our foundation stronger. And the more the foundation becomes stronger, as these headwinds ease out, we will be ready to jump and take use of the opportunity.
- As far as the midterm view is, we are quite positive, both from the export market because we believe Europe headwinds are going to ease out. And with the positive statements from our government and the push that they are making, we believe the U.S. scenario should also ease out. So we are getting ready for that. So that is there on the export market.
- As far as Indian market is going, our strategy to enter that in 2016, '17 is paying good dividends now. Otherwise, that would have been a little bit more challenging. So with the Indian GST, as I mentioned, our government has taken -- reduced the GST, which will have an impact at the end user level.
- So midterm, we are quite positive. And long term, I have always mentioned the company is working towards its vision of INR23,000 crores turnover by 2030. So mid- to long term, we see the company being shaping up in a very strong way. As I mentioned, these are the times where we are investing in manpower.
- As I mentioned in my speech, we are recruiting wherever we are seeing the gaps in resources. We are investing in plant and machinery with roughly about INR1,700-odd crores already spent in the year and additional money being spent to upgrade and set up new capacities and also on branding.

So all these activities are being done. We are also setting up testing facilities for our newer products. So all these are being done because we see positivity in the mid- to long term. So that is how we are seeing the company, and we are building it towards that with a full intent of capturing the market as and when it is ready. It is coming back.

Pankaj Tibrewal:

Fantastic. And always being an old tracker of Balkrishna for last 2 decades, you have used challenges to overcome medium-term vision. And the case in point was the way you entered the domestic market and now you're at a 17%, 18% market share, which is quite commendable in the agri space. If we take the same thought process to the TBR and the PCR market, what will make the team happy?

I'm sure you have recruited Mr. Sharma is there, everybody, the entire team is there, and we have started to get fillers from the ground. But would love to hear your aspiration, what will make the team at Balkrishna satisfied over a 5-year period on the TBR market?

Rajiv Poddar:

So thank you for that. Thank you for the compliments on the domestic market. I'd just like to correct you, our agri market share is not 17%, but is over 20%. So that is what we have been able to do. As far as the consumer business is there, we are setting the foundations currently in terms of as Satishji mentioned earlier, the product development program is going as per plan.

The manufacturing setup project is going as per plan. We are working towards building the strong foundation over that. As far as the end result is there, I think what we are aspiring for is in the next 5 years to get about INR5,000 crores revenue from this business by 2030, which would equate to roughly 7% to 8% of the market share in the midterm.

That would make us happy if we were able to achieve that. And doing that with a respectable bottom line and margins. So we will always be setting a position of a premium player. That's the view and aspiration.

Moderator:

The next question is from the line of Basudeb Banerjee from CLSA.

Basudeb Banerjee:

A couple of questions. So one, if we see that it's almost a prolonged period that overall annual volume is restricted around this 300,000 tons because of tariffs or macro issues. But in the meanwhile, India piece has moved up from 12% of revenue to 25%, 30% of revenue, now GST cut, infra push, etcetera, as you highlighted. So can you see what kind of size of opportunity lies in India market and how further it can go up so that it can derisk you more for these global uncertainties? That's the first question, sir.

Rajiv Poddar:

So for the Indian market, we believe the opportunity is yet quite large across all the off-highway sectors. And with this, when the brand is being created and all, even this will have an effect on the consumer business and will help us there. So we are quite upbeat about India, and we are very, very positive. So we see a huge opportunity here for us to capture.

Basudeb Banerjee:

So broadly I was trying to understand that can you see like India being 50% of your revenue in next 5 years' time, do you aspire for such a situation? Or you want to keep limited...

Rajiv Poddar:

So we are hopeful that the European countries and the U.S. would also come back. That would further accelerate the sales. So I don't think it would be fair to say we want to keep it at 50 or 30 or anything. We are ready to tackle all the markets. So wherever there is an opportunity, we are going after that.

So it would be difficult for me to say I want to cap India at 30 or target India at 50 because, I mean, if the world also picks up, we are ready to service them and service India. So we are not making India at the cost of others or giving priority to one over the other. But we are saying we are ready to service whichever market is currently ready to accelerate our sales. So we are ready all over.

Basudeb Banerjee:

Second question is, sir, like again, on the back of this prolonged headwinds in the global market, you have like BKT Tires cricket sponsorship in Australia. So if you can define what is the outcome of these initiatives in markets like Australia or new market initiatives you are taking to derisk the business? Because if we see India, Europe and U.S. in your pie chart, rest of the world revenue mix is not moving up despite headwinds in these developed markets. So how to look from that angle?

Rajiv Poddar:

So I mean, if you look at it.. So if you look at it this way, I mean, earlier, India was also part of the rest of the world for us. It was Europe and America and then rest of the world. So slowly, we have created a niche. I mean, made our headwinds in India, and that has now become a stand-alone strength of the company.

So like this one rest of the world is also growing. If you see -- as you rightly mentioned, Australia is a big opportunity for us. Asia is a big opportunity. So we are focusing on all these markets. They may be small today, but everybody has to start from -- I mean, when you go to school, you start from kindergarten and then make your way to high school. So those blocks are starting small.

But whenever you start, you will have to start small. So we are putting in all the efforts to make each block strong to derisk the company from any particular geography. So today, they may be small, but there is a lot of hope that one day, they will also become a stand-alone block for us to mention in an individual capacity.

Also a lot of these markets would give us benefit in the mining sector because Australia, Asia are predominantly mining sector. So with the new setup of mining tires getting in place, these countries also become very important for us. So that's why the blocks are now being looked at as individual blocks.

Moderator:

. The next question is from the line of Mihir Vora from Equirus.

Mihir Vora:

So sir, my first question was on the U.S. market where currently we are seeing this 50% tariff. So just on quarter 3, do we expect to maintain that 14% share of U.S. business or it will drastically come down at the current tariff levels as such?

Rajiv Poddar:

At the current tariff levels, it will definitely come down and be compensated by sales to other geographies. If tariffs eases then things would look positively on that.

- Mihir Vora:** What tariff levels would we see it as a viable option in terms of where we start supplying? Any number to that?
- Rajiv Poddar:** No, I think we'll refrain from commenting on that.
- Mihir Vora:** All right. Sir, and secondly, on the Europe market. So basically, are we seeing some kind of competitor traction basically from, say, players from China, Thailand or say Europe itself, they are diverting their supplies from U.S. to Europe and due to which we are seeing some headwinds in the market? Any kind of traction that way?
- Rajiv Poddar:** No. Overall, the European market is facing headwinds. So we are not seeing any such traction from our competitors. If you see all the players in Europe have also mentioned that Europe is currently going through headwinds. So I think it is just overall volatility and headwinds being faced by them, which is creating this kind of a scenario.
- Mihir Vora:** So market share remains intact, basically?
- Rajiv Poddar:** More or less, yes.
- Mihir Vora:** Sir, and lastly, just on the - circling back to the U.S. front. In terms of competitors, basically, do they have the domestic capacities that if import reduces, will they be able to cater to the market in terms of domestic capacities or they will have to rely on import in the shorter term?
- Rajiv Poddar:** I mean what we see from the numbers of imports, U.S. was and will remain a net importer country. So that's what we can comment on that.
- Moderator:** The next question is from the line of Jinesh Gandhi from Oaklane Cap.
- Jinesh Gandhi:** Rajiv, 2-part question. So obviously, what is happening in U.S. today is one could not have foreseen, but we obviously, a few years back had thought of putting up a capacity locally in U.S., which in hindsight would have been a great initiative. But given the importance of U.S. market and OHT market globally and our aspirations in the U.S., does it make sense to reevaluate that kind of initiative to actually be offensive in the U.S. market and aim for much larger market share than what we would be getting organically through India supplies right now? How do you think about that?
- Rajiv Poddar:** So we yet see that any such move will come at the cost of economics, and that's why we have shelved the program, and we continue to hold the same stand at the moment.
- Jinesh Gandhi:** Okay. Okay. And second question pertains to, given the uncertainty longer it stays in the global market, one may see some of your weaker competitors or even bigger competitors defocusing on this segment. So are we open to M&A to strengthen either in areas of our weakness in terms of product or geography?
- Rajiv Poddar:** As I mentioned, we are -- at BKT, we are always open to opportunities, whichever come, we will evaluate it, evaluate them. And if we see positivity, we will grab them, whether this could be in terms of any of the options that you have mentioned or otherwise. And we will continue to

do our work, which is of building the brand, building the product portfolio, building the infrastructure and waiting for an opportunity to come, which we are ready to grab.

Jinesh Gandhi: Got it. And lastly, just to understand what was the benefit of RM cost in this quarter? And how do we see that playing out at least for 3Q, given the trends in the spot prices?

Rajiv Poddar: So there is no benefit that we have got for RM, our cost is higher a little bit because of the EUDR. As Mr. Bajaj mentioned earlier that the EUDR impact would fully come in, but that would be offset by some of the other raw materials, which have softened. So overall impact should be stable.

Jinesh Gandhi: Okay. But forget the EUDR implications, but the natural rubber prices and synthetic rubber prices would see a reasonable decline in 3Q, which will get offset by EUDR impact. But gross basis, commodity should be a tailwind, right?

Rajiv Poddar: Yes, it will be the same.

Moderator: The next question is from the line of Rishi Vora from Kotak Securities.

Rishi Vora: Yes. Sir, just one question from my side. On this EUDR regulations, is there any impact which you could quantify for this quarter? I remember when a couple of quarters back, you had highlighted that the procurement cost of natural rubber will go up by 10%. So that's the ballpark number, which we should work with?

Rajiv Poddar: We don't have that readily available. We are working on it because the other commodities are also going down. So we're trying to see the impact. We don't have that exact number at the moment.

Rishi Vora: Okay. But the procurement cost would be around 10% higher than whatever the spot price is for the natural rubber or...

Rajiv Poddar: No, no, that is also reduced. So that is why it's a moving number every day. So it's difficult to give a fixed number because every day. See, last time when the EUDR had come in, it was too new. So people were not ready. Now in the 1 year, a lot of people have got ready. So that's why the impact will be lower, but every day, there is a movement on that. So difficult to comment on a fixed number.

Rishi Vora: Understood. And sir, just secondly, on the EU market, at least we have seen that the agri replacement over the last couple of quarters have been not declining, but kind of have steadied at a low single-digit growth and still we are witnessing a decline over there. So it's just that we are doing some inventory destocking at retail level, things are okay? Or is there anything else? Because at least at an industry level, we are not seeing this much of a decline which other company is reporting, at least in first half.

Rajiv Poddar: Sorry, can you repeat the question? We missed the question.

Moderator: Ladies and gentlemen, we have lost the line for the current participant. Due to time constraints, this would be the last question for today. I now hand the conference over to the management for closing comments.

Rajiv Poddar: Yes. So I thank everybody for taking the time out for coming up on this call, and we hope to see you all in the next year -- in the new year and wishing you best for the coming season. Thank you.

Moderator: Thank you very much. On behalf of Balkrishna Industries Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.