

Retail Equity Research

Balkrishna Industries Ltd.

Sector: Tyres & Rubber Products

23rd September, 2025

HOLD

Key Changes		Target		Rating		Earnings		Target	Rs. 2,678
Stock Type	Bloomberg Code	Sensex		NSE Code		BSE Code	Time Frame	CMP	Rs. 2,488
Mid cap	BALKRISIND:IN	82,102		BALKRISIND		502355	12 Months	Return	+8%

Data as of: 23-09-2025, 16:00 hrs.

Company Data		
Market Cap (Rs.cr)		48,088
52 Week High — Low (Rs.)	3,162 – 2,157	
Enterprise Value (Rs. cr)		51,269
Outstanding Shares (cr)		19.3
Free Float (%)		41.7
Dividend Yield (%)		0.6
6m average volume (cr)		0.04
Beta		0.9
Face value (Rs.)		2.0

Shareholding (%)	Q3FY25	Q4FY25	Q1FY26
Promoters	58.3	58.3	58.3
FII's	11.3	11.5	10.5
MFs/Institutions	24.0	23.8	24.8
Public	5.5	5.5	5.6
Others	1.0	1.0	0.7
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil

Price Performance	3 Month	6 Month	1 Year
Absolute Return	4.0%	-2.1%	-20.0%
Absolute Sensex	-0.7%	5.8%	-3.3%
Relative Return	4.8%	-7.9%	-16.7%

*over or under performance to benchmark index



Y.E March (Rs.cr)	FY25A	FY26E	FY27E
Sales	10,447	11,518	13,303
<i>Growth (%)</i>	<i>11.5</i>	<i>10.3</i>	<i>15.5</i>
EBITDA	2,458	2,894	3,396
<i>EBITDA Margin (%)</i>	<i>23.5</i>	<i>25.1</i>	<i>25.5</i>
PAT Adjusted	1,655	1,785	2,070
<i>Growth (%)</i>	<i>12.5</i>	<i>7.8</i>	<i>16.0</i>
Adjusted EPS	85.6	92.3	107.1
<i>Growth (%)</i>	<i>12.5</i>	<i>7.8</i>	<i>16.0</i>
P/E	29.8	27.9	24.1
P/B	4.7	4.2	3.6
EV/EBITDA	21.4	18.3	15.6
<i>ROE (%)</i>	<i>15.9</i>	<i>14.9</i>	<i>14.9</i>
D/E	0.3	0.3	0.2

Macroeconomic headwinds impact sales volume

Balkrishna Industries Ltd. (BKT) is a Mumbai-headquartered tyre company that manufactures and sells off-the-road (OTR) tyres to the earthmoving, mining, agriculture and gardening segments.

- In Q1FY26, BKT's consolidated revenue rose 1.7% YoY to Rs. 2,760cr, but sales volume declined 3.0% YoY to 80,664MT. Sales volume was impacted by tariff issues, geopolitical tensions and macroeconomic challenges in export markets.
- Geographically, Europe accounted for 38.4% of the sales volume, followed by India (34.9%), the Americas (17.0%) and the Rest of the World (9.7%).
- EBITDA declined 23.7% YoY to Rs. 506cr, and margin narrowed 610bps due to unfavourable product mix, tariff-related issues affecting sales to the US, and lower sales volume.
- Reported profit after tax declined 41.2% YoY to Rs. 288cr due to an increase in forex rates and higher depreciation in the quarter.
- Despite near term headwinds, BKT expects full-year EBITDA to be in the range of 23-25% owing to full commercialization of new plants and better operating leverage. The company aims for 2.2x revenue growth by FY2030, with Rs. 3,500cr capex guidance over the next three years.

Outlook & Valuation

BKT's sales volume was impacted by tariff-related disruptions, leading to a volatile ordering cycle in April. Ongoing trade tensions and geopolitical challenges in key export markets have dampened customer sentiment. However, the company expects the ordering cycle to normalise with a permanent tariff structure. BKT has been gaining brand acceptance in the Indian market and aims to enhance it further by launching into the PCR and CV segments. With expansions in the OHT segment and carbon black capacity, the company aims to achieve 2.2x revenue growth by FY2030. Hence, **we retain our HOLD rating on the stock, with a revised target price of Rs. 2,678 based on 25x (largely inline with 10yr.long term avg.) FY27E adjusted EPS.**

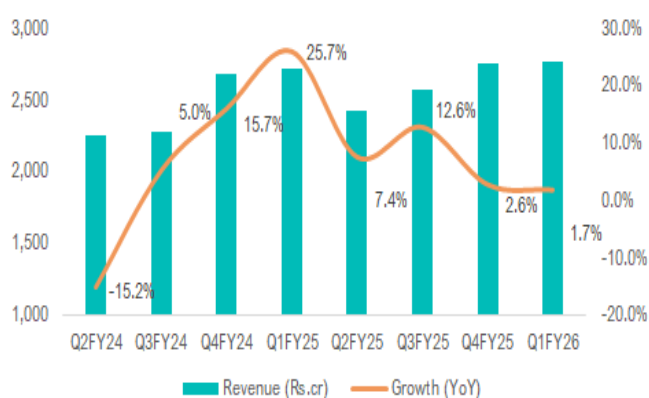
Quarterly Finance Consol.

Rs.cr	Q1FY26	Q1FY25	YoY Growth (%)	Q4FY25	QoQ Growth (%)
Sales	2,760	2,715	1.7	2,752	0.3
EBITDA	506	664	-23.7	614	-17.5
Margin (%)	18.3	24.4	-610bps	22.3	-400bps
EBIT	318	500	-36.4	435	-26.9
PBT	394	640	-38.4	485	-18.7
Rep. PAT	288	490	-41.2	369	-21.8
Adj PAT	288	490	-41.2	369	-21.8
Adj. EPS (Rs)	14.9	25.3	-41.2	19.1	-21.8

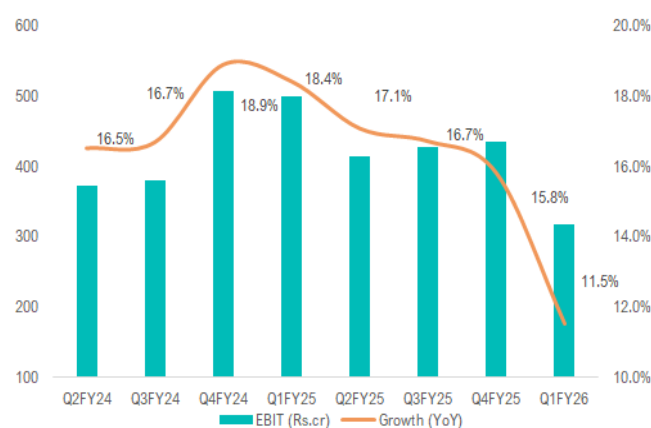
Key concall highlights

- Segment-wise, Agriculture accounted for 58.9% of the total sales volume in Q1FY26, followed by OTR (37.3%) and other segments (3.8%).
- The replacement segment accounted for 73.3% of channel sales, followed by OEM (25.2%) and other segments (1.5%).
- BKT expects to increase its OHT capacity to 425,000 MTPA after completion of existing tire capex and de-bottlenecking, thereby capturing 8% of the global market share.
- The company is expanding its manufacturing facility dedicated to rubber tracks, which is expected to commence production in H2FY26.
- BKT is planning to enter into new tyre verticals in India, with a modular entry into premium passenger car radial tyres and commercial vehicles radial tyres.
- The company is planning to launch a pilot for CV radial tyres in Q4FY26 and for PCR tyres in Q3FY27, with a gradual scale-up to follow.

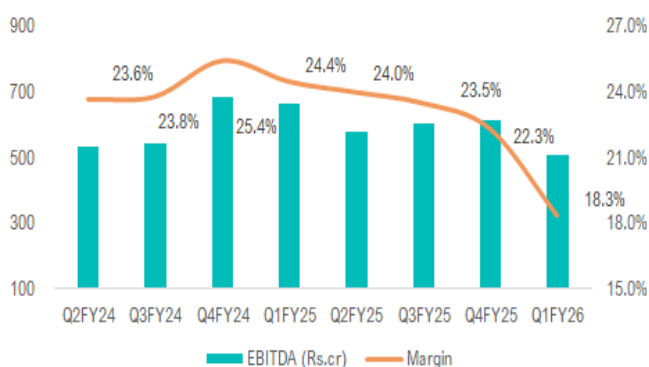
Revenue



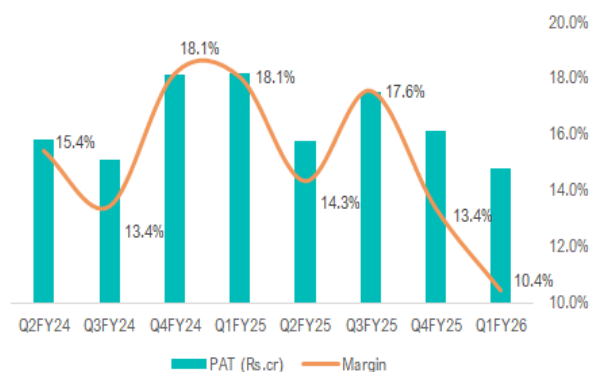
EBIT



EBITDA



PAT



Change in Estimates

Year / Rs cr	Old estimates		New estimates		Change -%	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	11,801	13,217	11,518	13,303	-2.4	0.7
EBITDA	3,151	3,674	2,894	3,396	-8.1	-7.6
Margins (%)	26.7	27.8	25.1	25.5	-160bps	-230bps
Adj. PAT	2,006	2,295	1,785	2,070	-11.0	-9.8
EPS	103.8	118.7	92.3	107.1	-11.0	-9.8



Consolidated Financials

Profit & Loss

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Sales	9,760	9,369	10,447	11,518	13,303
% change	17.7	-4.0	11.5	10.3	15.5
EBITDA	1,707	2,255	2,458	2,894	3,396
% change	-15.0	32.1	9.0	17.8	17.3
Depreciation	571	651	681	747	862
EBIT	1,136	1,605	1,777	2,147	2,535
Interest	48	113	128	143	160
Other Income	347	449	539	458	481
PBT	1,435	1,941	2,187	2,462	2,856
% change	-27.6	35.3	12.7	12.6	16.0
Tax	377	470	532	677	785
Tax Rate (%)	26.3	24.2	24.3	27.5	27.5
Reported PAT	1,057	1,471	1,655	1,785	2,070
PAT att. to common shareholders	1,057	1,471	1,655	1,785	2,070
Adj.*	-	-	-	-	-
Adj. PAT	1,057	1,471	1,655	1,785	2,070
% change	-26.3	39.2	12.5	7.8	16.0
No. of shares (cr)	19.3	19.3	19.3	19.3	19.3
Adj EPS (Rs.)	54.7	76.1	85.6	92.3	107.1
% change	-26.3	39.2	12.5	7.8	16.0
DPS (Rs.)	12.0	16.0	16.0	16.8	17.6

Cashflow

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
Net inc. + Depn.	1,628	2,122	2,336	2,532	2,932
Non-cash adj.	5	-192	-128	143	160
Other adjustments					
Changes in W.C	-185	152	-443	-152	-539
C.F. Operation	1,448	2,083	1,764	2,523	2,553
Capital exp.	-1,752	-1,081	-1,448	-1,497	-1,596
Change in inv.	-88	-457	-176	-	-
Other invest.CF	57	63	145	-120	-631
C.F - Investment	-1,783	-1,476	-1,479	-1,617	-2,227
Issue of equity	-	-	-	-	-
Issue/repay debt	710	-190	143	33	33
Dividends paid	-309	-309	-310	-325	-341
Other finance.CF	-42	-102	-113	-597	-
C.F - Finance	359	-602	-279	-889	-308
Chg. in cash	23	5	6	17	17
Closing Cash	76	80	86	103	120

Balance Sheet

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Cash	76	80	86	103	120
Accts. Receivable	1,115	1,445	1,495	1,636	1,949
Inventories	1,667	1,332	1,782	1,958	2,348
Other Cur. Assets	1,069	1,787	2,209	2,128	2,439
Investments	1,333	1,401	1,623	1,732	1,917
Gross Fixed Assets	8,294	9,878	11,173	12,670	14,267
Net Fixed Assets	5,312	6,251	6,876	7,528	8,208
CWIP	1,392	944	986	1,085	1,139
Intangible Assets	1	2	4	4	4
Def. Tax -Net	-	-	-	-	-
Other Assets	382	442	575	666	801
Total Assets	12,348	13,685	15,635	16,838	18,924
Current Liabilities	1,046	1,256	1,351	919	1,083
Provisions	31	35	48	48	48
Debt Funds	3,342	3,095	3,263	3,295	3,328
Other Liabilities	373	444	585	585	585
Equity Capital	39	39	39	39	39
Res. & Surplus	7,518	8,815	10,349	11,952	13,841
Shareholder Funds	7,557	8,854	10,388	11,991	13,880
Minority Interest	-	-	-	-	-
Total Liabilities	12,348	13,685	15,635	16,838	18,924
BVPS	391	458	537	620	718

Ratios

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
Profitab. & Return					
EBITDA margin (%)	17.5	24.1	23.5	25.1	25.5
EBIT margin (%)	11.6	17.1	17.0	18.6	19.1
Net profit mgn.(%)	10.8	15.7	15.8	15.5	15.6
ROE (%)	14.0	16.6	15.9	14.9	14.9
ROCE (%)	10.4	13.4	13.0	14.0	14.7
W.C & Liquidity					
Receivables (days)	41.7	56.3	52.2	51.8	53.5
Inventory (days)	123.8	108.2	128.5	132.2	137.3
Payables (days)	36.5	74.0	54.4	62.1	63.3
Current ratio (x)	1.2	1.3	1.3	1.5	1.7
Quick ratio (x)	0.6	0.8	0.8	0.9	1.0
Turnover & Leverage					
Gross asset T.O (x)	1.3	1.0	1.0	1.0	1.0
Total asset T.O (x)	0.8	0.7	0.7	0.7	0.7
Int. covge. ratio (x)	23.7	14.2	13.8	15.0	15.9
Adj. debt/equity (x)	0.4	0.3	0.3	0.3	0.2
Valuation					
EV/Sales (x)	5.4	6.3	5.0	4.6	4.0
EV/EBITDA (x)	31.0	26.3	21.4	18.3	15.6
P/E (x)	46.9	38.2	29.8	27.9	24.1
P/BV (x)	6.6	6.4	4.7	4.2	3.6



Recommendation Summary - (last 3 years)



Dates	Rating	Target
02-Apr-25	HOLD	2,770
23-Sep-25	HOLD	2,678

Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%

Not rated/Neutral

Definition:

Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

Symbols definition:



Upgrade



No Change



Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

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Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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