Balkrishna Industries (BALIND)

CMP: ₹2,475 | Target ₹ 2,525 (2%) | Target Period: 12 months | **HOLD**

July 31, 2026

Robust Performance, positives majorly priced in...

About the stock: Balkrishna Industries (BKT) is the leader in the niche tyre segment used in heavy machinery for mining and agriculture purposes.

- Exports form lion's share of its sales at ~64% of its revenues as of FY26.
- Channel mix: replacement account for ~70% while OEM share is pegged at ~29%. Agriculture accounts for ~59% of volumes with OTR share at ~37%

Q1FY27 Results: BKT reported healthy performance in Q1FY27. Standalone net sales for Q1'27 stood at ~ ₹3,445 crore, up 25% YoY amid OHT tyre sales volume of 93,770 tonnes, up 16.2% YoY. EBITDA margins in Q1FY27 came in at 21%, down ~40 bps QoQ. PAT for Q1'27 stood at ~₹432 crore, up ~50% YoY.

Investment Rationale:

- **Healthy demand across at its core OHT business:** BKT operates in a niche off highway tyre (OHT) segment which finds application in agriculture and mining/industrial purposes. Currently it has ~5-6% market share in the global OHT space and has been long aspiring to take it to ~8-10% in years to come. Balkrishna Industries delivered its highest quarterly OHT (Off-Highway Tire) volumes in Q1. Management indicated that demand trends remain encouraging across markets. India remained the fastest-growing geography, aided by infrastructure spending, mining activity and market share gains across agriculture and industrial applications. However, the company refrained from giving volume guidance for FY27 amid geopolitical uncertainty. Management remains confident of delivering growth in FY27 & aims to restore U.S. sales contribution to ~15% of volumes.
- **Near-term headwinds persist, but management maintains Vision FY30:** The management acknowledged that raw material inflation remains the biggest near-term challenge wherein ~5% raw material cost inflation is expected to impact costs over Q2 and Q3, translating into approximately a 2% margin headwind, although the company has already implemented nearly 5% cumulative price hikes across products, the full benefit of which will flow through from Q2 onwards. Currency also remains supportive with Euro realizations. BKT stands to benefit from GST 2.0 reforms and is targeting ₹23,000 crores in revenue by FY30 (2.2x over FY25-30), driven by market share gains ambition in the OHT segment- led by expansion into new categories including rubber tracks, mining etc., scale of its carbon black business & venture into domestic TBR & PCR segments. Despite a volatile global environment, BKT has consistently delivered industry-leading EBITDA margins (20%+) and remains confident of maintaining a 23–25% range, even as new segments ramp up.

Rating and Target Price

- Global OHT segment demand outlook remains uncertain amid geopolitical tensions while near term earnings at BKT stay constrained by headwinds in the form of commodity inflation. With sharp up move in stock price post results, we see limited upside in the counter going forward. Hence, we maintain **HOLD** rating on BKT with target as **₹ 2,525 i.e. 27x PE on FY28E**. BKT's robust B/S & capital efficient operations protects the downside.

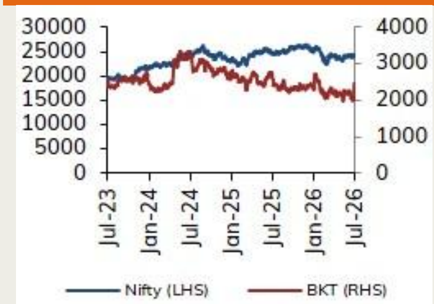
Particulars

Particular	₹ crore
Market Capitalization	47,846
Total Debt (FY26)	4,049
Cash & Inv (FY26)	3,155
EV (₹ Crore)	48,740
52 week H/L (₹)	2,775 / 1,972
Equity capital (₹ crore)	38.7
Face value (₹)	2.0

Shareholding pattern

	Sep-25	Dec-25	Mar-26	Jun-26
Promoter	58.3	58.3	58.3	58.3
FII	10.7	11.0	11.1	10.3
DII	24.6	24.4	24.3	24.6
Other	6.5	6.3	6.3	6.8

Price Chart



Recent event & key risks

- Posted robust Q1FY27 results. Going forward we expect sales, PAT at BKT to grow at CAGR of 20.9%, 21.7%, respectively, over FY26-28E.
- Key Risk: (i) lower than anticipated margin recovery amid volatile RM price outlook (ii) higher than anticipated sales volume growth over FY26-28E

Research Analyst

Shashank Kanodia
Shashank.kanodia@icicisecurities.com

Bhavish Doshi
Bhavish.doshi@icicisecurities.com

Company Update

ICICI Securities – Retail Equity Research

Key Financial Summary

Key Financials (₹ crore)	FY22	FY23	FY24	FY25	FY26	5-year CAGR (FY21-26)	FY27E	FY28E	2 year CAGR (FY26-28E)
Net Sales	8,266.7	9,810.5	9,298.7	10,412.9	10,820.0	13.4%	13,406.6	15,825.9	20.9%
EBITDA	1,975.5	1,715.6	2,204.0	2,420.5	2,263.3	4.9%	2,623.0	3,223.9	19.3%
EBITDA Margins (%)	23.9	17.5	23.7	23.2	20.9		19.6	20.4	
Net Profit	1,410.7	1,078.7	1,437.6	1,628.3	1,221.9	1.1%	1,405.9	1,808.6	21.7%
EPS (₹)	73.0	55.8	74.4	84.2	63.2		72.7	93.6	
P/E	33.9	44.4	33.3	29.4	39.2		34.0	26.5	
RoNW (%)	20.4	14.2	16.2	15.7	11.1		11.7	13.4	
RoCE (%)	15.9	10.3	12.6	12.3	9.5		10.1	12.5	

Source: Company, ICICI Direct Research

Q1FY27 Earnings Conference Call Highlights

- **Healthy demand across major OHT markets:** Management indicated that demand trends remain encouraging across major markets. Europe witnessed stable market conditions supported by a favourable agricultural season, while India continued to outperform despite a high base, aided by infrastructure spending, mining activity and market share gains across agriculture and industrial applications. The Americas also improved after tariff rates stabilized at around 10%, with management expecting sustained growth supported by BKT's strong premium brand positioning. Dealer inventories across key regions remain at normal levels, indicating that current demand is consumption-driven rather than channel stocking. The company estimates market shares of roughly 18–19% in India, 7–8% in Europe, and 3–4% in the US.
- **Carbon Black expansion progressing well**: The Carbon Black business continued to gain scale with healthy volume growth and robust demand. During the quarter, Balkrishna commissioned Phase II of its Carbon Black facility, increasing total capacity to 360,000 TPA. While crude-linked raw material costs are expected to remain elevated, management believes strong demand should allow pricing actions to offset inflation over time.
- **Commodity inflation to remain a near-term headwind:** The management acknowledged that raw material inflation remains the biggest near-term challenge. Around 5% raw material cost inflation is expected to impact costs over Q2 and Q3, translating into approximately a 2% margin headwind, although the company has already implemented nearly 5% cumulative price hikes across products, the full benefit of which will flow through from Q2 onwards. Currency also remains supportive with Euro realizations.
- **On-highway business entering commercial scale-up phase:** FY27 marks the commercial launch phase of BKT's on-highway tyre business. Supplies have commenced in the Truck & Bus Radial (TBR) segment while selected two-wheeler products have also been introduced in the domestic market. Initial customer feedback has been encouraging, and management emphasized that FY27 is largely a year of network building, product seeding and portfolio expansion, with a more meaningful scale-up expected from FY28 onwards. Management reiterated its aspiration of generating approximately ₹5,000 crore of on-highway tyre revenues by FY30, while continuing to differentiate itself through premium products and customer lifecycle services.
- **Others:** Out of the overall ₹6,800 crore capex plan, nearly ₹3,800 crore has already been spent, leaving around ₹3,000 crore to be deployed. Approximately ₹1,500–2,000 crore of the remaining capex is expected to be incurred during FY27, after which capital expenditure should decline materially. During Q1 alone, capex stood close to ₹1,000 crore. Gross debt at quarter-end stood at approximately ₹4,690 crore, with cash balances of around ₹2,965 crore, resulting in net debt of roughly ₹1,725 crore.

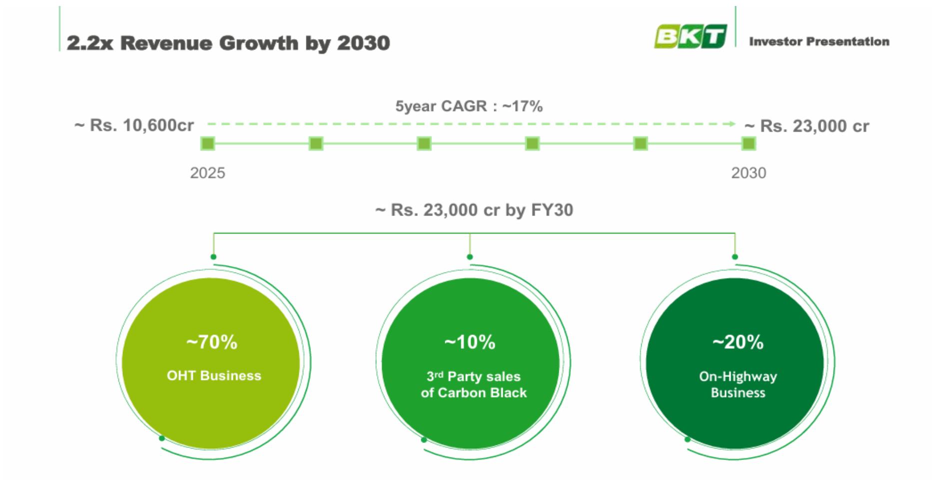
Exhibit 1: Quarterly variance

	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)
Total Operating Income	3,444.7	2,760.5	24.8	2,941.2	17.1
Raw Material Expenses	1,734.9	1,338.1	29.7	1,426.6	21.6
Employee Expenses	153.2	130.3	17.6	135.4	13.1
Other expenses	833.4	788.7	5.7	749.8	11.2
EBITDA	723.1	503.4	43.7	629.4	14.9
EBITDA Margin (%)	21.0	18.2	276 bps	21.4	-41 bps
Other Income	98.3	104.2	-5.7	-3.6	2,823.3
Depreciation	203.3	186.2	9.2	195.5	4.0
Interest	36.2	30.1	20.2	35.3	2.6
Tax	149.9	104.1	44.0	99.9	50.0
PAT	432.1	287.2	50.4	295.1	46.4
EPS	22.4	14.9	50.4	15.3	46.4
Key Metrics					
Volume (MT)	93,770	80,664	16.2	85,820	9.3

Source: Company, ICICI Direct Research

Key Charts & Tables

Exhibit 2: Vision 2030



Source: Company, ICICI Direct Research

Exhibit 3: BKT – OHT Strategy

Source: Company, ICICI Direct Research

Exhibit 4: On highway business strategy

Source: Company, ICICI Direct Research

Exhibit 5: Assumptions

	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Capacity (MT)	3,00,000	2,80,000	2,85,000	3,35,000	3,60,000	3,60,000	3,77,500	3,95,000	4,25,000
Sales volume (MT)	2,01,760	2,27,132	2,88,795	3,01,181	2,92,628	3,15,273	3,17,356	3,44,404	3,71,956
Volume growth (%, YoY)	-4%	13%	27%	4%	-3%	8%	1%	9%	8%

Source: Company, ICICI Direct Research

Financial summary

Exhibit 6: Profit and loss statement ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Total operating Income	10,413	10,820	13,407	15,826
Growth (%)	12.0	3.9	23.9	18.0
Raw Material Expenses	5,063	5,249	6,943	8,196
Employee Expenses	494	522	583	649
Other Expenses	2,436	2,786	3,257	3,757
Total Operating Exp.	7,992	8,557	10,784	12,602
EBITDA	2,420	2,263	2,623	3,224
Growth (%)	9.8	-6.5	15.9	22.9
Depreciation	674	764	858	934
Interest	125	131	159	142
Other Income	535	248	275	263
PBT	2,156	1,617	1,880	2,411
Total Tax	528	395	474	603
Reported PAT	1,628	1,222	1,406	1,809
Growth (%)	13.3	-25.0	15.1	28.6
EPS (₹)	84.2	63.2	72.7	93.6

Source: Company, ICICI Direct Research

Exhibit 7: Cash flow statement ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Profit after Tax	1,628	1,222	1,406	1,809
Add: Depreciation	674	764	858	934
(Inc)/dec in Current Assets	-563	-20	-993	-860
Inc/(dec) in CL & Provisions	103	530	410	411
CF from operating activities	1,841	2,496	1,682	2,293
(Inc)/dec in Investments	-354	375	250	100
(Inc)/dec in Fixed Assets	-1,345	-2,715	-2,500	-1,500
Others	-202	-386	396	-31
CF from investing activities	-1,901	-2,725	-1,854	-1,431
Inc/(dec) in loan funds	175	836	500	-500
Dividend & dividend tax	-309	-309	-309	-348
Others	203	-330	0	0
CF from financing activities	69	197	191	-848
Net Cash flow	10	-32	18	15
Opening Cash	53	63	30	48
Closing Cash	63	30	48	63

Source: Company, ICICI Direct Research

Exhibit 8: Balance sheet ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Liabilities				
Equity Capital	39	39	39	39
Reserve and Surplus	10,345	10,928	12,024	13,485
Total Shareholders funds	10,384	10,966	12,063	13,524
Total Debt	3,212	4,049	4,549	4,049
Deferred Tax Liability	457	317	317	317
Minority Interest / Others	0	0	0	0
Total Liabilities	14,222	15,845	17,445	18,410
Assets				
Gross Block	11,158	12,385	16,607	17,857
Less: Acc Depreciation	4,323	5,087	5,945	6,879
Net Block	6,834	7,298	10,662	10,978
Capital WIP	985	2,472	750	1,000
Total Fixed Assets	7,819	9,770	11,412	11,978
Investments	3,344	3,201	2,751	2,551
Inventory	1,716	1,714	2,020	2,385
Debtors	1,611	1,622	2,204	2,602
Loans and Advances	101	23	29	34
Cash	63	30	48	63
Other current assets	327	415	514	606
Total Current Assets	3,817	3,804	4,815	5,690
Creditors	746	918	1,102	1,301
Provisions	5	6	7	9
Other current liabilities	588	944	1,169	1,380
Total Current Liabilities	1,338	1,868	2,278	2,690
Net Current Assets	2,478	1,936	2,536	3,000
Others	579	937	746	881
Application of Funds	14,222	15,845	17,445	18,410

Source: Company, ICICI Direct Research

Exhibit 9: Key ratios

(Year-end March)	FY25	FY26	FY27E	FY28E
Per share data (₹)				
EPS	84.2	63.2	72.7	93.6
Cash EPS	119.1	102.7	117.1	141.9
BV	537.1	567.3	624.0	699.6
DPS	16.0	16.0	16.0	18.0
Cash Per Share	91.3	70.2	58.2	53.8
Operating Ratios (%)				
EBITDA Margin	23.2	20.9	19.6	20.4
PBT / Net sales	16.8	13.9	13.2	14.5
PAT Margin	15.6	11.3	10.5	12.5
Inventory days	60.1	57.8	55.0	55.0
Debtor days	56.5	54.7	60.0	60.0
Creditor days	26.1	31.0	30.0	30.0
Return Ratios (%)				
RoE	15.7	11.1	11.7	13.4
RoCE	12.3	9.5	10.1	12.5
RoIC	15.3	12.5	11.4	14.0
Valuation Ratios (x)				
P/E	29.4	39.2	34.0	26.5
EV / EBITDA	20.4	22.3	19.5	15.8
EV / Net Sales	4.7	4.7	3.8	3.2
Market Cap / Sales	4.6	4.4	3.6	3.0
Price to Book Value	4.6	4.4	4.0	3.5
Solvency Ratios				
Debt/EBITDA	1.3	1.8	1.7	1.3
Debt / Equity	0.3	0.4	0.4	0.3
Current Ratio	5.0	4.1	4.3	4.3
Quick Ratio	2.7	2.2	2.5	2.5

Source: Company, ICICI Direct Research

RATING RATIONALE

ICICI Direct endeavours to provide objective opinions and recommendations. ICICI Direct assigns ratings to its stocks according to their notional target price vs. current market price and then categorizes them as Buy, Hold, Reduce and Sell. The performance horizon is two years unless specified and the notional target price is defined as the analysts' valuation for a stock

Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

Pankaj Pandey Head – Research pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,
ICICI Securities Limited,
Third Floor, Brillanto House,
Road No 13, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com

ANALYST CERTIFICATION

I/We, **Shashank Kanodia, CFA, MBA (Capital Markets), Bhavish Doshi, MBA Research Analysts**, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the report.

Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products.

ICICI Securities is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager and Research Analyst. ICICI Securities is registered with Insurance Regulatory Development Authority of India Limited (IRDAI) as a composite corporate agent and with PFRDA as a Point of Presence. ICICI Securities Limited Research Analyst SEBI Registration Number – INH000000990. ICICI Securities Limited SEBI Registration is INZ000183631 for stock broker. Registered Office Address: ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025. CIN: L67120MH1995PLC086241, Tel: (91 22) 6807 7100. ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on www.icicibank.com.

Investments in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by Sebi and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. None of the research recommendations promise or guarantee any assured, minimum or risk-free return to the investors.

Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal

Contact number: 022-40701000 E-mail Address: complianceofficer@icicisecurities.com

For any queries or grievances: Mr. Jeetu Jawrani Email address: headservicequality@icicidirect.com Contact Number: 18601231122

ICICI Securities is one of the leading merchant bankers/ underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. ICICI Securities and its analysts, persons reporting to analysts and their relatives are generally prohibited from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

Recommendation in reports based on technical and derivative analysis centre on studying charts of a stock's price movement, outstanding positions, trading volume etc as opposed to focusing on a company's fundamentals and, as such, may not match with the recommendation in fundamental reports. Investors may visit icicidirect.com to view the Fundamental and Technical Research Reports.

Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

ICICI Securities Limited has two independent equity research groups: Institutional Research and Retail Research. This report has been prepared by the Retail Research. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the Institutional Research.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities. While we would endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

ICICI Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

ICICI Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction.

ICICI Securities or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelve months.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ICICI Securities nor Research Analysts and their relatives have any material conflict of interest at the time of publication of this report.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Since associates of ICICI Securities and ICICI Securities as a entity are engaged in various financial service businesses, they might have financial interests or actual/beneficial ownership of one percent or more or other material conflict of interest various companies including the subject company/companies mentioned in this report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

ICICI Securities Limited has not used any Artificial Intelligence tools for preparation of this Research Report