



Balkrishna Industries Ltd.

Q4FY25



Balkrishna Industries Ltd.

Muted performance; input inflation and weak demand impact growth visibility

CMP*	Target	Potential Upside	Market Cap (INR Mn)	Recommendation	Sector
INR 2,488	INR 2,474	-0.6%	4,80,184	Reduce	Auto ancillaries

Result highlights for Q4FY25

- Balkrishna Industries reported revenue stood at INR 27,524 Mn., up 2.6% YoY (+7.5% QoQ), in-line with our estimates (-2.0%).
- EBITDA stood at INR 6,135 Mn., up 9.9% YoY (+2.1% QoQ), sharply below our estimates (-16.8%) driven by sharp decline in gross margins partly offset by lower other expenses. Net profit stood at INR 3,686 Mn., down 24.3% YoY (-18.0% QoQ), sharply below our estimates (-25.5%), led by poor operational performance and, higher depreciation and finance cost.
- We have revised our FY26E/FY27E EPS estimates by -7.0%/-0.4% respectively, to factor in contraction in gross margins, persistent weaker demand across key European markets and, near-term macro uncertainties. Moreover, we believe that profitability will be adversely impacted in short-term led by gross margins impacted by elevated raw material costs and distorted cost structure driven by rising employee expenses and other expenses. We expect Revenue/EBITDA/PAT to grow at a CAGR of 13.9%/15.7%/14.6% over FY25-FY27E. The stock is currently trading at 25.6x/22.2x our estimated EPS for FY26E/FY27E, respectively. We value Balkrishna Industries at 22.0x FY27E EPS, implying a target price of INR 2,474. We reiterate our "REDUCE" rating on the stock.**

MARKET DATA

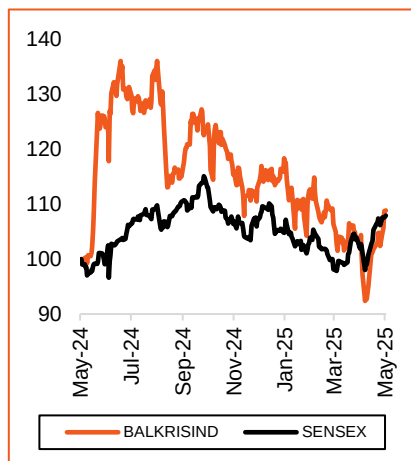
Shares O/S (Mn)	193
Mkt Cap (INR Mn)	4,80,184
52 Wk H/L (INR)	3,375/2,152
Volume Avg (3m K)	297
Face Value (INR)	2
Bloomberg Code	BIL IN

KEY FINANCIALS

Particulars (INR Mn)	FY23	FY24	FY25	FY26E	FY27E
Revenue	97,595	93,689	1,04,470	1,17,997	1,35,641
EBITDA	16,193	22,554	24,580	28,692	32,905
PAT	10,574	14,715	16,554	18,835	21,737
EPS	54.7	76.1	85.6	97.4	112.5
EBITDA Margin (%)	16.6%	24.1%	23.5%	24.3%	24.3%
PAT Margin (%)	10.8%	15.7%	15.8%	16.0%	16.0%

Source: Company, DevenChoksey Research

SHARE PRICE PERFORMANCE



Input costs rise as macro uncertainties weigh on prospects

- For Q4FY25, Balkrishna Industries Ltd (BIL) reported consolidated revenues of INR 25,524 Mn, **registering a modest growth of 2.6% YoY (+7.5% QoQ)**. The YoY uptick was primarily **led by a 2.7% YoY increase in realizations**, reflecting improved product mix and pricing traction.
- Volumes **during the quarter stood at 82,062 MT, broadly stable on a YoY basis** but higher by 7.5% sequentially. On a per-unit basis, realizations **improved to INR 335/kg**, aided by a richer mix and currency hedge benefits.
- However, freight **costs witnessed a sequential rise to 7.6%** (from 6.3% in Q3FY25), suggesting logistical inflationary pressures, especially on export routes.
- Gross margin for **the quarter declined by 328bps YoY (-194bps QoQ) to 49.9%, impacted by elevated input costs and an adverse regional mix**, specifically, a lower contribution from higher-margin European markets.
- EBITDA margin **contracted sharply by 311bps YoY (-117bps QoQ) to 22.3%**. The margin compression was driven by three key factors: A **lag-effect led increase in raw material costs** (notably rubber prices, which peaked in Q4FY25), and Higher employee expenses, which increased 14.8% YoY amid hiring to support expansion initiatives.
- The company aims **to scale revenue to INR 230 Bn by FY30E while maintaining EBITDA margins in the 23.0–25.0% range**, supported by growth in OHT, carbon black sales, and its entry into TBR/PCR segments.

MARKET INFO

SENSEX	81,633
NIFTY	24,884

SHARE HOLDING PATTERN (%)

Particulars	Mar-25	Dec-24	Sep-24
Promoters	58.3	58.3	58.3
FIIs	11.5	11.3	11.7
DIIIs	23.6	23.8	23.3
Others	6.6	6.6	6.7
Total	100.0	100.0	100.0

*Based on the previous closing

*Note: All the market data is as of previous closing.

RESEARCH ANALYST

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13.9%

Revenue CAGR between
FY25 and FY27E

14.6%

PAT CAGR between
FY25 and FY27E

Balkrishna Industries Ltd.

Key Con-call Highlights:

Long-term growth prospectus

- Management **earmarked an ambitious five-year roadmap to scale up revenue by 2.2x to INR230b by 2030**. The company is setting up a 35K MT pa mining tyre facility, backed by proprietary all-steel radial technology (up to 57 inches). With debottlenecking, **total capacity will scale to 425K MT pa from 360K MT pa**, reinforcing leadership in niche OHT applications.
- **Expanding a dedicated rubber track facility, expected to be operational by 2HFY26E**, following an encouraging response to its pilot initiative. The company aims to **scale presence across the agri, construction, and industrial segments in both domestic and export markets**. These initiatives are expected to support BIL's goal of **achieving an 8.0% global OHT market share by 2030, up from the current 6.0%**. In a favorable macro environment, the company remains well-positioned to revive its earlier ambition of reaching a 10.0% global share.

Scale up the Carbon Black plant

- BIL has approved **expanding its carbon black capacity from 200K MT pa to 300K MT pa, alongside a 24 MW boost in co-gen power, taking total power capacity to 64 MW**.
- The expansion, targeted **for completion by early 2026E**, will strengthen the internal supply of high-grade carbon and enhance power self-sufficiency.
- The company's **advanced carbon black unit is currently in the trial phase and is expected to commence revenue contribution from FY26E**. Third-party carbon black sales are projected to scale meaningfully, contributing 10.0% to the company's five-year revenue target (INR 23 Bn).

TBR and premium PCR segments

- BIL has announced a **strategic foray into the TBR and premium PCR segments in India, with initial focus on the replacement market**.
- The TBR pilot is **scheduled for launch in Q4FY26E, leveraging its in-house all-steel radial expertise, while the PCR pilot is expected by Q3FY27E**. These segments are projected to contribute ~20.0% of BIL's FY30 revenue target (~INR 46 Bn), with an **estimated 5.0% market share**.
- Revenue **ramp-up is expected in the latter half of the plan period**, as BIL builds out its distribution network and product validation efforts.

Rubber tracks expansion project

- The **company will expand its rubber track manufacturing facility, targeting agricultural, construction, and industrial applications for both domestic and global markets, with production starting in 2HFY26E**.

Profitability and capex guidance

- BIL expects to **maintain consolidated EBITDA margins in the 23.0–25.0% range by FY30E**, despite its entry into TBR and PCR segments, underpinned by its **backward integration, cost efficiencies, and focus on premium niches, ensuring the new verticals remain margin-accretive**.
- Management has **refrained from providing growth guidance for the global OHT segment due to prevailing macroeconomic uncertainties across key geographies**. However, inventory levels remain within the normal range, indicating no immediate stress in the supply chain.
- To support its expansion, **BIL has earmarked an INR 35 Bn capex over the next three years for new projects, to be front-ended**. This is over and above the **INR 5–7 Bn annual maintenance capex** for its core OHT business.
- The company intends to **fund these investments largely through internal accruals**.

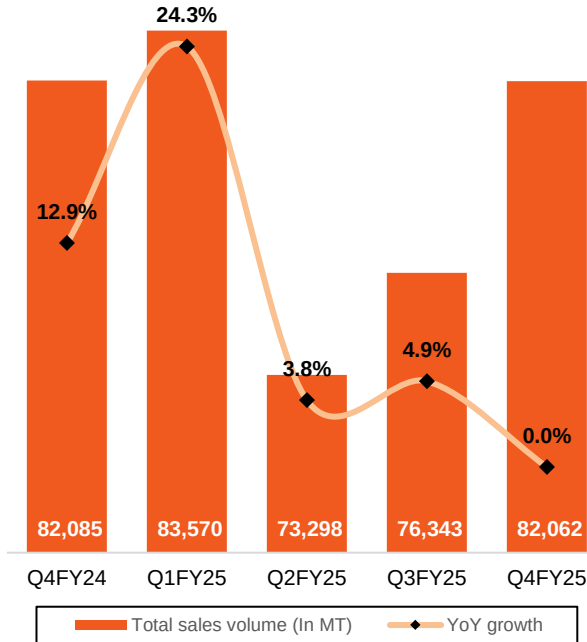
Important Points

- An additional **10.0% tariff has been imposed on tyre imports into the US, over and above the existing 2.5–3.0%**. The **impact of this increase has been partially absorbed by both OEMs and the Company, with no price pass-through to end consumers**, thereby helping maintain market competitiveness.
- The Board of directors have **declared a total dividend of INR 16.0 per share for FY25**.

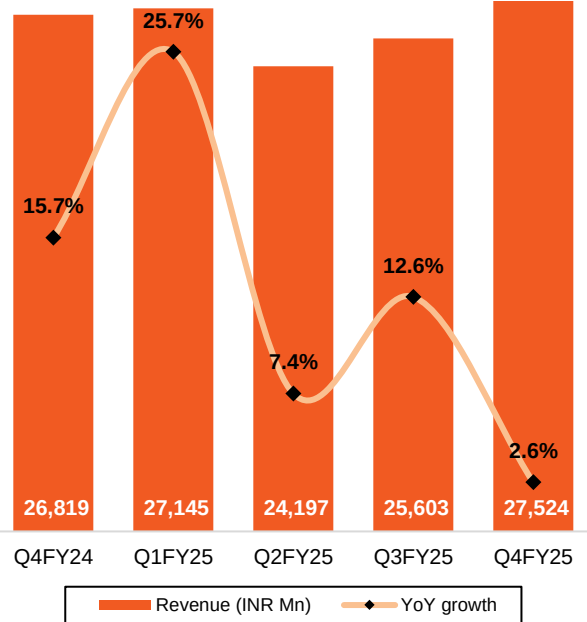
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Story in Charts

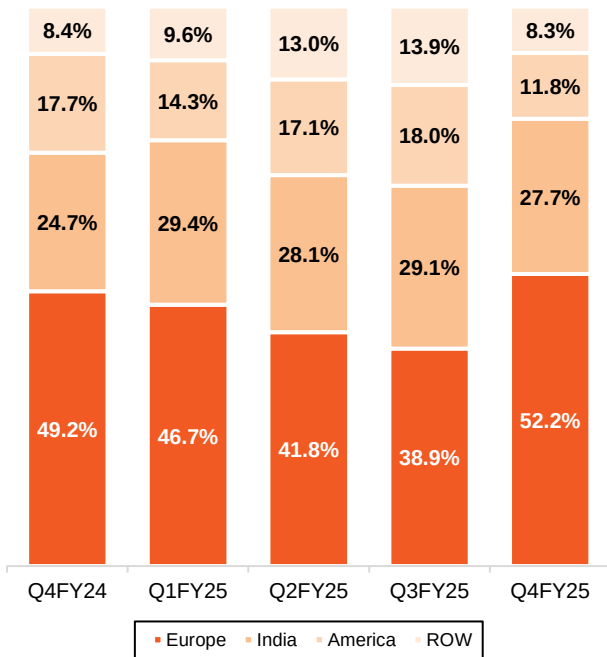
Flat Volume YoY due to sluggish demand



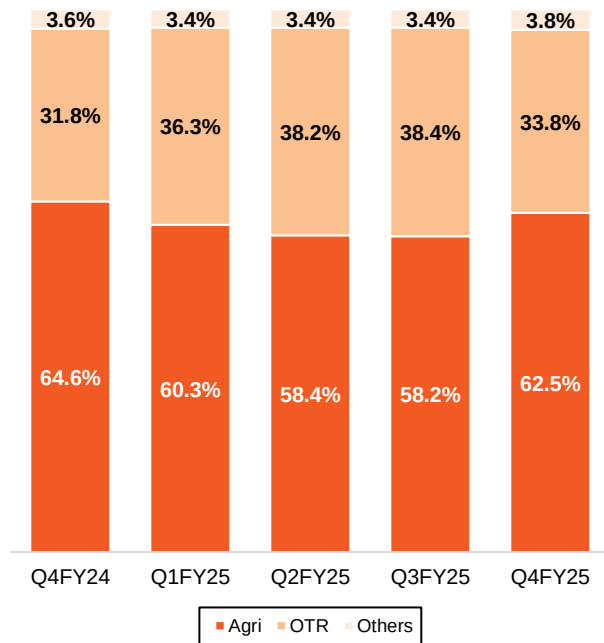
The increase in revenue YoY is primarily attributed to the growth in realization



Geography wise revenue mix%



Agri improved its product revenue mix (%) sequentially



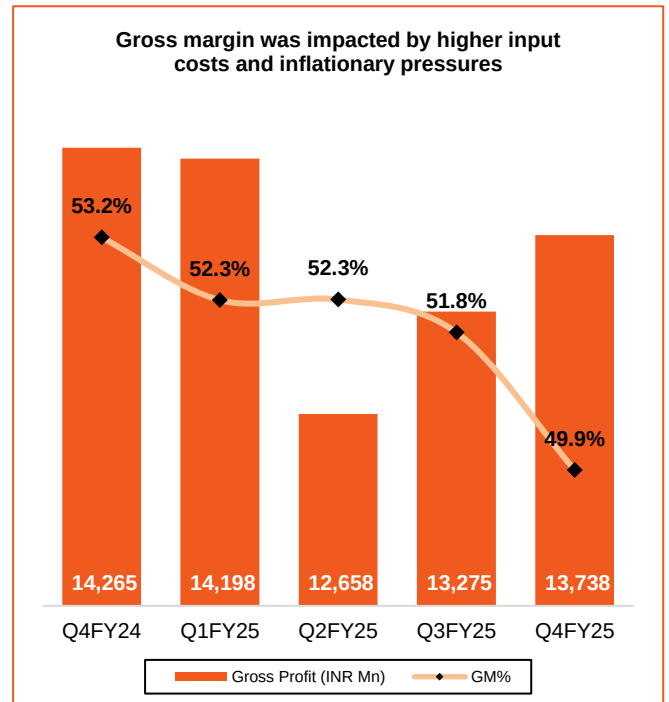
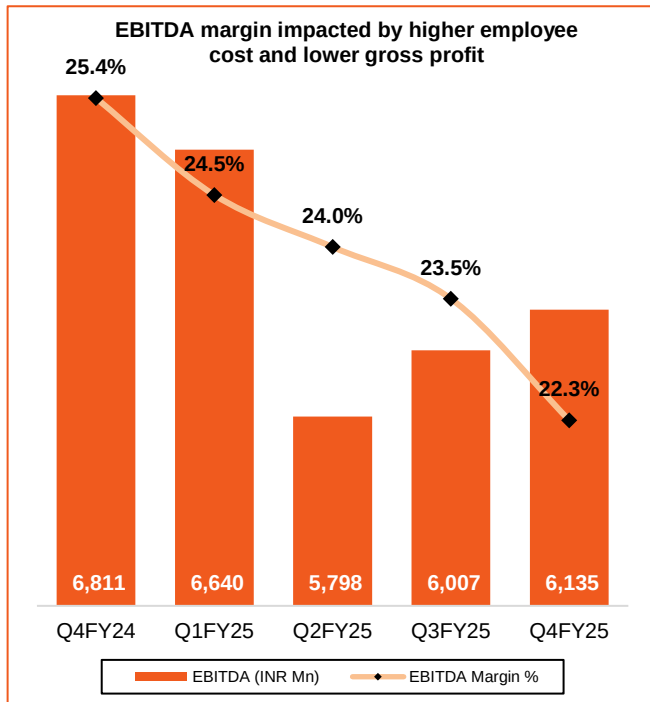
Source: Company, DevenChoksey Research

Balkrishna Industries Ltd.

Result Snapshot

Particulars (INR Mn)	Q4FY25	Q3FY25	Q4FY24	QoQ	YoY	FY25	FY24	YoY
Revenue from Operations	27,524	25,603	26,819	7.5%	2.6%	1,04,470	93,689	11.5%
Total Expenditure	21,389	19,596	20,008	9.1%	6.9%	79,889	71,135	12.3%
Cost of Raw Materials	13,168	12,644	12,194	4.1%	8.0%	49,850	44,045	13.2%
Purchase of Stock	356	361	336	(1.2%)	6.0%	1,356	1,199	13.2%
Changes in Inventories	262	(677)	24	138.7%	991.3%	(606)	(329)	(84.3%)
Employee Cost	1,497	1,447	1,304	3.4%	14.8%	5,544	4,995	11.0%
Other Expenses	6,106	5,821	6,150	4.9%	(0.7%)	23,745	21,226	11.9%
EBITDA	6,135	6,007	6,811	2.1%	(9.9%)	24,580	22,554	9.0%
EBITDA Margin (%)	22.3%	23.5%	25.4%	(117 bps)	(311 bps)	23.5%	24.1%	(54 bps)
Depreciation	1,782	1,726	1,742	3.3%	2.3%	6,807	6,507	4.6%
EBIT	4,353	4,281	5,070	1.7%	(14.1%)	17,774	16,047	10.8%
Other Income	994	1,873	1,707	(46.9%)	(41.8%)	5,388	4,492	19.9%
Finance Cost	495	157	309	215.1%	60.3%	1,283	1,129	13.7%
PBT	4,852	5,997	6,468	(19.1%)	(25.0%)	21,878	19,410	12.7%
Tax	1,166	1,502	1,601	(22.4%)	(27.2%)	5,324	4,695	13.4%
PAT	3,686	4,495	4,868	(18.0%)	(24.3%)	16,554	14,715	12.5%
PAT Margin (%)	13.4%	17.6%	18.1%	(417 bps)	(476 bps)	15.8%	15.7%	14 bps
EPS	19.1	23.3	25.2	(18.0%)	(24.3%)	85.6	76.1	12.5%

Source: Company, DevenChoksey Research



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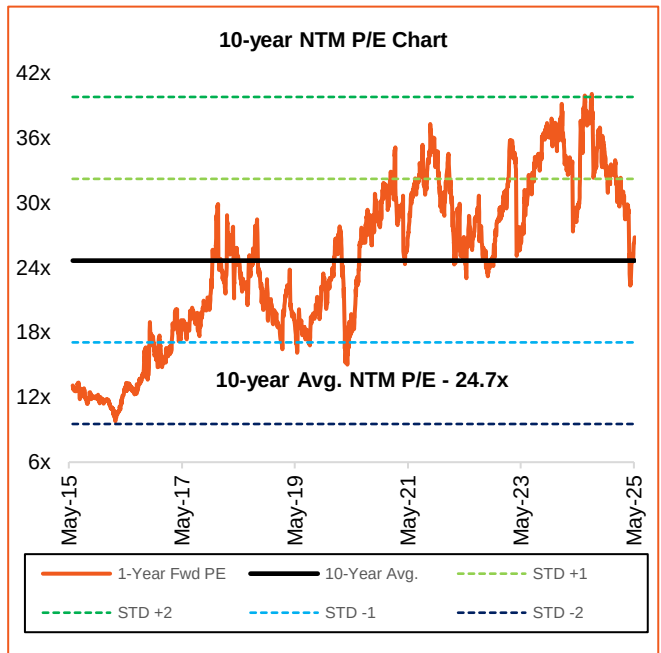
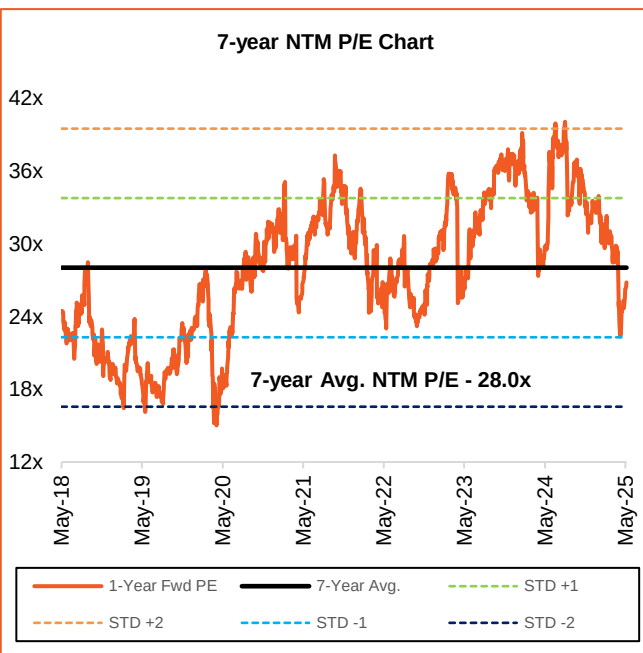
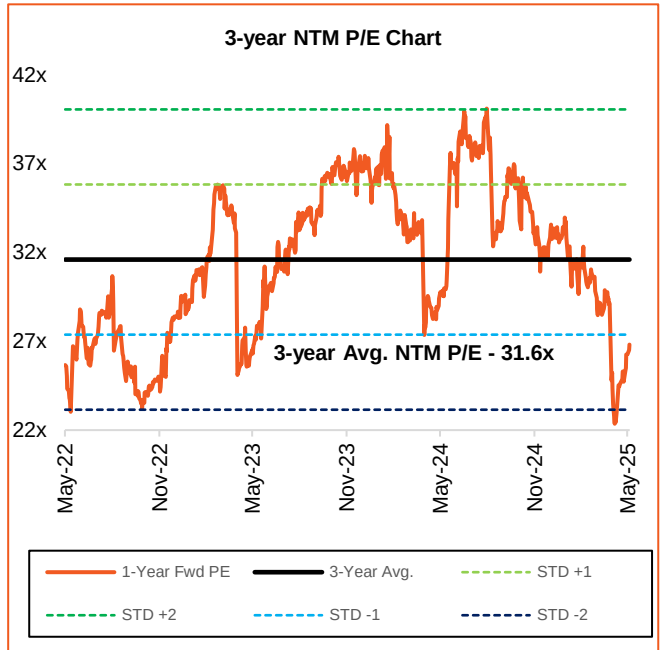
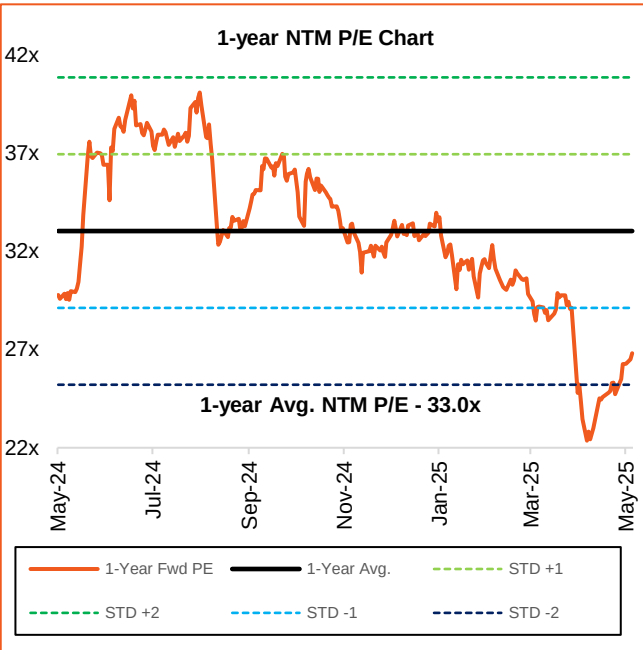
Balkrishna Industries Ltd.

Valuation and view

Balkrishna Industries reported a mix set of Q4FY25 earning. The Company demonstrated a strong sequential recovery in volumes and realizations, supported by a favorable product mix and pricing discipline. Moreover, it focus on strategic capacity expansions across OHT, carbon black, and rubber tracks, reaffirms its long-term growth commitment. Although, during Q4FY25 gross margins pressure persisted led by elevated input costs, higher freight and weaker regional mix, management's clear focus on premium positioning, backward integration, and calibrated foray into new segments, well positions the Company for sustained growth and margin stability over the medium term.

We have revised our FY26E/FY27E EPS estimates by -7.0%/-0.4% respectively, to factor in contraction in gross margins, persistent weaker demand across key European markets and, near-term macro uncertainties. We expect Revenue/EBITDA/PAT to grow at a CAGR of 13.9%/15.7%/14.6% over FY25-FY27E. The stock is currently trading at 25.6x/22.2x our estimated EPS for FY26E/FY27E, respectively.

We value Balkrishna Industries at 22.0x FY27E EPS, implying a target price of INR 2,474. We reiterate our "REDUCE" rating on the stock.



Source: Bloomberg, DevenChoksey Research

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Balkrishna Industries Ltd.

KEY FINANCIALS

Exhibit 1: Profit & Loss Statement

INR Mn	FY24	FY25	FY26E	FY27E
Revenues	93,689	1,04,470	1,17,997	1,35,641
COGS	44,914	50,600	57,650	66,663
Gross profit	48,775	53,869	60,347	68,978
Employee cost	4,995	5,544	6,104	7,090
Other expenses	21,226	23,745	25,551	28,983
EBITDA	22,554	24,580	28,692	32,905
EBITDA Margin	24.1%	23.5%	24.3%	24.3%
D&A	6,507	6,807	7,954	8,642
EBIT	16,047	17,774	20,738	24,263
Interest expense	1,129	1,283	1,566	1,692
Other income	4,492	5,388	5,703	6,413
PBT	19,410	21,878	24,875	28,984
Tax	4,695	5,324	6,040	7,247
PAT	14,715	16,554	18,835	21,737
EPS (INR)	76.1	85.6	97.4	112.5

Exhibit 3: Cash Flow Statement

INR Mn	FY24	FY25	FY26E	FY27E
CFFO	20,820	17,641	26,482	26,803
CFFI	(14,755)	(14,794)	(15,443)	(15,461)
CFFF	(6,019)	(2,790)	(11,067)	(11,192)
Net Inc/Dec in cash	46	57	(28)	150
Opening Cash	693	740	796	767
Closing Cash	740	796	767	915

Exhibit 4: Key Ratios

Key Ratio	FY24	FY25	FY26E	FY27E
EBITDA Margin (%)	24.1%	23.5%	24.3%	24.3%
RoE (%)	16.6%	15.9%	15.7%	15.7%
RoCE (%)	12.9%	12.9%	13.3%	14.3%
P/E	32.7x	29.1x	25.6x	22.2x
P/B	5.4x	4.6x	4.0x	3.5x
EPS (INR)	76.1	85.6	97.4	112.5

Source: Company, DevenChoksey Research

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Exhibit 2: Balance Sheet

INR Mn	FY24	FY25	FY26E	FY27E
Equity				
Equity Capital	387	387	387	387
Other Equity	88,152	1,03,489	1,19,425	1,38,263
Total Equity	88,538	1,03,876	1,19,811	1,38,649
Non-Current Liabilities				
Borrowings	6,914	3,873	3,090	2,306
Deferred Tax Liabilities (Net)	3,490	4,563	4,563	4,563
Other Current Liabilities	1,298	1,768	1,768	1,768
Total Non-Current Liabilities	11,703	10,204	9,421	8,637
Current Liabilities				
Borrowings	24,040	28,753	22,936	17,119
Other financial liabilities	1,563	3,023	3,174	3,333
Trade Paybles	9,102	7,539	9,161	10,593
Other current liabilities	1,900	2,951	2,951	2,951
Total Current Liabilities	36,604	42,267	38,222	33,997
Total Liabilities	48,307	52,471	47,643	42,634
Non-Current Assets				
PPE	62,319	68,562	74,059	80,880
Capital WIP	9,444	9,860	9,860	9,860
Other current assets	18,641	22,212	24,219	24,228
Total Non-Current Assets	90,405	1,00,633	1,08,138	1,14,968
Current Assets				
Inventories	13,315	17,819	19,111	22,099
Trade Receivables	14,454	14,945	15,841	18,209
Investments	13,490	17,028	18,028	19,028
Cash and Bank	746	802	767	915
Other current assets	4,435	5,119	5,570	6,063
Total Current Assets	46,441	55,714	59,317	66,315
Total Assets	1,36,845	1,56,347	1,67,455	1,81,283

Balkrishna Industries Ltd.

Balkrishna Industries Ltd.				Rating Legend (Expected over a 12-month period)	
Date	CMP (INR)	TP(INR)	Recommendation	Our Rating	Upside
29-May-25	2,488	2,474	REDUCE	Buy	More than 15%
28-Jan-25	2,565	2,528	REDUCE	Accumulate	5% – 15%
29-Oct-24	2,901	2,768	REDUCE	Hold	0 – 5%
22-Aug-24	2,845	2,768	REDUCE	Reduce	-5% – 0
28-May-24	3,100	2,998	REDUCE	Sell	Less than – 5%
29-Jan-24	2,509	2,598	HOLD		

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