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India | Equity Research | Company Update

Balkrishna Industries

Auto Ancillaries

The Pirelli partnership – a strategic positive

Balkrishna Industries (BKT) has partnered with Pirelli Tyres S.p.A. (Pirelli) for the offtake of Pirelli-branded premium PCR tyres from BKT's Bhuj facility. The agreement provides BKT with an accelerated, capital-efficient route to scale up its presence in the on-road tyre segment by leveraging the company's existing capacity. Further, BKT's association with a globally renowned premium brand (Pirelli) could enhance its brand perception, validate manufacturing capabilities, product quality and potentially facilitate faster acquisition of dealer partners while scaling up in on-road tyres. We raise our revenue/EPS estimate by 3–6%/1–3% for FY28/FY29. Retain **BUY**; TP revised to INR 2,675 (vs. INR 2,600), based on 24x Sep'28E EPS.

Key takeaways from conference call

- BKT indicated that the offtake for Pirelli tyres should commence in 2027, with volumes gradually scaling to 800k passenger car radial (PCR) tyres p.a. by 2030. Focus would be on the premium tyre segment (i.e. 17-inch-plus tyres), primarily for the domestic market (import substitution). Neither party is restricted from selling its own-brand tyres in any geography.
- Offtake of Pirelli's tyres would be accommodated within BKT's existing investment program (no new capex required), supporting faster ramp-up of its Bhuj facility (phase-1 capacity of 6,700 TPD for PCR segment). Even post full ramp-up to 800k tyres p.a. by 2030, 80% of the capacity would be available for BKT-branded PCR tyres.
- BKT would manufacture tyres using its own technology, while Pirelli uses its proprietary technology at the common facility. BKT expects to earn conversion margins from the arrangement. Management reiterated its medium-term margin target of 21–23%.
- Management indicated that the association with Pirelli, a global premium brand, could strengthen market perception of BKT's manufacturing capabilities and product quality. Management also expects potential benefits in channel-partner acquisition and distribution expansion, helping BKT establish its own brand in the on-road segment, where its historical presence has been limited.

Financial Summary

Y/E March (INR mn)	FY26A	FY27E	FY28E	FY29E
Net Revenue	1,08,200	1,30,748	1,51,969	1,74,764
EBITDA	22,632	27,459	31,954	37,305
EBITDA %	20.9	21.0	21.0	21.3
Net Profit	12,219	16,836	19,737	23,406
EPS (INR)	63.2	87.1	102.1	121.1
EPS % Chg YoY	(25.0)	37.8	17.2	18.6
P/E (x)	33.4	24.2	20.7	17.4
EV/EBITDA (x)	18.4	15.4	12.8	-
RoCE (%)	9.0	11.3	12.1	13.0
RoE (%)	11.4	14.5	15.3	16.1

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Market Data

Market Cap (INR)	408bn
Market Cap (USD)	4,305mn
Bloomberg Code	BIL IN
Reuters Code	BLKI.BO
52-week Range (INR)	2,775 / 1,965
Free Float (%)	41.0
ADTV-3M (mn) (USD)	12.3

Price Performance (%)	3m	6m	12m
Absolute	4.7	(8.6)	(8.7)
Relative to Sensex	9.3	(1.9)	4.5

ESG Score	2024	2025	Change
ESG score	69.8	70.6	0.8
Environment	54.1	58.3	4.2
Social	77.1	75.2	(1.9)
Governance	79.0	78.6	(0.4)

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Earnings Revisions (%)	FY28E	FY29E
Revenue	3.1	5.8
EBITDA	1.1	2.3
EPS	1.3	2.7

Previous Reports

31-07-2026: [Q1FY27 results review](#)

11-05-2026: [Q4FY26 results review](#)

Exhibit 1: Key metrics and assumptions

	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Volume ('000 tonne)	301	292	315	317	362	427	491
NRV (INR/kg)	326	319	330	341	361	356	356
Gross profit/kg	161	166	170	176	185	180	181
EBITDA (INR mn)	17,156	22,041	24,205	22,632	27,459	31,954	37,305
EBITDA Margin	17.5%	23.7%	23.2%	20.9%	21.0%	21.0%	21.3%
EBITDA/kg	57	75	77	71	76	75	76
Capex (INR mn)	20,529	11,311	13,440	27,115	20,000	15,000	15,000
PAT (INR mn)	10,787	14,376	16,284	12,219	16,836	19,737	23,406
FCF (INR mn)	(2,451)	9,383	4,097	(2,306)	32	9,230	13,404

Source: I-Sec research, Company data

Exhibit 2: Estimates revision

	FY27E			FY28E			FY29E		
	Previous	Revised	% Change	Previous	Revised	% Change	Previous	Revised	% Change
Revenue (INR mn)	1,30,748	1,30,748	0.0%	1,47,461	1,51,969	3.1%	1,65,157	1,74,764	5.8%
EBITDA (INR mn)	27,459	27,459	0.0%	31,620	31,954	1.1%	36,468	37,305	2.3%
EBITDA Margin (%)	21.0%	21.0%	0 bps	21.4%	21.0%	-40 bps	22.1%	21.3%	-70 bps
PAT (INR mn)	16,836	16,836	0.0%	19,488	19,737	1.3%	22,783	23,406	2.7%
EPS (INR)	87	87	0.0%	101	102	1.3%	118	121	2.7%

Source: I-Sec research

Downside risks

- Higher-than-expected competition in the domestic TBR / 2W tyre / PCR segment, resulting in slower-than-expected ramp-up/growth and pricing pressure.
- Further increase in RM basket and inability to fully pass-on commodity inflation.

Exhibit 3: Shareholding pattern

%	Mar'26	Jun'26	Sep'26
Promoters	58.3	58.3	58.3
Institutional investors	35.4	34.9	34.6
MFs and others	18.1	18.9	20.7
FIs/Banks	0.0	0.0	0.0
Insurance	6.2	5.7	4.8
FIIIs	11.1	10.3	9.1
Others	6.3	6.8	7.1

Source: Bloomberg, I-Sec research

Exhibit 4: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 5: Profit & Loss

(INR mn, year ending March)

	FY26A	FY27E	FY28E	FY29E
Net Sales	1,08,200	1,30,748	1,51,969	1,74,764
Operating Expenses	33,075	39,314	44,862	51,592
EBITDA	22,632	27,459	31,954	37,305
EBITDA Margin (%)	20.9	21.0	21.0	21.3
Depreciation & Amortization	7,640	8,192	9,189	10,044
EBIT	14,993	19,268	22,765	27,261
Interest expenditure	1,307	1,634	1,634	1,634
Other Non-operating Income	2,483	4,965	5,362	5,791
Recurring PBT	16,168	22,599	26,493	31,418
Profit / Loss from Associates	-	-	-	-
Less: Taxes	3,950	5,763	6,756	8,012
PAT	12,219	16,836	19,737	23,406
Less: Minority Interest	-	-	-	-
Extraordinaries (Net)	-	-	-	-
Net Income (Reported)	12,219	16,836	19,737	23,406
Net Income (Adjusted)	12,219	16,836	19,737	23,406

Source Company data, I-Sec research

Exhibit 6: Balance sheet

(INR mn, year ending March)

	FY26A	FY27E	FY28E	FY29E
Total Current Assets	47,419	56,412	64,760	77,290
of which cash & cash eqv.	303	1,656	2,739	7,482
Total Current Liabilities & Provisions	23,778	26,421	28,989	31,728
Net Current Assets	23,641	29,991	35,772	45,562
Investments	31,246	26,246	29,246	32,246
Net Fixed Assets	73,736	85,544	91,355	96,311
ROU Assets	-	-	-	-
Capital Work-in-Progress	24,725	24,725	24,725	24,725
Total Intangible Assets	-	-	-	-
Other assets	-	-	-	-
Deferred Tax assets	-	-	-	-
Total Assets	1,53,348	1,66,506	1,81,098	1,98,844
Liabilities				
Borrowings	40,511	41,511	41,511	41,511
Deferred Tax Liability	3,174	3,174	3,174	3,174
Provisions	-	-	-	-
Other Liabilities	-	-	-	-
Equity Share Capital	387	387	387	387
Reserves & Surplus	1,09,276	1,21,434	1,36,026	1,53,772
Total Net Worth	1,09,663	1,21,821	1,36,413	1,54,159
Minority Interest	-	-	-	-
Total Liabilities	1,53,348	1,66,506	1,81,098	1,98,844

Source Company data, I-Sec research

Exhibit 7: Quarterly trend

(INR mn, year ending March)

	Sep-25	Dec-25	Mar-26	Jun-26
Net Sales	23,200	26,820	28,940	34,090
% growth (YOY)	-5.9%	3.7%	2.0	23.6
EBITDA	5,000	6,040	6,630	7,020
Margin %	21.6	22.5	22.9	20.6
Other Income	700	1,130	(290)	1,250
Adjusted Net Profit	2,650	3,750	2,940	4,320

Source Company data, I-Sec research

Exhibit 8: Cashflow statement

(INR mn, year ending March)

	FY26A	FY27E	FY28E	FY29E
Operating Cashflow	24,809	20,032	24,230	28,404
Working Capital Changes	4,950	(4,996)	(4,698)	(5,047)
Capital Commitments	(27,115)	(20,000)	(15,000)	(15,000)
Free Cashflow	(2,306)	32	9,230	13,404
Other investing cashflow	1,403	5,000	(3,000)	(3,000)
Cashflow from Investing Activities	(25,712)	(15,000)	(18,000)	(18,000)
Issue of Share Capital	-	-	-	-
Interest Cost	-	-	-	-
Inc (Dec) in Borrowings	8,371	1,000	-	-
Dividend paid	(4,253)	(4,678)	(5,146)	(5,660)
Others	(3,537)	-	-	-
Cash flow from Financing Activities	581	(3,678)	(5,146)	(5,660)
Chg. in Cash & Bank balance	(322)	1,354	1,084	4,744
Closing cash & balance	304	1,657	2,740	7,483

Source Company data, I-Sec research

Exhibit 9: Key ratios

(Year ending March)

	FY26A	FY27E	FY28E	FY29E
Per Share Data (INR)				
Reported EPS	63.2	87.1	102.1	121.1
Adjusted EPS (Diluted)	63.2	87.1	102.1	121.1
Cash EPS	102.7	129.5	149.6	173.0
Dividend per share (DPS)	2.2	2.4	2.7	2.9
Book Value per share (BV)	567.3	630.2	705.7	797.5
Dividend Payout (%)	3.5	2.8	2.6	2.4
Growth (%)				
Net Sales	3.9	20.8	16.2	15.0
EBITDA	(6.5)	21.3	16.4	16.7
EPS (INR)	(25.0)	37.8	17.2	18.6
Valuation Ratios (x)				
P/E	33.4	24.2	20.7	17.4
P/CEPS	20.5	16.3	14.1	12.2
P/BV	3.7	3.3	3.0	2.6
EV / EBITDA	18.4	15.4	12.8	-
EV / Sales	3.9	3.2	2.7	-
Profitability Ratios				
Gross Profit Margins (%)	51.5	51.1	50.5	50.9
EBITDA Margins (%)	20.9	21.0	21.0	21.3
EBIT Margins (%)	13.9	14.7	15.0	15.6
Net Profit Margins (%)	11.3	12.9	13.0	13.4
RoCE (%)	9.0	11.3	12.1	13.0
RoE (%)	11.4	14.5	15.3	16.1
Dividend Yield (%)	0.1	0.1	0.1	0.1
Operating Ratios				
Fixed Asset Turnover (x)	1.1	1.2	1.3	1.4
Inventory Turnover Days	60	60	60	60
Receivables Days	38	38	38	38
Payables Days	32	32	32	32
Effective Tax Rate (%)	24.4	25.5	25.5	25.5
Net Debt / Equity (x)	0.1	0.1	-	-
Net Debt / EBITDA (x)	0.4	0.5	-	-

Source Company data, I-Sec research

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