

Research Report

Balkrishna Industries Ltd.



Prepared By-

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About

Balkrishna Industries Limited (BKT) started its Off-Highway tyre business in 1987. For over 30 years, BKT has successfully focused on specialist segments such as agricultural, construction and industrial as well as earthmoving, port and mining, ATV, and gardening applications.

Key Business

selling of “Off-Highway Tyres” (OHT)

Agricultural
Industrial & Construction
Earthmovers & Ports
Mining
Forestry
Lawn & Garden
All terrain vehicles
Turf Care Applications in both cross ply and radial construction

Synopsis of Financials

- Gross debt at Rs.3,036 crores, cash and cash equivalents at Rs.2746 crores.
- Net debt of approximately Rs.789.290 crores.
- Repaid Rs.175 crores of long-term debt in April 2024.
- Final dividend of Rs.4 per equity share declared subject to shareholder approval.

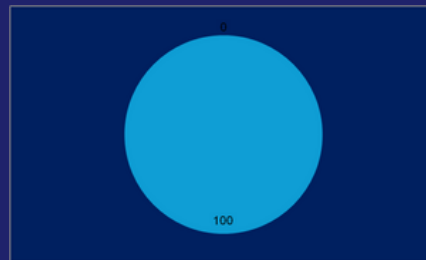
Stock data (as 30th May 2024)

Nifty Price	: 3100.20
52 week High (in Rs.)	: 3,174.30
52 week Low (in Rs.)	: 2,193.80
Market Cap. (in Crore)	: 59,932.20
NSE Code	: BALKRISIND

Stock data



Shareholding Pattern (March 2024)



-PUBLIC GROUP
-PROMOTER GROUP

Financial Summary

Particulars	March 2024	March 2023	March 2022
Sales	9,369	9,760	8,295
Sales Growth %	-4.00%	17.65%	43.44%
Expenses	7,114	8,047	6,286
Operating Profit	2,255	1,712	2,009
OPM %	24%	18%	24%
Profit after tax	1,4719	1,057	1,435
EPS in Rs	76.12	54.70	74.25

Quarterly Results

Particular	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
Sales	2,658	2,166	2,317	2,159	2,253	2,274	2,682
Expenses	2,231	1,896	1,837	1,658	1,720	1,734	2,001
Operating Profit	426	269	480	501	533	541	681
OPM %	16%	12%	21%	23%	24%	24%	25%
Other Income	227	45	57	106	107	66	171
Interest	5	14	26	22	24	36	31
Depreciation	137	149	156	155	160	161	174
Profit before tax	511	151	355	430	456	409	647
Tax %	25%	28%	27%	23%	24%	25%	25%
Net Profit	382	108	260	332	347	305	487

Source: Screener

Key Ratios

Sr No.	Particulars	Numerator	Denominator	Year Ended		%	Remarks for variance more than 25%
				31st March 2023	31st March 2022		
1	Current Ratio (In times)	Current Assets	Current Liabilities	1.20	1.22	(1.73)	
2	Debt-Equity Ratio (In times)	Total Debt	Shareholder's Equity	0.43	0.35	21.55	
3	Debt Service Coverage Ratio (In times)	Earnings available for debt service	Debt Service	285.23	384.78	(25.87)	There has been Profit Margin decrease
4	Return on Equity (ROE) (%)	Net Profits after taxes	Average Shareholder's Equity	14.86	21.82	(31.87)	There has been Profit Margin decrease
5	Inventory Turnover (In times)	Cost of goods sold	Average Inventories	10.77	10.14	6.19	
6	Trade receivables Turnover (In times)	Net Sales	Average Trade Receivables	8.25	8.95	(7.85)	
7	Trade Payables Turnover Ratio (In times)	Total Purchase	Avg Trade Payables	12.39	9.05	36.93	There has been Increase in Total Purchase
8	Net capital turnover ratio (In times)	Net Sales	Working Capital	14.77	12.63	16.91	
9	Operating Margin (%)	Operating Profit	Net Sales	11.95	18.72	(36.17)	There has been Profit Margin decrease
10	Net profit ratio (%)	Net Profit	Net Sales	11.12	17.24	(35.49)	There has been Profit Margin decrease
11	Return on capital employed (ROCE) (%)	Earning before interest and taxes	Capital Employed	13.50	20.41	(33.83)	There has been Profit Margin decrease
12	Return on investment (%)	Income generated from investments	Average Investments	5.47	10.25	(46.69)	There has been decrease in cash flow during the year
13	Interest coverage ratio (In times)	Earnings before interest and taxes (EBIT)	Finance Cost	32.80	217.63	(84.93)	There has been Profit Margin decrease & increase in finance cost

Source: Annual Report

Yearly Results

Particulars	March 2024	March 2023	March 2022
Equity Capital	39	39	39
Reserves	8,815	7,518	6,894
Borrowings	3,099	3,347	2,529
Other Liabilities	1,731	1,444	1,517
Total Liabilities	13,685	12,348	10,979
Fixed Assets	6,317	5,384	4,019
CWIP	944	1,392	1,258
Investments	2,686	2,037	1,897
Other Assets	3,737	3,535	3,805
Total Assets	13,685	12,348	10,979

Synopsis Quarter Results

Con-Call May 24: Key Highlights

Performance Updates

- Double-digit volume growth both year-on-year and quarter-on-quarter.
- Meeting end customer requirements despite increased logistics costs.
- Positive uptake in end markets due to commodity prices, infra activity, and market growth.

CAPEX:

- Working on advanced carbon black project with a capacity of 30,000 metric tonnes per annum.
- Expected completion in the first half of the financial year.
- Mold manufacturing CAPEX also expected to be completed in the current quarter.

Operational Highlights:

- Quarter volume at 82,085 metric tonnes, year-on-year growth of 13%.
- Standalone revenue for the quarter at Rs.2697 crores, year-on-year growth of 16%.
- Standalone EBITDA for the quarter at Rs.699 crores, margin at 25.9%.
- Profit after tax for the quarter at Rs.481 crores, year-on-year growth of 88%.

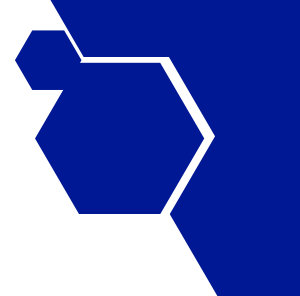
Market Share and Vision:

- Vision to achieve 10% market share of the entire basket of off-highway tyre manufacturing in the next five years.
- Currently at 5-6% market share.

Closing Remarks:

- Stable demand globally despite geopolitical tensions.
- Company focusing on quality rather than price to attract customers.
- Anticipating stable margins for the full financial year.

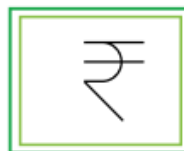
Revenue Highlights



Sales Volume

2,92,628 MT

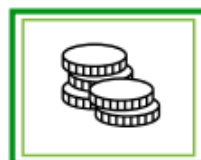
-3% YoY



Revenue

Rs. 9,375 cr

-7% YoY



EBITDA

Rs. 2,322 cr

+14% YoY



EBITDA Margin

24.8%

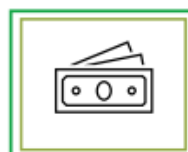
+463bps YoY



Net Profit

Rs. 1,438 cr

+33% YoY



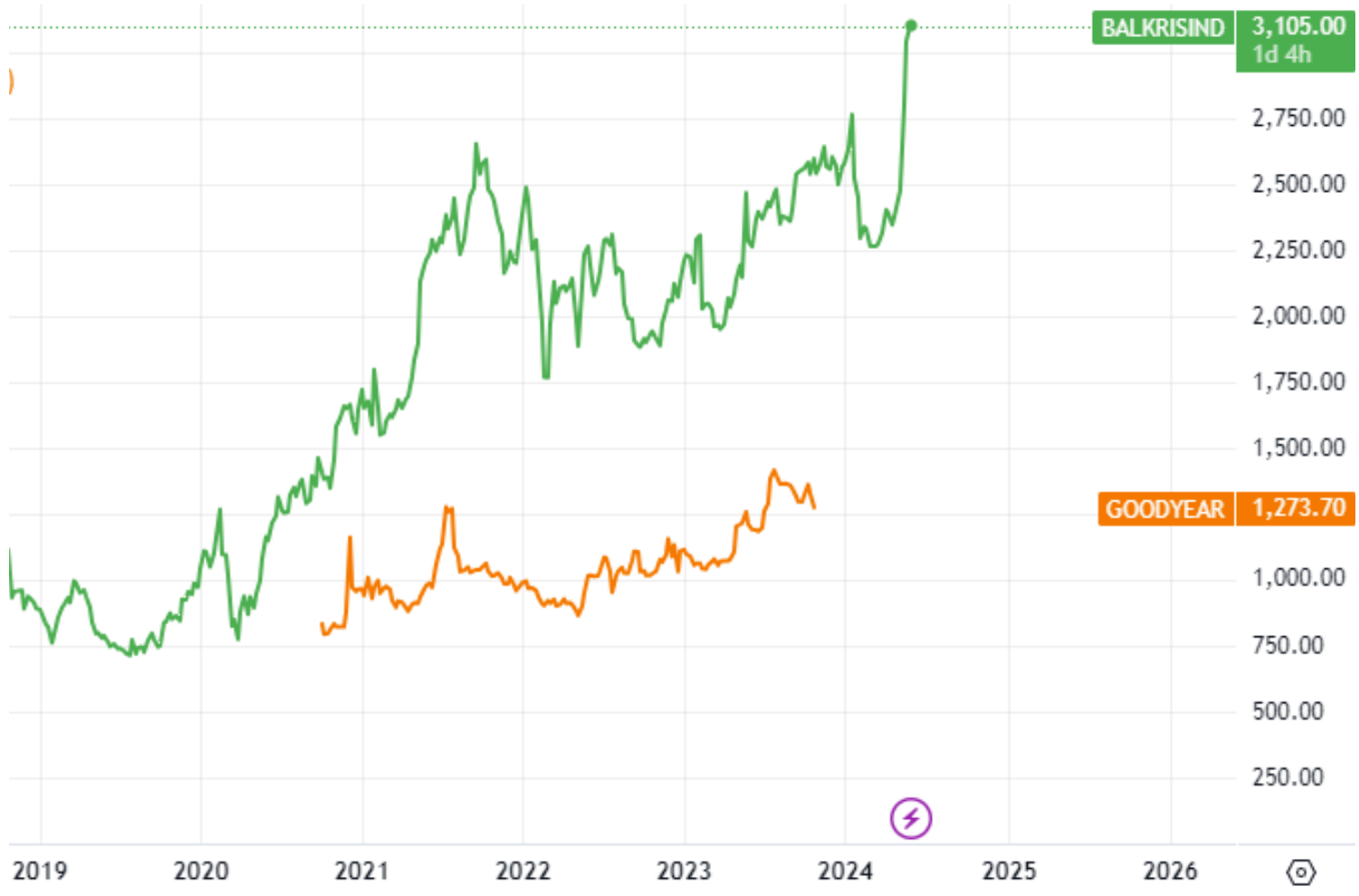
Total Dividend*

Rs. 16 per equity share

Peer Comparison



Peer Stock Performance (5Y) Indexed



Source: Trading View

Peer Financial Performance

S.No.	Name	CMP Rs.	P/E	Mar Cap Rs.Cr.	Div Yld %	NP Qtr Rs.Cr.	Qtr Profit Var %	Sales Qtr Rs.Cr.	Qtr Sales Var %	ROCE %
1.	Balkrishna Inds	3084.45	40.53	59627.70	0.52	486.75	87.36	2681.92	15.75	17.97
	Goodyear India	1148.00	27.93	2648.44	1.29	-4.21	-112.53	550.53	-15.64	

Source: Screener

Final Outlook

BKT: SELL | LTP: 3100

BKT's 4th quarter has shown a 88% YOY increase in net profit which is a main reason for share price increase and maintaining an all time high and also Q4 EBITDA also increased by 66% but Market Cap of the firm fell to 43,342 cr which can be a reason for fall in stock on jan last week.

SELL, Recommendation will be advisable for now as stock already hit a 52 week high or upper circuit so now it is a perfect time to sell as price will not hit now in short term according to me and the ratios are also better in peers.