

## Balkrishna Industries Ltd

Balkrishna Industries (BIL) is engaged in the business of manufacturing and selling of Off-Highway Tyres (OHT) in the specialist segments such as Agricultural, Industrial & Construction and so on. BIL has commanded a substantial market share in this segment (~80-90%). The Company's performance was consistent throughout with a 3 year CAGR of 19% in profits.

Over the years, BIL has emerged as a niche export-oriented player in the off highway tyre (OHT) segment, with Europe (48%) and North America (20%) currently forming 68% of revenues. Industry's OHT exports to these regions have shown signs of strength in recent months, albeit on a soft base. The Carbon Black plant Phase 1 with a capacity of 60,000 MT was commercialized during 2QFY20. The second phase of 80,000 metric tons is progressing as per schedule and will be operational in FY21 with an outlay of ₹500 cr.

On the financial health front, the company's balance sheet looks strong with reducing debt dependence. The debt-equity has come down to 0.2x in FY19 from 1.4x in FY14. Currently, the stock trades at 27x of its earnings and delivers 22.8% RoCE. It also pays an average annual dividend of 15%. Hence, recommend BUY on the stock.

**BUY**
**CMP ₹1074**

### Stock Info

|                    |          |
|--------------------|----------|
| Sector             | Tyres    |
| Market Cap (₹ cr)  | 20,759   |
| Beta               | 1.0      |
| 52 Week High / Low | 1298/682 |
| Avg. Daily Volume  | 36,018   |
| Face Value (₹)     | 2        |
| BSE Sensex         | 41,155   |
| Nifty              | 12,119   |
| Reuters Code       | BLKI.BO  |
| Bloomberg Code     | BIL IN   |

### Shareholding Pattern (%)

|                         |      |
|-------------------------|------|
| Promoters               | 58.3 |
| MF / Banks / Indian FIs | 17.5 |
| FII / NRIs / OCBs       | 11.7 |
| Indian Public / Others  | 12.5 |

| Abs. (%)   | 3m   | 1yr  | 3yr  |
|------------|------|------|------|
| Sensex     | 4.9  | 15.4 | 47.6 |
| BALKRISIND | 27.9 | 31.7 | 89.4 |

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### Balkrishna Industries

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|---|----|
| 1. Financial interest of research analyst or Angel or his Associate or his relative             | No |
| 2. Ownership of 1% or more of the stock by research analyst or Angel or associates or relatives | No |
| 3. Served as an officer, director or employee of the company covered under Research             | No |
| 4. Broking relationship with company covered under Research                                     | No |

**Ratings (Based on expected returns over 12 months investment period):**

Buy (> 15%)

Accumulate (5% to 15%)  
Reduce (-5% to -15%)

Neutral (-5 to 5%)  
Sell (< -15)