

## Balkrishna Inds.

29 January 2026

**Operator:** Ladies and gentlemen, good day and welcome to the Balkrishna Industries Limited Q3 and nine months FY26 earnings conference call. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions, and expectations of the company as of the date of this call. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict. As a reminder, all participant lines will be in a listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Rajiv Poddar, Joint Managing Director. Thank you and over to you, sir.

**Management:** Thank you. Good morning everyone and thank you for joining us today. I would firstly like to wish all of you a very happy New Year. Along with me, I have Mr. Bajaj, Senior President and Director Commercial; Mr. Satish Sharma, Senior President and Director Strategy and Business Development; Mr. Ravi Joshi, our Deputy CFO; Mr. Sushil Mishra, Head of Accounts; and SGA, our IR advisors.

Let me begin with performance updates. The geopolitical and macroeconomic environment continues to remain challenging, and the situation with US tariffs remains unchanged. Despite these headwinds, we delivered a strong sequential improvement during the quarter. Our overall sales volume increased by approximately 15% quarter-on-quarter. In the US market, despite the ongoing tariff situation, our strong product quality, brand positioning, and the practice of sharing the tariff impact with our channel partners have enabled us to regain some of the sales momentum.

India continues to outperform all markets. The positive momentum witnessed in Q2 following the GST reduction has sustained into Q3 as well. This has been supported by broad-based demand across channels and product segments in India. For Europe, it is important to note that the EUDR norms, which were to be implemented from January 1, 2026, have now been deferred by one year and are likely to be implemented from January 1, 2027. I would like to take this opportunity to thank and congratulate the Government of India for their remarkable efforts in signing the landmark FTA with the EU. We believe this will allow for further seamless trade between the two geographies.

Let me now share some other key highlights. Aligned with our core value of giving back to society, we have dedicated a state-of-the-art sports injury and rehab center at KEM Hospital in Mumbai. This 15,000-square-foot facility is among the largest of its kind in a government hospital in Western India. Further, BKT has featured on the wall of giving at Tata Memorial Hospital in Mumbai. This is in recognition of its long-standing commitment to supporting access to high-quality, evidence-based, and affordable cancer care.

In addition, as a testament to our comprehensive efforts on the ESG front, we have established an S&P; Global Corporate Sustainability Assessment score of 58. This places us among the leading tire manufacturers in terms of sustainability performance. In sports engagement, I am happy to share that BKT Tires is the official partner with all five Women's IPL team franchises in a landmark multi-team deal for the 2026 season. This partnership will expand our cricket footprint via our association with every Women's Premier League team in India, further strengthening our brand

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visibility and reinforcing our commitment to sports and women's athletics.

Let me update you on the capex front. During the quarter, we commissioned a new line of carbon black, taking the total capacity to 265,000 metric tons per annum. All remaining capex is progressing as per schedule.

With this, I now move on to operational highlights. For the quarter, our volumes stood at 80,620 metric tons, a growth of 6% year-on-year. For nine months, volumes stood at 231,536 metric tons, a minor de-growth of 1% year-on-year. Our standalone revenue for the quarter stood at 2,682 crores, registering a growth of 4% year-on-year. This includes an unrealized foreign exchange loss pertaining to sales of 47 crores. For nine months, the standalone revenue stood at 7,762 crores, which was flat on a year-on-year basis. This includes a realized loss on foreign exchange pertaining to sales of 117 crores.

The standalone EBITDA for the quarter was 605 crores, a margin of 22.5%. For nine months, the standalone EBITDA was 1,760 crores, registering a de-growth of 11% year-on-year. However, the margins for H1 stood at 22.7%. Profit after tax for the quarter was recorded at 375 crores, while for nine months, we recorded a PAT of 927 crores. Our capex spend for the nine months of this financial year was approximately 2,200 crores. As of December 31, 2025, the gross debt and cash and cash equivalents were 3,649 crores and 3,012 crores respectively. Accordingly, we have a net debt of about 637 crores. The Board of Directors has declared a third interim dividend per equity share, in addition to the 8 already paid in the previous two quarters. With this, I now conclude my opening remarks and leave the floor open to Q&A.;

**Operator:** Thank you very much, sir. We will now begin with the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to withdraw yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question comes from the line of Mumuksh Mandlesha with Anand Rathi. Please go ahead.

**Mumuksh Mandlesha - Anand Rathi:** Thank you, sir, for the opportunity. Firstly, on the Europe market turning positive this quarter. It has seen good growth this quarter and I think markets like Germany seem to have done well. I want to understand, considering the macro challenges mentioned, what factors led to the rebound in Europe?

**Management:** Overall, they are anticipating the season to begin from this year. As I mentioned in my earlier comments during the last quarter, a lot of the de-stocking had leveled out. It could be due to that.

**Mumuksh Mandlesha - Anand Rathi:** Going ahead, considering the macro challenges, should Europe be a steady kind of demand market?

**Management:** It is too early to make a call on the long term.

**Mumuksh Mandlesha - Anand Rathi:** Got it, sir. On Americas volume, how much would be the US specifically? Has the volume started to recover there, and is there any impact of the tariff on the

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margins?

**Management:** Overall, the Americas figures are in the investor presentation. US sales are down compared to the previous year, but the exact numbers are not at hand.

**Mumuksh Mandlesha – Anand Rathi:** And any impact of the tariff on our margin numbers?

**Management:** Yes, obviously because we have shared the cost with distributors, but a large portion is being borne by them.

**Mumuksh Mandlesha – Anand Rathi:** Got it. On the capex side, this year we have already done 2,200 crores, which was the guidance for the year. Can you update what the capex for the full year is now and also the expectations for next year?

**Management:** We expect about 300–400 crores more in the current financial year. The balance would be in the next year.

**Mumuksh Mandlesha – Anand Rathi:** Got it. On the commodity side, how do you see the trend there? Also, if you can share the Euro–INR rate for Q3 and how you see the outlook ahead?

**Management:** The Euro rate for Q3 was approximately 97.

**Mumuksh Mandlesha – Anand Rathi:** And how do you see our realizations ahead?

**Management:** They should marginally improve from here.

**Mumuksh Mandlesha – Anand Rathi:** Got it. On the commodity side, how do you see the trend ahead?

**Management:** Oil is moving up and natural rubber is also moving up, but it is too early to say what the exact impact will be.

**Mumuksh Mandlesha – Anand Rathi:** Got it, sir. Thank you so much for the opportunity.

**Management:** Thank you.

**Operator:** The next question comes from the line of Siddhartha Bera with Nomura. Please go ahead.

**Siddhartha Bera – Nomura:** Thanks for the opportunity. My first question is on the Euro–INR rate. We were close to 91 last year and it has gone up to 97 now. Can you talk about how the European realizations have been? It is a significant improvement on the hedges, but we have not seen much change in our ASPs or margins. Are there significant headwinds leading to a lower rate for next year, or why are you indicating only a modest increase?

**Management:** Firstly, the share of Europe has gone down, which has had an impact. As we maintained, we always have forward hedges, so that is playing out. For next year, the same forward hedging policy will continue.

**Siddhartha Bera – Nomura:** In terms of European realizations, have they remained stable or has there been any change?

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**Management:** Realizations are the same. There has not been a significant movement on that.

**Management:** Siddhartha, having said that, the last quarter's realizations were around 91-92 and this quarter is 97, and we are still indicating it will improve from here. In the last 10 months, the Euro has run up from 90 to 110. Even after December, in the last 20-25 days, it has run up by about 5 rupees. Because we are running forward positions, the entire gain will not be captured immediately in the rates.

**Siddhartha Bera – Nomura:** Got it. On the India business, we have seen strong growth consistently for the last few years. This quarter seems even stronger. What is driving this? Apart from industry growth, are there any customer additions or market share gains?

**Management:** As I mentioned in my opening comments, the positive impact of the government's role in reducing GST has driven sentiment in the entire auto sector, and we are seeing those benefits.

**Siddhartha Bera – Nomura:** Understood.

**Management:** Also, the good rains during the season have led to better demand.

**Siddhartha Bera – Nomura:** Does the higher India share have a negative impact on ASPs or margins?

**Management:** It does have a slightly lower ASP, but even with the enhanced volume in India, the EBITDA levels are on par with what they have been in the past. It is nullifying the overall effect.

**Siddhartha Bera – Nomura:** Last question is on the CV foray. We talked about pilots starting this quarter. How should we think about the ramp-up next year? What percentage of volumes can come from the CV segment?

**Management:** As mentioned in my opening remarks, all projects are on schedule. CV will also come up in this quarter. We will make announcements once we are ready. We are not anticipating any delay. Regarding the ramp-up, we have a plan we are working toward. It is too early to provide specifics, but we are confident in our long-term vision for 2030. It would be premature to comment on the quarterly impact.

**Siddhartha Bera – Nomura:** Understood, sir. Thanks a lot.

**Operator:** The next question comes from the line of Raghunandan with Nuvama. Please go ahead.

**Raghunandan – Nuvama:** Thank you for the opportunity. Firstly, with reference to the Europe retail, can you indicate what the existing duty is and how much reduction can be anticipated because of the deal?

**Management:** The current duty is 4%. It is not very clear what the duty will be after this treaty until we see the fine print of the agreement.

**Raghunandan – Nuvama:** In the rest of the world regions, which markets are primarily facing a decline?

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**Management:** The southern part of America and segments of Asia.

**Raghunandan – Nuvama:** How much was the freight cost as a percentage of revenue in Q3 and what is the outlook?

**Management:** It is around 5% and we expect it to be stable.

**Raghunandan – Nuvama:** Last quarter, I think it was over 6%, so there has been an improvement.

**Management:** It fluctuates depending on the export destination country, but it is going to stay in this range. There will not be a significant movement upward or downward.

**Raghunandan – Nuvama:** Within our expenses, are there costs we are factoring in for the efforts toward the CV and EV foray, such as product development?

**Management:** Nothing significant to highlight there.

**Raghunandan – Nuvama:** Lastly, on capex, will FY27 capex be in a similar range to FY26 at around 2,600 crores?

**Management:** We are not seeing a cost overrun. Out of the total amount committed, about 2,500–2,600 crores will be done in this financial year and the balance will be done in the next financial year.

**Raghunandan – Nuvama:** Understood. Thank you, sir.

**Operator:** The next question comes from the line of Abhishek Jain with Alpha Accurate Advisers. Please go ahead.

**Abhishek Jain – Alpha Accurate Advisers:** Thanks for the opportunity. How much is the current inventory in the US and European markets, and what is the outlook for Q4?

**Management:** We see that channel stock is on par with where it should be. Going forward, it is difficult to comment because of volatility and geopolitical scenarios. We hope it plays out well, but it is too early to comment.

**Abhishek Jain – Alpha Accurate Advisers:** I have heard that inventories are low in the US and you have started to increase numbers there this quarter; we saw strong quarter-on-quarter growth in the US. However, it is still declining 30% year-on-year. What is your strategy for the US market? Are you waiting for tariff issues to be resolved before ramping up, or will you continue to gain market share?

**Management:** As I mentioned in my opening remarks, due to our strong brand positioning, quality, and the sharing of tariffs with channel partners, we have regained some of the momentum lost in Q2. It is too early to comment on how tariffs will play out because the scenario hasn't changed. We will re-look at our strategy once things change. At the moment, we are focused on regaining lost momentum.

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**Abhishek Jain – Alpha Accurate Advisors:** How much is the impact on margins for the US business since you are absorbing a portion of the tariffs?

**Management:** I am not able to quantify business details on a public call.

**Abhishek Jain – Alpha Accurate Advisors:** What is the difference in realized margins between the export and domestic markets now?

**Management:** As I mentioned earlier, it is marginally lower. I am not going to quantify that.

**Abhishek Jain – Alpha Accurate Advisors:** My last question is on the carbon black plant. You increased capacity to 265,000 metric tons; how much will be for captive use versus commercial sales? What are the revenue and EBITDA expectations for this business?

**Management:** This entire new capacity is for outside sales because our internal consumption was satisfied by the earlier capacity. Margin-wise, it will be in line with the industry average.

**Abhishek Jain – Alpha Accurate Advisors:** Thank you, that is all from my side.

**Operator:** Thank you. In order to ensure that the management is able to address questions from all participants, please limit your questions to two per participant. The next question comes from the line of Yash Agrawal with Nirmal Bang Securities. Please go ahead.

**Yash Agrawal – Nirmal Bang Securities:** I wanted to understand regarding the US tariff; how much has been passed on to dealers and how much of the impact are we bearing?

**Management:** As I mentioned earlier, I am not able to quantify this on a public call. We are sharing the cost between us and our partners.

**Yash Agrawal – Nirmal Bang Securities:** Okay, that is it from my side.

**Operator:** The next question comes from the line of Aditya with Oldbridge Mutual Funds. Please go ahead.

**Aditya – Oldbridge Mutual Funds:** Thank you for the opportunity. My first question is on the India market. How should we see the volume split between agriculture and construction equipment?

**Management:** It is roughly a 60-40 split between industrial construction and agriculture. That is a rough approximation.

**Aditya – Oldbridge Mutual Funds:** We are witnessing lower volumes due to tariffs in the US this year, but can you give us some sense of the end-consumer demand for these tires? How is the farm-level activity compared to a year ago?

**Management:** US is a net importer, which will continue. It is a challenge to navigate the tariffs enforced on the country. We don't know how long this will continue or if rates will change, but as law-abiding citizens, we will make the best of the scenario.

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**Aditya – Oldbridge Mutual Funds:** I wanted to get a sense of farmer-level activity in terms of crops. Is the output or end-level activity significantly down compared to last year?

**Management:** Not that we are aware of. It seems to be as per normal.

**Aditya – Oldbridge Mutual Funds:** Thank you.

**Operator:** The next question comes from the line of Chirag with Keynote Capital. Please go ahead.

**Chirag – Keynote Capitals:** Thank you for the opportunity. What percentage of our revenue came from carbon black this quarter?

**Management:** It is less than 10%.

**Chirag – Keynote Capitals:** Could you update us on the utilization of advanced carbon black assets and the volumes there?

**Management:** It is not yet significant, but we are receiving sample approvals from many places and this should improve in the coming quarters.

**Chirag – Keynote Capitals:** Regarding the Indian market, what is the right to win for a company entering the commercial vehicle and passenger vehicle segments? Why will Balkrishna be able to gain market share in such a competitive industry?

**Management:** We hope to deliver a better value proposition through our products, channel, brand, and end-user value. Combined, we believe we can deliver a better proposition than what the market currently experiences.

**Chirag – Keynote Capitals:** If I bifurcate the OHT industry into agriculture, mining, construction, and industrial, is Balkrishna present in the industrial tire segment?

**Management:** Yes.

**Chirag – Keynote Capitals:** That is all from my side. Thank you.

**Operator:** The next question comes from the line of Pramod Amte with Incred Capital. Please go ahead.

**Pramod Amte – Incred Capital:** Thanks for taking my call. Regarding the US market, which competitors are gaining at your cost? Once duties normalize, do you feel you have the right to regain that position?

**Management:** We generally refrain from commenting on competitor activity. Regarding our policy, we are building foundations to ensure we are ready to regain momentum once the scenario changes. North America remains a driver of growth for us.

**Pramod Amte – Incred Capital:** Regarding the new projects, such as the rubber tracks and specialty carbon, is there any update on client acceptance and orders?

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**Management:** Regarding carbon black, it is a work in progress and the ramp-up takes time due to the acceptance process, but we are gaining acceptance daily. Regarding the rubber tracks, they are also a work in progress. Our product is under validation at OEMs, and we expect that to progress in the coming quarters.

**Pramod Amte – Incred Capital:** Thank you.

**Operator:** As there are no further questions from the participants, I now hand the conference over to the management for closing comments.

**Management:** We thank everyone for taking the time to join us. We look forward to seeing you next quarter. Thank you and have a safe day.

**Operator:** Thank you. On behalf of Balkrishna Industries Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.

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