




# JK Tyre & Industries Limited

# HOLD

Sector: Auto Components

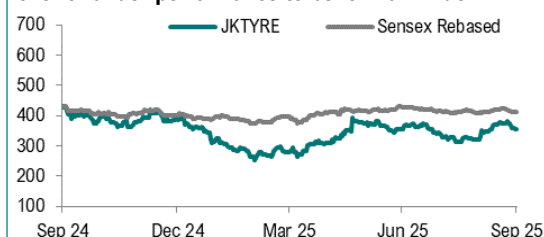
30<sup>th</sup> September, 2025

Key Changes		Target 	Rating 	Earnings 		Target	Rs. 391
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame	<b>CMP</b>	<b>Rs. 355</b>
Small Cap	JKI:IN	80,365	JKTYRE	530007	12 Months	<b>Return</b>	<b>+10%</b>

**Data as of: 29-September-2025, 18:00 hrs**

Company Data			
Market Cap (Rs.cr)	9,758		
52 Week High — Low (Rs.)	437 - 232		
Enterprise Value (Rs. cr)	13,944		
Outstanding Shares (cr)	27.4		
Free Float (%)	44.2		
Dividend Yield (%)	0.8		
6m average volume (cr)	0.1		
Beta	1.3		
Face value (Rs. )	2.0		
Shareholding (%)	Q3FY25	Q4FY25	Q1FY26
Promoters	50.6	50.6	50.6
Fill's	16.0	15.9	16.1
MFs/Institutions	6.3	6.2	6.4
Public	20.8	21.0	20.4
Others	6.3	6.4	6.5
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil
Price Performance	3 Month	6 Month	1 Year
Absolute Return	-2.9%	21.8%	-17.2%
Absolute Sensex	-3.7%	5.2%	-4.8%
Relative Return	0.8%	16.5%	-12.5%

\*over or under performance to benchmark index



Y.E March (Rs.cr)	FY25A	FY26E	FY27E
Sales	14,693	15,597	16,915
Growth (%)	-2.1	6.2	8.5
EBITDA	1,599	1,830	2,171
EBITDA Margin (%)	10.9	11.7	12.8
PAT Adjusted	527	746	972
Growth (%)	-35.3	41.6	30.4
Adjusted EPS	19.2	27.2	35.5
Growth (%)	-38.4	41.6	30.4
P/E	14.5	13.1	10.0
P/B	1.6	1.8	1.6
EV/EBITDA	8.0	8.2	6.8
ROE (%)	10.2	13.5	15.0
D/E	1.2	1.0	0.9

## India revenue grows, global market faces challenges

**JK Tyre & Industries Ltd is a leading tyre manufacturer in India. It also makes tubes and flaps and provides automotive services.**

- Consolidated revenue from operations in Q1FY26 increased 6.3% YoY to Rs. 3,869cr due to higher India revenue, partly offset by a decline in Mexico revenue.
- Domestic revenue grew 8.9% YoY to Rs. 3,453cr on account of digitalisation and focus on enhancing operational efficiencies. Mexico revenue fell 15.4% YoY to Rs. 505cr due to geopolitical headwinds.
- During the quarter, EBITDA fell 19.6% YoY to Rs. 402cr, led by higher cost of sales.
- Cost of sales grew 14.4% YoY to Rs. 2,451cr due to a 3.8% YoY increase in cost of material consumed to Rs. 2,267cr. As a result, EBITDA margin narrowed to 10.4%, down 330bps YoY.
- Reported profit after tax (PAT) fell a considerable 26.9% YoY to Rs. 155cr owing to higher cost of sales and an increase in net finance cost.

## Outlook & Valuation

JK Tyre's revenue grew during the quarter driven by its India operations, while the Mexico business partially offset this growth due to geopolitical tensions. Margin and profitability were impacted as the cost of sales increased. The Indian tyre industry is expected to grow 7-8% this fiscal driven by strong domestic replacement demand. Furthermore, the company's market penetration, digitalisation efforts and focus on enhancing operational efficiencies are expected to support long-term growth. Nevertheless, global uncertainties caused by US tariffs and the ongoing geopolitical situation continue to pose challenges. As a result, **we retain our HOLD rating on the stock with a revised target price of Rs. 391, using a target multiple of 11x based on FY27E adj. EPS.**

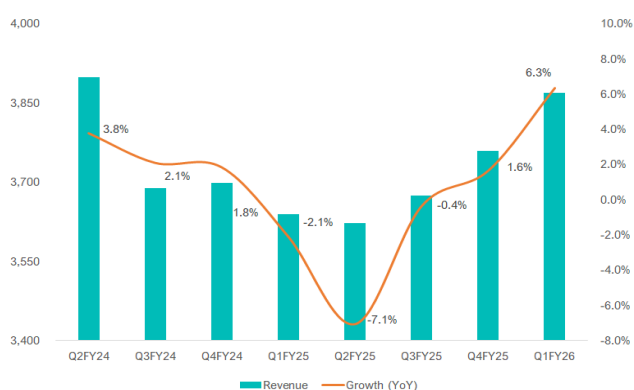
## Quarterly Finance Consolidated

Rs.cr	Q1FY26	Q1FY25	YoY Growth (%)	Q4FY25	QoQ Growth (%)
Sales	3,869	3,639	6.3	3,759	2.9
EBITDA	402	500	-19.6	363	10.8
Margin (%)	10.4	13.7	-330bps	9.7	70bps
EBIT	289	387	-25.5	246	17.2
PBT	208	290	-28.3	144	44.6
Rep. PAT	155	212	-26.9	102	51.2
Adj PAT	153	212	-27.9	100	53.1
Adj. EPS (Rs)	5.6	8.1	-31.4	3.6	53.1

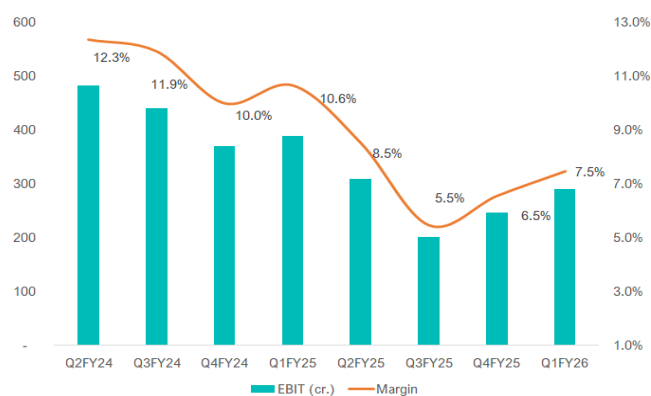
## Key concall highlights

- Consolidated capacity utilisation for the first quarter stood at approximately 80%, with radial capacity utilisation exceeding 85%, indicating a higher level of production efficiency in the radial segment.
- The 2/3-wheeler category saw a significant surge in the original equipment manufacturer (OEM) segment sales, with a 53% YoY growth, highlighting a strong performance in this sector.
- JK Tyre's domestic sales of commercial vehicle tyres remained flat, but exports grew 23% YoY. Passenger vehicle tyre sales were strong, with SUVs driving growth and total car tyre sales crossing 1 million units.
- The company saw record-breaking sales in both commercial and passenger categories during the quarter, fuelled by effective brand building efforts that have significantly boosted customer confidence in the quality of its products.
- In Q1FY26, JK Tyre expanded its market reach by adding 240+ dealers, 35 exclusive shops and 40+ fleet accounts in India.
- The company's subsidiary, Cavendish Industries Ltd. reported a revenue of Rs. 800cr for the first quarter and an EBITDA of Rs. 51cr.
- The revenue mix by for the quarter was 64% from the replacement market, 22% from OEMs and 14% from exports.

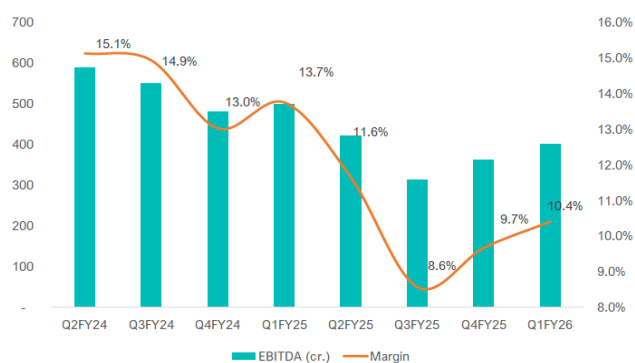
## Revenue



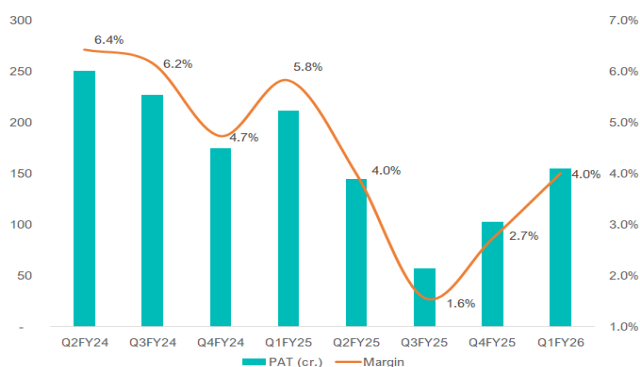
## EBIT



## EBITDA



## PAT



## Change in Estimates

Year / Rs cr	Old estimates		New estimates		Change -%	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	16,206	17,208	15,597	16,915	-3.8	-1.7
EBITDA	2,009	2,254	1,830	2,171	-8.9	-3.7
Margins (%)	12.4	13.1	11.7	12.8	-70bps	-30bps
Adj. PAT	845	983	746	972	-11.8	-1.1
EPS	30.8	35.9	27.2	35.5	-11.8	-1.1



## Consolidated Financials

### Profit & Loss

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
<b>Sales</b>	<b>14,645</b>	<b>15,002</b>	<b>14,693</b>	<b>15,597</b>	<b>16,915</b>
% change	22.2	2.4	-2.1	6.2	8.5
<b>EBITDA</b>	<b>1,298</b>	<b>2,078</b>	<b>1,599</b>	<b>1,830</b>	<b>2,171</b>
% change	20.9	60.1	-23.1	14.5	18.6
Depreciation	407	437	456	471	501
<b>EBIT</b>	<b>891</b>	<b>1,641</b>	<b>1,142</b>	<b>1,359</b>	<b>1,669</b>
Interest	455	447	476	492	515
Other Income	-25	17	48	124	117
<b>PBT</b>	<b>411</b>	<b>1,211</b>	<b>713</b>	<b>991</b>	<b>1,271</b>
% change	33.1	194.4	-41.1	38.9	28.2
Tax	147	399	198	233	299
Tax Rate (%)	35.6	33.0	27.7	23.5	23.5
<b>Reported PAT</b>	<b>265</b>	<b>811</b>	<b>516</b>	<b>758</b>	<b>972</b>
<b>PAT att. to common shareholders</b>	<b>262</b>	<b>786</b>	<b>495</b>	<b>737</b>	<b>945</b>
Adj.*	62	27	32	-13	-
<b>Adj. PAT</b>	<b>324</b>	<b>814</b>	<b>527</b>	<b>746</b>	<b>972</b>
% change	57.0	151.1	-35.3	41.6	30.4
No. of shares (cr)	24.6	26.1	27.4	27.4	27.4
<b>Adj EPS (Rs.)</b>	<b>13.2</b>	<b>31.2</b>	<b>19.2</b>	<b>27.2</b>	<b>35.5</b>
% change	57.0	137.1	-38.4	41.6	30.4
DPS (Rs.)	2.0	4.5	3.0	4.0	5.0

### Cashflow

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
Net inc. + Depn.	670	1,223	952	1,208	1,446
Non-cash adj.	510	603	344	-71	348
Other adjustments					
Changes in W.C	45	-212	-580	226	-198
<b>C.F. Operation</b>	<b>1,224</b>	<b>1,614</b>	<b>716</b>	<b>1,363</b>	<b>1,597</b>
Capital exp.	-399	-744	-588	-702	-846
Change in inv.	-18	-483	72	-	-
Other invest.CF	16	19	61	-	-
<b>C.F - Investment</b>	<b>-400</b>	<b>-1,208</b>	<b>-455</b>	<b>-702</b>	<b>-846</b>
Issue of equity	239	492	-	-	-
Issue/repay debt	-463	-325	373	-	-
Dividends paid	-37	-75	-91	-110	-137
Other finance.CF	-487	-504	-519	-492	-515
<b>C.F - Finance</b>	<b>-747</b>	<b>-413</b>	<b>-237</b>	<b>-601</b>	<b>-652</b>
Chg. in cash	76	-7	23	60	99
<b>Closing Cash</b>	<b>266</b>	<b>770</b>	<b>711</b>	<b>771</b>	<b>870</b>

### Balance Sheet

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Cash	266	770	711	771	870
Accts. Receivable	2,283	2,754	2,831	2,917	3,214
Inventories	2,171	2,282	2,526	2,580	2,664
Other Cur. Assets	692	751	885	947	974
Investments	138	133	134	134	134
<b>Gross Fixed Assets</b>	<b>9,155</b>	<b>9,899</b>	<b>10,487</b>	<b>11,189</b>	<b>12,035</b>
Net Fixed Assets	6,209	6,562	6,524	6,755	7,099
CWIP	191	366	417	543	705
Intangible Assets	257	262	206	209	212
Def. Tax -Net	110	83	84	58	75
Other Assets	133	132	200	200	200
<b>Total Assets</b>	<b>12,449</b>	<b>14,094</b>	<b>14,519</b>	<b>15,114</b>	<b>16,146</b>
Current Liabilities	2,838	3,399	3,036	3,381	3,520
Provisions	100	118	112	112	112
Debt Funds	5,585	5,394	5,779	5,779	5,779
Other Liabilities	431	577	608	210	269
Equity Capital	49	52	55	55	55
Res. & Surplus	3,347	4,435	4,796	5,423	6,231
<b>Shareholder Funds</b>	<b>3,396</b>	<b>4,487</b>	<b>4,850</b>	<b>5,478</b>	<b>6,285</b>
Minority Interest	100	119	133	155	182
<b>Total Liabilities</b>	<b>12,449</b>	<b>14,094</b>	<b>14,519</b>	<b>15,114</b>	<b>16,146</b>
<b>BVPS</b>	<b>138</b>	<b>172</b>	<b>177</b>	<b>200</b>	<b>229</b>

### Ratios

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
<b>Profitab. &amp; Return</b>					
EBITDA margin (%)	8.9	13.8	10.9	11.7	12.8
EBIT margin (%)	6.1	10.9	7.8	8.7	9.9
Net profit mgn.(%)	1.8	5.2	3.4	4.7	5.6
ROE (%)	7.7	17.5	10.2	13.5	15.0
ROCE (%)	9.8	16.4	10.6	11.9	13.6
<b>W.C &amp; Liquidity</b>					
Receivables (days)	56.9	67.0	70.3	68.3	69.4
Inventory (days)	79.1	91.8	100.5	98.6	94.9
Payables (days)	66.3	86.8	75.3	86.2	87.0
Current ratio (x)	1.0	1.2	1.2	1.2	1.2
Quick ratio (x)	0.5	0.6	0.6	0.6	0.7
<b>Turnover &amp; Leverage</b>					
Gross asset T.O (x)	1.6	1.6	1.4	1.4	1.5
Total asset T.O (x)	1.2	1.1	1.0	1.1	1.1
Int. covge. ratio (x)	2.0	3.7	2.4	2.8	3.2
Adj. debt/equity (x)	1.6	1.2	1.2	1.0	0.9
<b>Valuation</b>					
EV/Sales (x)	0.6	1.1	0.9	1.0	0.9
EV/EBITDA (x)	7.1	7.7	8.0	8.2	6.8
P/E (x)	11.8	13.8	14.5	13.1	10.0
P/BV (x)	1.1	2.5	1.6	1.8	1.6



## Recommendation Summary - (last 3 years)



Dates	Rating	Target
09-Feb-23	HOLD	166
10-Aug-23	HOLD	286
03-Nov-23	HOLD	380
12-Feb-24	HOLD	461
01-Jun-24	ACCUMULATE	449
08-Aug-24	ACCUMULATE	469
03-Apr-25	HOLD	316
30-Sep-25	HOLD	391

## Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%

### Not rated/Neutral

#### Definition:

**Buy:** Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

#### Symbols definition:

▲ Upgrade

● No Change

▼ Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

The recommendations are based on 12 month horizon, unless otherwise specified. The investment ratings are on absolute positive/negative return basis. It is possible that due to volatile price fluctuation in the near to medium term, there could be a temporary mismatch to rating. For reasons of valuations/ return/lack of clarity/event we may revisit rating at appropriate time. Please note that the stock always carries the risk of being upgraded to BUY or downgraded to a HOLD, REDUCE or SELL.

Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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