

Retail Equity Research



JK Tyre & Industries Limited

ACCUMULATE

Sector: Auto Components

20th January, 2026

Key Changes		Target	Rating	Earnings	Target	Rs. 561
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame	CMP
Small Cap	JKI:IN	83,246	JKTYRE	530007	12 Months	Return +11%

Data as of: 19-Jan-2026, 18:00 hrs

Company Data			
Shareholding (%)	Q4FY25	Q1FY26	Q2FY26
Promoters	50.6	50.6	50.6
FII's	15.9	16.1	16.1
MFs/Institutions	6.0	6.3	7.2
Public	27.5	27.0	26.1
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil
Price Performance	3 Month	6 Month	1 Year
Absolute Return	37.9%	39.0%	37.6%
Absolute Sensex	4.0%	2.0%	9.1%
Relative Return	33.9%	37.1%	28.5%

*over or under performance to benchmark index



Y.E March (cr)	FY25A	FY26E	FY27E
Sales	14,693	16,052	17,573
Growth (%)	-2.1	9.2	9.5
EBITDA	1,599	1,996	2,290
EBITDA Margin (%)	10.9	12.4	13.0
PAT Adjusted	527	851	997
Growth (%)	-35.3	61.6	17.2
Adjusted EPS	18.3	29.5	34.6
Growth (%)	-41.3	61.2	17.3
P/E	14.5	16.5	14.1
P/B	1.6	2.5	2.2
EV/EBITDA	8.0	9.8	8.5
ROE (%)	10.2	15.0	15.2
D/E	1.2	1.0	0.9

GST reduction to drive strong demand

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

- In Q2FY26, consolidated revenue from operations increased 10.8% YoY to Rs. 4,011cr, driven by robust performance in both domestic and international markets.
- Domestic revenue grew 10.7% YoY to Rs. 3,516cr, owing to an increase in domestic volume on account of a noticeable uptick across the segment. International revenue increased 7.7% YoY to Rs. 639cr, despite tariff-related challenges.
- The farm category saw robust volume growth of 78% YoY in the OEM segment and growth of 12% YoY in the replacement segment. Additionally, the two- and three-wheeler category's volume in the OEM segment grew 155% YoY.
- EBITDA rose 23.8% YoY to Rs. 521cr, supported by higher revenue, improved operational performance and increased operational efficiencies. As a result, EBITDA margin expanded 140bps YoY to 13.0%.
- Reported profit after tax (PAT) increased 54.3% YoY to Rs. 223cr.

Outlook & Valuation

The company's consolidated revenue grew on account of robust performance in both domestic and international markets. The government's reduction of Goods and Services Tax (GST) on tyres is expected to improve overall auto demand, enhance competitive advantages and increase market share, benefitting JK Tyre in the future. The company has passed on 100% of the GST reduction benefit to its customers, which is expected to further aid overall demand. With improved operational performance, increased operational efficiencies and a streamlined distribution network, JK Tyre is likely to continue its growth momentum. The company's commitment to sustainability and digital transformation is also a positive aspect. Thus, we upgrade our rating on the stock to **ACCUMULATE** with a revised target price of Rs. 561, using a target multiple of 16.0x based on FY27E adj. EPS.

Quarterly Finance Consolidated

Rs.cr	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	H1FY26	H1FY25	YoY (%)
Sales	4,011	3,622	10.8	3,869	3.7	7,880	7,261	8.5
EBITDA	521	421	23.8	402	29.7	924	921	0.2
Margin (%)	13.0	11.6	140bps	10.4	260bps	11.7	12.7	-100bps
EBIT	405	308	31.4	289	40.3	693	696	-0.3
PBT	304	199	53.0	208	46.1	512	489	4.7
Rep. PAT	223	144	54.3	155	43.7	377	356	6.0
Adj PAT	229	146	56.9	153	49.8	382	358	6.7
Adj. EPS (Rs)	8.4	5.3	56.9	5.6	49.8	13.9	13.1	6.7



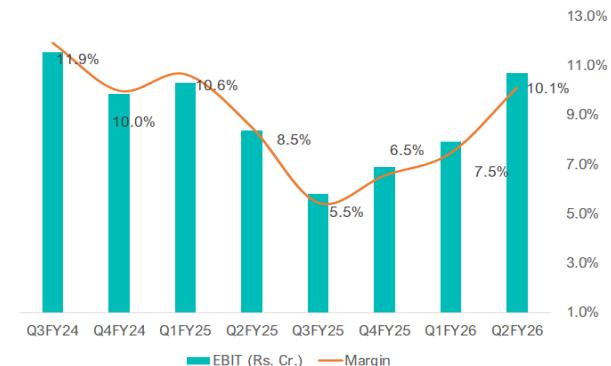
Key concall highlights

- The company is currently investing in three major projects: i) the development of a passenger car radial project at the Banmore unit, which is valued at Rs. 1,025cr; ii) a TBR tyre expansion project at the Laksar tyre plant, with an investment of Rs. 261cr; and iii) the production of light truck radial tyres, with an investment of Rs. 112cr.
- Capacity utilisation for the quarter was 88% on a consolidated basis, with radial capacity utilisation above 90%.
- Exports to the US remained steady despite tariff-related challenges. Sales in the Brazilian and Latin American markets grew due to better market coverage and a focused sales approach.
- JK Tornel's EBITDA grew nearly fivefold to Rs. 49cr, with EBITDA margin rebounding to 7.6%.
- Net debt as of September 30 stood at Rs. 4,201cr, up Rs. 339cr QoQ. Gross debt increased Rs. 243cr, mainly due to funds utilised for project implementation.
- Capital expenditure for the year is projected at Rs. ~1,200cr, with Rs. 610cr spent in H1FY26 and Rs. ~600cr expected to be spent in H2FY26.

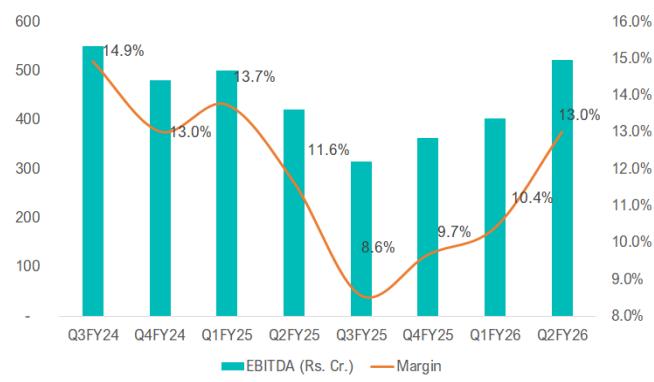
Revenue



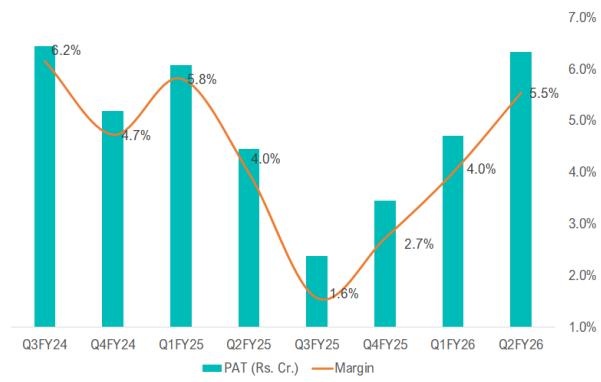
EBIT



EBITDA



PAT



Change in Estimates

Year / Rs cr	Old estimates		New estimates		Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	15,597	16,915	16,052	17,573	2.9	3.9
EBITDA	1,830	2,171	1,996	2,290	9.1	5.5
Margins (%)	11.7	12.8	12.4	13.0	70bps	20bps
Adj. PAT	746	972	851	997	14.2	2.6
EPS	25.9	33.8	29.5	34.6	14.2	2.6

Consolidated Financials

Profit & Loss

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Sales	14,645	15,002	14,693	16,052	17,573
% change	22.2	2.4	-2.1	9.2	9.5
EBITDA	1,298	2,078	1,599	1,996	2,290
% change	20.9	60.1	-23.1	24.9	14.8
Depreciation	407	437	456	471	524
EBIT	891	1,641	1,142	1,525	1,766
Interest	455	447	476	492	547
Other Income	-25	17	48	86	85
PBT	411	1,211	713	1,119	1,304
% change	33.1	194.4	-41.1	56.9	16.5
Tax	147	399	198	263	306
Tax Rate (%)	35.6	33.0	27.7	23.5	23.5
Reported PAT	265	811	516	856	997
PAT att. to common shareholders	262	786	495	832	969
Adj.*	62	27	32	-5	-
Adj. PAT	324	814	527	851	997
% change	57.0	151.1	-35.3	61.6	17.2
No. of shares (cr)	24.6	26.1	28.8	28.8	28.8
Adj EPS (Rs.)	13.2	31.2	18.3	29.5	34.6
% change	57.0	137.1	-41.3	61.2	17.3
DPS (Rs.)	2.0	4.5	3.0	4.5	5.1

Balance Sheet

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Cash	266	770	711	537	671
Accts. Receivable	2,283	2,754	2,831	3,130	3,339
Inventories	2,171	2,282	2,526	2,311	2,395
Other Cur. Assets	692	751	885	876	1,092
Investments	138	133	134	134	134
Gross Fixed Assets	9,155	9,899	10,487	11,611	12,489
Net Fixed Assets	6,209	6,562	6,524	7,176	7,531
CWIP	191	366	417	543	705
Intangible Assets	257	262	206	209	212
Def. Tax -Net	110	83	84	66	77
Other Assets	133	132	200	200	200
Total Assets	12,449	14,094	14,519	15,182	16,356
Current Liabilities	2,838	3,399	3,036	3,264	3,503
Provisions	100	118	112	112	112
Debt Funds	5,585	5,394	5,779	5,853	5,892
Other Liabilities	431	577	608	237	276
Equity Capital	49	52	55	55	55
Res. & Surplus	3,347	4,435	4,796	5,504	6,333
Shareholder Funds	3,396	4,487	4,850	5,559	6,388
Minority Interest	100	119	133	157	185
Total Liabilities	12,449	14,094	14,519	15,182	16,356
BVPS	138	172	177	203	233

Cashflow

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Net inc. + Depn.	670	1,223	952	1,303	1,494
Non-cash adj.	510	603	344	37	328
Other adjustments	-	-	-	-	-
Changes in W.C	45	-212	-580	150	-11
C.F. Operation	1,224	1,614	716	1,490	1,811
Capital exp.	-399	-744	-588	-1,124	-879
Change in inv.	-18	-483	72	-	-
Other invest.CF	16	19	61	-	-
C.F - Investment	-400	-1,208	-455	-1,124	-879
Issue of equity	239	492	-	-	-
Issue/repay debt	-463	-325	373	74	39
Dividends paid	-37	-75	-91	-124	-141
Other finance.CF	-487	-504	-519	-492	-696
C.F - Finance	-747	-413	-237	-541	-798
Chg. in cash	76	-7	23	-175	135
Closing Cash	266	770	711	537	671

Ratio

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
Profitab. & Return					
EBITDA margin (%)	8.9	13.8	10.9	12.4	13.0
EBIT margin (%)	6.1	10.9	7.8	9.5	10.0
Net profit mgn. (%)	1.8	5.2	3.4	5.2	5.5
ROE (%)	7.7	17.5	10.2	15.0	15.2
ROCE (%)	9.8	16.4	10.6	13.2	14.2
W.C & Liquidity					
Receivables (days)	56.9	67.0	70.3	71.2	69.4
Inventory (days)	79.1	91.8	100.5	85.8	82.1
Payables (days)	66.3	86.8	75.3	78.9	82.6
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
Turnover & Leverage					
Gross asset T.O (x)	1.6	1.6	1.4	1.5	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	3.1	3.2
Adj. debt/equity (x)	1.6	1.2	1.2	1.0	0.9
Valuation					
EV/Sales (x)	0.6	1.1	0.9	1.2	1.1
EV/EBITDA (x)	7.1	7.7	8.0	9.8	8.5
P/E (x)	11.8	13.8	14.5	16.5	14.1
P/BV (x)	1.1	2.5	1.6	2.5	2.2



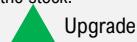
Investment Rating Criteria

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.

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

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