

## Company Name: JK Tyre & Industries

BSE CODE: 530007

NSE CODE: JKTYRE

Sector: Tyre

Industry: Tyre

**CMP (Rs): 409 | Buy Range: 400-410 | Target Price: 522 | Potential Upside: 28%**
**Duration of Recommendation: 8 - 12 months**

### Company Data

Market Cap (Rs Cr)	10,673
Enterprise value (Rs Cr)	14,513
52-Week High/Low (Rs)	554/186
EPS (TTM) (Rs)	30.20
P/E Ratio (x) TTM	13.3
Industry PE (x)	26.9
EV/EBITDA (x) TTM	6.84
P/PB (x) TTM	2.4

Shareholding %	Q2FY24	Q3FY24	Q4FY24
Promoters	53.13	53.13	53.13
FII's	10.29	12.21	15.29
DII's	1.27	5.79	5.18
Public	32.19	28.87	26.4
Others	0.00	0.00	0.00
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Pledged	0.00	0.00	0.00

### Financial Performance (Consolidated)

INR (Cr)	FY23	FY24	FY25E	FY26E
<b>Revenue</b>	<b>14,645</b>	<b>15,002</b>	<b>16,202</b>	<b>17,579</b>
Growth (%)	22.2%	2.4%	8.0%	8.5%
EBITDA	1,298	2,078	2,236	2,426
EBITDA growth	21.0%	60.1%	7.6%	8.5%
EBITDA margin	8.9%	13.8%	13.8%	13.8%
<b>Net Profit</b>	<b>265</b>	<b>786</b>	<b>1,005</b>	<b>1,090</b>
Profit growth	10.4%	10.4%	27.8%	8.5%
Profit margins	1.8%	5.2%	6.2%	6.2%
EPS	10.8	31.1	39.7	43.1
BVPS	137.9	172.1	198.0	233.0
P/E (x)	14.5	13.9	10.3	9.5
P/BV(x)	1.1	2.4	2.1	1.8
ROE (%)	8.4%	20.0%	19.5%	18.0%
RoCE	10.8%	18.0%	22.9%	22.7%
EV/EBITDA(x)	6.42	6.98	6.49	5.98

Source: Company, Share India Securities

### Price Performance



Share India Securities | Retail Research

**Our Recommendation:** JKI is intensifying its focus on high-growth, high-margin PCR through strategically timed capex, currently operating at around 95% utilization, especially in high-margin SUV tires. Despite controlled overall capex, this approach is facilitating further debt reduction. At CMP, the stock is trading at attractive valuations at 6x its FY26 EBITDA. We value the stock 7.2x of FY26 EV/EBITDA. **We recommend BUY in price range of 400-410 with target price of 522 (based on 7.2x FY26 EV/EBITDA) with potential upside 28%.**

**About Company:** JK Tyre & Industries, the flagship entity of the JK Group, is a prominent tyre manufacturer in India and ranks among the top 25 globally. The company offers a broad spectrum of products catering to various business segments- trucks, buses, (LCVs), passenger cars, multi-utility vehicles, and tractors.

### Investment Rationale:

**Pricing discipline to help maintain margins:** Rubber and crude derivatives are major costs for tyre companies. Previously volatile margins due to raw material costs and aftermarket competition are now stabilizing. In Q4FY24, tyre companies maintained stable margins and announced price hikes to offset rising rubber prices.

**Strong Capacity Expansion:** The company's ongoing capacity expansion projects for TBR and PCR nearing completion and all Steel Light Truck Radial (ASLTR) tyres under implementation.

**Positive Market Outlook:** The company is optimistic in the medium to long term with passenger and 2/3 wheelers tyre expected to remain buoyant. The company's stable replacement demand for CV tyres, expected increase in demand from OEMs in the second half of the fiscal. The exports demand started recovering since the last quarter of FY24.

**Consistent Healthy Financial Performance:** Revenue/EBITDA/ PAT has grown at CAGR of 8%/13.3%/33% over FY19-24 period. EBITDA margins have improved to 14%. Company improved its ROE/ROCE consistently to 20%/18 in FY24. Company

### Healthy Performance In Fourth Quarter:

- ❖ Consolidated Revenue/EBITDA/PAT up by 1.8%/27.9%/55% YoY to Rs. 3698/481/175 crores respectively.
- ❖ EBITDA margins improved by 265 bps to 13% YoY from 10.4%.
- ❖ On QoQ basis, Revenue/EBITDA/PAT were +0.3%/-12.5%/-23%. respectively.

**Attractive Valuations :** In FY24 and a 13.8% operating margin, JKT's RoE and RoCE stand at 20/18% respectively. Currently trading at 6x EV/EBITDA and <10x PE for FY26E, JKT is quite affordable given its financial profile.

**Key Risks:** Escalation of geopolitical tension, rise in oil and rubber prices.

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