

JK Tyres & Inds.

Operator: Ladies and gentlemen, good day and welcome to JK Tyre & Industries Ltd. Q1 FY27 earnings conference call hosted by MK Global Financial Services. As a reminder, all participant lines will be in listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal the operator by pressing star and then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Chirag Jain. Thank you, and over to you, sir.

Chirag Jain – MK Global Financial Services: Thank you, Atharva. Good afternoon, everyone. On behalf of MK Global Financial Services, I welcome you all to the Q1 FY27 earnings conference call of JK Tyre & Industries Ltd. Today, from the management team, we have with us Mr. Anshuman Singhania, Managing Director; Mr. Arun K. Bajoria, Director and President International; Mr. A.K. Kinra, Financial Advisor; and Mr. Sanjeev Aggarwal, Chief Financial Officer. I will now hand over the call to the management team for their opening remarks, after which we will open the floor for Q&A. Over to you, sir.

Anshuman Singhania – MD: Good evening, and welcome to the JK Tyre Q1 FY27 earnings conference call. Let me start with the macroeconomic perspective. The Indian economy showed solid growth in Q1 FY27, supported by strong domestic demand. The industry showed resilience, but external uncertainties and higher input costs weighed on profitability. Real GDP is projected to grow by 6.6% in FY27. The country's growth outlook continues to be supported by robust domestic consumption, steady service activities, the government's focus on capex, and supportive monetary and fiscal conditions. The recently signed FTAs with several nations, including the EU and the UK, augur well for strengthening India's exports and trade. This will help cushion the impact of macroeconomic volatility while simultaneously enabling deeper penetration into these markets.

In Q1 FY27, the Indian auto industry delivered another consecutive quarter of record performance across all sectors, registering high double-digit growth supported by sustained demand momentum across urban and rural markets. This was on the back of the benefits of GST reform, rising infrastructure activities, higher freight movement, new model launches, and the availability of easier financing supported by lower interest rates. During the quarter, the PV segment witnessed leading growth of 23%, CV grew by 14%, and the 2- and 3-wheeler segment grew by 14% on a year-on-year basis, continuing the record performance in FY26 led by demand momentum. The farm segment also performed very well, with robust growth of 22% despite concerns regarding a below-normal monsoon.

Coming to JK Tyre in Q1 FY27, we witnessed steady performance and recorded consolidated turnover of Rs 3,956 crores, supported by strong demand momentum across segments. The performance was driven by our focus on customer centricity, product excellence, and sharp execution across markets. During the quarter, domestic sales volume grew by 25% year-on-year across both replacement and OEM markets, with an increasing contribution from higher value-added products. The continuing West Asia crisis led to a steep increase in raw material prices, approximately 20% vis-à-vis Q4 FY26, which impacted our gross and operating margins. We are offsetting this by taking selling price increases in a staggered manner, enriching our product mix, increasing the share of value-added products, leveraging operating efficiencies, and

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taking efficiency improvement measures. We hope that the recent moderation in commodity and crude oil prices will lower input costs and improve profitability margins going forward.

We are optimistic that demand momentum in automobiles and tyres will remain intact in the medium term, supported by new launches, strong replacement market needs, rapid infrastructure growth, and a rising vehicle population. Rural markets continue to gain traction in line with urban markets, driven by rising income, improving infrastructure, and growing aspirations for quality products. This is translating into increased vehicle ownership and thereby accelerating tyre demand. We are strategically expanding our rural distribution network to cater to this emerging demand.

At JK Tyre, our focus remains on fully sweating our assets, improving our product mix, leveraging premiumization, and building an EV-oriented portfolio. This is being pursued together with the enhancement of digital and manufacturing excellence by leveraging IoT, AI, and ML, and deepening our customer engagement to deliver reliable, relevant, and future-ready mobility solutions. Our mobility business continues to register high double-digit growth, driven by connected and intelligent solutions. We are establishing a pan-India ecosystem supported by a network of more than 100 Truck Wheels and more than 700 Pit Shops, enabling seamless and timely on-road service. India's EV ecosystem is growing rapidly, with customers moving from ICE to EVs on the back of surging fuel costs, improving cost economics, and wider model availability. We witnessed double-digit growth in overall EV volumes over the previous quarter. We offer a full-stack solution for EV tyres and are well prepared to lead this emerging trend.

It is my pleasure to bring to your attention that JK Tyre holds international benchmarks in raw water usage and energy consumption. Our aim is to grow responsibly, reduce resource consumption, and strengthen long-term resilience. I am proud to share that our Vikrant and Chennai tyre plants have received an international safety award from the British Safety Council. CII has also recognized several of our plants for sustainability, environmental, health, and safety factors. Our global technology and innovation center, RPS COE, has signed an MOU with the National Institute of Engineering, Mysore, strengthening industry-academia collaboration. This partnership aims to drive innovation in tyre engineering by leveraging emerging technologies such as AI and data-driven solutions.

Keeping in mind our optimistic outlook on tyre demand, we remain committed to expanding our manufacturing capability, as already announced in the previous quarter, with an investment of 4,980 crore for PCR and TBR at the Chennai tyre plant. Now I would like to take you through some of the key operational highlights for Q1. Domestic markets recorded healthy volume growth of 25%, led by robust growth of 42% in OEM. TBR volumes in the OEM market grew by 18% and in the replacement market by 15% on a year-on-year basis. Passenger line volume grew by 10% on a year-on-year basis, led by OEM. Farm category volume also saw significant growth of 31% on a year-on-year basis, contributed by 55% growth in OEM and 25% growth in replacement. The 2- and 3-wheeler category volume in the OE segment registered high double-digit growth of 70%, while replacement volume grew by 48% on a year-on-year basis. Now I would request Dr. {? Bharat Bajoria, sir ?} to talk about the performance of Tornel. Thank you.

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Arun K. Bajoria – Director & President International: Thank you, MD. I will begin with a brief overview of the operating environment in Mexico. Starting in the current year, 2026, Mexico's macroeconomic position and domestic environment are witnessing an improvement, as is evident from the appreciation of the Mexican peso against the US dollar on a year-on-year basis. This signals a rebound in investors' confidence in the economy and its policy framework and reflects greater {? external liquidity ?}. As per Mexico's fiscal authorities, the economy is now better placed and is expected to achieve GDP growth of more than 1.5%, outperforming the IMF's latest projection of 1.2% for 2026.

Talking about the Mexican tyre market, it is poised for balanced growth, with momentum in the OE market, a resilient replacement market, and higher export potential with a focus on local sourcing. During the quarter, the operations of JK Tormel Mexico were impacted by ongoing geopolitical disruptions, resulting in constrained availability of key inputs. Furthermore, productivity enhancement negotiations with workers resulted in IR issues, which have since been resolved. We would like to assure you that efforts are underway to continuously enhance sales and profitability going forward. To cater to the emerging demand for products, we are currently undertaking an upgradation and modernization project at JK Tormel.

Dr. Raghupati Singhania – Chairman & MD: ...our competitive position in local and other markets as well. With that, I would now like to invite Mr. Sanjeev Aggarwal, the CFO, to take you through the financial performance of JK Tyre for the first quarter of FY27. Thank you.

Sanjeev Aggarwal – CFO: Thank you very much, Dr. Singhania. Let me briefly share the key highlights for Q1 of FY27. Number one, the company recorded consolidated revenue of Rs 3,956 crore, which is up by 2% on a year-on-year basis as against Rs 3,891 crore in the corresponding quarter. Consolidated EBITDA for Q1 was recorded at Rs 268 crore as compared to Rs 424 crore in Q1 of the last financial year. EBITDA margins on a consolidated basis in Q1 were recorded at 6.8% versus 10.9% in Q1 of FY26. Average raw material cost in Q1 was up by 20% on a sequential basis. Cash profit in Q1 stood at Rs 169 crore vis-à-vis Rs 309 crore in the corresponding quarter. Profit after tax for the quarter stood at Rs 43 crore. Installed capacities in India were fully utilized across segments, including TBR, PCR, and the 2- and 3-wheeler segments. Q1 export volumes from India remained steady despite geopolitical uncertainties, up by 2% on a sequential basis over Q4 of the last financial year. Consolidated earnings per share in Q1 stood at Rs 1.55 per share, compared with Rs 6.03 per share in Q1 of last year. Return ratios continue to remain robust and healthy.

Consolidated net debt as of June 30, 2026 stood at 4,945 crore, which is up by 500 crore on a sequential basis. The overall debt of the company has moved primarily on account of an increase in capex-led long-term loan disbursements and additional working capital required due to increased raw material and selling prices, as well as the company's operating volumes. The balance sheet of the company continues to remain healthy, and leverage ratios are in a comfortable zone. Net debt-to-equity and net debt-to-EBITDA remained at 0.81x and 2.56x, respectively, as of June 30, 2026. We have already circulated our earnings presentation, which is available on our website as well as on the stock exchange website. We now open the forum for questions and answers. Thank you.

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Operator: Thank you very much. We will now begin 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 remove 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 Vijay Kumar from Axis Capital. Please go ahead.

Vijay Kumar – Axis Capital: Hi, and thanks for taking my question. I have a couple of questions. First, on the India business, can you help us understand what the volume growth was for Q1? When you say 25% growth in volumes, are you referring to industry growth, or is it growth for us? Our revenue growth was about 14% for the India business, so I just want to reconcile the volume and revenue growth for the India business.

Anshuman Singhania – MD: Our domestic volume growth was 25% on a year-on-year basis compared with the corresponding quarter. This is volume growth in terms of numbers. It includes replacement and OE, so it refers to domestic sales.

Vijay Kumar – Axis Capital: So that implies that pricing was down year-on-year because revenue growth in the India business is around 14%, right? Can you help us bridge this gap?

Anshuman Singhania – MD: No, there has been an increase in price, and the net effective price is approximately 5%. We are talking about this on a standalone basis. On a sequential basis from the previous quarter, the 5% increase in NSR is approximately 5%. To add to that, OEM growth was 42% in terms of volumes. In terms of pricing, the price that OEMs pass on always comes with a lag. Therefore, it does not really affect the first quarter; it affects the subsequent quarters.

Vijay Kumar – Axis Capital: Thank you. Can you also tell us about the Mexico business? The Mexico business has been quite volatile. The fourth quarter was weak, and the first quarter has also declined significantly on a year-on-year basis. Should we expect it to improve from here, and what is the expected nominal level for FY27 regarding the Mexico business?

Anshuman Singhania – MD: Yes, Mr. Vijay. As I said, during this quarter the operations were impacted by the ongoing geopolitical disruptions, resulting in constrained availability of key inputs, which obviously also affected output. Productivity enhancement negotiations also came in the way this time, particularly during this quarter. However, everything is now resolved, and we have started getting back to normal production. I can only assure you that during the remaining 3 quarters of this year, we will definitely show you better results than what you have seen in Q1.

Vijay Kumar – Axis Capital: In terms of the Mexico business, was the supply chain issue related to anything specific? Which part or component was affected?

Anshuman Singhania – MD: We mainly get the raw material from 2 sources. Because of the shipping disruptions, and also because the prices of containers have absolutely shot through the roof, all those factors have affected us. We have been getting a lot of our bead wire from China, and that has also affected us. Natural rubber prices, as you just heard, have followed a similar pattern in Mexico as well, where an increase of almost 18% has already taken place. We are now getting back to normal because certain shipments that were delayed are now arriving one by one. I can only tell

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you that this was a somewhat softer quarter, but going forward from here, you will see better production, better sales, and therefore a better bottom line.

Vijay Kumar – Axis Capital: The concern was that Chinese bead wire and the geopolitical issue between the US and China would impact us. How much of a price increase did we take in the first quarter, and what is expected for the second quarter?

Anshuman Singhania – MD: In the first quarter, we took a price increase of nearly 5%, and going forward we are going to take a further increase in the range of 8–9%.

Vijay Kumar – Axis Capital: Has some of this already been taken, or will the entire 8–9% come in the later part of the second quarter?

Anshuman Singhania – MD: The 5% was taken in Q1. Till now, we have already taken approximately 11% cumulatively, and going forward we have another 5–6%.

Vijay Kumar – Axis Capital: Thank you. Got it.

Operator: Thank you. A reminder to all participants: to ask a question, please press star and one. I repeat, to ask a question, please press star and one. The next question comes from the line of Bharat Bhagnani from Living Root Analytics. Please go ahead.

Bharat Bhagnani – Living Root Analytics: Hello, everybody. My question is about the remaining 3 quarters of this year. Someone was saying that we are expecting better sales, better volumes, better pricing, and better profits. Could you help us understand and quantify what exactly we are aiming for this financial year?

Management: Are you talking about the India domestic market, or are you talking about the total business? For the total business, I think we have explained it very clearly. Mr. Bhagnani, if this is about India, then I can tell you, and Anshuman will elaborate, that the intensity of the war and, therefore, the supply-side problems on account of raw materials have, to a large extent, been resolved. We are hoping that raw material prices will remain stable, barring perhaps an increase of between 8% and 10%, as we have been noticing because we have accumulated inventory at higher prices, including now. That inventory is still there. Otherwise, things are normalizing, and once they stabilize, we will be able to see good margin improvement from at least the second half of this financial year. We are expecting that all 3 quarters from now onwards should progressively improve in terms of margins.

Bharat Bhagnani – Living Root Analytics: Are you concerned at all about natural rubber prices?

Anshuman Singhania – MD: We have seen some softening in natural rubber prices. We therefore expect them to remain in that range on an average basis.

Bharat Bhagnani – Living Root Analytics: But you feel that once you take a price hike, it should be able to cover that, right?

Anshuman Singhania – MD: Yes. We expect that the price increase we have already taken to date, together with what we are contemplating going forward, should cover the entire increase in raw

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material prices. I am not referring to perhaps 1% or 2%, but we are trying to offset that through cost reduction measures, higher operating leverage, and several other measures, such as the product mix and higher premiumization, as Anshuman mentioned earlier. Those measures will also improve margins, and we will be able to return to the normal range of broadly 11–13% in the second half.

Bharat Bhagnani – Living Root Analytics: What kind of revenue growth should we expect this year on an overall basis? I think some new capacity has also come online.

Anshuman Singhania – MD: The capacity is already there, and some ramp-up is still taking place in the case of passenger car radial tyres. We expect everything to be fully operational by Q3 of this financial year. We expect more than double-digit growth in revenue because the price increase and the volume increase, taken together, should result in just double-digit growth.

Bharat Bhagnani – Living Root Analytics: Double-digit?

Management: Similar to what we achieved until March 24, at approximately 10–11%.

Bharat Bhagnani – Living Root Analytics: What should be the guidance for the full year? I know you do not provide much guidance, but I am trying to understand: since the first quarter was somewhat on the lower side in terms of operating margin, what can we expect for the full year?

Management: For the full year, this will depend on sizes and the mix. We are trying to maximize it, but it may not be to the extent of what we saw in the last financial year because of the first quarter. However, we could be in the range of approximately 10–11%, if I had to make an estimate.

Bharat Bhagnani – Living Root Analytics: Got it. My final question is on the balance sheet. Are we planning to increase any debt this year?

Management: There will be some increase in debt because we are implementing projects, and the funds that we previously held as cash have already been utilized. We are now generating internal accruals that are funding the projects, and we will also have to take some loans in a progressive manner to that extent. However, we are also repaying a large amount of debt every year, so it will not be a big jump. Because of certain operational requirements, working capital has increased due to higher raw material and selling prices. To that extent, some increase will take place, along with some capex-led exposure. Broadly, I expect an overall increase of 5 to 700 crores during this financial year.

Bharat Bhagnani – Living Root Analytics: Got it.

Management: This will provide a significant increase in operating EBITDA going forward in absolute terms, which will help grow the business.

Bharat Bhagnani – Living Root Analytics: Thank you so much.

Operator: Thank you. The next question comes from the line of Chris Jain from Nafa Asset Managers. Please go ahead.

Chris Jain – Nafa Asset Managers: Hello, everyone. Could you please provide some insight into the capacity utilization across your PCR, passenger line radial, and 2- and 3-wheeler businesses, as well

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as in the Mexico business?

Management: Our utilization has been around 95% in JK Tyre on a standalone basis and around 80% on a consolidated basis. We have been able to utilize nearly the full capacity for truck radial tyres. Passenger car and 2- and 3-wheeler capacity utilization was also nearly full. Non-truck bias, which includes LCVs and farm tyres, has also seen very high utilization of more than 95%.

Chris Jain – Nafa Asset Managers: You mentioned earlier that you would have some capacity coming up in Q3. How much volume would that add during this financial year?

Management: Sorry, I could not hear you. Could you please speak louder?

Chris Jain – Nafa Asset Managers: Sorry. Can you hear me now, sir?

Management: Yes, please go ahead.

Chris Jain – Nafa Asset Managers: You had mentioned earlier that some capacities would come online by Q4 of this financial year. I wanted to understand how much would be added in each of these categories, and since it is...

Management: Under our plans to move toward 4,984 crores, which will include passenger and truck radial tyres, we will be adding 24%.

Chris Jain – Nafa Asset Managers: That 24% is over the next 4 years. I was specifically asking what is being added in this financial year and perhaps in the next financial year.

Management: The addition in the next financial year will be mainly for truck and bus radial tyres, as well as for balancing various capacities for passenger cars. We are also adding one more tyre plant. This will increase total capacity by approximately 7% during this financial year.

Chris Jain – Nafa Asset Managers: My final question is about EV tyres. Across the industry, is it true that EV tyres have a shorter replacement cycle? Could you please explain why?

Management: EV tyres are subject to heavy loads, so they are required to have better rolling resistance. Also, the torque is very high, so wear and tear is high. Therefore, they wear out faster than a normal ICE tyre.

Chris Jain – Nafa Asset Managers: Compared with a comparable ICE tyre, by what percentage is the life of EV tyres shorter?

Management: Because of the high torque, there is a 5-10% difference in the life of these tyres compared with an ICE tyre. This also depends on how the user operates the vehicle.

Chris Jain – Nafa Asset Managers: Thank you for answering my questions, and all the best for the future. Thank you.

Management: Thank you.

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Operator: Thank you. The next question comes from the line of Aditi Shah from Shah Capital and Broking Limited. Please go ahead.

Aditi Shah – Shah Capital and Broking Limited: Good afternoon, sir. I want to understand the current trends. Despite the Russia-Ukraine war and rising tyre prices, there was still strong demand in the tyre industry during Q1 FY27. What was the Q1 FY27 volume growth on a standalone basis? Second, what is our product mix on a standalone basis by volume?

Management: Our standalone volume growth was 25% in the domestic market. Going forward, we see demand as very optimistic, with strong demand coming from rural and urban markets. We are seeing double-digit growth for ourselves.

Aditi Shah – Shah Capital and Broking Limited: On a sequential-quarter basis, the 25% is year-on-year growth. What was the sequential growth?

Management: The sequential growth would be approximately in the mid-single digits.

Aditi Shah – Shah Capital and Broking Limited: What is our market mix?

Management: Sorry?

Aditi Shah – Shah Capital and Broking Limited: What is our market mix?

Management: The market mix has been improving, particularly in the PCR segment, as we mentioned earlier. For 16-inch and above, we are currently at approximately 35%, only for PCR. If we talk about the product-wise mix, truck and bus account for 56%, passenger line radial accounts for 27%, 2- and 3-wheeler tyres account for 5%, and others, meaning industrial, farm, and other tyres taken together, account for 12%.

Aditi Shah – Shah Capital and Broking Limited: Thank you.

Management: Thank you.

Operator: Thank you. The next question comes from the line of Vijay Kumar Pandey from Axis Capital. Please go ahead.

Vijay Kumar Pandey – Axis Capital: Hello, sir. Thank you for allowing the follow-up. I want to understand the price hike. You said that we took approximately a 5% price hike in Q1. How much of it flowed through in Q1, and when was the price hike taken? Specifically in Q1, was it taken at the beginning of the year or toward the end of the quarter?

Management: We have been taking small hikes every month. This was not taken at the beginning or the end of the quarter; it was taken on a monthly basis. We have been taking price hikes while generally balancing them with the quantity offtake so that the order structure is not disrupted. These hikes have been easily absorbed, and we are very cautious about how much of a price hike we can take every month. The terminology generally used for this is inching up prices, which does not pinch the customer either.

Vijay Kumar Pandey – Axis Capital: Thank you, sir. That is all from my side.

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Operator: Thank you. Ladies and gentlemen, if you wish to ask a question, please press star and one. We have the next question from the line of Sohil Marwa, an individual investor. Please go ahead.

Sohil Marwa – Individual Investor: Hello. Can you hear me?

Management: Yes, please go ahead.

Sohil Marwa – Individual Investor: Thank you for the conference call. I just have one quick question. Do you see natural rubber prices, particularly RSS4 prices in India, trending downwards after the monsoon? Do you think rubber prices will be closer to 230 rupees per kg for RSS4 by the end of this year?

Management: We are already seeing natural rubber prices starting to soften in India. We expect this to continue falling in the next quarter. Hopefully, some softening will take place.

Sohil Marwa – Individual Investor: I assume that would result in an increase in margins for us going forward.

Management: Yes.

Sohil Marwa – Individual Investor: Thank you, management.

Management: Thank you.

Operator: Thank you. Participants who wish to ask a question may press star and one. We have the next question from the line of Soma from DAM Capital. Please go ahead.

Soma – DAM Capital: Thank you for taking my question. I wanted some more clarity on your Mexico business. Our Mexico business has reported a decline of almost 32%, and in some of the articles I read, there were reports of strikes at the Mexico plant. I wanted to understand whether production has normalized going forward. Will we see the same revenue that we recorded in Q3 or Q4, or will it take time for production to normalize?

Management: Thank you. First of all, I want to make a small correction: it was not a strike; it was a slowdown. Secondly, going forward, the same level of production has already started, and we are now back with a bang. Of course, it may take a few more days, but by the end of the year we hope that we will be able to deliver more or less a similar topline. We will then see how much we can achieve because passing on prices in Mexico is somewhat more difficult than it is in India. However, we are fully focused on it, and we hope to give you good results.

Soma – DAM Capital: Thank you. As a follow-up, is there any update on the USMCA? What is the update or status?

Management: The USMCA agreement has been renewed for 10 years. Therefore, we are hoping that relations between Mexico and the USA, including the duty structures, will be favorable toward Mexico, unlike in some other regions where the USA has arrangements with other countries.

Soma – DAM Capital: Thank you. That is helpful.

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Management: Thank you.

Operator: Thank you. Participants who wish to ask a question may press star and one. As there are no further questions, I would now like to hand the conference over to management for closing comments. Over to you.

Management: Thank you very much for joining us for this Q1 conference call. We hope we have answered your questions to your satisfaction. If you have any further questions, you can write to us. Thank you very much for joining us, and we hope to see you next quarter.

Management: ...presented, happy to answer that. Thank you very much for joining us. Thank you.

Operator: Thank you. On behalf of MK Global Financial Services Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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