

Apollo Tyres Limited
Q4 FY26 Earnings Conference Call
May 15, 2026

Jay Kale:

Good afternoon, everyone. On behalf of Elara Securities, I welcome you all for the post Q4 FY'26 Result Conference Call of Apollo Tyres Limited. From the management side, we have with us today, Mr Neeraj Kanwar, Vice Chairman and Managing Director, and Mr Gaurav Kumar, Chief Financial Officer.

I would now like to hand over the call to Mr Neeraj Kanwar for his opening remarks. Over to you, sir.

Neeraj Kanwar:

Thank you, and a very good afternoon, and thank you for joining us today. I welcome you to the Apollo Tyres post results conference call. We closed quarter four with a very strong consolidated top-line growth of nearly 14% Y-on-Y, and an EBITDA margin of 14.6%. For the full year, consol top-line growth was 9% Y-on-Y and EBITDA margin of nearly 14.6%. For our Indian Operations in Q4, we saw a strong double-digit growth in the replacement and OE markets as compared to last year.

Growth across all product categories has been very encouraging, placing us firmly in line with and in some segments ahead of the market performance. In Europe Operations, we witnessed a slow, low single-digit growth in volumes. Growth in certain international markets was impacted by the geopolitical developments in West Asia, which continue to create significant uncertainty and add volatility to raw materials, to energy and to logistics costs. We are closely monitoring the evolving situation and remain focused on responding with agility while maintaining disciplined cost controls.

Despite the tough macroeconomic environment, we expect to sustain and accelerate top-line growth in India and Europe. Importantly, our balance sheet remains very strong, and despite the turbulent macro environment witnessed over the last several years, we have continued to improve our leverage profile. On a consol level, our net debt to EBITDA ratio has significantly improved from 3.2 times multiple to 0.4 times in 2026 March, providing us with ample financial strength to navigate future uncertainties with confidence.

Let me now touch upon some of the key pillars in the company. Starting with R&D, we continue to make steady progress across all segments. In passenger vehicle tyres, we secured fresh approval from leading OEMs, including BMW, MINI, Genesis, KIA and Mahindra. In replacement as well, we introduced upgraded premium products across India and Europe Operations.

On the Digital front, we continue to invest in strengthening both customer-facing platforms and internal operating capabilities. During the quarter, we started the rollout of our new B2B e-commerce platform in Europe while continuing work in India to improve customer experience, inventory visibility, and service efficiency. We're also scaling the use of artificial intelligence across the business functions with several initiatives underway in manufacturing, logistics, and customer service to drive efficiency and cost optimisation. These efforts have also received external recognition with Apollo Tyres being recognised by Amazon Web Services as a case study for our use of AI and data technologies.

On the Brand side, the BCCI partnership generated strong momentum, further amplified by the 'Har Safar Mein Dum Hai' campaign launched around the ICCT20 World Cup, which reinforced its position around performance, resilience and trust. The campaign was rolled out across multiple platforms and markets, strengthening brand connect and consumers and enhancing overall brand equity.

Moving to the People pillar, I'm happy to share that Apollo Tyres has been recognised as the Top Employer in 2026, with India Operations receiving the recognition for the first time, while our European entities continued their strong track record. Finally, on Sustainability, remains a key pillar for us. During the quarter, our climate targets received validation from the Science-Based Targets Initiative, reaffirming our long-term commitment towards net zero across the value chain.

As I conclude my opening remarks, I would like to assure that we are proactively preparing for emerging challenges and opportunities, and I'm confident that our strong fundamentals and strategic direction will support long-term value creation across our core markets.

Thank you once again, and I'll hand it over to Gaurav. Thank you.

Gaurav Kumar:

Thank you, Neeraj, and good afternoon, ladies and gentlemen. Continuing from Neeraj's update, I'll share a bit more about how our operations shaped up last quarter. The consolidated revenue for the quarter stood at INR 73.4 billion, reflecting healthy double-digit growth of 14% plus compared to the same quarter last year. The consolidated EBITDA for the quarter stood at INR 10.7 billion, a margin of 14.6% compared to 13% in the same period last year.

Coming to the balance sheet, we have been able to further improve our leverage ratio, given the focus on cash flows and profitability. The net debt to EBITDA for consolidated operations improved from 0.7x at the end of last year to 0.4x. Neeraj already mentioned the dramatic improvement we had from March 20, when we were at 3x on net debt EBITDA to the current levels. Helped by healthy margin performance, our consolidated ROCE for FY'26 stood at 13.4%, an improvement of around 240 basis points compared to FY'25.

As Neeraj mentioned in India, we witnessed a strong high teens, Y-on-Y volume growth in both replacement and OE segments. The revenue for the quarter was INR 52.4 billion, a growth of 14.3% over the same quarter last year and almost 2% over the previous quarter. We had reported a record quarter in Q3, and we surpassed the same immediately in this quarter. The EBITDA for the quarter stood at INR 7.6 billion, a margin of 14.6% compared to 11.2% in the same period last year.

As indicated earlier, this quarter had significantly higher spends, with the activation spends relating to sponsorship of Cricket Jersey, and yet we reported the margins that we mentioned at 14.6%. The A&P spends would normalise going forward and be slightly higher vis-a-vis the previous annual trend in the current and future years, but only slightly higher compared to our usual trend.

The net debt to EBITDA for India Operations has significantly improved from 1.1x in March '25 to 0.7x at the end of March '26. Additionally, following the enactment of the Finance Act 2026, we decided to transition to the concessional tax regime effective FY'27. With this transition, our applicable tax rate reduces from 34% to 25%, and consequently, our deferred tax liabilities have provided a positive net impact of almost INR 570 plus crores and has been recognised in the P&L during the year as reflected in the net profit.

In terms of outlook, demand remains strong across categories and channels, with April already showing equally strong volume growth, and we expect the same momentum to continue through Q1. At the same time, the geopolitical developments in West Asia have added significant volatility to raw material, energy, and logistics costs, which will impact margins in near term. We are mitigating this through calibrated price increases, and disciplined cost control. Raw material costs are expected to rise in high teens on a sequential basis. And we have already announced price increases of 6% to 8% for this current quarter. More price increases would further be needed.

Coming to Europe, revenue for the quarter was EUR 170 million, down 1% Y-on-Y. The market conditions remain muted. While we outperformed the market on the passenger car tyre category, truck tyre sales were impacted by the supply issues from India. The EBITDA for the quarter stood at EUR 25 million, with an improved margin performance of 14.6%, compared to 14.3% for the same period last year. In terms of outlook, we expect a better growth momentum in Q1. April has already been positive for all segments.

As for India, the margins will remain under pressure on account of the increased cost as we attempt to offset them through price increases. The closure of the Enschede plant production remains on track. And as mentioned earlier, we have assessed now the fixed assets at the plant as

we enter into the last month, and a non-cash write-off of EUR 43 million has been taken on the fixed assets this quarter.

The capacity utilisation was at a high of 90% across both our India and Europe Operations.

Overall, given the healthy demand outlook, we expect full capacity utilisation and therefore will continue to progress on our planned expansion initiatives. For FY'27, we have outlined a CapEx of INR 35 billion, with nearly 80% towards growth and capacity expansion projects. We will continue to monitor the volatile external environment and guide operations keeping an eye on cash flows and ROCE. As Neeraj mentioned, the balance sheet remains very strong to be able to ride out the near-term difficult times.

With this, I would conclude my opening comments. Thank you. We would be happy to take your questions.

Jay Kale: Thank you, Neeraj and Gaurav. Participants, we will open the floor for questions. Anyone who has a question can raise their hand, and I'll announce your name, and then you can unmute yourself and go ahead with your question. We'll have the first question from Mr Raghunandan. Raghu, please unmute your line and go ahead with your question.

Raghunandhan NL: Thank you. Thank you for the opportunity, and congratulations on a strong set of numbers.

Neeraj Kanwar: Thank you, Raghu.

Raghunandhan NL: Firstly, sir, if you can talk about within standalone, how has the total volume growth in Q4 and within that, how has exports done? And if you can also give some color that within replacement, TBR, PCR, how are you seeing the growth trends?

Gaurav Kumar: So Raghu, as mentioned, for both OE and replacement, the volume growth was high teens. Exports were impacted by events through the year. So the overseas markets were muted. We had mid-single-digit growth in the export volumes and a high teens in both OE and replacement. And to your second part of the question, TBR replacement, PCR replacement, for this quarter, we had 20% plus growth. OEM, TBR 20% plus PCR single digit.

Raghunandhan NL: Sir, given that there has been a lot of focus on A&P spends and market activation, and you're seeing the benefits in terms of better growth, can you talk about how has been the market share movement in recent months and for FY'26 in replacement?

Gaurav Kumar: We don't have the official data, Raghu, that is published, or it comes with a significant lag. For the full year, we believe we have gained market

share in TBR replacement and even in TBR overall. Passenger car replacement, we would have gained share, not in passenger car OEM. But that are our internal estimates.

Raghunandhan NL: Got it, sir. Good to hear that. And on the export outlook side, for FY'27, how do you expect the trend to pan out and which regions, segments, how do you focus? How are you thinking about it?

Gaurav Kumar: So we will continue to look at this export strategically. A, keeping in mind, as I said, our capacity utilisations are at a high. And in certain product categories, particularly on truck, we would need capacity allocation decisions given the strong demand in India. India and Europe would remain priority markets for us because they are the two home markets. And then the capacities would be allocated to other geographies. Right now, Europe is showing some promising signs. But how the situation pans out, given the events of West Asia to be seen, U.S. market is currently looking weak as we enter the first month.

Raghunandhan NL: Thank you so much, sir. I'll fall back to the queue.

Gaurav Kumar: Thank you, Raghu.

Jay Kale: Thank you. We have the next question from Mr Siddhartha Bera. Siddharth, please unmute your line and go ahead with your question.

Siddhartha Bera: Yes, sir. Thanks for the opportunity. Sir, first question is on the commodity inflation. You mentioned about a mid-teens increase in quarter one. Does it factor in the entire cost increase till now? Or do you think there can be further cost inflation in quarter two, given the current scenario? And also, how much price hike do you need further to pass on the entire cost inflation and go back to the earlier margin trends which we were operating?

Gaurav Kumar: Siddharth, currently, the situation is very volatile, as all of us are experiencing in our different industries, et cetera. Mid to high teens is the current reality. It can change because the situation, even as we have progressed, about a month and a half into the quarter, has kept changing. The current estimate is around mid to high teens. We've taken about half the price increase that is needed. So at least a couple of more rounds of price increases would be needed to negate all the cost push that is there. How would Q2 look? Difficult to predict as of now.

Siddhartha Bera: Okay. And on the CapEx, you mentioned about INR 35 billion for the year. How does it sort of spread out in terms of the India and Europe business?

Gaurav Kumar: Sure. So close to INR 3,000 crores out of the INR 3,500 crores would be in India, where we are expanding capacity both in truck and car tyres. In Europe, in the Hungary plant, there is only a passenger car tyre

expansion, which is also already well underway. So the balance would be in Europe.

Siddhartha Bera: Understood. So last question on the European margins. Now we have sort of restructured the plant. So by when do you think we should start seeing benefits on the margins with this restructuring, what we have done?

Gaurav Kumar: Siddharth, the last day for the Enschede plant would be June 30th, which has been a tough, difficult, emotional decision for us. Take about another quarter as we stabilise things. So in H2 of FY'27, the positive impact of margins as we become more cost competitive for our European operations should start flowing in.

Siddhartha Bera: Got it, sir. Thanks a lot. I'll come back in a queue.

Gaurav Kumar: Thank you.

Jay Kale: Thank you. We have the next question from Mr Basudev Banerjee. Please unmute your line and go ahead with your question.

Basudeb Banerjee: Hi, team. Thanks for the opportunity.

Gaurav Kumar: Hi, Basudeb.

Basudeb Banerjee: What is the overall stand-alone volume growth, if I wish to look from a sequential basis, specifically it's a seasonally strong quarter for commercial vehicles. So just wanted to understand, in a commodity inflation scenario, Q-o-Q revenue is up 2%, so what has been the price hikes in Q4, volume growth sequentially, and how are you looking at price hikes in Q1 and going ahead?

Gaurav Kumar: So Basudeb, the entire top-line growth of 2% Q4 over Q3 has been through volume growth. So the volume growth in Q4 has been 2% on a sequential basis. As I mentioned, we have announced price hikes of 6% to 8%, of which 3% to 5% have already been implemented in the India market, and the others are coming through in May. So two rounds of price increase have been announced across product categories.

Basudeb Banerjee: So, on a blended basis, replacement price hike, overall replacement portfolio, you mean 6% blended hike?

Gaurav Kumar: 6% to 8%.

Basudeb Banerjee: Across Q1, in two tranches?

Gaurav Kumar: That's correct.

Basudeb Banerjee: So that should get fully reflected by Q2 for sure?

Gaurav Kumar: That's correct.

Basudeb Banerjee: That's great. And second thing, sir, as usual, you say commodity-wise price during Q4, and what is the situation as of today?

Gaurav Kumar: So for Q4, the prices and the current situation is very different. Natural rubber was at INR 200, synthetic rubber at INR 170, carbon black at INR 110, and steel cord at INR 155 per kg.

Basudeb Banerjee: And the same things currently for you?

Gaurav Kumar: Current natural rubber prices are at INR 250 a kg. It started, I think, at the beginning of the quarter at about INR 220 odd, so it had already gone up. I don't have the current prices for each of the materials. Natural rubber is a more prominent one, so that one I can tell you what is the current price.

Basudeb Banerjee: Sure. And as raw-mat basket inflation looks almost 20% at least, so as per your internal maths, the 6% to 8% replacement price hike would be good enough, or you need something more beyond that if it remains status quo, the raw-mat basket?

Gaurav Kumar: We would need further price increases, Basudeb, and given how the industry implements price increases in small quantum, we would need two rounds of price increases.

Basudeb Banerjee: Beyond the 6% to 8%.

Gaurav Kumar: Beyond the 6% to 8%.

Basudeb Banerjee: Okay, sir. That's good, sir. Thanks.

Gaurav Kumar: Thank you, Basudeb.

Jay Kale: Thank you. We have the next question from Mr Aryn Pirani. Aryn, please unmute your line and go ahead with your question.

Aryn Pirani: Hi. Am I audible?

Gaurav Kumar: Yes, Aryn.

Aryn Pirani: Thanks for the opportunity. The first question is on the Europe margin. On a Y-o-Y basis, we have seen some improvement. But if I go back to the two years prior to that, we are still quite low, even if I compare 4Q to 4Q. Obviously, this restructuring is going on and hopefully we should see better margins as Hungary ramps up. But what would you attribute it to the reason why the margins are because last year 4Q was also lower than the previous year 4Q and the year before that. So what is going on there if you can help us understand?

Gaurav Kumar: Sure, Aryn. And that's at the core of the decision regarding the Enschede Plant. You've correctly pointed out that the 14.3%, 14.6%, etc., are lower than our previous few years historical levels which used to be a 16% plus. And the reason is that the European market conditions have been sluggish, flattish to a negative now for two years running. And in that scenario, it has been coupled with continuing high energy costs and salary inflations which are much higher than the usual for these Western European geographies.

To give you an example, based on the inflation data the last two, three years' inflation of salaries in Netherlands was around 12% to 13% instead of the usual 4%, 5% compounded. So the factor eating into the margins from the previous normalised levels is fundamentally that the top line is remaining the same given the market conditions but some of the other costs are escalating given the higher inflation. And that sort of brought down the margins and in fact forced us into a situation where we had to take the tough decision regarding the Enschede plant.

Aryn Pirani: Okay, that's helpful. And just coming back to the commodity inflation, you mentioned that we should expect the mid to high teens increase sequentially in 1Q over 4Q. But would it be fair to say that based on spot levels of commodity 2Q could be even higher than where 1Q is?

Gaurav Kumar: Fair assumption. Yes. If the situation continues at the current level, and we've seen over the 45 odd days in the current quarter that the -- at least the natural rubber has kept going up, the crude has sort of fluctuated. Yes, so Q2 could -- if nothing changes, Q2 could be marginally higher than Q1.

Aryn Pirani: Okay. Okay. Understood. Understood. Thanks for this. I'll come back in the queue.

Gaurav Kumar: Thank you, Aryn.

Jay Kale: Thank you. We have the next question from Mr Vijay Pandey. Please unmute your line and go ahead with your question.

Vijay Pandey: Thank you for taking my question. Am I audible?

Gaurav Kumar: Yes, Vijay.

Vijay Pandey: Sir, firstly on Europe, so the commodity inflation there, you will be seeing there also the impact. So, I wanted to understand how much price hike can we take in Europe, both on the commodity inflation as well as the higher energy prices. Have we taken any increase there or how is it?

Gaurav Kumar: We've announced a 2% price increase in Europe also, Vijay. Europe, we are more a follower given our size relative to some of the global majors.

So, we follow their pricing actions based on their announcements. You need to keep in mind that for the same level of increase of raw material, the price increases needed in Europe are smaller. So, if India needs almost two-thirds price increase vis-a-vis the raw material basket, Europe needs it less than half. But that said, we would need further increases even for our European Operations.

Vijay Pandey: Okay. Thank you. Secondly, sir, I wanted to understand just on following up on the previous question, is it possible for us to go to a 16% EBITDA margin in Europe two years down the line in a long-term scenario -- mid to long-term scenario or that do you see to be...

Gaurav Kumar: We definitely believe that in a normalised scenario, we will get back to a 16% which was our earlier normal, and in fact, we believe we can even surpass that.

Vijay Pandey: Okay. One more thing, if you can just let us know the advertising and sales and marketing expense. So, how much was it for this quarter in terms of as a percentage of sales? And I think generally it's at around 2.5%. So should we expect this level for '27 also, and what was for this quarter?

Gaurav Kumar: Sure. So the advertisement and sales promotion, which as I mentioned, reflected the recent sponsorship of the Jersey and then the activation was higher by more than INR 100 crores in terms of usual. So against a typical 2% of sales, we were at 4% of sales for the current quarter. I have talked about it earlier. Going forward, we would expect, as growth kicks in, etc., for it to be around a 2.5% plus of sales. We would move up in a longer term trend, but not to the extent what is being seen is in this quarter.

Vijay Pandey: Okay. Okay. And so lastly, if I may, can you give us the bifurcation between the international rubber and domestic rubber for your raw material basket?

Gaurav Kumar: There would not be any significant differences, Vijay. I would not have that readily because I get the overall basket cost, but typically, the domestic rubber growers price it very close to the landed cost of overseas rubber. It's a very transparent market. So it's not that there are significant differences between the two sources.

Vijay Pandey: Okay. Thank you.

Gaurav Kumar: Thank you, Vijay.

Jay Kale: Thank you. We have the next question from Mr Arvind Sharma. Arvind, please unmute your line.

Arvind Sharma: Hi. Good evening, sirs, and thank you for taking my question.

Gaurav Kumar: Good evening, Arvind.

Arvind Sharma: Hi. It's on the pricing environment right now. You did say you've taken price hikes and more are underway. Given the cost pressures, raw material, as well as energy, how do you see the overall pricing environment, including the competitors?

Gaurav Kumar: So, Arvind, everybody has announced price increases. Apollo Tyres and CEAT are slightly ahead of some of the other peers. So price increases have been announced by everybody. There are timing differences and there are slight quantum differences.

Arvind Sharma: Right, sir. And from here on, like going ahead, since you said there are more cost pressures underway and we do see new competitors as well as jostle for market share, do you think that the pricing environment would remain such or there could be aggressive pricing according to your estimates?

Gaurav Kumar: See, right now, given the cost push, the aggressive pricing in terms of discounting, I don't think would happen. Aggressive pricing would mean delaying price increases, etc. The good side is, A, demand is very strong, we are fairly close to our peak capacity utilisation, so that's a plus. And the other point, as Neeraj mentioned, the balance sheet is strong, so there, yes, near term, there would be margin pressures. Longer term, we have always taken the price increases to catch up, as has been demonstrated multiple times in the past, and we are seeing good growth momentum.

Arvind Sharma: Thank you. Thank you, sir. And just quickly, any views on imported tyres possibly increasing their presence?

Gaurav Kumar: The import of tyre remains at a certain level, there is a little bit more in the passenger car tyre category, very little in the truck tyre category. We don't see any reason for that increasing dramatically in the near term.

Arvind Sharma: Sure, sir. Thank you so much for answering those questions. That's all from my side.

Gaurav Kumar: Thank you, Arvind.

Jay Kale: Thank you. We have the next question from Mr Vedant. Please unmute your line.

Vedant Kshatriya: Hi, sir. Thanks for the opportunity. Sir, I just wanted to know that you have taken like a 6% to 8% price hike, and the overall raw material impact is around about mid to high teens. So any sort of other cost levels or any sort of other hedges that you have to mitigate these apart from price increases?

Gaurav Kumar: So Vedant, raw material is our biggest cost basket. Ability to negate that completely through other cost levers is limited. That said, everything possible is being done to reduce costs, whether it is things like travel costs, conferences have been postponed, whatever costs can be not incurred currently, given the cost pressures, are being done. But the cost basket of raw material versus the others is quite disproportionate.

Vedant Kshatriya: Okay. Thank you, sir.

Gaurav Kumar: Thank you, Vedant.

Jay Kale: We have the next question from Mr Mumuksh Mandlesha. Please unmute your line and go ahead.

Mumuksh Mandlesha: Yeah. Thank you, sir, for the opportunity. Just on the RM basket, sir, for Q4, what were the blended chains, sir? Is it flat, sir?

Gaurav Kumar: For Q4 over Q3 was a 1% increase, Mumuksh.

Mumuksh Mandlesha: Okay, sir. Got it, sir. So just on the Europe inflation part and also the energy feed cost, is it possible to quantify what kind of a cost pressure would be there in Q1, sir?

Gaurav Kumar: I won't have the numbers on the energy readily. On the raw material side, the basket would be going up by about low to mid-teens. Since the natural rubber consumption is much lower there, the raw material cost inflation would be a little lower in Europe vis-a-vis India Operations.

Mumuksh Mandlesha: In Europe, I mean, going ahead, we are taking a 2% price hike. So are you seeing more price hike ahead?

Gaurav Kumar: Right now, we haven't seen competition announcing it. There has been talk of price increases. We are waiting to see what competition is doing.

Mumuksh Mandlesha: Got it, sir. Just on the OEM side, I just want to understand how much would be the lag there in terms of taking price hike and is the prices fully being passed on or there is some negotiation to delay the price hikes?

Gaurav Kumar: So with a large number of our OEM customers, we follow a pricing formula which kicks in with a lag of three months. So the pain would be there for three months and then the entire raw material basket cost push goes up. But that's not for 100% of the OEMs. In some cases, it's a negotiated figure, and that is going on. We have got small price increases already, but not enough to counter the raw material cost push.

Mumuksh Mandlesha: Got it. And lastly, on the exports also, how are the price hikes there, sir?

Gaurav Kumar: Export market for us, the biggest one is Europe, which is both a home market and an export market from India. The other market, for example, is U.S., where the demand is weak, but we have still announced increases to the tune of mid to high single digits.

Mumuksh Mandlesha: Got it. And sir, here the exports piece, the INR depreciation would also support the – negative impact.

Gaurav Kumar: That's correct.

Mumuksh Mandlesha: Got it, sir. Thank you. Thank you so much for the opportunity.

Gaurav Kumar: Thank you.

Jay Kale: We have the next question from Mr Rishi Vora. Please unmute your line.

Rishi Vora: Yeah. Hi. Thank you for the opportunity.

Gaurav Kumar: Hi, Rishi.

Rishi Vora: First, just first question on the demand, right? You talked about good trends in April and possibly continuing in first quarter. But when we take whatever 6%, 8%, 10% price increase, how should we think about demand during second half of this financial year, especially in the TBR replacement segment on the backdrop that the tyre cost would go up? And obviously, there has been a diesel price increase as well that has happened and can further go up. So the fleet operators profitability over time will get impacted. So how should we think about demand is going into second half of FY'27?

Gaurav Kumar: Rishi, that would largely depend on the overall GDP growth, etc. And we see predictions on that changing. They have been brought down slightly. You are right that if the continued inflation, both on the fuel side, tyre, and other materials continue, there would be some impact on the overall GDP and hence the demand. Currently, in spite of these price increases, which April is behind us, and as I mentioned, the demand is as strong as what we were seeing in Q4. So the immediate outlook seems still continues very strong in spite of all these factors. How the second half pans out, right now, things are just too volatile to be able to make any definitive statement.

Rishi Vora: But in your experience, in this type of inflationary environment, when we take price increases, is our customers that price-sensitive in that category? Or you think that they'll kind of absorb this hike and demand will still be steady, at least from a historical context?

Gaurav Kumar: From a historical context, new vehicle purchases might start getting impacted first. If there are goods to be moved, then they will be moved, albeit at higher cost. And finally, consumer takes that higher cost

because the chain keeps passing on that cost. But definitely, people tend to first start postponing the new vehicle purchases, whether it's on the truck side or the car side.

Rishi Vora: Understood. And on the Europe business, this year we did around EUR 670 million of manufacturing operation revenues. And post the closure of Enschede, how should we think about revenue drop that can happen? Obviously, I understand some will shift to Hungary, some will shift to India. But is there a potential revenue loss which we should factor in going into FY'27 that can happen?

Gaurav Kumar: There could be a potential revenue loss on only one product category, which is the agricultural/ OHT, which was a small capacity that we did not manufacture in any of the other plants. And in some of those cases, we may lose some of the OE business, which anyway was a loss-making business. So it would be a conscious choice. For all the other product categories where we had similar production in our other plants, whether in Hungary or India, we would have the ability to supply the markets.

Rishi Vora: And what would the agri-contribution would be, like 1%, 2% of revenues?

Gaurav Kumar: The agri-contribution overall was about 12% of our revenues. And within that, the OE piece would be about half of it. So let's say 5%, 6%.

Rishi Vora: Understood. And just last bit on the closure of the plant, is there any cash outflow which we should expect in FY'27 or everything has been accounted for in '26?

Gaurav Kumar: So there would be cash outflow Rishi in FY'27. There's a payout of social plan as per the agreement of about EUR 50 million that has already been provided for in the earlier quarters. In the exceptional items, there was a cash component and non-cash component. So we don't expect a cash provision over and above what we've taken.

Rishi Vora: It says EUR 50 million of cash outflow will happen in '27.

Gaurav Kumar: Yeah, that and then there are certain costs linked to that legal costs, etc. So there's an overall EUR 55 million plus of cash provision that has already been taken.

Rishi Vora: And what will be the tax for Europe?

Gaurav Kumar: About 20%.

Rishi Vora: Okay. So blended now would be like 20% for Europe and 25% for India going forward.

Gaurav Kumar: That's correct.

Rishi Vora: Understood. Thank you and all the best.

Gaurav Kumar: Thank you, Rishi.

Jay Kale: Thank you. We have the next question from Mr Joseph. Please unmute your line.

Joseph George: Hi, thank you for the opportunity. I have three questions. I'll take them one by one. So the first one is, you mentioned that the demand environment is extremely strong right now. But if these macro challenges, etc. continue, there's a possibility that we might see some slowdown in terms of absolute volume growth. And in that context, how much flexibility do we have with respect to the large CapEx that we announced last quarter, the INR 5,800 cross CapEx? Is it something that cannot be pushed out? Or is it somewhat flexible?

Gaurav Kumar: There is some flexibility, Joseph. But as I mentioned, as we saw in Q4, our capacity utilisation were already 90%. Through April, we struggled in terms of keeping up with the demand. So right now, we would definitely be going ahead as per our CapEx plans. If we see slowing down, we would have some flexibility for FY'28. FY'27 would largely be committed.

Joseph George: Understood. Gaurav, the second question that I had was in relation to exports. Now, if you look at the rupee, rather euro-INR rate, that has moved very favorably. So in that context, two questions. One is, do we - I mean, does the standalone entity get the benefit of the rupee depreciation on the exports to Europe, one? And second, in that context, India becoming far more low-cost for production. Is there a scope for increasing the production in India to cater to the European markets?

Gaurav Kumar: So under the transfer pricing regulation, Joseph, for our European Operations, particularly, India can only retain a fixed margin. So as a step a standalone entity, it would not get the benefit. The overall group would benefit by the devaluation of the rupee. On your second question, yes, definitely, if you see the quantum of capacity increase in Hungary versus India are very different. And we will continue to leverage and take advantage if the India cost structure becomes even more cost competitive for serving not just Europe, but even other export markets.

Joseph George: Great. The last question, Gaurav, I have is on the Reifencom revenue and EBITDA numbers, if we can share. Thank you.

Gaurav Kumar: So the Reifencom number for this quarter was EUR 40 billion and EBITDA just under 2%.

Joseph George: Perfect. Thank you. That's all I had.

Gaurav Kumar: Thank you, Joseph.

Jay Kale: Thank you. We have the next question from Mr Yash. Please unmute your line and go ahead.

Yash Agrawal: Hi, thank you for the opportunity. Could you share your thoughts on market share trends across both TBR and TCR segments, particularly across OEM and replacement channels?

Gaurav Kumar: Yes, as I mentioned earlier, we don't have exact market share. We believe we've gained market share in the TBR replacement category in the current year. MRF and us would be the two leading players in the TBR category overall numbers wise, we should.

Yash Agrawal: Yeah, and my second question on was on the channel inventory levels across category. How is that shaping up after like strong start to the year?

Gaurav Kumar: In India, there's no marked difference in terms of inventory levels at the dealers.

Yash Agrawal: Okay, sir. Thank you. That was very helpful.

Gaurav Kumar: Thank you, Yash.

Jay Kale: Thank you. We have the next question from Mr Vijay. Please unmute your line.

Vijay Pandey: Just a follow-up in the presentation you have mentioned for the Europe that there is the revenue decline is because of the operating income. I just wanted to understand what is that?

Gaurav Kumar: Sure. So, Vijay, as I mentioned, we in fact had a volume growth and given the raw material trend in Q4, there was a overall price mix. So the revenue decline from pure sales, etc., was 1%. The balance 2% which is contributing to the 3% overall decline is the other operating income. We had received state aid from Hungary/ EU, when we set up the plant. And we met all our commitments as of the end March '25. But as those assets move to India, the TBR assets, some of that other operating income, which was being amortised and accrued, because the benefit was over 10 years, has to be moved out of Hungary. And that's why you see the drop vis-a-vis the similar quarter last year.

Vijay Pandey: Okay. And this will continue for the next three quarters as well, right?

Gaurav Kumar: Yeah, this will come down because the TBR assets are no longer in Hungary. It's not a cash impact, because the entire state aid has been received. It was to be amortised over a 10-year period, and not just on receipt.

Vijay Pandey: Okay. Okay. Thank you, and all the best.

Gaurav Kumar: Thank you, Vijay.

Jay Kale: Thank you. That was the last question. On behalf of Elara Securities, I would like to thank the management. Thank you and all the best.

Neeraj Kanwar: Thank you.

Gaurav Kumar: Thank you.