

Price: 483

Recommendation: Buy

Industry: Tyres & Rubber Products

Sector: Consumer Discretionary

Report Date: 06-May-2025

Apollo Tyres is a global leader in tyre manufacturing, known for innovation, sustainability, and premiumization. With strong market presence in India and Europe, it excels in passenger car and agricultural segments. Focused on R&D; and operational efficiency, Apollo drives growth through market diversification, strategic partnerships, and capacity expansion, ensuring long-term profitability and resilience.

Sales		Profit & Loss		Profitability Matrix	
Current Year	17981 Cr	Operating Profit(Year)	2360 Cr	Operating Profit Margin	13.1 %
Previous Year	17301 Cr	Operating Profit(Quarter)	504 Cr	EBITDA Margin	17.82 %
Current Quarter	4540 Cr	PAT (Year)	1183 Cr	Net Profit Margin	6.74 %
Previous Quarter	4462 Cr	PAT (Quarter)	125 Cr	EPS	10.9
Revenue (QYoY)	4332 Cr				
Valuation Matrix		Growth(YoY)		Growth(QoQ)	
Trailing P/E	40.9	Sales Growth	2.64 %	Sales Growth	1.75 %
PEG Ratio	4.14	PAT Growth	130.16 %	Sales Growth QYoY	4.8 %
EV/EBITDA	13.6	EPS Growth	-40.11 %	PAT Growth	-25.6 %
P/B	2.95	Dividend Yield	1.24	PAT Growth QYoY	-59.02 %
Capital Allocation		Holdings		Leverage	
RoE	11.8 %	Promoter	37.4 %	Debt/Equity	0.35
RoA	5.89 %	FII	13.4 %	Debt	3640 Cr
RoCE	16.2 %	DII	26.5 %	Market Cap	30675 Cr
RoIC	11.7 %	Public	21.1 %	Enterprise value	33929 Cr
		No of Shares	63.5 Cr	Cash Equivalents	386 Cr

source : Company filings

Company's Overview Based on Recent Concall and Performance:

Apollo Tyres demonstrated resilience in Q3 FY25 despite challenges such as elevated raw material costs and fluctuating demand. The company achieved consolidated revenue growth of 8% QoQ and 5% YoY, with margins holding steady at 13.7%. Key initiatives included internal measures to uplift profitability, leveraging reduced raw material inflation, and focusing on premiumization across product categories. In India, Apollo outperformed the industry in the PCR and agri replacement segments, gaining market share despite a decline in OEM volumes. Europe showed promising growth, with a 7% increase in replacement segment revenues and a notable improvement in product mix, as UUHP accounted for 48% of PCLT replacement volumes. Sustainability remained a priority, with the AP plant receiving zero-liquid discharge certification and recognition for environmental efforts.

The company outlined its FY26 vision, emphasizing R&D; premiumization, and sustainability. Apollo secured additional model wins from German PV manufacturers, reinforcing its technological capabilities. Brand-building efforts included record-setting achievements in India and strategic sponsorships in Europe, such as the Vredestein sleeve partnership with AS Monaco. Diversification into new markets like the US and Saudi Arabia was highlighted as a growth strategy, with steady progress in PCR and TBR segments. The company also maintained a focus on operational efficiency, reducing net debt by INR 4.5 billion and achieving a net debt-to-EBITDA ratio of 0.7x.

Future growth perspectives are optimistic, driven by strong replacement demand in India and Europe, alongside new product launches and market expansion. Apollo plans to increase passenger car tyre capacity in FY26, with a projected Capex of INR 1,200–1,300 crores, adding 10% capacity globally. The company expects RM costs to plateau, aiding margin stability, while maintaining a prudent approach to pricing amidst competitive pressures. Europe's robust demand for UHP and UUHP tyres further supports Apollo's premiumization strategy, enhancing profitability and market positioning.

Apollo Tyres is well-positioned to leverage long-term opportunities through strategic initiatives, operational efficiency, and market diversification. The focus on premiumization, sustainability, and R&D; underscores its commitment to innovation and growth. While challenges persist, such as competitive intensity and fluctuating freight costs, Apollo's proactive measures and strong financial discipline provide a solid foundation for scaling operations and achieving sustained growth across key markets.

APOLLOTYRE Daily Closing One Year Price Chart



Name	Mar Cap (Rs. Cr.)	P/E	ROE	Sales(G) QoQ	Sales(G) QYoY	PAT(G) QoQ	PAT(G) QYoY
JK Tyre & Indust	8543.90	14.14	20.62%	1.44%	-0.38%	-55.28%	-71.50%
MRF	57056.59	32.55	12.55%	1.74%	13.60%	-32.98%	-38.11%
Balkrishna Inds	52756.26	29.75	17.55%	5.81%	12.57%	29.56%	47.17%
Apollo Tyres	30675.38	40.87	11.80%	1.75%	4.80%	-25.37%	-59.04%
TVS Srichakra	2162.44	51.37	10.65%	-4.63%	11.67%	-129.46%	-112.53%

Aspect	Commentary
Revenue	Apollo Tyres achieved steady revenue growth, with a 2.64% YoY increase and 1.75% QoQ growth. The current quarter revenue of Rs.4540 Cr reflects resilience despite challenges in demand and raw material costs. Diversification into new markets and premiumization strategies are driving consistent top-line performance.
Profit & Loss	Operating profit for the year stands at Rs.2360 Cr, with a margin of 13.1%. PAT grew 130.16% YoY to Rs.1183 Cr, showcasing strong profitability. However, QoQ PAT declined by 25.6%, indicating short-term pressures. EPS at Rs.10.9 reflects stable earnings despite fluctuating quarterly performance.
Profitability Matrix	Operating profit margin of 13.1% and EBITDA margin of 17.82% highlight Apollo's efficient cost management. Net profit margin at 6.74% indicates profitability challenges in the current quarter. Focus on premiumization and operational efficiency supports long-term margin stability.
Valuation Matrix	Trailing P/E of 40.9 and EV/EBITDA of 13.6 suggest Apollo is trading at a premium valuation. PEG ratio of 4.14 indicates slower earnings growth relative to price. Dividend yield of 1.24% provides moderate returns to shareholders, while P/B of 2.95 reflects strong asset utilization.
Growth (YoY)	Sales grew 2.64% YoY, reflecting steady demand. PAT growth of 130.16% YoY highlights improved profitability, driven by operational efficiency and reduced raw material inflation. EPS declined by 40.11%, indicating earnings pressure despite overall growth in profitability metrics.
Growth (QoQ)	QoQ sales growth of 1.75% reflects stable demand, while PAT declined by 25.6%, signaling short-term profitability challenges. PAT QYoY dropped by 59.02%, highlighting volatility. Apollo's focus on premiumization and operational efficiency aims to stabilize quarterly performance.
Capital Allocation	RoE of 11.8% and RoCE of 16.2% indicate efficient capital utilization. Cash equivalents of Rs.386 Cr provide liquidity for strategic initiatives. Net debt reduction by Rs.4.5 billion reflects disciplined financial management, supporting long-term growth and operational stability.
Holdings	Promoter holding at 37.4% ensures strong governance. FII and DII holdings at 13.4% and 26.5%, respectively, reflect institutional confidence. Public holding of 21.1% indicates retail investor interest. Strategic partnerships and market diversification enhance shareholder value.
Leverage	Debt-to-equity ratio of 0.35 reflects prudent leverage management. Net debt-to-EBITDA ratio of 0.7x highlights strong operational efficiency. Debt reduction efforts and a market cap of Rs.30,675 Cr position Apollo Tyres well for future growth while maintaining financial stability.

Analyst viewpoint: Apollo Tyres has demonstrated robust performance in recent quarters, supported by its strategic focus on premiumization, market diversification, and operational efficiency. The company achieved steady revenue growth of 2.64% YoY and 1.75% QoQ, with consolidated revenue for the current quarter at 4,540 crore. Despite short-term pressures, Apollo's PAT grew 130.16% YoY, reflecting strong profitability driven by reduced raw material inflation and internal cost optimization measures. The company's emphasis on premium product categories, such as UUHP tyres in Europe and PCR/agri replacement segments in India, has bolstered its market share and enhanced its competitive positioning. Additionally, Apollo's disciplined capital allocation, including a 4.5 billion reduction in net debt and a net debt-to-EBITDA ratio of 0.7x, underscores its financial resilience and ability to fund future growth initiatives, such as capacity expansion and R&D; investments.

Valuation metrics, including a trailing P/E of 40.9 and EV/EBITDA of 13.6, suggest Apollo is trading at a premium, reflecting investor confidence in its growth trajectory. While the company faces challenges such as fluctuating freight costs and competitive intensity, its proactive measures, including sustainability efforts and diversification into new markets like the US and Saudi Arabia, provide a solid foundation for long-term growth. Apollo's focus on premiumization and operational efficiency positions it well to capitalize on strong replacement demand in India and Europe, while its prudent approach to pricing ensures margin stability amidst industry pressures.

Please read detailed disclosure on next page.

Explanation of Investment Rating*	
Investment Rating	Expected Return (over 12-month)
BUY	>=15%
SELL	<-10%
NEUTRAL	>-10% to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures:

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (hereinafter referred to as the Regulations).

1. GOALZEN CAPITAL SERVICES PRIVATE LIMITED is a SEBI-Registered Research Analyst having SEBI registration number INH000013448. GOALZEN CAPITAL SERVICES PRIVATE LTD ("GoalFi" or "We"), the research entity, is engaged in providing research services on securities and information on personal financial products. This Research Report (called Report) is prepared and distributed by GOALZEN CAPITAL SERVICES PRIVATE LIMITED with brand name 'GoalFi' (brand name trademarked to research analyst and company director 'Robin Arya') and used by GOALZEN CAPITAL SERVICES PRIVATE LIMITED with mutual consent.

2. GOALZEN CAPITAL SERVICES PRIVATE LIMITED, its partners, employees, directors or agents, do not have any material adverse disciplinary history as on the date of publication of this report.

3. I, Robin Arya, author/s and the name/s in this report, hereby certify that all of the views expressed in this research report accurately reflect my/our views about the subject issuer(s) or securities. I/We also certify that no part of my/our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. I/we or my/our relative or GOALZEN CAPITAL SERVICES PRIVATE LIMITED do not have any financial interest in the subject company.

4. I/we or my/our relative or GOALZEN CAPITAL SERVICES PRIVATE LIMITED do not have beneficial ownership of 1% or more in the subject company at the end of the month immediately preceding the date of publication of the Research Report. I/we or my/our relative or GOALZEN CAPITAL SERVICES PRIVATE LIMITED do not have any material conflict of interest. I/we have not served as director / officer, etc. in the subject company in the last 12-month period.

5. I, Robin Arya, do not hold this stock as part of my investment portfolio at the date of recommendation. I/analysts in the Company have not traded in the subject stock thirty days preceding this research report and will not trade within five days of publication of the research report as required by regulations.

6. GOALZEN CAPITAL SERVICES PRIVATE LIMITED has not received any compensation from the subject company in the past twelve months. GOALZEN CAPITAL SERVICES PRIVATE LIMITED has not been engaged in market making activity for the subject company.

7. In the last 12-month period ending on the last day of the month immediately preceding the date of publication of this research report, GOALZEN CAPITAL SERVICES PRIVATE LIMITED has not received compensation or other benefits from the subject company of this research report or any other third-party in connection with this report.

Analyst Certification:

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Disclaimers:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent.

This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment.

The investment discussed or views expressed may not be suitable for all investors. Certain transactions - including those involving futures, options, another derivative product as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document.

This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of GOALZEN CAPITAL SERVICES PRIVATE LIMITED. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject GOALZEN CAPITAL SERVICES PRIVATE LIMITED to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt GOALZEN CAPITAL SERVICES PRIVATE LIMITED or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold GOALZEN CAPITAL SERVICES PRIVATE LIMITED or any of its affiliates or employees responsible for any such misuse and further agrees to hold GOALZEN CAPITAL SERVICES PRIVATE LIMITED or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of GOALZEN CAPITAL SERVICES PRIVATE LIMITED only.

GOALZEN CAPITAL SERVICES PRIVATE LIMITED has a contractual arrangement with a vendor - Smallcase Technologies Private Limited (STPL) whereby STPL provides technology solutions and related back-end infrastructure along with support for back-office related operations & processes. STPL does not provide any investment advice or recommendation nor does it make any claim of returns or performance with respect to any advice or recommendation.

Investments in securities market are subject to market risks. Read all the related documents carefully before investing. Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Terms & Conditions:

These Terms and Conditions govern the use of the research subscription services provided by GOALZEN CAPITAL SERVICES PRIVATE LTD ("GoalFi" or "We"). By subscribing to our services, you agree to these terms, if you disagree with any part of the terms, you must not use our services.

Payment and Renewal:

The subscription fee is non-refundable. No such requests over email or any other channel requesting for refund or for pro-rata refund will be acknowledged if smallcase constituents or research provided is accessed by the user. Please do not subscribe if you disagree with any part of the terms. Subscription renewals will be charged the standard rate unless otherwise notified.

Limitation of Liability:

GoalFi provides research based on data and analysis. The subscriber acknowledges that all investment decisions carry inherent risks, and GoalFi shall not be liable for any losses incurred based on our research.

No Investment Advice:

The content provided under the subscription is purely for informational purposes and should not be construed as investment advice. GoalFi, being a SEBI Registered Research Analyst (RA), provides research insights and not investment advisory services.

Termination:

GoalFi reserves the right to terminate the subscription at any time due to non-compliance with these terms or any other reasons deemed appropriate by us and no refund will be made.

No Guarantee: While we strive to provide accurate and reliable research, there is no guarantee on the returns or performance of the recommendations. Investing in securities involves risks, and there's the potential for losing money.

Review and Update: Our research products are reviewed and updated periodically to reflect the latest market conditions and insights. However, market conditions can change rapidly, and there's no guarantee that the conditions on which recommendations and insights are based will remain the same.

Research Analyst Details:

Name: Robin Arya

Email: smallcase@goalfi.in

Contact: +91-9394306085

GOALZEN CAPITAL SERVICES PRIVATE LIMITED

CIN: U66190TS2023PTC176030

Address: Co ikeva Office 10, Level 3, NSL Centrum, Serene Estate Pvt Ltd, Site No. Phase I and II, Opp KPHB Colony Lane Opp. Forum Mall Kukatpally, HYDERABAD, TELANGANA, 500072

Support Telephone: +91 9063309052, Support Email – support@goalfi.in

Customer having any query/feedback/ clarification/ In case of grievances for any of the services rendered by GOALZEN CAPITAL SERVICES PRIVATE LIMITED, write to hello@goalfi.app

Website: goalfiresearch.smallcase.com