Equity Research Report

At a Glance

₹ 25,378 Cr.

Consolidated Revenue

₹ 1728 Cr.

Net Profit

₹ 3047 Cr.

Operating Profit

APOLLO TYRES LTD

Navigating this Report

Equity Research Report

Accelerating Profits with AI: Apollo Tyres' Capex-Light Revolution

APOLLO TYRES LTD

About the Company

- Apollo Tyres Ltd (Apollo Tyres or the Company) is an international tyre manufacturer and a leading brand in India. It is catering both OEM and replacement Segment. Incorporated in 1972 with their first manufacturing plant in Kerala, the company has two global brands, Apollo and Vredestein, which was acquired by Apollo Tyres in 2009. It has marketed its products in more than 100 countries with exclusive shops and multi-outlet stores. The product portfolio includes tyres for all categories of vehicles such as SUV, MUV, light truck, truck-bus, two-wheeler, agriculture, industrial, specialty, bicycle, and off-the-road tyres, as well as retreading material and tyres. In terms of the luxury segment for PCR, in India, They cover nearly 70% to 80% of the market. Through both brands, Apollo and Vredestein.
- It is headquartered in Gurugram, India. The manufacturing plants are present in five locations in India: two in Cochin, one each in Vadodara, Chennai, and Andhra Pradesh. Outside India, it has two manufacturing plants located in the Netherlands and Hungary. It has 24 overseas subsidiaries.

Brief Overview

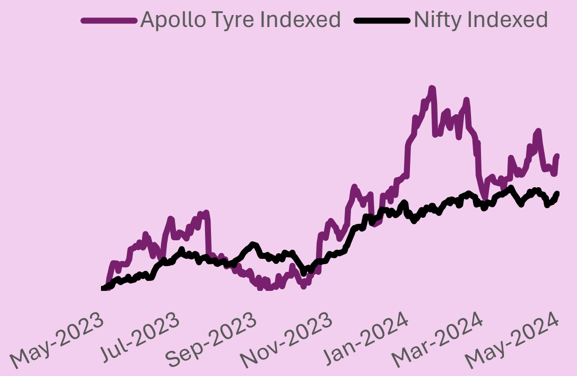
- The Managing Director is very optimistic and bullish about the company's future prospects, confident that they are well-positioned to deliver superior and sustainable profitable growth. R&D will remain a key focus area for the company.
- This quarter, the company outperformed in Europe in terms of revenue compared to the Indian market, with revenue increasing by 3.1% year over year. However, the management missed its growth target, having previously stated that revenue would grow in the mid-single digits, but instead, revenue declined by 5.1%.
- The median PE for three years is 19, yet the stock is trading at 17.6 PE despite having an EPS of 28, which has seen noticeable growth. Therefore, there could be a chance of the share price improving in the future.

Key Highlights Q4 FY24

- The company is operating at a 80%- 85% capacity level. Its revenue from operations has decreased by 5.1% to 6,252 Cr compared to the previous quarter and has seen a growth of 0.17% yoy.
- For FY24, the consolidated revenue is 25,378.0 Cr, and it has been split into three regions: 30% of revenue comes from Europe, 67% of revenue comes from APMEA, while the rest comes from other regions.
- In the same quarter of the previous year, the COGS was 76.01% of sales and it has decreased to 65.56% in this quarter.
- EBITDA margin has decreased by 1.35% compared to the previous quarter and has seen a minimal growth of 0.4% yoy.
- The net profit margin is 5.6%, amounting to 354 Cr, which decreased by 1.8%.
- It announced a hike of 3% across all products to pass EPR-related costs in India
- The total Capex which has been pour amounted 700 Cr, which was 800 Cr in previous FY
- The company has reduced in consolidate INR 1800 Cr

Stock data (as on 17th May, 2024)	
NIFTY	:22,355
52 Week H/L (INR)	:560 / 361
Market Cap (INR Cr)	:31,584
O/S Shares (Cr)	:63.5
Dividend Yield	:0.81%

Relative Stock Performance- 1 yr



Shareholding (as on 31st March, 2024)	
Promoter	:37.4%
FII	:18.2%
DII	:23.5%
Public	:20.9%

Absolute Return	
1 Year	:32.67%
3 Years	:132.75%
5 Years	:175.89%

Consolidated	FY23A	FY24A	FY25E	FY26E
In INR Cr				
Net Revenue	24,568.0	25,378.0	27,506.7	28,236.0
YOY Growth%	17.3%	3.3%	8.4%	2.7%
EBITDA	3,397.0	4,524.0	4,580.3	5,124.0
EBITDA Margins%	13.8%	17.8%	16.7%	18.1%
PAT	1,105.0	1,722.0	1,861.7	2,311.0
YOY Growth%	72.9%	55.8%	8.1%	24.1%
ROE	9.0%	12.9%	12.5%	12.5%
EPS	17.4	27.1	29.3	36.4
EV/ EBITDA	7.8 x	7.4 x	7.2 x	7.3 x

Prepared by: Rohit Kumar
Guided by: Parth Verma

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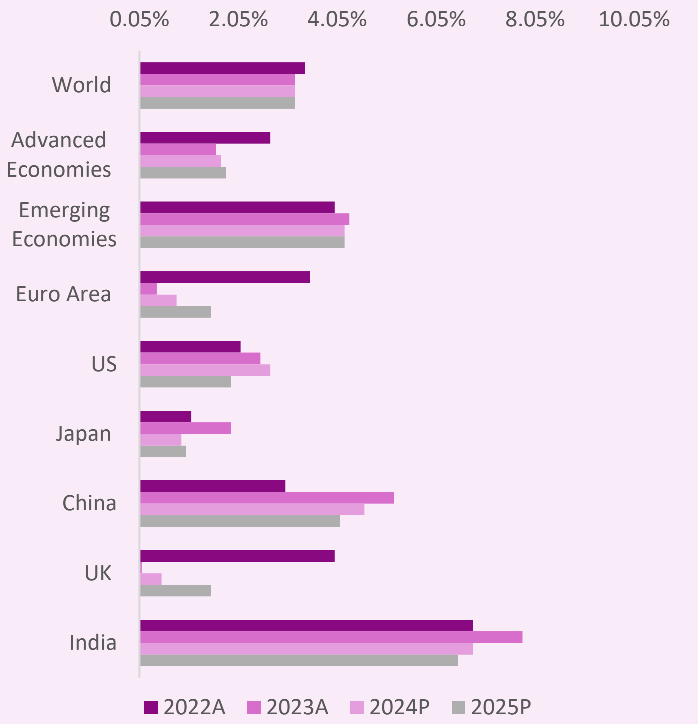
Global Economy

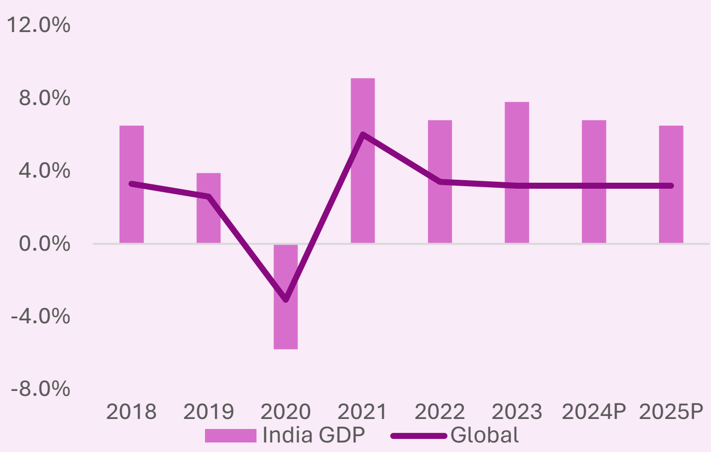
Globally, the economies witnessed skyrocketing growth after Covid-19 recovery. The world GDP increased by 6.1% in 2021, which was the highest ever in history due to a sudden spike in demand for goods and services in the economy post-Covid. Further, in February 2022, Russia invaded Ukraine, and the geopolitical tension arose, which affected the economy adversely. It caused disruption in the supply chain, inflation, and financial sector turmoil, which exposed snowball and cascading effects in the whole economy. As a result, central banks increased the interest rates to control inflation. According to the IMF, compared to CY21, countries posted a slower growth rate in the economy in CY22. The world output increased by 3.4% after a robust performance recorded in CY21.
Advanced economies (US, Euro Area, Japan) experienced lower GDP growth than the world, which was 2.7%, with the US managing only 2.1% in CY22 against 5.6% in CY21, while the Euro Area showed better growth than the US, at 3.5% in CY22 compared to 5.3% in CY21. The lowest growth among all advanced economies was recorded by Japan, as it grew by only 1.1% in CY22 compared to 1.6% in CY21. Emerging economies (India, China, UK) grew at a higher rate of 4.0% in CY22 compared to advanced economies. It was 7.3% in CY21. China still has not been able to get rid of the Covid-19 impact as its growth slowed down to 3.0%.

Global GDP Projection (%)



Source: IMF, WEO

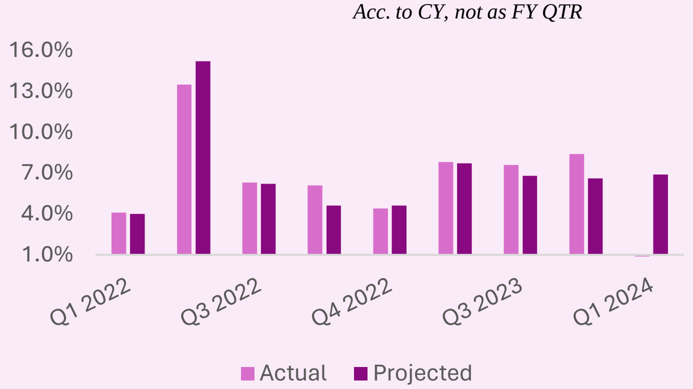
India Vs Global GDP growth (%)



Source: IMF, Worldometers

India Quarter GDP growth (%)

Acc. to CY, not as FY QTR



Source: IMF, Investing.com, livemint

Indian Economy

India persisted in its position and has emerged as one of the fastest-growing economies in the world compared to other economies, despite the consequences of the pandemic and geopolitical tensions arising from the Russia-Ukraine war. It became the fifth-largest economy, surpassing the UK. It recorded a GDP growth rate of 6.8% in CY22 compared to 9.1% in CY21, a far more ameliorated growth in relation to other economies. India recorded an overall GDP of $3.5 trillion in FY23. It has grown at a CAGR of 13.08% in nominal rupees term over 32 years. And now, India is aiming to become a $10 trillion economy by the end of FY2030. To achieve this growth, it has to grow at a CAGR of 16.2%. Of course, the number is not imaginary; the Indian government is engaged in deploying huge capital expenditure on infrastructures and technologies with massive R&D. In the midst of headwinds, the Indian government is doing whatever it takes. It has implemented multiple initiatives to support companies, such as PLI (Production Linked Incentives), National Logistic Reforms, digitization, and conducive domestic environment policies. It also assumed the G20 Presidency, which highlighted the global spotlight on India. India has outperformed the global growth rate. In CY23, the growth rate is 7.8%, and for CY24 and CY25, the growth rate is projected at 6.8% and 6.5%, respectively.
For Quarter (QTR) 4 2023, the actual GDP growth rate is 8.4% *(increased by 0.8%)*, which beat the projected GDP growth of 6.6%. In QTR3 2023, the growth rate was 7.6%, which also beat the projection of 6.8%. For QTR1 2024, the projection is 6.9%, and the actual figure will be available soon.

Source: IMF, WEO, Apollo Tyres Annual Report FY23, Peers Annual Report FY23

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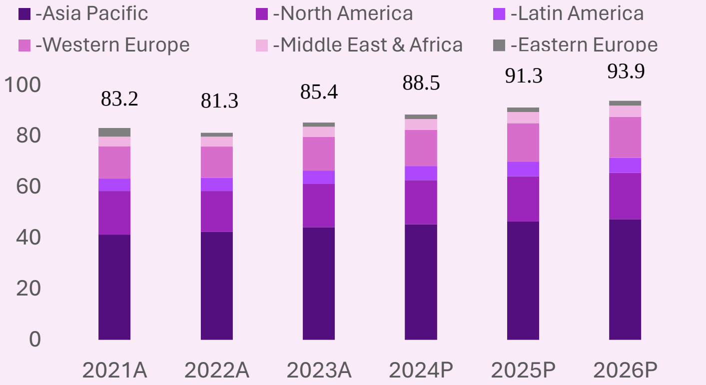
Global Automotive Industry

The global automotive industry sales, including passenger and commercial vehicles, showed a dip of 2.3% compared to CY21. The cause of the decline was attributed to a sudden spike in demand for all items post-COVID-19 in CY21. Another crucial reason for this negative growth was the Russia-Ukraine war, which caused a price hike in fuel, leading to inflation. Eastern Europe's vehicle sales drastically decreased by 59%, while Western Europe saw a marginal dip of 2.4%. This sharp decline in the European market was due to supply chain disruptions and component shortages throughout the year, affecting vehicle availability. The Asia Pacific region wasn't affected as much, with recorded growth of 2.6%. CY23 saw positive growth of 5% compared to the previous year. The industry is expected to grow at a CAGR of 3.2% from 2024 to 2026.

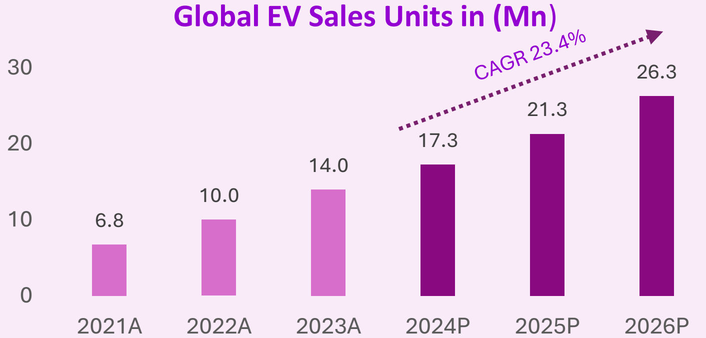
The global EV market is emerging as a new sector, with significant investments in R&D from all automotive companies to accelerate growth. China is far ahead in this race, with 66% of global Li-ion battery manufacturing capacity, aiming for 40% of all cars sold to be electric by 2030. In CY22, 59% of EV sales were recorded in China, amounting to 5.9 million units, representing 29% of all light vehicles. Europe is the second-largest EV market, with a share of 29%, amounting to 2.39 million units. The US is still behind, with only 9% of all EV sales. In CY23, there was significant growth of 40% compared to 48% growth in CY22. The market is expected to grow at a CAGR of 23.4% by the end of 2026.

Global Automotive Sales growth in units (Mn)



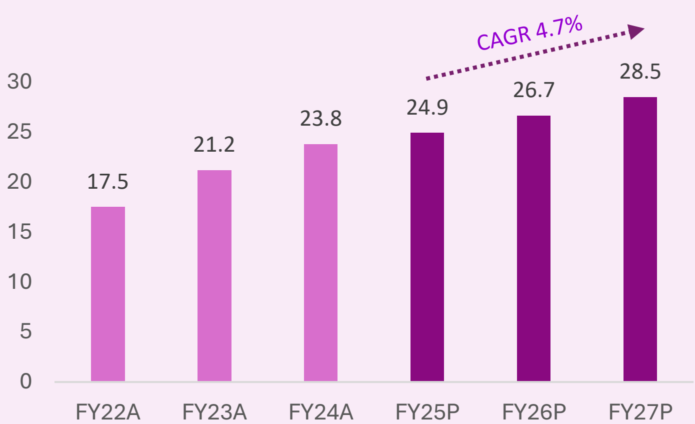
Source: Abiresearch

Global EV Sales Units in (Mn)



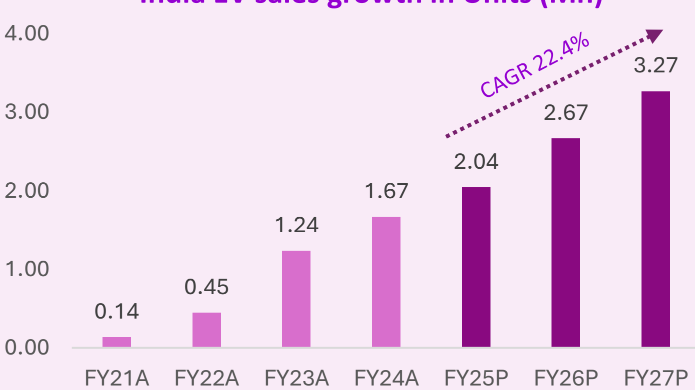
Source: ET, Precedence Research

India Automotive sales growth in Units (Mn)



Source: Multiple Reports

India EV sales growth in Units (Mn)



Source: JMK Research & Analytics,

Indian Automotive Industry

India has overtaken Japan in terms of automobile manufacturing and has become the third-largest manufacturer globally, following the US and China. The Indian automotive sector contributes 49% to manufacturing GDP and 7.5% to overall national GDP. The two-wheeler segment is dominant, with a 76% share, and the passenger vehicle share is 17.4%. As India continues to grow at a higher rate, all macro indicators will improve, leading to increased per capita income, higher disposable income, and urbanization. Urbanization is an important metric to consider, as currently, the urban population is only 30%, while the remaining 70% is rural. As people migrate to urban areas, the demand for passenger vehicles will increase to improve their standard of living.

In FY23, the growth of total automotive sales was 21.14% due to post-COVID recovery, and in FY24, it grew by 12.3%. In FY23, out of 21.2 million vehicles, 3.9 million were passenger vehicles, and 1 million were commercial vehicles. The passenger vehicle market is expected to grow at 9.6%, and the commercial vehicle market at 5.4%, with the overall automotive market growing at 4.7% from FY25 to FY27.

India will become a significant market for electric vehicles (EVs), with government support aimed at reducing fossil fuel consumption and promoting environmental sustainability. The government has launched multiple subsidies and schemes for purchasing EVs. FAME 1 continued from 2015 to 2019, followed by FAME 2 from 2019 to 2024 (till 31st March), with a subsidy amount of INR 10,000 per kWh. After four months, the government will introduce a new subsidy. In FY23, there was a massive increase in EV sales of 175.5%, and further growth of 34.6% in FY24. The CAGR of the Indian EV market is projected to be 22.4% from FY25 to FY27.

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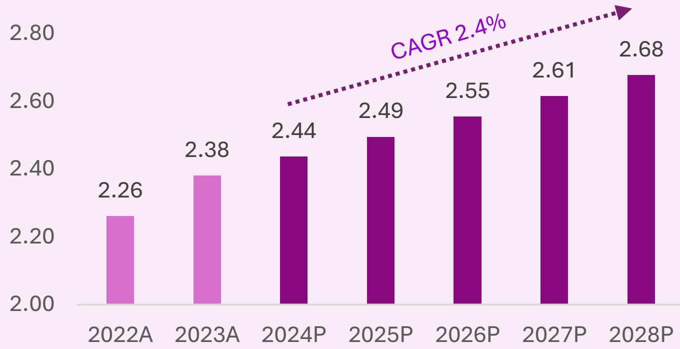
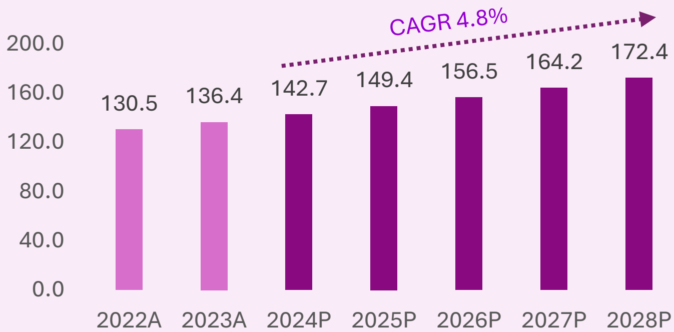
Global Tyre Industry

The global tyre market size for the year CY22 was $130.5 billion and saw a growth of 4.5% in CY23. It is expected to further grow at a CAGR of 4.8%. The Asia-Pacific region contributed more than 47% of the total revenue in CY22. By vehicle type, passenger vehicles constituted 41% of the total vehicle revenues. China dominates the global tyre market with a 50% share, followed by Europe, the US, India, and Japan. The tyre industry is not only capital-intensive but also material-intensive, as 70% of the total manufacturing cost is attributed to materials. During CY22, the industry faced several headwinds, causing price instability and affecting the availability of raw materials. As the year passed, commodity prices stabilized. The growth in OEMs provided relief to the overall industry, and there is a new market for tyres for EVs. The EV market could be both a barrier and an opportunity for the industry, as it requires tyres with advanced technologies that provide low rolling resistance for better range, durability to bear heavy batteries, and reduced noise while rolling. Consequently, companies are now shifting to electrification, as many countries, corporations, and car makers have pledged to eliminate the internal combustion engine by 2035. This becomes a crucial factor to consider. .For instance, in Nov 2019, Bridgestone made the first polymer “SUSYM” that combines rubber and resin. The company aims to provide durable tyres with high strength and resistance to low temperatures. The industry is also focusing on waste management and sustainability by recycling worn-out tyres

Global tyre market size in Units (Bn)

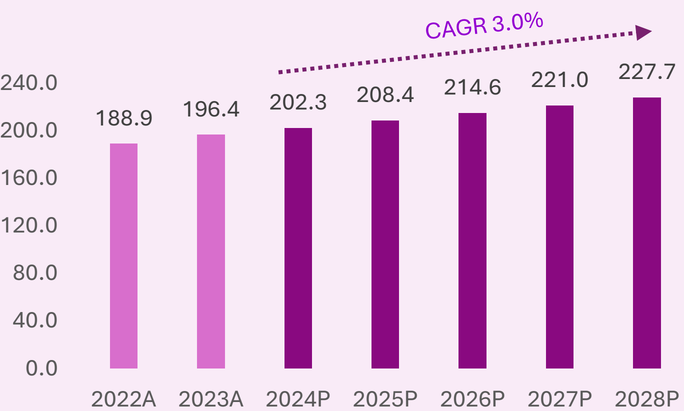


Global tyre market size in Value (Bn dollar)

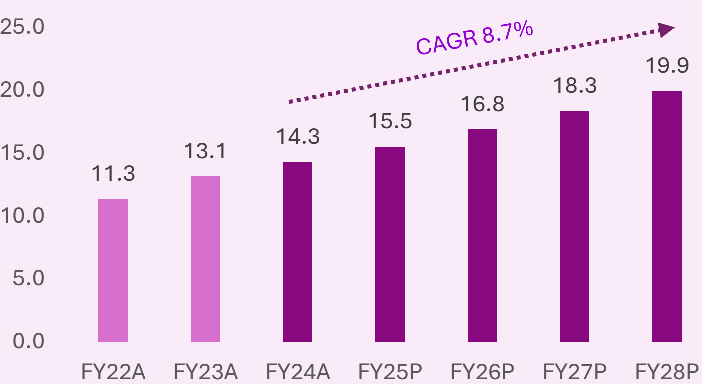


Source: Precedence Research, Smithers

Indian tyre market size in Units (Mn)



Indian tyre market size in Value (Bn dollars)



Source: ATMA, marketsanddata

Indian Tyre Industry

In FY22, the Indian tyre market size was $11.3 million, which increased by 16% in FY23, amounting to $13.1 million. It is projected to grow at a CAGR of 8.7% from FY24 to FY28. The Indian tyre industry is becoming a potential market for global companies and is on track to become the leading country in tyre manufacturing. Today, India has some of the finest radial tyre manufacturing facilities in the world. The government uses import duties as a tool to protect domestic manufacturing capacity and promote domestic production, forcing domestic players to reduce reliance on imports and start their own manufacturing facilities. The government's adherence to the "Make in India" policy is a major factor in the growth of the tyre industry. Another crucial factor is road infrastructure; the government is heavily investing in road infrastructure. In FY15, the total length of National Highways (NH) was 97,830 km, which increased to 144,634 km in FY23. This will not only improve the overall infrastructure but also lead to an increase in demand for new luxury vehicles. There is always a concern about tyre and vehicle life because of road quality. Due to geopolitical tensions, many countries are finding alternatives to China and want to reduce reliance on Chinese products. India exports tyres to 170 countries and is emerging as a major exporter to countries like Europe and the US. Other countries also use Indian tyres for their high-end models. India is the third largest producer of rubber after Indonesia and Brazil, with a total production volume of natural rubber in FY23 being 839,000 MT. The Indian tyre industry contributes 3% to the total manufacturing GDP and 0.5% directly to the overall GDP. The adoption of new technologies such as Industry 4.0, which utilizes Artificial Intelligence and Machine Learning, will increase the performance and safety of vehicles.

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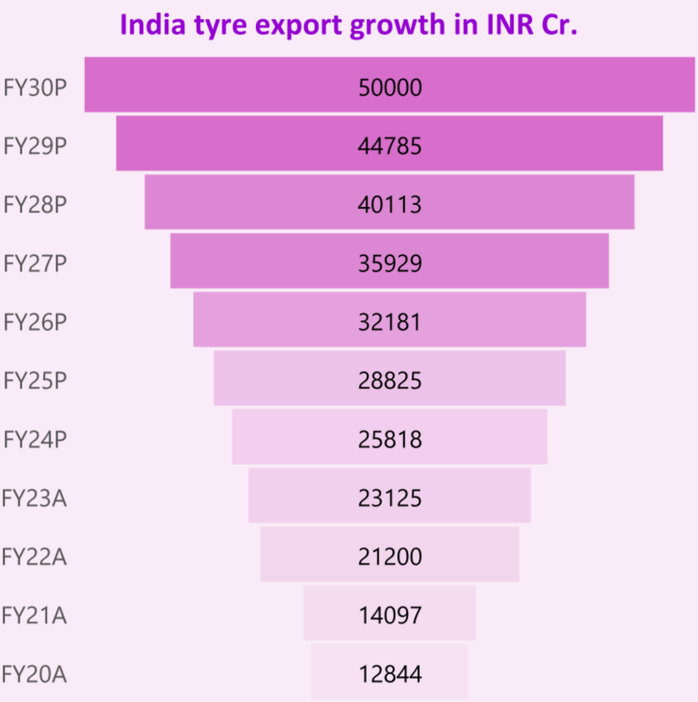
Capex

The capex of the Indian tyre industry has shown a cumulative investment of INR 35,000 crore over the last three years, from 2022 onwards, for the creation of new plants and debottlenecking. It aims to increase revenue up to INR 1 lakh crore in three years. The new capacity will serve and fulfill the growing demand in the domestic economy and other economies as well. There is an exponential rise in demand from rural areas for premium passenger vehicles, with a clear preference for SUVs, which will create demand for 16-inch wheels or larger. The tyre industry has been investing 10% of its revenue over the last three years to meet the growing demand, and it will continue to invest 10% to 12% of its revenue in the mid-term. The domestic sales of tyres will continue to grow at 8% to 9% (in amount). This rate is high as the driving factors will be the replacement demand and OEM demand. The demand momentum for OEMs in FY24 is estimated to grow at 8% to 10%, while the replacement demand, which forms two-thirds of tyre demand, is likely to grow at a mid-single-digit rate.

Source: ATMA, ICRA

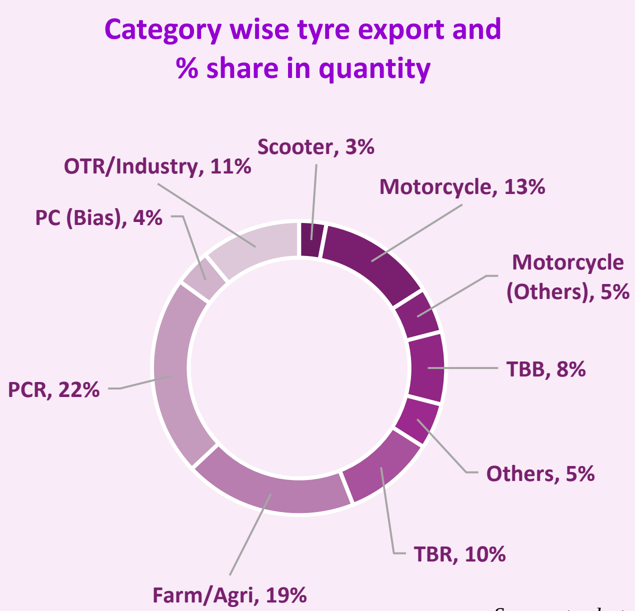
Exports

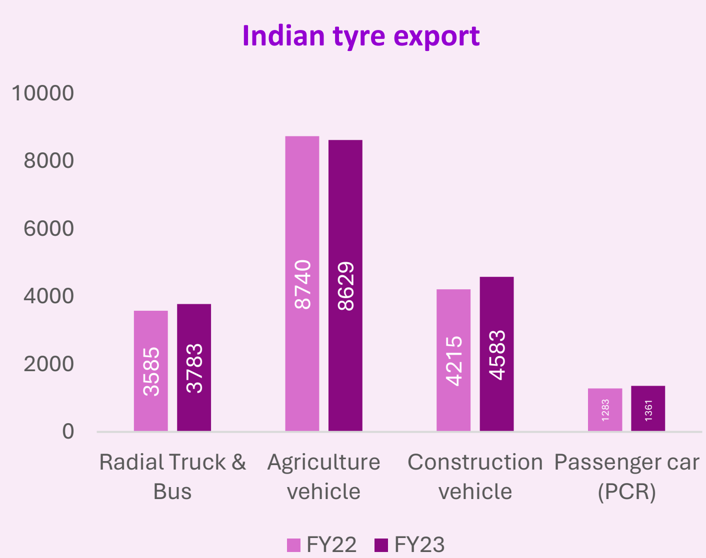


Source: ATMA, Volza grow global

The tyre industry in India nearly doubled from INR 12,844 Cr in FY20 to INR 23,125 Cr in FY23. The market has the potential to increase exports to INR 50,000 Cr by 2030. The total number of shipments exported to other countries stood at 2.4 Mn, exported by 8,845 exporters to 35,000 buyers across all countries. Tyres, which are sold to over 170 countries including the EU, Brazil, UK, and UAE, have been recognized for their quality. Currently, India stands at $3 bn in exports, which is over 25% of total industry revenues. The US has the largest market share of exports for India, constituting 25% of total exports. FTAs can bring more demand for the tyre industry in India. Signing FTA agreements with Latin America (Brazil, Argentina, Bolivia, Colombia) and African countries can increase exports.

Recently, Prime Minister Modi urged the industry to work with farms and reduce reliance on other countries for rubber imports, as the total industry consumption is 13 lakh MT, while India produces only 8 lakh MT of rubber. The government is trying to fill this gap by reducing dependency on other countries. Four major industry associations have committed to investing INR 1,100 Cr to set up 2 lakh hectares of land for rubber production in the northeastern area. Also, the Red Sea crisis is a significant issue for exporting tyres to other countries. The industry has yet to see the impact, but so far, it hasn't noticed any significant effects. Hopefully, it will be resolved soon.





Source: tradestat.commerce.gov.in

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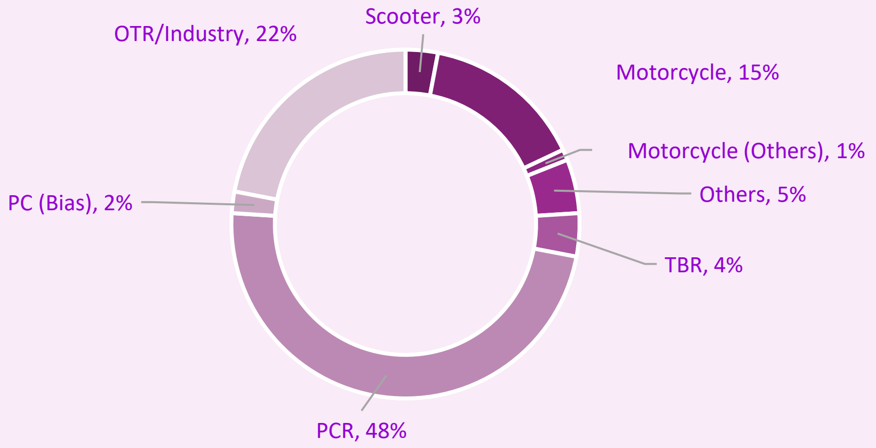
Imports

India aims to achieve self-reliance in the tyre industry. It is one of the largest global producers and is capable of fulfilling the demand for the domestic market and even other countries. Despite this, it showed a 15% growth in FY23 with a value of INR 2100 crore. The industry also supports the livelihoods of farmers producing rubber, with the Indian tyre industry consuming about 70% of all rubber produced.

According to Volza's India import data, the total import shipments consisted of 223.5k, imported by 3,793 Indian importers from 5,386 suppliers. India imports most of its tires from Thailand, Japan, and the United States. The top three importers of tires are the US with 278k shipments, followed by Vietnam with 664k shipments, and Turkey with 235k shipments.

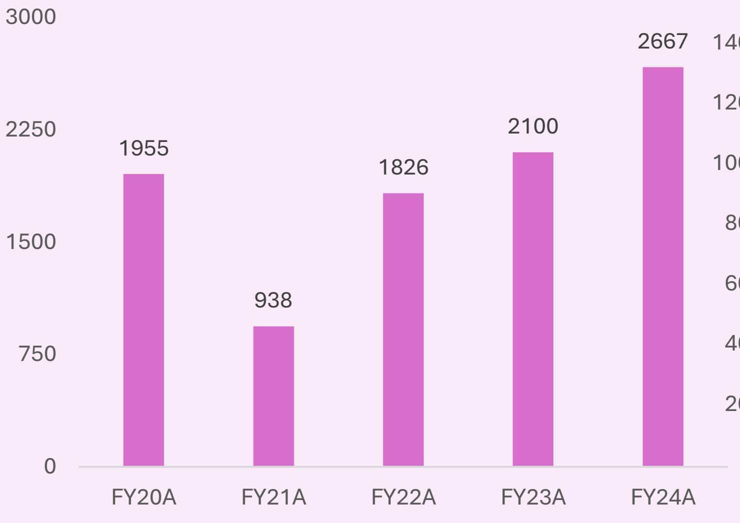
Until 2016, India had a great dependency on China for tyre imports, which amounted to INR 1,836 crore in 2016. This dependency reduced by 65.65% in 2019, amounting to only INR 630 crore. Due to geopolitical tensions between the countries, India has reduced its overall dependency on China. The import value in FY23 increased by 15% from the previous year, amounting to INR 2100 crore. Out of the total value, PCR (Passenger Car Radial) tyres have the largest share at 48% in terms of volume, followed by OTR (Off The Road)/Industrial tyres with a 22% share, and Motorcycle tyres with a 15% share.

Category wise tyre import and % share in quantity



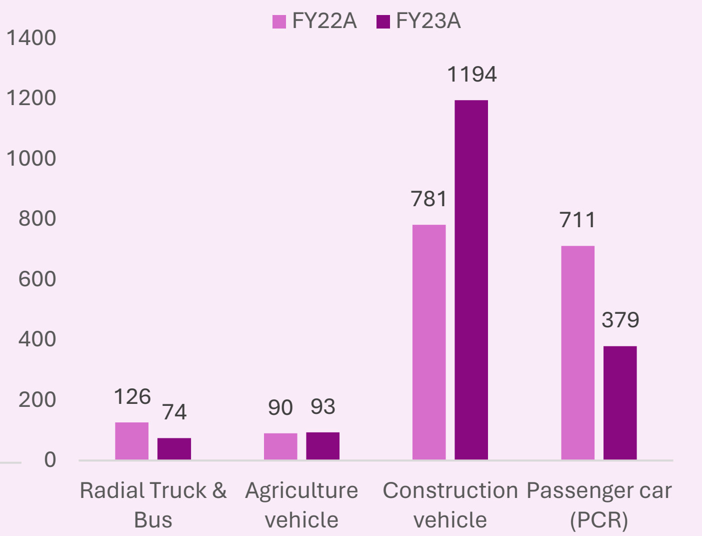
Source: ATMA, Peer Report

Indian tyre imports in Value (Cr.)



Source: ATMA, Peer Reports, ICRA, Export genius

India imports in (Cr.)



Source: ATMA, Peer Reports

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Quarterly Result Analysis: Q3 FY24 and Q4 FY24

- **For Q3, the consolidated revenue** was slightly lower at 6600 Cr, which represents a 5% increase from the previous quarter and a 2.6% increase from the same quarter of the previous year. **For Q4, the consolidated revenue** was more than 6250 Cr, which decreased by 5% from the previous quarter and was nearly the same as in the same quarter of the previous year.

- **For Q3, the consolidated EBITDA** for the quarter stood at INR 1200 Cr, with a margin of 18.3% compared to 14.2% in the same period last year and slightly lower than the 18.5% in the previous quarter. **For Q4, the consolidated EBITDA** for the quarter stood at INR 1066 Cr, with a margin of 17.5% compared to 16.1% in the same period last year and 18.5% in the previous quarter. The target was 15%, but they have achieved 17.5%.

- **For Q3,The net profit margin** was 7.5% while it was same in previous quarter and 4.5% in same quarter of previous year. **For Q4 the net profit margin** was 5.6%, it was 7.5% in last quarter and 6.5% in same quarter of previous year.

- **For Q3, the ROCE** stood at 16.5% while **in Q4, ROCE** stood at 16% against our target range of 12% to 15%.

- **For Q3 and Q4, The net debt to EBITDA** for the consolidated operations is at 0.7x and 0.6x respectively versus 1.4x in March 2023. There's a debt reduction of INR 1100 Cr in current year in Indian operation. And consolidated around INR 1800 Cr. debt amount reduced.

- **For Q3, in India, the volume growth** on a Y-o-Y basis was in the mid-single digits, driven by replacement demand and an increase in export channels. The truck volume growth was 3% and passenger car volume growth was 7%. Addressing the replacement market, the growth in the current quarter for trucks was an 8% volume increase and for passenger cars, it was a 4% increase. Additionally, It gained market share across all segments, including passenger cars, trucks, and agriculture. There was also healthy growth in Vredestein brand passenger car sales, with UHP continuing to perform well. It also gained OEM fitments for some of the biggest automotive companies globally. During this quarter, the company launched a new range for the domestic commercial vehicle market. **For Q4, in India, the overall volume growth** was 4%. There was significant growth in key segments with TBR replacement at 7% and PCR replacement at 10% for the quarter. The OEM segment witnessed a negative growth of 10%, and OE was almost flat. There was strong growth in the passenger car segment. Exports in the last quarter showed a very strong growth of over 30%. The lower growth in the top line, which was less than the industry, was due to negative growth in the truck OEM segment. Particularly, large high-capacity trucks sold less, and the growth came from the bus segment, which is less profitable. Apollo's new strategy is to focus on profitability, thus giving up certain sizes to focus on more profitable ones, particularly large sizes. Although it lost market share in the truck segment, growth came from the bus segment, which is less profitable. This is a major drawback as Apollo is not entering this less profitable segment.

- **In FY24, the actual capital expenditure (capex)** fell short of the guidance provided due to curtailment. The projected capex was INR 1100 Cr, but only INR 700 Cr was expended. **In Q3**, it was stated that the capex would be INR 600 Cr, and the company achieved this. The company has been below capex expectations for the last two years as volumes have been lower than initially expected, indicating slower growth. The company is clear that for the next two years, they will adopt a capex-light model. With digitization, the company is noticing significant improvements in productivity across all plants. They estimate that productivity could increase by 10%-15% from the current equipment. They are very bullish on AI and machine learning. Currently, capacity is running at 80%-85%, but even if there is a surge in demand, they are ready to fulfill it. The capex guidance for FY25 is INR 1000 Cr.

- **For Q3, the raw material** basket price increased by 2% lower than what was guided. **For Q4,** The raw materials prices is expected to rise by 4% to 5% in **Q1 FY25**, this will negate through increase in prices of product. Company has also announced 3% hike in all of the product across.

- **For Q3, In European Operation, the revenue** recorded was EUR 176 million, up 4% sequentially, **The EBITDA** stood at EUR 36 million with margin of 20.3% compared to 15.4% for the same quarter last year and 14.1% in Sep quarter. The reason for this excellent margin is the product mix basket, as 45% of the total pie consist of UHP and UUHP and those are the larger profit pools which gives the better margin. Even in India, the product mix is becoming richer both in PCR and CV. There is no capex guidance for the current year. **For Q4, Europe Operations,** the revenue for the quarter was EUR 182 million, up 3% Y-o-Y. This was against a subdued market scenario, **EBITDA margin** performance of 19.1% compared to 18.1% for the same period last year. UUHP has gone to 47% of our total pie, this leads to better and healthier profit. They did launch the Vredestein brand in India, where we are seeing a good customer demand for the brand.

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Management Analysis

S. NO	Name	Designation	Qualification/ Experience	Comments
1)	 **Onkar Kanwar**	**Co-founder & Chairman**	Degree in Science and Administration, University of California. Worked as a salesman in Riverside, California. Worked for Abbey Etna Machine Company in Perrysburg, Ohio. Former president of FICCI. Former chairman of ATMA. Chairman of BRICS Council of India. Member of the Board of Governors at IIM Kozhikode. Member of the Trade Advisory Committee.	The entire senior management is led by Onkar Kanwar. He resurrected the whole business when it was about to sold and transformed the business in one of the leader in tyre industry. He was categorized as a political exposed person by the law firm's compliances department as he served as a Board Member of the Kerala State Industrial Development Corporation. He also had feud with his father Runaq Singh because of financial irregularities by Onkar and brother Narinder Jeet Singh as Onkar was trying to take controls by improper means.
2)	 **Neeraj Kanwar**	**Vice Chairman & Managing Director**	Education from St. Columba's School, Delhi and thereafter graduated in engineering from Lehigh University in Pennsylvania, US. Started his career with a training stint at American Express Bank in New York City. Started Global Finance Ltd, a non-bank financial, shut after three years. First position in Apollo tyres was in the sales team. Acquisition of Dunlop tyres, South Africa under his supervision. Served as a Chairman in ATMA for three years	He plays a pivotal role in Apollo's journey towards becoming one of the most admired tyre brands. He has pioneered key initiatives in enhancing the competitiveness of the Company's operations and products across the Board. He is responsible for crafting Apollo's growth story taking the Company from US$450 million to US$3 billion. He has acquired Vredestein and set up Greenfield facility in Hungary thereby transforming itself as a multi-geographic company across the globe
3)	 **Benoit Revallant**	**President, Europe**	A Mechanical Engineer, BA in Business from Montpellier University, France. Served as a coach to various running teams for several years in the past. Member of the company's Management Board. Spent most of his work life with Michelin and has held various roles in the organization. His last assignment with Michelin was as Vice President, Asia, Earthmover and Industrial Tyres based out of Shanghai. He has also held Commercial Director portfolio for China and Hong Kong truck and bus tyres.	He had a great experienced in tyre industry which drives him to introduction of Commercial tyre in Europe. Being the association with about a decade and CEO of Apollo Vredestein, BV, he is responsible for the key functions of manufacturing, sales & marketing, customer relations and profitability in Europe.
4)	 **Gaurav Kumar**	**Chief Financial Officer**	A degree in Mechanical Engineering from the IIT, Delhi, and a MBA in Finance from the FMS, Started with Management Trainee with UB Group in 1993. Managing Director of a manufacturing set-up to being part of Acquisition & Alliances team for an IT Giant. Joined Apollo Tyres Ltd as Head, Corporate Strategy. . In 2010, Kumar was nominated to the Company's Management Board. In 2015, became CFO of the Apollo tyres	He is responsible for overall financial health of the organisation and undertakes various projects, inorganic growth, M&A. He won the best CFO award at the ASSOCHAM 2nd Vibrant Bharat CFO Summit and Awards. THe board has given approval that he will be appointed as a new Whole Time Director from June 1 in place of Satish Kumar retirement

APOLLO TYRES LTD

Management Analysis

S. NO	Name	Designation	Qualification/ Experience	Comments
5)	 **Satish Kumar**	**President (APMEA) and Whole-time Director**	Chemical Engineer from the NIT, Raipur, MP, holds a post-graduate diploma in Business Management from IMT, Ghaziabad. Member of the Institute of Engineers, Indian Rubber Institute and All India Management Association (AIMA). Begin career with JK Tyres, moving very soon to the position of a Manager, where he was responsible for brand and product management	He is a man who prefers taking challenges head-on. He is credited with Apollo's steady sales growth, in the last few years. Having been with Apollo Tyres for over two and a half decades, Satish Sharma is recognized as an industry veteran, having held various key positions. He elected as a chairman in ATMA in 2017. On May 31, he will retire from the organization.
6)	 **Daniele Lorenzetti**	**Chief Technology Officer**	Industrial Chemical Engineering degree from University of Milan. He was a product director and developed product and Technological Road Map definition for Truck, Agro and Special Vehicles. Joined Apollo tyres in 2016	Having 20 years experience in Pirelli Tyres, spent 20 years across different positions with his core areas of professional expertise being in technological innovations, product quality improvements, he aims to achieve product leadership for Apollo Tyres in various segments.
7)	 **Hizmy Hassen**	**Chief Digital Officer**	Holds a bachelor's degree in Electrical and Electronics Engineering from the University of Leeds, UK. Has 30+ years of rich experience having worked across areas of Supply Chain, Information Technology and Digital Enablement.	His last job was with Coats PLC, and before that, he worked at Unilever. At Coats, he oversaw Digital and Technology worldwide. He is known for transforming Coats' Global Technology department by implementing a cloud strategy and other modern technologies to support digital change.
8)	 **Yoichi Sato**	**Chief Quality & Safety Officer**	Bachelor of Materials Engineering from Shibaura Institute of Technology, Tokyo. Has 35 years of rich experience, predominantly in the Tyre and Automobile Industry, most of which has been in the Quality function. Previously associated with Bridgestone as its Vice President and Officer (Quality)	He plays a pivotal role in benchmarking, developing and implementing best management systems and processes in the organisation to achieve superior business results.
9)	 **Sunam Sarkar**	**President & Chief Business Officer**	A Commerce graduate from St. Xavier's College, Kolkata, Also holds an International Masters in Practicing Management from Lancaster University, UK. In 1999, joined Apollo Tyres as Head, Marketing, Non Truck Tyres. . He took over as the CFO in 2009, and as Chief Business Officer in Nov 2014. He has been a Director on the Board of the company since 2004.	He has pioneered a number of initiatives that have had a significant impact on revenue, profitability, employee satisfaction and customer delight. In his previous role as the CFO, had successfully led and executed Apollo's international acquisitions and greatly strengthening the company's Balance Sheet.

APOLLO TYRES LTD

Commentary

The executive leadership team consists of highly skilled individuals with diverse qualifications. Onkar took charge of the business during a challenging period and led its impressive growth, both domestically and internationally. He has also served as the Chairman of the BRICS Council of India. The Board of Directors comprises professionals from various fields, including law, civil service, military, finance, and corporate law. Neeraj Kanwar, the Managing Director and Vice Chairman, has shown exceptional leadership abilities. He successfully oversaw the acquisition of Vredestein and Dunlop Tyres and spearheaded the establishment of a new facility in Hungary, showcasing his commitment to global expansion. Mr. Kanwar is confident in the potential of AI and machine learning to improve operational efficiency. Under his leadership, Apollo Tyres has experienced significant growth, increasing its revenue from $450 million to $3 billion. Executive appointments are made based on rigorous assessment of competencies and technical expertise. While Mr. Neeraj has led the organization for two decades, other members of the management team have been with the company for over five years, illustrating their dedication to the company's goals.

Shareholding Pattern

The company's shareholding distribution indicates that Foreign Institutional Investors (FIIs), Domestic Institutional Investors (DIIs), and the public collectively hold 61% of the total shares, while promoters hold 37%, a reduction from FY17. The DIIs' stake has significantly increased from 8% in FY17 to 22% in FY24, while FIIs' holdings have decreased. Notably, the promoters' pledged shares were 3.05% in March 2022, progressively decreasing to 1.07% in March 2024. It is important to note that a strategic exit by promoters can sometimes lead to a loss of confidence among investors.

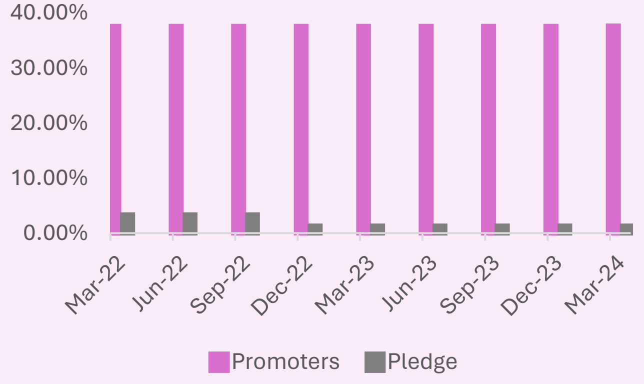
Quarterly Shareholders Holdings

Shareholders	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
Promoters	38%	37%	37%	37%	37%	37%	37%	37%	37%	37%	37%	37%
FIIs	23%	20%	20%	19%	21%	22%	23%	22%	23%	22%	18%	18%
DIIs	16%	18%	18%	19%	17%	18%	17%	18%	17%	18%	22%	22%
Government	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Public	22%	23%	23%	23%	23%	21%	21%	21%	20%	21%	21%	21%

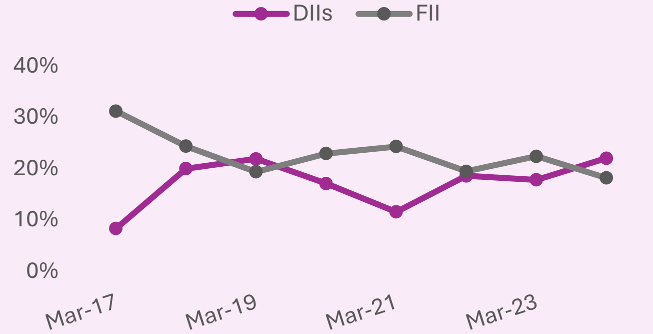
Yearly Shareholders Holdings

Shareholders	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Promoters	44%	40%	41%	41%	37%	37%	37%	37%
FIIs	31%	24%	19%	23%	24%	19%	22%	18%
DIIs	8%	20%	22%	17%	12%	19%	18%	22%
Government	2%	2%	2%	2%	2%	2%	2%	2%
Public	14%	14%	16%	17%	25%	23%	21%	21%

Pledge % of Holding % of Promoters



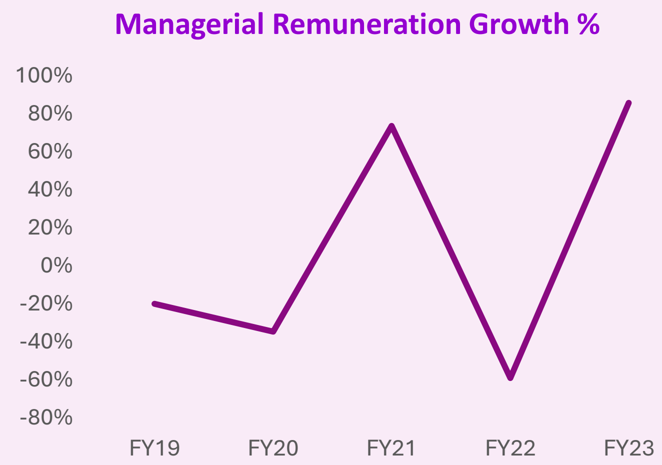
DIIs and FIIs Holdings

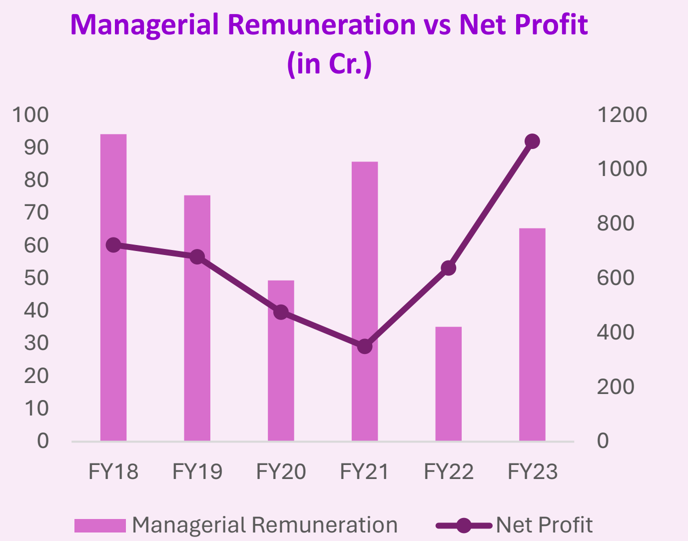


Source: *Company Analysis, Trendlyne*

APOLLO TYRES LTD

Remuneration





Details of Medium Remuneration/ Salary wages with peer group (in lakhs)

Companies	Male: Board of Directors (BoD)	Male: Key Managerial Personnel (KMP)	Male: Employees other than BoD and KMP	Male: Workers	Female: Board of Directors (BoD)	Female: Key Managerial Personnel (KMP)	Female: Employees other than BoD and KMP	Female: Workers
Apollo Tyres	**3135**	**4733**	**9.2**	**7.2**	**114**	**102**	**16.5**	**2.7**
Jk Tyres	1073	2118	9.4	5.2	-	-	8.5	8.8
Bal Krishna	47.3	205	7	3.05	5.5	-	6.2	-
Ceat	22	326	2.6	7.5	17	64.6	2	-
MRF	2186	192	6.1	5.4	-	6.2	9.1	-
Good year	291	49	14.6	10.6	-	-	21.4	3.7

Ratio of median remuneration ratio of BoD and KMP to employee with peers

Companies	Male: Board of Directors (BoD)	Male: Key Managerial Personnel (KMP)	Female: Board of Directors (BoD)	Female: Key Managerial Personnel (KMP)
Apollo Tyres	**340.7x**	**514.5x**	**6.9x**	**6.2x**
Jk Tyres	114.1x	225.3x	-	-
Bal Krishna	6.8x	29.3x	0.9x	-
Ceat	8.5x	125.4x	8.5x	32.3x
MRF	358.4x	31.5x	-	0.7x
Good year	19.9x	3.4x	-	-

Key managerial personnel (in Rs. Millions)

Particulars	FY 23	FY 22
Managerial remuneration:		
Mr. Onkar Kanwar	270.59	140.14
Mr. Neeraj Kanwar	284.12	122.62
Mr. Satish Sharma	99.7	89.58
Total:	654.41	352.34
Sitting fees:		
Non-executive directors	4.29	4.13
Commission:		
Non-executive directors	50	38

Source: Company Annual Report

APOLLO TYRES LTD

Commentary

Remuneration

The remuneration of male Board of Directors (BoD) and Key Managerial Personnel (KMP) is the highest among the median of peers. The ratio of the median salary of male BoD to the median salary of employees is 341x, which is the second highest among peers. The ratio of the median salary of male KMP to the median salary of employees is significantly higher than that of peers, standing at 515x. There is a substantial gap between the remuneration of male and female BoD members, with male BoD remuneration being 28 times greater than that of female BoD members. For KMP, male remuneration is 46 times greater than female remuneration, indicating male dominance in the organization. In FY23, where the net profit grew by 73%, Mr. Onkar's remuneration increased by 93%, amounting to Rs. 27 Crore. Mr. Neeraj Kanwar's remuneration increased by 132%, amounting to Rs. 28 Crore. In contrast, Mr. Satish Sharma, a Whole-time Director, had a salary increase of only 11%, amounting to approximately Rs. 10 Crore. The total KMP remuneration constitutes about 5.8% of the total net profit. The ratio of remuneration of each executive director to the median remuneration of employees for FY2023 is as follows: Mr. Onkar Kanwar – 226x, Mr. Neeraj Kanwar – 237x, and Mr. Satish Sharma – 83x.The company provided an average remuneration of Rs. 5.36 million to non-executive directors, which increased by 25% from the previous year. The ratio to the median salaries of employees is 4.47. From FY19 to FY24, the remuneration of KMP has generally aligned with changes in net profit, except for FY21,despite a significant increase in net profit, remuneration was less than in the previous year. In FY20, during the COVID-19 pandemic, KMP took a 35% reduction in remuneration compared to the previous year, demonstrating the management's commitment to the organization during tough times. The top management voluntarily took pay cuts to account for the impact of the COVID-19 pandemic on the automotive industry. Chairman and Managing Director Onkar S. Kanwar and Vice CMD Neeraj Kanwar each took a 25% pay cut, while the senior management took a 15% reduction in their salaries.

Efficiency of the BoD

During FY23, the company's Board of Directors (BoD) managed the company efficiently. Most board members attended all the board meetings, demonstrating their strong involvement in key discussions throughout the year. The company also has a good number of independent directors from diverse industries and respected professions, including advocates, IAS officers, Indian Foreign Service officers, Chiefs of Army Staff, investment bankers, and corporate lawyers. This diversity and expertise on the board have strengthened the decision-making process. Here are the details of the BoD participation**:**

Name/ Designation of Director	Executive/ Non- Executive/ Independent	No. of Board Meetings held/attended during tenure of the Director		Attendance at last AGM
		Held	Attended	
Mr. Onkar Kanwar, Chairman	Promoter and Non- Executive	5	5	Yes
Nr. Neeraj Kanwar, Vice Chairman & Managing Director	Executive	5	5	Yes
Mr. Satish Sharma, Whole Time Director	Executive	5	5	Yes
Mr. Akshay Chudasama	Non-Executive Independent	5	3	Yes
Gen. Bikram Singh (Retd.)	Non-Executive Independent	5	5	Yes
Mr. Francesco Crispino	Non-Executive Independent	5	4	Yes
Ms. Lakshmi Puri	Non -Executive Independent	5	5	Yes
Ms. Pallavi Shroff	Non -Executive Independent	5	3	Yes
Mr. Vikram S. Mehta	Non -Executive Independent	5	5	Yes
Ms. Vinod Rai	Non -Executive Independent	5	5	Yes
Dr. Jaimini Bhagwati	Non -Executive Independent	2	2	NA
Mr. Francesco Gori	Non -Executive Non-Independent	5	5	Yes
Mr. Robert Steinmetz	Non- Executive Non-Independent	5	5	Yes
Mr. Sunam Sarkar	Non- Executive Non-Independent	5	5	Yes
Mr. Vishal Mahadevia	Non -Executive Non-Independent	5	5	Yes

Source: Company Annual Report

APOLLO TYRES LTD

Financial Analysis

Quarterly Snapshot

Consolidated

In Crores

Particulars	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
Revenue	₹ 5,942.00	₹ 5,956.00	₹ 6,423.00	₹ 6,247.00	₹ 6,245.00	₹ 6,280.00	₹ 6,595.00	₹ 6,258.00
Total Expense	₹ (5,241.00)	₹ (5,237.00)	₹ (5,502.00)	₹ (5,209.00)	₹ (5,171.00)	₹ (5,107.00)	₹ (5,384.00)	₹ (5,192.00)
EBITDA	**₹ 701.00**	**₹ 719.00**	**₹ 921.00**	**₹ 1,038.00**	**₹ 1,074.00**	**₹ 1,173.00**	**₹ 1,211.00**	**₹ 1,066.00**
EBITDA Margin %	*11.80%*	*12.07%*	*14.34%*	*16.62%*	*17.20%*	*18.68%*	*18.36%*	*17.03%*
Interest	₹ (118.00)	₹ (132.00)	₹ (142.00)	₹ (139.00)	₹ (135.00)	₹ (133.00)	₹ (123.00)	₹ (115.00)
Depreciation	₹ (344.00)	₹ (349.00)	₹ (354.00)	₹ (372.00)	₹ (362.00)	₹ (360.00)	₹ (368.00)	₹ (388.00)
EBT	**₹ 239.00**	**₹ 238.00**	**₹ 425.00**	**₹ 527.00**	**₹ 577.00**	**₹ 680.00**	**₹ 720.00**	**₹ 563.00**
EBT Margin %	*4.02%*	*4.00%*	*6.62%*	*8.44%*	*9.24%*	*10.83%*	*10.92%*	*9.00%*
Tax	20%	25%	31%	22%	31%	30%	31%	37%
Net Profit	**₹ 191.20**	**₹ 178.50**	**₹ 293.25**	**₹ 411.06**	**₹ 398.13**	**₹ 476.00**	**₹ 496.80**	**₹ 354.69**
Net Profit Margin	*3.22%*	*3.00%*	*4.57%*	*6.58%*	*6.38%*	*7.58%*	*7.53%*	*5.67%*
EPS	**₹ 3.01**	**₹ 2.81**	**₹ 4.62**	**₹ 6.47**	**₹ 6.27**	**₹ 7.50**	**₹ 7.82**	**₹ 5.59**

Yearly Snapshot

Consolidated

In Crores

Particulars	2019	2020	2021	2022	2023	2024	2025E	2026E
Revenue	₹ 17,549.00	₹ 16,350.00	₹ 17,397.00	₹ 20,948.00	₹ 24,568.00	₹ 25,378.00	₹ 27,394.00	₹ 29,331.00
Total Expense	₹ (15,650.00)	₹ (14,368.00)	₹ (15,057.00)	₹ (18,235.00)	₹ (21,171.00)	₹ (20,853.00)	₹ (22,718.00)	₹ (24,372.00)
EBITDA	**₹ 1,899.00**	**₹ 1,982.00**	**₹ 2,340.00**	**₹ 2,713.00**	**₹ 3,397.00**	**₹ 4,525.00**	**₹ 4,676.00**	**₹ 4,959.00**
EBITDA Margin %	*10.82%*	*12.12%*	*13.45%*	*12.95%*	*13.83%*	*17.83%*	*17.07%*	*16.91%*
Interest	₹ (199.00)	₹ (300.00)	₹ (463.00)	₹ (465.00)	₹ (551.00)	₹ (506.00)	₹ (644.19)	₹ (629.32)
Depreciation	₹ (813.00)	₹ (1,138.00)	₹ (1,315.00)	₹ (1,400.00)	₹ (1,419.00)	₹ (1,478.00)	₹ (1,288.39)	₹ (1,258.63)
EBT	**₹ 887.00**	**₹ 544.00**	**₹ 562.00**	**₹ 848.00**	**₹ 1,427.00**	**₹ 2,541.00**	**₹ 2,743.42**	**₹ 3,071.05**
EBT Margin %	*5.05%*	*3.33%*	*3.23%*	*4.05%*	*5.81%*	*10.01%*	*10.01%*	*10.47%*
Tax	23%	12%	38%	25%	23%	32%	24%	24%
Net Profit	**₹ 682.99**	**₹ 478.72**	**₹ 348.44**	**₹ 636.00**	**₹ 1,098.79**	**₹ 1,727.88**	**₹ 2,085.00**	**₹ 2,334.00**
Net Profit Margin	*3.89%*	*2.93%*	*2.00%*	*3.04%*	*4.47%*	*6.81%*	*7.61%*	*7.96%*
EPS	**₹ 11.89**	**₹ 8.33**	**₹ 5.49**	**₹ 10.02**	**₹ 17.30**	**₹ 27.21**	**₹ 32.83**	**₹ 36.76**

Source: Company Analysis, Consensus

APOLLO TYRES LTD

Consolidated

Annual Balance Sheet

In Crores

Balance Sheet	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Equity Share Capital	₹ 57.21	₹ 57.21	₹ 57.21	₹ 63.51	₹ 63.51	₹ 63.51	₹ 63.51
Reserves	₹ 9,719.47	₹ 9,982.61	₹ 9,872.81	₹ 11,379.62	₹ 11,688.62	₹ 12,814.27	₹ 13,838.68
Borrowings	₹ 4,661.15	₹ 5,110.76	₹ 6,763.89	₹ 7,333.51	₹ 7,060.91	₹ 6,420.53	₹ 4,905.10
Other Liabilities	₹ 5,619.84	₹ 5,000.31	₹ 6,511.57	₹ 7,039.78	₹ 8,228.24	₹ 7,989.00	₹ 8,150.06
Total Liabilities	**₹ 20,057.67**	**₹ 20,150.89**	**₹ 23,205.48**	**₹ 25,816.42**	**₹ 27,041.28**	**₹ 27,287.31**	**₹ 26,957.35**
Fixed Assets Net Block	₹ 10,403.08	₹ 11,754.02	₹ 15,448.40	₹ 16,419.57	₹ 17,591.32	₹ 17,652.94	₹ 17,071.15
Capital Work in Progress	₹ 2,304.07	₹ 1,539.30	₹ 1,641.98	₹ 1,106.51	₹ 618.23	₹ 252.56	₹ 282.98
Investments	₹ 1,342.50	₹ 6.02	₹ 19.42	₹ 109.61	₹ 481.26	₹ 435.77	₹ 531.66
Total Non-Current Assets	**₹ 14,049.65**	**₹ 13,299.34**	**₹ 17,109.80**	**₹ 17,635.69**	**₹ 18,690.81**	**₹ 18,341.27**	**₹ 17,885.79**
Receivables	₹ 1,435.03	₹ 1,314.36	₹ 939.88	₹ 1,380.82	₹ 2,051.29	₹ 2,488.53	₹ 2,664.84
Inventory	₹ 2,945.35	₹ 3,484.09	₹ 3,206.92	₹ 3,318.53	₹ 4,155.39	₹ 4,428.46	₹ 4,245.73
Cash & Bank	₹ 599.19	₹ 562.65	₹ 749.60	₹ 2,145.79	₹ 1,080.66	₹ 846.23	₹ 922.13
Other Assets	₹ 1,028.45	₹ 1,490.45	₹ 1,199.28	₹ 1,335.59	₹ 1,063.13	₹ 1,182.82	₹ 1,238.86
Total Current Assets	₹ 6,008.02	₹ 6,851.55	₹ 6,095.68	₹ 8,180.73	₹ 8,350.47	₹ 8,946.04	₹ 9,071.56
Total Assets	**₹ 20,057.67**	**₹ 20,150.89**	**₹ 23,205.48**	**₹ 25,816.42**	**₹ 27,041.28**	**₹ 27,287.31**	**₹ 26,957.35**

Ratios

Ratios	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Trend
Turnover Ratios								
Debtor Days	35	27	21	29	36	37	38	
Inventory Days	128	125	129	129	122	110	113	
Days Payable	106	74	93	109	104	84	80	
Cash Conversion Cycle	57	78	57	49	54	63	71	
Working Capital Days	18	31	10	11	12	24	37	
Profitability Ratio								
Gross Margin	22.34%	22.65%	23.58%	25.97%	22.73%	23.99%	34.48%	
EBITDA Margin	12.01%	10.82%	12.12%	13.45%	12.95%	13.83%	17.83%	
EBIT Margin	8.02%	6.19%	5.16%	5.89%	6.27%	8.05%	12.00%	
EBT Margin	6.82%	5.06%	3.32%	3.23%	4.05%	5.81%	10.01%	
Net Profit Margin	4.88%	3.87%	2.91%	2.01%	3.05%	4.50%	6.78%	
Solvency Ratio								
Interest Coverage Ratio	6.71x	5.47x	2.81x	2.21x	2.82x	3.59x	6.02x	
Debt to Equity ratio	0.48x	0.51x	0.68x	0.64x	0.60x	0.50x	0.35x	
Debt to Assets	0.23x	0.25x	0.29x	0.28x	0.26x	0.24x	0.18x	
Equity Ratio	0.49x	0.50x	0.43x	0.44x	0.43x	0.47x	0.52x	
% Change								
Sales Growth	12.62%	18.23%	-6.83%	6.40%	20.41%	17.28%	3.30%	
EBITDA Growth	-11.55%	6.57%	4.33%	18.04%	15.96%	25.23%	33.18%	
EBT Growth	-29.48%	-12.27%	-38.81%	3.27%	51.04%	68.36%	77.99%	
Net Profit Growth	-34.13%	-6.09%	-29.93%	-26.49%	82.35%	72.98%	55.88%	
Dividend Growth	0.02%	8.33%	-7.69%	16.64%	-7.14%	38.46%	33.33%	
Other Ratios								
Return on Capital Employed	8.24%	7.17%	5.05%	5.46%	6.98%	10.25%	16.20%	
Retained Earnings%	76.29%	72.65%	63.97%	36.53%	67.68%	74.13%	77.87%	
Return on Equity%	7.40%	6.77%	4.80%	3.06%	5.43%	8.58%	12.39%	

Source: Company Analysis, Consensus

Revenue Analysis

The CAGR of the tyre industry's revenue, encompassing peer companies, was 9.0% over the past five years from FY19. In comparison, Apollo Tyres achieved a slightly lower CAGR of 7.6%. In FY24, the industry's median growth rate was 2.44%, while Apollo Tyres outperformed with a growth rate of 3.30%. Although this is higher than the industry median, it is not considered particularly strong. In Q1, Apollo's European operations underperformed, with revenue declining by 5% year-over-year and margins shrinking by 1% due to high fixed costs and the negative impact of operating leverage. Conversely, the Indian operations performed well, achieving a 2% increase in EBITDA margin compared to the previous quarter. In Q3, Apollo Tyres experienced a volume growth of 3% in truck tyres and 7% in passenger car tyres. The volume growth for replacement truck tyres was 8% and 4% for passenger car tyres. Exports in Q3 increased by 30%, significantly boosting revenue by 5% from the previous quarter. However, in Q4, the OEM volume growth was negative, particularly for truck OEMs, which saw a 10% decline due to lower truck sales, while the OE segment remained flat. The replacement growth for TBR tyres was 7%, and PCR tyres was 10% in volume terms. Apollo Tyres has lost market share in the truck segment, with growth primarily driven by the bus segment, which is less profitable. The company is shifting its focus towards the more profitable segments, particularly large-size tyres such as 16-inch and 17-inch. The highest growth was observed in passenger car tyres, and the recent launch of the Vredestein brand in India has contributed to growth in the UHP segment, which is more profitable. Apollo Tyres is prioritizing improving its bottom line over expanding into less profitable segments. Notably, Apollo's EBITDA margin has improved significantly from 12.49% in FY18 to 17.83% in FY19, outperforming the median growth of its peers.

CAGR (last 5 yrs)

Co.	CAGR (last 5 Yrs)
Balkrishna	12.00%
Ceat	11.00%
JK Tyres	8.00%
MRF	9.00%
TVS Tyres	4.00%
Median	**9.00%**
Mean	8.80%
Apollo Tyres	**7.66%**

Sales Growth%

Companies	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Balkrishna	19.35%	17.24%	-7.65%	20.20%	43.44%	17.65%	-4.00%
Ceat	8.95%	11.17%	-2.94%	12.26%	23.05%	20.84%	5.56%
JK Tyres	7.58%	25.33%	-15.87%	4.35%	31.65%	22.21%	2.44%
MRF	11.50%	7.41%	1.09%	-0.46%	19.52%	19.11%	9.39%
TVS Tyres	9.78%	12.95%	-13.46%	-7.82%	31.13%	17.38%	-1.98%
Median	**9.78%**	**12.95%**	**-7.65%**	**4.35%**	**31.13%**	**19.11%**	**2.44%**
Mean	11.43%	14.82%	-7.77%	5.71%	29.76%	19.44%	2.28%
Apollo Tyres	**12.62%**	**18.23%**	**-6.83%**	**6.40%**	**20.41%**	**17.28%**	**3.30%**

EBITDA Growth%

Companies	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Balkrishna	4.17%	5.50%	0.15%	30.12%	23.39%	-16.06%	31.68%
Ceat	-8.41%	3.47%	11.02%	36.42%	-26.46%	31.01%	67.14%
JK Tyres	-31.19%	27.01%	-17.81%	52.40%	-19.72%	14.31%	64.57%
MRF	-12.04%	4.40%	-0.58%	16.26%	-24.80%	11.51%	72.52%
TVS Tyres	-6.93%	2.45%	-17.56%	3.54%	-26.28%	36.92%	24.11%
Median	**-8.41%**	**4.40%**	**-0.58%**	**30.12%**	**-24.80%**	**14.31%**	**64.57%**
Mean	-10.88%	8.57%	-4.95%	27.75%	-14.77%	15.54%	52.00%
Apollo Tyres	**-11.55%**	**6.57%**	**4.33%**	**18.04%**	**15.96%**	**25.23%**	**33.18%**

EBITDA Margin%

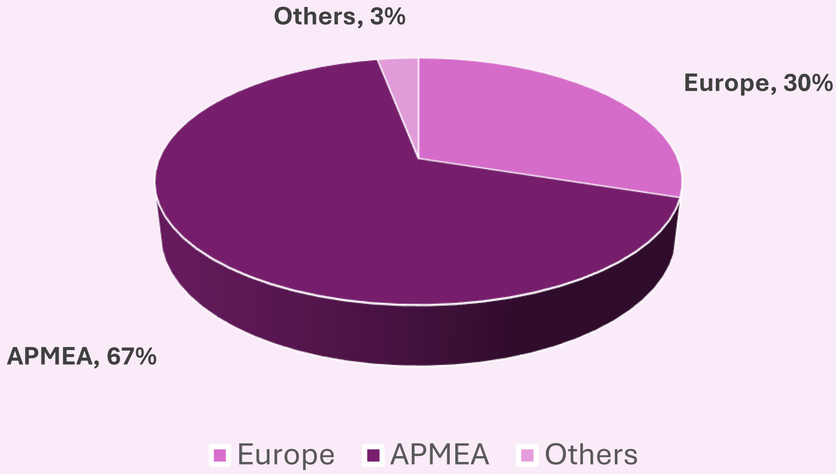
Companies	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Balkrishna	25.45%	22.82%	23.91%	27.09%	24.01%	15.20%	21.92%
Ceat	10.18%	9.47%	10.84%	13.17%	7.87%	8.53%	13.51%
JK Tyres	10.54%	10.68%	10.43%	15.24%	9.29%	8.69%	13.96%
MRF	17.51%	17.02%	16.74%	19.55%	12.30%	11.51%	18.16%
TVS Tyres	12.49%	11.33%	10.79%	12.12%	6.82%	7.95%	10.06%
Median	**12.49%**	**11.33%**	**10.84%**	**15.24%**	**9.29%**	**8.69%**	**13.96%**
Mean	15.23%	14.26%	14.54%	17.43%	12.06%	10.38%	15.52%
Apollo Tyres	**12.01%**	**10.82%**	**12.12%**	**13.45%**	**12.95%**	**13.83%**	**17.83%**

APOLLO TYRES LTD

Revenue Mix – FY24

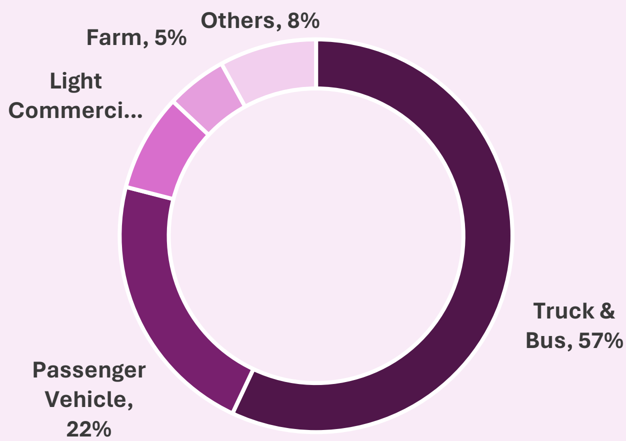
Consolidated

By Region

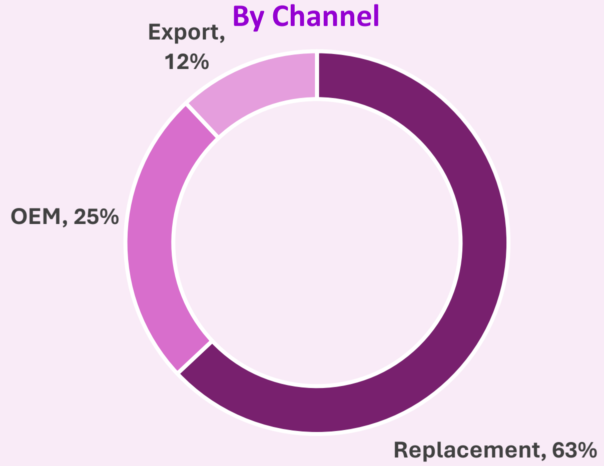


Standalone

By Products

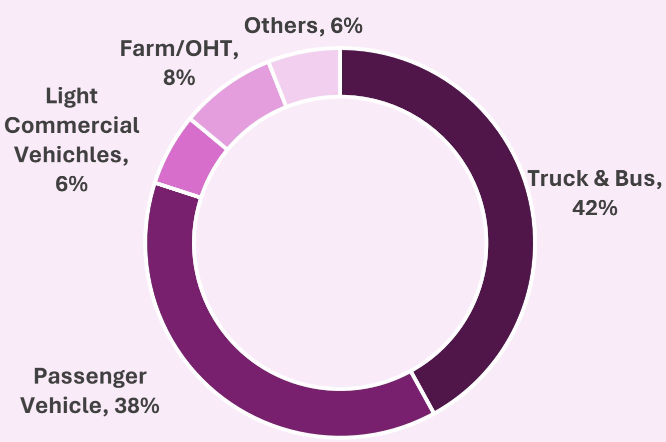


By Channel



Consolidated

By Product



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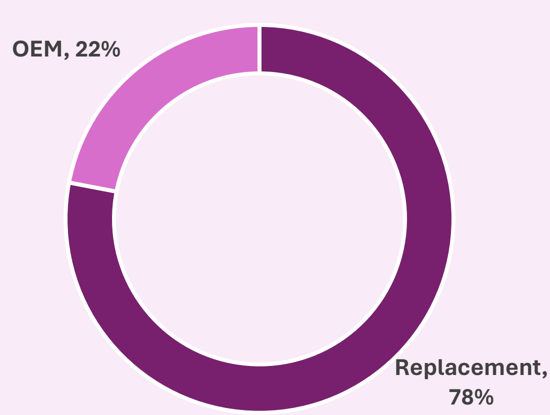


Source: Company Concalls

APOLLO TYRES LTD

Trade Receivables

The company's trade receivables (TR) are increasing at a compound annual growth rate (CAGR) of 15.8%, which surpasses the median CAGR growth of peers' trade receivables by twice. In FY24, the growth in TR was notably less compared to the median growth of peers' TR, recording 7% against 21%, due to a lower sales growth of only 3.3% in FY24. In the first half of the fiscal year, there was an increase in receivables attributed to a significant rise in the original equipment (OE) business, which followed the normal receivable days. In FY23, both sales and trade receivables increased at approximately the same rate. Post-COVID-19, the company's trade receivables demonstrated a dramatic increase compared to the industry, growing by 47% against a median industry growth of 18%. During the COVID-19 pandemic in FY20, the company's trade receivables decreased by 28%, a sharper decline than the industry's 5% decrease. From FY18 to FY24, Apollo Tyres consistently maintained lower trade receivable days compared to the industry average.

The company is highly efficient in cash collection, with debtor days significantly lower than the industry median—38 days compared to 42 days. This efficiency indicates that while the company focuses on sales, even if on credit, it ensures prompt recovery of amounts due. Apollo Tyres' ability to recover cash from debtors within 38 days underscores its effective cash collection practices.

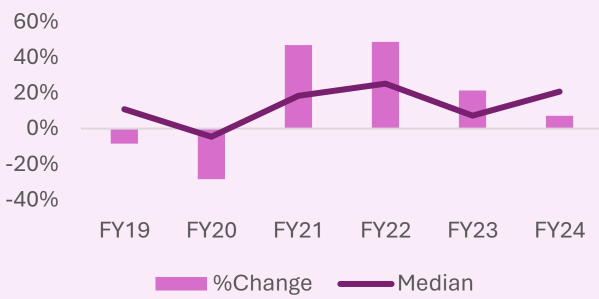
CAGR (last 5 yrs)

Co.	CAGR (last 5 Yrs)
Balkrishna	22.82%
Ceat	12.68%
JK Tyres	7.21%
MRF	4.09%
TVS Tyres	-3.46%
Median	**7.21%**
Mean	8.67%
Apollo Tyres	**15.18%**

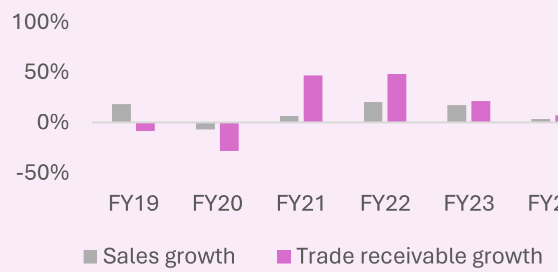
Trade Receivables

Co.	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Balkrishna	480	517	590	754	1096	1115	1445
% Change		*8%*	*14%*	*28%*	*45%*	*2%*	*30%*
Ceat	747	706	674	922	1154	1307	1283
% Change		*-5%*	*-5%*	*37%*	*25%*	*13%*	*-2%*
JK Tyres	1545	1945	1848	1575	1980	2283	2754
% Change		*26%*	*-5%*	*-15%*	*26%*	*15%*	*21%*
MRF	2150	2383	2299	2146	2333	2503	2912
% Change		*11%*	*-3%*	*-7%*	*9%*	*7%*	*16%*
TVS Tyres	244	337	207	245	240	221	282
% Change		*38%*	*-38%*	*18%*	*-2%*	*-8%*	*28%*
Median		**11%**	**-5%**	**18%**	**25%**	**7%**	**21%**
Mean		**15%**	**-7%**	**12%**	**21%**	**6%**	**19%**
Apollo Tyres	**1435**	**1314**	**940**	**1381**	**2051**	**2489**	**2665**
%Change		*-8%*	*-28%*	*47%*	*49%*	*21%*	*7%*

Change in Trade Receivables



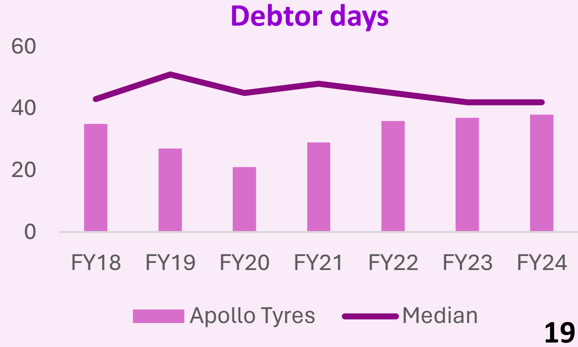
Trade receivable and Sales growth % Change



Debtor days

Co.	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Balkrishna	39	36	45	48	48	42	56
Ceat	43	37	36	44	45	42	39
JK Tyres	85	68	68	77	63	60	57
MRF	52	54	52	48	44	40	42
TVS Tyres	41	51	36	46	34	27	35
Median	**43**	**51**	**45**	**48**	**45**	**42**	**42**
Mean	52	49	47	53	47	42	46
Apollo Tyres	**35**	**27**	**21**	**29**	**36**	**37**	**38**

Debtor days



APOLLO TYRES LTD

Trade Payables

The company's creditors are increasing at a compound annual growth rate (CAGR) of 7.6%, which is lower than the industry median of 9.2%. In FY24, the company's creditors decreased by 11%, and total purchases decreased by 10%. The company's payable days have been reduced significantly, from 106 days in FY18 to 80 days in FY24, reflecting considerable improvement. In comparison, the industry maintains a lower average of approximately 74 payable days.

The company's decision to pay its creditors earlier has led to an increase in working capital requirements in the first half of FY24. In some cases, adhering to the normal payment cycle or making early payments has been financially advantageous due to cost considerations. This proactive approach to managing payables demonstrates the company's commitment to optimizing financial operations and maintaining strong relationships with its suppliers.

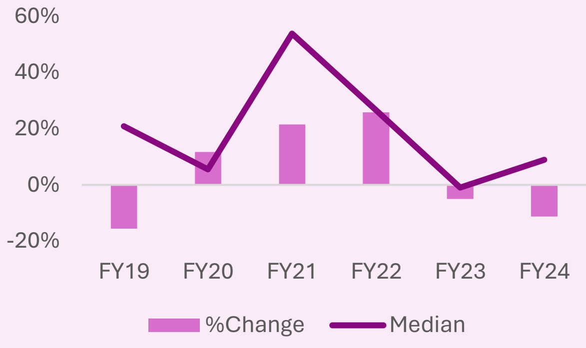
CAGR (last 5 yrs)

Co.	CAGR (last 5 Yrs)
Balkrishna	18.71%
Ceat	17.24%
JK Tyres	6.17%
MRF	9.19%
TVS Tyres	3.71%
Median	**9.19%**
Mean	11.00%
Apollo Tyres	**7.59%**

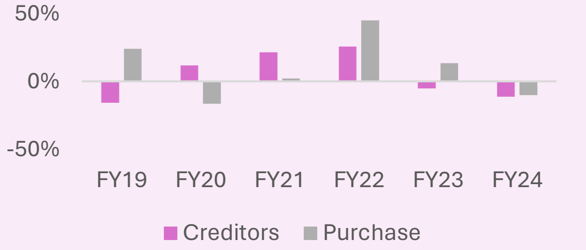
Trade Payables

Co.	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Balkrishna	409	386	384	655	829	492	910
% Change		*-6%*	*-1%*	*71%*	*27%*	*-41%*	*85%*
Ceat	871	1053	1195	1839	2158	2268	2332
% Change		*21%*	*13%*	*54%*	*17%*	*5%*	*3%*
JK Tyres	1165	1599	1688	1574	2189	1820	2157
% Change		*37%*	*6%*	*-7%*	*39%*	*-17%*	*19%*
MRF	1569	1709	1905	3306	2057	2436	2653
% Change		*9%*	*11%*	*74%*	*-38%*	*18%*	*9%*
TVS Tyres	174	335	218	292	417	413	402
% Change		*93%*	*-35%*	*34%*	*43%*	*-1%*	*-3%*
Median		21%	6%	54%	27%	-1%	9%
Mean		31%	-1%	45%	18%	-7%	23%
Apollo Tyres	2447	2066	2309	2807	3531	3354	2979
%Change		*-16%*	*12%*	*22%*	*26%*	*-5%*	*-11%*

Change in Creditors



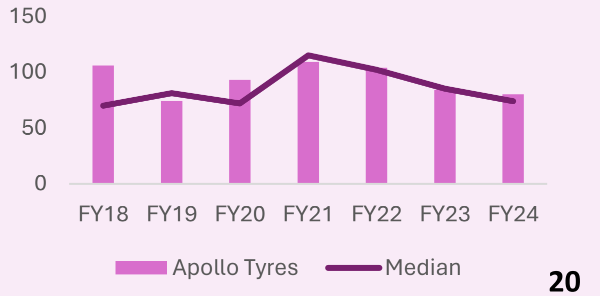
Change in Creditors and Change in Purchase



Days Payable

Co.	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Balkrishna	70	58	65	103	80	37	74
Ceat	83	92	111	157	131	112	123
JK Tyres	102	81	87	115	105	99	66
MRF	63	64	72	129	60	58	64
TVS Tyres	50	83	70	102	102	85	91
Median	70	81	72	115	102	85	74
Mean	74	76	81	121	96	78	84
Apollo Tyres	106	74	93	109	104	84	80

Days Payable



APOLLO TYRES LTD

Inventories

Over the past five years, the company's inventory has grown at a (CAGR) of 4.03%, which is lower than the industry median growth. In FY24, the company's inventory decreased by 4% compared to the previous year. Furthermore, inventory days have declined from 128 days in FY18 to 113 days in FY24, indicating a more efficient conversion of inventory into sales. In contrast, the industry's inventory days increased from 95 days to 108 days over the same period. In the first quarter of FY24, inventory levels were slightly higher than normal, but by the first half oFY24, inventory levels in the passenger car tires segment, the company's primary market, were fairly normal. Although the company's working capital increased, this was due to paying off creditors rather than an accumulation of inventory. There was no significant inventory buildup, except for a slight increase in the agricultural segment. The company maintains inventory levels below the industry average and is striving to set a benchmark in inventory management. Raw material inventory days stand at 20 days, and the company mitigates supplier risk by not relying on a single supplier. From FY19 to FY22, the changes in the cost of goods sold (COGS) and inventory were closely aligned. The company is committed to reducing inventory levels further in the upcoming fiscal years, as this will help save costs associated with inventory handling and minimize abnormal losses. This focus on inventory reduction demonstrates the company's dedication to operational efficiency and cost management.

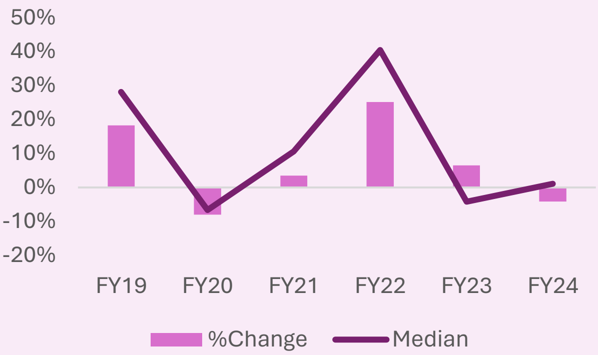
CAGR (last 5 yrs)

Co.	CAGR (last 5 Yrs)
Balkrishna	11.91%
Ceat	2.73%
JK Tyres	6.20%
MRF	8.34%
TVS Tyres	7.10%
Median	**7.10%**
Mean	7.26%
Apollo Tyres	**4.03%**

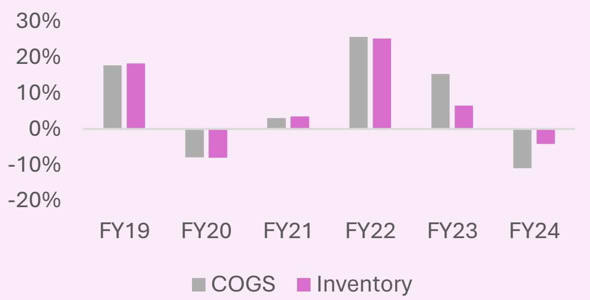
Inventories

Co	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Balkrishna	619	759	616	940	1672	1667	1332
% Change		*23%*	*-19%*	*53%*	*78%*	*0%*	*-20%*
Ceat	785	1006	939	1132	1310	1138	1150
% Change		*28%*	*-7%*	*21%*	*16%*	*-13%*	*1%*
JK Tyres	1448	1689	1618	1789	2433	2171	2282
% Change		*17%*	*-4%*	*11%*	*36%*	*-11%*	*5%*
MRF	2197	2993	2905	2939	4130	4141	4469
% Change		*36%*	*-3%*	*1%*	*41%*	*0%*	*8%*
TVS Tyres	332	499	421	426	813	779	703
% Change		*50%*	*-16%*	*1%*	*91%*	*-4%*	*-10%*
Median		28%	-7%	11%	41%	-4%	1%
Mean		31%	-10%	17%	52%	-6%	-3%
Apollo Tyres	2945	3484	3207	3319	4155	4428	4246
%Change		*18%*	*-8%*	*3%*	*25%*	*7%*	*-4%*

Change in Inventories



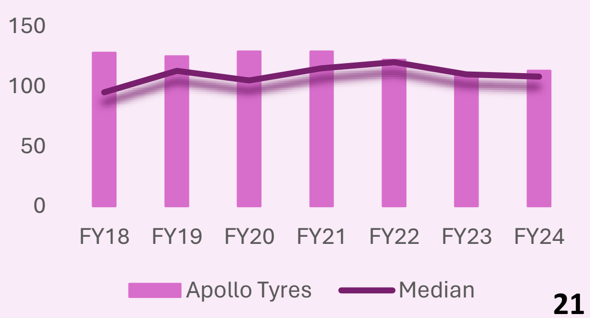
Change in COGS and Inventory



Inventory days

Co.	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Balkrishna	105	113	105	148	162	124	108
Ceat	75	88	88	97	79	56	61
JK Tyres	111	101	92	111	119	110	79
MRF	88	113	110	115	120	98	108
TVS Tyres	95	123	135	149	198	161	159
Median	95	113	105	115	120	110	108
Mean	95	108	106	124	136	110	103
Apollo Tyres	128	125	129	129	122	110	113

Inventory days



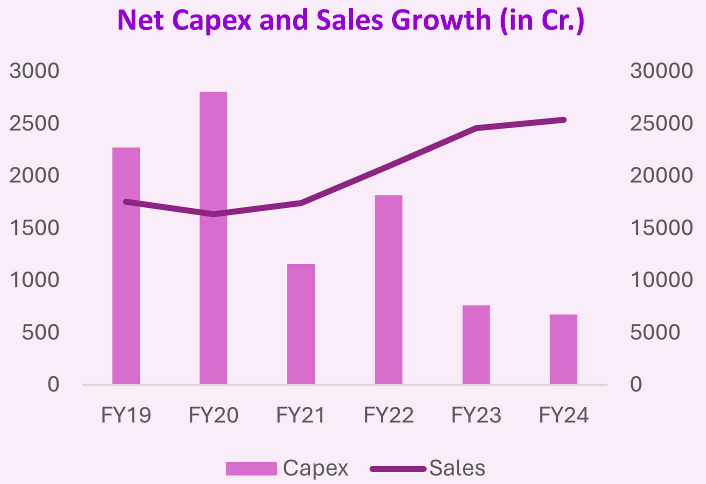
APOLLO TYRES LTD

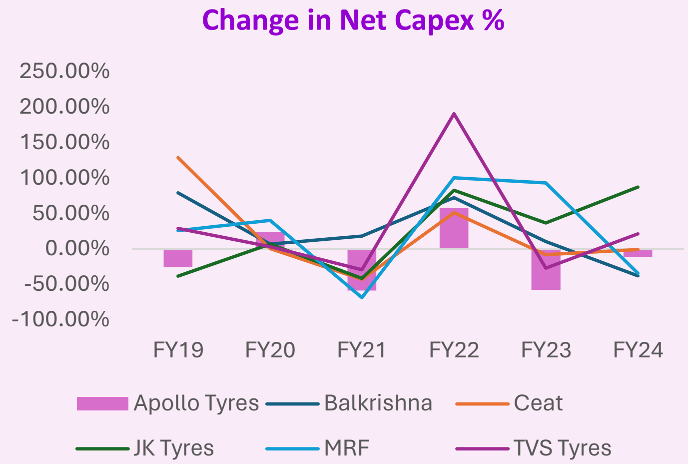
Capex

For the FY24, the capital expenditure (capex) guidance provided by management was INR 1100 Cr, but the actual expenditure amounted to only INR 673 Cr. For the past two years, capex has fallen short of expectations due to slower-than-anticipated volume growth. The company has indicated that for the next two years, it will adopt capex-light models. With the implementation of digitization, significant improvements in productivity have been observed across all plants. It is estimated that productivity could increase by 10%-15% with the current equipment.

The company is highly optimistic about the potential of artificial intelligence (AI) and machine learning. Currently, capacity utilization stands at 80%-85%, and the company is prepared to meet any surge in demand. The capex guidance for FY25 is set at INR 1000 Cr. In FY23, capex was relatively high, amounting to INR 731 Cr. Sales growth in FY23 and FY24 was nearly identical, as the company prioritized bottom-line growth over top-line growth. For at least the next two years, there will be no significant capex. Any increase in demand will be met by enhancing the productivity of existing capacity through AI and machine learning.

The total production capacity of PCR stands at 68,000 units per day across various plants, which is expected to increase to 73,000 units in the coming years. This increase will be achieved solely through the application of AI, machine learning, corporate engineering, and manufacturing technology. Investing in new machinery is costly, whereas investments in AI and machine learning are less capital-intensive and can yield proportional increases in output.





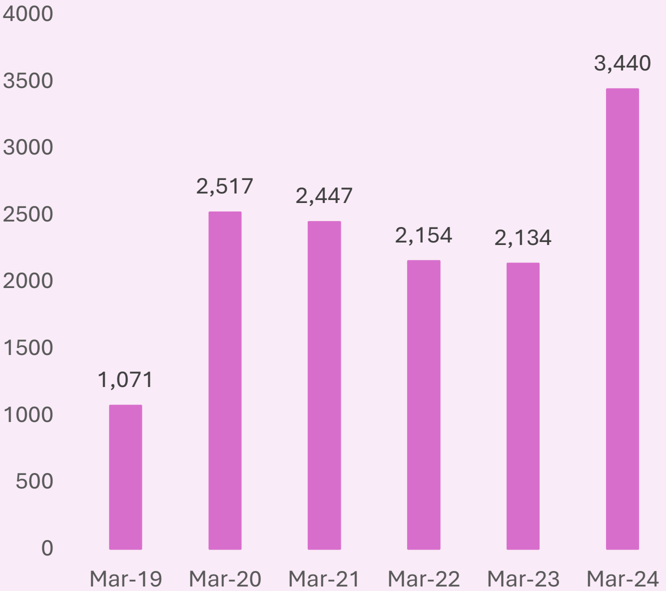
Net Capex

Companies	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Balkrishna	**411**	**735**	**783**	**923**	**1589**	**1752**	**1082**
% Change		*79%*	*7%*	*18%*	*72%*	*10%*	*-38%*
Ceat	**484**	**1107**	**1110**	**634**	**956**	**878**	**867**
% Change		*129%*	*0%*	*-43%*	*51%*	*-8%*	*-1%*
JK Tyres	**419**	**257**	**274**	**160**	**292**	**398**	**744**
% Change		*-39%*	*7%*	*-42%*	*83%*	*36%*	*87%*
MRF	**1564**	**1964**	**2750**	**852**	**1705**	**3290**	**2162**
% Change		*26%*	*40%*	*-69%*	*100%*	*93%*	*-34%*
TVS Tyres	**105**	**135**	**139**	**98**	**285**	**207**	**251**
% Change		*29%*	*3%*	*-29%*	*191%*	*-27%*	*21%*
Median		**29%**	**7%**	**-42%**	**83%**	**10%**	**-1%**
Mean		**45%**	**11%**	**-33%**	**99%**	**21%**	**7%**
Apollo Tyres	**3067**	**2274**	**2805**	**1156**	**1816**	**761**	**673**
% Change		*-26%*	*23%*	*-59%*	*57%*	*-58%*	*-12%*

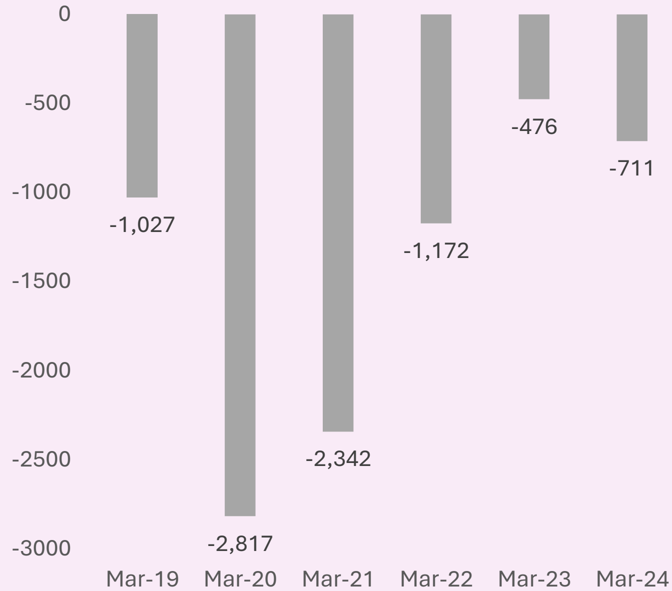
APOLLO TYRES LTD

Cash Flow

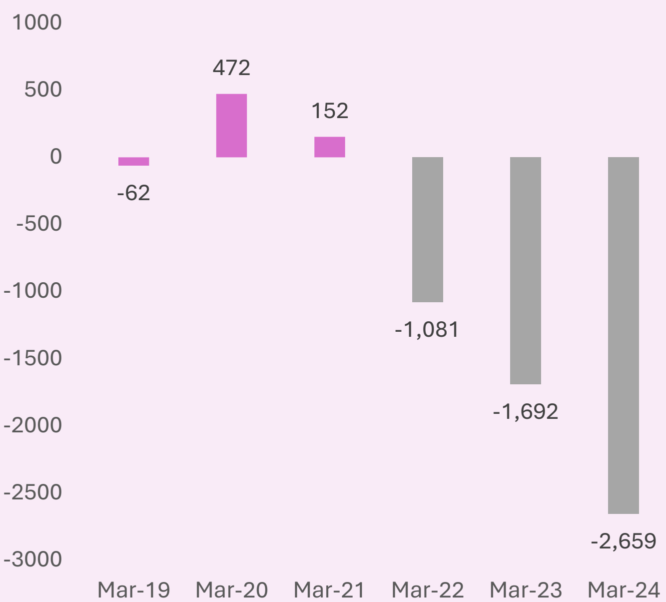
Cash Flow from Operating Activities (in Cr.)



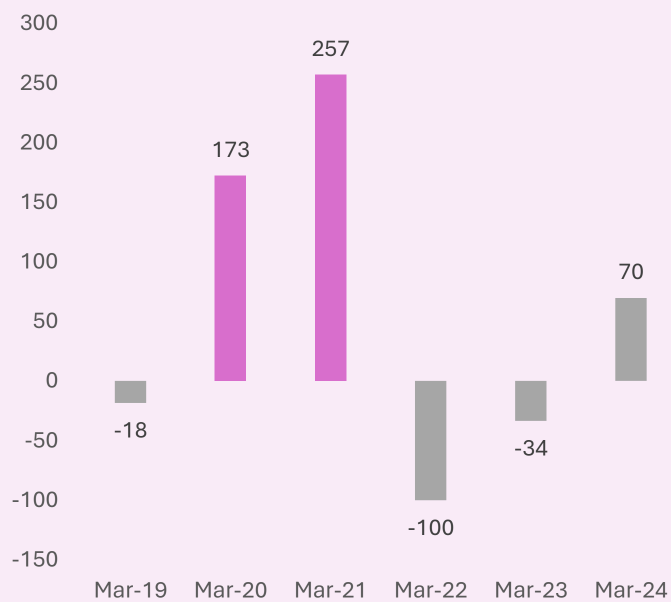
Cash Outflow from Investing Activity (in Cr.)



Cash Flow from Financing Activity (in Cr.)



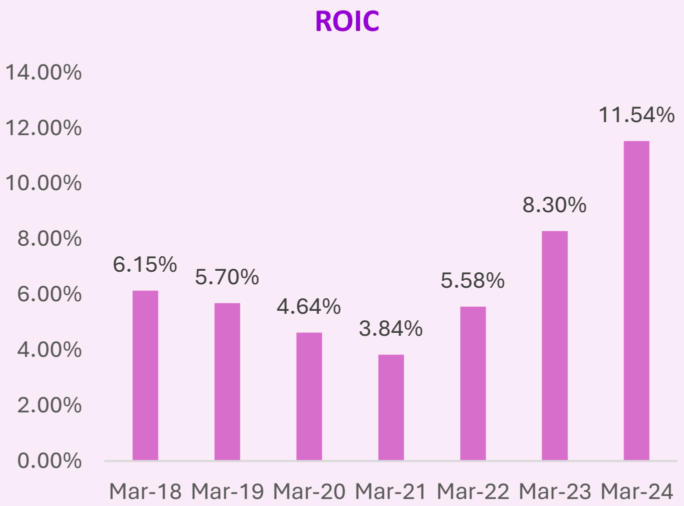
Net Cash Flow (in Cr.)

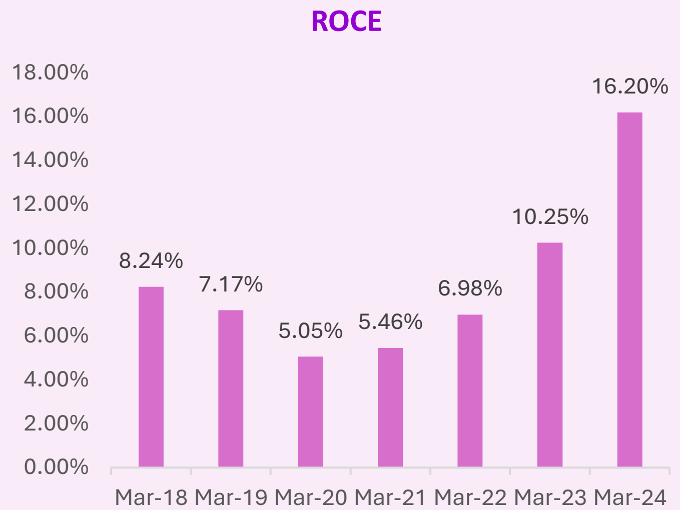


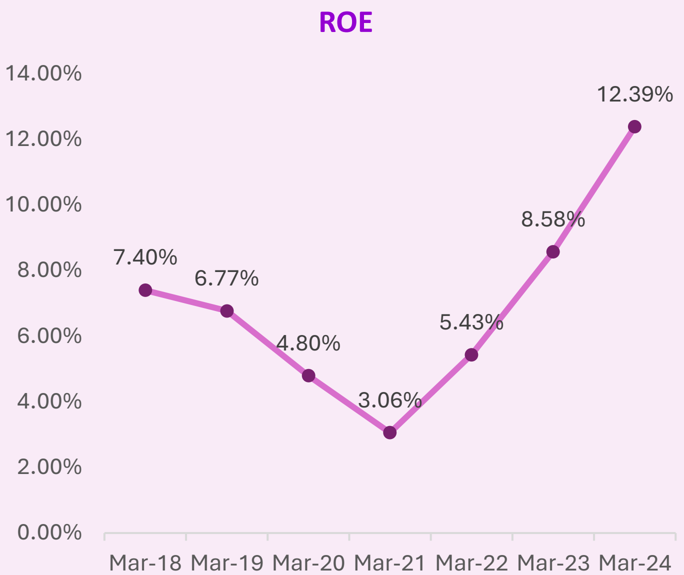
Source: Company Historical Statement

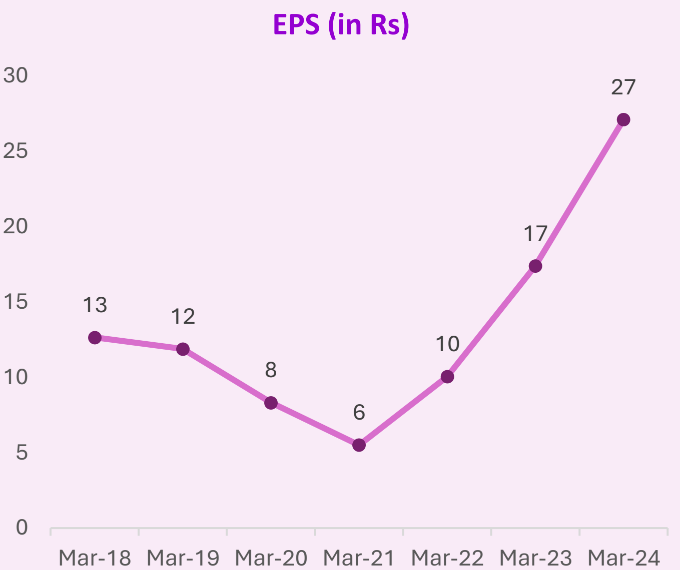
APOLLO TYRES LTD

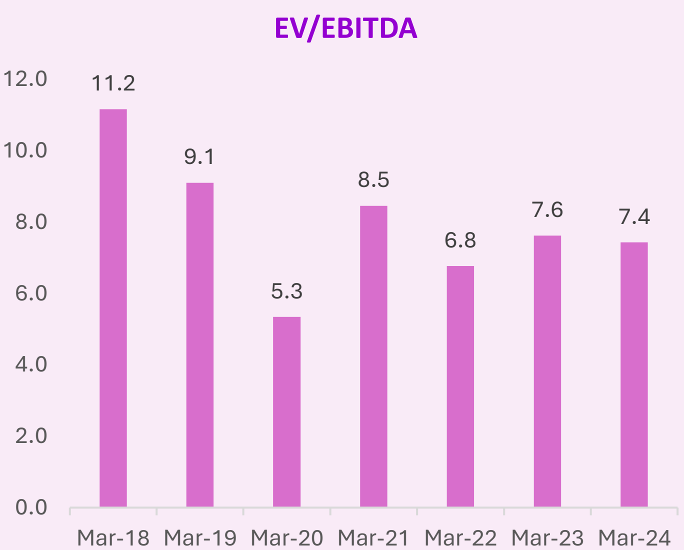
Key Ratio

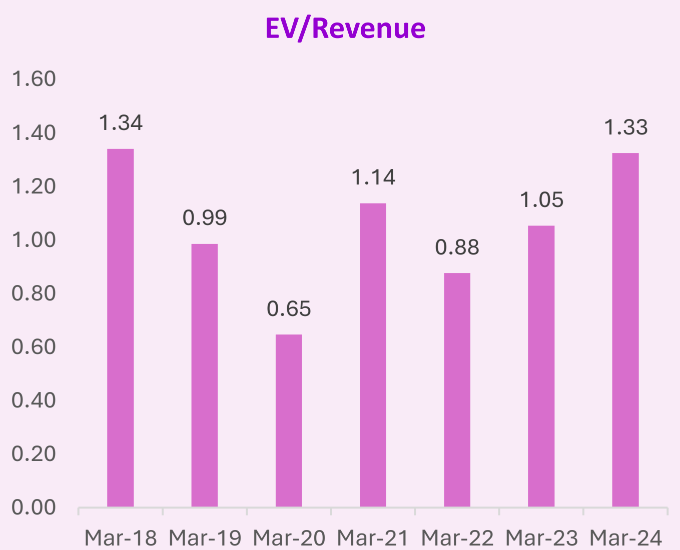






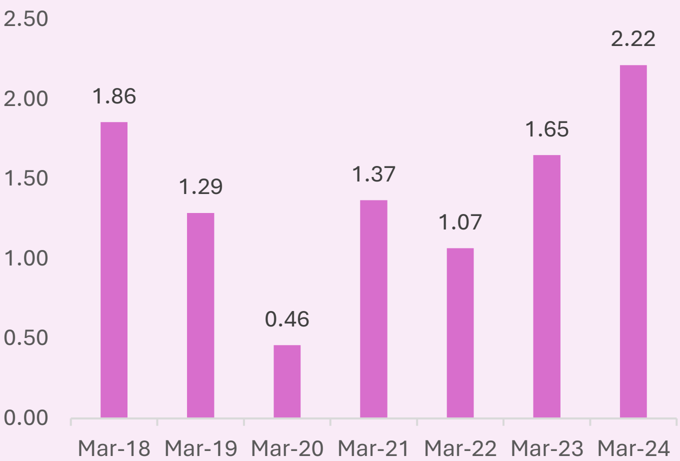




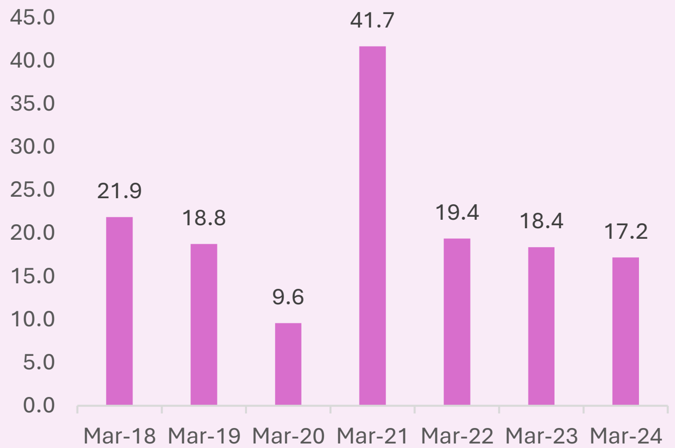


APOLLO TYRES LTD

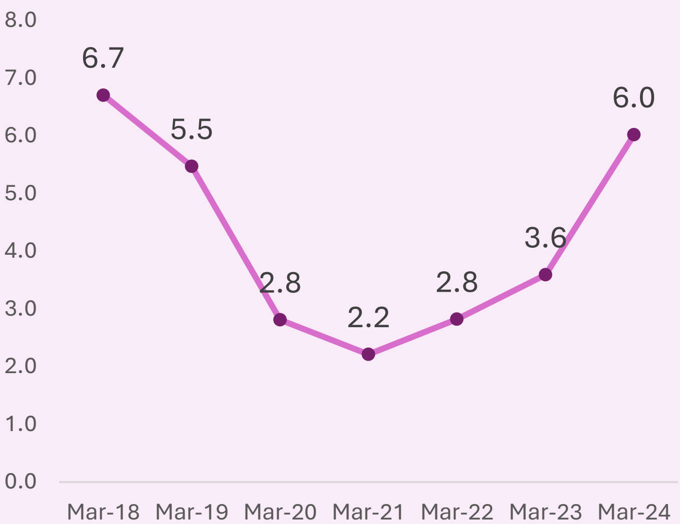
PB Ratio



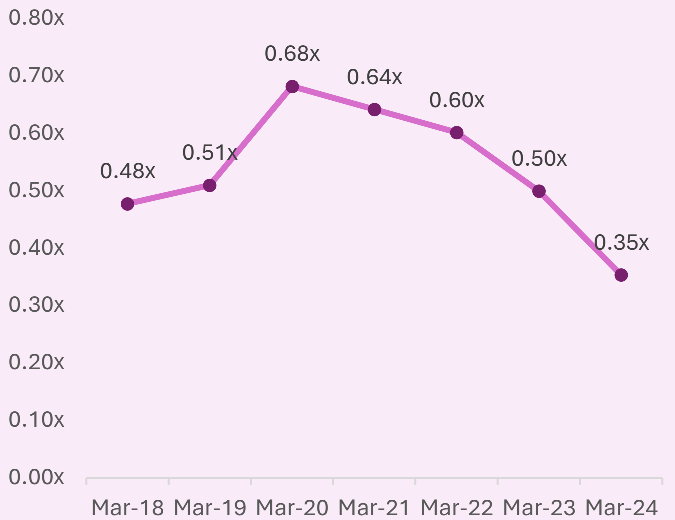
PE Ratio



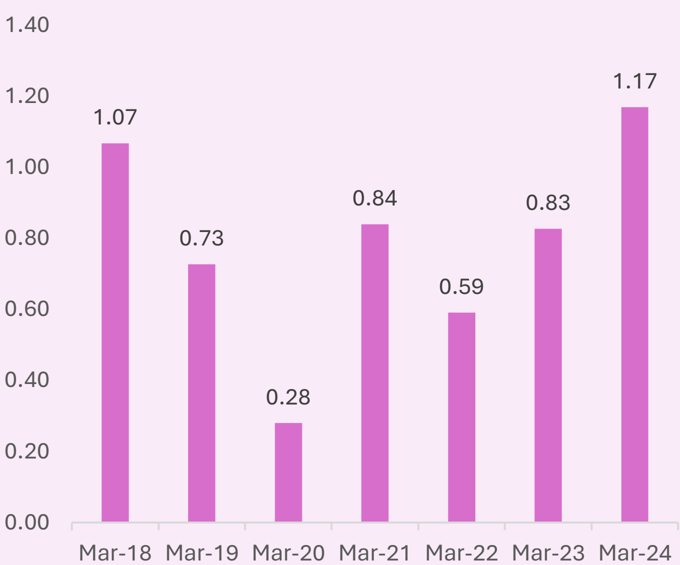
Interest Coverage Ratio



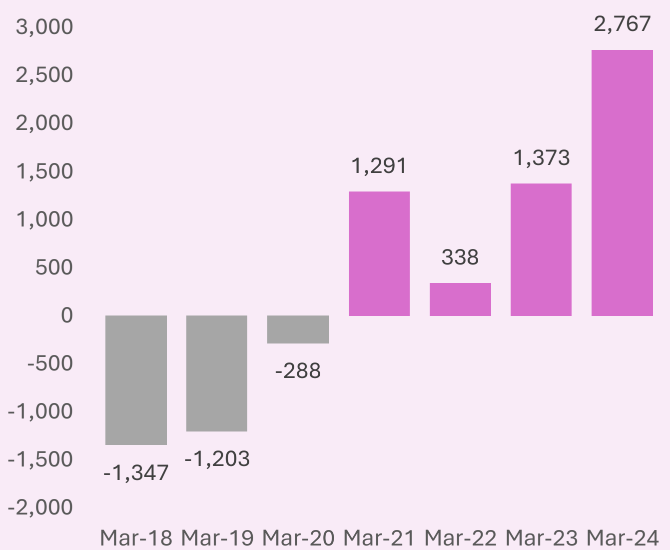
Debt to Equity ratio



Market Cap to Sales Ratio



FCF (in CR.)



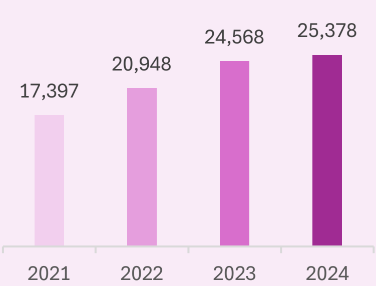
APOLLO TYRES LTD

Dupont- Analysis (1/1)

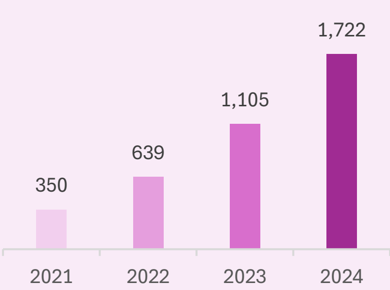
Dupont Analysis- ROA & ROE

Financial Summary

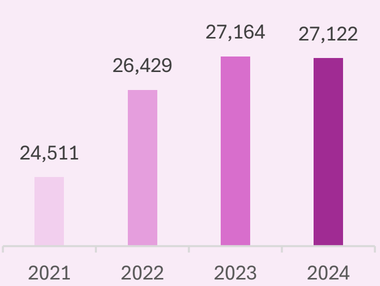
Revenues (INR Crs.)



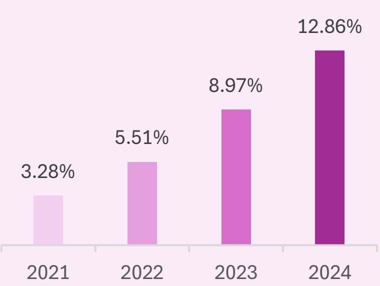
Net Profit (INR Crs.)



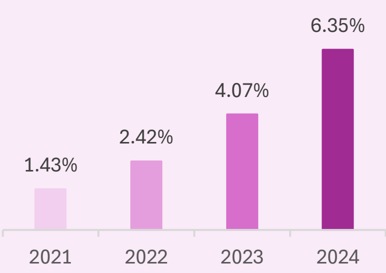
Average Total Assets (INR Crs.)



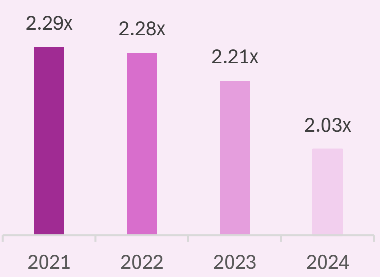
Return on Equity (%)



Return on Asset (%)



Financial Leverage



Return on Equity (ROE)

	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Net Profit	723.9	679.8	476.4	350.2	638.6	1,104.6	1,721.9
Average Shareholder Equity	8,533.3	9,908.3	9,984.9	10,686.6	11,597.6	12,315.0	13,390.0
Return on Equity	**8.48%**	**6.86%**	**4.77%**	**3.28%**	**5.51%**	**8.97%**	**12.86%**

ROE - Dupont Equation

	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Net Profit	723.9	679.8	476.4	350.2	638.6	1,104.6	1,721.9
Revenue	14,842.9	17,548.8	16,350.2	17,397.0	20,947.6	24,568.1	25,377.7
Net Profit Margin (A)	**4.88%**	**3.87%**	**2.91%**	**2.01%**	**3.05%**	**4.50%**	**6.78%**
	Mar-18	**Mar-19**	**Mar-20**	**Mar-21**	**Mar-22**	**Mar-23**	**Mar-24**
Revenue	14,842.9	17,548.8	16,350.2	17,397.0	20,947.6	24,568.1	25,377.7
Average Total Asset	17,645.4	20,104.3	21,678.2	24,511.0	26,428.9	27,164.3	27,122.3
Asset Turnover Ratio (B)	**0.8x**	**0.9x**	**0.8x**	**0.7x**	**0.8x**	**0.9x**	**0.9x**
	Mar-18	**Mar-19**	**Mar-20**	**Mar-21**	**Mar-22**	**Mar-23**	**Mar-24**
Average Total Asset	17,645.4	20,104.3	21,678.2	24,511.0	26,428.9	27,164.3	27,122.3
Average Shareholder Equity	8,533.3	9,908.3	9,984.9	10,686.6	11,597.6	12,315.0	13,390.0
Equity Multiplier (C)	**2.07x**	**2.03x**	**2.17x**	**2.29x**	**2.28x**	**2.21x**	**2.03x**
Return on Equity (A*B*C)	**8.48%**	**6.86%**	**4.77%**	**3.28%**	**5.51%**	**8.97%**	**12.86%**

Return on Asset	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Net Profit	723.9	679.8	476.4	350.2	638.6	1,104.6	1,721.9
Average Total Asset	17,645.4	20,104.3	21,678.2	24,511.0	26,428.9	27,164.3	27,122.3
Return on Asset	**4.10%**	**3.38%**	**2.20%**	**1.43%**	**2.42%**	**4.07%**	**6.35%**

ROA - Dupont Equation	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Net Profit	723.9	679.8	476.4	350.2	638.6	1,104.6	1,721.9
Revenue	14,842.9	17,548.8	16,350.2	17,397.0	20,947.6	24,568.1	25,377.7
Net Profit Margin (A)	**4.88%**	**3.87%**	**2.91%**	**2.01%**	**3.05%**	**4.50%**	**6.78%**
	Mar-18	**Mar-19**	**Mar-20**	**Mar-21**	**Mar-22**	**Mar-23**	**Mar-24**
Revenue	14,842.9	17,548.8	16,350.2	17,397.0	20,947.6	24,568.1	25,377.7
Average Total Asset	17,645.4	20,104.3	21,678.2	24,511.0	26,428.9	27,164.3	27,122.3
Asset Turnover Ratio (B)	**0.8x**	**0.9x**	**0.8x**	**0.7x**	**0.8x**	**0.9x**	**0.9x**
Return on Asset (A*B)	**4.10%**	**3.38%**	**2.20%**	**1.43%**	**2.42%**	**4.07%**	**6.35%**

Commentary

The company's ROE decreased to 4.77% during COVID-19, reaching a low of 3.28% in FY2021, but it has now increased to 12.86% as of March 2024 . Over the period from 6.86% in FY2019 to 12.86% in FY2024. The company's ROA also improved from 3.38% in FY2019 to 6.35% in FY2024. the improvement in ROE & ROA can be attributed to:

- Improving Net Profit Margin: The net profit margin increased from 3.94% in FY2019 to 6.78% in FY2023.
- Enhanced Asset Efficiency: The efficiency of the company's assets improved from 0.8x in FY2019 to 0.9x in FY2023.
- Additionally, the company's financial leverage decreased from 2.29 in FY2021 to 2.03 in FY2024. Post-COVID, the rise in ROE was due to:

A recovery in net profit margin as the company improved its product mix in favor of premium segments such as PVs (shifting to 14–16-inch tires from 12-inch tires).

- Restructuring in Europe, which boosted consolidated margins.
- Focusing on the ultra-high-performance tire (UHP) segment in Europe.
- Enhancing the overall cost structure due to a lean cost strategy.

Overall, these positive indicators suggest that the company will achieve higher profit margins in the upcoming years, focusing on the bottom line rather than top-line growth without significant capex. The company plans to adopt a capex-light model. The increase in net profit margin will automatically enhance ROE, ROA, and other financial ratios. Currently, the company is operating at 80 to 85% of capacity and does not anticipate large capex in the next two years. For FY2025, the planned capex is ₹1100 crore.

Source: Company Historical Statement

APOLLO TYRES LTD

Relative Valuation

Comparable Company Valuation

Amount in crores

Company	Share Price	Share Outstanding	Equity Value	Net Debt	Cash	Enterprise Value	Revenue	EBITDA	Net Income	EV/Revenue	EV/EBITDA	P/E
Balkrishna Inds	₹ 3,091	₹ 19.3	₹ 59,755	₹ 3,099	₹ 80	₹ 62,774	₹ 9,369	₹ 2,705	₹ 1,471	6.7x	23.2x	40.6x
MRF	₹ 1,25,466	₹ 0.4	₹ 52,696	₹ 2,822	₹ 345	₹ 55,172	₹ 25,169	₹ 4,570	₹ 2,081	2.2x	12.1x	25.3x
Apollo Tyres	**₹ 466**	**₹ 63.5**	**₹ 29,580**	**₹ 4,905**	**₹ 922**	**₹ 33,563**	**₹ 25,378**	**₹ 4,601**	**₹ 1,722**	**1.3x**	**7.3x**	**17.2x**
JK Tyre & Indust	₹ 402	₹ 26.1	₹ 10,479	₹ 4,609	₹ 770	₹ 14,319	₹ 15,002	₹ 2,122	₹ 806	1.0x	6.7x	13.0x
CEAT	₹ 2,352	₹ 4.1	₹ 9,524	₹ 1,792	₹ 59	₹ 11,257	₹ 11,943	₹ 1,672	₹ 635	0.9x	6.7x	15.0x
TVS Srichakra	₹ 4,077	₹ 0.8	₹ 3,139	₹ 842	₹ 19	₹ 3,963	₹ 2,926	₹ 303	₹ 108	1.4x	13.1x	29.1x
Goodyear India	₹ 1,146	₹ 2.3	₹ 2,647	₹ 7	₹ 124	₹ 2,530	₹ 2,552	₹ 188	₹ 95	1.0x	13.5x	27.9x
High										6.7x	23.2x	40.6x
75th Percentile										1.8x	13.3x	28.5x
Average										2.1x	11.8x	24.0x
Median										**1.3x**	**12.1x**	**25.3x**
25th Percentile										1.0x	7.0x	16.1x
Low										0.9x	6.7x	13.0x

Apollo Tyres Comparable Valuation	EV/Revenue	EV/EBITDA	P/E
Implied Enterprise Value	₹ 33,563	₹ 55,545	
Net Debt	₹ (4,905)	₹ (4,905)	
Cash	₹ 922	₹ 922	
Implied Equity value	₹ 29,580	₹ 51,562	₹ 43,597
Shares Outstanding	₹ 64	₹ 64	₹ 64
Implied Value per Share	₹ 466	₹ 812	₹ 686
	Fairly valued	Undervalued	Undervalued

Commentary

The valuation of Apollo Tyres was conducted using relative valuation, which involves comparing the company's valuation metrics with those of other companies in the same industry. The enterprise value (EV) is calculated by summing the company's equity and debt, excluding cash. The metrics used in this analysis are EV/Revenue, EV/EBITDA, and P/E ratios, each providing its own valuation perspective based on the financials of the companies involved.

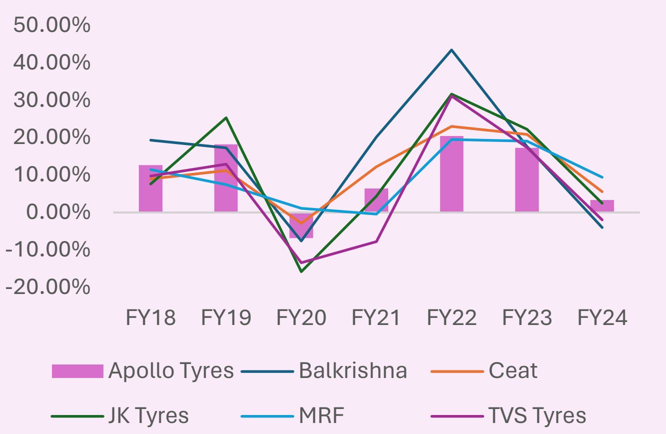
The median EV/Revenue is 1.3x, indicating that for every rupee of revenue, the enterprise value is 1.3 times. For Apollo Tyres, the implied equity value, based on EV/EBITDA, is INR 29,580 Cr., which matches the actual equity value of INR 466. This suggests that Apollo Tyres is fairly valued according to the EV/Revenue metric. In contrast, the median EV/EBITDA is 12.1x, leading to an implied share price of INR 812 per share for Apollo Tyres. Given the current share price of INR 466, this indicates that Apollo Tyres is undervalued according to the EV/EBITDA metric. Similarly, the median P/E ratio is 25.3x, resulting in an implied share price of INR 686 per share for Apollo Tyres. This also suggests that the stock is undervalued when evaluated using the P/E ratio.

In conclusion, based on the relative valuation metrics, Apollo Tyres is fairly valued according to EV/Revenue, but appears to be undervalued according to both EV/EBITDA and P/E ratios, indicating potential for price appreciation.

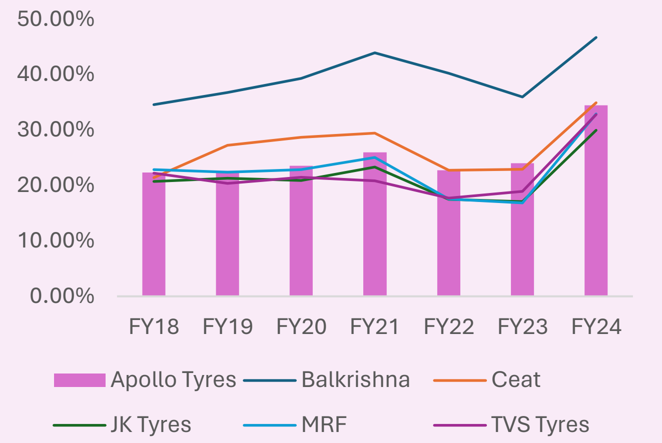
APOLLO TYRES LTD

Peers Comparison (1/3)

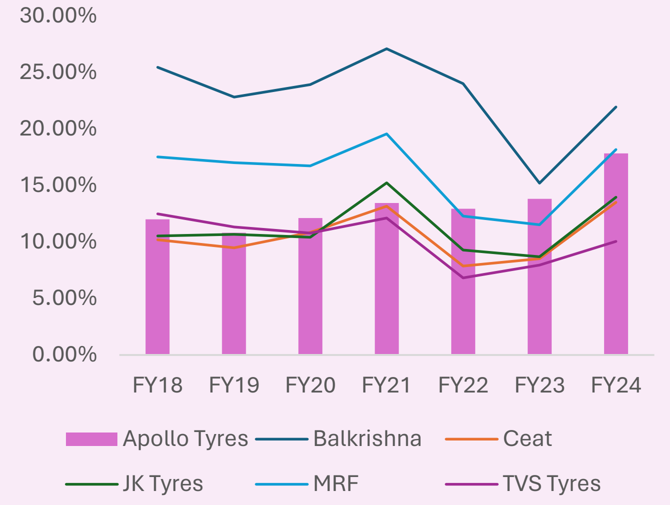
Revenue Growth %



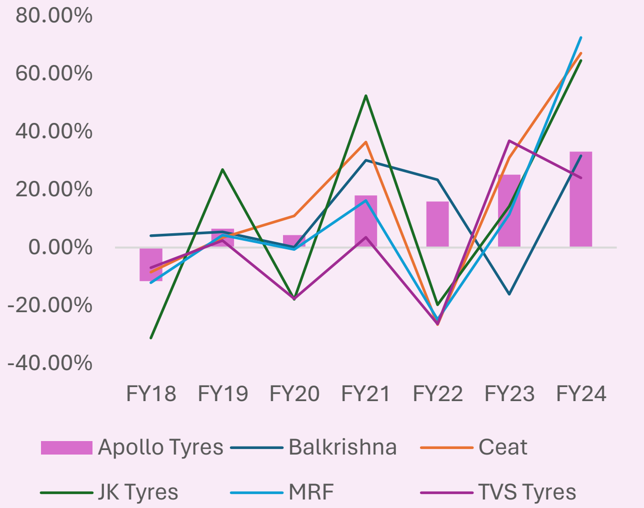
Gross Margin Growth %



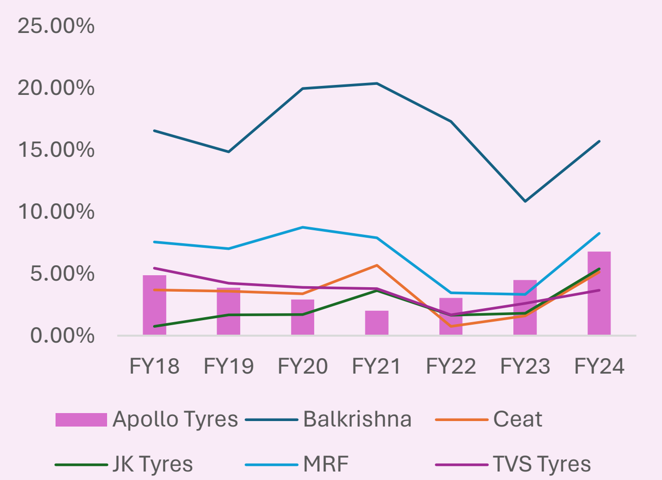
EBITDA Margin Growth %



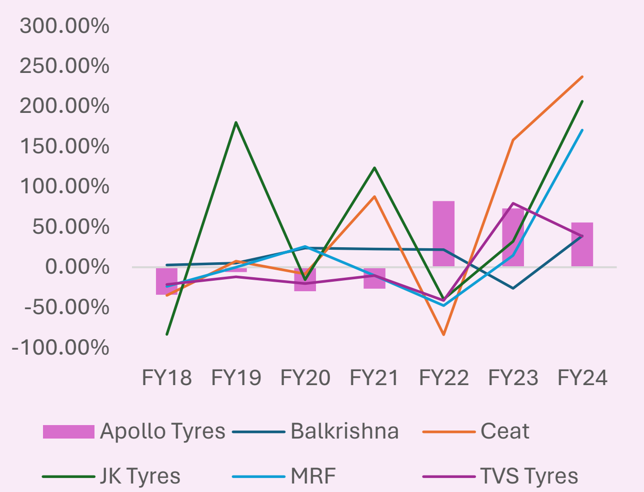
EBITDA Growth %



Net Profit Margin Growth %



Net Profit Growth %

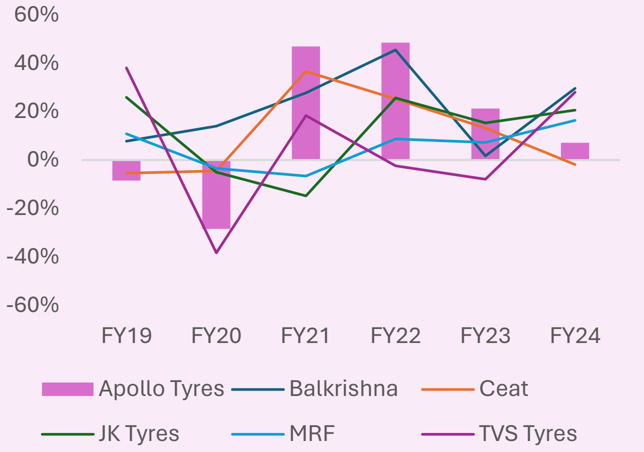


Source: Screener.in

APOLLO TYRES LTD

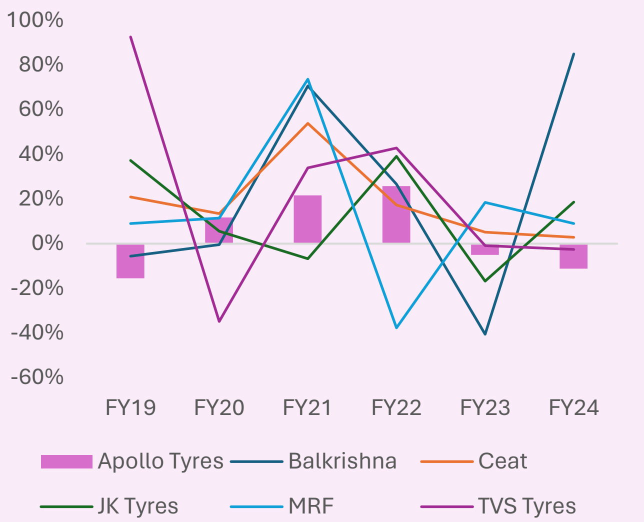
Peers Comparison (2/3)

Trade Receivable Growth %

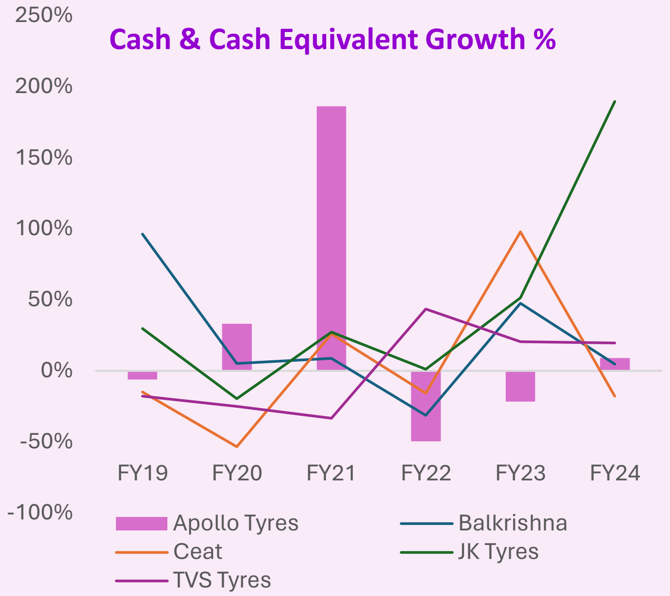


Inventory Growth %

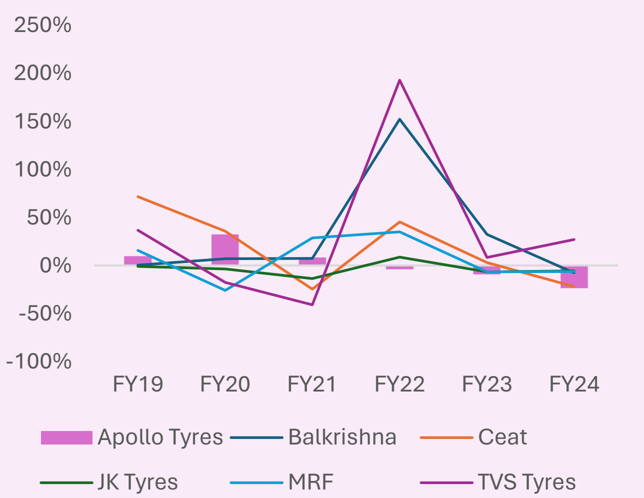
Trade Payables Growth %



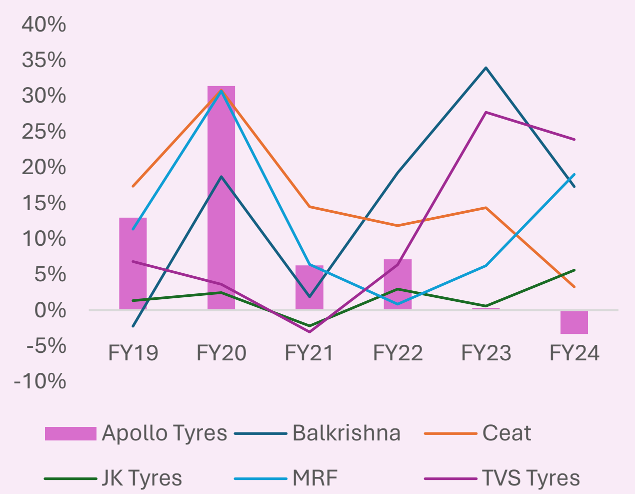
Cash & Cash Equivalent Growth %



Change in Total Debt %



Change in Net Block Assets %

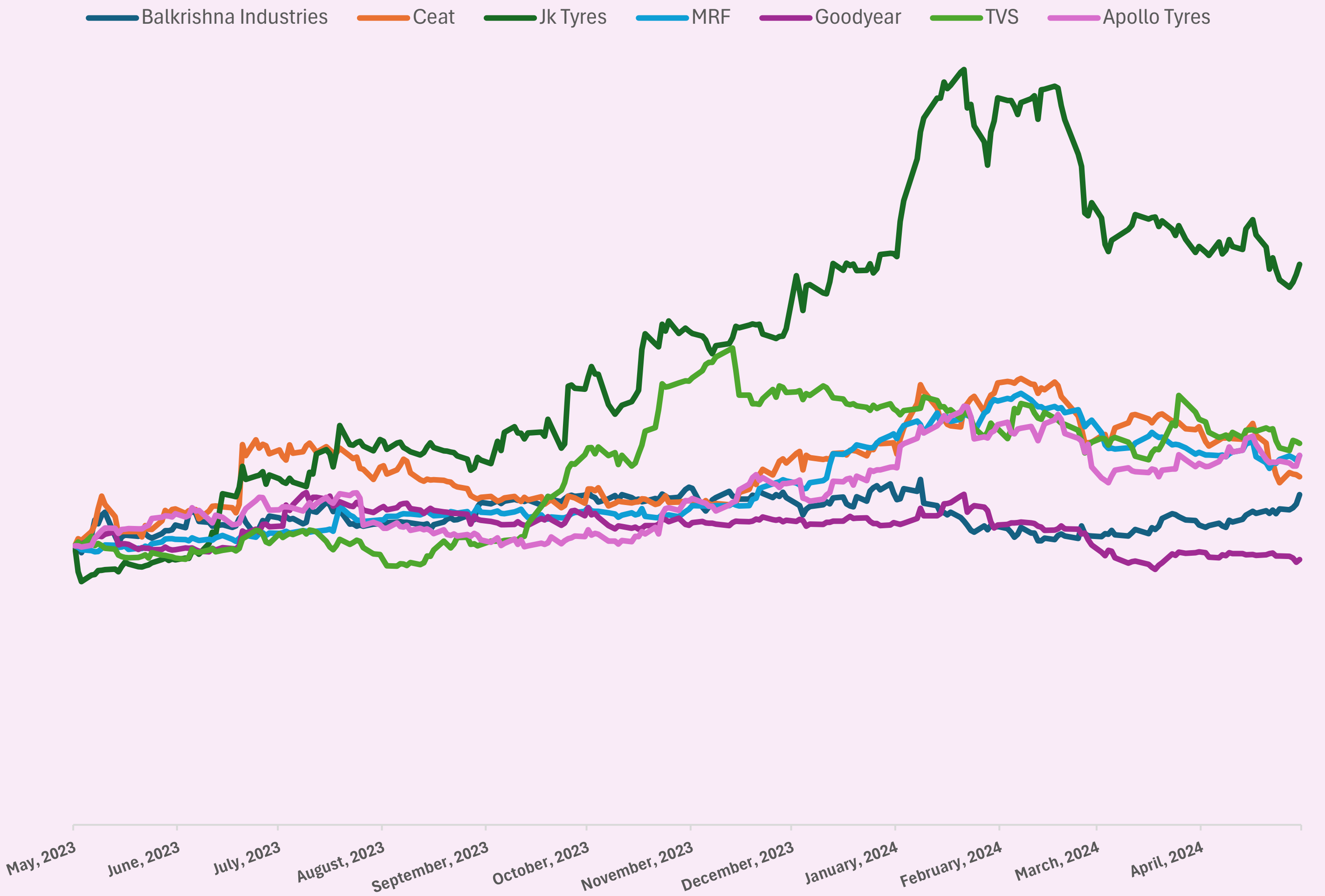


Source: Screener.in

APOLLO TYRES LTD

Peer Comparison (3/3)

Peer Stock Performance - 1 yr (Indexed)



Source: Yahoo Finance

Peer Comparison Matrices

Name	CMP	Mar Cap (in Cr)	PE	EV/EBITDA	ROIC	ROE	ROCE	DEBT TO EQUITY
Apollo Tyres	**369**	**30319**	**17.1**	**7.5x**	**10.3%**	**13.2%**	**16.4%**	**0.4**
Ceat	1824	9611	14.2	6.8x	15.7%	18.1%	20.1%	0.4
MRF	97490	55576	26.7	12.7X	14.4%	13.2%	16.9%	0.2
JK Tyres	198	10977	13.7	7.0x	11.3%	20.4%	19.2%	1.0
Goodyear	1,207	2787	29.4	14.3x	18.8%	16.0%	22.0%	0.0
Balkrishna	2190	60031	40.8	23.3x	16.0%	17.9%	18.0%	0.4
TVS	2958	3208	28.0	13.3X	9.3%	10.7%	10.9%	0.8

Source: Screener.in

APOLLO TYRES LTD

Analyst Coverage

S.No	Date	Research House	Rating	Price at reco	Target price	Potential Target
1	15-May-24	Emkay	Buy	₹ 474.10	₹ 600.00	26.6%
2	12-Mar-24	Sharekhan	Buy	₹ 492.10	₹ 619.00	25.8%
3	10-Nov-23	Geojit BNP Paribas	Hold	₹ 418.70	₹ 455.00	8.7%
4	09-Nov-23	ICICI Securities Limited	Hold	₹ 410.30	₹ 412.00	0.4%
5	16-Aug-23	Geojit BNP Paribas	Hold	₹ 396.35	₹ 432.00	9.0%
6	12-Aug-23	Motilal Oswal	Buy	₹ 395.85	₹ 500.00	26.3%
7	12-Aug-23	ICICI Securities Limited	Accumulate	₹ 395.85	₹ 424.00	7.1%
8	26-Jun-23	ICICI Securities Limited	Accumulate	₹ 403.75	₹ 450.00	11.5%
9	15-May-23	Geojit BNP Paribas	Hold	₹ 362.90	₹ 386.00	6.4%
11	11-May-23	ICICI Direct	Hold	₹ 368.60	₹ 420.00	13.9%
12	10-May-23	ICICI Securities Limited	Buy	₹ 368.60	₹ 424.00	15.0%
13	10-May-23	Motilal Oswal	Buy	₹ 368.60	₹ 430.00	16.7%
14	07-Feb-23	HDFC Securities	Accumulate	₹ 328.10	₹ 349.00	6.4%
15	07-Feb-23	ICICI Direct	Buy	₹ 338.30	₹ 400.00	18.2%
16	07-Feb-23	ICICI Direct	Buy	₹ 328.10	₹ 390.00	18.9%
17	06-Feb-23	Motilal Oswal	Buy	₹ 338.30	₹ 395.00	16.8%
18	06-Dec-22	Geojit BNP Paribas	Accumulate	₹ 316.00	₹ 358.00	13.3%
19	16-Nov-22	HDFC Securities	Accumulate	₹ 277.40	₹ 316.00	13.9%
20	16-Nov-22	ICICI Direct	Buy	₹ 277.40	₹ 350.00	26.2%
21	16-Nov-22	ICICI Securities Limited	Buy	₹ 297.70	₹ 343.00	15.2%
22	14-Sep-22	ICICI Securities Limited	Buy	₹ 279.50	₹ 329.00	17.7%

Source: Trendlyne.com

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I would like to extend my special thanks to my mentor, **Parth Verma**, for his invaluable support and guidance.