Apollo Tyres

Performance Highlights

Y/E March (Standalone)	3QFY11	3QFY10	% chg (yoy)	Angel est.	% diff.
Net sales (₹ cr)	1,432	1,323	8.2	1,259	13.7
EBITDA (₹ cr)	149	205	(27.4)	126	18.2
EBITDA margin (%)	*10.4*	*15.5*	*(510)bp*	*10.0*	*40bp*
Reported PAT (₹ cr)	54	102	(47.2)	34	58

Source: Company, Angel Research

Apollo Tyres reported better-than-expected results for 3QFY2011 led by healthy qoq margins on account of efficiency in the raw material procurement policy. However, top-line growth was impacted by weakness in the domestic replacement demand for CV tyres. We revise our earnings estimates marginally upwards to factor in the better-than-expected numbers. **We maintain a Buy on the stock.**

Standalone results beats estimates: Standalone top-line registered 8.2% yoy (21.8% qoq) growth to ₹1,432cr v/s our estimate of ₹1,259cr largely led by in the increase in price. Volume growth was restricted due to the weakness in demand for CV tyres in the replacement segment. Operating margin declined by a significant 510bp yoy to 10.4% (15.5%) primarily due to the ~56% yoy increase in natural rubber cost during the quarter. Thus, net profit registered a steep decline of 47.2% yoy to ₹54cr, though sequentially net profit jumped 44.5%.

Consolidated revenues up 3.2%, net profit declines 35.6%: On a consolidated basis, net revenue increased by 3.2% (21.5% qoq) to ₹2,369cr on the back of the ~16% yoy increase in average realisations as volumes declined ~11% yoy. While revenues of the South Africa operations increased 2.6% yoy, Europe reported a 4.7% yoy decline. Operating margin stood at 11.5% as against 9.5% in 2QFY2011 and 16.7% in 3QFY2010. Consequently, operating and net profit fell by 28.8% yoy (up 47% qoq) and 35.6% yoy (up 127% qoq), respectively.

Outlook and valuation: During FY2010, the tyre industry benefited mainly from the substantial fall in the raw material prices and spike in replacement demand. Going ahead, we remain positive on the sector as the OEM off-take is expected to improve on better volume growth in the auto industry. However, the sharp rise in the raw material prices is a concern and expected to exert pressure on OPM. We expect the company to post EPS of ₹6.8 in FY2011 and ₹8.1in FY2012. We maintain a Buy on the stock, with a Target Price of ₹65, based on 8.0x and 4.2x FY2012E EPS and EV/EBITDA, respectively.

Key Financials (Consolidated)

Y/E March (₹ cr)	FY2009	FY2010	FY2011E	FY2012E
Net sales	4,995	8,117	8,708	9,671
% chg	*6.4*	*62.5*	*7.3*	*11.1*
Net profit	139.2	653.4	341.2	406.8
% chg	*(48.4)*	*369.5*	*(47.8)*	*19.2*
EBITDA margin (%)	8.5	14.6	10.0	9.8
EPS (₹)	2.8	13.0	6.8	8.1
P/E (x)	20.1	4.3	8.2	6.9
P/BV (x)	2.1	1.4	1.2	1.0
RoE (%)	16.2	24.0	23.1	14.7
RoCE (%)	13.2	29.2	11.7	11.8
EV/Sales (x)	0.7	0.5	0.5	0.4
EV/EBITDA (x)	7.9	3.5	4.6	3.7

Source: Company, Angel Research

BUY

CMP	₹56
Target Price	₹65
Investment Period	12 Months

Stock Info	
Sector	Tyre
Market Cap (₹ cr)	2,800
Beta	1.2
52 Week High / Low	89/44
Avg. Daily Volume	1,034,648
Face Value (₹)	1
BSE Sensex	18,202
Nifty	5,456
Reuters Code	APLO.BO
Bloomberg Code	APTY@IN

Shareholding Pattern (%)	
Promoters	39.8
MF / Banks / Indian FIs	20.5
FII / NRIs / OCBs	26.3
Indian Public / Others	13.4

Abs. (%)	3m	1yr	3yr
Sensex	(9.7)	12.7	2.5
Apollo Tyres	(15.1)	(0.5)	18.6

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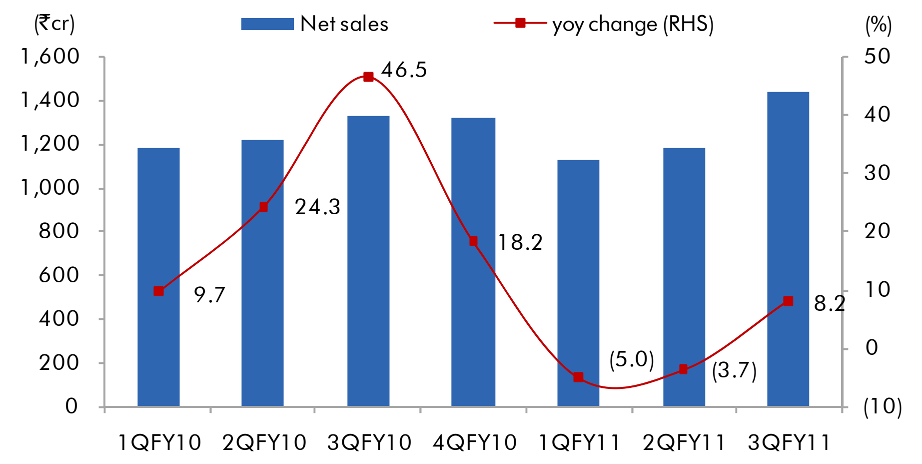
Exhibit 1: Quarterly performance (standalone)

Y/E March (₹ cr)	3QFY11	3QFY10	% chg	9MFY11	9MFY10	%chg
Net sales	1,432	1,323	8.2	3,729	3,724	0.1
Consumption of RM	940	813	15.6	2,434	2,172	12.1
(% of sales)	65.6	61.5		65.3	58.3	
Staff costs	78	80	(2.6)	232	218	6.5
(% of sales)	5.4	6.0		6.2	5.9	
Purchases of TG	53	43	21.3	112	112	(0.2)
(% of sales)	3.7	3.3		3.0	3.0	
Other expenses	213	182	17.0	564	623	(9.5)
(% of sales)	14.8	13.7		15.1	16.7	
Total expenditure	1,283	1,118	14.7	3,342	3,125	6.9
EBITDA	149	205	(27.4)	387	599	(35.4)
EBITDA margin (%)	10.4	15.5		10.4	16.1	
Interest	43	21	106	106	54	95.7
Depreciation	37	29	25	109	93	16.3
Other Income	3	0	983.9	10	2	321.6
PBT (excl. extr. items)	72	155	(53.7)	183	454	(59.8)
Exceptional items	-	-	-	-	-	-
PBT (incl. extr. items)	72	155	(53.7)	183	454	(59.8)
(% of sales)	5.0	11.7		4.9	12.2	
Provision for taxation	18	53	(66.2)	51	155	(67.3)
(% of PBT)	24.9	34.2		27.8	34.2	
Reported PAT	54	102	(47.2)	132	299	(55.9)
PATM (%)	3.8	7.7		3.5	8.0	
Equity capital (cr)	50.4	50.4		50.4	50.4	
EPS (₹)	1.1	2.0	(47.2)	2.6	5.9	(55.9)

Source: Company, Angel Research

Net revenues ahead of estimates, up 8.2% yoy: Standalone top-line registered a better-than-expected 8.2% yoy growth to ₹1,432cr (₹1,323cr) in 3QFY2011. Volume growth, which was impacted by the lock-out at the Perambra facility during 1HFY2011, improved on a qoq basis. However, volumes declined on a yoy basis due to the slowdown in demand for replacement tyres in the CV segment. As a result, the company witnessed finished goods inventory build-up of ~₹650cr, which is higher than the normal inventory levels maintained by it.

Exhibit 2: Net sales beats estimates; up 8.2% yoy



Source: Company, Angel Research; Note: Standalone performance

OPM at 10.4%, contraction of 510bp due to higher rubber price: On the operating front, the company reported a substantial 510bp yoy contraction in operating margin to 10.4% (15.5%). However, sequentially OPM improved by a marginal 10bp. The decline in margin can largely be attributed to the 55.5% yoy jump in the cost of natural rubber during the quarter. As a result, raw material cost as a percentage of net sales jumped by 354bp yoy to 65.6% v/s 61.5% in 3QFY2010. Noticeably, average natural rubber cost for the company during 3QFY2011 stood at ₹185/kg v/s the industry average of ₹194/kg. The company was able to restrict the increase in raw material cost during the quarter due to efficiency in purchases.

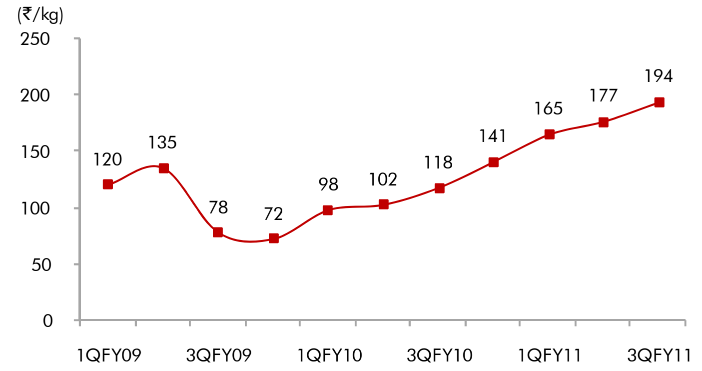
Operating profit fell by 27.4% yoy to ₹149cr (₹205cr). The decline in other expenditure arrested further erosion in operating profit.

Exhibit 3: Average raw material cost trend

Particulars	3QFY11	3QFY10	%chg (yoy)	2QFY11	%chg (qoq)
Nylon Tyre Cord Fabric	225	190	*18.4*	215	*4.7*
Natural Rubber	185	119	*55.5*	175	*5.7*
Carbon Black	55	50	*10.0*	55	-

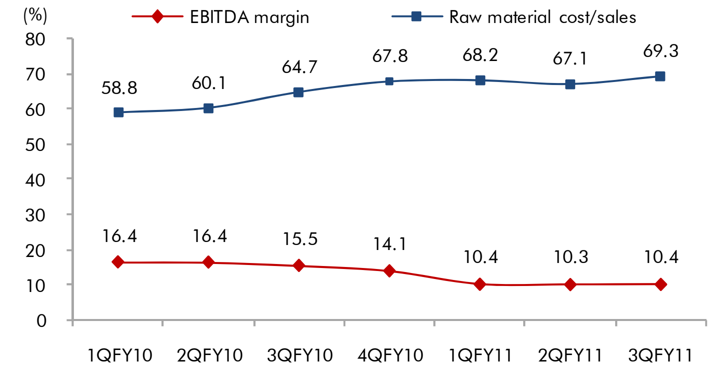
Source: Company, Angel Research

Exhibit 4: Continuous rise in natural rubber prices...



Source: Company, Crisil Research, Angel Research; Note: Standalone performance

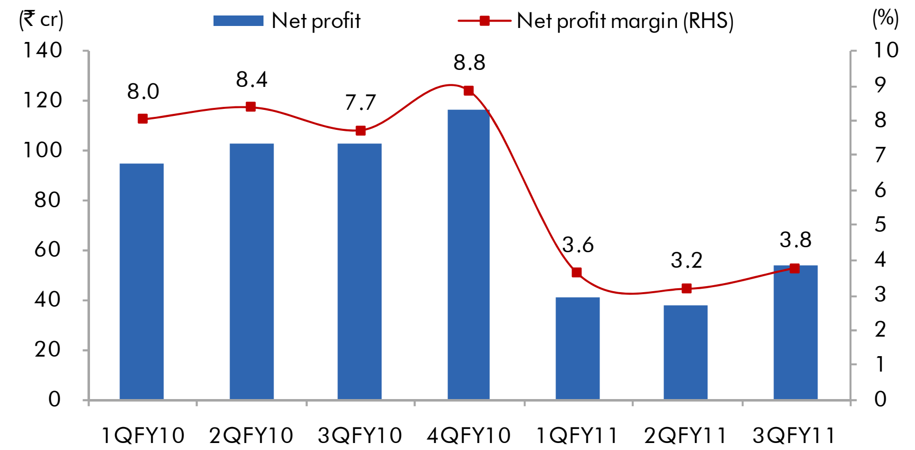
Exhibit 5: ...led to contraction in EBITDA margin



Source: Company, Angel Research; Note: Standalone performance

Net profit at ₹54cr, down 47.2%: Net profit registered a steep decline of 47.2% yoy to ₹54cr (₹102cr) during the quarter, but it was substantially higher than our estimate of ₹58cr. The decline in profitability can largely be attributed to the decline in volume and margin contraction at the operating level. Moreover, higher interest and depreciation costs also negatively affected bottom-line. However, lower-than-expected tax outgo during the quarter cushioned the fall in net profit to an extent.

Exhibit 6: Net profit dips on margin contraction



Source: Company, Angel Research; Note: Standalone performance

Exhibit 7: Quarterly performance (Consolidated)

Y/E March (₹ cr)	3QFY11	3QFY10	% chg	9MFY11	9MFY10	%chg
Net sales	2,369	2,296	3.2	6,138	5,977	2.7
Consumption of RM	1,255	1,136	10.5	3,229	2,950	9.5
(% of sales)	53.0	49.5		52.6	49.3	
Staff costs	313	297	5.4	905	791	14.4
(% of sales)	13.2	12.9		14.7	13.2	
Purchases of TG	137	93	47.5	332	320	3.7
(% of sales)	5.8	4.0		5.4	5.4	
Other expenses	392	388	1.0	1,015	1,040	(2.3)
(% of Sales)	16.5	16.9		16.5	17.4	
Total expenditure	2,096	1,913	9.6	5,481	5,101	7.5
EBITDA	273	384	(28.8)	657	877	(25.1)
EBITDA margin (%)	11.5	16.7		10.7	14.7	
Interest	53	44	20.7	131	84	55.8
Depreciation	67	67	(0.0)	198	190	4.2
Other Income	5	3	66.8	9	8	15.3
PBT (excl. extr. items)	158	275	(42.7)	337	610	(44.8)
Exceptional Items	0	0	-	0	0	-
PBT (incl. extr. items)	158	275	(42.7)	337	610	(44.8)
(% of sales)	6.7	12.0		5.5	10.2	
Provision for taxation	37	88	(57.8)	89	201	(55.9)
(% of PBT)	23.6	32.0		26.3	33.0	
Reported PAT	121	187	(35.6)	248	390	(36.4)
PATM (%)	5.1	8.2		4.0	6.8	
Equity capital (cr)	50.4	50.4		50.4	50.4	
EPS (₹)	2.4	3.7	(35.6)	4.9	7.7	(36.4)

Source: Company, Angel Research

Consolidated performance: Net revenues increased by 3.2% yoy (21.5% qoq) to ₹2,369cr (₹2,296cr) on the back of the better-than-expected performance in the domestic markets. Overall performance was driven by ~16% yoy increase in average realization. Volumes however, declined by ~11% yoy to 110,000MT (124,000MT). While revenues of the South Africa operations increased by 2.6% yoy to ₹300cr, Europe reported a 4.7% yoy decline to ₹649cr. It may be noted that the European subsidiary, which is primarily into winter tyres, had its peak season sales distributed over 2QFY2011 and 3QFY2011.

Operating margins at the consolidated level stood at 11.5% in 3QFY2011 as against 16.7% in 3QFY2010 and 9.5% in 2QFY2011. Consolidated margins were better than the standalone entity, as the South African subsidiary reported profit for the quarter and the European subsidiary recorded a strong quarter owing to increased winter tyre sales. Overall, operating and net profit dipped by 28.8% 35.6% yoy, respectively.

Conference call – Key highlights

Rubber price and price hike action: During 3QFY2011, the natural rubber prices increased by ~65% yoy and ~10% qoq. Average rubber prices for the company during the quarter stood at ₹185/kg compared to ₹175/kg in 2QFY2011 and ₹119/kg in 3QFY2010. Prices of NTC fabric and carbon black moved up by ~18% and ~10% yoy, respectively. On account of the continuous increase in the raw material prices, the company hiked its product prices in the domestic market by 12-15% YTD FY2011. However, it was unable to pass on the entire hike in the raw material price, and with rubber prices ruling at new highs, the company is contemplating another hike in its product prices.

- **Current capacity details:** India – 950MT/day, South Africa – 175MT/day, Europe – 150MT/day.

- **Chennai green-field expansion on track:** The Chennai green-field capacity is progressing well and is at ramp-up phase. Currently, the run rate is at 150tpd. Management expects to ramp it up to 200tpd by March 2011 and 450tpd by FY2012E once expansion at the Chennai plant is completed. For FY2011, the company plans to incur overall capex of ₹1,300cr. The Indian operations will see a major portion of the capex to the tune of ₹1,000cr being incurred at the Chennai facility, where the company intends to double existing capacity for passenger car tyres. Capex of ~₹120cr will be incurred at the South African facility, while ₹80cr will be spent at the European subsidiary. For FY2012, the company plans to incur capex of ₹500cr at its Indian facilities.

- The company's net debt, on a consolidated basis, stood at ₹2,130cr, marginally up from ₹2,100cr at the end of 2QFY2011.

- Apollo has seen significant built-up in inventory due to the softened demand for replacement tyres in the CV segment. However, management expects to achieve normal inventory levels by March 2011, as CV tyres are witnessing a rebound in demand. On account of the increase in the finished goods inventory, the manufacturing facility at Perambara was shut for five days.

- Capacity utilisation of the domestic operations currently stands at ~85-90%, while it is ~80% for South Africa and close to 100% for Europe.

- Management has indicated that the general strike in South Africa during 2QFY2011 resulted in a market share loss of ~5%.

- During 3QFY2011, Indian operations witnessed ~20% decline in the OE as well as the replacement segments.

Investment arguments

- **Tyre industry set for structural shift:** Currently, manufacturing radial tyres is far more capital intensive than manufacturing cross-ply tyres. Investment required for radial tyres per tpd is 3.2x that of cross-ply tyres at ₹6.1cr/tpd. On the other hand, the selling price of radial tyres is ~20% higher than that of cross-ply tyres. Thus, to generate similar RoCE and RoE, the tyre companies would need to earn EBITDA margins of ~21% compared to ~9% earned on cross-ply tyres, considering the difference in the capital requirements and consequent impact on asset turnover, interest cost and depreciation. Therefore, higher capital requirements will help protect margins from the upward-bound input costs, as the business model evolves bearing in mind final RoEs rather than margins. With the sector set for a structural shift and apparent pricing flexibility, RoCE and RoE of the tyre manufacturers are expected to improve going forward.

- **Riding on high domestic demand:** The Indian tyre industry is witnessing strong demand from both the replacement as well as OEM markets, keeping capacities running at peak. Apollo is poised to achieve market leadership on the back of increasing production from 820tpd in FY2010 to ~1,300tpd in FY2012E.

- **Strategic overseas investment offers synergies in the long term:** Acquisitions done by the company in the last two-three years are increasingly contributing to its revenue. We estimate Vredestein Banden combined with Dunlop SA to contribute 30% to the company's overall consolidated revenues, helping it to further strengthen its foothold in the Indian tyre industry. Acquisitions offer synergies by way of access to radial tyre technology, wider product portfolio and presence in newer geographies.

Outlook and valuation

During FY2010, the tyre industry benefited largely from the substantial decline in the raw material prices and spike in replacement demand. Going ahead, we are positive on the sector as the OEM off-take is expected to improve on account of better volume growth in the auto industry. However, the recent run-up in raw material prices is a concern and will continue to exert pressure on OPM going ahead. Moreover, interest cost is expected to increase because of higher debt levels to fund capex plans.

We revise our earnings estimates marginally upwards to reflect the better-than-expected 3QFY2011 performance. We expect the company to post EPS of ₹6.8 and ₹8.1 in FY2011 and FY2012, respectively. **We maintain a Buy on the stock, with a Target Price of ₹65, at which level the stock would trade at 8.0x and 4.2x FY2012E EPS and EV/EBITDA, respectively.**

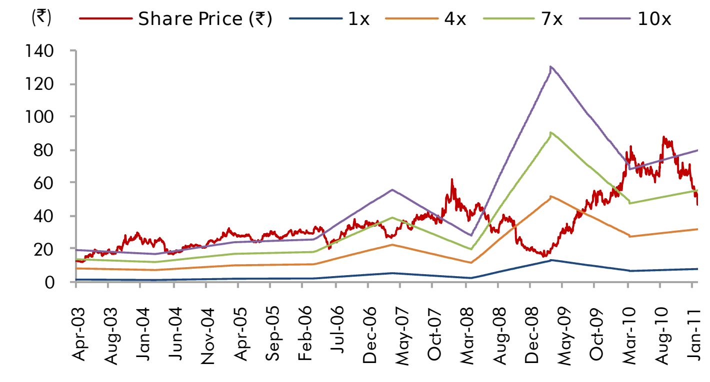
Key downside risk to our call: A sharp rise in input costs from current levels, slower growth in international business and lower-than-anticipated growth in tyre off-take pose downside risks to our estimates.

Exhibit 8: Angel v/s consensus forecast

	Angel estimates		Consensus		*Variation (%)*	
	FY11E	FY12E	FY11E	FY12E	*FY11E*	*FY12E*
Net sales (₹ cr)	8,708	9,671	8,887	10,702	*(2.0)*	*(9.6)*
EPS (₹)	6.8	8.1	6.9	9.5	*(1.9)*	*(14.8)*

Source: Bloomberg, Angel Research

Exhibit 9: One-year forward P/E band

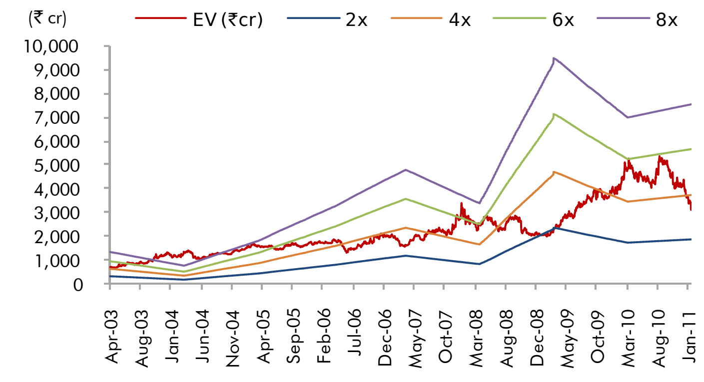


Source: Company, Bloomberg, Angel Research

Exhibit 10: One-year forward P/E chart

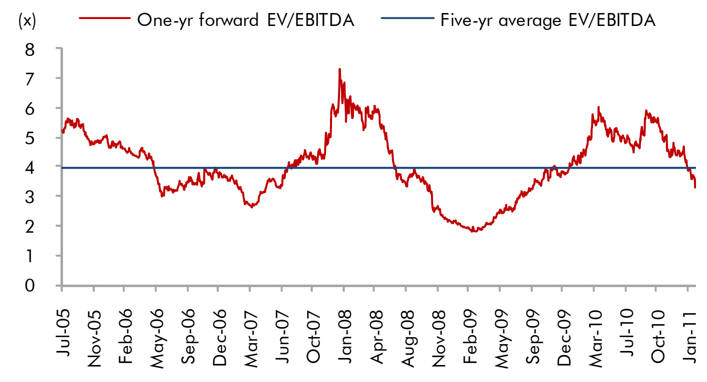
Source: Company, Bloomberg, Angel Research

Exhibit 11: One-year forward EV/EBITDA band



Source: Company, Bloomberg, Angel Research

Exhibit 12: One-year forward EV/EBITDA chart



Source: Company, Bloomberg, Angel Research

Exhibit 13: Tyre - Recommendation summary

Company	Reco.	CMP (₹)	Tgt. price (₹)	*Upside (%)*	P/E (x) FY11E	P/E (x) FY12E	EV/EBITDA (x) FY11E	EV/EBITDA (x) FY12E	RoE (%) FY11E	RoE (%) FY12E	FY10-12E EPS CAGR (%)
Apollo Tyres*	Buy	56	65	*16.2*	8.2	6.9	4.6	3.7	23.1	14.7	(21.1)
Ceat	Buy	99	145	*47.3*	6.8	5.6	7.2	5.9	16.4	8.1	(39.7)
JK Tyre*	Buy	86	142	*63.7*	3.9	2.9	4.4	3.8	10.2	12.3	(25.8)

*Source: Company, Angel Research; Note: * FY2011E and FY2012E EPS on consolidated basis*

Profit and Loss Statement (Consolidated)

Y/E March (₹ cr)	FY07	FY08	FY09	FY10	FY11E	FY12E
Net Sales	4,291	4,695	4,995	8,117	8,708	9,671
Total operating income	**4,291**	**4,695**	**4,995**	**8,117**	**8,708**	**9,671**
% chg	*64.2*	*9.4*	*6.4*	*62.5*	*7.3*	*11.1*
Total Expenditure	3,892	4,098	4,573	6,933	7,836	8,722
Net Raw Materials	2,866	2,929	3,411	4,577	5,641	6,294
Other Mfg costs	272	338	337	542	496	551
Personnel	406	440	415	1,088	1,001	1,112
Other	348	390	410	726	697	764
EBITDA	**400**	**597**	**422**	**1,184**	**873**	**949**
% chg	*78.5*	*49.5*	*(29.3)*	*180.4*	*(26.3)*	*8.8*
(% of Net Sales)	*9.3*	*12.7*	*8.5*	*14.6*	*10.0*	*9.8*
Depreciation & Amortisation	117	130	129	254	360	364
EBIT	**282**	**467**	**294**	**930**	**512**	**585**
% chg	87.2	65.6	(37.2)	216.5	(44.9)	14.2
(% of Net Sales)	*6.6*	*10.0*	*5.9*	*11.5*	*5.9*	*6.0*
Interest & other Charges	120	89	112	134	177	177
Other Income	34	26	31	119	126	137
(% of PBT)	17.1	6.5	14.7	12.9	27.2	25.1
Recurring PBT	**196**	**405**	**213**	**914**	**461**	**545**
% chg	*61*	*106*	*(47)*	*328*	*(50)*	*18*
Extraordinary Items	(1)	(0)	(1)	(3)	0	0
PBT	**197**	**406**	**214**	**917**	**461**	**545**
Tax	*79*	*136*	*74*	*261*	*120*	*138*
(% of PBT)	*40.3*	*33.4*	*34.7*	*28.4*	*26.0*	*25.4*
PAT	**118**	**270**	**140**	**657**	**341**	**407**
Adj. PAT	**117**	**270**	**139**	**653**	**341**	**407**
% chg	*31.6*	*130.4*	*(48.4)*	*369.5*	*(47.8)*	*19.2*
(% of Net Sales)	2.7	5.7	2.8	8.0	3.9	4.2
Basic EPS (₹)	**2.5**	**5.5**	**2.8**	**13.0**	**6.8**	**8.1**
Fully Diluted EPS (₹)	**2.5**	**5.5**	**2.8**	**13.0**	**6.8**	**8.1**
% chg	*38.5*	*118.9*	*(50.0)*	*369.5*	*(47.8)*	*19.2*

Balance Sheet (Consolidated)

Y/E March (₹ cr)	FY07	FY08	FY09	FY10	FY11E	FY12E
SOURCES OF FUNDS						
Equity Share Capital	46	49	50	50	50	50
Preference Capital	-	-	-	-	-	-
Reserves & Surplus	877	1,129	1,299	1,917	2,308	2,668
Shareholders' Funds	**923**	**1,178**	**1,350**	**1,968**	**2,358**	**2,718**
Total Loans	823	646	891	1,707	2,207	2,207
Deferred Tax Liability	170	176	194	251	242	217
Total Liabilities	**1,916**	**2,000**	**2,435**	**3,926**	**4,808**	**5,142**
APPLICATION OF FUNDS						
Gross Block	1,947	1,955	2,284	5,563	6,673	7,008
Less: Acc. Depreciation	681	750	882	3,120	3,481	3,845
Net Block	**1,266**	**1,205**	**1,402**	**2,443**	**3,192**	**3,163**
Capital Work-in-Progress	80	95	281	536	334	280
Goodwill	26	22	24	118	118	118
Investments	**5**	**5**	**5**	**6**	**6**	**6**
Current Assets	1,647	1,484	1,423	2,439	2,719	3,315
Cash	194	285	362	349	1,007	1,445
Loans & Advances	447	171	206	310	376	387
Other	1,006	1,028	855	1,780	1,336	1,484
Current liabilities	1,108	811	700	1,614	1,560	1,740
Net Current Assets	**539**	**673**	**723**	**824**	**1,159**	**1,576**
Mis. Exp. not written off	-	-	-	-	-	-
Total Assets	**1,916**	**2,000**	**2,435**	**3,926**	**4,808**	**5,142**

Cash Flow Statement (Consolidated)

Y/E March (₹ cr)	FY07	FY08	FY09	FY10	FY11E	FY12E
Profit before tax	197	406	214	917	461	545
Depreciation	117	130	129	254	360	364
Change in Working Capital	(28)	104	(67)	97	(443)	(9)
Less: Other income	(288)	190	(306)	(421)	(1,078)	(169)
Direct taxes paid	79	136	74	261	120	138
Cash Flow from Operations	495	313	508	1,428	1,337	931
(Inc.)/Dec. in Fixed Assets	(665)	(18)	(517)	(3,533)	(908)	(282)
(Inc.)/Dec. in Investments	(5)	0	0	(1)	0	0
(Inc.)/Dec. in loans and adv.	(38)	18	(28)	(111)	(66)	11
Other income	34	26	31	119	126	137
Cash Flow from Investing	(674)	27	(513)	(3,527)	(848)	(134)
Issue of Equity	244	72	46	0	0	0
Inc./(Dec.) in loans	73	(177)	245	816	500	0
Dividend Paid (Incl. Tax)	24	29	27	44	29	47
Others	(200)	(173)	(234)	1,225	(360)	(406)
Cash Flow from Financing	141	(249)	83	2,086	170	(359)
Inc./(Dec.) in Cash	(38)	91	77	(13)	658	438
Opening Cash balance	231	194	285	362	349	1,007
Closing Cash balance	194	285	362	349	1,007	1,445

Key Ratios

Y/E March	FY07	FY08	FY09	FY10	FY11E	FY12E
Valuation Ratio (x)						
P/E (on FDEPS)	22.0	10.1	20.1	4.3	8.2	6.9
P/CEPS	11.0	6.8	10.5	3.1	4.0	3.6
P/BV	2.8	2.3	2.1	1.4	1.2	1.0
Dividend yield (%)	0.8	0.9	0.8	1.3	0.9	1.4
EV/Sales	0.7	0.7	0.7	0.5	0.5	0.4
EV/EBITDA	8.0	5.1	7.9	3.5	4.6	3.7
EV / Total Assets	1.7	1.5	1.4	1.1	0.8	0.7
Per Share Data (₹)						
EPS (Basic)	2.5	5.5	2.8	13.0	6.8	8.1
EPS (fully diluted)	2.5	5.5	2.8	13.0	6.8	8.1
Cash EPS	5.0	8.2	5.3	18.1	13.9	15.3
DPS	0.4	0.5	0.4	0.7	0.5	0.8
Book Value	19.9	24.1	26.8	39.0	46.8	53.9
DuPont Analysis						
EBIT margin	6.6	10.0	5.9	11.5	5.9	6.0
Tax retention ratio	0.6	0.7	0.7	0.7	0.7	0.7
Asset turnover (x)	2.9	2.7	2.6	2.9	2.4	2.6
RoIC (Post-tax)	11.3	18.1	10.1	23.6	10.3	11.6
Cost of Debt (Post Tax)	9.1	8.0	9.5	7.4	6.7	6.0
Leverage (x)	0.7	0.5	0.3	0.6	0.6	0.4
Operating RoE	13.0	22.8	10.3	32.7	12.4	13.8
Returns (%)						
RoCE (Pre-tax)	16.6	23.9	13.2	29.2	11.7	11.8
Angel RoIC (Pre-tax)	15.8	13.5	26.0	14.2	27.3	16.4
RoE	12.7	18.4	16.2	24.0	23.1	14.7
Turnover ratios (x)						
Asset Turnover (Gross Block)	2.6	2.4	2.4	2.1	1.4	1.4
Inventory / Sales (days)	45	53	49	36	33	33
Receivables (days)	23	26	20	23	23	23
Payables (days)	51	58	47	43	55	51
WC cycle (ex-cash) (days)	29	28	27	19	13	5
Solvency ratios (x)						
Net debt to equity	0.7	0.3	0.4	0.7	0.5	0.3
Net debt to EBITDA	1.6	0.6	1.2	1.1	1.4	0.8
Interest Coverage (EBIT/Interest)	2.4	5.3	2.6	6.9	2.9	3.3

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Disclosure of Interest Statement	**Apollo Tyres**
1. Analyst ownership of the stock	No
2. Angel and its Group companies ownership of the stock	Yes
3. Angel and its Group companies' Directors ownership of the stock	No
4. Broking relationship with company covered	No

Note: We have not considered any Exposure below ₹1 lakh for Angel, its Group companies and Directors.

Ratings (Returns) :	*Buy (> 15%)*	*Accumulate (5% to 15%)*	*Neutral (-5 to 5%)*
	Reduce (-5% to 15%)	Sell (< -15%)	