

# FINANCIAL CHRONICLE

## N. D 02/04/18

### Apollo Tyres

The company surged ~5 per cent in Thursday's trade on expectations of improvement in profitability in ensuing quarters led by steady rubber prices and favourable volume growth. It enjoys ~28 per cent market share in the TBR segment. As radialisation forms only 45 per cent of domestic TB tyre market, we see a significant scope for radialisation in the domestic CV segment, which would benefit manufacturers like Apollo, going forward. Further, steady stabilisation in Hungarian operations and gradual increase in contribution from OEM segment are likely to aid profitability further. At CMP, the stock trades at 13.0x and 9.8x FY19E and FY20E earnings, respectively, which appear to be attractive, in our view. We reiterate fundamental 'buy' rating on the stock with target price of Rs 335.



—Reliance Securities