


STOCK UPDATE

Result Update - Q3FY2026

SECTOR

Building Material

COMPANY DETAILS

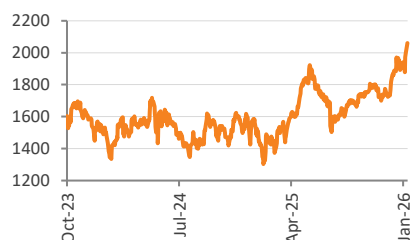
Market cap:	Rs. 57,200 cr
52-week high/low:	Rs. 20,787/1,273
NSE volume: (No of shares)	5.9 lakh
BSE code:	533758
NSE code:	APLAPOLLO
Free float: (No of shares)	19.9 cr

Source: NSE, BSE, Mirae Asset Sharekhan Research

SHAREHOLDING (%)

Promoters	28.3
FII	33.1
DII	19.9
Others	18.7

Source: NSE, BSE, Mirae Asset Sharekhan Research

PRICE CHART


Source: NSE, BSE, Mirae Asset Sharekhan Research

PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	9.3	16.0	36.0	32.1
Relative to Sensex	13.0	19.3	35.3	24.6

Source: Mirae Asset Sharekhan Research, Bloomberg

APL Apollo Tubes Ltd

Guidance raised; demand, margin drivers intact

 Reco/View: **BUY**

 CMP: **Rs. 2,061**

 Price Target: **Rs. 2,460**
Quick Snapshot

- Consolidated revenue rose 7% y-o-y to Rs 5,815 crore, while EBITDA surged 36.5% to Rs 471.8 crore.
- Sales volumes grew 10.7% to 917 kt, and EBITDA/tonne increased 23.3% to Rs 5,145.
- Management upgraded FY26 guidance - volume growth to ~20% (from 10-15%) and EBITDA/tonne to Rs 5,500 minimum (from Rs 4,800-5,000). Capacity expansion is on track to reach 8 mtpa by FY28 and 10 mtpa by FY30.
- We maintain a Buy rating with a revised target price of Rs 2,460, driven by higher guidance, capacity ramp-up, and structural demand.

Result overview

- Management raised volume guidance after strong demand. December volumes alone stood at ~375 kt, implying an annualised run-rate of 4.4-4.5 mt, with ~90% utilisation of the existing 5 mtpa capacity in December.
- EBITDA/tonne continued to improve sequentially, prompting management to upgrade FY26 EBITDA/tonne guidance to a minimum of Rs. 5,500, reflecting sustained improvement in profitability.
- Rise in margins was attributed to a combination of brand premiumisation, higher share of VAP, operating leverage, and cost control initiatives.
- VAP contribution increased to ~57% in Q3 (vs. ~56% in Q2). The Raipur plant, the company's VAP hub, operated at a ~70% utilisation in Q3, and management indicated potential further expansion at Raipur given strong demand visibility.
- Management highlighted strong cash generation, with surplus cash of Rs. 560 crore currently, which could rise to ~Rs. 1,500 crore by Q4FY26 aided by strong operating performance and working capital optimisation.
- Inventory days to reduce from over 30 days to ~20 days, supporting further cash release. Having already achieved a debt-free balance sheet, the company is now targeting a liability-free balance sheet, underscoring its strong financial position and capital allocation flexibility.
- Company reiterated capex plan of ~Rs. 1,500 crore - Rs. 1,300 crore for greenfield projects and Raipur expansion, and Rs. 200 crore for debottlenecking, to reach 8 mtpa by FY28. The entire capex will be funded through internal accruals.

Our Call

Higher guidance, improving margins, and capacity expansion provide strong earnings visibility. The stock currently trades at 44.8x/36.1x/29.3x to FY26/FY27/F28 earnings. We maintain a Buy rating with a revised target price of Rs. 2,460, reflecting improved earnings outlook and sustained profitability momentum.

Key Risks

Delay in demand recovery from construction and infrastructure projects could hurt earnings outlook. Any intensifying of competition from well-established steel companies could affect APL's volume growth and the working capital cycle.

Valuation

	Rs cr			
Particulars	FY25	FY26E	FY27E	FY28E
Revenue	20,690	23,290	27,942	31,633
Operating Profit	1,199	1,914	2,318	2,699
OPM (%)	5.8	8.2	8.3	8.5
Adjusted PAT	757	1,276	1,586	1,950
y-o-y growth (%)	3.4	68.6	24.3	23.0
Adjusted EPS (Rs.)	27.3	46.0	57.2	70.3
P/E (x)	75.5	44.8	36.1	29.3
P/B (x)	13.6	10.9	8.7	7.0
EV/EBITDA (x)	43.0	26.3	21.2	17.6
RoNW (%)	19.4	27.0	26.9	26.5
RoCE (%)	21.6	31.5	32.0	32.8

Source: Company; Mirae Asset Sharekhan estimates

Concall highlights

- Capacity expansion: Company plans to expand capacity from 5 mtpa to 8 mtpa by FY28
- Greenfield projects:**
 - Gorakhpur: 0.2 mt
 - Siliguri: 0.3 mt
 - Bhuj: 0.3 mt
 - New Malur (South India): 0.6 mt
- Brownfield expansion:**
 - Raipur: 0.6 mt (VAP-focused)
 - Debottlenecking: ~1.0 mt
- Beyond FY28, the additional 2 mtpa capacity will focus on super-specialty tubes catering to segments such as EVs, aerospace, oil & gas, and heavy engineering, where EBITDA/tonne potential is estimated at Rs. 10,000-15,000.
- Brand strength:** APL Apollo's products command a Rs. 3,000-4,000/tonne premium; prices have not been increased for 12 months, yet volumes continue to grow.
- SG brand:** This is positioned at the lower price end to compete with unorganised players; contributes <10% of total volumes.
- Guidance:** FY27 volume growth guidance maintained at ~20% y-o-y.
- On the cost front, freight costs declined Rs. 100-200 per tonne.
- Returns:** ROCE expected to improve from ~33% to ~40% by FY27.
- Market share:** Company maintained a ~65% share in structural steel tubes over the last four years.

Results

	Rs cr				
Particulars	Q3FY26	Q3FY25	Y-o-Y %	Q2FY26	Q-o-Q %
Net sales	5,815.1	5,432.7	7.0	5,206.3	11.7
other income	24.7	21.7	14.2	25.1	(1.4)
Total income	5,839.9	5,454.4	7.1	5,231.4	11.6
Total expenses	5,343.3	5,087.2	5.0	4,759.3	12.3
Operating profit	471.8	345.6	36.5	447.0	5.5
Depreciation	59.2	50.3	17.6	58.1	1.8
Interest	32.9	36.8	(10.7)	27.6	19.1
Exceptional items	--	--	NA	--	NA
Profit Before Tax	404.5	280.1	44.4	386.4	4.7
Income taxes	94.4	63.1	49.6	84.8	11.3
PAT	310.0	217.0	42.9	301.5	2.8
Adjusted PAT	310.0	217.0	42.9	301.5	2.8
EPS (Rs)	11.2	7.8	42.9	10.9	2.8
Margins (%)					
OPM(%)	8.1	6.4	175 bps	8.6	-47 bps
NPM(%)	5.3	4.0	134 bps	5.8	-46 bps
Tax rate (%)	23.3	22.5	81 bps	22.0	139 bps

Source: Company; Mirae Asset Sharekhan Research

Additional Data

Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	S. Gupta Holding	26.60
2	Capital Group Cos Inc	9.75
3	Kitara Pinn	6.36
4	New World Fund	3.78
5	Black rock, inc	2.84
6	Vanguard Group	2.74
7	Government Pesnion Fund	2.49
8	Franklin resources	1.96
9	Norges Bank	1.67
10	Gupta Veera	1.67

Source: Bloomberg

Key management personnel

Name	Designation
Sanjay Gupta	Chairman
Anubhav Gupta	Chief Strategy Officer
Chetan Khandelwal	Chief Financial Officer

Source: Company Website

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