


STOCK UPDATE

Result Update - Q3FY2026

SECTOR

Building Material

COMPANY DETAILS

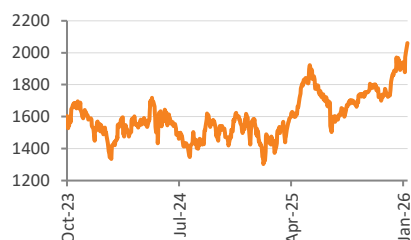
Market cap:	Rs. 57,200 cr
52-week high/low:	Rs. 20,787/1,273
NSE volume: (No of shares)	5.9 lakh
BSE code:	533758
NSE code:	APLAPOLLO
Free float: (No of shares)	19.9 cr

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

 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			
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
Adjusted EPS (Rs.)	27.3	46	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
EV/EBITDA (x)	43	26.3	21.2	17.6
RoNW (%)	19.4	27	26.9	26.5
RoCE (%)	21.6	31.5	32	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

Mirae Asset Sharekhan Limited, its analyst or dependant(s) of the analyst might be holding or having a position in the companies mentioned in the article.

DISCLAIMER

This information/document has been prepared by Sharekhan Ltd. and is intended for use only by the person or entity to which it is addressed to. This Document may contain confidential and/or privileged material and is not for any type of circulation, and any review, retransmission, or any other use is strictly prohibited. This information/ document is subject to change without prior notice.

Recommendation in reports based on technical and derivatives analysis is based on studying charts of a stock's price movement, trading volume, and outstanding positions, as opposed to focusing on a company's fundamentals and as such, may not match with a report on a company's fundamentals. However, this would only apply to information/documents focused on technical and derivatives research and shall not apply to reports/documents/information focused on fundamental research.

This information/document does not constitute an offer to sell or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. Though disseminated to all customers who are due to receive the same, not all customers may receive this report at the same time. Mirae Asset Sharekhan will not treat recipients as customers by virtue of their receiving this information/report.

The information contained herein is obtained from publicly available data or other sources believed to be reliable, and Mirae Asset Sharekhan has not independently verified the accuracy and completeness of the said data and hence it should not be relied upon as such. While we would endeavour to update the information herein on a reasonable basis, Mirae Asset Sharekhan, its subsidiaries and associated companies, their directors, and employees ("Mirae Asset Sharekhan and affiliates") are under no obligation to update or keep the information current. Also, there may be regulatory, compliance, or other reasons that may prevent Mirae Asset Sharekhan and its affiliates from doing so. This document is prepared for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. Recipients of this report should also be aware that past performance is not necessarily a guide to future performance, and the value of investments can go down as well. The user assumes the entire risk of any use made of this information. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved) and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. We do not undertake to advise you as to any change of our views. Affiliates of Mirae Asset Sharekhan may have issued other recommendations/ reports that are inconsistent with and reach different conclusions from the information presented in this recommendations/report.

This information/recommendation/report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject Mirae Asset Sharekhan and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to a certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restrictions.

The analyst certifies that the analyst might have dealt or traded directly or indirectly in the securities of the company and that all the views expressed in this document accurately reflect his or her personal views about the subject company or companies and its or their securities and do not necessarily reflect those of Mirae Asset Sharekhan. The analyst and Mirae Asset Sharekhan further certifies that either he or his relatives or Mirae Asset Sharekhan associates might have direct or indirect financial interest or might have actual or beneficial ownership of 1% or more in the securities of the company at the end of the month immediately preceding the date of publication of the research report. The analyst and Mirae Asset Sharekhan encourage independence in research report/ material preparation and strive to minimize conflict in the preparation of the research report. The analyst and Mirae Asset Sharekhan do not have any material conflict of interest or have not served as officers, directors or employees or engaged in market-making activity of the company. The analyst and Mirae Asset Sharekhan have not been a part of the team which has managed or co-managed the public offerings of the company, and no part of the analyst's compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this document. Sharekhan Ltd, or its associates, or analysts have not received any compensation for investment banking, merchant banking, brokerage services or any compensation or other benefits from the subject company or from a third party in the past twelve months in connection with the research report.

Either Mirae Asset Sharekhan or its affiliates or its directors or employees/representatives/clients or their relatives may have position(s), make market, act as principal or engage in transactions of purchase or sell of securities, from time to time or may be materially interested in any of the securities or related securities referred to in this report and they may have used the information set forth herein before publication. Mirae Asset Sharekhan may from time to time solicit from, or perform investment banking or other services for, any company mentioned herein. Without limiting any of the foregoing, in no event shall Mirae Asset Sharekhan, any of its affiliates or any third party involved in, or related to, computing or compiling the information have any liability for any damages of any kind.

Forward-looking statements (if any) are provided to allow potential investors the opportunity to understand management's beliefs and opinions in respect of the future so that they may use such beliefs and opinions as one factor in evaluating an investment. These statements are not a guarantee of future performance, and undue reliance should not be placed on them. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. Sharekhan Ltd and its affiliates undertake no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change, except as required by applicable securities laws. The reader/investors are cautioned not to place undue reliance on forward-looking statements and use their independent judgment before taking any investment decision.

Investment in securities market are subject to market risks, read all the related documents carefully before investing. The securities quoted are for illustration only and are not recommendatory. Registration granted by SEBI, and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Mirae Asset Sharekhan has been ranked as India's No.1 Retail Broker by Asiamoney Brokers Poll 2023. For more details, visit bit.ly/AsiamoneyPoll

Client should read the Risk Disclosure Document issued by SEBI & relevant exchanges and the T&C on www.sharekhan.com

Registered Office: 1st Floor, Tower No. 3, Equinox Business Park, LBS Marg, Off BKC, Kurla (West), Mumbai 400 070, Maharashtra, India. Tel: 022-67502000.

Correspondence/Administrative Office Address - Gigaplex IT Park, Unit No 1001, 10th floor, Building No.9, TTC Industrial Area, Digha, Airoli-West, Navi Mumbai - 400708. Tel: 022 61169000 / 61150000.

Registration and Contact Details: Name of Research Analyst - Sharekhan Limited - (AMFI-registered Mutual Fund Distributor), Research Analyst Regn No.: INH000006183. CIN: U99999MH1995PLC087498.

SEBI Regn. Nos.: BSE / NSE (CASH / F&O / CD) / MCX - Commodity: INZ000171337; BSE - 748, NSE - 10733, MCX - 56125, DP: NSDL/CDSL-IN-DP-365-2018; PMS: INP000005786; Mutual Fund: ARN 20669 (date of initial registration: 03/07/2004, and valid till 02/07/2026); IRDAI Registered Corporate Agent (Composite) License No. CA0950, valid till June 13, 2027.

Compliance Officer: Mr. Joby John Meledan; Tel: 022-4657 3809; email id: complianceofficer@sharekhan.com

For any complaints/ grievances, email us at igc@sharekhan.com, or you may even call the Customer Service desk on 022-41523200/ 022-61151111.