APL Apollo Tubes Ltd

Sector tailwinds to drive growth

Reco/View: **BUY**	CMP: **Rs. 1,999**	Price Target: **Rs. 2,460**

STOCK UPDATE

Company Update

SECTOR

Building Material

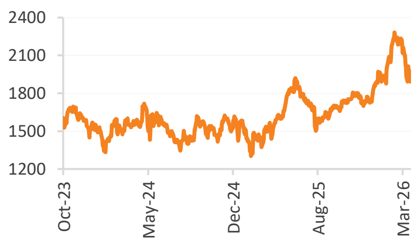
COMPANY DETAILS	
Market cap:	Rs. 55,689 cr
52-week high/low:	Rs. 2,300/1,271
NSE volume: (No of shares)	6.6 lakh
BSE code:	533758
NSE code:	APLAPOLLO
Free float: (No of shares)	19.9 cr

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	-9.9	5.7	17.6	28.5
Relative to Sensex	1.1	19.1	27.4	33.5

Source: Mirae Asset Sharekhan Research, Bloomberg

Quick Snapshot

- EBITDA/tonne has stayed above Rs. 5,000 for the past two quarters, as strong volume momentum made the management upgrade EBITDA guidance to a minimum of Rs. 5,500 and volume growth guidance to ~20% for FY26 and FY27.
- Domestic hot-rolled coil prices have risen to ~Rs. 56,000/tonne, on extension of safeguard duties, which bodes well for realisations given APL Apollo's 5–8 day cost pass-through model.
- Capacity expansion is on track – to rise to 8 mtpa by FY28, and further to 10 mtpa by FY30.
- We maintain a Buy rating with a price target of Rs 2,460, on robust guidance, capacity ramp-up, and structural demand.

Result overview

- **HRC Prices – A key tailwind:** The government's extension of ~12% safeguard duty on flat steel imports for three years has strengthened domestic pricing power, driving up HRC prices from ~Rs. 47,000/tonne in December to ~Rs. 56,000/tonne by mid-March 2026.With APL Apollo's 5-8 day cost pass-through mechanism, rising steel prices support higher realisations without risk to margins, thereby aiding profitability.
- **Volume momentum and market leadership:** APL Apollo continues to deliver double-digit volume growth in 9MFY26, despite challenging times for the construction sector. December 2025 volumes of ~375 kt i.e. an annualised run-rate of ~4.4–4.5 mt, translating to ~90% utilisation of the current 5 mtpa capacity, highlighting strong demand. Company's strong brand ensures a Rs. 3,000–4,000/tonne premium. APL Apollo maintains a dominant ~65% market share in HRC-based structural steel tubes (vs. ~40% pre-COVID). The mix of value-added products (VAP) improved to ~57–58%, and management aims to increase this further, supporting margins. APL has raised volume growth guidance to ~20% (from 10–15%) and EBITDA/tonne guidance to a minimum of Rs. 5,500, on strong brand premiumisation, rising share of VAP, operating leverage and cost optimisation.
- **Path to capacity expansions:** Four greenfield plants (Gorakhpur, Siliguri, Bhuj, New Malur), a brownfield expansion at Raipur (VAP-focused) and a ~1 mtpa de-bottlenecking capacity are on the cards. This will raise capacity to 8 mtpa by FY28, at a capex of Rs. 1,500 crore, fully funded by internal accruals. Beyond FY28, the company plans to add ~2 mtpa of super-specialty capacity (targeting EV, aerospace, oil & gas segments) via global partnerships, further enhancing profitability. EBITDA spread potential in these cases is estimated at Rs. 10,000-15,000.

Our Call

Higher guidance, improving margins, and capacity expansion provide strong earnings visibility. The stock trades at 43.6x/35.1x/28.6x to FY26/FY27/F28 earnings. We maintain a Buy with a price target of Rs. 2,460, reflecting a better earnings outlook and sustained profitability momentum.

Key Risks

Delayed demand recovery from construction and infrastructure projects, could hurt earnings outlook.

Intensifying competition from established steelmakers could affect 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)	73.6	43.6	35.1	28.6
P/B (x)	13.2	10.6	8.5	6.8
EV/EBITDA (x)	41.9	25.6	20.6	17.1
RoNW (%)	19.4	27.0	26.9	26.5
RoCE (%)	21.6	31.5	32.0	32.8

Source: Company; Mirae Asset Sharekhan estimates

Additional Data

Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	S. Gupta Holding	26.60
2	Capital Group Cos Inc	9.85
3	Kitara Pinn	6.36
4	New World Fund	5.30
5	Blackrock Inc	3.20
6	Vanguard Group	2.77
7	Norges Bank	2.49
8	Government Pension Fund Global	2.49
9	Franklin resources Inc	1.76
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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