

Retail Equity Research



APL APOLLO TUBES LTD.

BUY

Sector: Iron & Steel Products

04th February, 2026

Key Changes		Target	Rating	Earnings		Target	Rs. 2,476
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame	CMP	Rs. 2,137
Mid cap	APLAPOLO:IN	83,739	APLAPOLO	533758	12 Months	Return	+16%

Data as of: 03-Feb-2026, 18:00 hrs

Company Data			
Shareholding (%)	Q1FY26	Q2FY26	Q3FY26
Promoters	28.3	28.3	28.3
FII's	33.1	33.7	33.1
MFs/Institutions	16.8	18.9	19.9
Public	13.3	11.0	10.5
Others	8.5	8.1	8.2
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil
Price Performance	3 Month	6 Month	1 Year
Absolute Return	18.9%	34.3%	48.1%
Absolute Sensex	-0.3%	3.9%	8.5%
Relative Return	19.2%	30.4%	39.6%

*over or under performance to benchmark index



Y.E March (cr)	FY26E	FY27E	FY28E
Sales	22,920	27,132	31,769
Growth (%)	10.8	18.4	17.1
EBITDA	1,799	2,225	2,621
EBITDA Margin (%)	7.9	8.2	8.3
PAT Adjusted	1,173	1,512	1,809
Growth (%)	55.0	28.9	19.6
Adjusted EPS	42.3	54.5	65.2
Growth (%)	54.9	28.9	19.6
P/E	50.6	39.2	32.8
P/B	11.5	9.2	7.5
EV/EBITDA	33.0	26.6	22.6
ROE (%)	22.7	23.5	22.7
D/E	0.1	0.1	0.1

Strong growth momentum continues

APL Apollo Tubes (APAT) is a leading manufacturer of structural steel tubes, with an annual production capacity of 5mn tonne. It has a distribution network spanning 29 cities in India and 20 countries. In Q3FY26, its sales mix comprised Apollo structural tubes (~68%), Apollo Z (~29%) and Apollo Galv (~4%), catering to a diverse range of customers and applications.

- In Q3FY26, consolidated revenue from operations rose 7.0% YoY to Rs. 5,815cr, driven by a 10.7% YoY increase in sales volume despite a challenging macroeconomic environment.
- Sales volume stood at 917,000 tonne in Q3FY26, driven by an increase of 8.9% YoY in general structural products to 392,000 tonne and of 19.9% YoY in rust-proof products to 199,000 tonne.
- EBITDA rose 36.5% YoY to Rs. 472cr. EBITDA Margin expanded 170bps YoY to 8.1%, driven by pricing premiumisation of Apollo APL branded products and successful scaling up of the SG brand in the base category. EBITDA per tonne increased 23.3% YoY to Rs. 5,146 in Q3FY26.
- As a result, reported profit after tax (PAT) grew 42.9% YoY to Rs. 310cr.

Outlook & Valuation

The Q3FY26 financials for Apollo Tubes demonstrate strong execution, leveraging higher utilisation to drive operating leverage amid volatility. Branded and premium offerings are increasingly driving growth, enhancing pricing power and earnings quality. With capacity additions across regions, the company expects to boost volume growth and asset utilisation. Diversifying into specialised and value-added products is expected to improve margins and reduce reliance on commoditised categories, further supported by operational efficiencies and scale benefits. Therefore, we retain our BUY rating on the stock, with a roll forward target price of Rs. 2,476, based on 38x FY28E adjusted earnings per share (EPS).

Quarterly Financials Consolidated

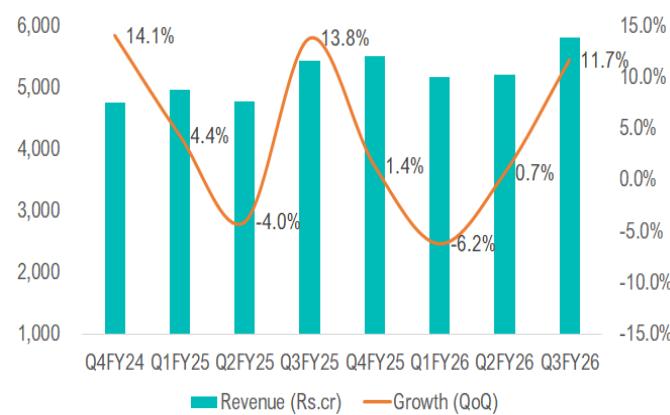
Rs.cr	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	9MFY26	9MFY25	YoY (%)
Sales	5,815	5,433	7.0	5,206	11.7	16,191	15,181	6.7
EBITDA	472	346	36.5	447	5.5	1,291	785	64.4
Margin (%)	8.1	6.4	170bps	8.6	-50bps	8.0	5.2	280bps
EBIT	413	295	39.8	389	6.1	1,119	642	74.4
PBT	404	280	44.4	386	4.7	1,101	602	82.9
Rep. PAT	310	217	42.9	302	2.8	849	464	82.9
Adj PAT	310	217	42.9	302	2.8	849	464	82.9
Adj. EPS (Rs)	11.2	7.8	42.8	10.9	2.8	30.6	16.7	82.9



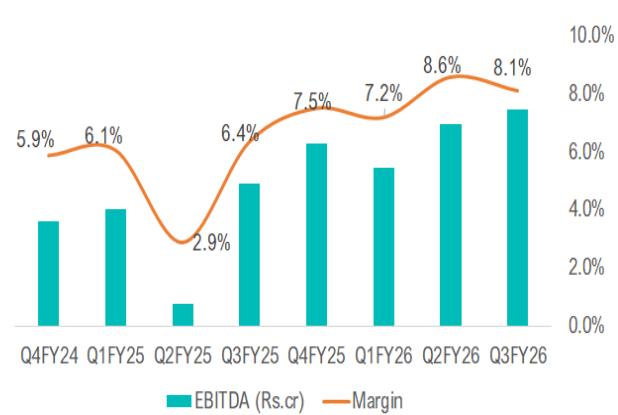
Key concall highlights

- The specialty tubes project scope has been upgraded to 2mn tonne from the initial 0.5mn tonne. The additional 1.5mn tonne will be developed after FY28 through collaborations with partners in Japan, Korea, Europe and the US. This expansion aims to cater to high-growth sectors such as electric vehicles, aerospace, and oil and gas. The development is aligned with the company's goals to achieve structural steel capacity of 8mn tonne by FY28 and steel tube capacity of 10mn tonne by 2030.
- Management has raised the EBITDA target for Q4FY26 and FY27 to ~Rs. 5,500 per tonne, with 9MFY26 EBITDA of ~Rs. 5,000 per tonne exceeding the previous guidance.
- The company has upgraded its volume growth guidance for Q4FY26 and FY27 to 20% from the earlier guidance range of 10-15%.
- The management has outlined a capital expenditure plan of approximately Rs. 1,500cr to expand capacity from 5mn tonne to 8mn tonne over the next two years, comprising four greenfield projects, one brownfield project in Raipur, and capacity addition of 1mn tonne through debottlenecking, to be funded entirely through internal cash flows.
- The management expects the company to become liability-free, supported by a strong cash position and ongoing cash generation.

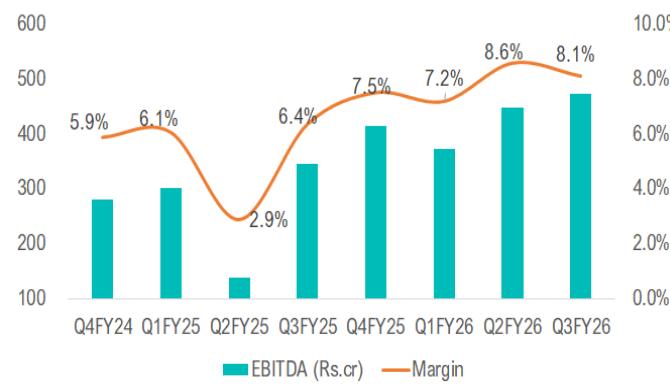
Revenue



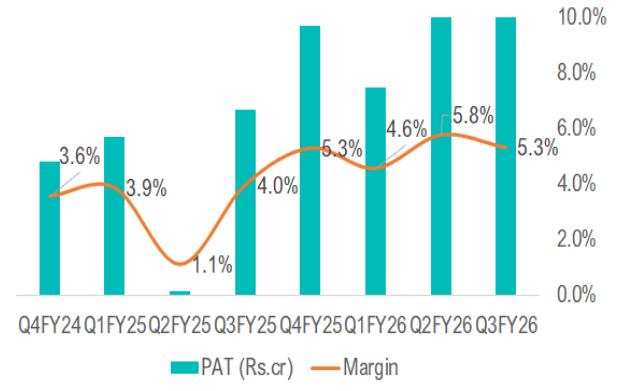
Sales Volume (K ton)



EBITDA



PAT



Change in Estimates

Year / Rs cr	Old estimates		New estimates		Change (%)		
	FY26E	FY27E	FY26E	FY27E	FY28E	FY26E	FY27E
Revenue	23,703	28,316	22,920	27,132	31,769	-3.3	-4.2
EBITDA	1,695	2,124	1,799	2,225	2,621	6.2	4.8
Margins (%)	7.2	7.5	7.9	8.2	8.3	70bps	70bps
Adj. PAT	1,099	1,428	1,173	1,512	1,809	6.8	5.9
EPS	39.6	51.5	42.3	54.5	65.2	6.7	5.8

Consolidated Financials

Profit & Loss

Y.E March (Rs. Cr)	FY24A	FY25A	FY26E	FY27E	FY28E
Sales	18,119	20,690	22,920	27,132	31,769
% change	12.1	14.2	10.8	18.4	17.1
EBITDA	1,192	1,199	1,799	2,225	2,621
% change	16.7	0.6	50.1	23.7	17.8
Depreciation	176	201	215	232	262
EBIT	1,016	998	1,585	1,993	2,359
Interest	113	133	136	139	141
Other Income	75	96	115	161	194
PBT	978	960	1,564	2,016	2,411
% change	13.3	-1.8	62.8	28.9	19.6
Tax	245	203	391	504	602
Tax Rate (%)	25.1	21.2	25.0	25.0	25.0
Reported PAT	732	757	1,173	1,512	1,809
PAT att. to common shareholders	732	757	1,173	1,512	1,809
Adj.*	-	-	-	-	-
Adj. PAT	732	757	1,173	1,512	1,809
% change	14.1	3.4	55.0	28.9	19.6
No. of shares (cr)	27.8	27.8	27.8	27.8	27.8
Adj EPS (Rs.)	26.4	27.3	42.3	54.5	65.2
% change	14.0	3.4	54.9	28.9	19.6
DPS (Rs.)	5.5	5.8	7.5	9.0	10.6

Balance Sheet

Y.E March (Rs. Cr)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash	348	575	639	802	904
Accts. Receivable	139	267	282	304	334
Inventories	1,638	1,623	1,958	2,324	2,748
Other Cur. Assets	1,217	718	1,070	1,777	2,687
Investments	103	126	51	66	76
Gross Fixed Assets	3,838	4,489	5,291	6,105	7,058
Net Fixed Assets	3,141	3,528	4,049	4,550	5,145
CWIP	203	336	403	483	580
Intangible Assets	140	140	140	140	141
Def. Tax -Net	10	14	8	10	12
Other Assets	249	269	286	303	323
Total Assets	7,187	7,596	8,886	10,761	12,950
Current Liabilities	2,157	2,424	2,681	3,180	3,745
Provisions	26	30	35	36	36
Debt Funds	1,125	615	705	755	795
Other Liabilities	274	318	292	355	422
Equity Capital	56	56	56	56	56
Res. & Surplus	3,549	4,153	5,118	6,380	7,896
Shareholder Funds	3,605	4,209	5,173	6,436	7,952
Minority Interest	-	-	-	-	-
Total Liabilities	7,187	7,596	8,886	10,761	12,950
BVPS	130	152	186	232	286

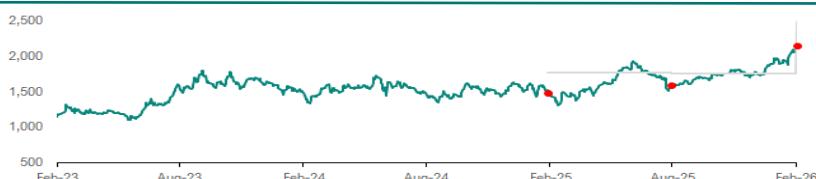
Cashflow

Y.E March (Rs. Cr)	FY24A	FY25A	FY26E	FY27E	FY28E
Net inc. + Depn.	908	958	1,388	1,744	2,071
Non-cash adj.	83	82	82	84	86
Other adjustments	-	-	-	-	-
Changes in W.C	124	173	-478	-552	-753
C.F. Operation	1,116	1,213	992	1,276	1,405
Capital exp.	-662	-651	-802	-814	-953
Change in inv.	-293	211	75	-15	-10
Other invest.CF	39	66	54	55	55
C.F - Investment	-916	-375	-673	-774	-908
Issue of equity	3	-	-	-	-
Issue/repay debt	259	-514	90	50	40
Dividends paid	-139	-153	-209	-250	-293
Other finance.CF	-96	-149	-136	-139	-141
C.F - Finance	27	-815	-254	-338	-394
Chg. in cash	226	24	65	163	102
Closing Cash	348	575	639	802	904

Ratio

Y.E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profitab. & Return					
EBITDA margin (%)	6.6	5.8	7.9	8.2	8.3
EBIT margin (%)	5.6	4.8	6.9	7.3	7.4
Net profit mgn. (%)	4.0	3.7	5.1	5.6	5.7
ROE (%)	20.3	18.0	22.7	23.5	22.7
ROCE (%)	21.5	20.7	27.0	27.7	27.0
W.C & Liquidity					
Receivables (days)	2.8	4.7	4.5	4.1	3.8
Inventory (days)	38.3	33.2	36.5	36.9	37.2
Payables (days)	46.3	45.6	46.0	46.5	46.9
Current ratio (x)	1.3	1.2	1.3	1.4	1.5
Quick ratio (x)	0.2	0.3	0.3	0.3	0.3
Turnover & Leverage					
Gross asset T.O (x)	5.3	5.0	4.7	4.8	4.8
Total asset T.O (x)	2.8	2.8	2.8	2.8	2.7
Int. covge. ratio (x)	9.0	7.5	11.7	14.4	16.7
Adj. debt/equity (x)	0.3	0.1	0.1	0.1	0.1
Valuation					
EV/Sales (x)	2.3	2.0	2.6	2.2	1.9
EV/EBITDA (x)	35.5	35.3	33.0	26.6	22.6
P/E (x)	56.7	55.9	50.6	39.2	32.8
P/BV (x)	11.5	10.1	11.5	9.2	7.5

Recommendation Summary - (Last 3 years)



Dates	Rating	Target
30-Jan-25	BUY	1,768
01-Aug-25	BUY	1,750
04-Feb-26	BUY	2,476

Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%
Not rated/Neutral			
Definition:			
Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note; Accumulate: Partial buying or to accumulate as CMP dips in the future; Hold: Hold the stock with the expected target mentioned in the note.; Reduce: Reduce your exposure to the stock due to limited upside.; Sell: Exit from the stock; Not rated/Neutral: The analyst has no investment opinion on the stock.			
Symbols definition:  Upgrade  No Change  Downgrade			
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Not rated/Neutral- The analyst has no investment opinion on the stock under review.			

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