

# Short Term Fundamental Pick

**Tuesday, 05 May 2026**



**Rating** : **Buy**  
**Cmp** : **₹1873.00** as on 04th May 2026  
**Sector** : **Capital Goods**  
**Target** : **₹2167**  
**Upside Potential** : **15.70%**  
**Time Frame** : **11-12 Months**



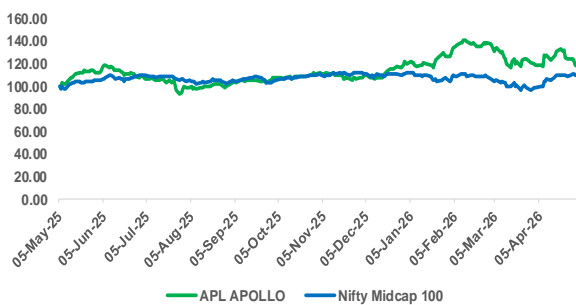
## Key Data

|                    |                       |
|--------------------|-----------------------|
| Nifty/Sensex       | 24119.30/77269.40     |
| BSE Code           | 533758                |
| NSE Code           | APLAPOLLO             |
| Bloomberg Code     | APAT:IN               |
| Basic Industry     | Iron & Steel Products |
| Market Cap(Cr.)    | 52,116.48             |
| No. of Shares(Cr.) | 27.77                 |
| Face Value         | 2                     |
| 52 Week High/Low   | 2301.4/1492.00        |

## Shareholding Pattern

| Particulars | Q4FY26 |
|-------------|--------|
| Promoter    | 28.30% |
| MF          | 11.90% |
| FII         | 37.50% |
| Public      | 18.20% |
| Others      | 4.20%  |

APL Apollo vs Nifty Midcap 100



## Solid Volume Growth, Persistent Market Leadership and Intact Capex Plans will indicate the strong future performance...

**APL Apollo Tubes** is a dominant player in the structural steel tube industry, commanding a market share of ~60-65% as of Q4FY26, with a strong presence across housing, commercial, and infrastructure segments. Its diversified product portfolio includes Apollo Structural (heavy, light, and general applications), Apollo Z (rust-proof and coated solutions), and Apollo Galv catering to agri and industrial usage. The company's products are widely used across end-use sectors such as residential housing (64% revenue mix), commercial buildings (19%), and infrastructure (13%), including hospitals, educational institutions, airports, railway stations, and industrial sheds. It operates an extensive manufacturing and distribution network comprising 11 plants, ~800 distributors, and over 200,000 retailers, with reach across 2,000+ towns and exports to 30 countries. With an installed capacity of 5 MTPA and utilization levels of 85-89%, the company has delivered a healthy volume CAGR of ~16% over FY21-26.

## Highlights and Investment Rationale

- **Q4FY26 performance:** In the war based quarter, the company reported volume growth of 9% and revenue growth of 14%, with EBITDA/tonne improving to ₹5,525 (+14% YoY, +7% QoQ), driving EBITDA growth of 23.5%, margin expansion to 8.2%, PAT growth of 21%, and a notable reduction in debt versus Q2FY26.
- **FY26 performance:** Revenue grew 12% YoY led by 11% volume growth (3,491 KT), with gross margins expanding from 14% to 16%, supporting EBITDA margin improvement to 8% and robust PAT/EPS growth of 59%, alongside a 27% rise in reserves and 19% reduction in debt.
- **Strong historical performance:** Over the past five years, the company has delivered ~16% sales CAGR and ~17% volume CAGR, with EBITDA growing at ~22% and EBITDA/tonne remaining stable at ~₹4,675, indicating consistent operational efficiency.

- **Consistent volume growth:** The company has achieved ~17% volume CAGR over five years, driven by Apollo Structural (16%), Apollo Z (21%), and Apollo Galv (14%), with value-added products maintaining a strong mix of ~57%.
- **Capex:** Company on track to reach capacity of 8mn tonne by FY28 with key projects which includes 2 new plants in East India and the Malur 2 plant in South India for lighter structures. Total capex of Rs. 14.5Bn planned for next 2.5 years which will be funded by internal cash flows. Management also hinted at higher dividends or buybacks once short term liabilities retire.
- **Market leadership:** The company has sustained a dominant position with ~60-65% market share over the past five years in the structural steel tube segment, while India's ~6% global share indicates significant headroom for expansion.
- **India market opportunity:** India's structural steel tube market, currently ~6% of global share versus Europe (10%) and LATAM (9%), is poised for growth, supported by overall steel consumption rising from 168 MT in FY26 to 225 MT by FY31 and segment growth estimated at ~31% CAGR.
- **Solar segment opportunity:** The solar sector is expected to add ~33.3 GW capacity by 2030 (14.5 GW rooftop, 18.8 GW ground-mounted), creating incremental demand for structural tubes, with the company targeting capacity expansion to ~360 KT (rooftop) and ~470 KT (ground-mounted applications).
- **Management Commentary:** Market share improved to 60-65% from 55%; company can gain market share if competitors struggled more with disruptions; Volume growth guidance of 15-20%, EBITDA growth of 20-25%; 25% PAT growth; confident of sustaining Rs.5k-Rs5.5k Ebitda /Tonne. Focus on margins more rather than volume at present.

## Key risks:

- **Cyclicality and sector dependence:** The company's performance remains closely tied to economic cycles, with heavy dependence on construction and infrastructure demand potentially leading to earnings volatility during slowdowns.
- **Raw material price volatility:** Fluctuations in key inputs such as Hot Rolled Coil (HRC) prices may pressure margins, especially if cost increases cannot be fully passed on to customers.
- **Competitive intensity:** Strong competition from unorganized players and cheaper imports could result in pricing pressure and impact market share and profitability.
- **Regulatory and ESG compliance:** Increasingly stringent environmental, pollution control, and ESG regulations may lead to higher compliance costs and impact operating margins.
- **War Impact:** Although the company maintains its market leadership position, near-term pressures on volumes and costs remain elevated amid the continuing conflict in West Asia. Management, in response, has adopted a margin-first approach, prioritizing profitability over volume growth.

| Key Financial Indicators & Valuation (Consolidated) |           |           |           |           |           |           |
|---|-----------|-----------|-----------|-----------|-----------|-----------|
| YE March (Cr.)                                      | FY23      | FY24      | FY25      | FY26      | FY27E     | FY28E     |
| Revenue   | 16,165.95 | 18,118.80 | 20,689.54 | 22,460.36 | 25,646.85 | 29,499.01 |
| EBITDA  | 1,021.55  | 1,192.17  | 1,198.98  | 1,801.84  | 2,172.72  | 2,570.56  |
| EBITDA Margin(%)                                    | 6.32%     | 6.58%     | 5.80%     | 8.02%     | 8.47%     | 8.71%     |
| PAT   | 641.86    | 732.44    | 757.06    | 1,203.10  | 1,467.38  | 1,734.57  |
| Net Profit Margin(%)                                | 3.97%     | 4.04%     | 3.66%     | 5.36%     | 5.72%     | 5.88%     |
| ROE(%)  | 21.36%    | 20.32%    | 17.99%    | 22.71%    | 22.94%    | 22.53%    |
| EBITDA/Ton  | 4,480.48  | 4,550.27  | 3,797.85  | 5,161.39  | 5,504.88  | 5,718.92  |
| EPS   | 23.14     | 26.39     | 27.28     | 43.33     | 52.85     | 62.47     |
| PE  | 52.02     | 56.66     | 55.89     | 44.70     | 35.44     | 29.98     |
| EV/EBITDA   | 33.19     | 35.46     | 35.32     | 29.63     | 23.69     | 19.81     |
| BVPS  | 108.37    | 129.87    | 151.64    | 190.76    | 230.40    | 277.26    |
| P/BV  | 11.11     | 11.51     | 10.05     | 10.15     | 8.13      | 6.76      |

| Variance Analysis (Consolidated) |          |          |       |          |       |
|----------------------------------|----------|----------|-------|----------|-------|
| Particulars (Rs. In Cr.)         | Q4FY26   | Q4FY25   | YoY%  | Q3FY26   | QoQ % |
| Net Sales                        | 6,269.16 | 5,508.60 | 13.8% | 5,815.13 | 7.8%  |
| Total Expenditure                | 5,758.13 | 5,094.91 | 13.0% | 5,343.34 | 7.8%  |
| PBIDT (Excl OI)                  | 511.03   | 413.69   | 23.5% | 471.79   | 8.3%  |
| PAT                              | 354.35   | 293.11   | 20.9% | 310.04   | 14.3% |
| PBIDTM% (Excl OI)                | 8.15%    | 7.51%    | 8.5%  | 8.11%    | 0.5%  |
| PATM%                            | 5.65%    | 5.32%    | 6.2%  | 5.33%    | 6.0%  |
| Adj. EPS(Rs)                     | 12.76    | 10.56    | 20.8% | 11.17    | 14.3% |

## Valuation and Outlook:

APL Apollo valuation is supported by its consistent sales growth driven by strong volume expansion and sustained market leadership, with ~60-65% domestic market share. Capacity expansion plans to scale from 5 MTPA in FY26 to 8 MTPA by FY28 provide clear visibility for future growth. The business demonstrates healthy return ratios, backed by strong operating cash flows and a robust balance sheet with net debt-to-equity below 0.5. Its dominant exposure to the housing segment ensures steady demand visibility, while India's low ~6% share in the global structural steel tube market offers significant headroom for expansion. Industry tailwinds remain strong, with domestic structural steel tube demand expected to grow at ~13% CAGR over FY26–31. Additionally, emerging opportunities in solar infrastructure, where the company offers diversified product solutions, further strengthen long-term growth prospects and support premium valuation multiples. **Considering the opportunities and war impact, we have valued the scrip on PE multiple of 41x, slightly premium to its 10 year Median PE of 40.3x. With average revenue/EBITDA/PAT growth of 12.6%/29.3%/32.6% for FY26- FY28, we expect the stock to offer an upside potential of 15.70% with target of 2167.**

## Profit And Loss Statement Consolidated

| YE March (Cr.)                  | FY23             | FY24             | FY25             | FY26             | FY27E            | FY28E            |
|---------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| I. Income                       |                  |                  |                  |                  |                  |                  |
| <b>Net Sales</b>                | <b>16,165.95</b> | <b>18,118.80</b> | <b>20,689.54</b> | <b>22,460.36</b> | <b>25,646.85</b> | <b>29,499.01</b> |
| II. Expenditure                 |                  |                  |                  |                  |                  |                  |
| Raw Material Cost               | 14,027.03        | 15,617.20        | 17,870.22        | 18,890.35        | 21,555.63        | 24,792.27        |
| Employee Cost                   | 206.19           | 257.61           | 332.50           | 370.49           | 512.94           | 589.98           |
| Other Expenses                  | 911.18           | 1,051.82         | 1,287.84         | 1,397.68         | 1,405.56         | 1,546.20         |
| <b>Total Expenditure</b>        | <b>15,144.40</b> | <b>16,926.63</b> | <b>19,490.56</b> | <b>20,658.52</b> | <b>23,474.13</b> | <b>26,928.45</b> |
| <b>EBITDA</b>                   | <b>1,021.55</b>  | <b>1,192.17</b>  | <b>1,198.98</b>  | <b>1,801.84</b>  | <b>2,172.72</b>  | <b>2,570.56</b>  |
| Depreciation & Amortization     | 138.33           | 175.93           | 201.32           | 230.93           | 246.63           | 271.38           |
| <b>EBIT</b>                     | <b>883.22</b>    | <b>1,016.24</b>  | <b>997.66</b>    | <b>1,570.91</b>  | <b>1,926.10</b>  | <b>2,299.18</b>  |
| Interest                        | 67.09            | 113.39           | 133.28           | 125.37           | 143.44           | 181.84           |
| Other Income                    | 47.18            | 74.87            | 96.06            | 111.85           | 123.04           | 135.34           |
| <b>Earnings Before Tax(EBT)</b> | <b>863.31</b>    | <b>977.72</b>    | <b>960.44</b>    | <b>1,557.39</b>  | <b>1,905.69</b>  | <b>2,252.69</b>  |
| Tax                             | 221.45           | 245.28           | 203.38           | 354.29           | 438.31           | 518.12           |
| <b>Profit After Tax(PAT)</b>    | <b>641.86</b>    | <b>732.44</b>    | <b>757.06</b>    | <b>1,203.10</b>  | <b>1,467.38</b>  | <b>1,734.57</b>  |
| Exceptional Items               |                  | 0.35             | 0.30             |                  |                  |                  |
| Share of Associate              |                  |                  |                  |                  |                  |                  |
| <b>Consolidated Net Profit</b>  | <b>641.86</b>    | <b>732.79</b>    | <b>757.36</b>    | <b>1,203.10</b>  | <b>1,467.38</b>  | <b>1,734.57</b>  |
| EPS - Basic                     | 23.14            | 26.39            | 27.28            | 43.33            | 52.85            | 62.47            |
| EPS - Adjusted                  | 23.14            | 26.39            | 27.28            | 43.33            | 52.85            | 62.47            |
| No. Shares(Cr.)                 | 27.74            | 27.77            | 27.77            | 27.77            | 27.77            | 27.77            |

Source: Company website, SSL Research Centre, ACE Equity, Trendlyne, NSE & BSE, etc

## Investment Rating Matrix

| <b>Ratings</b> | <b>Expected Return</b> |
|----------------|------------------------|
| Buy            | >15%                   |
| Accumulate     | 10% to 15%             |
| Hold           | 0% to 15%              |
| Sell           | < - 15%                |

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