WAY2WEALTH Research Desk

Sector – Steel Tubes

APL Apollo Tubes Ltd.

28th January 2026 | Close* – ₹2,060.60/- | View – **Hold**

W2W Lighthouse - A Quick Perspective

Key Highlights – Q3FY26

- APL Apollo Tubes Ltd (APAT) delivered its strongest-ever quarterly performance in Q3FY26, achieving record sales volume, EBITDA, and net profit. The company's operational execution remained resilient despite sectoral softness, construction-related restrictions, and broader macroeconomic headwinds. Superior product mix, expanded capacity utilization, and disciplined cost management underpinned the robust performance.
- Sales volume reached a record 917k tons in Q3FY26, underscoring APL Apollo's sustained >55% market share in HR-coil-based structural tubes. Strong utilization, deeper channel penetration, and continued product-mix leadership reinforced its dominance despite a subdued construction environment.
- Operating expenses increased 12% QoQ (₹5,435crs in Q3FY26 vs ₹4,845crs in Q2FY26) and 5% YoY (vs ₹5,174crs in Q3FY25), driven mainly due to higher raw material use from increased volumes, higher trading purchases, and lower inventory gains versus last quarter.
- EBITDA stood at ₹470crs, up 37% YoY and 6% QoQ, supported by strong volumes, value-added products and cost efficiencies.
- Net profit was ₹310crs, reflecting a 43% YoY and 3% QoQ increase. While 9MFY26 net profit of ₹848.8crs, marking a strong 83% YoY. This performance underscores the company's robust execution and market leadership momentum through FY26.
- EBITDA/ton was ₹5,145 per ton, reflecting strong operating spreads supported by higher value-added products and healthy volumes, despite a marginal QoQ dip due to mix and pricing normalization.

Important Statistics

Nifty	25,175.40
Sensex	81,857.48
Close*	2,060.60
M.CAP (₹ bn)	~57,878
52 Week H/L (₹)	2095/1273
NSE Code	APLAPOLLO
BSE Code	533758
Bloomberg Code	APAT:IN

Close as on 27th Jan 2026*

Shareholding Pattern (%)	Dec'24	Mar'25	Jun'25	Sep'25	Dec'25
Promoter	28.31	28.31	28.31	28.30	28.27
FII	31.72	31.78	33.05	31.72	33.12
DII	16.51	16.74	16.83	18.92	19.91
Public	23.45	23.17	21.81	19.07	18.69

Sales volume

APL Apollo's Q3FY26 sales volume reached 9.17 lakh tons, the highest in its history, rising steadily from 8.28 lakh tons in Q3FY25. A strong upward trend is visible across key categories. Heavy structural tubes recovered to 81k tons, improving over Q1FY26 softness. Light products showed consistent strength, rising to 145k tons, their highest in five quarters. General tubes also expanded steadily to 392k tons, indicating continued acceptance of the SG and value range. Rust-proof volumes climbed steadily each quarter to 199k tons, reflecting strong demand in coated applications. Coated volumes remained stable at 63k tons, while Agri/Industrial rebounded to 36k tons after a Q2 dip. Overall, the trend reflects broad-based volume strength across categories.

Particulars	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Volume ('000 Tons)	828	850	794	855	917
Heavy	80	82	72	77	81
Light	143	143	129	129	145
General	360	353	308	368	392
Rust-proof	166	185	191	193	199
Coated	46	55	63	62	63
Agri/Industrial	34	33	31	26	36

Source: *Company, Way2Wealth Research*

Financials

(₹ crs)

Particulars	FY25	FY26E	FY27E	FY28E
Revenue	20,690	22,830	27,116	31,595
EBITDA	1,199	1,797	2,193	2,598
% Margin	6%	8%	8%	8%
PAT	757	1,192	1,508	1,829
EPS	27	43	54	66
RoE (%)	19	25	26	25
P/E (x)	73	47	37	30
P/BV (x)	13	11	8	7
EV/EBITDA (x)	35	31	25	21

Source: *Company, Way2Wealth Research*

Relative Performance

Return (%)	1 Yr	3Yr	5 Yr
APAT	**26**	**72**	**326**
Nifty 50	8	38	74
SENSEX	7	34	67

Source: *Company, Way2Wealth*

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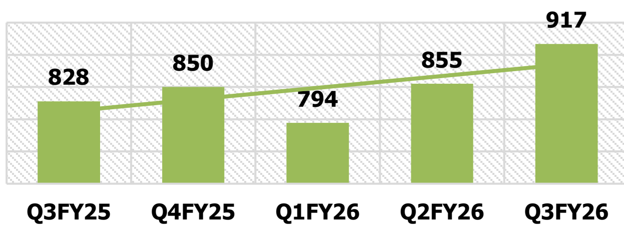
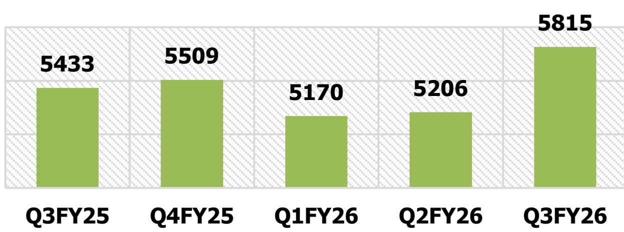
Capacity Ramp Up

APL Apollo is executing a significant capacity ramp-up from its current 5 million tons to 8 million tons by FY28, and further to 10 million tons by FY30. The expansion includes 4 greenfield plants—Gorakhpur (0.2 MT), Siliguri (0.3 MT), Bhuj (0.3 MT) and New Malur (0.6 MT)—along with a 0.6 MT brownfield expansion at Raipur. Additionally, 1 million tons will be added through debottlenecking by replacing older mills with faster, more efficient lines, enabling low-capex capacity gains. The combined capex for greenfield and brownfield projects is ₹1,300crs, with ₹200crs earmarked for debottlenecking, all funded through internal cash flows supported by strong operating performance. The company has already tested ~89% utilization in Dec'25, validating readiness for higher volumes. This ramp-up strengthens its path toward a 10-million-ton leadership position in structural steel tubes by 2030.

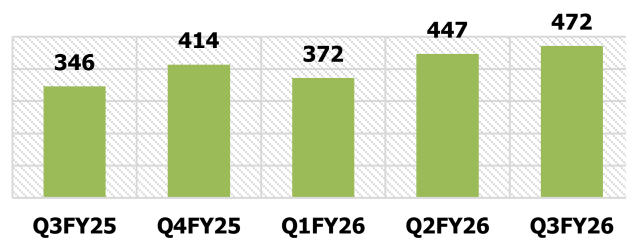
Sales Volume (k Ton)



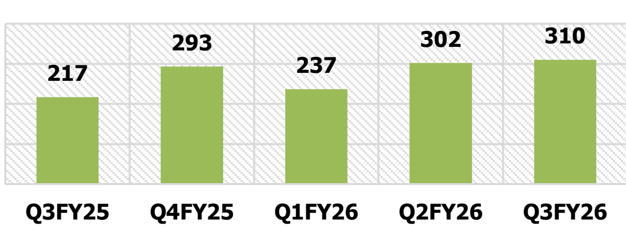
Revenue



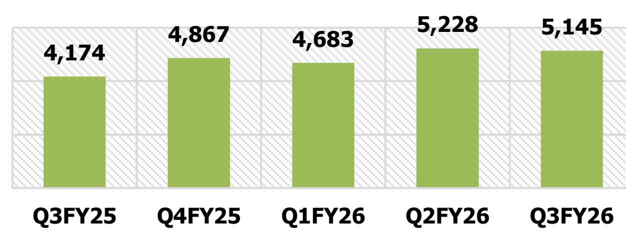
EBITDA



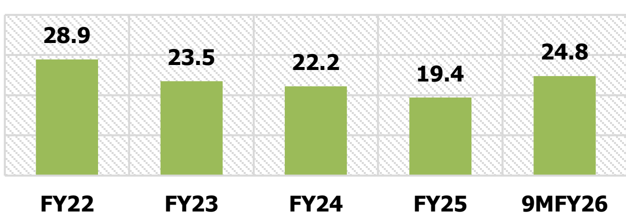
Net Profit



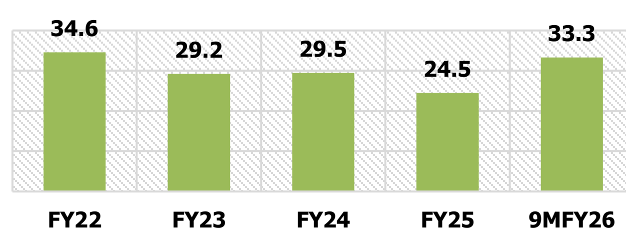
EBITDA/ton (₹)



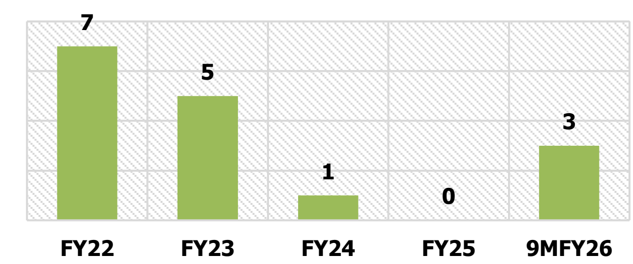
ROE %

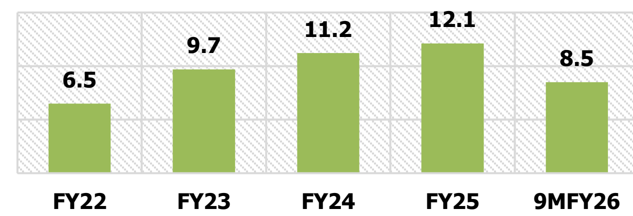


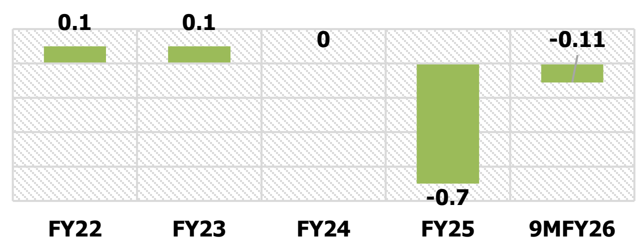
ROCE %

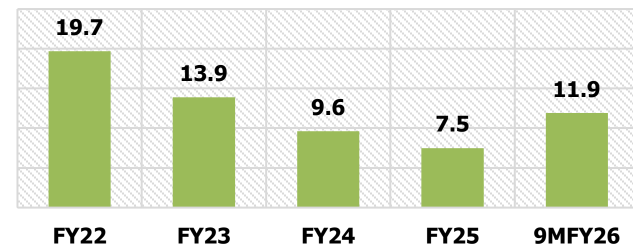


28th January 2026 Close* – ₹2,060.60/- View – **Hold**









Source : Company, Way2Wealth research

Growth strategy

APL Apollo's growth strategy is centered on scaling capacity, premiumizing its product mix, and expanding market reach. The company aims to increase capacity from 5 million tons to 10 million tons by FY30 through greenfield plants, brownfield expansion, and low-capex debottlenecking. Its dual-brand strategy—APL Apollo (premium) and SG brand (value)—continues to deepen penetration across regions and customer segments, helping capture share from smaller players and sponge-iron pipe manufacturers. The focus on value-added products enhances EBITDA/ton and strengthens competitive differentiation. Geographically, new plants in East, South and West India unlock untapped markets, while the Dubai facility supports export ambitions. Strong working-capital discipline, high inventory churn, and a net-cash balance sheet provide financial flexibility. Over the medium term, APL Apollo targets 20% annual volume growth, improving ROCE toward 40%, and venturing into super-specialty segments like EV, aerospace, petrochem and heavy engineering through global partnerships—positioning the company for sustained leadership in structural steel tubes.

View

APL Apollo's outlook remains structurally strong, supported by healthy demand visibility, capacity expansion and an ongoing shift toward higher-margin, value-added products. The company enters FY27 with solid operating momentum, reflected in record Q3FY26 volumes of 9.17 lakh tons, resilient EBITDA spreads and a strengthening product mix. Management's guidance of ~20% annual volume growth for FY27–FY28 indicates confidence in construction-sector recovery and continued market-share gains through its dual-brand strategy. Upcoming capacities across Gorakhpur, Siliguri, Bhuj, Malur and Raipur should widen its geographic reach and unlock incremental demand. APL Apollo is well-positioned to sustain margins through premiumization, cost efficiencies and tight working-capital control. Its net-cash balance sheet, 3-day net working capital, and improving ROCE trajectory toward 40% offer financial flexibility for the ramp-up toward 10 million tons by FY30. Emerging opportunities in super-specialty tubes provide optional long-term upside.

At the current market price, the stock is valued at 30× FY28E earnings. Consequently, we revise our recommendation to **Hold,** while maintaining a cautiously positive medium-term outlook in view of the company's robust execution capabilities and its scalable growth prospects.

Financials

(₹ crs)

Particulars	Q3FY26	Q3FY25	YoY	Q2FY26	QoQ	9MFY26	9MFY25	YoY
Revenue	5,815	5,433	7	5,206	12	16,191	15,181	7
Material Cost	4,901	4,662	5	4,341	13	13,622	13,174	3
Employees exp	93	90	3	89	5	274	257	7
Op-Exp	5,343	5,087	5	4,759	12	14,900	14,396	4
EBITDA	472	346	37	447	6	1,291	785	64
% Margin	8.1	6.4	175	8.6	(47)	8.0	5.2	280
Depreciation	59	50	18	58	2	172	144	19
EBIT	413	295	40	389	6	1,119	642	74
% Margin	7.1	5.4	166	7.5	(37)	6.9	4.2	269
EBT	404	280	44	386	5	1,101	602	83
PAT	310	217	43	302	3	849	464	83
% Margin	5.3	4.0	134	5.8	(47)	5.2	3.1	219
EPS - Adjusted	11.17	7.82	43	10.87	3	30.57	16.72	83

Source: *Company, Way2wealth Research*

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Disclosure of Interest Statement: APL Apollo Tubes Ltd. as on Jan 28, 2026

Name of the Security	APL Apollo Tubes Ltd.
Name of the analyst	Dhananjay Kansara
Analysts' ownership of any stock related to the information contained Financial Interest Analyst : Analyst's Relative : Yes / No Analyst's Associate/Firm : Yes/No	NIL No Yes (24 shares bought on 30 Aug 2021) No
Conflict of Interest	No
Receipt of Compensation	No
Way2Wealth ownership of any stock related to the information contained	NIL
Broking relationship with company covered	NIL
Investment Banking relationship with company covered	NIL

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