

31st Jul 2025

Close* – ₹1566/-

View – **Hold**

Key Highlights – Q1FY26

- APL Apollo Tubes Ltd (APAT)'s sales volume in Q1FY26 reached 794k tons, marking a 10% increase from 721k tons in Q1FY25. Despite the YoY growth, the company stated that the performance remained below its internal expectations.
- Revenue rose by 4% YoY to ₹5,170crs but declined 6% QoQ from ₹5,508.6crs, primarily due to a 7% drop in sales volume, falling from 850k tons in Q4FY25 to 794k tons.
- Total expenses increased by 2.67% YoY but declined by 5.83% QoQ, primarily due to lower raw material costs in line with reduced sales volume, while employee costs rose sequentially.
- EBITDA in Q1FY26 increased by 24% YoY to ₹372crs but declined 10% QoQ from ₹414crs, mainly due to lower sales volume causing negative operating leverage and a one-time notional ESOP expense of ₹6crs that raised employee costs.
- Net earnings in Q1FY26 increased by 23% YoY to ₹237crs but declined 19% QoQ from ₹293crs.
- EBITDA per ton in Q1FY26 increased by 12% YoY to ₹4,683 but declined 4% QoQ (approximately ₹180 per ton), mainly due to a ₹300 per ton rise in employee cost driven by lower sales volume and negative operating leverage.

Important Statistics

Nifty	24,855
Sensex	81,482
Close*	1,566
M.CAP (₹ bn)	~435
52 Week H/L (₹)	1936/1273
NSE Code	APLAPOLLO
BSE Code	533758
Bloomberg Code	APAT:IN

Close* as on 30th July 2025

Shareholding Pattern (%)	Jun'24	Sep'24	Dec'24	Mar'25	Jun'25
Promoter	28.33	28.32	28.31	28.31	28.31
FII	31.55	31.94	31.72	31.78	33.05
DII	14.9	15.89	16.51	16.74	16.83
Public	25.23	23.84	23.45	23.17	21.81

Sales volume

APL Apollo Tubes Limited's Q1FY26 product mix highlights a strategic focus on value-added segments. Heavy and Light Structural products account for 9% and 16% of volumes, with Light rising to 129 K Tons (from 110 K Tons) and Heavy to 72 K Tons (from 69 K Tons). The General category, the largest at 39%, grew to 308 K Tons (from 288 K Tons), showing margin gains via de-commoditization. Rust-proof products, at 24%, increased to 191 K Tons (from 168 K Tons), reflecting demand for corrosion resistance. Coated products (8%) rose to 63 K Tons (from 52 K Tons), aligning with high-margin goals. The Agri/Industrial segment (4%) dipped to 31 K Tons (from 34 K Tons). Total production surged to 794 K Tons (from 721 K Tons), a robust 10% YoY increase, underscoring strong growth despite niche declines.

Particulars	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Volume ('000 Tons)	721	758	828	850	794
Heavy	69	63	80	82	72
Light	110	127	143	143	129
General	288	338	360	353	308
Rust-proof	168	150	166	185	191
Coated	52	51	46	55	63
Agri/Industrial	34	29	34	33	31

Source: Company, Way2Wealth Research

Financials

Particulars	FY23	FY24	FY25	FY26E	FY27E
Revenue	16,166	18,119	20,690	23,898	28,403
EBITDA	1,022	1,192	1,199	1,704	2,136
% Margin	6%	7%	6%	7%	8%
PAT	642	732	757	1,140	1,465
EPS	23	26	27	41	53
RoE (%)	24	22	19	24	26
RoCE (%)	24	24	22	28	28
P/E (x)	65	57	56	37	28
P/BV (x)	11	12	10	8	7
EV/EBITDA (x)	42	44	35	25	20

Source: Company, Way2Wealth Research

Relative Performance

Return (%)	1 Yr	3Yr	5 Yr
APAT	8	67	774
Nifty 50	-0.3	45	125
SENSEX	-0.1	42	117

Source: Company, Way2Wealth

Capacity Ramp Up

APAT is undertaking a major capacity expansion, aiming to increase its total manufacturing capacity from 4.5 million tons in FY25 to 6.8 million tons by FY28. This growth strategy includes a mix of greenfield and brownfield projects across strategic locations to tap into emerging demand and diversify its product portfolio. Key initiatives include setting up new plants in Eastern India (Gorakhpur and Kolkata) with a combined capacity of 500,000 tons, expanding capacity in Dubai by 200,000

Dhananjay Kansara

dhananjay.k@way2wealth.com
Ph: 022 – 4019 2911

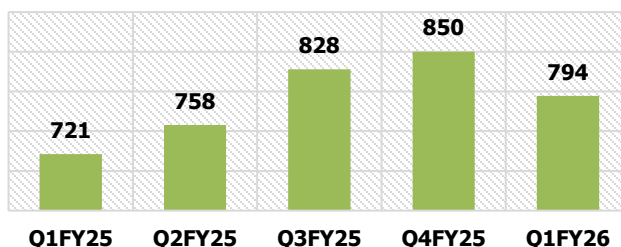
31st Jul 2025

Close* – ₹1566/-

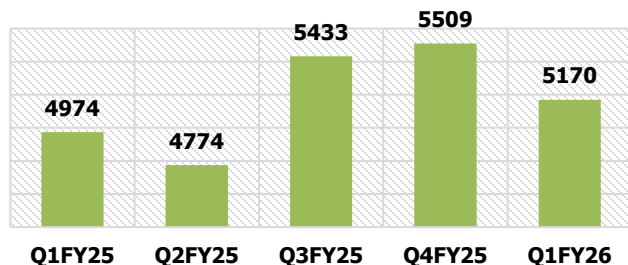
View – **Hold**

tons, and adding a 400,000-ton facility in South India. A new plant in Bhuj, Gujarat, with a 300,000-ton capacity, will focus on boosting exports and serving the regional market. Product diversification efforts involve adding 500,000 tons for coated products and 100,000 tons for heavy structural tubes at Raipur, along with 300,000–400,000 tons of specialty non-structural tubes and 160,000 tons through line relocations. The total capital expenditure for this expansion is estimated at ₹1,500crs over the next three years. This initiative supports APL Apollo's goal to de-commoditize its offerings and achieve a 70%-75% value-added sales mix by FY28.

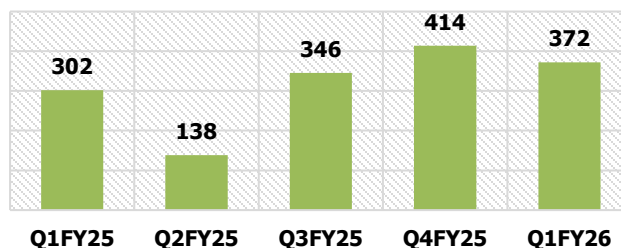
Sales Volume (k Ton)



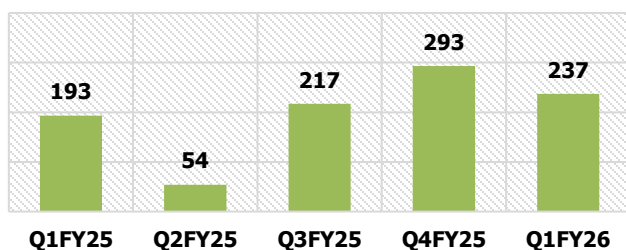
Revenue



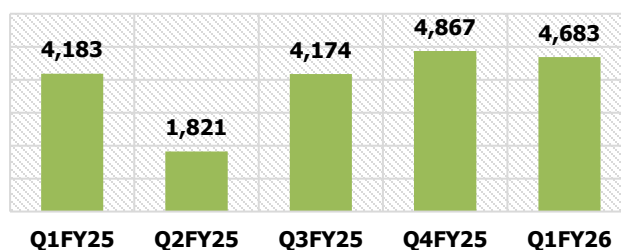
EBITDA



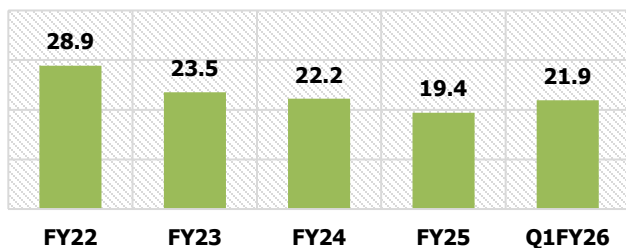
Net Profit



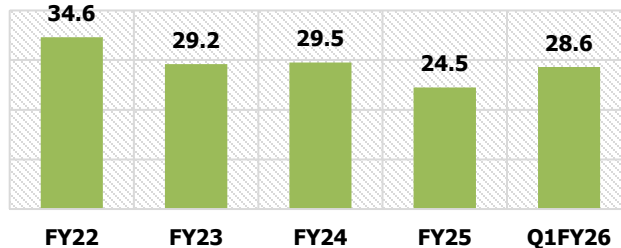
EBITDA/ton (₹)



ROE %



ROCE %

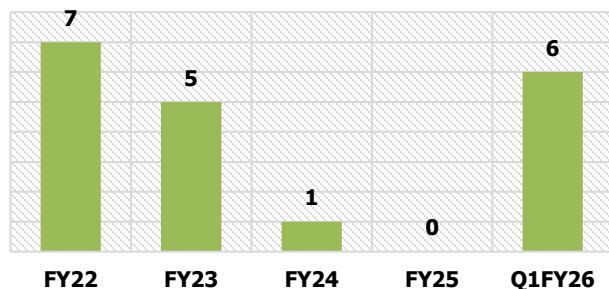


31st Jul 2025

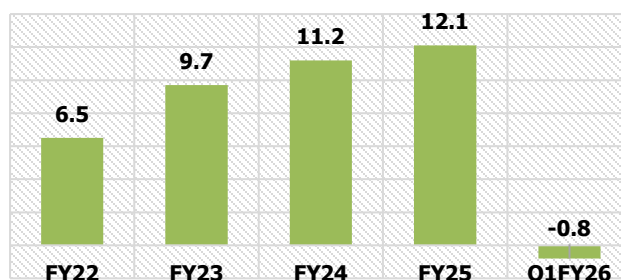
Close* – ₹1566/-

View – Hold

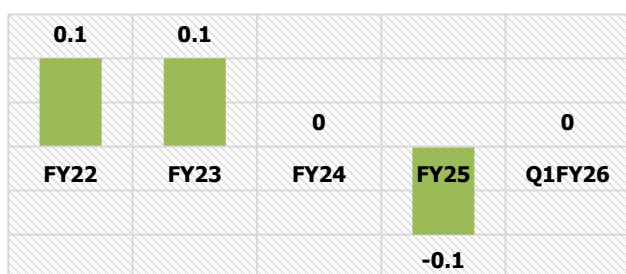
Net working capital days



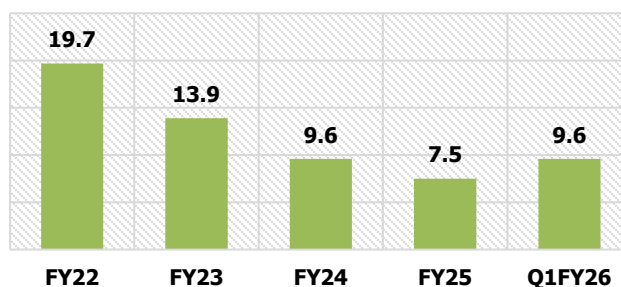
Operating Cash Flow(₹ Bn)



Net Debt/Equity



Interest Coverage Ratio (x)



Source : Company, Way2Wealth research

Growth strategy

APAT continued its strategic shift toward value-added products, with the sales mix rising to 61% of total sales, up from 58% in Q4FY25. This aligns with the company's long-term goal of de-commoditizing its portfolio, targeting EBITDA of over ₹5,000 per ton for value-added offerings. Despite the improved mix, overall EBITDA per ton declined 4% QoQ to ₹4,683, primarily due to lower sales volume resulting in negative operating leverage and a one-time notional ESOP expense of ₹6crs, which raised employee costs by ₹300 per ton. Within value-added segments, Apollo Structural Heavy (9% mix) delivered ₹8,382 EBITDA per ton, Light Structural (16%) achieved ₹5,415, Apollo Z Rust-proof (24%) reached ₹5,437, and Coated products (8%) generated ₹5,971. The General segment, despite its mix falling to 39%, saw EBITDA per ton improve to ₹2,741, reflecting significant de-commoditization, with margins rising by nearly ₹1,000 per ton over the past six months. This segment includes Dubai-sourced products, which yield higher margins. Strategically, APAT is leveraging its Dubai operations to serve the broader Middle East market and is actively exploring export opportunities in the US and Europe, focusing on high-margin structural and coated steel products. Domestically, the company is expanding capacity in underserved regions like East and South India, strengthening its distribution network, and targeting infrastructure-led demand in sectors such as solar, data centers, and government projects. These efforts support its goal of achieving a 70%-75% value-added sales mix by FY28.

31st Jul 2025

Close* – ₹1566/-

View – **Hold**

View

APAT reported a sales volume of 794k tons in Q1FY26, up 10% YoY but down 7% QoQ, falling short of internal expectations. The decline was driven by weak industrial activity, geopolitical tensions, early monsoon disruptions, and tight liquidity among dealers. Despite an improved value-added sales mix of 61%, up from 58% in Q4FY25, EBITDA per ton fell 4% QoQ to ₹4,683, impacted by negative operating leverage and one-time ESOP expense. The company revised its FY26 volume growth guidance to 10%-15% from 15%-20%, reflecting a cautious outlook. APL Apollo remains focused on achieving EBITDA spreads of ₹4,600–₹5,000 per ton and expanding capacity to 6.8 million tons by FY28, targeting a 70%-75% value-added mix. Strategically, it is strengthening its domestic footprint and leveraging Dubai operations for Middle East exports, while exploring opportunities in the US and Europe to support long-term growth. We recommend to **Hold the stock at its current level, trading at 20x FY27E EV/EBITDA.**

Financials

(₹ crs)								
Particulars	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)	FY25	FY24	YoY (%)
Revenue	5,170	4,974	4	5,509	(6)	20,690	18,119	14
Material Cost	4,380	4,270	3	4,696	(7)	17,870	15,626	14
Employees exp	92.96	80	16	75	23	332.5	257.61	29
Op-Exp	4,798	4,673	3	5,095	(6)	19,491	16,927	15
EBITDA	372	301	24	414	(10)	1,199	1,192	1
% Margin	7.2	6.0	115	7.5	(31)	5.8	6.6	(12)
Depreciation	54	47	17	58	(6)	201	176	14
EBIT	318	254	25	356	(11)	998	1,016	(2)
% Margin	6.1	5.1	103	6.5	(5)	4.8	5.6	(14)
EBT	310	252	23	359	(14)	960	978	(2)
PAT	237	193	23	293	(19)	757	732	3
% Margin	4.6	3.9	70	5.3	(73)	3.7	4.0	(9)
EPS - Adjusted	8.55	6.96	23	10.56	(19)	27.28	26.39	3

Source: Company, Way2wealth Research

31st Jul 2025

Close* – ₹1566/-

View – **Hold**

Disclaimer

Analyst Certification: I, Dhananjay Kansara, the research analyst and author of this report, hereby certify that the views expressed in this research report accurately reflect our personal views about the subject securities, issuers, products, sectors or industries. It is also certified that no part of the compensation of the analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations or views in this research. The analyst(s), principally responsible for the preparation of this research report, receives compensation based on overall revenues of the company (Way2Wealth Brokers Private Limited, hereinafter referred to as Way2Wealth) and has taken reasonable care to achieve and maintain independence and objectivity in making any recommendations.

It is confirmed that Dhananjay Kansara, the author of this report has not received any compensation from the companies mentioned in the report in the preceding 12 months. Our research professionals are paid in part based on the profitability of Way2Wealth, which include earnings from other business. Neither Way2Wealth nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information contained in this report.

This report is for the personal information of the authorized recipient and does not construe to be any investment, legal or taxation advice to you. Way2Wealth is not soliciting any action based upon it. Nothing in this research shall be construed as a solicitation to buy or sell any security or product, or to engage in or refrain from engaging in any such transaction. The contents of this material are general and are neither comprehensive nor appropriate for every individual and are solely for the informational purposes of the readers. This material does not take into account the specific objectives, financial situation or needs of an individual/s or a Corporate/s or any entity/s.

This research has been prepared for the general use of the clients of the Way2Wealth and must not be copied, either in whole or in part, or distributed or redistributed to any other person in any form. If you are not the intended recipient, you must not use or disclose the information in this research in any way. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. Way2Wealth will not treat recipients as customers by virtue of their receiving this report. The distribution of this document in other jurisdictions may be restricted by the law applicable in the relevant jurisdictions and persons into whose possession this document comes should inform themselves about, and observe any such restrictions.

The report is based upon information obtained from sources believed to be reliable, but we do not make any representation or warranty that it is accurate, complete or up to date and it should not be relied upon as such. Way2Wealth or any of its affiliates or employees makes no warranties, either express or implied of any kind regarding any matter pertaining to this report, including, but not limited to warranties of suitability, fitness for a particular purpose, accuracy, timeliness, completeness or non-infringement. We accept no obligation to correct or update the information or opinions in it. Way2Wealth or any of its affiliates or employees shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. The recipients of this report should rely on their own investigations. In no event shall Way2Wealth be liable for any damages of any kind, including, but not limited to, indirect, special, incidental, consequential, punitive, lost profits, or lost opportunity, whether or not Way2Wealth has advised of the possibility of such damages.

This material contains statements that are forward-looking; such statements are based upon the current beliefs and expectations and are subject to significant risks and uncertainties. Actual results may differ from those set forth in the forward-looking statements. These uncertainties include but are not limited to the risk of adverse movements or volatility in the securities markets or in interest or foreign exchange rates or indices; adverse impact from an economic slowdown; downturn in domestic or foreign securities and trading conditions or markets; increased competition; unfavorable political and diplomatic developments; change in the governmental or regulatory policies; failure of a corporate event and such others. This is not an offer to buy or sell or a solicitation of an offer to buy or sell any security or instrument or to participate in any particular trading strategy. No part of this material may be copied or duplicated in any form by any means or redistributed without the written consent of Way2Wealth. In no event shall any reader publish, retransmit, redistribute or otherwise reproduce any information provided by Way2Wealth in any format to anyone. Way2Wealth and its affiliates, officers, directors and employees including persons involved in the preparation or issuance of this report may from time to time have interest in securities / positions, financial or otherwise in the securities related to the information contained in this report.

To enhance transparency, Way2Wealth has incorporated a Disclosure of Interest Statement in this document. This should, however, not be treated as endorsement of the views expressed in the report.

Disclosure of Interest Statement: APL Apollo Tubes Ltd. as on July 31, 2025

Name of the Security	APL Apollo Tubes Ltd.
Name of the analyst	Dhananjay Kansara
Analysts' ownership of any stock related to the information contained	NIL
Financial Interest	
Analyst :	No
Analyst's Relative : Yes / No	Yes (24 shares bought on 30 Aug 2021)
Analyst's Associate/Firm : Yes/No	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

This information is subject to change without any prior notice. Way2Wealth reserves at its absolute discretion the right to make or refrain from making modifications and alterations to this statement from time to time. Nevertheless, Way2Wealth is committed to providing independent and transparent recommendations to its clients, and would be happy to provide information in response to specific client queries.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.