

# PICK OF THE WEEK

21<sup>st</sup> March, 2026

## APL Apollo Tubes Ltd

Sector: Building Materials

BUY

CMP

1,973

Target Price

2,170

Upside

10%

CMP as on 20<sup>th</sup> March, 2026 | Time horizon: 6-9 Months

### Why APL Apollo Tubes Ltd

- **Brand Premiumization Strategy Supports EBITDA Expansion**
- **High Utilisation Drives Upgraded 20% Volume Guidance**
- **Internally Funded Capex Aims to Double Capacity by 2030**

### About the Company

APL Apollo Tubes Limited is India's largest structural steel tube manufacturer, with an existing production capacity of approximately 5 mtpa. The company holds a dominant leadership position in the domestic structural steel tubing market, commanding a significant market share driven by its extensive distribution network. Established in 1986, APL Apollo operates multiple state-of-the-art manufacturing facilities across India and maintains a comprehensive presence across the structural steel value chain, producing a diverse range of branded steel tubes that cater to the infrastructure, construction, agriculture, and engineering sectors.

### Investment Rational

**A. Robust Q3FY26 – Enhanced Brand Equity Drives EBITDA/t Upward:** EBITDA grew by 37%/6% YoY/QoQ to Rs 472 Cr, 6% ahead of consensus, led by robust sales volumes amidst a tough macro environment. 9MFY26 sales volumes grew 11% YoY at 25.6 Lc tonnes and EBITDA/t at Rs 5,030/t (Q3FY26 at Rs 5,145/t), in line with earlier guidance. EBITDA spread expansion was driven by the launch of SG premium in the base category, which helped compete with smaller, unorganised Patra players, while Apollo-branded products maintained a premium of Rs 3,000-4,000/t across the structural steel tube segment.

**B. Volume Outlook Healthy with Steady Product Mix; Strategic Focus on Raising Margins:** Dec'25 sales jumped to 370kt, which translates to an annual sales volume of 4.4 MT. As a result, volume growth guidance has been upgraded to 20% for Q4FY26 and FY27 (YoY basis). Existing capacity is now at 5 MT, up from 4.5 MT in Q2FY26, and the company has already achieved 90% utilisation of this 5 MT capacity. FY28 volume growth guidance is also anchored at 20% YoY

**C. Capacity Vision 2030 Underpins Growth:** The company plans to raise its total capacity to 10 MT by FY30 from the current 5 MT (FY27: 6.0-6.5 MT, FY28: 8 MT). Management is confident in demand, supported by brand acceptance across price points (from SG premium to Apollo). Capacity expansion will be majorly in new markets, along with new products, funded internally through a capex of Rs 1,500 Cr. It will be a combination of greenfield capacity (2 MT by FY28) plus de-bottlenecking (1 MT by FY28), and the remaining 2 MT by FY30 will be of speciality tubes.

## Outlook & Valuation

- FY27/FY28 volume growth guidance upgraded to 20% YoY each. EBITDA/t guidance has been upgraded from Rs 4,800-5,000 to Rs 5,500/t on the back of brand strategy, pricing points acceptance, cost control, and steady valued-added product mix. APL Apollo Tubes currently has net cash of Rs 560 Cr, which could increase towards Rs 1,500 Cr by Q4FY26, led by strong margins, lower capex, and WC improvement. The company will reduce its inventory days to 20 days from 30 days. Moreover, it became net-debt-free ~2 years ago and now targets to become liability-free by maintaining enough cash to match current liabilities. ROCE as of Q3FY26 stood at ~33%, which is expected to rise to 40% by FY27, led by higher VAP share, better EBITDA spreads and strong volume growth. APL Apollo Tubes Ltd is currently trading at 35x 12MF consensus P/E vs LT average of 36x.

## Analyst Insights

We recommend a **BUY** with a target price of Rs 2,170/share, implying an upside of ~10% from the CMP.

## Research Analysts

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## Financial Summary

	<b>FY25</b>	<b>FY26E</b>	<b>FY27E</b>
Net Sales (Rs Cr)	20,690	22,940	28,347
EBITDA (Rs Cr)	1,199	1,790	2,289
Net Profit (Rs Cr)	757	1,189	1,567
EPS (Rs)	27.3	42.8	56.5
PER (x)	56.1	46.1	34.9
EV/EBITDA (x)	35.9	30.9	24.1
P/BV (x)	10.1	10.3	8.0
RoE (%)	19.4	24.9	25.7

## Market Data

No. of Shares	27.7 Cr
Market Cap (Rs Cr)	54,833
52-week High	2,301
52-week Low	1,400
PER(x)	46.9
BSE Code	533758
NSE Code	APLAPOLLO

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