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Initiating Coverage

APL Apollo Tubes

APL Apollo Tubes

The flywheel keeps spinning

We initiate coverage on APL Apollo Tubes Ltd (APAT) with an ADD rating and a 12-month target price of INR 2,070 (35x FY28E adj EPS). With installed capacity of 4.5/5.0mn MT in FY25/Q3FY26, APAT is India's undisputed structural steel tube franchise, commanding ~55% market share in the branded HRC-based tube segment, with no credible domestic challenger at scale. This is not a steel-to-tube story. APAT has built a self-reinforcing distribution flywheel, underpinned by brand, reach and execution, offering a long runway of volume- and mix-led earnings growth. We estimate APAT will deliver revenue/EBITDA/Adj PAT CAGRs of 13%/24%/29% over FY25–28E, driven by ~13% volume CAGR, broadly stable EBITDA/MT of ~INR 5,000, and sustained value-added product (VAP) mix improvement toward ~70% by FY28E.

- **Distribution depth and brand equity — the flywheel moat:** Over the past 25 years, APAT has built a deep and sticky distribution network comprising over 800 distributors, 50,000+ retailers, and 200,000+ fabricators, spread across ~300 towns and cities, creating a formidable competitive moat. The company has expanded its SKU portfolio to 5,000+ products, materially enhancing distributor stickiness and widening addressable applications. APAT operates 11 manufacturing facilities across India, enabling most orders to be serviced within ~2 days, a key differentiator versus peers. This operational agility, combined with brand recall, has supported consistent market share gains to ~55% currently (from ~28–29% a decade ago). These factors also underpin APAT's pricing premium of ~INR 3,000-4,000/MT over unbranded peers.
- **Volume and mix compounding on a large base:** APAT's capacity expanded at a ~16% CAGR over the past decade to 4.5mn MT in FY25, while effective ramp-up has driven ~17% volume CAGR over the same period, reaching ~3.2mn MT in FY25. Over time, the share of high-margin VAP increased to ~58% in FY25 from ~40% in FY16, with management targeting ~70% VAP mix by FY28E. We estimate APAT will deliver ~13% volume CAGR during FY25–28E, supported by a ~21% capacity CAGR, taking installed capacity to ~8mn MT by FY28E. The planned ~3.5mn MT expansion during FY26–28E comprises a mix of greenfield capacity (east, west and south), brownfield expansion in the east, and debottlenecking across plants. Eastern expansions should improve regional penetration, where APAT currently has a lower sales share. The western capacity addition at Bhuj, along with ramp-up of the UAE facility, supports the company's push to increase overseas sales. Collectively, these initiatives should sustain strong volume momentum while protecting APAT's dominant market share.
- **Multiple margin levers converging simultaneously:** APAT's EBITDA/MT expanded materially from ~INR 3,800 in FY25 to INR 5,032 in 9MFY26, driven by premiumization and VAP mix gains, procurement advantages from bulk HRC sourcing (primarily from Tata Steel and JSW Steel), rising share of low-cost green power, and operating efficiencies from direct forming technology (DFT) and captive cold-rolling mills. EBITDA margin expanded to a 14-year high of ~8% in 9MFY26. We expect margins to stabilize at ~7.3–7.7% during FY27–28E, supported by VAP mix improvement, renewable-power ramp-up (notably in Chhattisgarh), and benefits from eastern expansions. We therefore estimate consolidated EBITDA/adj PAT CAGRs of ~24%/~29% over FY25–28E.

ADD

CMP *(as on 2 Apr 2026)*	**INR 1,899**
Target Price	**INR 2,070**
NIFTY	**22,713**

KEY STOCK DATA	
Bloomberg code	APAT IN
No. of Shares (mn)	278
MCap (INR bn) / ($ mn)	527/5,663
6m avg traded value (INR mn)	1,387
52 Week high / low	INR 2,301/1,367

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(1.7)	9.7	21.6
Relative (%)	12.8	19.2	25.9

SHAREHOLDING PATTERN (%)

	Sep-25	Dec-25
Promoters	28.30	28.27
FIs & Local MFs	18.91	19.91
FPIs	33.72	33.12
Public & Others	19.07	18.70
Pledged Shares	-	-

Source: BSE, Company

Pledged shares as % of total shares

Rajesh Ravi
rajesh.ravi@hdfcsec.com
+91-22-6171-7352

Keshav Lahoti
keshav.lahoti@hdfcsec.com
+91-22-6171-7353

Riddhi Shah
riddhi.shah@hdfcsec.com
+91-22-6171-7359

Mahesh Nagda
mahesh.nagda@hdfcsec.com
+91-22-6171-7319

- **Robust balance sheet and returns — initiate coverage with ADD**: Despite cumulative capex of ~INR 30bn during FY21–25 (driving ~80% capacity expansion), APAT turned net cash in FY25, aided by strong earnings growth and disciplined working capital management. Non-cash working capital stood at negative INR 0.5bn in Mar'25, versus +INR 5.2bn in Mar'20. We expect APAT's cash accruals to be sufficient to fund its ~INR 15bn capex during FY26–28E for expansion to 8mn MT, supporting a rising net-cash position. This positions the company well to scale toward ~10mn MT over the subsequent two years. Strong earnings growth, combined with RoE/RoCE of ~25/30%, should continue to support valuation rerating. Accordingly, we initiate coverage with an ADD rating, valuing APAT at 35x FY28E adj EPS, implying a ~30% premium to the 10-year mean and a ~7/25% discount to the 5/3-year means.

Consolidated financial summary

YE Mar (INR mn)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net Sales	1,30,633	1,61,660	1,81,188	2,06,895	2,23,913	2,61,877	2,98,147
EBITDA	9,453	10,216	11,922	11,990	17,639	19,155	23,099
EBITDAM (%)	*7.2*	*6.3*	*6.6*	*5.8*	*7.9*	*7.3*	*7.7*
APAT	5,573	6,419	7,324	7,571	11,612	13,181	16,430
AEPS (INR)	22.3	23.1	26.4	27.3	41.8	47.5	59.2
P/E (x)	75.5	65.6	57.5	55.6	45.6	40.2	32.2
EV / EBITDA (x)	44.5	41.2	35.2	34.7	29.4	26.8	22.0
RoE (%)	*25.9*	*23.5*	*22.2*	*19.4*	*25.0*	*23.8*	*25.0*

Source: Company, HSIE Research

Key operating metrics

	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Sales Volume (mn MT)	**1.64**	**1.76**	**2.28**	**2.62**	**3.16**	**3.51**	**3.96**	**4.56**
YoY change (%)	*0.4*	*7.0*	*29.9*	*14.9*	*20.6*	*11.0*	*13.0*	*15.0*
NSR (INR/MT)	**51,828**	**74,435**	**70,934**	**69,209**	**65,508**	**63,871**	**66,106**	**65,445**
Raw materials (INR/MT)	43,688	63,949	61,549	59,653	56,582	53,753	56,279	55,491
Energy cost (INR/MT)	626	888	954	982	1,014	1,024	994	994
Logistics cost (INR/MT)	1,638	2,257	2,081	1,944	2,056	2,056	2,077	2,098
Employee cost (INR/MT)	790	872	905	984	1,053	1,062	1,053	1,007
Other cost (INR/MT)	947	1,082	964	1,093	1,007	944	868	785
Total op cost (INR/MT)	**47,689**	**69,049**	**66,452**	**64,655**	**61,712**	**58,839**	**61,271**	**60,375**
Unit EBITDA (INR/MT)	**4,138**	**5,386**	**4,482**	**4,554**	**3,796**	**5,032**	**4,835**	**5,070**

Source: Company, HSIE Research

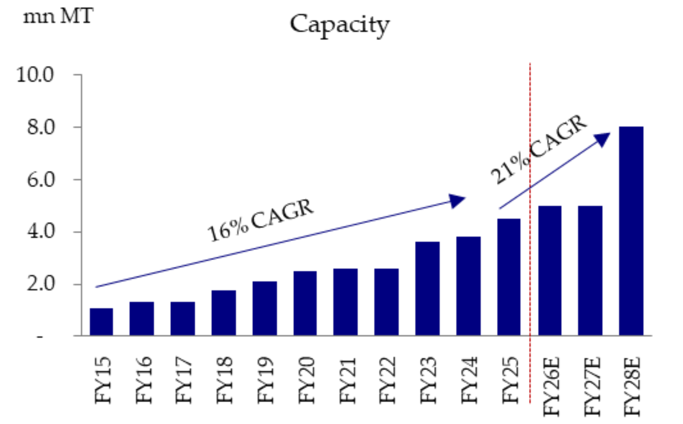
HSIE vs consensus: our earnings estimates remain below consensus

INR Bn	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	*FY26E*	*FY27E*	*FY28E*
	HSIE			Consensus			*Variation (%)*		
Net Sales	223.9	261.9	298.1	228.7	272.9	318.4	*(2.1)*	*(4.0)*	*(6.4)*
EBITDA	17.6	19.2	23.1	18.0	22.1	26.1	*(1.7)*	*(13.3)*	*(11.6)*
APAT	11.6	13.2	16.4	12.0	15.3	18.5	*(3.0)*	*(13.9)*	*(11.2)*
AEPS	41.8	47.5	59.2	43.2	55.2	67.0	*(3.2)*	*(14.0)*	*(11.7)*

Source: Bloomberg, HSIE Research

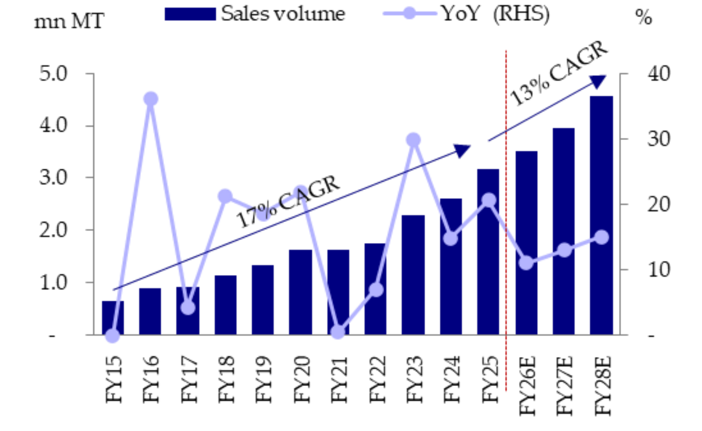
Focus charts

APAT's capacity grew at 16% CAGR over FY15–25…



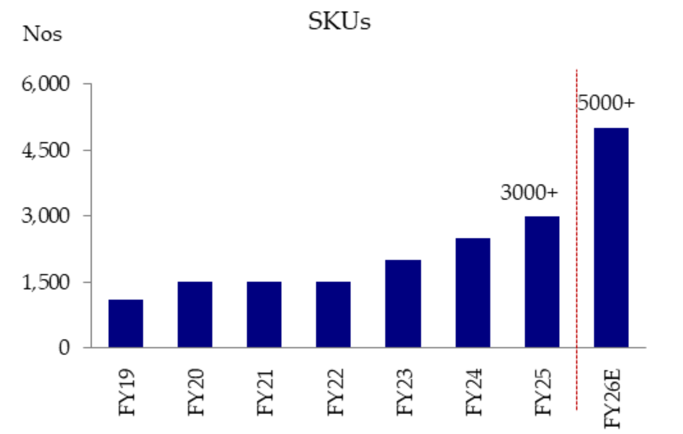
Source: Company, HSIE Research

… driving a robust 17% volume CAGR



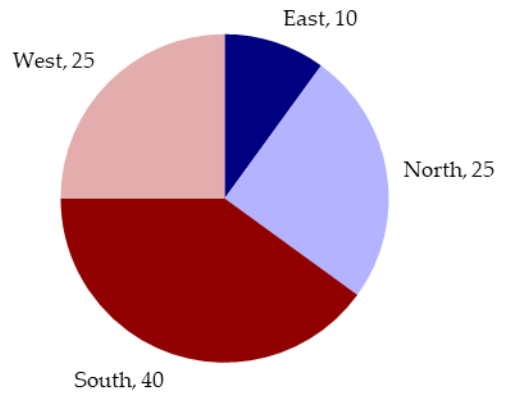
Source: Company, HSIE Research

Expansion in SKU range has strengthened APAT's presence in the structural steel tube (SST) segment



Source: Company, HSIE Research

Regional sales mix: upcoming eastern expansions to lift share from currently underpenetrated markets



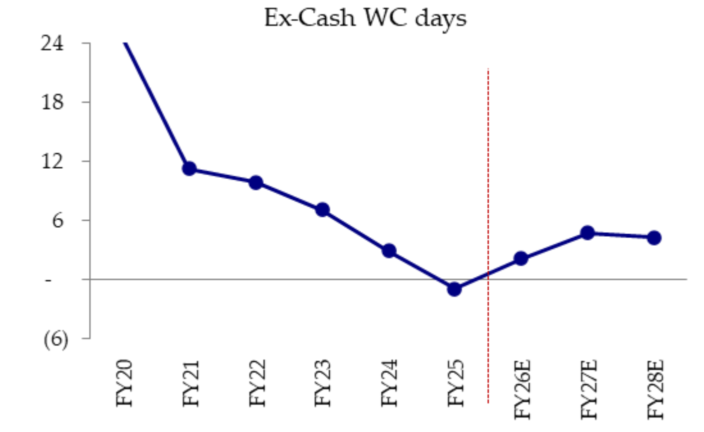
Source: Company, HSIE Research

Upcoming expansions span greenfield, brownfield and debottlenecking

Location	Expansion type	Capacity (mn MT)	Timeline
Gorakhpur, Uttar Pradesh	Greenfield	0.2	FY27
Siliguri, West Bengal	Greenfield	0.3	FY28
Bhuj, Gujarat	Greenfield	0.3	Q3FY28
New Malur, Karnataka	Greenfield	0.6	FY28
Raipur, Chhattisgarh**	Brownfield	0.2	FY26
Raipur, Chhattisgarh	Brownfield	0.6	FY28
Debottlenecking ^^	Debottlenecking	1.3	FY26/27/28
Total proposed expansion		**3.5**	
FY25 end capacity		**4.5**	
Total capacity by FY28E		**8.0**	

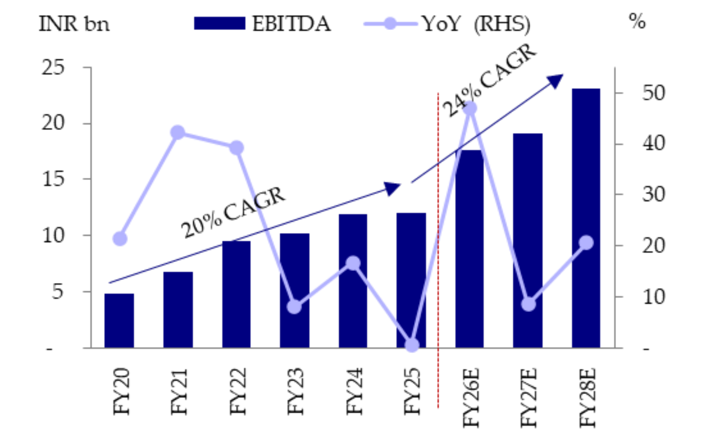
Source: Company, HSIE Research, **0.2mn MT super heavy structure commissioned in Q3FY26, ^^ 0.3mn MT debottlenecking achieved in Q3FY26

Working capital efficiency has driven a significant release of cash, strengthening the balance sheet



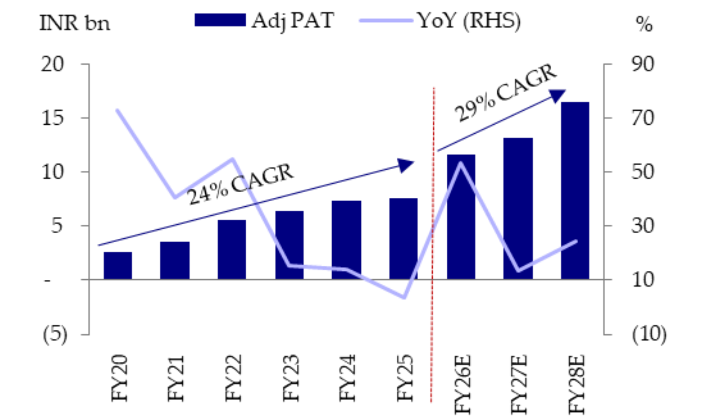
Source: Company, HSIE Research

Sustained margins have driven ~20% EBITDA CAGR; we forecast a 24% CAGR over FY25-28E



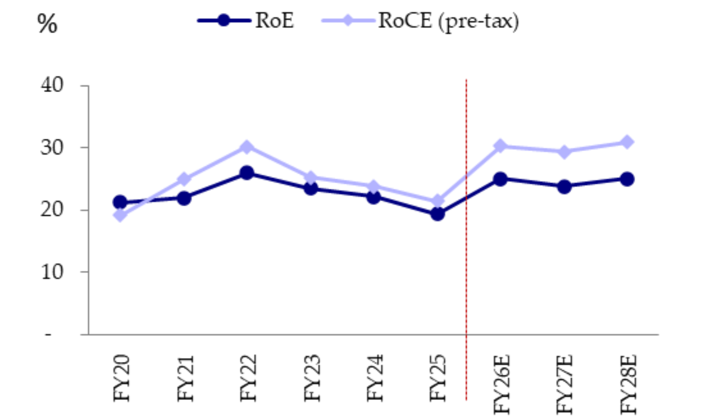
Source: Company, HSIE Research

Similarly, we estimate 20% Adj PAT CAGR



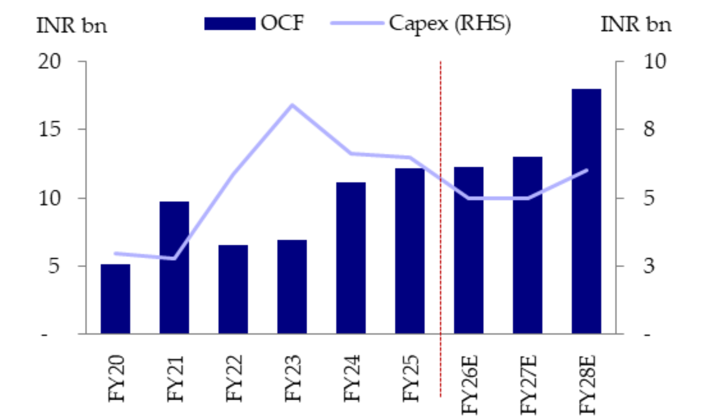
Source: Company, HSIE Research

Return ratios to remain strong: RoE ~25%, RoCE ~30%



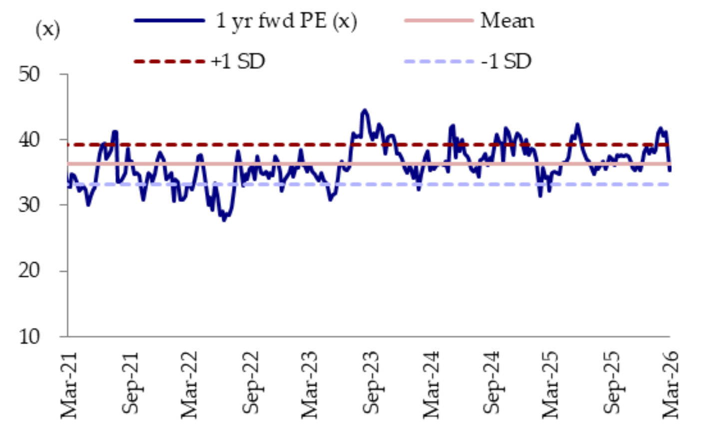
Source: Company, HSIE Research

Operating cash flow expected to outpace capex outgo



Source: Company, HSIE Research

1-yr forward P/E trend



Source: Bloomberg, HSIE Research

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Undisputed leader in structural steel tube market

APL Apollo Tubes Ltd (APAT) is India's largest manufacturer of structural steel tubes and among the largest globally outside China. Founded in 1986 (as Bihar Tubes Ltd) and rebranded in 2010, the company is headquartered in Noida, Uttar Pradesh, and operates 11 SST manufacturing plants across India.

APAT manufactures steel tubes using hot-rolled coil (HRC) and commands ~55% market share in the branded HRC-based tube segment. A sharp focus on HRC-based products has driven ~17% volume CAGR over the past decade, with market share more than doubling over the same period. Key peers remain sub-scale, each holding <10% market share, reinforcing APAT's dominant competitive positioning.

APAT's manufacturing footprint spans India and Dubai

Location	State	Region	mn MT
Sikandarabad	UP	North/ Central	0.9
Raipur	Chhattisgarh	East	1.6
Murbad	Maharashtra	West	0.6
Bangalore	Karnataka	South	0.2
Malur	Karnataka	South	0.4
Hosur	Tamil Nadu	South	0.5
Hyderabad	Telangana	South	0.2
Dubai	UAE		0.36
Total capacity as of FY25			**4.5**

Source: Company, HSIE Research

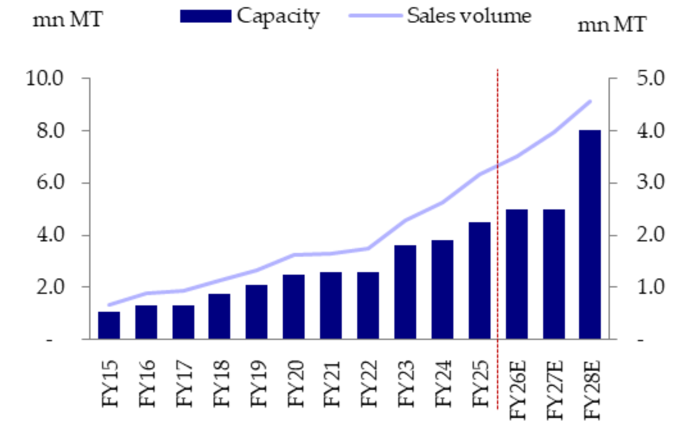
HRC-based pipes market to grow at a fast pace

Industry estimates suggest India's steel tube market is currently ~10mn MT, split between HRC-based tubes (~5mn MT) and patra pipes (~5mn MT). Demand for HRC tubes has been growing at high single-digit rates, while patra pipes (sponge-iron based pipes) have seen flattish to low single-digit growth.

As HRC steel production increases and end-users prioritize quality, precision and durability, demand for HRC-based tubes — despite higher pricing versus patra pipes — continues to gain traction. The share of HRC pipes within the structural steel tube segment is expected to expand materially over the next 6-7 years, while the patra segment remains broadly flat.

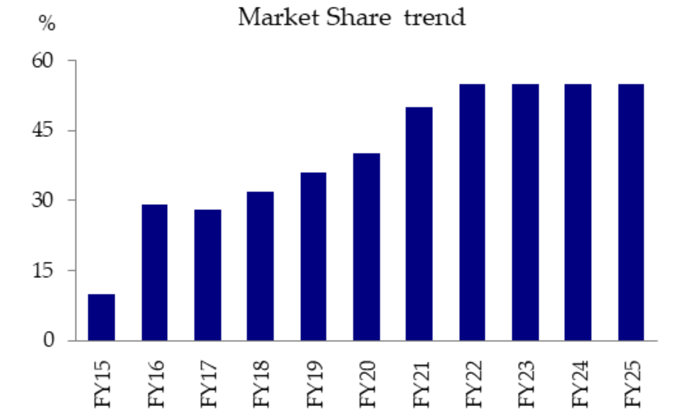
This growth will be led by rising domestic HRC supply, expanding SKU availability, and a sustained construction demand outlook. APAT remains optimistic on growth, having expanded capacity at ~16% CAGR over the past decade, while delivering ~17% volume CAGR. With capacity targeted at ~8mn MT by FY28E, the company expects to sustain its growth trajectory and continue gaining market share.

Capacity and volumes grew at a robust 16% and 17% CAGR over FY15–25



Source: Company, HSIE Research

APAT has steadily strengthened its leadership with rising market share in structural steel tubes



Source: Company, HSIE Research

Industry tailwinds

Infrastructure super-cycle — sustained government capex

The Union Budget FY26–27 allocated INR 12.2trn to capital expenditure (~3.1% of GDP), up from INR 11.2trn in FY26, reinforcing a multi-year up-cycle in public infrastructure spending. The National Infrastructure Pipeline targets aggregate infrastructure investment of ~USD 1.4trn (INR ~102tn) through 2030.

Structural steel tubes are a key input across bridges, metro stations, airport terminals, railway canopies, road gantries, and utility towers — all segments where APAT has a strong presence.

Housing upcycle — PMAY scale and extension

Under PMAY-Gramin, ~38.6mn houses have been sanctioned against a target of 41.4mn, with ~29.2mn completions as of Dec’25. The scheme has been extended to FY29, targeting an additional 20mn rural houses at an outlay of INR 3.06tn. PMAY-Urban 2.0, launched in Sep’24, targets 10mn urban houses over five years.

Construction of pucca homes drives demand for structural steel tubes used in door frames, roofing supports and plumbing — segments directly addressed through APAT’s Chaukhat door frames and pre-galvanized tube portfolio.

Renewable energy — large build-out still ahead

As per India's Ministry of New and Renewable Energy (MNRE) data, India’s installed renewable capacity stood at ~220 GW as of Mar’25, rising to ~256 GW by Sep’25 (including non-fossil fuel sources). Against the government’s 500 GW non-fossil capacity target by 2030, ~244 GW is still to be added.

Solar module mounting structures are a direct, margin-accretive demand opportunity for APAT’s pre-galvanized structural tubes.

GST formalization — structural shift away from patra segment

Two regulatory developments continue to compress the unorganized patra segment. First, GST's Reverse Charge Mechanism (RCM) on metal scrap (effective 10 Oct 2024) shifts tax liability to registered buyers, eroding the cost advantage of unorganized manufacturers. Second, the BIS Quality Control Order (QCO) for steel tubes mandates certification for government and PSU projects, progressively excluding non-compliant players from the formal construction value chain.

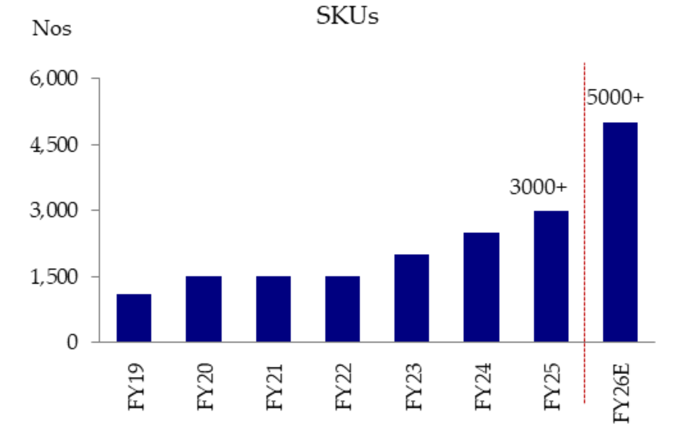
As the largest BIS-certified branded player, APAT stands out as a key beneficiary of this structural formalization.

Consistent rise in SKU and distribution-led growth

APAT offers an extensive portfolio of 5,000+ SKUs across HRC-based steel tubes and structural products, catering to a wide range of end-use applications. The company operates premium offerings under its flagship APL Apollo brand, while addressing the value segment through the SG Premium brand. Continuous addition of new applications has supported strong volume growth and sustained market-share gains.

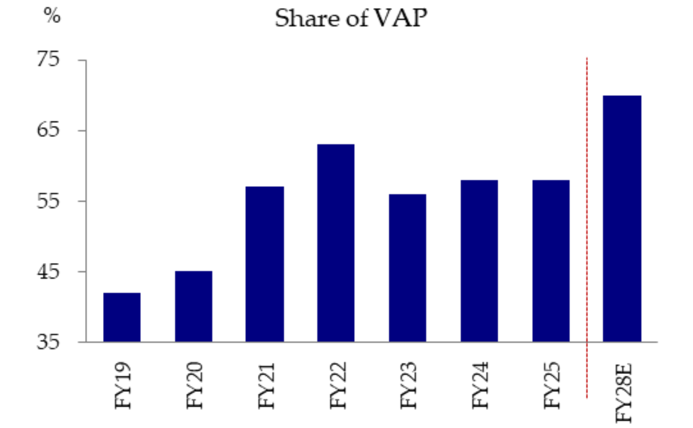
From a portfolio of ~1,500 SKUs a few years ago, APAT expanded its offering to 5,000+ SKUs by FY26, driven by an aggressive rollout under the SG Premium brand. This strategy has enabled APAT to fast-track market-share gains from the unorganized patra pipe segment, while simultaneously protecting pricing and brand positioning for its premium APL Apollo products. Adoption of Direct Forming Technology (DFT) has further accelerated product launches and expanded the addressable SKU universe, strengthening the company's competitive moat.

Expansion in SKU range has strengthened APAT's presence in the SST segment



Source: Company, HSIE Research

Growing value-added product (VAP) portfolio within the overall product mix



Source: Company, HSIE Research

Broader product applications continue to drive strong volume growth

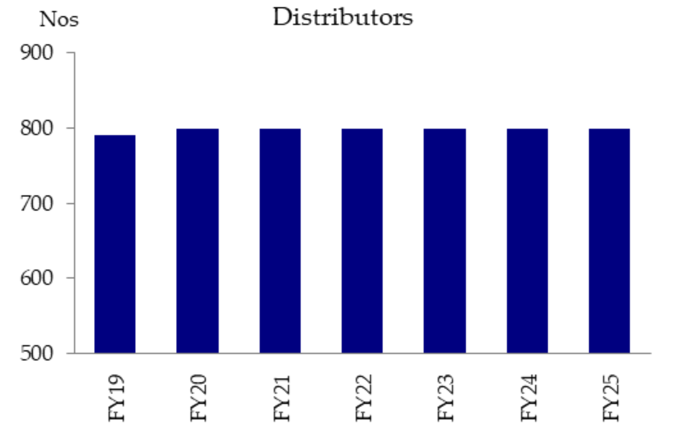
Product Category	Application	Product - visual overview	Key USPs	Applications	Applications - visual overview
Apollo Structural			First company to introduce DFT technology in India	High-rise, Warehousing, Infrastructure	
	Super Heavy		Offers columns of 300mm x 300mm, 500mm x 500mm and 1000mm x 1000mm	Column, Beams, Heavy structural erections	
	Light		First company in India to introduce Door frame and Plank Light weight tubes for furniture	Door Frame, staircase steps, Furniture & fencing Electrical Conduits	
	General		First company in India to introduce square, rectangular structural steel tubes	Sheds & Gates, Handrails & Fencing, Balcony Grills Staircase etc.	
Apollo Z	Rust-proof		First company in India to introduce -galvanized sections, replacing vanized tubes Effective in use in coastal markets	Roofing Structures, Fabrication Work, Purlins Rafters	
	Coated		High tensile light structural application; bendable; superior rust proof properties	Warehousing Factory Sheds	
Apollo Galv	Agri/ Industrial		Effective for use in water applications, being highly non-corrosive in nature	Greenhouse structures Plumbing Firefighting	

Source: Company, HSIE Research

APAT has remained sharply focused on retail-led distribution. Around 90% of sales volume is routed through its channel network, comprising ~800 distributors, who in turn service 50,000+ retailers and 200,000+ steel fabricators. Despite rapid volume growth, the distributor base has remained broadly stable, with the company selectively replacing less-aggressive partners. Management highlights that productivity gains have been driven by deeper engagement with existing distributors, supported by the promoter's long-standing relationships across the network.

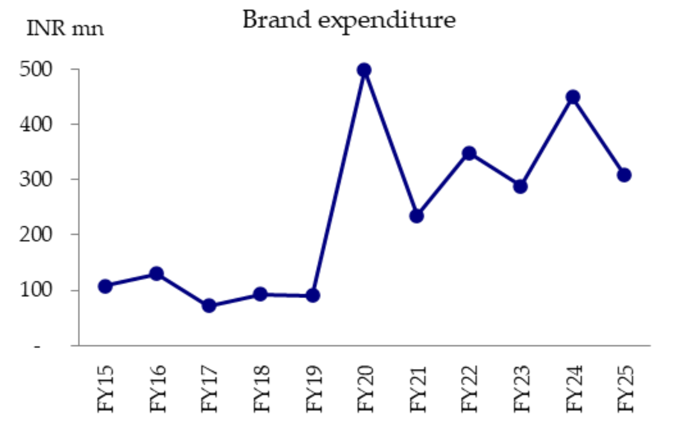
The company actively engages with its distribution ecosystem through structured programs and promotional initiatives. APAT also sponsors national-level sporting events with high visibility, supporting brand recall, volume growth and premiumization.

Distributor count maintained at ~800 pan-India, supported by an expanding downstream network



Source: Company, HSIE Research

Branding investments increased to reinforce market visibility and recall



Source: Company, HSIE Research

Overall, APAT has built a deep and sticky distribution moat, offering a breadth of SKUs that peers are unable to replicate. Coupled with its industry-leading fast order turnaround (typically ~2 days), this provides APAT with a durable competitive advantage.

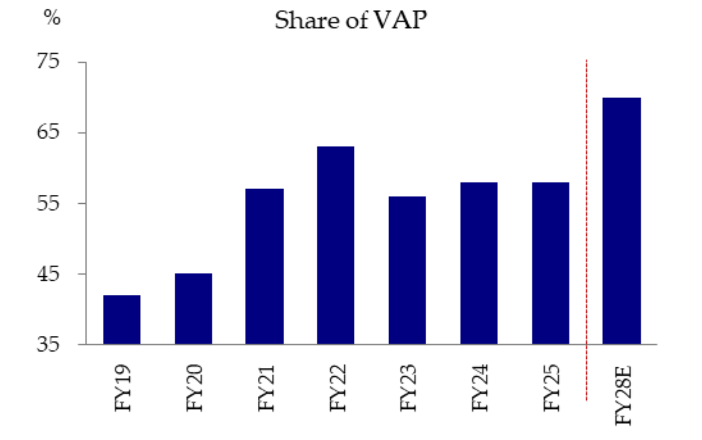
Margin levers

Premiumization gains

APAT has a strong and sustained focus on value-added product (VAP) sales. VAP share increased to 58% in FY25 from ~40% a decade ago, and the company targets ~70% VAP contribution by FY28E. In a market dominated by unorganized patra players, APAT commands a brand premium of INR 3,000–4,000/MT.

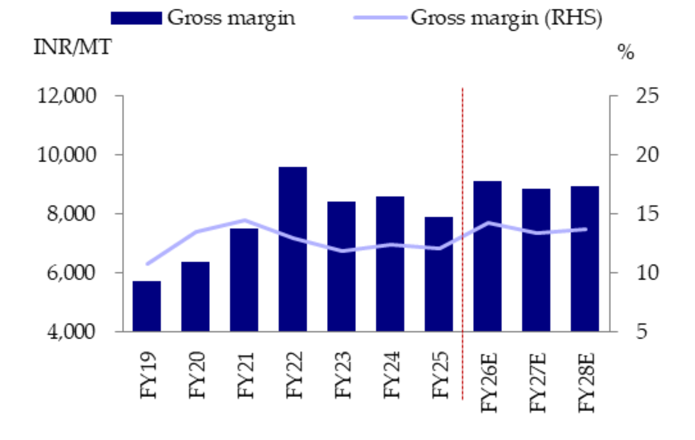
A January 2025 price hike of INR 2,000–3,000/MT across general products was fully absorbed, with no visible demand impact — a direct demonstration of pricing power in an otherwise commoditized industrial segment. The SG Premium sub-brand enables APAT to compete effectively in the value segment, while preserving pricing and brand positioning for its core APL Apollo portfolio.

Rising VAP share to support premiumization gains



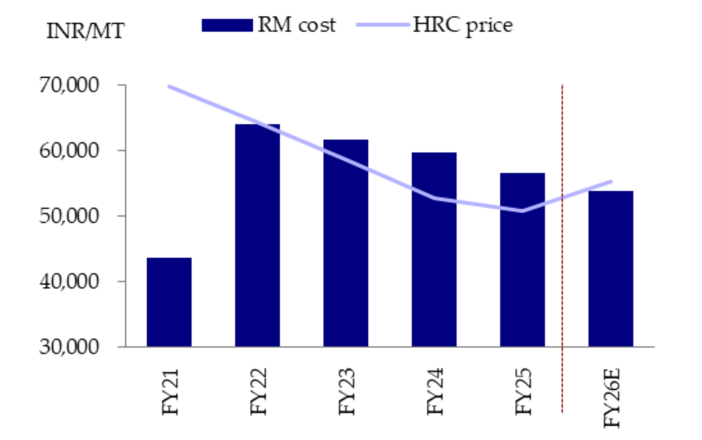
Source: Company, HSIE Research

Stable gross margins in recent years



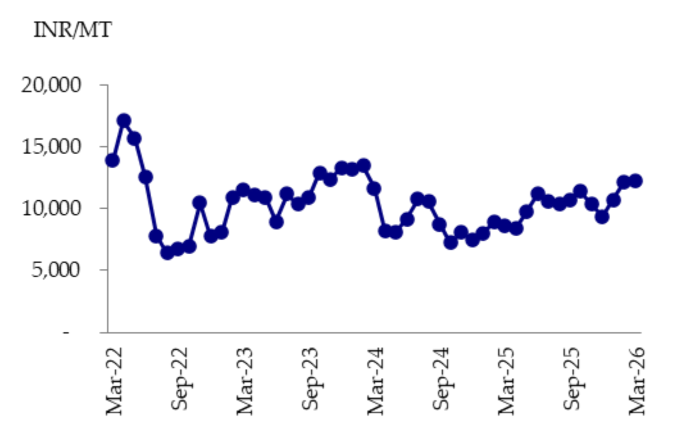
Source: Company, HSIE Research

RM cost vs HRC price trend



Source: Company, HSIE Research

HRC–patra price spread



Source: Company, HSIE Research

Economies of scale

As the largest manufacturer of HRC-based steel tubes in India, APAT sources over 80% of its steel requirements from Tata Steel and JSW Steel. Its scale and long-standing supplier relationships translate into procurement cost advantages, with management indicating sourcing costs that are ~INR 1,000/MT lower than peers.

Ongoing capacity expansion by these steel majors further enhances supply security, aligning well with APAT's aggressive medium-term growth plans.

Infrastructure and technology advantage

APAT was a pioneer in implementing Direct Forming Technology (DFT) in India, introducing the process in 2016 to manufacture square hollow sections (SHS) and rectangular hollow sections (RHS) across varied thicknesses. The company has rolled out DFT across all its plants, resulting in lower raw material wastage, higher throughput, and structurally lower operating costs.

In addition, APAT operates captive cold-rolling mills (CRM), enabling it to tailor HRC thickness to internal requirements. This further enhances margins relative to peers that rely on thinner sheets sourced externally from steel mills.

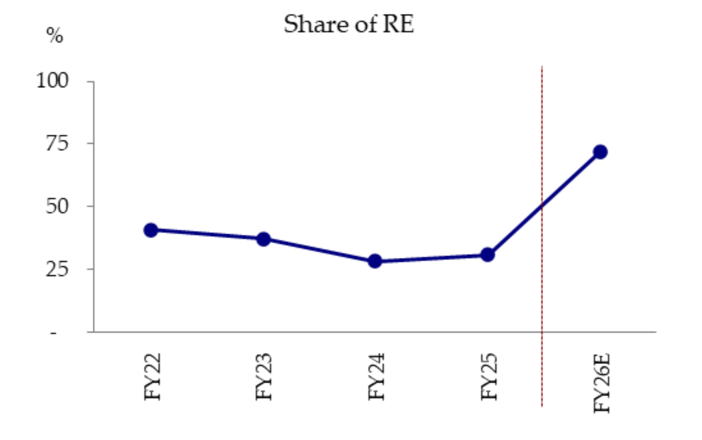
Increase in low-cost green power

Power costs are a meaningful component of APAT's cost structure and rose from ~INR 630/MT in FY20–21 to ~INR 1,015/MT in FY25, driven by higher SKU complexity, increased value-added processing, and broader energy inflation.

To mitigate this, APAT has steadily increased its share of low-cost renewable energy (RE). RE power accounted for 37% of consumption in FY23, before moderating to 28% in FY24 following commissioning of the Raipur plant, which initially operated fully on grid power. Excluding Raipur, RE share had increased to 41%.

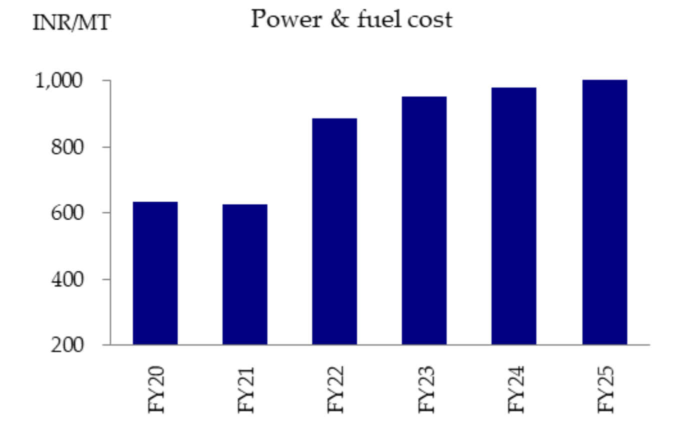
In FY25, RE power share stood at ~31% at the consolidated level, despite both Raipur and Dubai units operating on grid power. Recently, APAT began sourcing solar power from BluPine Energy's 61.65 MW solar project in Chhattisgarh, lifting renewable power share to >70% in FY26. This is expected to structurally lower energy costs and support EBITDA margins, alongside ongoing premiumisation and favourable HRC spreads. Management expects RE power usage to remain at ~70–75% going forward.

Renewable power contribution rose sharply in FY26



Source: Company, HSIE Research

Ramp-up of low-cost green power to reduce unit energy costs from FY26 onwards



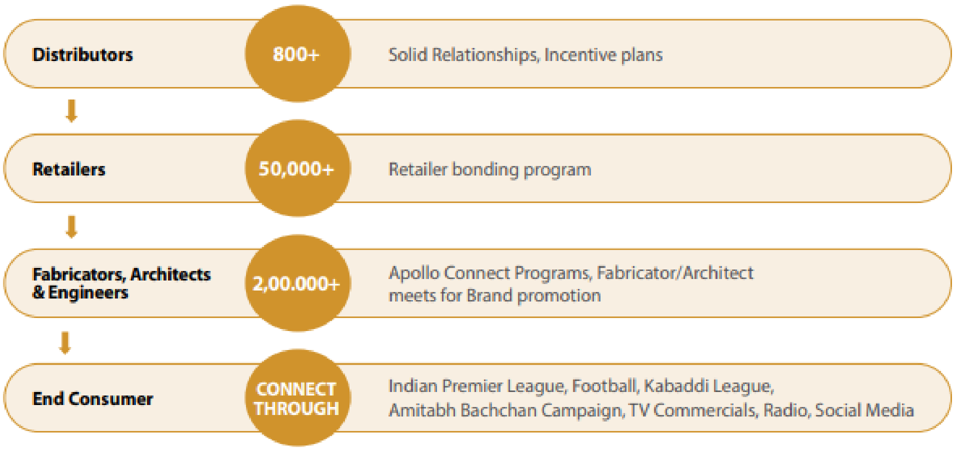
Source: Company, HSIE Research

Brand and channel engagements

APAT has developed an extensive branded steel distribution network comprising 800+ distributors, 50,000+ retailers, and 200,000+ fabricators and architects. The company is present across ~300 towns and cities, supported by ~29 warehouses.

Growth has been underpinned by structured engagement initiatives such as Apollo Connect, regular fabricator meets, and strong end-consumer brand visibility through IPL, football and kabaddi league sponsorships, celebrity campaigns, and sustained television, radio and digital outreach. These efforts reinforce channel engagement and brand recall, supporting both volume growth and premiumization. Channel financing arrangements through the group NBFC SG Finserve further enhance distributor stickiness.

APAT's extensive and sticky distribution network



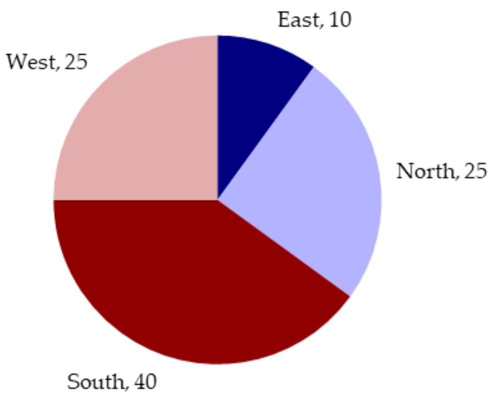
Source: Company, HSIE Research

Upcoming eastern expansions to reduce costs

APAT is setting up two manufacturing units in eastern India — Siliguri, West Bengal (0.3mn MT) and Gorakhpur, Uttar Pradesh (0.2mn MT). These additions will improve the company's regional sales mix, as eastern India currently accounts for only ~10% of total volumes, compared with ~25% each from the west and north, and ~40% from the south.

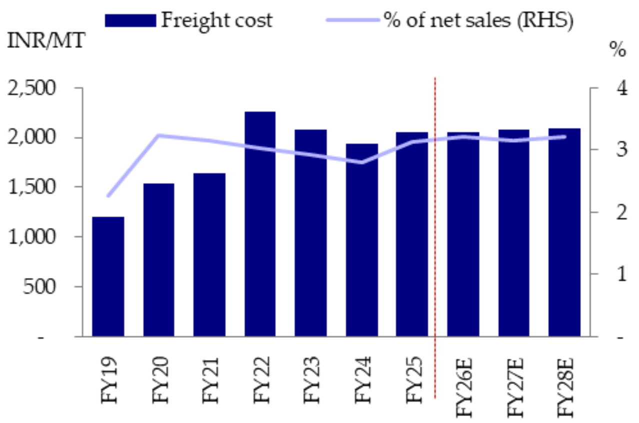
Beyond improving regional balance, the eastern expansions are expected to lower blended logistics costs by reducing lead distances to end-markets in the region.

Regional sales mix: eastern expansions to lift share from currently underpenetrated markets



Source: Company, HSIE Research

Freight cost trends



Source: Company, HSIE Research

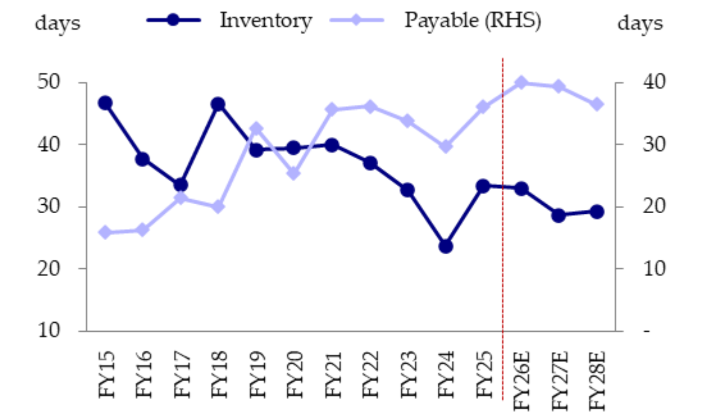
Superior working capital control

APAT operates a structurally lean working capital model. Despite a sharp increase in SKU count and strong revenue growth, inventory has averaged ~37 days over the past decade.

Payable has increased to ~40 days, from ~16 days a decade ago, reflecting stronger bargaining power and improved credit terms from suppliers. Over the past five years, payable days have consistently exceeded inventory days, supporting a robust balance sheet.

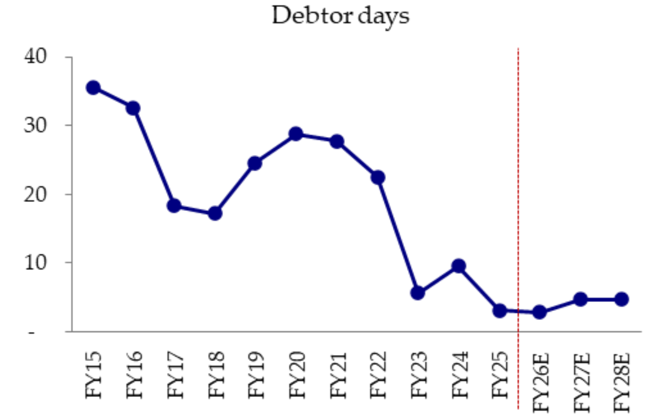
Receivables are exceptionally low at ~3-5 days, compared with 20-30 days historically. This improvement followed the implementation of a cash-and-carry dealer model from FY21, supported by upfront payment discounts and channel financing through SG Finserve, the group NBFC. These measures have driven a material release of working capital and strengthened operating cash flows.

Inventory days have declined steadily and are now below payable days



Source: Company, HSIE Research

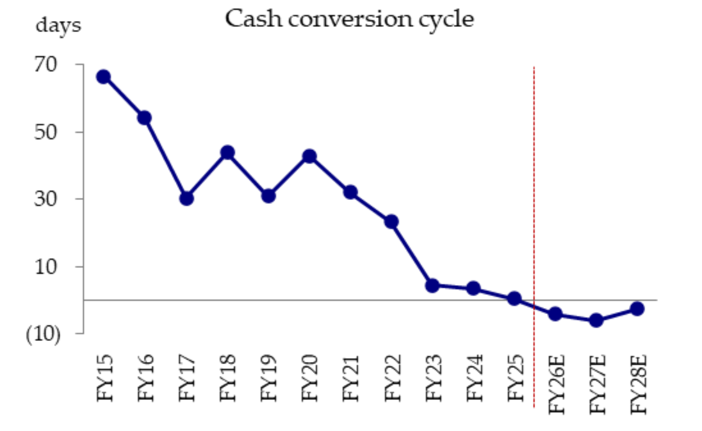
Strong distribution and channel financing have reduced debtor days



Source: Company, HSIE Research

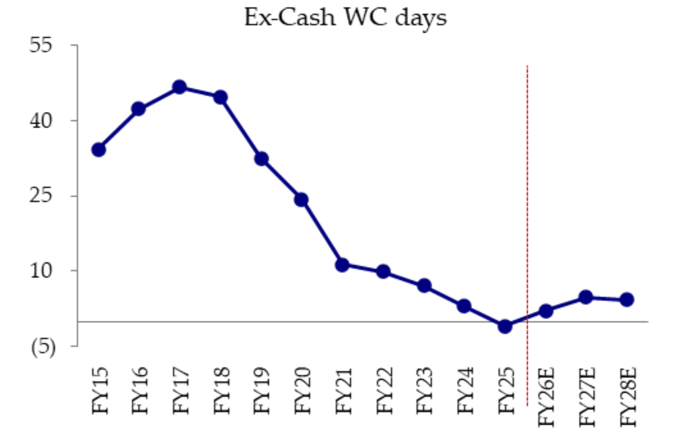
APAT's negative working capital cycle is a genuine structural advantage. Payable days now exceed inventory days, and the cash conversion cycle has remained negative since FY23. This is underpinned by the ~two-hour HRC-to-tube production cycle, the cash-and-carry distribution model, and third-party channel financing — together eliminating the need for APAT to fund working capital across its supply chain. We estimate net working capital to remain ~two days, despite continued strong revenue growth.

Cash conversion cycle turned neutral in FY25



Source: Company, HSIE Research

Working capital efficiency has driven a significant release of cash, strengthening the balance sheet



Source: Company, HSIE Research

Capex and leverage

APAT's installed capacity expanded at a robust ~16% CAGR during FY15–25, reaching 4.5mn MT, led by a combination of organic expansions and acquisitions. Over the same period, gross block increased at ~21% CAGR to INR 45.5bn, reflecting sustained investment across existing plant locations.

Over the next three years, the company plans to expand capacity to ~8mn MT by FY28E, with a cumulative capex outlay of INR 15bn. This includes commissioning four greenfield plants across eastern Uttar Pradesh, West Bengal, Gujarat, and southern India. The geographic spread of these investments is deliberate.

Upcoming expansions span greenfield, brownfield and debottlenecking

Location	Expansion type	Capacity (mn MT)	Timeline
Gorakhpur, Uttar Pradesh	Greenfield	0.2	FY27
Siliguri, West Bengal	Greenfield	0.3	FY28
Bhuj, Gujarat	Greenfield	0.3	Q3FY28
New Malur, Karnataka	Greenfield	0.6	FY28
Raipur, Chhattisgarh**	Brownfield	0.2	FY26
Raipur, Chhattisgarh	Brownfield	0.6	FY28
Debottlenecking ^^	Debottlenecking	1.3	FY26/27/28
Total proposed expansion		**3.5**	
FY25 end capacity		**4.5**	
Total capacity by FY28E		**8.0**	

Source: Company, HSIE Research, **0.2mn MT super heavy structure commissioned in Q3FY26, ^^ 0.3mn MT debottlenecking achieved in Q3FY26

The eastern India facilities — Gorakhpur, Uttar Pradesh (0.2mn MT) and Siliguri, West Bengal (0.3mn MT) — are aimed at the eastern corridor, which remains structurally underpenetrated for branded structural steel tubes and also hosts some of the largest PMAY-Gramin beneficiary states (Uttar Pradesh, West Bengal and Bihar). The Bhuj SEZ plant in Gujarat, with port adjacency, is designed to improve export economics to Africa and the Middle East while benefiting from SEZ incentives. The Malur plant in Karnataka (0.6mn MT) will further consolidate APAT's already strong presence in southern India.

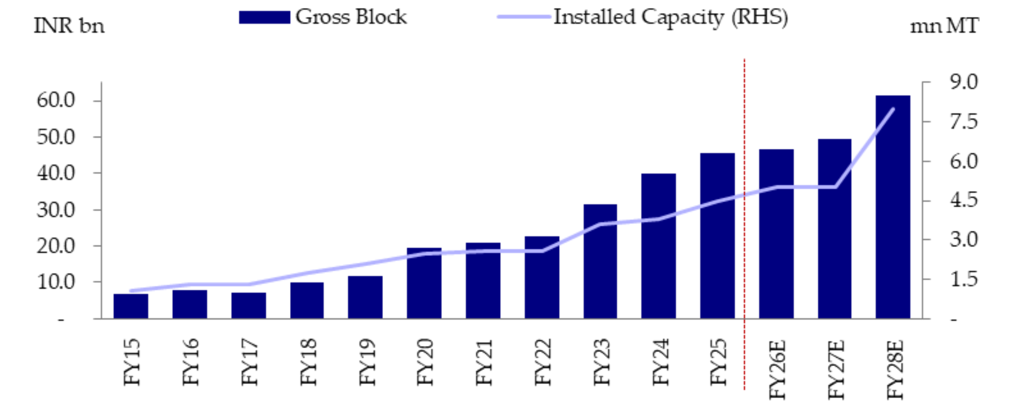
All upcoming greenfield units will utilise Direct Forming Technology (DFT) for square and rectangular hollow sections (SHS/RHS), while conventional ERW lines will continue to be used for circular and round tube production. In parallel, APAT is expanding capacity across existing facilities in India and the UAE, together resulting in a near doubling of installed capacity to ~8mn MT by FY28E.

Beyond FY28, APAT has outlined a longer-term target of reaching ~10mn MT capacity by 2030. This phase will focus on expanding into super-speciality tube segments through joint ventures with overseas partners, alongside selective outsourcing of low value-added products. Target end-markets include EV components, aerospace and petrochemical applications, with discussions ongoing with potential partners from Japan, Korea, Europe, and the US. This strategy is intended to meet growing customer requirements while further strengthening APAT's market leadership.

Given APAT's strong balance sheet, healthy internal accruals and phased expansion plan, we expect leverage metrics to remain comfortable throughout the investment cycle. The specialty tube segment is targeted at EBITDA of INR 10,000–15,000/MT, approximately 2-3 times the current blended level, positioning the post-FY28 expansion as a deliberate mix-upgrade strategy rather than a pure volume play.

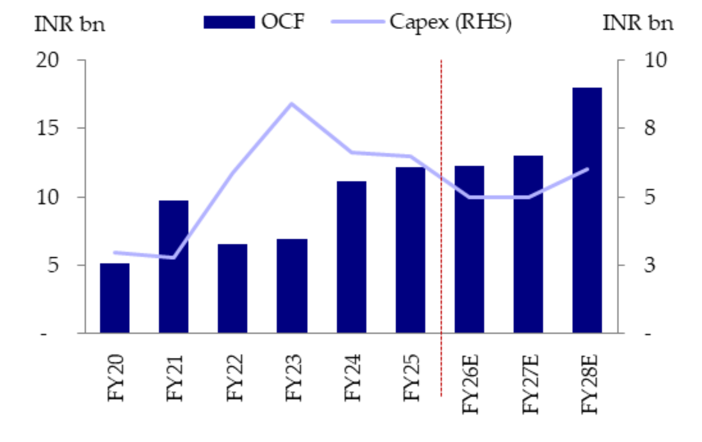
Critically, the entire expansion program is expected to be funded through internal accruals, with no debt-funded capex envisaged, consistent with APAT's decade-long track record of capital discipline.

Gross block and installed capacity trend



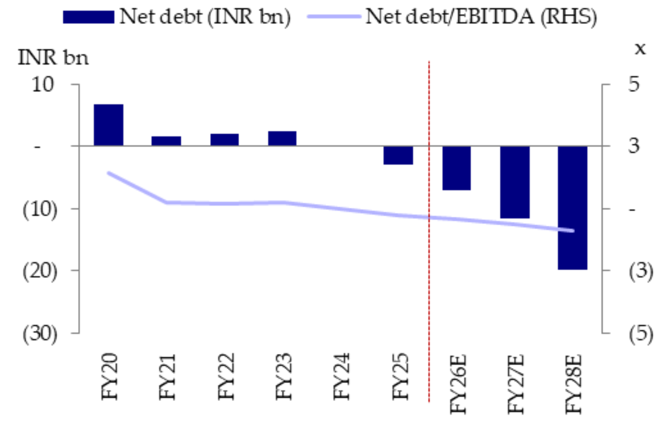
Source: Company, HSIE Research

Operating cash flow expected to outpace capex outgo



Source: Company, HSIE Research

Rising net cash balance on the balance sheet



Source: Company, HSIE Research

Q3/9MFY26 results and Q4FY26 volume performance

Q3FY26 performance

Consolidated volume grew 13% YoY to ~0.9mn MT, marking a record quarterly sales volume, despite a challenging demand environment for construction material and temporary construction bans in Delhi due to elevated pollution levels. Capacity utilization stood at ~90%. Net sales realization (NSR) increased 4% QoQ. The share of VAP stood at 57%, broadly stable versus 56%/57% YoY/QoQ, with management reiterating its target of ~70% VAP mix by FY28E. Operating expenses increased 5% QoQ, led by higher input costs, partly offset by operating leverage. As a result, unit EBITDA declined modestly by INR 78/MT QoQ to INR 5,151/MT.

In the quarter, APAT commissioned 0.2mn MT of super-heavy capacity and added 0.3mn MT through debottlenecking. The company reiterated its plans to expand capacity from ~5mn MT to 8mn MT for structural tubes by FY28E.

Further, it has plans to expand to ~10mn MT by FY30E by adding 2mn MT of specialty tube capacity through JVs with global partners across Japan, Korea, Europe, and the US, addressing EV, aerospace, petrochemical and oil & gas segments, with targeted EBITDA of ~INR 10,000/MT.

Total capex for FY26-28E is guided at ~INR 15bn, comprising ~INR 13bn for greenfield projects and ~INR 2bn for debottlenecking.

9MFY26 performance

Consolidated volumes increased 11% YoY to ~2.6mn MT. Weak steel prices led to a 4% YoY decline in realization. Unit operating expenses declined 7% YoY, supporting margin expansion. Unit EBITDA increased sharply by INR 1,630/MT YoY to INR 5,032/MT on better pricing.

Q4FY26 volume performance

APAT disclosed its Q4 volume performance on 1 April, reporting 9% YoY volume growth. Volume growth during the quarter was adversely impacted by geopolitical disruption in the GCC region and gas supply disruptions in India. Growth was led by the Apollo Galvanised segment, which recorded 19% YoY growth, while Apollo Z volumes grew modestly at 3% YoY. The Apollo Structural products segment reported 11% YoY growth.

Overall volume growth was materially below management's earlier guidance of ~20% YoY, as communicated during the Q3FY26 earnings concall. Consequently, FY26 consolidated volume growth stood at 11% YoY, with Apollo Structural, Apollo Z and Apollo Galvanised segments growing at 9%, 17% and 2% YoY, respectively.

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APAT's 3Q/9MFY26 consolidated financial snapshot

Financials (Rs mn)	Dec-25	Dec-24	YoY (%)	Sep-25	QoQ (%)	9MFY26	9MFY25	YoY (%)
Net Sales	**58,151**	**54,327**	***7.0***	**52,063**	***11.7***	**161,912**	**151,809**	***6.7***
Total Expenditure	53,433	50,872	*5.0*	47,593	*12.3*	149,004	143,957	*3.5*
Raw Materials	49,008	46,623	*5.1*	43,413	*12.9*	136,224	131,739	*3.4*
Employee	927	899	*3.1*	887	*4.5*	2,743	2,571	*6.7*
Others	3,499	3,350	*4.5*	3,293	*6.3*	10,037	9,646	*4.0*
EBITDA	**4,718**	**3,456**	***36.5***	**4,470**	***5.5***	**12,908**	**7,853**	***64.4***
EBITDA margins (%)	*8.1*	*6.4*		*8.6*		*8.0*	*5.2*	
Other Income	247	217	*14.2*	251	*(1.4)*	754	611	*23.3*
Depreciation	592	503	*17.6*	581	*1.8*	1,717	1,437	*19.4*
Interest	329	368	*(10.7)*	276	*19.1*	937	1,010	*(7.2)*
PBT	**4,045**	**2,801**	***44.4***	**3,864**	***4.7***	**11,008**	**6,017**	***82.9***
Taxes	944	631	*49.6*	848	*11.3*	2,520	1,378	*82.9*
MI + Associates	-	-		-		-	-	
Adjusted Net Profits	**3,100**	**2,170**	***42.9***	**3,015**	***2.8***	**8,488**	**4,639**	***82.9***
Adj PAT margins (%)	*5.3*	*4.0*		*5.8*		*5.2*	*3.1*	
AEPS	**56**	**39**	***42.8***	**54**	***2.8***	**153**	**84**	***82.9***
Exceptional item	-	-		-		-	-	
Reported Net Profits	**3,100**	**2,170**	***42.9***	**3,015**	***2.8***	**8,488**	**4,639**	***82.9***

Source: Company, HSIE Research

APAT's 3Q/9MFY26 consolidated operational snapshot

Op trends	Dec-25	Dec-24	YoY (%)	Sep-25	QoQ (%)	9MFY26	9MFY25	YoY (%)
Sales vol (mn MT)	**0.86**	**0.76**	***12.7***	**0.79**	***7.6***	**2.57**	**2.31**	***11.1***
Rs/MT trend								
NSR	**63,484**	**65,534**	***(3.1)***	**60,890**	***4.3***	**63,114**	**65,765**	***(4.0)***
Raw materials	53,502	56,240	*(4.9)*	50,774	*5.4*	53,101	57,070	*(7.0)*
Employee	1,012	1,085	*(6.7)*	1,037	*(2.4)*	1,069	1,114	*(4.0)*
Other Exp	3,820	4,041	*(5.5)*	3,851	*(0.8)*	3,912	4,179	*(6.4)*
Opex	**58,333**	**61,365**	***(4.9)***	**55,662**	***4.8***	**58,082**	**62,363**	***(6.9)***
Gross margin	**9,982**	9,294	***7.4***	10,116	***(1.3)***	**10,013**	8,695	***15.2***
EBITDA	**5,151**	**4,169**	***23.6***	**5,228**	***(1.5)***	**5,032**	**3,402**	***47.9***

Source: Company, HSIE Research

Company background and key management

APL Apollo Tubes Ltd (APAT) is India's largest manufacturer of structural steel tubes, commanding a dominant ~65% market share in the domestic ERW (Electric Resistance Welded) steel pipe segment. Established in 1986 (as Bihar Tubes Ltd) and rebranded in 2010, the company has evolved into a premier one-stop solution provider for structural building materials.

Headquartered in Delhi NCR, APAT operates a highly decentralized manufacturing model, designed to optimize logistics costs — a key competitive advantage in the steel industry. As of FY26, the company operates 11 state-of-the-art manufacturing facilities with an aggregate installed capacity of ~5mn MT. Its manufacturing footprint spans Hyderabad (Telangana); Sikandarabad, Uttar Pradesh (three units); Bengaluru (Karnataka); Hosur (Tamil Nadu); Raipur, Chhattisgarh (two units); Malur (Karnataka); Murbad (Maharashtra); and Dubai (UAE).

APAT maintains unparalleled product depth, offering over 5,000 SKUs. It is the only global manufacturer capable of producing steel tubes across an exceptionally wide size range — from 8×8 mm to 1,000×1,000 mm, with thicknesses ranging from 0.18mm to 40mm. Its product portfolio includes MS black pipes and hollow sections, pre-galvanized and galvanized tubes, and a range of value-added products designed to substitute traditional wood and concrete applications.

The company's multi-layered distribution network further enhances efficiency, scalability and market penetration, reinforcing APAT's leadership position in the structural steel tube industry.

Key managerial personnel

Name	Designation	Education and Experience
Mr. Sanjay Gupta	Chairman and Managing Director	A civil engineer from IIT Roorkee with a diploma in finance from ICFAI, Mr. Gupta has over 30 years of experience in the steel industry. Associated with APL Apollo since 2001, he has led its scale-up into India's largest structural steel tube franchise. He is also Chairman and Co-Managing Director of APL Apollo Tricoat Tubes Ltd and holds directorships in Shri Lakshmi Metal Udyog Ltd, Blue Ocean Projects Pvt Ltd, and APL Apollo Building Products Pvt Ltd.
Mr. Vinay Gupta	Director	An MBA from the University of Pennsylvania, Mr. Gupta brings over 20 years of experience in manufacturing, marketing and international markets. He led the development of the Apollo Z (pre-galvanized tubes) category. He serves as Non-Executive Director of APL Apollo Tubes Ltd and CEO of Apollo Metalex Pvt Ltd, with additional directorships across group entities.
Mr. Rahul Gupta	Director	A B.Com (Hons) graduate from Delhi University, with executive education from LSE and IIM Ahmedabad, Mr. Gupta has seven years of experience across operations, marketing and institutional sales. He is the Managing Director of Apollo Tricoat Tubes Ltd and received the Young Achiever Award (Global HR Summit, 2017).
Mr. Deepak Goyal	Director (Operations)	A Chartered Accountant, Mr. Goyal has been with the group since 2013 and serves as Director (Operations) and Group CFO (since FY24). He has over 20 years of industry experience, with prior tenure at Surya Roshni Ltd, and looks over operations, finance, strategy, IT, HR and investor relations across the group.
Mr. Chetan Khandelwal	Chief Financial Officer	A Chartered Accountant with 20+ years of experience, Mr. Khandelwal has held senior finance roles across large organizations, including the Jindal Stainless Group, and previously served as CFO of Jindal Coke Ltd.
Mr. Anubhav Gupta	Chief Strategy Officer	Associated with APL Apollo since 2019, Mr. Gupta focuses on long-term strategy, corporate development and brand positioning. He has 13+ years of experience in investment research, advisory and investment banking.

Source: Company, HSIE Research

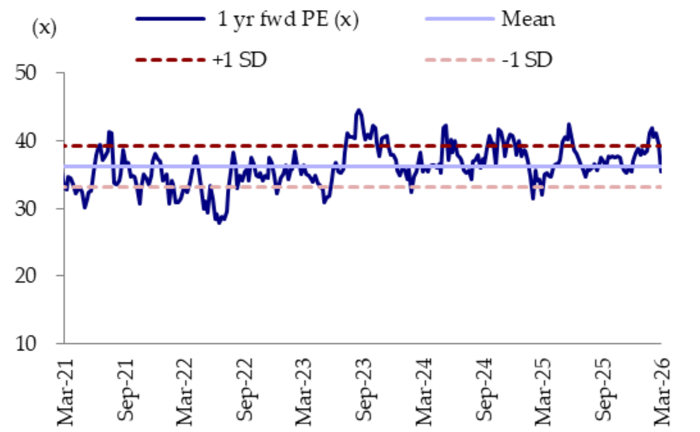
Valuation and key risks

APAT's valuation has undergone a material re-rating over the past decade, in line with strong operational performance and balance sheet improvement. The stock has traded at a 10-year mean one-year forward multiple of ~27x, with valuation re-rating sharply over the past five years to ~38x during FY21–25, compared with ~16x during FY16–20.

Over the past decade, APAT delivered ~17% AEPS CAGR. AEPS growth moderated to ~6% CAGR over FY20–25, despite strong volume and EBITDA growth, largely due to elevated capex and equity dilution, following the amalgamation of Shri Lakshmi Metal Udyog and Apollo Tricoat Tubes in Feb'22, which doubled equity capital.

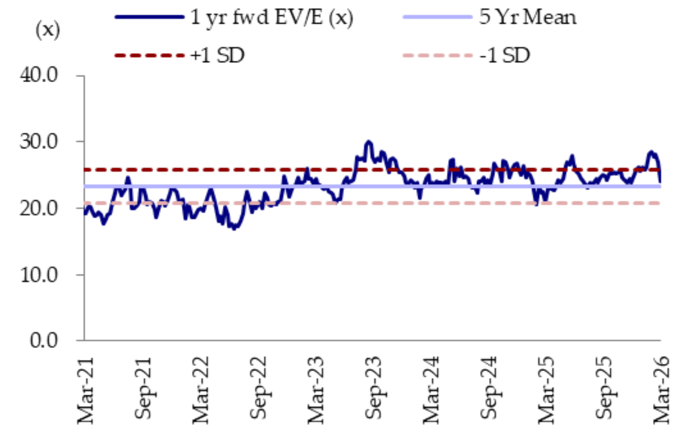
We expect AEPS growth to reaccelerate to ~29% CAGR over FY25–28E. Given APAT's leadership position, net cash balance sheet, negative working capital, strong brand premium and ~25/30% RoE/RoCE outlook, we value the company at 35x FY28E AEPS, implying a ~30% premium to its 10-year mean but a ~7/25% discount to its 5/3-year means. We, therefore, initiate coverage with an ADD rating and a target price of INR 2,070/share.

1-yr forward P/E trend



Source: Bloomberg, HSIE Research

1-yr forward EV/EBITDA trend



Source: Bloomberg, HSIE Research

Own vs consensus

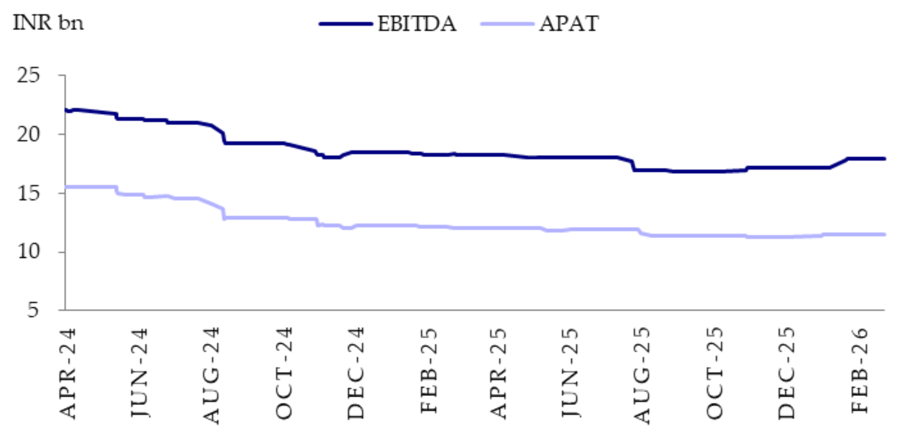
Our FY26–28E EBITDA and adjusted PAT estimates are ~3-14% lower than consensus, reflecting our more conservative volume and margin assumptions. We do not factor in margin expansion beyond FY26E, given the potential impact of raw material (HRC) price increases and sales slowdown in the GCC region, amid the ongoing turmoil.

Own vs consensus

INR Bn	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	*FY26E*	*FY27E*	*FY28E*
	HSIE			Consensus			*Variation %*		
Net Sales	223.9	261.9	298.1	228.7	272.9	318.4	*(2.1)*	*(4.0)*	*(6.4)*
EBITDA	17.6	19.2	23.1	18.0	22.1	26.1	*(1.7)*	*(13.3)*	*(11.6)*
APAT	11.6	13.2	16.4	12.0	15.3	18.5	*(3.0)*	*(13.9)*	*(11.2)*
AEPS	41.8	47.5	59.2	43.2	55.2	67.0	*(3.2)*	*(14.0)*	*(11.7)*

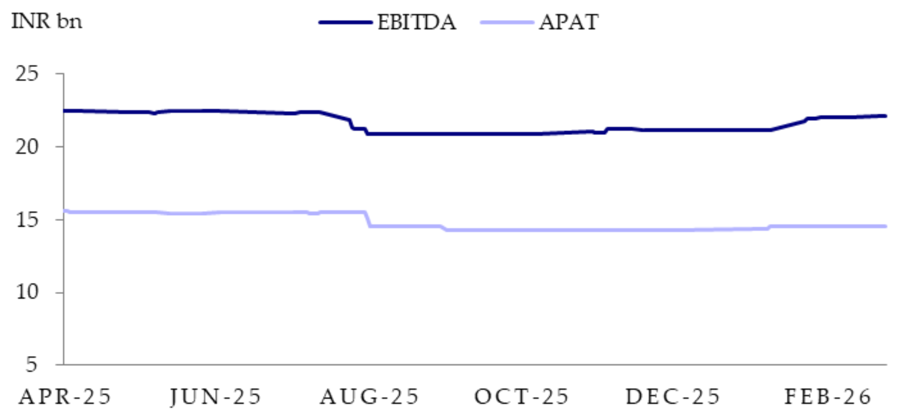
Source: Bloomberg, HSIE Research

Consensus EBITDA and Adj PAT revisions for FY26



Source: Bloomberg, HSIE Research

Consensus EBITDA and Adj PAT revisions for FY27



Source: Bloomberg, HSIE Research

Key risks

Low entry barriers and competitive intensity: While APAT has built significant scale and commands ~55% market share, downstream expansion by large steel manufacturers could intensify competition. Although this is unlikely to materially erode APAT's margins or leadership, it could moderate medium-term volume growth and impact valuation multiples.

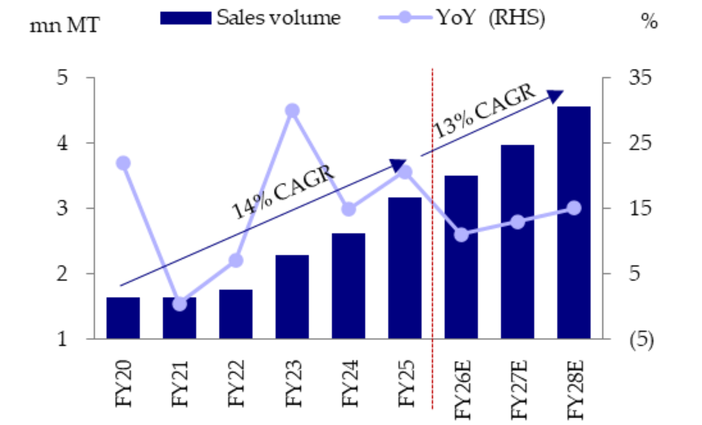
Uncertainty in the GCC region: APAT's UAE plant was expected to increase its contribution from ~5% of volumes to ~10-15% over the next 1-2 years. Prolonged geopolitical and demand weakness in the region could impact growth and profitability. While we have factored in conservative assumptions, consensus estimates may not fully reflect this risk.

Raw material volatility: Sharp increases in HRC prices could temporarily pressure margins if pass-through is delayed or incomplete.

Financial analysis

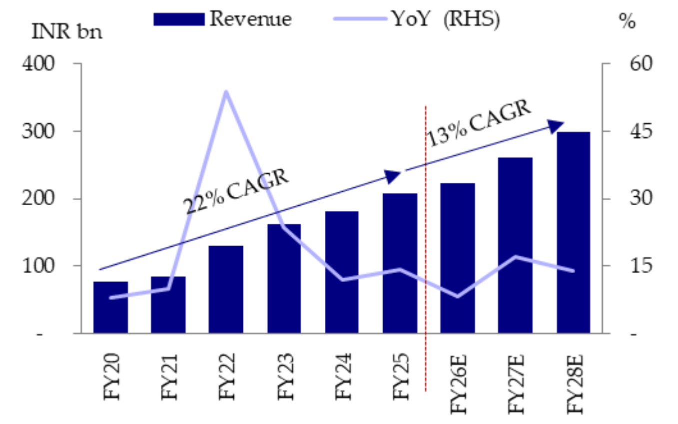
APAT's volume growth moderated to 11% YoY in 9MFY26, compared with ~22% CAGR during FY22–25. Management remains confident of delivering ~20% growth in Q4FY26 and beyond. APAT's UAE plant accounts for ~6-7% of its total sales volume. Given GCC-related disruptions and elevated domestic leadership positioning, we build in a more conservative ~13% volume CAGR over FY25–28E, which remains among the fastest in the construction materials space. Thus, we estimate APAT will deliver 13% consolidated revenue CAGR as the recent increase in steel prices offset the impact of falling steel prices in the earlier parts of FY26, leading to flattish NSR CAGR in the same period.

Volumes grew at a 14% CAGR over FY20–25; we estimate a ~13% CAGR over FY25–28E



Source: Company, HSIE Research

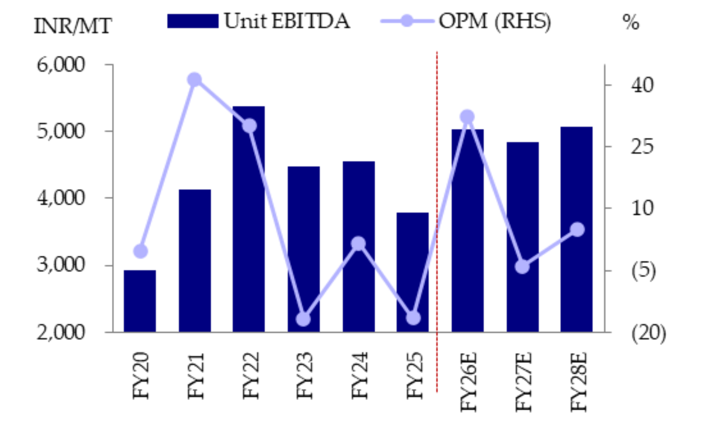
Revenues increased at a 22% CAGR, supported by pricing gains and a higher VAP mix



Source: Company, HSIE Research

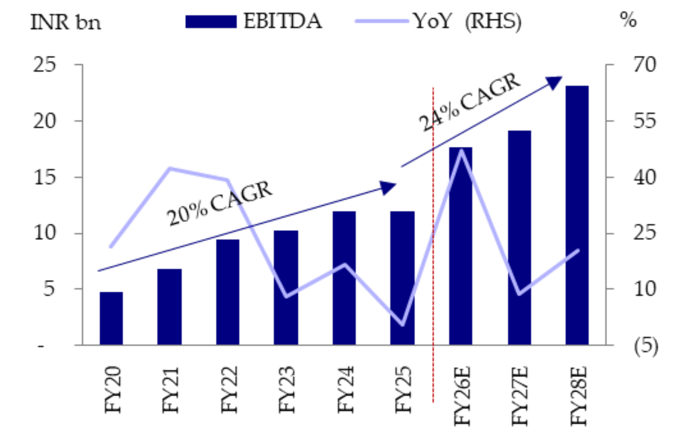
EBITDA/MT expanded significantly to ~INR 5,032 in 9MFY26, driven by pricing actions and other cost controls. We assume margin stability ~INR 5,000/MT over FY26–28E, supporting ~24% consolidated EBITDA CAGR (during FY25-28E).

EBITDA margins have remained elevated since FY21…



Source: Company, HSIE Research

Sustained margins have driven ~20% EBITDA CAGR; we forecast a 24% CAGR over FY25-28E

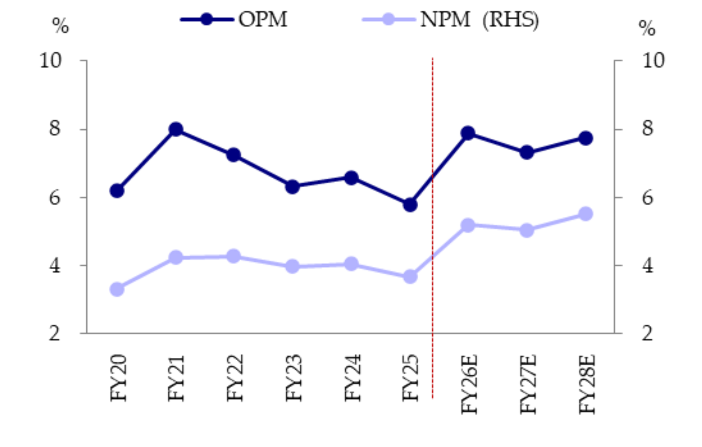


Source: Company, HSIE Research

Similarly, we estimate APAT's EBITDA margin will expand ~200bps in FY26E to 8% (last seen in FY21) and it should marginally cool off to 7.3-7.7% during FY27-28E.

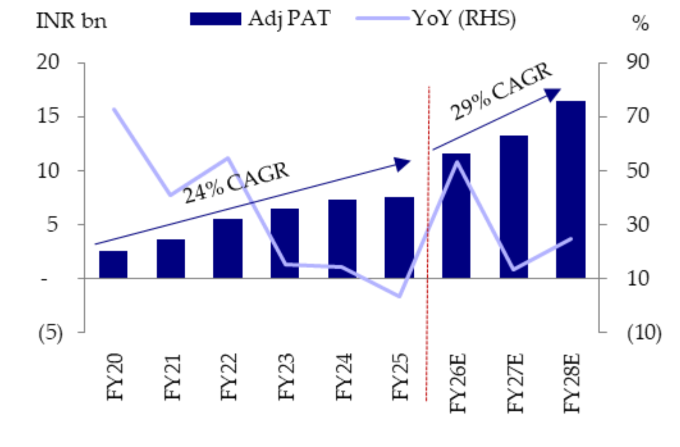
With a net-cash balance sheet, strong operating cash flows, and moderating capex intensity, APAT is well positioned to sustain high returns, with RoE of ~25% and RoCE of ~30% over FY26–28E, despite lower leverage.

OPM/NPM trend



Source: Company, HSIE Research

Adj PAT trend

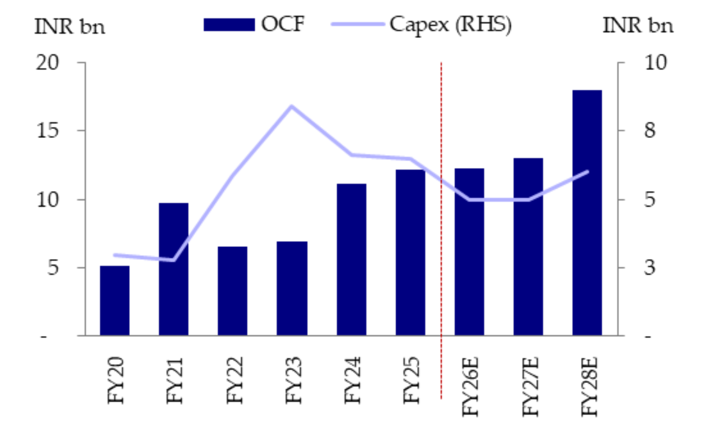


Source: Company, HSIE Research

APAT turned net cash in FY25, and we expect operating cash flow to continue rising in line with EBITDA growth. With the company's guided capex run rate of ~INR 5bn per annum remaining below the ~INR 6.9bn average annual capex over the past four years, we expect free cash flow generation to strengthen meaningfully over the medium term.

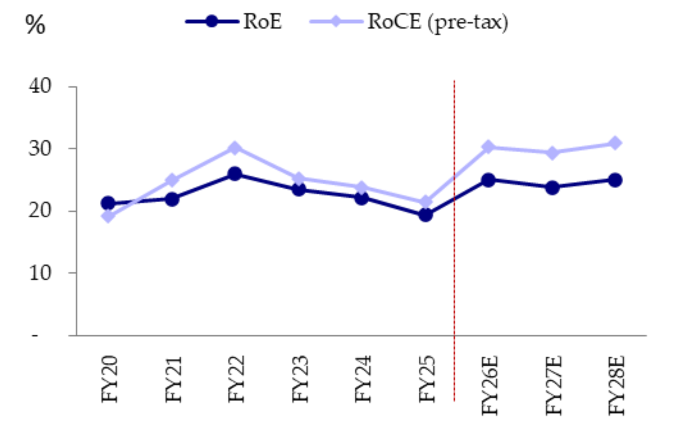
This should lead to a further increase in net cash on the balance sheet, even after factoring in higher dividend payouts. Strong free cash flow generation provides APAT with the flexibility to accelerate future expansion plans, while maintaining balance sheet strength and capital discipline.

OCF and capex trends



Source: Company, HSIE Research

Return ratios to remain strong: RoE ~25%, RoCE ~30%



Source: Company, HSIE Research

Under our DuPont analysis, we expect asset turnover to continue improving, alongside net profit margin (NPM) expansion. These factors should more than offset the impact of lower financial leverage. As a result, we estimate RoE will remain elevated and stable at ~25% over FY26–28E. RoCE is also expected to remain robust at ~30% over the same period.

Du Pont analysis

Particulars	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net margin (%)	4.2	4.3	4.0	4.0	3.7	5.2	5.0	5.5
Asset Turnover (x)	3.5	4.5	4.4	4.0	4.1	4.1	4.3	4.2
Leverage factor (x)	1.5	1.4	1.4	1.4	1.3	1.2	1.1	1.1
RoE (%)	**21.9**	**25.9**	**23.5**	**22.2**	**19.4**	**25.0**	**23.8**	**25.0**

Source: Company, HSIE Research

Financials (consolidated)

Income Statement

YE Mar (INR mn)	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Revenues	**84,998**	**130,633**	**161,660**	**181,188**	**206,895**	**223,913**	**261,877**	**298,147**
Growth %	*10.1*	*53.7*	*23.8*	*12.1*	*14.2*	*8.2*	*17.0*	*13.9*
Raw Material	71,648	112,231	140,270	156,172	178,702	188,441	222,947	252,800
Power & Fuel	1,027	1,558	2,174	2,570	3,203	3,591	3,936	4,527
Freight Expense	2,687	3,961	4,742	5,088	6,494	7,209	8,227	9,556
Employee cost	1,296	1,530	2,062	2,576	3,325	3,724	4,171	4,588
Other Expenses	1,553	1,900	2,197	2,860	3,181	3,308	3,440	3,578
EBITDA	**6,787**	**9,453**	**10,216**	**11,922**	**11,990**	**17,639**	**19,155**	**23,099**
EBIDTA Margin (%)	*8.0*	*7.2*	*6.3*	*6.6*	*5.8*	*7.9*	*7.3*	*7.7*
EBITDA Growth %	*42.2*	*39.3*	*8.1*	*16.7*	*0.6*	*47.1*	*8.6*	*20.6*
Depreciation	1,028	1,090	1,383	1,759	2,013	2,299	2,399	2,774
EBIT	**5,759**	**8,363**	**8,832**	**10,162**	**9,977**	**15,340**	**16,756**	**20,325**
Other Income	359	405	472	749	961	1,019	1,043	1,432
Interest	661	445	671	1,134	1,333	1,180	569	279
PBT	**5,458**	**8,323**	**8,633**	**9,777**	**9,604**	**15,179**	**17,230**	**21,477**
Tax	1,381	2,133	2,215	2,453	2,034	3,567	4,049	5,047
Minority Int	475	617	-	-	-	-	-	-
RPAT	**3,602**	**5,573**	**6,419**	**7,324**	**7,571**	**11,612**	**13,181**	**16,430**
EO (Loss) / Profit (Net Of Tax)	-	-	-	-	-	-	-	-
Adj PAT	**3,602**	**5,573**	**6,419**	**7,324**	**7,571**	**11,612**	**13,181**	**16,430**
Adj PAT Growth (%)	*40.7*	*54.7*	*15.2*	*14.1*	*3.4*	*53.4*	*13.5*	*24.6*

Source: Company, HSIE Research

Balance Sheet

YE Mar (INR mn)	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
SOURCES OF FUNDS								
Share Capital	250	501	555	555	555	555	555	555
Reserves And Surplus	16,697	24,086	29,501	35,491	41,532	50,241	59,468	70,969
Total Equity	**16,947**	**24,586**	**30,056**	**36,046**	**42,087**	**50,796**	**60,023**	**71,524**
Minority Int	**1,383**	**54**	**-**	**-**	**-**	**-**	**-**	**-**
Long-term Debt	1,835	3,472	4,081	8,056	4,281	2,189	1,189	1,189
Short-term Debt	3,370	2,340	4,649	3,386	2,063	207	207	207
Total Debt	**5,205**	**5,812**	**8,730**	**11,443**	**6,344**	**2,396**	**1,396**	**1,396**
Deferred Tax Liability	1,112	1,187	1,171	1,258	1,530	1,530	1,530	1,530
Long-term Liab	930	932	1,405	1,554	1,763	1,763	1,763	1,763
TOTAL SOURCES OF FUNDS	**25,576**	**32,571**	**41,363**	**50,300**	**51,724**	**56,485**	**64,712**	**76,213**
APPLICATION OF FUNDS								
Net Block	17,357	18,374	25,805	32,810	36,679	35,380	35,981	45,207
Capital WIP	1,077	5,037	3,740	2,030	3,355	7,355	9,355	3,355
Other Non-current Assets	1,550	1,981	2,434	2,588	2,087	2,087	2,087	2,088
Total Non-current Investments	15	863	960	1,027	1,178	1,178	1,178	1,178
Total Non-current Assets	**19,998**	**26,254**	**32,939**	**38,454**	**43,300**	**46,001**	**48,602**	**51,828**
Inventories	7,599	8,472	14,799	16,379	16,232	17,913	23,569	26,833
Debtors	1,306	3,417	1,374	1,391	2,673	2,911	3,143	3,578
Cash and Cash Equivalents	3,579	3,814	6,295	11,406	9,262	9,481	13,015	21,217
Other Current Assets (& Loans/adv)	1,507	2,567	3,110	4,237	4,497	4,497	4,497	4,497
Total Current Assets	**13,991**	**18,270**	**25,578**	**33,414**	**32,663**	**34,801**	**44,223**	**56,125**
Creditors	7,859	10,595	15,970	19,816	22,312	22,391	26,188	29,815
Other Current Liabilities & Provns	555	1,358	1,184	1,752	1,926	1,926	1,926	1,926
Total Current Liabilities	**8,414**	**11,953**	**17,154**	**21,568**	**24,238**	**24,317**	**28,114**	**31,741**
Net Current Assets	**5,577**	**6,317**	**8,424**	**11,846**	**8,425**	**10,484**	**16,110**	**24,384**
TOTAL APPLICATION OF FUNDS	**25,576**	**32,571**	**41,363**	**50,300**	**51,724**	**56,485**	**64,712**	**76,213**

Source: Company, HSIE Research

Cash Flow

	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Reported PBT	5,458	8,323	8,633	9,777	9,604	15,179	17,230	21,477
Non-operating & EO Items	(301)	(194)	(139)	(617)	(670)	(1,019)	(1,043)	(1,432)
Interest Expenses	661	445	671	1,134	1,333	1,180	569	279
Depreciation	1,028	1,090	1,383	1,759	2,013	2,299	2,399	2,774
Working Capital Change	4,121	(1,154)	(1,475)	1,242	1,728	(1,841)	(2,091)	(73)
Tax Paid	(1,195)	(1,993)	(2,161)	(2,180)	(1,875)	(3,567)	(4,049)	(5,047)
OPERATING CASH FLOW (a)	**9,771**	**6,517**	**6,913**	**11,116**	**12,133**	**12,232**	**13,015**	**17,978**
Capex	(2,798)	(5,869)	(8,424)	(6,618)	(6,512)	(5,000)	(5,000)	(6,000)
Free Cash Flow (FCF)	6,974	648	(1,511)	4,497	5,620	7,232	8,015	11,978
Investments	(3,868)	420	(393)	(2,931)	2,108	-	-	-
Non-operating Income	197	147	59	393	658	1,019	1,043	1,432
Others								
INVESTING CASH FLOW (b)	**(6,468)**	**(5,301)**	**(8,757)**	**(9,156)**	**(3,747)**	**(3,981)**	**(3,957)**	**(4,568)**
Debt Issuance/(Repaid)	(3,117)	597	2,896	2,565	(5,151)	(3,948)	(1,000)	-
Interest Expenses	(623)	(407)	(614)	(941)	(1,472)	(1,180)	(569)	(279)
FCFE	3,234	838	771	6,122	(1,003)	2,103	6,446	11,699
Share Capital Issuance	154	70	27	28	-	-	-	-
Dividend	-	-	(875)	(1,387)	(1,526)	(2,903)	(3,954)	(4,929)
FINANCING CASH FLOW (c)	**(3,586)**	**260**	**1,434**	**266**	**(8,149)**	**(8,031)**	**(5,523)**	**(5,208)**
NET CASH FLOW (a+b+c)	**(283)**	**1,476**	**(410)**	**2,225**	**236**	**219**	**3,534**	**8,202**
EO Items, Others								
Closing Cash & Equivalents	**173**	**5,055**	**3,404**	**8,519**	**11,643**	**9,481**	**13,015**	**21,217**

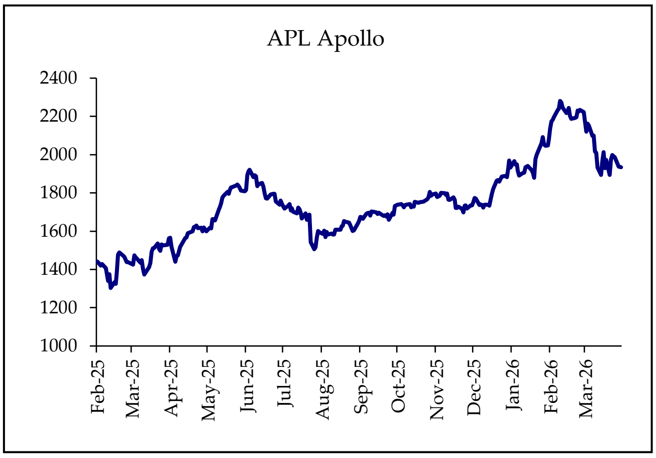
Source: Company, HSIE Research

Key Ratios

	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
PROFITABILITY %								
EBITDA Margin	8.0	7.2	6.3	6.6	5.8	7.9	7.3	7.7
EBIT Margin	6.8	6.4	5.5	5.6	4.8	6.9	6.4	6.8
Adj PAT Margin	4.2	4.3	4.0	4.0	3.7	5.2	5.0	5.5
RoE	21.9	25.9	23.5	22.2	19.4	25.0	23.8	25.0
RoIC (pre-tax)	26.2	37.5	32.1	29.8	26.3	39.0	40.9	43.3
RoCE (pre-tax)	24.9	30.2	25.2	23.8	21.4	30.2	29.4	30.9
EFFICIENCY								
Tax Rate %	25.3	25.6	25.7	25.1	21.2	23.5	23.5	23.5
Fixed Asset Turnover (x)	4.2	6.0	6.0	5.1	4.9	4.9	5.5	5.4
Inventory (days)	33	24	33	33	29	29	33	33
Debtors (days)	6	10	3	3	5	5	4	4
Other Current Assets (days)	13	13	13	14	12	11	9	8
Payables (days)	34	30	36	40	39	37	37	37
Other Current Liab & Provns (days)	6	6	6	7	7	6	5	5
Cash Conversion Cycle (days)	11	10	7	3	(1)	2	5	4
Net Debt/EBITDA (x)	0.2	0.2	0.2	0.0	(0.2)	(0.4)	(0.6)	(0.9)
Net D/E	0.1	0.1	0.1	0.0	(0.1)	(0.1)	(0.2)	(0.3)
Interest Coverage	8.7	18.8	13.2	9.0	7.5	13.0	29.5	72.8
PER SHARE DATA (Rs)								
EPS	28.8	22.3	23.1	26.4	27.3	41.8	47.5	59.2
CEPS	37.1	26.6	28.1	32.7	34.5	50.1	56.1	69.2
Dividend	-	3.5	5.0	5.5	5.8	10.5	14.2	17.8
Book Value	147	98	108	130	151.6	183.0	216.3	257.7
VALUATION								
P/E (x)	116.8	75.5	65.6	57.5	55.6	45.6	40.2	32.2
P/Cash EPS (x)	90.9	63.2	53.9	46.3	43.9	38.0	34.0	27.6
P/BV (x)	24.8	17.1	14.0	11.7	10.0	10.4	8.8	7.4
EV/EBITDA (x)	62.4	44.5	41.2	35.2	34.7	29.4	26.8	22.0
EV/sales (x)	5.0	3.2	2.6	2.3	2.0	2.3	2.0	1.7
Dividend Yield (%)	-	0.2	0.3	0.29	0.3	0.5	0.7	0.9
OCF/EV (%)	2.3	1.6	1.6	2.6	2.9	2.4	2.5	3.5
FCFF/EV (%)	1.6	0.2	(0.4)	1.1	1.4	1.4	1.6	2.4
FCFE/M Cap (%)	0.8	0.2	(0.4)	1.1	1.3	1.4	1.5	2.3

Source: Company, HSIE Research. CMP as on Apr 2, 2026.

Price History



Rating Criteria

BUY: >+15% return potential
ADD: +5% to +15% return potential
REDUCE: -10% to +5% return potential
SELL: > 10% Downside return potential

Disclosure:

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Compliance Officer: Murli V Karkera Email: complianceofficer@hdfcsec.com Phone: (022) 3045 3600
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