

APL APOLLO TUBES LTD.

Buy at CMP: Rs 1656 | Target: Rs 1886 (14%) | SL: Rs 1555

Sector

May 12, 2025

Iron & Steel

APL Apollo Tubes Limited (APL Apollo) is one of India's leading branded steel products manufacturers.

Investment Rationale

- ♦ **A diverse steel solution provider in India:** APL Apollo is one of India's leading manufacturers of branded steel products. The company has more than 8 state-of-the-art manufacturing facilities and produces different products including MS Black Pipes, Galvanized Tubes, Pre-Galvanized Tubes, Structural ERW Steel Tubes, and Hollow Sections. APL Apollo has three key segments: Apollo Structural (65%), Apollo Z (30%), and Apollo Galvanized (5%). The company's diverse product range is extensively used in residential and commercial construction, infrastructure development, and others.
- ♦ **Capacity expansion over the next three years to drive volume growth:** The company plans to invest ₹15 billion over the next three years to expand its capacity from 4.5 MTPA to 6.8 MTPA. The expansion includes a brownfield addition of 800 Kt, comprising 200 Kt in Dubai, 500 Kt of roofing sheet capacity in Raipur, and 100 Kt of heavy structure capacity, also in Raipur. Additionally, the company is pursuing a 1 MTPA greenfield expansion, with planned capacities of 200 Kt in Gorakhpur, 300 Kt in Kolkata, 300 Kt in Bhuj, and the remainder in South India. Looking ahead, APL aims to scale its total capacity to 10 MTPA by FY30, which includes 2 MTPA through an asset-light model.
- ♦ **Improved Product Mix and Cost Optimization Support Margin Expansion:** In Q4 FY2025, APLAPOLLO's EBITDA rose by 18% YoY and 17% QoQ to ₹4,864 per tonne, driven by broad-based improvements across product segments. APLAPOLLO has raised its EBITDA/tonne guidance to ₹5,000. This target is underpinned by an increasing contribution from value-added products (VAPs), a focused cost optimization strategy by aiming to reduce employee cost per tonne from ₹1,000 to ₹600 by FY27, and the company's strong distribution network, which is enabling penetration into untapped domestic and export markets.
- ♦ **Valuations:** We model a Revenue/PAT CAGR of 15%/20% and estimate LTF to clock PAT of Rs 1,268 Cr by FY28E. LTF is trading at forward PE (x) of 36.4 and we value at 41.4 (x) FY28E and Recommend BUY on APLAPOLLO with target Price of Rs. 1886 (14%).

Financial Snapshot

Year	Revenue	EBITDA	PAT	PE Ratio (x)	EV/EBITDA (x)
FY24	18,119	1,192	732	62.9	35.6
FY25	20,837	1,187	732	63.0	38.8
FY26E	23,962	1,917	958	48.1	24.0
FY27E	27,556	2,205	1,102	41.8	20.9
FY28E	31,690	2,535	1,268	36.4	18.1

Source: Company Data, Ace Equity, GEPL Research

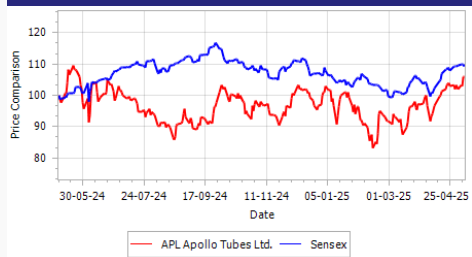
Script Details

BSE Group	A
BSE Code	533758
NSE Code	APLAPOLLO
Bloomberg Code	APAT IN
Market Cap (INR Cr.)	46,083
Free Float (%)	71.7%
52wk Low/High	1729/1253
Beta (1yr Nifty 50)	0.92
Face Value (INR)/ D. Yield (%)	2/0.3
Total paid Up Shares (Mn.)	277.5

Share Holding Pattern (%)

Promoters	Public	Others
28.3%	71.7%	-

Share Price Relative Performance



Invest Now

TECHNICAL VIEW

Observation

- APLAPOLLO continues to demonstrate a strong structural uptrend on the monthly timeframe, The stock is firmly sustaining above the 12- and 26-week EMAs, a sign of sustained strength and long-term bullish bias. This positioning indicates that buyers are consistently stepping in on dips, showcasing resilience in price action even amidst broader market volatility.
- On the weekly chart, stock has broken out of a downward-sloping channel pattern, a bullish continuation formation. This breakout was accompanied by a notable bullish candlestick and a sharp increase in volume, well above the 10-week average. The volume surge lends credibility to the breakout and suggests renewed interest and broader market participation.
- Momentum indicators align with the price action. The MACD has triggered a bullish crossover and remains in buy mode, signaling that upward momentum is building. Simultaneously, the RSI is rising toward the 60 mark, reinforcing the strength in the ongoing trend and indicating increasing bullish momentum without yet being overbought – leaving room for further upside.
- Further strengthening the bullish case, the relative strength (ratio) chart of APL Apollo versus the NIFTY reveals a breakout above a downward sloping trendline connecting swing highs since September 2023. This relative breakout signifies that APL Apollo is set to outperform the broader market.
- The stock shows strong technical structure with an upside target of 1886. A closing-based stop loss is placed at 1555 for risk management.



Source: Tradingview.in, GEPL Research

- **Inference & Expectations**
- Considering these factors, it can be inferred that APLAPOLLO stock is set to continue uptrend.
- Going ahead we expect the prices to move higher till 1886 level.
- The stop loss must be at 1555 level, strictly on the closing basis.

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