

FINANCIAL MODEL

PLANT VISIT

Rising Stars

2024

IMPORT
SUBSTITUTION

ORGANISED
V/S
UNORGANISED

MANAGEMENT MEET

EXPORT
OPPORTUNITY

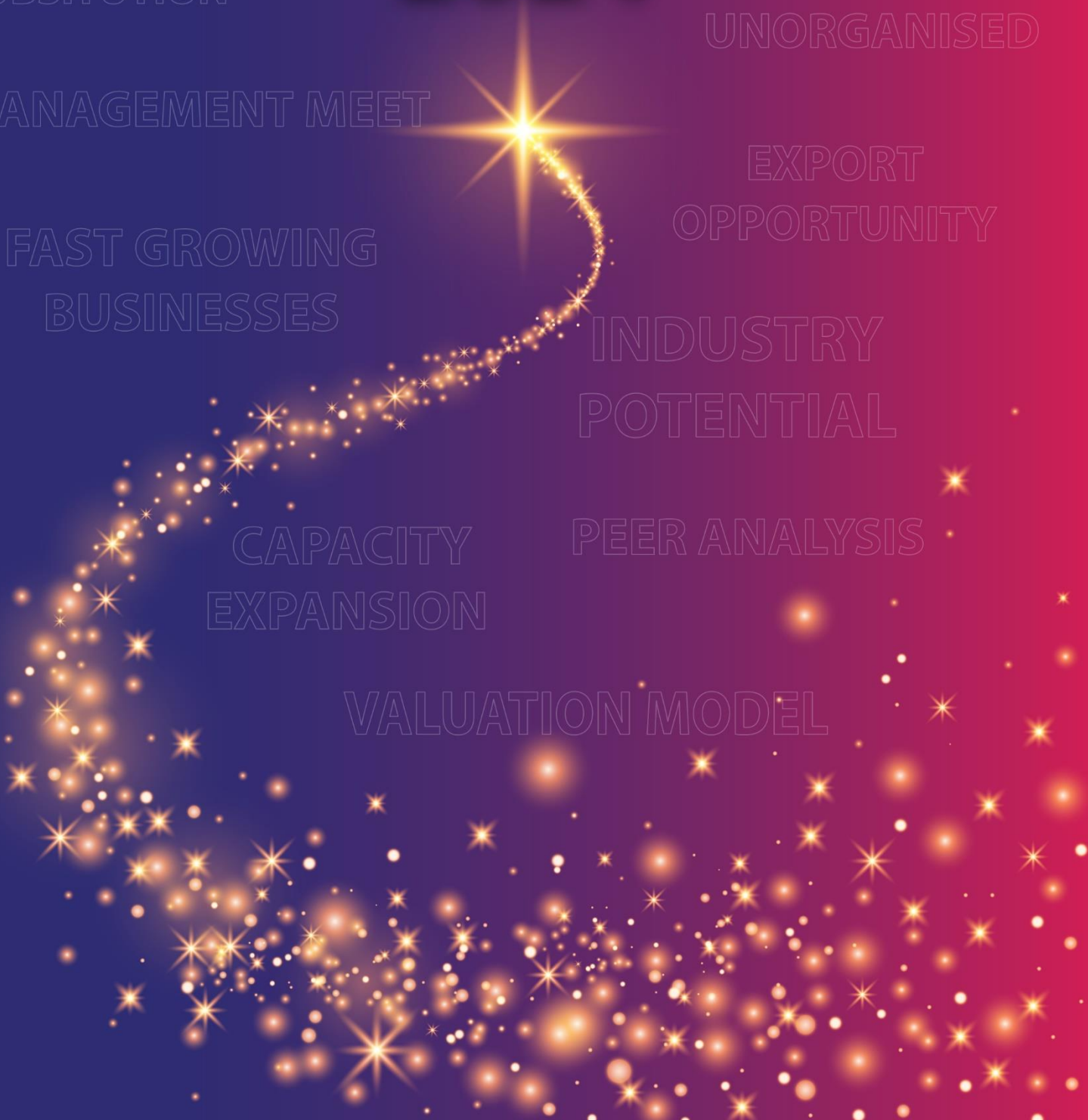
FAST GROWING
BUSINESSES

INDUSTRY
POTENTIAL

CAPACITY
EXPANSION

PEER ANALYSIS

VALUATION MODEL



Current Price*	Rs1,350.0
Target Price	Rs.1,669.0
Upside	23.6 %

*Live Price as on 20th Aug 2024**STOCK DATA**

Industry Segment	Iron & Steel Products
BSE Code	533758
NSE Code	APLAPOLLO
Bloomberg Code	APAT IN
52 Week High / Low (Rs.)	1,806/1,306
Face Value (Rs.)	2
Diluted Number of Shares (Crore.)	27.7
Market Cap. (Rs Crore.)	37,367
Av. Yearly NSE Volume	8,45,890

SHAREHOLDING PATTERN (%)

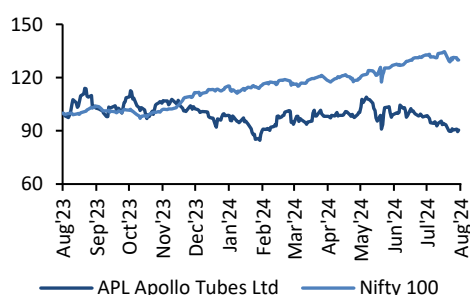
Particulars	Sep-23	Dec-23	Mar-24	Jun-24
Promoters	29.7	29.6	29.4	28.3
FII	28.7	29.3	30.7	31.6
Other Institution	12.7	13.8	14.1	14.9
Public & Others	28.9	27.3	25.8	25.2
Total	100.0	100.0	100.0	100.0

RETURNS STATISTICS (%)

Particulars	1M	3M	6M	12M
APL Apollo Tubes	(9.4)	(13.6)	(1.8)	(10.7)
NIFTY 100	0.7	3.6	17.4	26.6

Valuation and return ratio

Y/E March	2022A	2023A	2024A	2025E	2026E
PE (x)	60.5	58.4	51.2	37.2	25.9
P/BV (x)	16.6	12.5	10.4	8.1	6.2
EV/EBITDA (x)	39.9	37.2	32.1	24.6	17.0
EV/Sales (x)	3.0	2.4	2.2	1.8	1.4
Mcap/Sales(x)	2.9	2.4	2.1	1.8	1.4
ROE (%)	27.3	21.4	20.3	21.8	23.9
ROCE (%)	30.8	24.0	23.1	25.4	28.8

Stock Performance (1-year)**Key Highlights of the 1QFY25 Result****Highest ever quarterly sales; Long term growth remains intact**

APL Apollo Tubes (APAT) during the quarter reported 9.4%/-0.2% YoY increase in Net sales/PAT at Rs 4,974 cr and Rs 193 cr respectively. The company achieved its highest ever quarterly sales volume of 7,21,000 tonnes in 1QFY25 with EBITDA and PAT increasing 8%/13% QoQ. The demand environment for the structural steel tubes industry was tough, impacted by general elections and ongoing slowdown in retail spending.

Volume Guidance: For FY25, the company has maintained its sales volume guidance of 3.2 million tonnes on the back of stronger 2HFY25. It expects ~20%-25% YoY sales volume growth for FY26 and 5 million tonnes for FY27. It is adding 3 new plants at Siliguri, Gorakhpur and Ahmedabad (capex incurred Rs 200 cr – Rs 250 cr; residual capex of Rs 500 cr).

Raipur Plant: The overall capacity utilization of Raipur plant stood at 61% in 1QFY25 vs 55% in 4QFY24 (Heavy structural segment – 58%; Roofing sheets – 89%; Super light structural – 52% and coated thicker sheet – 48%). The company expects to clock ~70% of overall capacity utilization at its Raipur plant in FY25.

Dubai plant: Dubai plant has 4 lines. Two lines got commissioned in FY24 and two lines were commissioned in last few weeks. With the total current capacity of 300,000 tonnes, the overall capacity utilization for Dubai plant stood at 30% in 1QFY25. The company expects its utilization levels to improve significantly over the next few quarters since the two new mills just got commissioned.

Primary vs Secondary Raw Material price gap: The price gap between the primary and secondary raw material price has reduced from Rs 15,000/t to Rs 4,000/t – Rs 5,000/t. This will aid to drive higher volumes and improve the overall profitability of the company.

Maintain BUY- Target Rs 1,669/-

We believe the valuation still looks attractive for long-term investors on back of (a) Large growth drivers such as Railways, Airports and Solar, (b) Increase in Value-added products, (c) Higher exports and (d) Increasing HRC capacity, narrowing the price gap between patra and primary HRC. At the current price of Rs 1,350.0, the stock is currently trading at a P/E of 37.2x/25.9x of its FY25E/FY26E EPS of Rs 36.3/Rs 52.1 respectively. We value the stock at P/E of 32x FY26 EPS of Rs 52.1 to arrive at our TP of Rs 1,669, thus providing an upside potential of 23.6%.

Financial Summary (Rs cr)

Particulars	2022A	2023A	2024A	2025E	2026E
Net Sales	13,063.3	16,166.0	18,118.8	21,798.5	27,440.2
<i>Growth (%)</i>	-	23.8%	12.1%	20.3%	25.9%
EBITDA	945.3	1,021.6	1,192.2	1,552.4	2,145.2
<i>Growth (%)</i>	-	8.1%	24.6%	30.5%	36.9%
Net Profit	619.0	641.9	732.4	1,006.3	1,447.3
<i>Growth (%)</i>	-	3.7%	21.6%	42.2%	44.1%
EPS (Rs)	22.3	23.1	26.4	36.3	52.1
<i>Growth (%)</i>	-	3.7%	21.6%	42.2%	44.1%
DPS (Rs)	-	3.5	-	-	-
Div. Yield (%)	-	0.2	-	-	-

Source: Company, SSL Research

1QFY25 Result

Figures in Rs. Cr.

Quarter Ended	1QFY25	4QFY24	Q-O-Q % Change	1QFY24	Y-o-Y % Change	Comments
Net Sales	4,974.3	4,765.7	4.4	4,544.9	9.4	Highest ever quarterly sales volume
Other Income	24.7	18.6	33.1	21.7	14.0	
Total Income	4,999.0	4,784.3	4.5	4,566.6	9.5	
Total Operating Expenditure	4,672.7	4,485.4	4.2	4,237.7	10.3	
Material Cost	4,269.7	4,132.6	3.3	3,920.7	8.9	Demand environment for structural steel tubes were impacted by general elections and ongoing slowdown in retail spending.
As % of Sales	85.8	86.7	-	86.3	-	
Other Exp.	403.0	352.7	-	317.0	-	
As % of Sales	8.1	7.4	-	7.0	-	
EBITDA (Excl OI)	301.7	280.4	7.6	307.2	(1.8)	
EBITDA (Incl OI)	326.4	298.9	9.2	328.9	(0.8)	
Interest & Finance Cost	27.8	31.1	(10.6)	27.1	2.6	
PBDT	298.5	267.8	11.5	301.8	(1.1)	
Depreciation.	46.5	46.6	(0.2)	40.9	13.6	
PBT	252.0	221.2	13.9	260.9	(3.4)	
Tax	58.9	50.8	15.9	67.2	(12.5)	
Net Profit	193.2	170.4	13.3	193.6	(0.2)	
Operating Margins (%)	6.1	5.9		6.8		
Net Profit Margins (%)	3.9	3.6		4.3		
Tax Rate (%)	23.4	23.0		25.8		
Equity (Rs Cr)	55.5	55.5		55.5		
FV (Rs)	2.0	2.0		2.0		
EPS (Rs)	7.0	6.1		7.0		
Cash EPS (Rs)	8.6	7.8		8.5		

Estimate Revision

Particulars (Rs. cr)	New Estimate		Old Estimate		% Change	
	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Revenue	21,798.6	27,440.2	23,146.9	29,137.6	-5.8%	-5.8%
EBITDA	1,552.4	2,145.2	1,629.	2,165.3	-4.7%	-0.9%
EBITDA Margin (%)	7.1%	7.8%	7.0%	7.4%	1.7%	5.6%
PAT	1,006.3	1,447.3	1,067.3	1,464.9	-5.7%	-1.2%
EPS (Rs. Per share)	36.3	52.1	38.5	52.8	-5.8%	-1.2%

Source: SSL Research

Target Price History



Financial Statements

Income Statement

Figures in Cr.

Particulars	FY22A	FY23A	FY24A	FY25E	FY26E
Revenue from Operations	13,063.3	16,166.0	18,118.8	21,798.5	27,440.2
% YoY growth	53.7%	23.8%	12.1%	20.3%	25.9%
Cost Of Revenues (incl Stock Adj)	11,223.1	14,017.8	15,617.2	18,768.5	23,502.5
Gross Profit	1,840.2	2,148.2	2,501.6	3,030.1	3,937.8
Gross margins	14.1%	13.3%	13.8%	13.9%	14.4%
Employee Cost	153.0	206.2	257.6	272.5	329.3
Other Operating Expenses	741.9	920.4	1,051.8	1,205.2	1,463.3
EBITDA	945.3	1,021.6	1,192.2	1,552.4	2,145.2
EBITDA margins	7.2%	6.3%	6.6%	7.1%	7.8%
Other Income	40.5	47.2	74.9	91.7	94.1
Net Interest Exp.	44.5	67.1	113.4	99.0	80.0
Depreciation	109.0	138.3	175.9	201.2	226.5
Exceptional Items	0	0	0	0	0
PBT	832.3	863.3	977.7	1,343.9	1,932.8
Tax	213.3	221.5	245.3	337.6	485.5
Adj PAT	619.0	641.9	732.4	1,006.3	1,447.3
PAT margin (%)	4.7%	4.0%	4.0%	4.6%	5.3%
Adj. EPS	22.3	23.1	26.4	36.3	52.1

Balance Sheet

Figures in Cr.

Particulars	FY22A	FY23A	FY24A	FY25E	FY26E
Assets					
Net Block	1,604.1	2,349.3	3,030.6	3,242.4	3,445.9
Capital WIP	503.7	374.0	203.0	90.0	60.0
Intangible Assets under development	95.7	93.7	112.8	112.8	112.8
Other Non current Assets	421.9	496.2	499.0	499.0	499.0
Current Assets					
Current Investment	5.0	0	0	0	0
Inventories	847.2	1,479.9	1,637.9	2,064.8	2,295.5
Trade receivables	341.7	137.4	139.1	338.7	413.1
Cash and Bank Balances	376.4	352.5	347.6	425.4	1,966.1
Short-term loans and advances	1.3	1.3	3.6	3.6	3.6
Other Current Assets	255.4	567.4	1,213.1	1,213.1	1,213.1
Total Current Assets	1,827.0	2,538.5	3,341.4	4,045.6	5,891.5
Current Liabilities & Provisions					
Trade payables	1,059.5	1,597.0	1,981.6	1,840.6	2,519.8
Other current liabilities	134.4	116.9	173.9	162.5	193.6
Short-term provisions	2.1	1.6	1.9	3.8	4.6
Total Current Liabilities	1,195.9	1,715.5	2,157.4	2,006.8	2,718.0
Net Current Assets	631.1	823.0	1,184.0	2,038.8	3,173.5
Total Assets	3,256.5	4,136.2	5,029.4	5,983.0	7,291.2
Liabilities					
Share Capital	50.1	55.5	55.5	55.5	55.5
Reserves and Surplus	2,213.9	2,950.1	3,549.1	4,555.3	6,002.5
Total Shareholders Funds	2,264.0	3,005.6	3,604.6	4,610.8	6,058.0
Minority Interest	200.0	-	-	-	-
Total Debt	580.6	872.9	1,124.6	1,074.6	924.6
Long Term Provisions	16.9	21.8	26.0	42.2	53.1
Other Long Term Liabilities	194.1	235.4	273.9	255.1	255.2
Net Deferred Tax Liability	0.9	0.5	0.4	0.4	0.4
Total Liabilities	3,256.5	4,136.2	5,029.4	5,983.0	7,291.2

Cash Flow

Figures in Cr.

Particulars	FY22A	FY23A	FY24A	FY25E	FY26E
PBT	832.3	863.3	977.7	1,343.8	1,932.7
Depreciation & Amortization	109.0	138.3	175.9	201.2	226.5
Other Adjustments	25.1	52.0	55.7	99.0	80.0
(Inc) / Dec in Working Capital	(115.4)	(147.5)	120.2	(760.9)	(417.0)
Taxes	199.3	(216.1)	(218.0)	(337.6)	(485.5)
Cash from Ops.	651.7	690.1	1,111.6	545.5	2,170.6
Capital Expenditure & investments	(530.1)	(875.7)	(915.6)	(300.0)	(400.0)
Cash from Investing	(530.1)	(875.7)	(915.6)	(300.0)	(400.0)
Issue of Share capital	7.0	2.7	2.8	-	-
Net Borrowings	60.3	290.2	258.6	(50.0)	(150.0)
Others	(41.3)	(60.8)	(96.1)	(117.7)	(79.9)
Issuance of Dividend	0	(87.5)	(138.7)	0	0
Cash from Financing	26.0	144.6	26.6	(167.7)	(229.9)
Extraordinary receipts/payment	0	0	0	0	0
Net Change in Cash	147.6	(41.0)	222.5	77.8	1,540.8
BF Cash	16.1	163.7	122.7	345.2	422.9
Forex & Others	0	0	0	0	0
Cash in hand	163.7	122.7	345.2	422.9	1,963.7
FCF	55.1	(172.0)	416.7	245.5	1,770.6

Key Ratios

Particulars	FY22A	FY23A	FY24A	FY25E	FY26E
Profitability					
Return on Assets (%)	13.9	11.0	10.2	12.6	14.5
Return on Capital (%)	30.8	24.0	23.1	25.4	28.8
Return on Equity (%)	27.3	21.4	20.3	21.8	23.9
Margin Analysis					
Gross Margin (%)	14.1	13.3	13.8	13.9	14.4
EBITDA Margin (%)	7.2	6.3	6.6	7.1	7.8
Net Income Margin (%)	4.7	4.0	4.0	4.6	5.3
Short-Term Liquidity					
Current Ratio (x)	1.3	1.2	1.3	1.7	2.0
Quick Ratio (x)	0.7	0.5	0.7	0.8	1.2
Avg. Days Sales Outstanding	10	3	3	4	5
Avg. Days Inventory Outstanding	24	33	31	31	29
Avg. Days Payables	30	36	36	32	29
Fixed asset turnover (x)	6.7	6.5	5.4	5.5	6.2
Debt-service coverage (x)	21.3	15.2	10.5	15.7	26.8
Long-Term Solvency					
Total Debt / Equity (x)	0.3	0.3	0.3	0.2	0.2
EBITDA / Interest Expense (x)	19.7	13.9	9.6	14.6	25.2
Valuation Ratios					
EV/EBITDA (x)	39.9	37.2	32.1	24.6	17.0
PE (x)	60.5	58.4	51.2	37.2	25.9
P/B (x)	16.6	12.5	10.4	8.1	6.2

Our recent Rising Star recommendations and price performance

Sr.No.	Company Name	NSE Symbol	Initiated Date	Initiated Price	CMP*	Return (%) since initiated date	Latest rec. Date	Latest Target	High price since Initiation	Return (%) based on High price since initiation
1	APL Apollo Tubes Ltd.	APLAPOLLO	25-Apr-23	1,219.0	1,350.0	10.7	20-Aug-24	1,669.0	1,806.0	48.2
2	Stylam Industries Ltd.	STYLAMIND	27-Apr-23	1,150.0	1,945.0	69.1	13-Feb-24	1,886.0	2,090.0	81.7
3	Star Cement Ltd.	STARCEMENT	05-May-23	123.2	211.0	71.3	14-Aug-24	240.0	256.0	107.8
4	JK Lakshmi Cement Ltd.	JKLAKSHMI	24-May-23	705.0	784.0	11.2	07-Aug-24	963.0	999.9	41.8
5	Dhanuka Agritech Ltd.	DHANUKA	29-May-23	711.0	1,786.0	151.2	05-Aug-24	2,223.0	1,925.0	170.7
6	Zen Technologies Ltd.	ZENTEC	12-Jul-23	520.0	1,684.0	223.8	30-Jul-24	2,041.0	1,785.0	243.3
7	SJS Enterprises Ltd.	SJS	05-Oct-23	680.0	1,029.0	51.3	09-Aug-24	1,269.0	1,138.0	67.4
8	KPI Green Energy Ltd.	KPIGREEN	17-Nov-23	389.3	981.0	152.0	14-Aug-24	1,246.0	1,118.0	187.2
9	Syrma SGS Technology Ltd.	SYRMA	06-Dec-23	590.0	430.0	-27.1	08-Aug-24	505.0	705.0	19.5
10	Senco Gold Ltd.	SENCO	11-Dec-23	721.6	1,098.0	52.2	16-Aug-24	1,319.0	1,177.0	63.1
11	Satin Creditcare Network Ltd.	SATIN	10-Jan-24	259.0	206.0	-20.5	02-May-24	324.0	284.0	9.7
12	Hi-Tech Pipes Ltd.	HITECH	31-Jul-24	149.0	186.0	24.8	31-Jul-24	190.0	192.0	28.9

*CMP is live price on 20th Aug,2024

SBICAP Securities Limited

(CIN): U65999MH2005PLC155485

SEBI Registration No.: Stock Broker: INZ000200032 | DP Registration No.: IN-DP-314-2017

Research Analyst : INH000000602 | IRDA : CA0103 | PFRDA Registration No: POP 26092018

Registered & Corporate Office: Marathon Futurex, Unit No. 1201, B-Wing, 12th Floor, N M Joshi Marg,
Mafatal Mill Compound, Lower Parel East, Mumbai 400013For any information contact us: **(022) 6854 5555****E-mail: helpdesk@sbicapsec.com | Web: www.sbicapsec.com****DISCLOSURES & DISCLAIMERS:**

Analyst Certification: The views expressed in this research report ("Report") accurately reflect the personal views of the research analysts ("Analysts") employed by SBICAP Securities Limited (SSL) about any and all of the subject issuer(s) or company(ies) or securities. This report has been prepared based upon information available to the public and sources, believed to be reliable. I/We also certify that no part of my/our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

The Analysts engaged in preparation of this Report or his/her relative:-

(a) do not have any financial interests in the subject company mentioned in this Report; (b) do not own 1% or more of the equity securities of the subject company mentioned in the report as of the last day of the month preceding the publication of the research report; (c) do not have any material conflict of interest at the time of publication of the Report.

The Analysts engaged in preparation of this Report:-

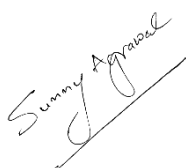
(a) have not received any compensation from the subject company in the past twelve months; (b) have not managed or co-managed public offering of securities for the subject company in the past twelve months; (c) have not received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months; (d) have not received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months; (e) has not received any compensation or other benefits from the subject company or third party in connection with the Report; (f) has not served as an officer, director or employee of the subject company; (g) is not engaged in market making activity for the subject company.

Name	Qualification	Designation
Sudeep Shah	MMS-Finance	DVP- Technical & Derivative Research
Sunny Agrawal	B.E, MBA (Finance)	DVP - Fundamental Research
Rajesh Gupta	PGDBM (Finance), MA (Bus. Eco)	AVP - Fundamental Research
Monica Chauhan	C.A.	Research Analyst - Equity Fundamentals
Harsh Vasa	C.A.	Research Analyst - Equity Fundamentals
Sumeet Shah	B.E., CFA	Research Analyst - Equity Fundamentals
Sweta Padhi	MBA (Finance)	Research Analyst - Equity Fundamentals
Gautam Updhyaya	MBA (Finance)	Research Analyst - Equity Derivatives
Vinayak Gangule	BE (IT)	Research Analyst - Equity Technicals
Ghanshyam Gupta	MBA (Finance)	Research Analyst - Currency Derivatives
Sagar Peswani	B.Tech (ECE)	Research Associate - Equity Technicals
Uday Chandgothia	B.Tech (Mech), MBA (Finance)	Research Associate - Equity Fundamentals
Kalpesh Mangade	B.Com	MIS Analyst - Retail Research

For other Disclosures please visit: https://bit.ly/R_disclaimer02


Sudeep Shah

DVP – Technical & Derivative Research


Sunny Agrawal

DVP – Fundamental Research