

**SELL**

TP: Rs 360 | ▼ 28%

**APOLLO PIPES**

Building Materials

11 May 2026

**Volume pickup; price erosion weighed on margins**

- Volume growth of 21% was offset by weak realisations (-9% YoY). EBITDA margin contracted owing to lower realisations
- Revenue grew 10% YoY, while EBITDA declined 25% YoY on margin contraction. Management guides for 35% revenue CAGR over 3-4 yrs
- Maintain SELL on expensive valuations, ascribing unchanged 25x to arrive at Mar'27 TP of Rs 360

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**Volume-led recovery offsets weak pricing; margins remain under pressure:**

APOLP reported Q4FY26 revenue growth of 10% YoY (+10% vs estimates), driven by strong volume growth of 21% YoY. However, EBITDA declined 25% YoY (-29% vs est.), with EBITDA margin contracting 244bps YoY to 5.2%, impacted by continued pricing pressure (realisations down 9% YoY) and elevated employee/other costs. Consequently, APAT declined 90% YoY, although the company returned to profitability sequentially from the loss reported in Q3FY26.

**Standalone recovery partly offset by continued weakness in Kisan:** Apollo standalone revenue grew 16% YoY, supported by a strong 23% YoY growth in volumes and improved utilisation (57% vs 51% YoY); although realisations remained under pressure (-5% YoY). Standalone EBITDA margin contracted by 210bps YoY to 6.9%, on higher other expenses. However, Kisan Mouldings continued to be loss-making, with EBITDA margin at -1.5% amid weak utilisation (48%) and a 9% YoY decline in realisations, weighing on the consolidated profitability. During the quarter, APOLP increased stake in Kisan Mouldings by 4.35% for Rs 147.6 mn; taking the total holding to 61.94%.

**Guidance:** Management guided for Q1FY27 revenue of Rs 4 bn+, implying continued double-digit volume growth on the improving agri and plumbing demand. APOLP reiterated its target of achieving 35% revenue CAGR through FY31, driven by the ramp-up across existing plants, expansion in South India as well as adjacent product categories. CPVC growth is expected at 20%+ in FY27, supported by the Lubrizol partnership, while FY27 capex is guided at ~Rs 1 bn.

**Maintain SELL:** We maintain SELL rating on the stock given the weak ROE profile (4.3%-11% for FY27E-FY29E). We have factored in revenue/EBITDA CAGR of 23%/49% over FY26-28E — conservative than management’s guidance of 35% revenue CAGR. We have raised our TP to Rs 360 (Rs 300 earlier) Our target P/E multiple remains unchanged at 25x, on Mar’28 estimates.

**Key changes**

Target	Rating
▲	◀ ▶

Ticker/Price	APOLP IN/Rs 497
Market cap	US\$ 231.7mn
Free float	53%
3M ADV	US\$ 9.4mn
52wk high/low	Rs 540/Rs 252
Promoter/FPI/DII	47%/4%/15%

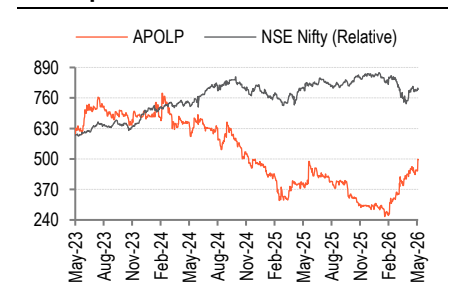
Source: NSE | Price as of 8 May 2026

**Key financials**

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	11,049	13,407	16,674
EBITDA (Rs mn)	665	1,102	1,469
Adj. net profit (Rs mn)	75	357	511
Adj. EPS (Rs)	1.7	8.1	11.6
Consensus EPS (Rs)	1.7	7.7	13.2
Adj. ROAE (%)	0.9	4.3	5.9
Adj. P/E (x)	292.4	61.3	42.8
EV/EBITDA (x)	32.9	20.8	16.2
Adj. EPS growth (%)	(77.1)	377.2	43.1

Source: Company, Bloomberg, BOBCAPS Research

**Stock performance**



Source: NSE



**Fig 1 – Quarterly Financial Snapshot – Consolidated**

Particulars	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)	FY26	FY25	YoY (%)	BOBCAPS Q4FY26E	Variance (%)
Operating income	3,470	3,148	10.2	2,472	40.4	11,049	11,816	(6.5)	3,152	10.1
Raw-Material expense	2,527	2,272	11.2	1,716	47.3	7,761	8,276	(6.2)	2,195	15.1
Gross Profit	943	876	7.7	756	24.7	3,288	3,541	(7.1)	957	(1.5)
Employee expense	273	222	23.3	262	4.2	1,012	928	9.0	262	4.2
Other expense	490	414	18.3	374	31.0	1,611	1,656	(2.7)	442	10.7
EBITDA	180	240	(25.0)	120	50.1	665	957	(30.5)	253	(28.7)
D&A	151	122	22.9	152	(1.0)	569	445	27.7	135	11.3
EBIT	30	118	(74.7)	(32)	(193.1)	96	511	(81.2)	118	(74.7)
Interest cost	30	19	58.3	24	25.5	104	110	(5.0)	24	25.5
Other income	15	34	(55.5)	6	163.9	104	53	97.9	16	(4.6)
PBT	14	132	(89.2)	(51)	(128.2)	96	454	(78.9)	109	(86.9)
Tax	16	33	(53.6)	(3)	(607.7)	49	113	(56.4)	27	(43.4)
Reported PAT	(1)	99	(101.3)	(48)	(97.3)	47	341	(86.3)	82	(101.6)
Minority Interest	(11)	1	(1,293.0)	(15)	(24.9)	(28)	14	(296.3)	(15)	(27.2)
PAT after Minority Interest	10	98	(89.8)	(33)	(130.4)	75	326	(77.1)	97	(89.8)
Adjusted PAT	10	98	(89.8)	(33)	(130.4)	75	326	(77.1)	97	(89.8)
As % of net revenues			chg. (bps)		chg. (bps)			chg. (bps)		
Gross margin	27.2	27.8	(64)	30.6	(341)	29.8	30.0	(21)		
Employee cost	7.9	7.0	83	10.6	(273)	9.2	7.9	130		
Other cost	14.1	13.1	96	15.1	(102)	14.6	14.0	57		
EBITDA margin	5.2	7.6	(244)	4.9	34	6.0	8.1	(208)		
Tax rate	109.0	25.3	8,364	6.0	10,292	51.4	25.0	2,649		
APAT margin	0.3	3.1	(282)	(1.3)	161	0.7	2.8	(209)		

Source: Company, BOBCAPS Research

**Fig 2 – Per unit analysis**

Particulars	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)	FY26	FY25	YoY (%)
Sales Volumes (KTPA)	31.4	26.0	20.7	25.4	23.6	104	100	4.1
Realization	110.6	121.1	(8.6)	97.4	13.6	106.5	118.5	(10.1)
Raw-Material	80.6	87.4	(7.8)	67.6	19.2	74.8	83.0	(9.9)
Gross Profit	30.1	33.7	(10.8)	29.8	1.0	31.7	35.5	(10.8)
Employee	8.7	8.5	2.2	10.3	(15.6)	9.8	9.3	4.7
Others	15.6	15.9	(2.0)	14.7	6.0	15.5	16.6	(6.5)
EBITDA per unit (Rs/kg)	5.8	9.2	(37.8)	4.7	21.5	6.4	9.6	(33.2)

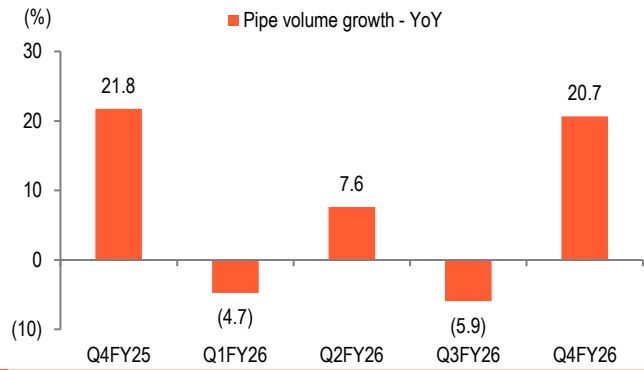
Source: Company, BOBCAPS Research

## Earnings Call Highlights

- **Demand recovery gaining traction; management guides for stronger Q1FY27:** Demand trends improved in Q4FY26, supported by seasonal agri demand, recovery in plumbing activity and market share gains amid a low industry base. Despite a softer Apr'26 following a heavy Mar'26 channel stocking — which management has factored into guidance — APOLP targets Q1FY27 revenue of Rs 4 bn+, implying continued double-digit volume growth. Rural demand is currently outperforming urban, while spillover construction projects from Q3 are supporting contractor-led demand.
- **PVC outlook stable near-term; duty expiry a watch item:** Management expects PVC prices to remain within a +/-5% range in the near term, with current procurement at Rs 84-85/kg (Reliance, Delhi-landed) with local trade at ~Rs 79/kg. Import duty exemption expires on 30-Jun'26, with 8.25% duty reinstated from Jul'26, potentially driving short-term imports ahead of the deadline. However, management expects channel caution to limit the inventory build-up, while duty reinstatement should provide a floor to prices. Channel inventory is currently running below normal levels, following the post-Mar'26 destocking.
- **Aggressive pricing strategy continues to prioritise volume over near-term margins:** APOLP maintained aggressive pricing through Q4FY26, despite the sharp PVC price rally, prioritising dealer confidence and market-share gains over spread expansion. Gross margin pressure reflected: a) continued pricing aggression to support channel expansion; b) window-profile ramp-up costs (sampling/showroom expenses) c) write-downs on slow-moving finished goods inventory cleared to support volume ramp-up. Management indicated that these costs are largely non-recurring and expects standalone EBITDA spreads to gradually improve from Rs 8,000–8,500/t towards Rs 9,000–10,000/t as operating leverage benefits flow through.
- **Industry consolidation accelerating; organised players structurally advantaged:** Competitive intensity remains elevated, although sustained pricing pressure continues to impact the unorganised players. Apollo targets 3-3.5% market share over the next 3-4 years vs ~2-2.5% currently — supported by formalisation and rising consumer preference for branded players.
- **Kisan recovery volume-led; merger timeline to be disclosed:** Kisan delivered sequential improvement of Rs 800 mn revenue and 7,000 tonnes in Q4 vs. Rs 600 mn and 5,000 tonnes in Q3, but margins remained weak on underutilisation and push sales. Operating leverage benefits are expected from Q1FY27, targeting Rs 5,000–6,000/t near-term progressing toward Rs 10,000/t. Management confirmed a Kisan-Apollo merger is being actively structured, with timelines to be disclosed in the upcoming calls.
- **Sanjay Gupta board addition accelerates distribution leverage:** Management highlighted that Apollo Group dealer synergies are already being activated following Chairman Sanjay Gupta joining the board, with large dealers beginning to take up PVC pipe dealerships. The company expects net dealer additions of 4-5%, while gradually shifting towards fewer and larger distributors..

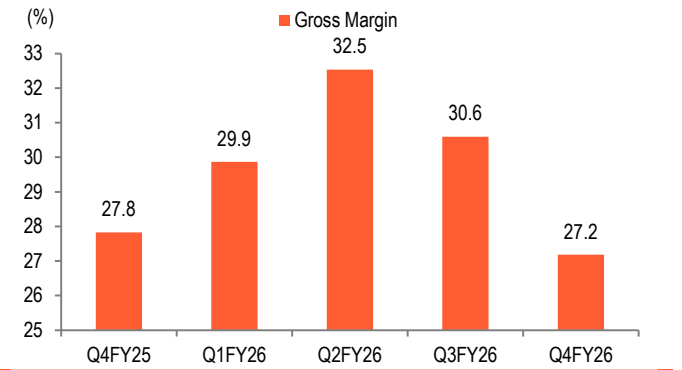
- **Apollo reiterates aggressive medium-term growth roadmap:** Management reiterated its target of achieving 35% revenue CAGR through FY31, targeting Rs 50 bn revenue from Rs 11 bn in FY26. Growth will be driven by ramp-up across existing plants, South India expansion and adjacent categories. CPVC growth is expected to accelerate to 20%+ in FY27, supported by the Lubrizol partnership. Window profiles currently contribute ~1-1.5% of sales, with management targeting 4-5% contribution within construction-plumbing revenues by FY27-end.
- **Working capital normalisation expected; balance sheet remains clean:** Working capital increased from 35 days in FY25 to 46 days in FY26, driven by inventory days expanding from 70 to 80 days amid PVC price volatility. Management targets sub-35 days by FY27-end. FY27 capex guided at ~Rs 1.0bn (Kisan brownfield + existing plant expansions).

**Fig 3 – APOLP’s pipe volumes grew by 20.7% YoY in Q4FY26**



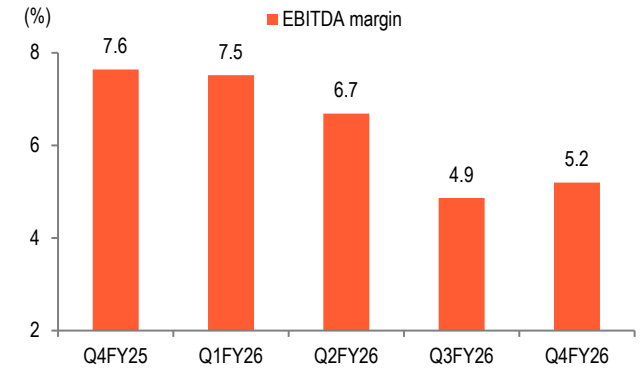
Source: Company, BOBCAPS Research

**Fig 4 – Gross margin relatively flat at 30.6% on YoY basis in Q4FY26**



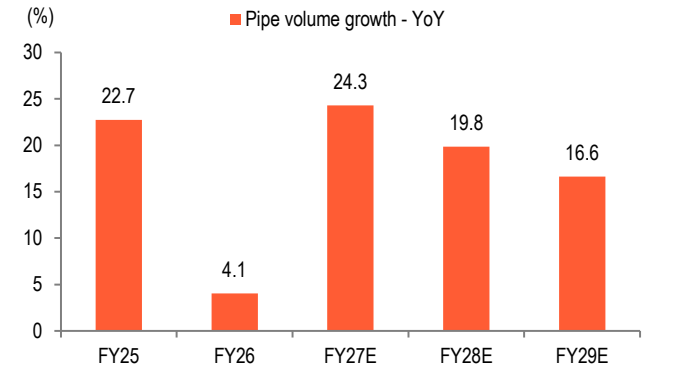
Source: Company, BOBCAPS Research

**Fig 5 – EBITDA margin was down 244bps to 5.2% in Q4FY26**



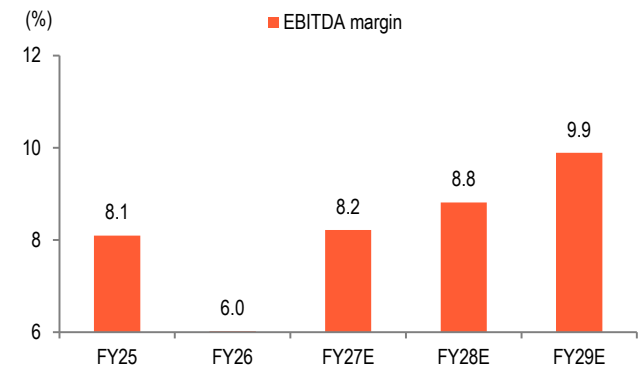
Source: Company, BOBCAPS Research

**Fig 6 – Despite our assumption of a healthy pipe volume CAGR of 60% over FY26-FY29E on a low base...**



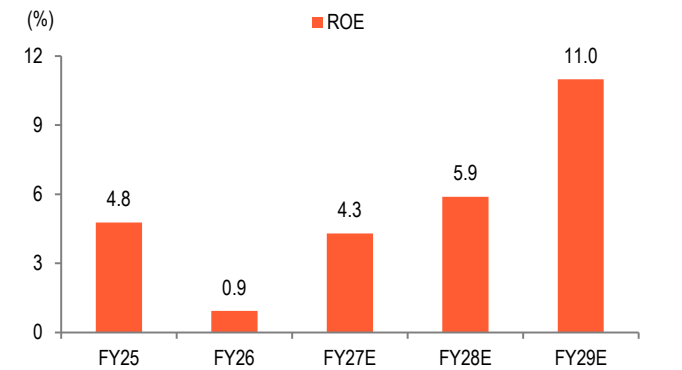
Source: Company, BOBCAPS Research

**Fig 7 – ...and EBITDA margin projected to improve over the next two years**



Source: Company, BOBCAPS Research

**Fig 8 – APOLP’s ROE profile is forecast to remain weak over FY26E-FY28E on poor capital allocation policy**



Source: Company, BOBCAPS Research

## Valuation Methodology

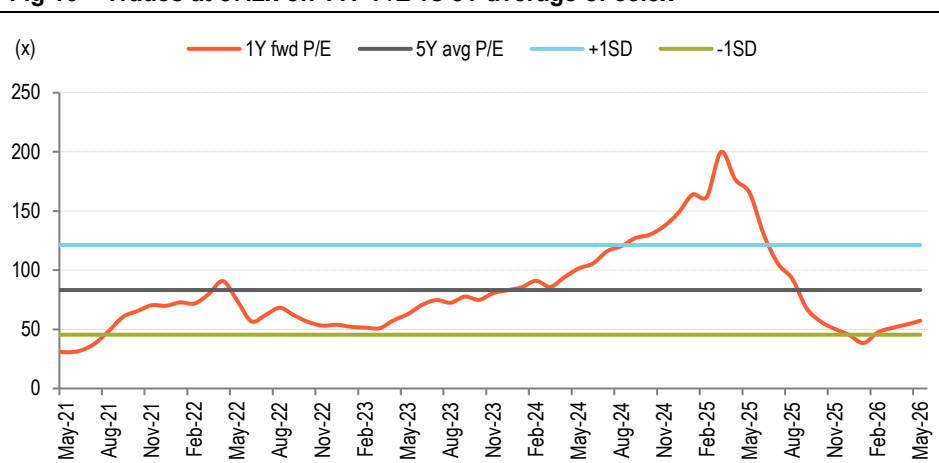
We maintain SELL rating on the stock given the weak ROE profile (4.3%-11% for FY27E-FY29E). We have factored in revenue/EBITDA CAGR of 23%/49% over FY26-28E — conservative than management’s guidance of 35% revenue CAGR. We have raised our TP to Rs 360 (Rs 300 earlier) Our target P/E multiple remains unchanged at 25x, on Mar’28 estimates.

**Fig 9 – Revised estimates**

Consolidated (Rs mn)	New			Old			Change (%)		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Operating income	13,407	16,674	19,626	11,421	13,465	NA	17.4	23.8	NA
EBITDA	1,102	1,469	1,942	922	1,020	NA	19.5	44.0	NA
EBITDA Margin	8.2	8.8	9.9	8.1	7.6	NA	15	123	NA
Adjusted PAT	357	511	1,028	346	298	NA	3.1	71.6	NA
EPS	8.1	11.6	23.3	7.5	6.5	NA	7.8	79.4	NA

Source: BOBCAPS Research

**Fig 10 – Trades at 57.2x on 1YF P/E vs 5Y average of 83.3x**



Source: Bloomberg, BOBCAPS Research

**Fig 11 – Key assumptions**

Particulars (%)	FY25A	FY26E	FY27E	FY28E	FY29E
Sales Volume growth	22.7	4.1	24.3	19.8	16.6
Realisations growth	(2.5)	(10.1)	(2.4)	3.8	0.9
EBITDA per unit (Rs/kg)	9.6	6.4	8.5	9.5	10.8
Pre-tax ROCE	6.4	1.0	4.3	6.5	9.6
Pre-tax ROIC	8.2	1.3	5.6	8.0	11.2

Source: Company, BOBCAPS Research

## Financials

### Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
<b>Total revenue</b>	<b>11,816</b>	<b>11,049</b>	<b>13,407</b>	<b>16,674</b>	<b>19,626</b>
EBITDA	957	665	1,102	1,469	1,942
Depreciation	445	569	650	750	820
EBIT	511	96	452	719	1,122
Net interest inc./(exp.)	(110)	(104)	(172)	(172)	(61)
Other inc./(exp.)	53	104	248	248	248
Exceptional items	0	0	0	0	0
EBT	454	96	528	796	1,310
Income taxes	113	49	153	231	193
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	(14)	28	(17)	(53)	(89)
<b>Reported net profit</b>	<b>326</b>	<b>75</b>	<b>357</b>	<b>511</b>	<b>1,028</b>
Adjustments	0	0	0	0	0
<b>Adjusted net profit</b>	<b>326</b>	<b>75</b>	<b>357</b>	<b>511</b>	<b>1,028</b>

### Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Accounts payables	1,744	1,914	2,322	2,888	3,400
Other current liabilities	513	565	565	565	565
Provisions	121	18	22	28	33
Debt funds	918	1,234	2,437	2,469	2,223
Other liabilities	196	199	199	199	199
Equity capital	440	440	440	440	440
Reserves & surplus	7,487	7,751	8,020	8,443	9,383
Shareholders' fund	7,928	8,191	8,460	8,884	9,824
<b>Total liab. and equities</b>	<b>11,420</b>	<b>12,122</b>	<b>14,007</b>	<b>15,033</b>	<b>16,243</b>
Cash and cash eq.	1,378	839	792	240	(3)
Accounts receivables	950	1,035	1,256	1,562	1,839
Inventories	2,130	2,417	2,710	3,370	4,018
Other current assets	449	420	503	618	721
Investments	649	685	685	685	685
Net fixed assets	5,150	5,304	5,900	6,396	6,823
CWIP	373	897	897	897	897
Intangible assets	400	411	411	411	411
Deferred tax assets, net	390	395	395	395	395
Other assets	426	457	457	457	457
<b>Total assets</b>	<b>12,293</b>	<b>12,861</b>	<b>14,007</b>	<b>15,033</b>	<b>16,243</b>

### Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
<b>Cash flow from operations</b>	<b>417</b>	<b>520</b>	<b>764</b>	<b>728</b>	<b>1,237</b>
Capital expenditures	(1,104)	(991)	(1,246)	(1,246)	(1,246)
Change in investments	0	0	0	0	0
Other investing cash flows	9	18	248	248	248
<b>Cash flow from investing</b>	<b>(1,095)</b>	<b>(973)</b>	<b>(998)</b>	<b>(998)</b>	<b>(998)</b>
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	0	0	1,203	32	(246)
Interest expenses	(104)	(107)	(172)	(172)	(61)
Dividends paid	(41)	(31)	(88)	(88)	(88)
Other financing cash flows	0	0	(756)	(53)	(89)
<b>Cash flow from financing</b>	<b>(146)</b>	<b>(137)</b>	<b>187</b>	<b>(282)</b>	<b>(483)</b>
<b>Chg in cash &amp; cash eq.</b>	<b>(823)</b>	<b>(591)</b>	<b>(47)</b>	<b>(552)</b>	<b>(244)</b>
<b>Closing cash &amp; cash eq.</b>	<b>(259)</b>	<b>(850)</b>	<b>(897)</b>	<b>(1,448)</b>	<b>(1,692)</b>

### Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
Reported EPS	7.4	1.7	8.1	11.6	23.3
Adjusted EPS	7.4	1.7	8.1	11.6	23.3
Dividend per share	0.7	0.0	2.0	2.0	2.0
Book value per share	180.0	186.0	192.1	201.7	223.0

### Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
EV/Sales	1.8	2.0	1.7	1.4	1.2
EV/EBITDA	22.7	32.9	20.8	16.2	12.4
Adjusted P/E	67.1	292.4	61.3	42.8	21.3
P/BV	2.8	2.7	2.6	2.5	2.2

### DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26A	FY27E	FY28E	FY29E
Tax burden (Net profit/PBT)	71.9	77.9	67.7	64.2	78.5
Interest burden (PBT/EBIT)	88.8	99.9	116.9	110.6	116.7
EBIT margin (EBIT/Revenue)	4.3	0.9	3.4	4.3	5.7
Asset turnover (Rev./Avg TA)	96.1	85.9	95.7	110.9	120.8
Leverage (Avg TA/Avg Equity)	1.8	1.6	1.7	1.7	1.7
Adjusted ROAE	4.8	0.9	4.3	5.9	11.0

### Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
<b>YoY growth (%)</b>					
Revenue	19.7	(6.5)	21.3	24.4	17.7
EBITDA	(0.2)	(30.5)	65.7	33.4	32.2
Adjusted EPS	(31.6)	(77.1)	377.2	43.1	101.2
<b>Profitability &amp; Return ratios (%)</b>					
EBITDA margin	8.1	6.0	8.2	8.8	9.9
EBIT margin	4.3	0.9	3.4	4.3	5.7
Adjusted profit margin	2.8	0.7	2.7	3.1	5.2
Adjusted ROAE	4.8	0.9	4.3	5.9	11.0
ROCE	6.4	2.1	6.4	8.5	11.4

### Working capital days (days)

	FY25A	FY26A	FY27E	FY28E	FY29E
Receivables	29	34	34	34	34
Inventory	66	80	74	74	75
Payables	54	63	63	63	63

### Ratios (x)

	FY25A	FY26A	FY27E	FY28E	FY29E
Gross asset turnover	1.6	1.4	1.5	1.6	1.7
Current ratio	1.7	1.4	1.3	1.2	1.2
Net interest coverage ratio	4.7	0.9	2.6	4.2	18.5
Adjusted debt/equity	(0.1)	0.0	0.2	0.3	0.2

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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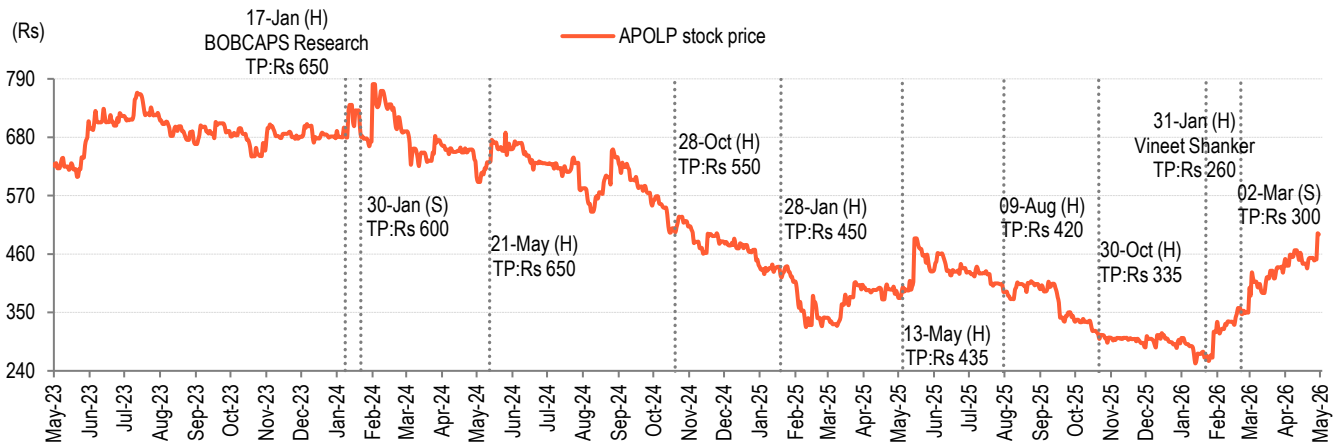
**Recommendation scale: Recommendations and Absolute returns (%) over 12 months**

- BUY** – Expected return >+15%
- HOLD** – Expected return from -6% to +15%
- SELL** – Expected return <-6%

**Note:** Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

**Ratings and Target Price (3-year history): APOLLO PIPES (APOLP IN)**



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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