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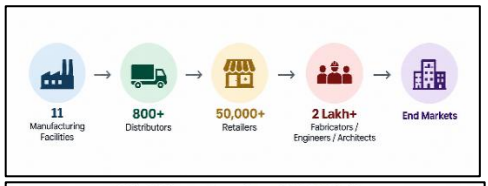
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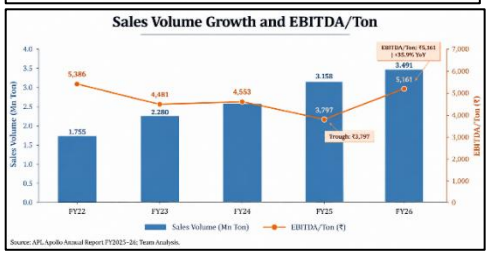
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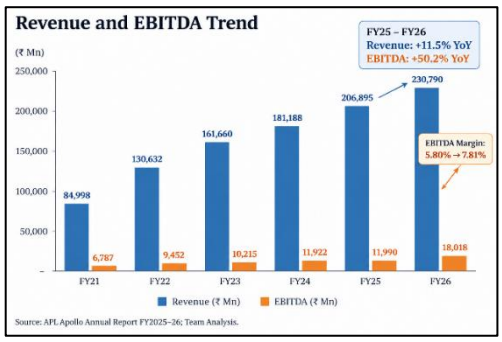
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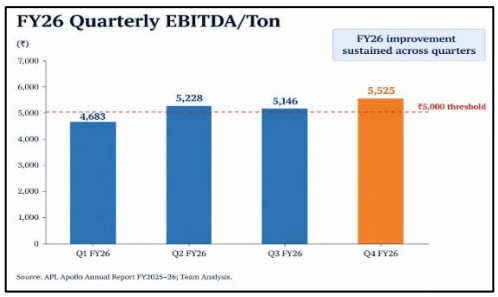
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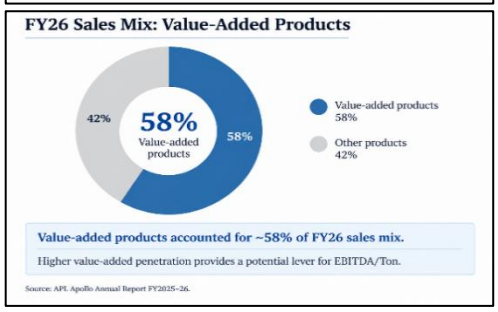
FY26	
Revenue	**₹230.8 Bn**
EBITDA	**₹18.0 Bn**
Sales Volume	**3.49 Mn Ton**
EBITDA/Ton	**₹5,161**
Installed Capacity	**5 Mn Ton**
ROCE	**37.3%**
Value-added Mix	**~58%**
Net Cash	**₹15.3 Bn**

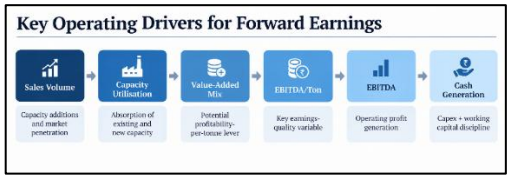












BUSINESS DESCRIPTION

APL Apollo Tubes Limited is a leading Indian manufacturer of structural steel tubes and pipes, with approximately 5 Mn Ton of installed capacity across 11 manufacturing facilities. The company offers a broad portfolio of structural and value-added steel tube products serving construction, infrastructure, industrial, pre-engineered building (PEB), solar and other applications. In FY26, APL Apollo reported sales volume of 3.49 Mn Ton, revenue of ₹230.8 Bn and EBITDA of ₹18.0 Bn.

The company's business model combines large-scale manufacturing with a wide distribution network, comprising 800+ distributors, 50,000+ retailers and 2 lakh+ fabricators, engineers and architects. The company's manufacturing footprint is distributed across key consumption centres, supporting product availability and

OPERATING PERFORMANCE

FY26 marked a sharp recovery in profitability despite relatively moderate revenue growth

APL Apollo's historical performance shows two distinct phases. Between FY22 and FY25, sales volume expanded strongly, but EBITDA/Ton declined from ₹5,386 to ₹3,797. This resulted in EBITDA margin compression from **7.24% in FY22 to 5.80% in FY25**, despite continued revenue growth.

FY26 represented a clear reversal. Revenue increased **11.5% YoY to ₹230.8 Bn**, while EBITDA increased **50.2% to ₹18.0 Bn**, resulting in EBITDA margin improving to **7.81%**.

The disproportionate growth in EBITDA relative to revenue indicates that FY26 earnings improvement was driven by more than volume growth.

Business Economics

EBITDA growth is determined by both volume and earnings per tonne

For APL Apollo, the key operating relationship is:Revenue ≈ Sales Volume × Realisation and EBITDA ≈ Sales Volume × EBITDA/Ton

This framework is important because higher tonnage does not automatically result in proportional earnings growth. Product mix, pricing/realisation and operating leverage can materially influence EBITDA generated from each tonne sold.

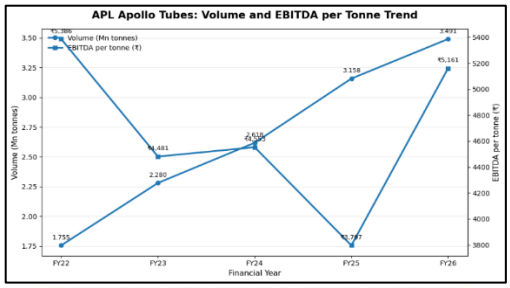
This dynamic is visible in the historical performance. Sales volume increased consistently from 1.76 Mn Ton in FY22 to 3.49 Mn Ton in FY26, while EBITDA/Ton moved from ₹5,386 in FY22 to a trough of ₹3,797 in FY25 before recovering to ₹5,161 in FY26.

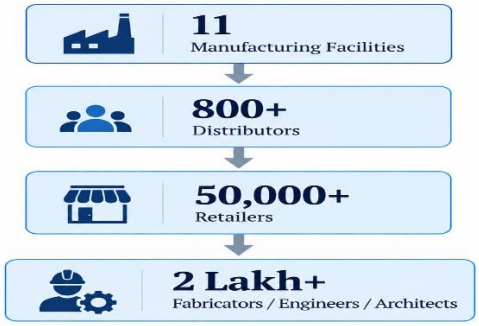
Capacity Expansion

Capacity expansion provides the volume-growth engine

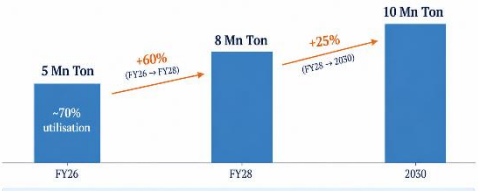
APL Apollo had approximately **5 Mn Ton of installed capacity in FY26**, with average utilisation of around **70%**. The company plans to increase capacity to **8 Mn Ton by FY28**, with a longer-term ambition of **10 Mn Ton by 2030**. The expansion programme includes both new manufacturing facilities and debottlenecking of existing assets.

A notable component of the expansion strategy is debottlenecking. The company describes this as a capital-efficient way of unlocking additional capacity from existing facilities without the need for new land or major civil infrastructure.





Capacity Expansion Roadmap



Total capacity expected to increase from 5 Mn Ton in FY26 to 10 Mn Ton by 2030.

Source: APL Apollo Annual Report FY2025-26; Company Guidance; Team Analysis.

COMPETITIVE POSITIONING

APL Apollo's competitive positioning is supported by **manufacturing scale, distribution reach and product breadth**. With approximately 5 Mn Ton of installed capacity across 11 facilities, the company has established a broad manufacturing footprint across India. Its extensive distribution network provides access to a large downstream customer base and supports penetration across multiple end markets.

The company also offers a broad product portfolio spanning structural tubes, value-added products, building solutions and specialised applications. The increasing contribution of value-added products is consistent with the company's strategy of improving **EBITDA/Ton through product mix and premiumisation**, rather than relying only on higher tonnage.

Distribution Reach as a Competitive Advantage

APL Apollo's competitive positioning extends beyond manufacturing capacity to its downstream distribution network. The company has 800+ distributors and 50,000+ retailers, supported by a network of 2 lakh+ fabricators, engineers and architects. This network provides access to multiple layers of the downstream value chain and supports product availability across a broad geographic footprint.

The distribution structure is strategically relevant because structural steel tubes are a relatively logistics-sensitive product. A manufacturing footprint located closer to consumption centres can support product availability while reducing the logistics burden associated with serving dispersed markets.

The combination of manufacturing scale, distribution reach and product breadth therefore creates an operating platform through which incremental capacity can potentially be absorbed across multiple end markets.

Capacity Utilisation Headroom

APL Apollo's FY26 installed capacity of approximately 5 Mn Ton was utilised at around 70%, implying that the existing asset base still had operating headroom at the FY26 level. In addition to this utilisation headroom, the company has outlined a capacity expansion pathway to 8 Mn Ton by FY28 and a longer-term ambition of 10 Mn Ton by 2030.

The combination of utilisation improvement, debottlenecking and new capacity creates multiple potential sources of volume growth. However, capacity expansion should not be translated directly into revenue growth. The eventual earnings contribution will depend on commissioning timelines, utilisation ramp-up, product mix and EBITDA/Ton achieved on incremental volumes.

Relative Valuation

APL Apollo stands at 1661/share in base case when we do relative valuation of the share, which 26.8% below the closing price of 2270.10 on 18 September 2026, within a range of 968-1964. We used P/E and EV/EBITDA multiples are weighted equally for valuation, even if we value P/E slightly more, valuation still remains same.

Peer Selection: No listed company matches APL's scale, brand and returns (3.5 mn tonnes sold in FY26 which has around 60-65% share of structural steel tubes). We therefore build a two-tier peer set. Core Peers – Surya Roshni, JTL Industries, Hi-Tech Pipes and Goodluck India, they share APL's product, input and dealer channel but are roughly $1/10^{th}$ of it's scale. Secondary peers – Ratnamani Metals, Welspun Corp, Astral and Supreme Industries are larger pipe makers and branded building material franchises with similar end markets and distribution led models but different products. Rama Steel Tubes was excluded because of 1.5% FY26 EBITDA margin which distorted its multiples (P/E 63.6x).

Choices of Multiples: P/E and EV/EBITDA are our primary multiples. P/E works well with profitability trend of APL and how it earns more by relying on it's brand, distribution and returns. EV/EBITDA captures the margin APL earns over steel costs. EV/Sales and P/B are shown for reference only: peer EBITDA margins range from 4% to 17% and APL's ROE is roughly double the peer median, which makes both measure misleading. We use medians to limit the influence of outliers like Astral (71.7x P/E).

Results: At all peer median P/E of 38.3x, APL's FY26 EPS of 43.3 implies INR 1658 per share. At the median EV/EBITDA of 25.0x, FY26 EBITDA of INR 1,802 crore plus net cash implies INR 1663. The low case (core-peer medians: 24.4x P/E, 12.8x EV/EBITDA) gives INR 968; the high case (secondary peer medians: 45.6x P/E, 29.4x EV/EBITDA) gives INR 1964.

Why APL trades at a premium: APL trades at 52.4x P/E and 34.3x EV/EBITDA, an approx. 37% premium to peer medians and above every peer except Astral. The premium is backed by stronger fundamentals: FY26 ROW of 25.3% versus a peer median of 12.7%, ROCE of 27/1% versus 13.5%, PAT growth of 59% and new zero working capital. On a P/E vs ROE basis, APL plots below peer regression line, which predicts approx. 64x at its ROW. This suggests its multiple is not excessive for its return profile, although the fit is loose (R^2 0.26)

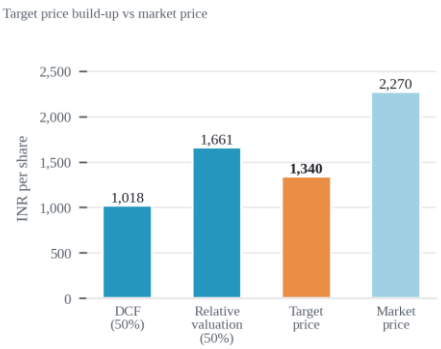
Growth adjusted cross check: When we use forecasted EPS growth, APL's PEG of 2.58x sits above the all peer median of 1.70x but below the secondary peer median of 3.02x . Forward P/E and PEG based values average INR 1503 (range 968-2359). In effect, the market prices APL like a branded building material franchise rather than a steel tube maker. We use this as cross check only, because most peer FY27E figures are derived from consensus growth rates.

Cycle and sensitivity: APL's FY 26 EBITDA margin of 7.8% is its highest in three years. At the three-year average margin of 6.7% the base EV/EBITDA value falls to INR 1440. Management is targeting EBITDA/tonne of INR 5300-5700 and approx. 25% PAT growth in FY27, which would narrow the gap to the market price if delivered.

Conclusion: Relative valuation gives a base value of INR 1661 per share. The current price is supported only if APL is values in line with the branded building material peers.

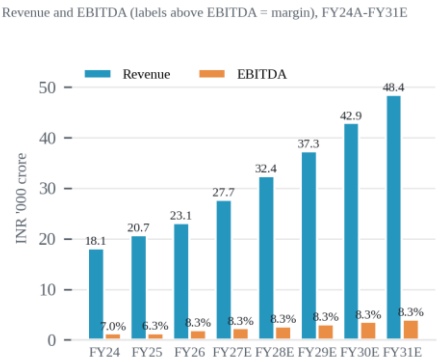
VESTMENT SUMMARY

Exhibit 1: Target price build-up



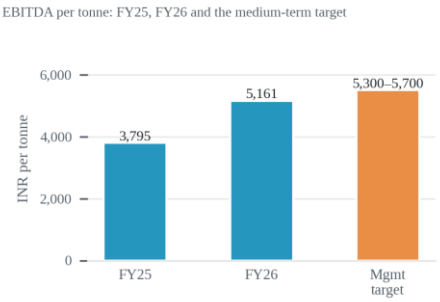
Source: Team Analysis

Exhibit 2: Revenue and EBITDA



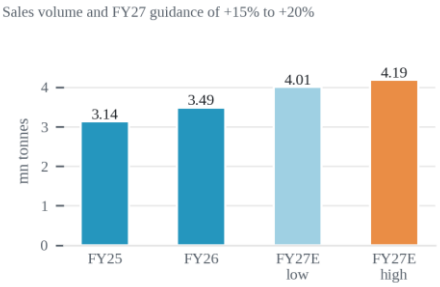
Source: Company filings; Team estimates

Exhibit 3: EBITDA per tonne



Source: Annual Report FY26; management interaction

Exhibit 4: Sales volume and guidance



Source: Annual Report FY26; management guidance

Exhibit 5: Our view versus the street

Source	Rating	Target (INR)
This report (Sep-2026)	**SELL**	**1,340**
Geojit (Aug-2026)	BUY	2,325
Closing price, 18-Sep-2026	—	2,270

Source: Geojit Q1 FY27 result update; Team Analysis

Recommendation	SELL	Market data (18-Sep-2026)	
Target price (12 months)	INR 1,340	Market capitalisation	INR 63,031 cr
Closing price, 18-Sep-2026	INR 2,270.10	Shares outstanding	27.77 cr
Downside to target	(41.0%)	52-week range	INR 1,653 - 2,301
DCF value, 50% weight	INR 1,018	Promoter / free float	28.3% / 71.7%
Relative value, 50% weight	INR 1,661	FY26 EPS / ROCE	INR 43.34 / 37.3%

Source: Company filings; NSE closing price; Geojit; Team Analysis

We issue a SELL rating on APL Apollo Tubes with a 12-month target price of INR 1,340, a downside of 41% from the closing price of INR 2,270.10 on 18 September 2026. The target is an equal blend of a free cash flow to firm model, which gives INR 1,018, and a trading comparables analysis, which gives INR 1,661. Our concern is the price, not the company. APL Apollo leads its industry and earns returns that few Indian manufacturers match. At 52 times FY26 earnings the market already assumes that the record margin, the planned capacity and the return profile all hold for many years.

A leader that has earned its premium: APL Apollo supplies about 65% of India's branded structural steel tubes. It sold 3.49 million tonnes in FY26, 11% more than in FY25, and EBITDA per tonne rose 36% to INR 5,161 as the mix moved towards value-added products. Revenue grew 11.5% to INR 23,079 crore, EBITDA rose about 50% on the company's operating definition, and net profit rose 59% to INR 1,203 crore. Return on capital employed was 37.3%, above the 35% the board sets itself. The company holds net cash and runs a negative working capital cycle, so growth funds itself.

The growth plan is credible: Management will raise capacity from 5.0 to 8.0 million tonnes in about two and a half years for roughly INR 1,500 crore. Brownfield work costs INR 4,000 to 5,000 per tonne and pays back in about a year; greenfield costs INR 9,000 to 10,000 per tonne and pays back in two to three years. About half the new capacity is for value-added products, which carry the better margins. Raipur and Dubai show the company can build capacity and then fill it.

Why we are still sellers: Our DCF gives INR 1,018 per share even though it assumes revenue grows about 16% a year to FY31 and the EBITDA margin holds at 8.3%. Peer multiples give INR 1,661. Both sit far below the traded price. To justify INR 2,270 an investor needs a discount rate near 9%, which is below our estimated cost of equity of 14.6%, or margins well above management's own guidance. The gap is not caused by a pessimistic operating forecast; it is caused by the price.

Growth is already in the price: Capacity rises 60%, but the first large plant contributes only from FY27 and the full 3 million tonnes arrives over about two and a half years. Q1 FY27 showed how uneven that path can be: volume fell to 745,000 tonnes from 794,000 because of disruption in the UAE, an energy shortage and softer construction demand. Profit still rose 11%, which proves the pricing model works, but volume growth is not automatic.

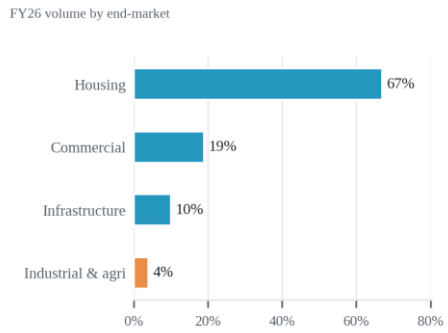
What would change our view: Three things would make us wrong. First, EBITDA per tonne above INR 6,000, which management targets for the Apollo brand, would raise our DCF value by about a fifth. Second, a faster ramp-up of the new plants would pull cash flows forward. Third, a lower cost of equity as the company grows would lift the terminal value, to which our model is most sensitive. The market may also keep valuing APL Apollo as a branded building-material company rather than a steel converter, in which case the multiple stays high for longer than fundamentals justify.

How we value the company: We weight the DCF and the peer analysis equally. The DCF captures the expansion, the margin path and the capital intensity. The peer work anchors the result in traded prices, and management told us that investors judge the company mainly on price to earnings and then on EV to EBITDA. Neither method alone is sufficient: the peer set is small and much lower in quality, while the DCF depends heavily on the discount rate. Appendix C shows the target price at other weightings; every combination still implies a sell.

Catalysts to watch: Q2 FY27 results, which management expects to be the best quarter on record for volume and margin; the commissioning of Gorakhpur by the end of FY27; monthly Dubai volumes returning to 20,000 tonnes; and the monthly hot-rolled coil price, which sets the revenue line but not the spread. A strong second quarter would test our view early; we would revisit the rating if EBITDA per tonne held above INR 5,700 for two consecutive quarters.

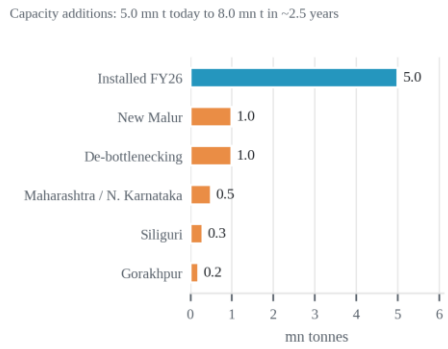
BUSINESS DESCRIPTION

Exhibit 6: FY26 volume by end-market



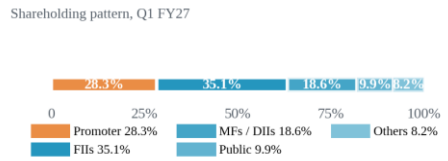
Source: Annual Report FY26, p.149

Exhibit 7: Capacity roadmap



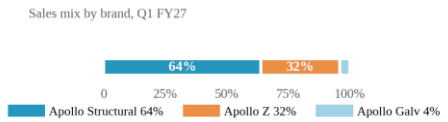
Source: Management interaction; Team Analysis

Exhibit 8: Shareholding, Q1 FY27



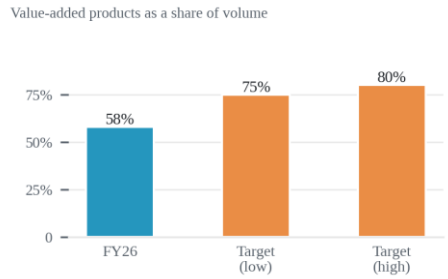
Source: Geojit; company filings

Exhibit 9: Sales mix by brand



Source: Geojit Q1 FY27 result update

Exhibit 10: Value-added share of volume



Source: Annual Report FY26; management interaction

Exhibit 11: Key operating metrics, FY26

Metric	FY26
Installed capacity	5.0 mn t
Sales volume	3.49 mn t
Utilisation (calculated)	~70%
EBITDA per tonne	INR 5,161
Value-added share	~58%
Distributors	800+
Plants	11 India + 1 Dubai

Source: Annual Report FY26; Geojit; Team Analysis

APL Apollo Tubes converts hot-rolled steel coil into structural steel tubes and hollow sections. Founded in 1986 and based in Delhi NCR, it runs eleven plants in India and one in Dubai, with installed capacity of 5.0 million tonnes. FY26 sales were 3.49 million tonnes, about 65% of the branded market on management's estimate. Each of the four listed competitors holds roughly one tenth of its capacity.

Products and brands: The company sells under two brands. Apollo is the premium brand, built over forty years, and covers structural tubes, galvanised products, roofing sheets and door frames. SG is the value brand and defends the lower end against unbranded producers. Value-added products were about 58% of FY26 volume and management targets 75% to 80%. In Q1 FY27 the mix was Apollo structural tubes 64%, Apollo Z 32% and Apollo Galv 4%. Value-added lines earn INR 6,000 to 7,000 per tonne, against roughly INR 500 per tonne for SG, so mix decides the blended margin.

Customers and route to market: Sales move through a three-tier network of more than 800 distributors, then retailers, then fabricators. The company does not sell to the end user, which keeps receivables short at about 13 days. Housing takes 67% of volume, commercial buildings 19%, infrastructure 10%, and industry and agriculture 4%. The company supplies 60% to 70% of the tubes used by pre-engineered building makers, which links it to warehousing, factories and data centres.

How the company makes money: APL Apollo buys hot-rolled coil from Tata Steel, JSW and other suppliers, who reset prices in the first week of each month. The company passes the full change on to distributors, so it carries no material inventory gain or loss when steel prices move. Profit comes from the spread per tonne. Management runs the business on EBITDA per tonne, which was INR 5,161 in FY26 against a medium-term target of INR 5,300 to 5,700. Because the tube is a small part of a project's cost, an increase of INR 5 per tube barely registers with the end customer, which supports pricing power.

Manufacturing: Direct forming technology lets a single line produce many section sizes with little downtime. That lowers cost per tonne, shortens delivery and allows the company to serve a wider catalogue from fewer plants. Plants sit close to demand centres, which matters because freight is a large part of the delivered cost of a tube.

Expansion: Four projects add 2.0 million tonnes: New Malur 1.0, Maharashtra or North Karnataka 0.5, Siliguri 0.3 and Gorakhpur 0.2. De-bottlenecking existing plants adds a further 1.0 million tonnes. Gorakhpur and Siliguri also give the company an eastern footprint, where it has little presence today. Capital expenditure runs at INR 650 to 700 crore a year, of which about INR 500 crore relates to the expansion and the rest to maintenance and opportunities.

Ownership and management: Promoters hold 28.3% and the free float is 71.7%, which is high for an Indian mid-cap. Foreign institutions held 35.1% in Q1 FY27 and domestic institutions 18.6%. Sanjay Gupta is both Chairman and Managing Director. Six of the twelve directors are independent. The combined chair and chief executive role is a governance watchpoint, which the ESG section covers.

Geographic footprint: Plants sit close to the markets they serve, because freight is a large part of the delivered cost of a hollow section and customers order in small, frequent lots. The current network covers the north, west and south well. The east is the gap, which is why Gorakhpur and Siliguri matter more than their combined 0.5 million tonnes suggests: they open a region where the company has had little presence and where infrastructure spending is rising.

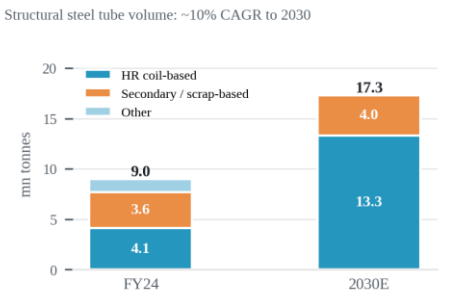
Seasonality and the order pattern: Construction activity slows during the monsoon and around the peak of summer, so the first quarter is usually the weakest and the second half the strongest. Distributors also restock ahead of expected steel price increases, which can move volumes between quarters. Management expects Q2 FY27 to be the best quarter on record, following a first quarter held back by heat, an energy shortage and the disruption in the UAE.

Why distribution is the moat: A fabricator needs the right section, in the right grade, today. Because APL Apollo holds the widest catalogue and the deepest dealer network, the dealer who stocks it can fill most orders from one supplier. That reduces the dealer's working capital and makes the brand hard to displace, even when a local producer quotes a lower price. Management compares the position to a market leader that would be the last to exit if competition intensified.

Sustainability: Renewable electricity reached 58% of consumption in FY26 from 31% in FY25, and Scope 2 emissions fell 33%. Scope 1 emissions rose 12%, so the next stage of decarbonisation depends on process and fuel efficiency. The company has a validated science-based target to cut Scope 1 and 2 emissions 58.8% by FY2034.

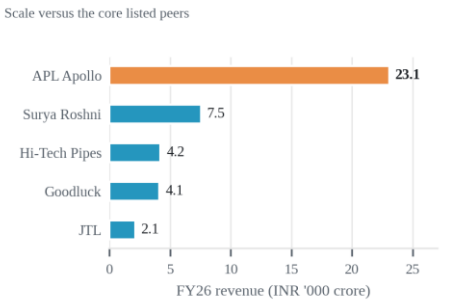
INDUSTRY OVERVIEW AND COMPETITIVE POSITIONING

Exhibit 12: Industry volume outlook



Source: Annual Report FY26, p.141. Other = residual of the total

Exhibit 13: Scale versus core peers



Source: Company filings; Screener.in

Exhibit 14: Industry structure: five forces

Force	Assessment
Rivalry	Moderate. Four listed peers at about one tenth of APL's scale; unbranded producers compete on price alone
New entrants	Low to moderate. Brand, distribution and scale take years to build; capital alone is not enough
Supplier power	Moderate. HR coil comes from Tata, JSW and NMDC, but APL is one of their largest buyers
Buyer power	Low. Distributors are fragmented and tubes are a small part of total build cost
Substitutes	Declining. Tubes keep taking share from reinforced cement concrete

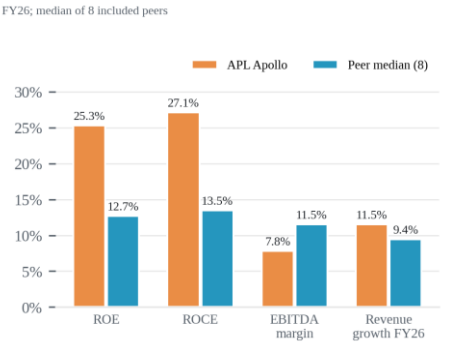
Source: Annual Report FY26; management interaction; Team Analysis

Exhibit 15: Operating comparison, FY26

Company	Revenue (INR cr)	EBITDA margin	ROE	Rev. growth
APL Apollo	**23,079**	**7.8%**	**25.3%**	**11.5%**
JTL	2,135	7.2%	7.3%	11.5%
Hi-Tech	4,200	4.1%	5.9%	36.9%
Surya Roshni	7,540	6.5%	11.2%	1.4%
Goodluck	4,100	9.7%	12.9%	4.2%

Source: Company filings; Screener.in; Team Analysis

Exhibit 16: Returns and growth versus peers



Source: Company filings; Screener.in; Team Analysis

Structural steel tubes make up 6% to 8% of Indian steel consumption. Industry volume was about 9 million tonnes in FY24 and is forecast to reach 17.3 million tonnes by 2030, a compound growth rate of about 10%. Almost all of that growth sits in the segment that uses hot-rolled coil, which is forecast to grow from 4.1 to 13.3 million tonnes. The secondary, scrap-based segment grows only from 3.6 to about 4.0 million tonnes. APL Apollo operates entirely in the growing half of the market.

What drives demand: Housing and commercial construction take 65% to 75% of industry volume, infrastructure 8% to 13%, and energy and engineering 7% to 12%. Tubes replace reinforced cement concrete because they build faster. The Annual Report cites 65% quicker erection of the superstructure, sixteen days saved per slab and about 2% more saleable area, which improves a developer's return. Public programmes reinforce the same demand: the National Infrastructure Pipeline, Gati Shakti, Bharatmala, redevelopment of 1,275 railway stations, 164 operating airports and airport capital expenditure of INR 300 billion between 2025 and 2029.

Newer pockets of demand: Pre-engineered buildings, warehousing and solar are the fastest-growing uses. The pre-engineered building market is USD 22 to 23 billion and may exceed USD 40 billion by 2030. Warehousing is forecast to reach INR 2,872 billion by 2027, a growth rate of 15.6% a year. India added about 45 GW of solar capacity in FY26, and mounting structures for solar farms use tubes. Data centres, metro systems and high-speed rail corridors totalling 5,364 km add further demand for long-span roofs and lightweight frames.

The market is consolidating: The important trend is not industry growth but the shift from unbranded to branded supply. Buyers increasingly want certified, standard-grade product, and about 15 million tonnes of new hot-rolled coil capacity is due over three to five years, which favours coil-based producers. Market share moved towards the organised players through FY26, and APL Apollo's own share rose from about 55% to 65%. Much of the company's volume growth therefore comes from displacing small producers rather than from the market expanding.

Competitive position: APL Apollo leads on scale, brand and distribution. Its nearest listed competitors, JTL Industries, Hi-Tech Pipes, Surya Roshni and Goodluck India, are much smaller and earn returns on equity of 6% to 13% against APL Apollo's 25%. Exhibit 13 shows the revenue gap. Integrated producers such as Tata Steel and JSW Steel supply the raw material and are unlikely to compete directly, because APL Apollo is one of their largest customers; management made this point explicitly. The real competitive pressure is at the value end, where the SG brand fights local producers for thin margins.

Barriers to entry: A new entrant would need plants near demand centres, a distributor network, and a brand that fabricators trust for specification-grade product. Freight economics make national supply from one or two plants uneconomic. This is why scale, once built, tends to persist in this industry.

Cyclicality: Tube demand follows construction, which follows credit, government spending and the monsoon. The industry is therefore cyclical in volume but much less so in price per tonne, because producers pass steel prices through. The sharpest risk in a downturn is not price but operating leverage: a plant running below capacity loses margin quickly. This is why the ramp-up of 3 million tonnes of new capacity, across the industry as well as at APL Apollo, matters for margins from FY28.

How much further can share rise: Management puts its share at about 65% of the branded market, up from roughly 55%. The remaining opportunity sits in the secondary, scrap-based segment, which is forecast to stay near 4 million tonnes while the coil-based segment more than triples. Conversion of that segment is gradual, because the buyers are small fabricators who choose on price. We assume share gains continue but slow, which is consistent with volume growth of 15% to 20% in FY27 falling towards low double digits later in our forecast.

Sustainability as a demand driver: Steel has a lower carbon footprint than concrete for many structures and is fully recyclable, which suits India's net-zero commitments. The Annual Report projects demand for green steel of 4.5 million tonnes by FY30. For tube makers, this favours producers that can document the origin and quality of their steel, which again benefits the branded, coil-based segment.

The pricing model is the key point: Because the company passes the steel price through every month, revenue moves with steel prices while profit per tonne stays broadly stable. Volume and EBITDA per tonne therefore describe this business far better than revenue growth, and any valuation that relies on a revenue multiple will mislead.

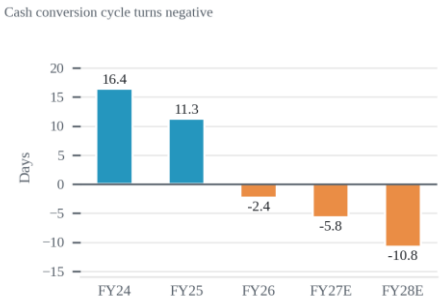
FINANCIAL ANALYSIS

Exhibit 17: Key financials and ratios

	FY25	FY26	FY27E
Revenue (INR cr)	20,690	23,079	27,695
EBITDA (INR cr)	1,295	1,914	2,299
EBITDA margin	6.3%	8.3%	8.3%
Net profit (INR cr)	757	1,203	1,390
EPS (INR)	27.28	43.34	50.07
ROE (year-end equity)	18.0%	22.7%	21.5%
ROCE (company basis)	24.5%	37.3%	n.a.
Net cash (DCF basis)	26	431	n.a.
Cash conversion (days)	11.3	(2.4)	(5.8)
Debt / equity	0.15	0.09	0.04

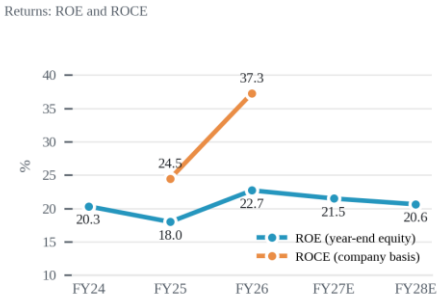
Source: Annual Report FY26; team model. EBITDA includes other income, as in the DCF; net cash counts cash and bank balances only

Exhibit 18: Working capital



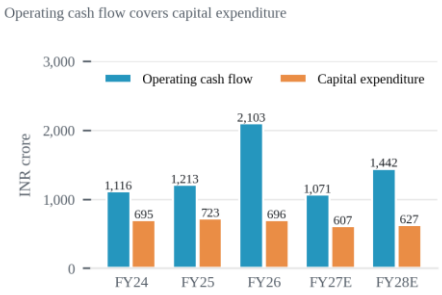
Source: Team model

Exhibit 19: Returns



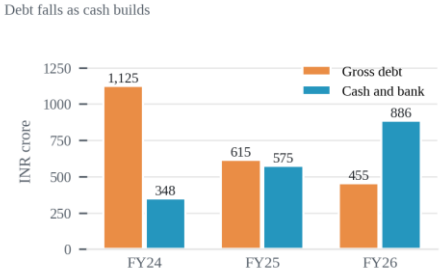
Source: Annual Report FY26; team model

Exhibit 20: Cash flow and capital expenditure



Source: Annual Report FY26; Geojit; team model

Exhibit 21: Debt and cash



Source: Annual Report FY26; Geojit

FY26 was a margin year, not a volume year: Volume rose 11% but EBITDA rose about 50%. The difference is EBITDA per tonne, which moved from roughly INR 3,800 to INR 5,161. Three things caused it. The mix shifted towards value-added products, now about 58% of volume. The company cut the share of low-margin general products instead of chasing tonnes. And the Raipur and Dubai plants filled up, which spread fixed costs over more output. Revenue grew more slowly, at 11.5%, because steel prices were soft and the company passes them through.

Returns are the standout: Return on equity was 25.3% on average equity against a peer median of 12.7%. Return on capital employed was 37.3% on the company's definition, which exceeds its own 35% benchmark, and 37% again in Q1 FY27. Our calculation on year-end capital employed gives 27.1% and Geojit publishes 27.3%; the difference is the measure of capital employed, not performance. On either basis the company earns well above its cost of capital, which is the economic case for the expansion.

The balance sheet is unusually clean: Borrowings and lease liabilities were INR 498 crore against cash, deposits and liquid investments of INR 1,728 crore, so the company holds net cash of INR 1,231 crore. Debt to equity is 0.09 and interest cover is 13.4 times. The company reports net cash of INR 15.3 billion on its own definition, which also counts margin money and earmarked deposits; we take the stricter figure.

Working capital funds the growth: The cash conversion cycle turned negative in FY26, at minus 2.4 days against 11.3 days a year earlier. Receivables run at about 13 days because distributors pay quickly, inventory at 24 days, and payables at about 40 days. A manufacturer that collects before it pays can expand without external funding, which is why capacity can rise 60% with no equity issue.

Cash generation covers the expansion: Operating cash flow was about INR 2,100 crore in FY26 against capital expenditure of INR 694 crore. Planned spending of INR 500 to 550 crore a year is covered roughly four times over by current operating cash flow, so the expansion needs no new equity and little new debt. Dividends absorbed INR 160 crore.

Quality of earnings: FY26 profit contains no exceptional items. Other income of INR 112 crore is mostly interest on deposits, and we exclude it from operating EBITDA in the relative valuation. The pass-through pricing model means reported profit is not flattered by inventory gains, which is a real difference from integrated steel producers.

Capital allocation: The company paid a dividend of INR 8.5 per share for FY26, a payout of about 20%, and dividends absorbed INR 160 crore of cash. Management reserves INR 150 to 200 crore a year beyond the expansion for maintenance, joint ventures and possible acquisitions. Capital spending on international joint ventures is outside the INR 1,500 crore expansion budget, so we treat it as a risk to free cash flow rather than include it.

Debt and financing costs: Gross borrowings fell to INR 452 crore at March 2026 from INR 615 crore a year earlier, and finance costs fell to INR 125 crore from INR 133 crore. The remaining debt is mostly term loans of INR 224 crore and working capital lines. With fixed deposits of more than INR 1,000 crore, the company could repay all borrowings from cash; it keeps them mainly for flexibility.

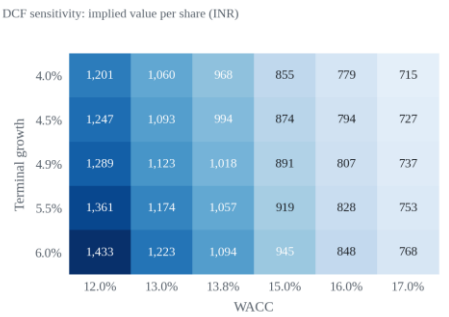
Asset efficiency: Revenue was 2.6 times total assets in FY26 and gross fixed asset turnover was about 4.7 times. High asset turns, not high margins, drive APL Apollo's returns: an EBITDA margin of 8% becomes a return on capital above 25% because each rupee of plant produces almost five rupees of sales. New greenfield plants will lower this ratio for one to two years while they ramp up.

What our forecast assumes: We model revenue growth of 20% in FY27 and about 16% a year to FY31, in line with the capacity coming on stream and management's guidance of 15% to 20% volume growth. We hold the EBITDA margin at 8.3%, which assumes EBITDA per tonne stays near the FY26 level. Depreciation rises with the new plants, the tax rate stays at 25%, and capital expenditure falls to maintenance levels after FY30. These assumptions are neither heroic nor conservative, which matters: the valuation gap comes from the discount rate, not from the operating forecast.

The Q1 FY27 reminder: Volume fell 6% year on year to 745,000 tonnes, yet revenue rose 8.5% and profit 10.9%, because realisation and mix improved. Management expects Q2 to be the best quarter on record and guides to 25% profit growth for FY27. Our forecast is slightly below that guidance.

VALUATION

Exhibit 22: DCF sensitivity (INR per share)



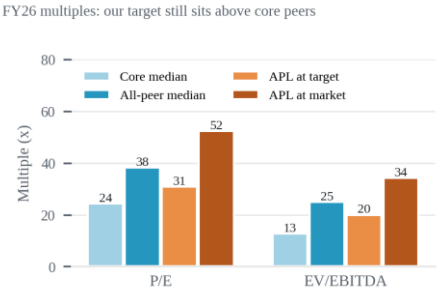
Source: Team Analysis. Terminal value discounted 9.5 years, consistent with the ten-year forecast

Exhibit 23: Valuation summary

Method	Value (INR)	Weight
DCF (FCFF, WACC 13.8%)	1,018	50%
Relative valuation (peer medians)	1,661	50%
Target price	**1,340**	**100%**
Closing price, 18-Sep-2026	2,270	—
Downside	(41.0%)	—

Source: Team Analysis

Exhibit 24: Multiples at our target



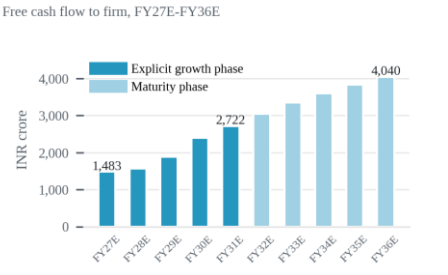
Source: Team Analysis

Exhibit 25: Scenario analysis

Scenario	Key assumption	Value
Bull	WACC 12.0%, terminal growth 6.0%	1,433
Base	WACC 13.8%, terminal growth 4.9%	1,018
Bear	WACC 17.0% with size premium	737
Blended target	**50% DCF, 50% peers**	**1,340**

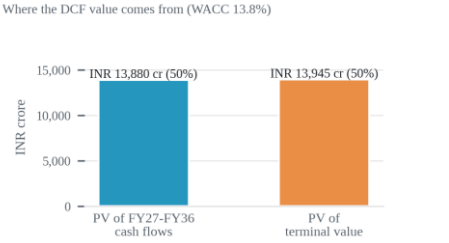
Source: Team Analysis

Exhibit 26: Free cash flow profile



Source: Team DCF model

Exhibit 27: Composition of DCF value



Source: Team Analysis

Method: We value APL Apollo with a free cash flow to firm model and cross-check it with peer multiples, weighting each half. The DCF captures the expansion, the margin path and the capital intensity that multiples cannot show. The peer work anchors the answer in traded prices and matches how investors judge this company: management told us they look first at price to earnings and then at EV to EBITDA.

Discounted cash flow: We forecast ten years to FY36 and discount at mid-year. Free cash flow rises from INR 1,483 crore in FY27 to INR 4,040 crore in FY36 as margins hold and capital expenditure returns to maintenance levels once the expansion is complete. The terminal value uses perpetual growth of 4.9%, equal to our risk-free rate, which assumes no real growth in perpetuity. On these inputs the equity value is INR 1,018 per share.

Cost of capital: Our cost of equity uses a risk-free rate of 4.91%, being the ten-year government bond yield of 7.0% less India's default spread of 2.1%; an equity risk premium of 6.27%; and an equity beta of 1.54, the median two-year weekly asset beta of the four listed tube makers, relevered at a debt to equity ratio of 0.09 and adjusted for the Blume effect. This gives a cost of equity of 14.55%. With post-tax cost of debt of 5.8% and gearing of 7.9%, the WACC is 13.8%. We do not add a small-size premium: APL Apollo's market capitalisation of INR 63,031 crore places it among India's larger listed companies. Applying the 3.1% premium that its small peers would attract lowers the value to INR 737, which we treat as the low case.

Sensitivity: Exhibit 22 shows value across discount rates and terminal growth rates. The range runs from INR 715 at a 17% WACC to INR 1,433 at 12% with 6% terminal growth. The traded price of INR 2,270 lies outside that range. Reaching it requires a WACC close to 9%, which is below our cost of equity and barely above our cost of debt. That, rather than any single forecast assumption, is the heart of our argument.

Relative valuation: Peer median multiples of 38.3 times earnings and 25.0 times EBITDA give INR 1,658 and INR 1,663, so INR 1,661 on an equal weighting. The peer set is eight companies: four core tube makers and four larger pipe or branded building-material franchises. APL Apollo trades at 52.4 times earnings, about 37% above the peer median and above every peer except Astral. That premium is defensible on quality; on a growth-adjusted basis its PEG of 2.58 is below the 3.02 median of the branded peers. It is not defensible against our cash flow work.

Reconciling the two: The methods differ because they answer different questions. Multiples ask what the market pays today for similar businesses; the DCF asks what the cash flows are worth at a cost of capital that reflects the risk. Both say the stock is expensive, and they differ only in degree. We therefore take the midpoint, INR 1,340, which implies 31 times FY26 earnings and 20 times FY26 EBITDA. Even at our target the company would trade above every core peer, so the target still pays for quality.

What the market price implies: We can run the model backwards. Holding our forecast, the traded price of INR 2,270 needs a WACC of about 9%, which is below our cost of equity and close to the after-tax cost of debt; or terminal growth above 8%, which exceeds long-run nominal GDP growth. On multiples, the price equals 36 times the FY28 earnings our model produces, which is roughly where the market values the branded building-material franchises today. In other words, the price assumes APL Apollo is re-rated permanently into that group and delivers the expansion on time.

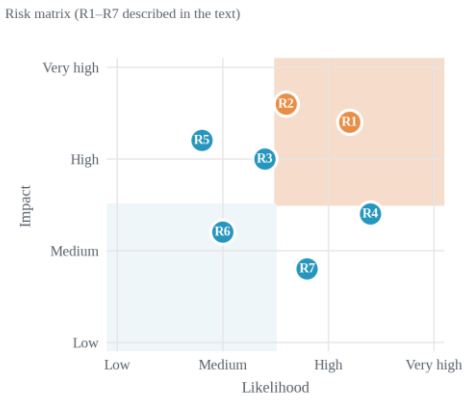
Scenario analysis: Exhibit 25 sets out three cases. The bull case uses a 12% WACC and 6% terminal growth, reflecting a lower cost of equity as the company scales and the industry's forecast 10% volume growth; it gives INR 1,433. The bear case applies the small-size premium our peers attract and gives INR 737. The spread between the cases, INR 700 per share, is driven almost entirely by the discount rate rather than by the operating forecast, which is the honest limitation of any DCF on a high-growth compounder.

Cross-checks: We tested our inputs against independent sources. Our FY26 EBITDA, profit, cash and return on capital match Geojit's published FY26 figures, and our trailing price to earnings multiples for seven peers match Simply Wall St within 0.3%. We did not use EV to sales or price to book as primary measures: peer margins range from 4% to 17%, and APL Apollo's return on equity is double the peer median, so both measures would mislead.

Rating: A downside of 41% is well beyond the 10% threshold we use for a negative rating, so we rate the stock SELL. We recognise that the sell-side view differs: Geojit rates it BUY with a target of INR 2,325, based on 37 times FY28 earnings. The difference is almost entirely the discount rate and the willingness to value the company on a year that is two years away.

INVESTMENT RISKS

Exhibit 28: Risk matrix



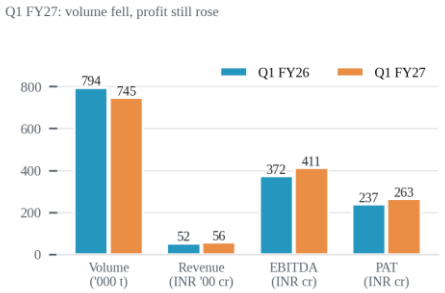
Source: Team Analysis. Shaded top-right: risks that would move our target price materially

Exhibit 29: Risk register

Ref	Risk	Type
R1	Steel price and spread	Market
R2	Construction demand	Market
R3	Execution of expansion	Operating
R4	Competition at value end	Operating
R5	Export disruption	Operating
R6	Governance concentration	Governance
R7	Regulation and imports	Regulatory

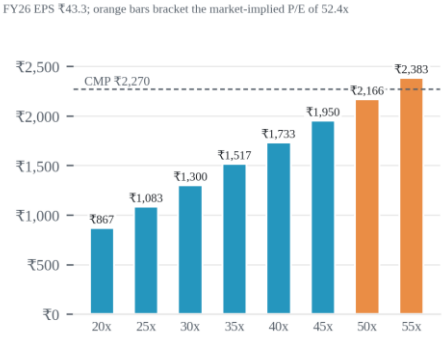
Source: Team Analysis

Exhibit 30: Q1 FY27 performance



Source: Geojit Q1 FY27 result update

Exhibit 31: Implied price across P/E multiples



Source: Team Analysis

Exhibit 32: Target price versus EBITDA per tonne

EBITDA per tonne (INR)	Approx. target (INR)	vs market
4,661 (−500)	1,220	(46%)
5,161 (FY26)	**1,340**	**(41%)**
5,661 (+500)	1,460	(36%)
6,161 (+1,000)	1,580	(30%)

Source: Team Analysis. Approximately INR 120 per share for each INR 500 per tonne

We group the risks to our SELL rating into market, operating, financial and regulatory categories. R1 and R2 would move our target price materially. Because our rating is negative, the main risk we carry is that the business performs better than we model, so we set out the upside risks at the end.

R1 Steel price and spread (market): The company resets prices monthly with hot-rolled coil, so it carries little inventory risk but real spread risk. If competition forces it to absorb part of a coil price increase, EBITDA per tonne falls immediately. A fall of INR 500 per tonne, about 10%, would cut our target by roughly INR 120 per share. We watch this most closely, because the spread is the whole economics of the business.

R2 Construction demand (market): Housing and commercial building take 86% of volume. Management noted that inflation across cement, tiles, PVC and chemicals raised the cost of a high-rise by INR 500 to 700 per square foot, which softened demand in Q1 FY27. A longer slowdown would hit volumes and the ramp-up of new plants at the same time, which is why we place this risk at the highest impact on the matrix.

R3 Execution of the expansion (operating): The company must build 2.0 million tonnes and de-bottleneck 1.0 million more in about two and a half years. Greenfield plants take one to two years to reach normal returns because the market and dealer network must be developed alongside the plant. Delay would push out the volume growth our forecast assumes from FY28 and would lower the return on the INR 1,500 crore being spent.

R4 Competition at the value end (operating): Peers are adding capacity and unbranded producers still compete on price. The SG brand earns only about INR 500 per tonne against INR 6,000 to 7,000 for Apollo-branded value-added products. If growth comes disproportionately from SG, the blended margin falls even as volumes rise. Mix, not volume, is the number to monitor.

R5 Export and geopolitical disruption (operating): The Dubai plant fell from about 22,000 tonnes a month to 8,000 during the regional conflict and had recovered only to about 15,000 by September 2026. Exports are a small share of volume but a visible share of planned growth, and the recovery is not yet complete.

R6 Governance concentration (governance): One individual serves as both Chairman and Managing Director, which concentrates executive and oversight roles. We found no clear link between sustainability measures and executive pay. Promoter holding of 28.3% is low for an Indian mid-cap, which increases dependence on institutional shareholders and makes the share price more sensitive to changes in foreign institutional flows, currently 35.1% of the register.

R7 Regulation and imports (regulatory): Cheap imported steel, changes to safeguard duties, or tighter environmental rules could raise costs or cut prices. Scope 1 emissions rose 12.2% in FY26 even as Scope 2 fell, and the company has a validated target to cut Scope 1 and 2 emissions 58.8% by FY2034. Meeting it may need capital spending that our forecast does not include.

Mitigating factors: Several features of the business limit the damage from these risks. Monthly price resets protect against inventory losses. Net cash and negative working capital mean a downturn would not create a funding problem. The two-brand structure lets the company defend share at the value end without cutting Apollo prices. A spread of plants across regions reduces the effect of any single local disruption.

What we will monitor: Four indicators will tell us early whether our view is wrong: EBITDA per tonne each quarter, the share of value-added products in volume, the commissioning dates of Gorakhpur and New Malur, and monthly Dubai volumes. A sustained improvement in the first two would point to the upside case; delays in the last two would support our rating.

Upside risks to our rating. EBITDA per tonne sustained above INR 6,000 would raise our DCF value by about a fifth. A faster ramp-up of the 3 million tonnes, or a lower cost of equity as the company scales, would do the same. If the market continues to treat APL Apollo as a branded building-material company rather than a steel converter, the multiple could stay above our target for a long period. Finally, our terminal growth rate of 4.9% assumes no real growth in perpetuity; a higher rate, justified by the industry's forecast 10% volume growth to 2030, would lift the value meaningfully, as Exhibit 22 shows.

ENVIRONMENT SOCIAL & GOVERNANCE FACTORS

APL Apollo ESG score: 6.3/10 (Analyst assessment)

Renewable transition is the clearest environmental positive

Renewable electricity reached 58% in FY26 versus 31% in FY25. Scope 2 emissions fell 33.1%, while Scope 1 increased 12.2%; consequently, combined Scope 1+2 emissions fell about 19%. APL Apollo also has an SBTi-validated near-term target to cut absolute Scope 1+2 emissions 58.8% by FY2034 from FY2024, with a 2050 value-chain net-zero target.

Environmental execution still needs monitoring

Water withdrawal declined to 0.68m kL and water intensity to 27.6 kL/INR Cr in FY26. Seven of 11 facilities are reported as ZLD-compliant. The key watchpoint is Scope 1: absolute emissions rose despite the renewable-power shift, so the next leg of decarbonisation depends on process/fuel efficiency rather than electricity sourcing alone.

Social performance is mixed

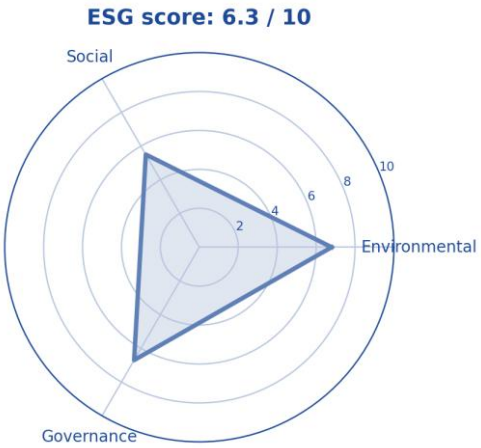
Worker LTIFR improved sharply to 1.96 from 10.8, with zero fatalities disclosed. However, women represented only about 3% of permanent employees in FY26, leaving diversity as a structural weakness. Contract-labour exposure is also material. Social scoring therefore reflects strong safety outcomes but weaker workforce diversity and human-capital breadth.

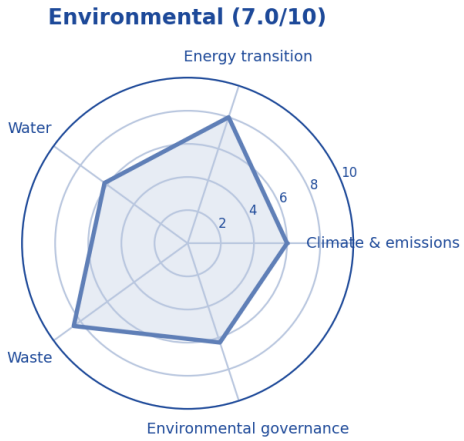
Governance is broadly structured, with two key watchpoints

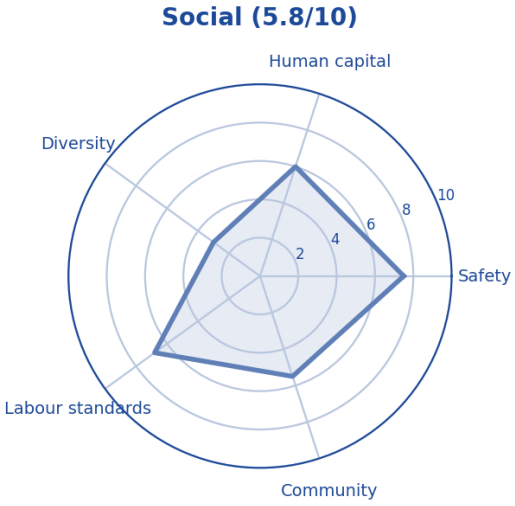
The FY26 board had 12 directors, including six independent directors. The company has formal risk, audit, nomination and stakeholder oversight and obtains reasonable assurance on BRSR Core disclosures. However, the combined Chairman & Managing Director role concentrates executive and oversight responsibilities, while no clear ESG-linked executive remuneration metric was identified in the reviewed disclosures.

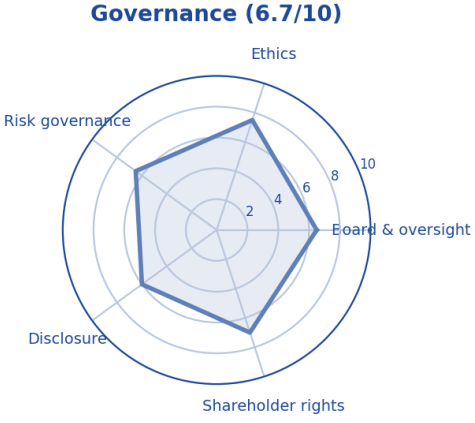
Research conclusion

Overall ESG risk appears manageable but not immaterial. The strongest evidence is the rapid renewable-energy shift, SBTi target validation, improved worker safety and external assurance of BRSR Core indicators. The main areas requiring continued monitoring are Scope 1 emissions, gender diversity, water-stress exposure, ZLD rollout and governance alignment between sustainability outcomes and executive incentives.



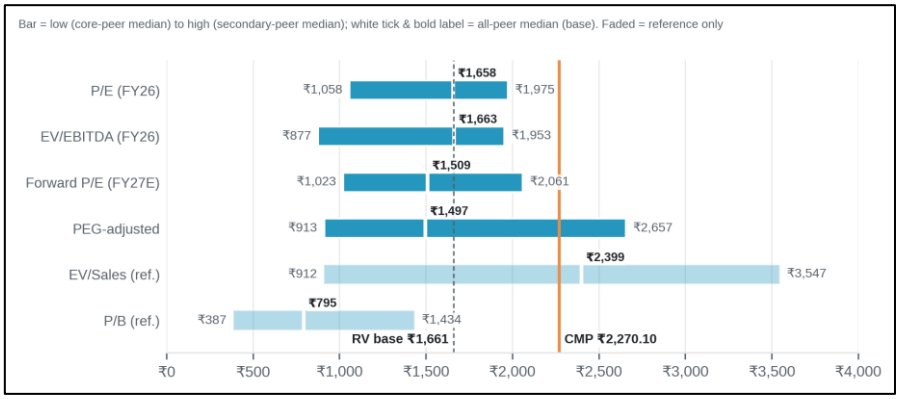






ANNEXURE 8: RELATIVE VALUATION

Exhibit 33: Relative valuation football field (INR per share)



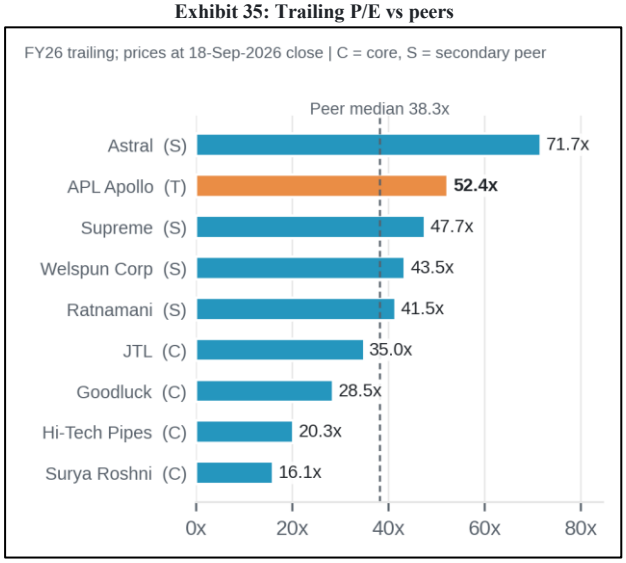
Source: Company filings, Screener.in, S&P Global (via stockanalysis.com); Team Analysis

Exhibit 34: Relative valuation summary (INR per share)

Method	APL FY26 metric	Low (core)	Base (all peers)	High (secondary)	Weight
P/E	EPS INR 43.3	1,058	1,658	1,975	50%
EV/EBITDA	EBITDA INR 1,802 cr	877	1,663	1,953	50%
Relative value		**968**	**1,661**	**1,964**	**100%**
Upside/(downside) vs INR 2,270.10		-57.4%	-26.8%	-13.5%	
Cross-check: forward P/E + PEG	FY27E EPS INR 51.9	968	1,503	2,359	–
Reference: EV/Sales	*Sales INR 23,079 cr*	*912*	*2,399*	*3,547*	–
Reference: P/B	*BV INR 5,297 cr*	*387*	*795*	*1,434*	–

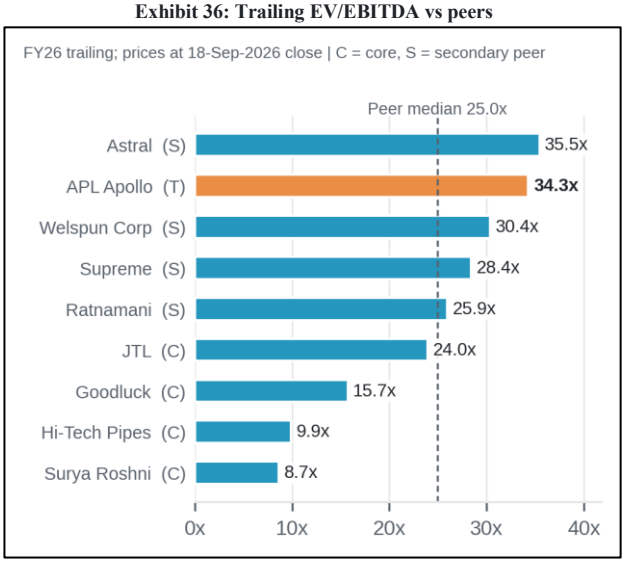
Source: Team Analysis. Implied equity for EV methods = implied EV + net cash of INR 1,231 cr; 27.77 cr shares outstanding

Exhibit 35: Trailing P/E vs peers



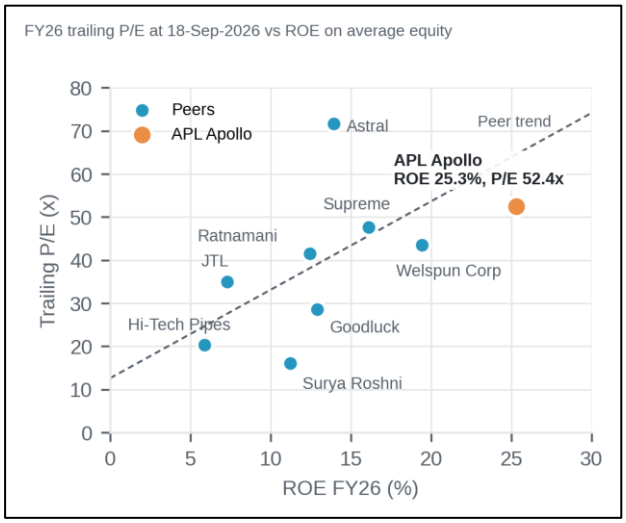
Source: Company filings, Screener.in; Team Analysis

Exhibit 36: Trailing EV/EBITDA vs peers



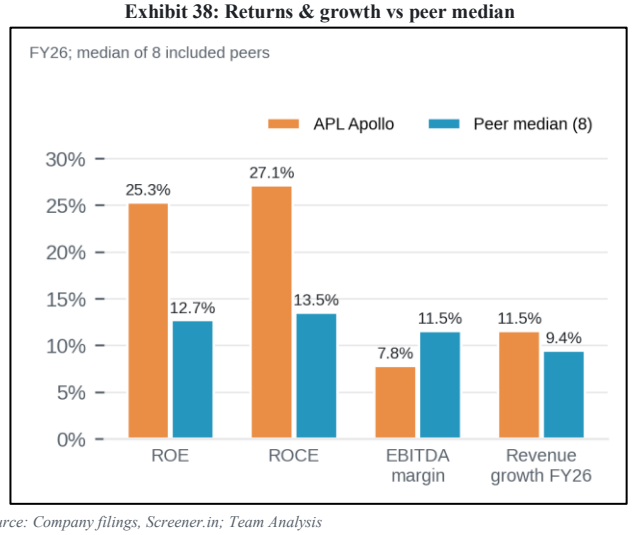
Source: Company filings, Screener.in, S&P Global; Team Analysis

Exhibit 37: P/E vs ROE



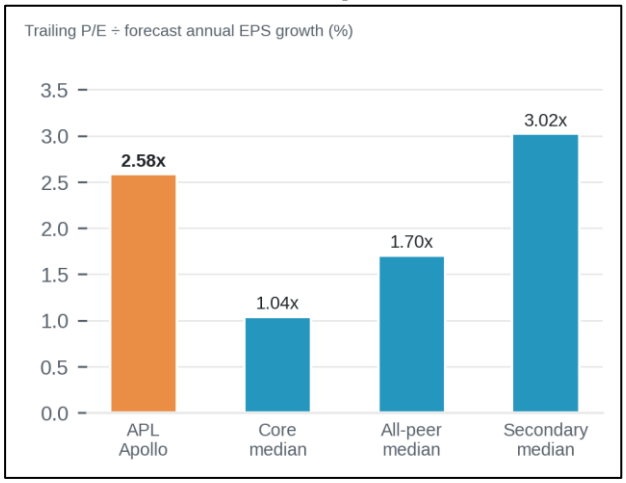
Source: Company filings, Screener.in; Team Analysis. Dashed line = peer regression

Exhibit 38: Returns & growth vs peer median



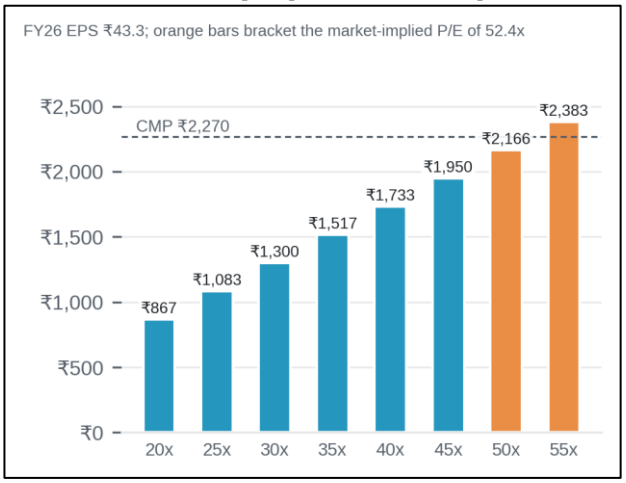
Source: Company filings, Screener.in; Team Analysis

Exhibit 39: PEG vs peer medians



Source: Geojit, Axis Securities, Simply Wall St; Team Analysis

Exhibit 40: Implied price across P/E multiples



Source: Team Analysis

APPENDIX A: DCF MODEL SUMMARY

INR crore unless stated. Ten-year explicit forecast to FY36, mid-year discounting, WACC 13.8%, terminal growth 4.9%.

	FY26A	FY27E	FY28E	FY29E	FY30E	FY31E	FY36E
EBITDA	1,914	2,299	2,689	3,093	3,557	4,019	5,791
Less: depreciation	(231)	(278)	(333)	(388)	(428)	(428)	(428)
EBIT	1,683	2,021	2,357	2,705	3,129	3,591	5,363
Less: tax at 25%	(354)	(505)	(589)	(676)	(782)	(898)	(1,341)
Add: depreciation	231	278	333	388	428	428	428
Change in working capital	545	240	24	25	29	29	17
Capital expenditure	(694)	(550)	(550)	(550)	(400)	(428)	(428)
Free cash flow to firm	**1,410**	**1,483**	**1,575**	**1,892**	**2,403**	**2,722**	**4,040**
Discount factor (mid-year)	—	0.93	0.82	0.72	0.63	0.56	0.28

Source: Team DCF model. Present value of forecast cash flows INR 12,147 crore; present value of terminal value INR 7,881 crore at 17% WACC, higher at 13.8%

APPENDIX B: COST OF CAPITAL

Input	Low	Base	High	Basis
Risk-free rate	4.91%	4.91%	4.91%	10-year G-sec yield 7.0% less India default spread 2.1%
Equity risk premium	6.27%	6.27%	6.27%	US implied ERP adjusted for India country risk
Asset beta	1.31	1.41	1.51	Median 2-year weekly beta of four listed tube peers, Blume-adjusted
Equity beta	1.40	1.54	1.65	Relevered at debt to equity of 0.09
Cost of equity	13.7%	14.6%	15.2%	Capital asset pricing model
Post-tax cost of debt	5.8%	5.8%	5.8%	Pre-tax 7.7%, marginal tax rate 25%
Gearing, debt to capital	7.9%	7.9%	7.9%	Company capital structure
WACC used	**13.0%**	**13.8%**	**14.5%**	**No small-size premium; company is large by market capitalisation**
Memo: WACC with size premium	16%	17%	18%	Workbook as built; gives INR 737 per share

Source: Team WACC workbook; Damodaran country risk data as applied by the team

APPENDIX C: TARGET PRICE UNDER DIFFERENT WEIGHTS

DCF weight	Relative valuation weight	Target price (INR)	Versus market price	Implied rating
100%	0%	1,018	(55%)	Sell
75%	25%	1,179	(48%)	Sell
50%	**50%**	**1,340**	**(41%)**	**Sell**
25%	75%	1,500	(34%)	Sell
0%	100%	1,661	(27%)	Sell

Source: Team Analysis. DCF at 13.8% WACC; relative valuation at peer median multiples

APPENDIX D: SUMMARY FINANCIAL STATEMENTS

INR crore	FY24	FY25	FY26	FY27E	FY28E
Revenue	18,119	20,690	23,079	27,695	32,403
EBITDA	1,267	1,295	1,914	2,299	2,689
Depreciation	176	201	231	278	333
EBIT	1,091	1,094	1,683	2,021	2,357
Profit before tax	978	960	1,557	1,919	2,319
Net profit	732	757	1,203	1,390	1,642
Total assets	7,187	7,596	8,833	10,148	12,110
Total equity	3,605	4,209	5,297	6,469	7,959
Total debt	1,125	615	455	270	261
Operating cash flow	1,116	1,213	2,103	1,071	1,442
Capital expenditure	(695)	(723)	(696)	(607)	(627)
Net margin	4.0%	3.7%	5.2%	5.0%	5.1%
Asset turnover (x)	2.52	2.72	2.61	2.73	2.68

Source: Annual Report FY26; team model

APPENDIX E: KEY FORECAST ASSUMPTIONS

	FY27E	FY28E	FY29E	FY30E	FY31E	Basis
Revenue growth	20.0%	17.0%	15.0%	15.0%	13.0%	Capacity ramp-up; guidance of 15-20% volume growth in FY27
EBITDA margin	8.3%	8.3%	8.3%	8.3%	8.3%	Held at FY26 level; EBITDA per tonne near INR 5,161
Capital expenditure (INR cr)	550	550	550	400	428	Expansion to FY29, then maintenance equal to depreciation
Tax rate	25%	25%	25%	25%	25%	Marginal corporate tax rate
Inventory days	22.3	23.7	23.9	23.9	24.1	Close to FY26 level of 24 days
Receivable days	6.6	5.4	2.8	3.6	4.9	Distributor credit stays short
Payable days	34.7	39.9	46.3	45.8	44.6	Supplier terms near the FY24-FY26 average

Source: Team DCF model (Ratio Analysis sheet); management guidance

ANNEXURE 1: ESG SCORECARD & METHODOLOGY

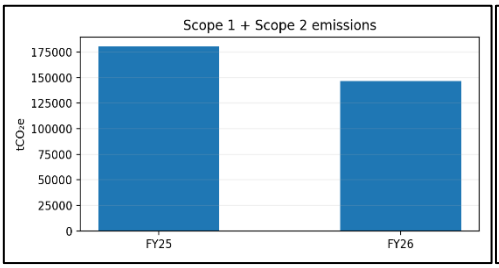
Methodology: a bespoke 10-point scorecard. Weights are sector-materiality based and are not a third-party rating. 1 = weak disclosure/performance; 10 = strong evidence/performance. The score is intended to identify material ESG issues for equity research, not to predict returns.

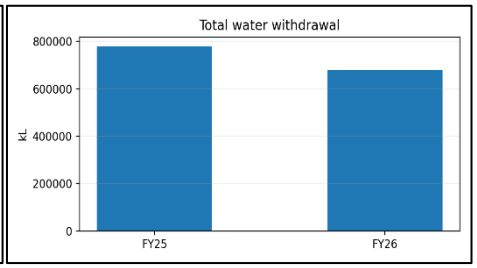
Pillar	Weight	Score	Key evidence
Environmental	35%	6.8	58% renewable electricity; SBTi target; Scope 1 rose while Scope 2 fell; water and ZLD improving.
Social	30%	5.5	Zero fatalities and LTIFR improvement; low female representation and material contract labour.
Governance	35%	6.7	50% independent board; formal committees and BRSR assurance; CMD dual role and weak ESG-pay linkage.
TOTAL	100%	6.3	Acceptable / monitor

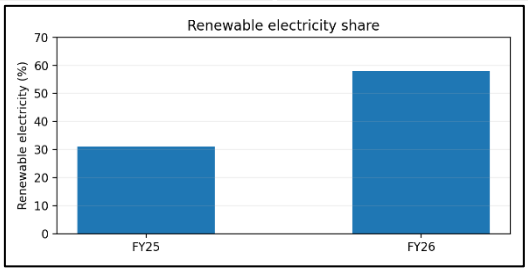
ANNEXURE 2: ENVIRONMENT - TREND & CHARTS

Metric	FY25	FY26	Change	Interpretation
Renewable electricity share	31%	58%	+27 pp	Major improvement; supports Scope 2 reduction.
Scope 1 emissions (tCO_2e)	56,455	63,347	+12.2%	Key watchpoint; direct emissions increased.
Scope 2 emissions (tCO_2e)	124,341	83,186	-33.1%	Strong improvement.

Scope 1+2 emissions (tCO_2e)	180,796	146,533	-19.0%	Overall operational emissions declined.
Water withdrawal (kL)	779,783	677,627	-13.1%	Improved absolute withdrawal.
Water intensity (kL/INR Cr)	32.3	27.6	-14.6%	Improved revenue-based efficiency.
ZLD-compliant facilities	~7/11	7/11	-	Material progress; full rollout remains incomplete.
Waste recovered	143,520 MT	155,301 MT	+8.2%	FY26 recovery >99.9% of reported waste.

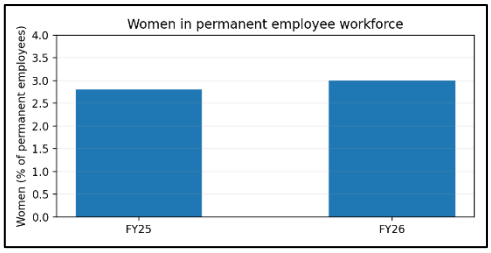


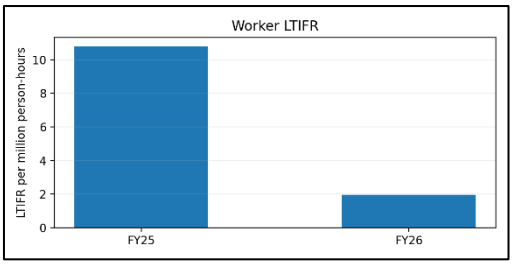




ANNEXURE 3: SOCIAL - HUMAN CAPITAL & SAFETY

Metric	FY25	FY26	Change	Assessment
Worker LTIFR	10.8	1.96	-81.9%	Strong one-year improvement; monitor consistency.
Employee LTIFR	2.90	0.00	-100%	Positive; zero employee LTIFR reported.
Fatalities	0	0	-	Positive multi-year record.
Women in permanent employees	2.8%	3.0%	+0.2 pp	Still structurally low.
Total workers	-	5,102	-	Material shop-floor workforce.
Contract workers / total workers	-	~60%	-	Labour model requires ongoing human-rights and safety oversight.





Safety is the strongest social evidence in the current disclosures, but the sharp LTIFR movement warrants multi-year monitoring rather than a single-year conclusion. Diversity remains the clearest structural gap: female representation is low and improvement has been gradual. The report therefore avoids treating zero fatalities as evidence that all social risks are low.

ANNEXURE 4: GOVERNANCE - BOARD, ASSURANCE & OVERSIGHT

Metric	FY26	Assessment
Board size	12 directors	Verified in FY26 corporate-governance disclosure.
Independent directors	6 / 12 (50%)	Meets the disclosed regulatory composition requirement; independence is not the same as governance quality.
Chairman & MD	Sanjay Gupta	Dual role concentrates executive and oversight responsibilities.
BRSR assurance	Reasonable assurance on BRSR Core; limited assurance on non-Core	Strengthens confidence in covered metrics; does not make all ESG information fully assured.
ESG / sustainability oversight	Risk-management and board-level governance structures	Formal architecture exists; effectiveness should be judged by outcomes and meeting cadence.
ESG-linked executive pay	No clear linkage identified	Disclosure gap / monitoring point.

ANNEXURE 5: EXTERNAL ESG RATINGS & BENCHMARK CONTEXT

Measure	Result	What it means / limitation
External ESG Score	59 / 100 (17 Feb 2026)	The score is relative to peers within its industry classification; it is not directly comparable across industries.

DJSI percentile	91st percentile (FY25, company-reported)	DJSI position; keep separate from the external ESG score.
SBTi target	58.8% absolute Scope 1+2 reduction by FY2034 vs FY2024; net zero by FY2050	Target validation supports credibility of the stated pathway; achievement remains future-dependent.
External assurance	Reasonable assurance on BRSR Core; limited assurance on non-Core	Assurance scope matters; non-Core information is not covered to the same level.

ANNEXURE 6: MATERIAL ESG RISKS → EQUITY RESEARCH TRANSMISSION

ESG issue	Evidence	Potential business / financial transmission	Monitoring indicator
Scope 1 emissions	FY26 Scope 1 +12.2%	Fuel/process efficiency may require capex; transition costs could affect margins	Scope 1/tonne; fuel mix; energy efficiency
Water stress	Withdrawal 0.68m kL; ZLD incomplete	Plant continuity and compliance capex in water-stressed locations	Withdrawal, intensity, ZLD coverage
Gender diversity	Women ~3% of permanent employees	Talent-pool constraints and human-capital perception	Female hiring, retention, senior representation
Contract labour	~60% of FY26 workers per disclosure summary	Safety, labour standards and execution risk	Contract-worker incidents, training and audits
Governance concentration	Chairman also MD	Board oversight / succession perception	Independent oversight, committee effectiveness
Climate target execution	SBTi target validated; 58.8% reduction by FY2034	Failure to progress could increase transition/reputation risk	Annual target trajectory vs actual

ANNEXURE 7: RAW DATA - REPORTING SNAPSHOT

Metric	FY23	FY25	FY26
Renewable electricity share	37.2%	31%	58%
Scope 1 (tCO_2e)	29,260	56,455*	63,347
Scope 2 (tCO_2e)	59,436	124,341	83,186
Scope 1+2 (tCO_2e)	88,696	180,796	146,533
Water withdrawal (kL)	589,861	779,783	677,627
Worker LTIFR	3.1	10.8	1.96
Fatalities - employees	0	0	0
Fatalities - workers	0	0	0
Women permanent employees	1.84%	2.8%	3.0%
Board independent directors	Not comparable	-	50%