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Department of Corporate Services/Listing
BSE Limited
Phiroze Jeejeebhoy Tower,
Dalal Street, Fort,
Mumbai-400001

NSE Symbol : APLAPOLLO

Scrip Code : 533758

Subject: Transcript of the Conference Call held on January 22, 2026

Dear Sir/ Madam,

With reference to our letter dated January 15, 2026 intimating you about the conference call with Analyst(s)/ Institutional Investor(s) held on January 22, 2026. Please find attached the transcript of the aforesaid conference call.

The above information is also available on the website of the Company.

We request you to kindly take the above information on your record.

Thanking you

Yours faithfully

For APL Apollo Tubes Limited

(Vipul Jain)
Company Secretary and
Compliance Officer

Encl: a/a

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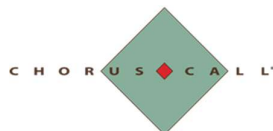
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“APL Apollo Tubes Limited
3QFY26 Results Conference Call”

January 22, 2026



MANAGEMENT: **MR. SANJAY GUPTA – CHAIRMAN AND MANAGING DIRECTOR – APL APOLLO TUBES LIMITED**
MR. RAHUL GUPTA – DIRECTOR – APL APOLLO TUBES LIMITED
MR. DEEPAK GOYAL – DIRECTOR, OPERATIONS – APL APOLLO TUBES LIMITED
MR. ANUBHAV GUPTA – CHIEF STRATEGY OFFICER – APL APOLLO TUBES LIMITED
MR. CHETAN KHANDELWAL – CHIEF FINANCIAL OFFICER – APL APOLLO TUBES LIMITED

MODERATOR: **MR. KUMAR SAUMYA – AMBIT CAPITAL PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the APL Apollo Tubes 3QFY26 Results Conference Call, hosted by Ambit Capital Private Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star, then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Kumar Saumya from Ambit Capital Private Limited. Thank you, and over to you, sir.

Kumar Saumya: Thank you, Swapnali. Good afternoon, everyone. Welcome to 3Q and 9-month FY '26 post-results conference call of APL Apollo Tubes. From the management we have with us, Mr. Sanjay Gupta, Chairman and Managing Director; Mr. Rahul Gupta, Director; Mr. Deepak Goyal, Director of Operations; Mr. Anubhav Gupta, Chief Strategy Officer; Mr. Chetan Khandelwal, Chief Financial Officer.

I'll now request the management for an opening remark, post which we'll open the floor for Q&A. Over to you, sir.

Anubhav Gupta: Good evening, everyone, and welcome to APL Apollo's 3QFY26 earnings call. I would like to take this opportunity to congratulate Team Apollo on such a stupendous performance in a quarter that faced multiple headwinds, including a subdued macro construction ban in Delhi NCR and falling raw material prices.

If you look at our performance, I would like to highlight a few points. So, number one, the 9-month sales volume increased 11% YoY, which is well within our guidance range of 10% to 15% growth, as we had communicated on the 1QFY26 earnings call. And the 9-month EBITDA per ton is above INR5,000, surpassing our own guidance given on the quarter 1 earnings call.

So our strategy of pricing premiumization by leveraging APL Apollo brand has worked excellently to expand our EBITDA spreads, and the launch of SG brand in the base category worked well to compete with the smaller players in the structural steel tube segment and the sponge iron pipe players.

It's been 12 months since we increased the selling price for APL Apollo-branded products, which suggests the markets have accepted our brand equity, and the INR3,000 to INR4,000 per ton premium for APL Apollo-branded products is now the new normal for the structural steel tube segment.

Another highlight for the 3Q result is that we sold 375,000 tons in December, implying an annual figure of 4.4 million tons. So we have successfully tested our 5 million ton capacity, achieving almost 90% utilization in December 2025. So we are very confident that this momentum will continue. Hence, we are upgrading our sales volume growth guidance of 20% for 4QFY26 and FY27, with the EBITDA guidance of almost INR5,500 per ton.

And at the same time, we are aggressively pursuing capacity expansion to 8 million tons from current 5 million tons in next 2 years, which is a mix of 4 greenfield projects; 2 being in East India, 1 in South India and 1 in West India, 1 being the brownfield project in Raipur for value-added products.

And very interestingly, we identified a 1 million ton expansion through debottlenecking, wherein we identified existing mills that could be replaced with much faster, modernized mills, which will expand our ROCE to the next level because the investment there will be very, very minimal. So total investment to expand our capacity from 5 million to 8 million tons is around INR1,500 crores, and this will be funded from internal cash flows over the next 2 years.

Now one thing which, obviously, we will be talking much more about over our earnings call is the additional 2 million tons to achieve our vision of 10 million tons of capacity by 2030. This incremental 2 million tons will be in the super specialty segment, wherein we are identifying various targets worldwide for the JVs with Japanese, Korean, and European and American companies to offer products in specialized segments like EV category, aerospace, petrochem, oil and gas, and heavy engineering.

We are already talking to a few targets. So over the next 12 months, there will be much more coming from our side. So 8 million tons of structural steel tube capacity by FY '28, and overall 10 million tons of steel tube capacity by 2030. This is our vision, and every member of the APL Apollo team is working on it.

We are also working on a lot of cost control measures, which Sanjayji will elaborate on later in the call, so that we are able to achieve the 5,500-ton EBITDA target on a per-ton basis because it's a big jump in our guidance, which we gave from INR4,800 to INR5,000 to INR5,500 per ton. So a lot of working has gone while we are giving or throwing up this number to our investors.

On cash flow generation, you can see that our balance sheet shows a surplus cash of INR5.6 billion. Now, most of the capex is behind us, right? And the company is throwing off such large cash flows, plus the sales run rate, which is what we are achieving. So we are seeing a lot of opportunities to rationalize the inventory days, which right now is 30-plus. It will be in our 20-day range.

And with the strong Q4, our surplus cash on the balance sheet could be INR1,500 crores, which was always the target that we would have as much cash on our books to match our current liabilities, so that we can be a liability-free company. A debt-free company we began 2 years ago, we are now on the verge of becoming a liability-free company. And with such high inventory churn and better EBITDA spreads and volume growth, our ROCE, which right now stands at 33%, it would also further expand to sub-40 levels.

So things look very, very promising. Thank you, everyone, for joining the call. We are happy to take questions now.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Sneha Talreja from Nuvama. Please go ahead.

Sneha Talreja: Hi, good evening, team, and many congratulations on great set of numbers. Just a couple of questions from my end. Did we hear it correctly that you said 20% volume growth in Q4 as well as FY '27? I'm more concerned about FY '27, while quarter 4 is understood.

And secondly, what's changed between in the last, I would say, 3 to 4 months or 6 months, where your EBITDA per ton guidance has suddenly moved up significantly, like you said, from INR4,800 to INR5,000 to now INR5,500. What are the measures you are taking or what are the developments which are happening in the product mix, which is leading to this kind of increase in guidance?

Management: Thank you, Sneha. Our mainly volume growth is coming from our strategy. We have decided to go with the other brands also. Right now, you can say we are H1 in our segment in the market, and also we are L1 in our market. So we are not facing any pressure in volume growth. We were taking trial for 2-3 months. This trial is totally successful. We started in November and December, and till now in January, we are going very well with our targets. So I think our strategy has worked completely.

According to the strategy, we are not facing any problems with volume growth. So, rightly you can say that this year we will do around 3.55 million tons, which we are targeting in Q4 between 10-11 lakh tons. You can say 10.25 or 10.5, we can easily achieve.

So with this, our fixed cost has reduced a lot. Because our fixed cost whether we were making 2.6 lakh tons per month or 3.7 lakh tons per month, our cost is the same. So that has reduced our fixed cost from 300-400.

Plus, according to the pricing in Apollo, we did marketing. So we got a lot of leverage from that that Apollo as a brand has been well stabilized. Our margin would have been more but due to our margin being less in premium because our margin is coming between 1500-2000 per ton.

Because of that, our spread has reduced a lot overall. Otherwise, in Apollo, we are well in head and slowly as our volume will set up at 5 million tons, then I will not finish the premium, but slowly we will slow it down and increase Apollo more. But as a brand, it is difficult to achieve abnormal growth.

But in the lower brand, I used to say that we can take growth. We were afraid that if our volume does not increase, our cost will not decrease, and if our goods are sold cheaply, then our margin will be very bad. That's why we were afraid.

But after October, we took this step. In October, we are doing so-so. Like we did in October, 2.5 lakh tons. In November, we have done almost 3 lakh tons, and in December, we have done 3.7 lakh tons. And in January also we are looking for 3.7 lakh tons or 3.8 lakh tons.

So, because of this, we have made a difference in cost. When our sales picked up, our value-added product also started selling more. When our sales were picked, then the goods were sold locally. So we have reduced our freight cost also by INR100, INR200 per ton. Earlier when the sales were less then the goods were going from one place to another to fulfill the customer demand.

Now every plant is focusing on its local market. So this has made a difference in our freight cost. It has also made a difference in our power costs. Like, if we talk about it, earlier our electricity cost was around 90 units. How much was 90 Chetan?

- Chetan Khandelwal:** 92.
- Management:** 92 units were coming till October. That in December was 80...
- Chetan Khandelwal:** No, it is combined of quarter. How much was in December 84?
- Management:** In December that 84 units came. So in these small plus fees cost there was a difference of INR200-INR300. So, because of this, our margin has increased. Thank you.
- Sneha Talreja:** Thanks a lot sir. Thank you so much. And all the very best team.
- Management:** Thank you, Sneha. So just to reiterate that we are seeing 20% volume growth for Q4 FY '26 and for the full year FY '27 over FY '26.
- Moderator:** Thank you. The next question is from the line of Bharath Shah. Please go ahead.
- Bharath Shah:** First, I wanted to make a point before I ask a question.
- Sanjay Gupta:** Yes.
- Bharath Shah:** Experience. He keeps on saying headwinds and challenges. In the quarterly presentation also he said that headwinds and challenges etc. But I believe that the birth of an entrepreneur like Sanjay Gupta is to overcome challenges. So I think we should stop writing these pre-embedded articles...
- Sanjay Gupta:** I have never seen it till date. You are absolutely right. First of all I am very thankful to you for giving such a big regard. I also believe that there is either success or failure in life. I mean these are all excuses. Headwinds and challenges are just your excuses.
- Bharath Shah:** I just wanted -- would that be the first point?
- Sanjay Gupta:** Headwinds and challenges are just your excuses. Pass or fail.
- Bharath Shah:** Okay. So basically, I think fundamentally, the most important change in strategic focus that we have last year, and which I think is providing superior outcomes, is to focus on overall growth of the profit pool, whether it comes through volumes, it comes from the lead rate due to volumes, or whether it comes through the mix.

But I think we use those levers, but objective clearly is to grow the profit growth. And I think that strategy, you're focusing on the profit pool. Perhaps is the most important strategy change that we have initiated in the last few quarters. And, in my personal opinion, it's absolutely the right area to focus on. So I want to get your perspective on the matter.

Sanjay Gupta:

So, Bharath Bhai. We have divided it into 4-5 parts. We are selling 2,40,000 tons per month from the Apollo brand. After that, our Dubai plant reached almost 25,000 tons. The third product of that is our scaffolding, which we sell by hitting Patra and Raipur. And in the SGP, we have about 50,000 tons. And in the routine product, we work for about 40,000 tons. So in this way, we have made a bracket of 3,75,000 tons.

In Apollo, we are targeting 7,000, in Dubai, we will easily reach INR7,000 easily. From Q4, we have no problem at all. Even in roofing, we will get a beta of around INR7,000. In Scaff and SG Premium, our EBITDA is around INR1,500 to INR2,000. So, if we calculate the total average, it is close to INR6,000 per ton. In 3,70,000 tons. 3,70,000 tons into INR6,000. It is INR220 crores per month.

So, we have decided that if we fail or pass 20,000-30,000-40,000 tons, the rate at which 20,000-30,000 tons will be sold, we will sell it. If we sell 20,000-30,000 tons at INR4 per kilo, then we will incur a loss of INR10 crores. If we sell it at INR5 per kilo, then we will incur a loss of INR15 crores. So, we will definitely take out INR200 crores.

So, we have come up with this type of strategy. Earlier, we were afraid of this type of strategy. Now, we are working with this type of strategy. We had a little drawback till now. Before, there was a benefit in the raw material of Raipur, and now, in Raipur, the freight cost has increased, and the factor of benefit of raw material in Raipur has stopped.

Now, the Raipur area is the regional area, or it is all-India value-added products now. We have strategized the plant so we can take all the value added product in Raipur and the remaining plants we have made them focussed on local.

We have freight cost, it was coming INR2,600 per ton from Raipur on average, and from the local plant, it was coming at INR1,150. So we are targeting INR1,150 to come down to INR750 and INR2,500, IN2,600 we have not been able to reduce so value addition of freight we want to make up because local rate has been increased and the main capacity is in Raipur so we are facing this problem.

So we have worked on that strategically, and because of that, we got one more benefit, which Anubhav said that free cash flow will be very good. Before, we made all types of products in every plant, but now we have strategized every plant so that in this plant, this thing will only be made, and all mixers we have taken to Raipur, and because of that, the inventory is very low, and free cash will be generated. So I think we are very hopeful that pressure shouldn't come until and unless there is change in management. We are at very comfort position.

Bharath Shah:

Yes, absolutely. That's what I was repeating, basically, how much is the volume, what is the mix, what is the tactical strategy, and we have a tremendous focus and control on cost and

operating leverage. These are all in our hands. Overall, that should culminate into profits. And focusing on profits and growing the profit pool is far more strategically simpler objective.

And in my opinion, an efficient objective rather than getting carried away by moving parts that sometimes it has been done in volume and we have kept the product under cover and apart from that the strategy which we have adopted from last three, four quarters. Of course, in between, we suffered from a particularly big quarter where steel prices swung. Nobody can do anything. So that is something exempted?

Sanjay Gupta: The first guideline, which we have given of INR1,700 crores this year and INR1,800 crores, there is no doubt. We are targeting that we should cross INR1,900 crores.

Bharath Shah: Absolutely. Then a second question I wanted to -- when I'm looking at conversion of EBITDA into operational cash flow. In this particular period of 9 months, it has suffered. And clearly, that has suffered because some amount of working capital has come into the play, but our free cash has gone up because our capex is now behind us.

So the question that I wanted to raise was -- Anubhav mentioned at the beginning, from a zero debt company -- zero debt balance sheet to a liability-free balance sheet. If I have to interpret it appropriately, it means that, basically, even current liabilities will probably be knocked off, which means our management of inventory and accounts receivable is so efficient that the reduction of working capital through current liabilities itself may be an objective. Is that the right understanding?

Sanjay Gupta: That's right, Bharat bhai. So the working capital, which right now stands at 3, will go to negative.

Bharath Shah: Absolutely. Now that is the most wealthy objective because liability is a way of funding assets. So we don't treat them as working capital. I think working capital is inventory and receivables. So, working capital shortens without liability, then great deduction?

Sanjay Gupta: In Q4 results you will see the inventory and debtors very minimum. We have done a lot of work on this, and you will definitely see the reduction. As an example I am telling you that every plant used to make pipe of 12 mm and every plant has been restricted to 6 mm and the 6mm product I have taken to Raipur.

When I studied at 1st December my sales was above 6 mm and including all plant I have inventory of INR50,000 and everywhere I have emptied all the product of December, January and in December it was less and after that things come into notice.

In January we have emptied all the products and all the 6 mm product we have taken to Raipur and because of that all the work will be done from INR10,000 tons inventory. From INR40,000 the above product the inventory will be less. So we are doing all such type of work and according to me Q4 is the best performance by taking these criteria.

Bharath Shah: And one last question. Given the fact that volume outlook is also now healthy, mixing any cases is steadily improving. Dubai operation is moving forward in a fast forward basis. And our strategic focus is now on raising the margins.

And first time I have heard right at the beginning, Anubhav's spilling out EBITDA per ton objective. So that clearly tells me to rethink that. So will it be possible to see EBITDA of INR3,000 crores plus in '27 or am I being greedy?

Sanjay Gupta: Right now, you are greedy, Bharat. Frankly you ask me we are thinking about 42 million ton this 4.2 million tons and above 5,500 we will done the complete work or to increase this number we need one or two quarters more. I will not speedily give the answer because nothing will happen to me the goodwill which I made in the last 20 years to become bad it will take only 1 minute like last year.

We are saying that we will do this much, then all of a sudden we have reduced our guidelines, so it's hard to meet because of that we have done a lot of hard work in last 6 months that we should give some guideline then again, in next quarter, we changed the guideline it will hurt my reputation and my mind also. So I can't give you that guideline. Now I can confirm that 4.2 million ton plus I will do and INR5,500 ton EBITDA I will surely make it.

Bharath Shah: No. That's a very, very fair answer, which means INR3,000 crores in any case has to be certain?

Sanjay Gupta: One year here and there. The target which has been given is of 10 million ton, EBITDA 6,000 to 10,000 definitely I will make it happen.

Bharath Shah: No, so delighted hear all that I heard and between what you stated and you didn't state I think this is a remarkable want, but statement about challenges it should come because people like Sanjay Gupta has been born to meet challenges.

Sanjay Gupta: When we have reduced the guidelines we were hurt badly that time and all the system has working very hard and we are not ready to take back the guidelines at any cost. Whatever we say, we will say with a lot of thought. To do that, how much will we try?

Moderator: The next question is from the line of Aditya Walekar from Axis Securities.

Aditya Walekar: Congrats for the great set of numbers. So my question is to Anubhav. Just a few bookkeeping questions on the capacity expansion plan. So in the last quarter's presentation, we have existing capacity of 4.5 million tons. So now we have 5 million tons. So the increment has come from Dubai. And what else apart from Dubai?

Anubhav Gupta: So this 4.5 million tons to 5 million tons capacity, one is super heavy, we had added. So that got added, plus some capacity we added through debottlenecking only. So the team is working very, very aggressively, right, to identify that within the existing capacity, how we can increase our capacities by doing small, small improvements, like the mill has multiple components.

So, replacing old components with new components, the efficiency improves. So 4.5 million tons to 5 million tons new capacity got added by 100,000, 200,000 tons, and the rest, to 300,000 tons, is through debottlenecking only.

Aditya Welekar: Okay. And these specialty tools, which we were projecting earlier at 0.5 million tons, will remain the same in the quantum and...?

Anubhav Gupta: Now we are targeting 2 million tons. Beyond 8 million tons, to reach 10 million tons, 2 million tons will be specialty tubes. Earlier, it was 1 million tons. Now we have increased it to 2 million tons. Because as we started working, we are identifying a lot of areas where our company can work across.

Aditya Welekar: Yes. So what gives us -- I mean, if you can throw some use cases or demand pointers that we are now projecting higher capacity additions. So anything on that front?

Anubhav Gupta: So, from 5 to 8 journey, right, 2 million tons consists of 4 greenfield plants, 1 in Gorakhpur, another 1 in Siliguri, third 1 in New Malur, which is in South India, and fourth in Bhuj. So these are the 4 greenfield plants and one brownfield expansion in Raipur for value-added products.

So this put together will add 2 million tons over 5 million tons. And 1 million tons again, through debottlenecking, we are going to increase. And the greenfield plus brownfield expansion will require INR1,300 crores, and debottlenecking expansion will require INR200 crores.

Aditya Welekar: Sir, my question was on demand drivers because we are expanding the capacity. So, from a demand perspective, do you see that means from an overall perspective, because the last few quarters, we have seen there was some subdued demand.

Sanjay Gupta; Yes. No, no. Demand is not subdued. We are selling the material in one segment. Now we have split ourselves. Now, what I have said at the start, now we are H1 in the market, we are L1 in the market. We are not going to spread anything. We have to make our capacity full. We are very clear.

Anubhav Gupta: So what Sanjay is saying is that APL Apollo brand is the highest selling price point. SG brand is at the lower selling price point, correct? So that way, we have captured the market heavily. Second, see, all these expansions which are coming, no. So, East India, we are not selling our production in East India because we don't have any plant as yet. So Gorakhpur and Siliguri will cater to all the new virgin market for APL Apollo. Then Bhuj, Bhuj is for export market.

Again, the segment where we have been lagging behind. New Bangalore, Malur project, right? There, the capacity for the existing products is already fully utilized. So we are adding new capacity. So whatever new capacity is coming, either it is for new areas or the products which are fully utilized as on date. And third, the roofing -- the value-added products in Raipur. Even Raipur plant today, the capacity utilization has reached 70%, okay, in quarter 3.

So 1 year down the line, we also need to reinvest again in Raipur to expand the capacity because the demand for some of the products is very, very strong. So we're just gearing for that. So there's

a 2 million ton of incremental capacity. It's not going to cannibalize existing sales. It's on 3-point fundamental new market, new product. This is an overlap. This will be an overlap, yes. But then the market will increase, assuming India's construction growth is 7%, 8% year-on-year. So that much market will increase.

Moderator:

The next question is from the line of Omkar Ghugardare from Shree Investment.

Omkar Ghugardare:

Congrats on a good set of numbers. I just wanted to know this specialty tube, which you are talking about, from FY '28 to FY '30, what kind of EBITDA per ton is there? You can give a range, that would be fine.

Anubhav Gupta:

So, if you look at the specialty tubes, some of the Indian companies are present and some of the global companies, which we are studying, the EBITDA spreads are in the range of INR10,000 to INR15,000 per ton. It will depend on what kind of product segment we get into. It's a bit early to comment.

In the next 2 to 3 quarters, we'll have much more clarity on which global partner, which segment we are tying up with. And -- but yes, whatever we do, it should be above INR10,000 per ton EBITDA.

Omkar Ghugardare:

And here, you were talking about JVs, right, in the international markets?

Anubhav Gupta:

Yes, that's right. Because super-specialty products, now, if we build this capacity in-house in India, it will take time. So a partnership with a global player always put things on fast track, and we can capture pretty quickly.

Omkar Ghugardare:

Okay. Second one is on the capacity you mentioned. I guess you will be doing around 3.6 million tons this year and then 42 million, 43 million tons -- 4.2 million tons, 4.3 million tons in FY '27. So is the understanding correct?

Management:

Yes. Minimum 4.2 million ton, minimum.

Omkar Ghugardare:

Okay. And you're talking about 5,500 of EBITDA per ton, right?

Management:

Yes, minimum.

Omkar Ghugardare:

Okay. This is minimum you are talking about. And then with all the efforts you are doing and when the free cash we'll be generating, what kind of ROCE are you targeting?

Management:

It could hit 40%.

Omkar Ghugardare:

In FY '27, right?

Management:

40% will be more. So optically, right, as on net INR5,000 crores.

Omkar Ghugardare:

So next year's INR1,000 crores and next year's INR6,000 crores. How much do you want from 50%?

Management: You want EBIT?

Omkar Ghugardare: Yes, EBIT. So...

Management: After depreciation of 300 for 50%, need 3,200 EBITDA, 40%.

Anubhav Gupta: So 40% is what you can see within FY '27.

Omkar Ghugardare: And like the free cash flow which you will be generating, you are like, you will be using that to reduce the working capital days? Or will you be giving out some extra dividends, like increasing your dividend payout as well?

Management: We're going to increase some dividend payout. Surely, no doubt. Like right now, we are -- we achieved our targets, but we are thinking. So right now, we are going with minimum 20% of dividend payout policy. We increased to 25% minimum.

Moderator: The next question is from the line of Abhishek from DSP Mutual Fund.

Abhishek: Yes. Sir, congratulations for a great set of numbers, but I wanted to understand two things. That this INR5,500 EBITDA per ton, does it have sourcing advantages built in? Because there is a lot of capacity coming in as far as tailments are concerned. So is that sourcing advantage already built in?

Sanjay Gupta: Sir, the level of sourcing I am doing, I don't have any scope in that. Because I have to take more material, so I am not looking, I am not looking for money from backward people at this time. Because I have to take more material, I am assuming that I am not taking any sourcing advantage in this.

Abhishek: Okay. Okay. Because you...

Sanjay Gupta: Whatever I get, I just want to maintain it.

Abhishek: Okay, okay, okay. And secondly, Sanjay ji, the 20% volume that you are thinking about, in this, will you feel any market tailwind that even if their market tailwind is not falling in demand, still you are confident of that number?

Sanjay Gupta: I have thought a lot that if L1 is being sold, then what will the market tailwind say? When I thought that L1 is being sold, then what will the market tailwind say?

Abhishek: Okay. So, if there is a market tailwind, there can be upside to this number?

Sanjay Gupta: Yes.

Abhishek: Okay. Okay, sir. Thank you so much, and wish you all the best.

Moderator: Thank you. The next question is from the line of Darshan Mehta from Axis Capital. Please go ahead.

- Darshan Mehta:** Yes, sir. Thank you for taking my question. Sir, my question was also on the similar line. When we target for 5,500 per ton EBITDA, so what HRC price are we working for this unitary EBITDA?
- Anubhav Gupta:** No, Darshan. So HRC is a pass-through for us, right? So there is no assumption on the HR coil pricing. Whatever the price is, up or down, it will be fully passed on to our customers.
- Darshan Mehta:** So, we are able to fully pass on? Like, there is no absorption that we have to take in our books? Are we able to fully pass it to the end consumer?
- Anubhav Gupta:** That's right. That's right, Darshan.
- Darshan Mehta:** Okay. Okay. And sir, just one more thing. In terms of the conciliation of the capacity, sir, in the presentation given that for this 2 million ton greenfield capacity, Raipur would be close to 0.6 million ton. However, my understanding is that the Raipur plant is for debottlenecking. It doesn't fit into the greenfield capacity.
- Anubhav Gupta:** No, no. Within Raipur, same land, same land parcel, there will be new sheds coming up, new machinery coming up for 6 lakh tons.
- Darshan Mehta:** Okay. Okay. So this Raipur, 0.6 million ton is purely greenfield. And then can you give the breakup of this debottlenecking capacity of this 1 million ton?
- Anubhav Gupta:** That will be across the plants, Darshan, that will be across the plants.
- Darshan Mehta:** Okay. That would be across the plants. Okay. And one more question is on the -- sir, we saw an increase in interest cost this quarter. However, I think that our total debt quarter-on-quarter, which you gave in the presentation, has decreased. So just wanted to know why did we see this increase in overall interest cost?
- Anubhav Gupta:** So it is -- so listen, if you see like the debt we have on the books, right, the gross debt, let's not talk about the net debt. If we talk about the gross debt, on March '25, it used to be around INR600 crores, INR615 crores, okay, March '25.
- And 9 months, we closed at INR548 crores, okay? That's the gross debt on the books. So, because there was interest rate movement during the year, this is what it is, and charges because of bill discounting, etcetera, we do. So some increase in interest cost because of that.
- Darshan Mehta:** So, basically, you are saying that overall debt has also gone down. Basically, there are some bank charges as well as maybe an increase in the overall borrowing rate, which has basically led to an increase in interest.
- Anubhav Gupta:** Yes. That's right. So, as we are going to have a lot of cash flow generation during quarter 4, I mean, from quarter 1 FY '27 onwards, this interest rate will drastically reduce to almost zero levels.

- Darshan Mehta:** Okay. And just one -- two more questions, if I can squeeze. So, first was on the consolidated tax rate. Can we -- can you assume a lower tax rate going ahead once this Dubai facility comes into play? Already, I think we are now at 20% to 23%. Would there be any more reduction in the tax rate going forward once this Dubai plant keeps running, like once it is on stream?
- Anubhav Gupta:** So, Darshan, both Dubai and Raipur plants are at a low tax rate because Raipur, we started in 2018 under that scheme when the government gave tax benefits for the new ventures. So eventually, we expect our tax rate to be around 20%, when the contribution from both Dubai and Raipur will be at its peak.
- Darshan Mehta:** Okay. So, can I say FY '28, would you see more like 20% tax rate?
- Anubhav Gupta:** Kind of, yes.
- Darshan Mehta:** Okay, okay. And yes, I think I'm done with my questions. And congratulations on the numbers, sir. Thank you.
- Anubhav Gupta:** Thanks, Darshan.
- Moderator:** The next question is from the line of Sanjay Nandi from VT Capital. Please go ahead.
- Sanjay Nandi:** Hello. Yes, congrats, sir, on a good set of numbers. Sir, just a broad vision picture, kind of like as we are heading for 10 million tons by 2030 from 5 as we talk. So, which of the industries can we expect the green shoots from?
- Anubhav Gupta:** From 5 to 8, we are betting on our existing industry, which is a structural steel tubing, which is linked to the construction across the country for residential, for commercial, government infrastructure, real estate, private construction has been on a slow track around 2, 2.5 years because of various reasons.
- But the next 3, 4 years look very promising, and the government spending on infrastructure, once it kicks off, will also bring a lot of tailwinds. So we are very bullish on the construction and infrastructure spending over the next 3 to 4 years. So, 5 million to 8 million tons is the existing structural steel tubing.
- And beyond 8 million tons, to reach 10 million tons, that is for the special segments, new emerging categories like EVs, aerospace, and highly mechanical engineering, petrochem, and oil and gas segments. That we will -- that we are still evaluating and studying. Maybe in 2, 3 quarters' time, we'll have a fine blueprint that how we are going to cater to this segment.
- Sanjay Nandi:** So, sir, in the specialized segment, we are also planning for the structural steel, supplying the structural steel, right?
- Anubhav Gupta:** Which one?
- Sanjay Nandi:** In the specialized steel also, we are planning to supply the structural steel, right, in the respect of those segments?

- Anubhav Gupta:** No, that won't be structural steel. That will be non-structural like ground pipes or coated pipes or like titanium pipes. Structural steel tubes don't require that kind of specialty segment, yes.
- Sanjay Nandi:** So, that's it from my side, sir. Wish you all the very best. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Harsh Vasa from SBI Capital Securities. Please go ahead.
- Harsh Vasa:** Yes. First of all, congratulations on a great set of numbers to the entire APL Apollo team, and thank you for the opportunity. So, my question was that like currently, we have a capacity of 5 million tons at the end of FY '26. So by the time of FY '27, sir, what would be our like exit capacity at the end of FY '27? And what would be our FY '28 volume growth, if you can tentatively give like ballpark number from FY '27 Y-o-Y growth?
- Anubhav Gupta:** So, FY '26, the exit capacity will be 6 million tons. FY '28, target is 8 million ton, right? So almost 3 million tons will come in 24 months from April '26 to March '28, okay? Now exact number, you can assume like 6 -- 6.5 million tons would be -- 6 million tons, 6.25 million tons would be as of FY '27 and 8 million ton by FY '28.
- But majority of the capacity will come in FY'28 because these are the greenfield plants we are setting up. So bulk of that will start coming from Q1 of FY'28. And as far as the volume growth for FY'28, so the guidance is that we should continue -- 20%, we should maintain 20% growth rate for FY'27 and FY'28.
- Moderator:** The next question is from the line of Radha from B&K Securities. Please go ahead. Radha, please proceed with your question. Due to no response, we will take the next participant. The next question is from the line of Prashant Sharma from JM Financial. Please go ahead.
- Prashant Sharma:** Sir, my question is regarding this new safeguard duty that has come into play in December. So what's the impact of that on APL Apollo?
- Anubhav Gupta:** No impact on Apollo, except the fact that our raw material prices went up, but that is fully passed on. So no impact as such.
- Prashant Sharma:** Okay. Thank you. That's all from my end.
- Moderator:** The next question is from the line of Ajit Shetty from LCO Quantum Solutions. Please go ahead.
- Ajit Shetty:** Thanks for the opportunity. As we will be doing L1 going forward. So do we expect any realization hit going forward?
- Anubhav Gupta:** So this is going to be a very small part of the business. You saw that contribution in Q2 and Q3 also. And we still maintained the EBITDA spread of INR5,200 per ton. So whatever projections guidance we are giving in, we have built in the volume from low category brand.
- Ajit Shetty:** Okay. Thank you.

- Moderator:** The next question is from the line of Mudit Bhandari from IIFL Capital. Please go ahead.
- Mudit Bhandari:** Hi sir. Just one question. In the SG premium, I think you said 1,500 to 2,000 is EBITDA per ton. So what kind of volumes did we make in 3Q FY'26? And is there any -- if we want to increase those volumes, would there be any additional assembly line or machinery different from what we are using would be required?
- Sanjay Gupta:** No, no. Machinery is almost same. We are doing almost 60,000, 70,000 tons per ton in quarter Q3. It depends on our balanced product mix sales, where, if my sales are less in the other -- my premium products, maybe I go for 1 lakh ton in the quarter. We have no problem at all because machinery is same.
- Anubhav Gupta:** I hope this answers your question. Can we take next one, please?
- Moderator:** The next question is from the line of Pallav Agarwal from Antique Stockbroking. Please go ahead.
- Pallav Agarwal:** Good evening, and congratulations on the record quarter. So, a couple of questions. One is the safeguard duty, and HRC prices are going up. Are we seeing some restocking demand happening in the quarter, so that it can lead to better volumes?
- Anubhav Gupta:** Very minor color because it's too early for channel partners to act on this. Once there is more clarity on how prices will behave, then restocking should start.
- Pallav Agarwal:** Okay. The other question was on the purchase of stock in trade. So in some quarters, it is a pretty high number.
- Moderator:** Hello? Due to no response, we'll take the next participant. The next question is from the line of Onkar Ghugardare from Shree Investments. Please go ahead.
- Onkar Ghugardare:** Yes, I just wanted to know, with the recent upside in all the commodities, I mean, will there be any impact on the guidance which you have given -- I mean, you cannot comment on the revenue front, but what would be your prediction on that?
- Anubhav Gupta:** Sorry, say it again, prediction on what?
- Onkar Ghugardare:** Prediction on overall guidance, which you have given, of 20% volume growth, I mean, where do you see the trajectory of commodity prices and how much it can impact your overall revenue?
- Anubhav Gupta:** So we don't factor in how steel prices will behave because there is no major -- where we can have clarity while working on our business plan for the next 2 years. We work on simple fundamentals that whatever increase or decrease in raw material prices we get, we immediately pass it on to our customers.
- And this we have been doing for many years now. And our channel partners, our network of 800 distributors, have also kind of got used to this model. And not only us, but our competitors also

work on the same fundamentals. So industry has adopted this that the increase or decrease in raw material prices should be easily passed on to the customers.

Onkar Ghugardare: So generally, how much is the lag in that?

Anubhav Gupta: 5 to 8 days.

Onkar Ghugardare: Just 5 to 8 days?

Anubhav Gupta: That's right.

Onkar Ghugardare: So, practically speaking, there should be no impact because of the commodity steel prices or the commodity price increase if it sustains like this?

Anubhav Gupta: Yes. Unless there is a drop or increase of like 10% or more in a single quarter, right, which happens like once in 10 years. So last year, we had this impact, but we don't expect this to come again, such a sharp increase or decrease again during this decade, at least.

Onkar Ghugardare: Okay. Less than that is easily passed on, right, as you said, within the same quarter or maybe in 7, 8 days?

Anubhav Gupta: Yes, yes, that's right. That's right.

Onkar Ghugardare: All right. No problem. Thank you very much.

Moderator: The next question is from the line of Kumar Soumya from Ambit Capital.

Kumar Soumya: Hi Anubhav, just one question from my side. I'm just trying to understand the math here. The market is roughly 10 million to 12 million tons. Assuming 55% is your HRC coil base, that implies 5.5 million to 6.5 million tons. Now, based on 20% guidance, you would be touching 4.5 million tons next year.

And if I remove 200,000 tons for SG premium and 300,000 tons of Dubai, you're left with 4 million tons for the domestic market. So that implies 65% market share. And your competition is also planning for capacity additions. So how comfortable are you with this volume?

Anubhav Gupta: So, Kumar, 65% market share we've been maintaining for almost 4 years now after COVID. Before COVID, we were at 40%. Now, after COVID, from 2021 straight into '25, as we entered in '26, we are above 60%. Sanjay, do you want to add to this?

Sanjay Gupta: Yes. And number two, Kumar, in our competition, I think the number two player, like we are talking 4 lakh tons per month. So, the number two player is at 15,000-20,000 tons per month. So, he will add the capacity. He will add 2,000, 4,000, and 5,000 tons. He will add 10,000 tons. It shouldn't make that much of a difference to us.

And number two, we are very aggressive in SG premium. We will sell SG premium no matter what the volume is, whatever the price. Maybe price is less than HR coil, or maybe price is less than patra, or maybe price is less than anything.

- Kumar Soumya:** So, sir, in this guidance of 4 to 4.5, what is the estimate that SG premium will come on in terms of volume share?
- Sanjay Gupta:** We have caught 3 to 4 lakh tons, which we will need.
- Anubhav Gupta:** Under 10%, Kumar.
- Sanjay Gupta:** Under 10%.
- Kumar Soumya:** Okay. Thank you, sir. That will be all from my side.
- Sanjay Gupta:** Thank you.
- Moderator:** Thank you very much. As there are no further questions from the participants, I now hand the conference over to the management for the closing comments.
- Anubhav Gupta:** Thanks, Kumar and Ambit for hosting Apollo for its 3Q earnings call. And thanks to all the participants who dropped by. Look forward to seeing you again during the 4QFY26 earnings call. Thank you so much.
- Moderator:** Thank you very much. On behalf of Ambit Capital Limited, that concludes this conference. Thank you for joining us today, and you may now disconnect your lines.