Apollo Pipes Limited

NSE: APOLLOPIPE | ISIN: INE584M01012 | BSE: 531761

⚠ PIPES & FITTINGS — TURNAROUND WATCH

ANALYST RATING

WATCH

⚠ High Risk — Wait for Recovery Signal

CMP	MARKET CAP	P/E (FY25)	52W RANGE	ROCE (FY25)	FY25 EPS	PROMOTER HOLD
₹353	₹1,556 Cr	95.6x	₹252–₹495	7.3%	₹7.41	46.84%
Mar 04, 2026	Small Cap	Distorted (low earnings)	CMP at 40% from ATH zone	Below cost of capital	vs ₹10.84 FY24	↓ 5.2% in 3 years

PART A FUNDAMENTAL ANALYSIS

A1 Company Overview

BUSINESS DESCRIPTION

Apollo Pipes Limited (NSE: APOLLOPIPE) is a small-cap PVC/CPVC pipe and fittings manufacturer headquartered in Delhi. Incorporated in 1978, the company manufactures UPVC, CPVC, SWR, column pipes, agriculture pipes, and a range of fittings under the brand 'Apollo Pipes'. It operates primarily in the residential plumbing, agriculture irrigation, and drainage infrastructure segments across India.

The company markets products through a pan-India distribution network spanning 22+ states, servicing retail hardware shops, plumbers, and project contractors. Manufacturing footprint includes plants at Dadri (UP), Kisan (Rajasthan), and a new greenfield plant under commissioning at Varanasi.

BUSINESS SEGMENTS

SEGMENT	PRODUCTS	END-USE
UPVC Pipes	Schedule 20/40/80, Column	Plumbing, agriculture
CPVC Pipes	FlowGuard Plus	Hot/cold plumbing (premium)
SWR Pipes	Drainage pipes	Sewerage, waste drainage
Fittings	Elbows, Tees, Reducers	All plumbing applications
Agriculture	Submersible column pipes	Borewell, irrigation

A2 Competitive Positioning & Capabilities

⚠ **Industry Headwind:** The Indian PVC pipe industry is highly fragmented with 50–60 players, leading to intense price competition. PVC resin prices are volatile (import-dependent), compressing margins across the sector. Apollo Pipes is a Tier-3 regional player relative to Supreme Industries, Astral, Finolex, and Prince Pipes.

COMPETITIVE LANDSCAPE

COMPANY	MKT CAP	ROCE	REVENUE
Supreme Industries	~₹35,000 Cr	~28%	~₹7,500 Cr
Astral Ltd	~₹40,000 Cr	~22%	~₹5,200 Cr
Finolex Industries	~₹10,000 Cr	~18%	~₹3,400 Cr
Prince Pipes	~₹6,500 Cr	~14%	~₹2,500 Cr
Apollo Pipes	**₹1,556 Cr**	**7.3%**	**₹1,182 Cr**

APOLLO'S POSITIONING

Strengths: Pan-India distribution (22+ states), CPVC brand positioning, Kisan agri-pipe channel, debt-light balance sheet (D/E ~0.1x), upcoming Varanasi greenfield capacity.

Weaknesses: No raw material backward integration (PVC resin is imported), small scale vs Tier-1 peers, declining promoter holding, sub-CoC ROCE, limited brand pull vs Astral/Supreme, heavy competition in all product categories.

A3 Total Addressable Market

INDIA PVC PIPE MARKET

India's plastic pipes and fittings market is ~₹50,000–60,000 Cr (FY25), growing at 8–12% annually. Demand driven by housing, rural water supply (Jal Jeevan Mission — ₹3.6 lakh Cr budget), urban drainage, and irrigation. PVC is ~60% of total plastic pipe consumption.

KEY DEMAND DRIVERS

Jal Jeevan Mission: Piped water to every rural household by 2026 (delayed). Creates sustained PVC pipe demand in semi-urban/rural areas.

PMAY Housing: 3 crore homes target creates PVC plumbing demand.

Agriculture: Micro-irrigation expansion and borewell installations.

MARKET STRUCTURE CHALLENGE

Market is heavily fragmented — 50+ players, price is primary competition. Large players (Supreme, Astral) have brand/distribution moat. Apollo competes on price and geographic distribution in North/East India. CPVC is the only segment with meaningful brand differentiation. Industry faces chronic oversupply risk.

A4 Business & Operations Deep Dive

MANUFACTURING CAPACITY

VOLUME TRENDS & Q3 FY26 CRISIS

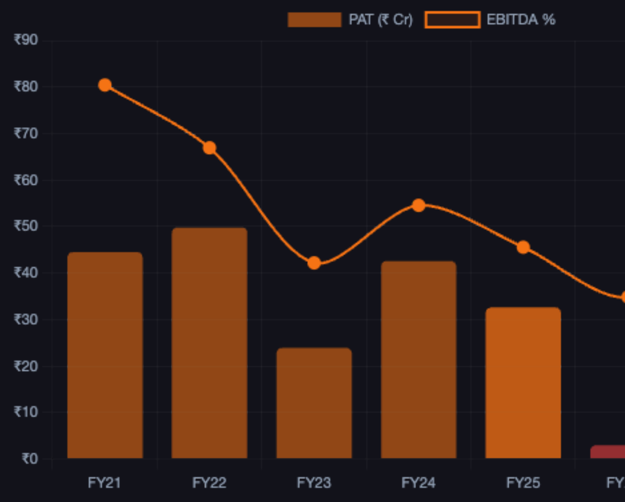
PLANT LOCATION	CAPACITY (MT)	STATUS
Dadri, UP	~80,000	Operational
Kisan, Rajasthan	~40,000	Ramp-up
Varanasi, UP	~40,000	Commissioning FY26-end
Planned Total	**~286,000**	Over 2 years

QUARTER	VOLUME (MT)	REVENUE	PAT
Q1 FY25	~24,000	₹280 Cr	₹9 Cr
Q2 FY25	~26,500	₹303 Cr	₹16 Cr
Q3 FY25	~22,500	₹286 Cr	₹6.2 Cr
Q1 FY26	~25,200	₹275 Cr	₹8.2 Cr
Q2 FY26	21,685	₹236 Cr	₹1.6 Cr
Q3 FY26	~22,000	~₹242 Cr	**-₹3.3 Cr**

A5 Financial Performance

REVENUE (₹ CR) — FY21 TO FY27E

PAT (₹ CR) VS EBITDA % — DUAL AXIS



ANNUAL FINANCIALS (₹ CR)

YEAR	REVENUE	EBITDA	EBITDA%	PAT	EPS (₹)	ROCE
FY21	518	74	14.3%	44.5	11.31	~18%
FY22	784	94	11.9%	49.8	12.65	~21%
FY23	915	69	7.5%	23.9	6.08	~10%
FY24	987	96	9.7%	42.6	10.84	9.8%
FY25	1,182	95	8.1%	32.6	7.41	7.3%
FY26E	1,000	62	6.2%	~3	~0.7	~3%
FY27E	1,380	131	9.5%	~85	~19	~14%

FY26E/FY27E are estimates based on management guidance and analyst projections. FY26E reflects ongoing PVC price war impact.

A6 Regulatory & Policy Environment

TAILWINDS

Jal Jeevan Mission: ₹3.6 lakh Cr for rural piped water — direct demand for PVC pipes.

PMAY: Affordable housing scheme drives plumbing pipe demand.

Smart Cities: Underground drainage and water supply upgrades.

HEADWINDS

PVC Resin Price Volatility: India imports ~60% of PVC resin. Price swings directly impact margins — passed through with lag.

Capacity Glut: Industry-wide overcapacity depresses pricing power and margins across all players.

BIS/QUALITY STANDARDS

BIS certification (IS:4985, IS:15778 for CPVC) creates minimum quality barrier. However, unorganised players remain active, competing on price in rural markets. GST revision from 18% to 28% risk on CPVC is a watch item. No major pending regulatory risk.

A7 Management & Concall Insights (Q3 FY26)

Q3 FY26 CONCALL KEY TAKEAWAYS (JANUARY 30, 2026)

📊 **FY26 Volume Guide:** 106,000–107,000 MT (9M volume flat YoY — significantly below initial guidance of double-digit growth)

🏭 **Q4 FY26 Volume Target:** 32,000–35,000 MT (aggressive vs Q2/Q3 actuals of ~22,000 MT each)

🔨 **Varanasi Plant:** New greenfield plant commissioning expected by FY26 end. Adds ~40,000 MT capacity. CapEx ₹125 Cr in 9M FY26.

⚔ **PVC Price War:** Ongoing pressure from 50+ players; government infra spending slow; working capital elevated due to high inventory levels

📈 **FY27 Guidance:** High double-digit volume growth expected with Varanasi plant ramp-up and Kisan plant scaling. EBITDA margin recovery to 9–10% expected.

💧 **Key Risk:** Q4 volume target (32–35K MT) vs recent actuals (21–22K MT) implies 50%+ sequential improvement — credibility gap exists.

A8 Balance Sheet & Fraud Filter

BALANCE SHEET HIGHLIGHTS (FY25)

METRIC	VALUE	ASSESSMENT
Total Debt	₹93 Cr	Low (D/E ~0.12x)
Total Assets	₹1,217 Cr	—
Net Worth	₹825 Cr	₹187 BV/share
Working Capital Days	~110 days	Elevated
Inventory Days	~70 days	High inventory buildup
Cash & Equivalents	~₹80 Cr	Adequate

FRAUD FILTER CHECKLIST

- ⚠ **OCF vs PAT:** OCF lagging PAT; elevated WC is concern — MONITOR
- 🔴 **Promoter Pledge:** 0% pledged — CLEAN
- 🔴 **Promoter Selling:** -5.2% in 3 years — consistent decline — RED FLAG
- ✅ **Related Party Txns:** No major concerns reported — CLEAN
- ✅ **Auditor Quality:** Mid-tier auditor, no qualifications — CLEAN
- ⚠ **ROCE vs CoC:** ROCE 7.3% below Ke ~12% — VALUE DESTRUCTIVE

A9 P&L Deep Dive & Margin Analysis

MARGIN EROSION STORY

EBITDA margin peaked at ~14% in FY21 when PVC resin prices were depressed (COVID-era oversupply) and Apollo benefited from inventory gains. FY22-FY23 saw massive PVC price inflation from China supply disruption — margins crashed to 7.5% in FY23. Partial recovery to 9.7% in FY24, then renewed compression to 8.1% in FY25 and <7% in Q2-Q3 FY26 due to price war.

REVENUE MIX SHIFT

Apollo is attempting to shift mix toward higher-margin CPVC (hot/cold plumbing) and fittings from lower-margin UPVC/agricultural pipes. However, execution is slow — CPVC share remains <20% of revenue. Fittings (30–40% margin contribution) are growing but from a low base. Kisan agriculture channel is scaling but at low margins initially.

COST STRUCTURE (FY25)

COST ITEM	% REVENUE
PVC/CPVC Resin (Raw Mat)	~68–70%
Employee Costs	~4–5%
Other Mfg Costs	~7–8%
EBITDA	**~8.1%**
D&A	~3.8%
Interest	~0.8%
PAT	**~2.8%**

A10 Valuation Analysis

⚠ **Distorted Multiples:** FY26E earnings are near-zero, making P/E multiples meaningless for current year. Valuation must be done on FY27E normalised earnings or P/BV/EV-Sales metrics.

VALUATION MULTIPLES (CMP ₹353)

METRIC	FY25A	FY26E	FY27E
P/E	95.6x	N/M (loss)	~19x
EV/EBITDA	17x	26x	~12x
P/BV	1.9x	—	—
MCap/Sales	1.3x	1.6x	1.1x

At FY27E recovery (₹85 Cr PAT, EPS ~₹19), P/E 19x is modest. If recovery confirmed and EPS reaches ₹25–30 by FY28E, stock at 20x = ₹500–600.

BEAR CASE

₹230

Recovery fails. Margin stays <7%. P/BV 1.2x = ₹224. -35% from CMP. Structural value trap.

BASE CASE

₹500

FY27E recovery to EPS ₹19, P/E 26x. Analyst consensus ₹507. +42% from CMP.

BULL CASE

₹650

FY28E EPS ₹28, P/E 23x. Full Varanasi ramp, CPVC mix improvement. +84% from CMP.

A11 Management Quality Scorecard

MANAGEMENT ASSESSMENT

Capital Allocation 2.5/5

KEY CONCERNS

Execution Track Record	2.2/5
Guidance Credibility	2.0/5
Promoter Skin-in-Game	2.3/5 ↓
Transparency	3.0/5
Strategic Vision	2.8/5
Total Score	**14.8/30**

- **Declining Promoter Holding (Red Flag):** Promoter stake fell from ~52% (FY22) to 46.84% (Dec-25) over 3 years — consistent selling despite management's public growth narrative. Raises alignment concerns.
- **Guidance Miss:** FY26 volume guidance of double-digit growth has been largely missed — 9M FY26 volume flat YoY. Q4 target of 32–35K MT implies 50%+ sequential jump which seems aggressive.
- **Margin Recovery Uncertain:** Q3 FY26 loss was first quarterly loss in company history. PVC industry price war shows no clear sign of abating.

A12 Risk Register

RISK MATRIX

RISK	SEVERITY	PROBABILITY	MITIGATION
PVC resin price spike	High	Medium	Inventory management; partial pass-through
Industry price war continuation	High	High	No direct mitigation; must wait for industry consolidation
Promoter stake sale	High	High (ongoing)	None; monitor for acceleration
Varanasi plant delay	Medium	Medium	Commissioning expected FY26-end; Q4 FY26 catalyst
Jal Jeevan Mission delay	Medium	Medium	Already delayed; ongoing tender activity
Working capital blowout	Medium	Medium	WC at ~110 days elevated; could stress cash flow

CATALYSTS FOR RE-RATING

- **Q4 FY26 Volume Confirmation:** If 32–35K MT target met, signals demand recovery and operational leverage pickup for FY27
- **Varanasi Plant Commissioning:** Capacity addition signals growth confidence; execution on time is critical
- **PVC Resin Price Stability:** India import prices stabilising would allow industry margins to recover across all players
- **Jal Jeevan Mission Acceleration:** Government push to complete rural water supply could unlock large B2G pipe demand
- **Industry Consolidation:** Exit of unorganised players would improve pricing discipline and sector EBITDA margins

A13 Key Milestones

NEAR-TERM (3–6 MONTHS)

Q4 FY26 results (May 2026): Watch for volume recovery to 30,000+ MT. EBITDA margin recovery above 8%. Varanasi plant commissioning announcement. Promoter stake stabilisation (halt of selling) would be a bullish signal.

MEDIUM-TERM (12–18 MONTHS)

FY27E EPS recovery to ₹18–20. Varanasi + Kisan ramp-up contributes to double-digit volume growth. EBITDA margin normalisation to 9–10%. If achieved: stock at 20–25x FY27E EPS = ₹360–500 range. Jal Jeevan Mission tender activity pickup.

LONG-TERM (2–3 YEARS)

Total capacity of 286,000 MT enables revenue of ₹2,500–3,000 Cr at full utilisation. CPVC mix improvement to 25%+ of revenue would significantly lift blended EBITDA margins. FY28–29 PAT of ₹150–200 Cr would justify ₹600–700 stock at 20x P/E.

PART B TECHNICAL ANALYSIS

B0 Weinstein Stage Analysis

STAGE CLASSIFICATION

1	3/4	—	—
Basing	Top/Decline	—	—

Stock peaked at ~₹600–700 in FY22 (Stage 3 top), declined sharply to ~₹250 lows (FY25 Stage 4 decline), partially recovered to ₹495 (52W high), and is now retesting lower levels at ₹353. Currently in a Stage 3/4 transition with no confirmed Stage 1 base formation yet.

STAGE CONTEXT

The 30-Week MA is still declining — a critical Weinstein Stage 2 entry signal is NOT present. The stock would need to: (1) stabilise above ₹300 for 3–4 months (Stage 1 base), (2) break above declining 30W MA, and (3) show volume confirmation on breakout, to qualify as a Stage 2 buy.

Current setup: WAIT for Stage 1 base formation confirmation before entry.

B1 Momentum, Volume & Price Action

52W RANGE	FROM 52W HIGH	FROM 52W LOW	P/BV
₹252–₹495	-29%	+40%	1.89x

CMP at 40% of range from top	₹495 → ₹353	₹252 → ₹353	BV ₹187/share

PRICE ACTION SUMMARY

Apollo Pipes is in a multi-year downtrend from ATH of ~₹700+ (FY22 bull market peak). The stock declined to ₹252 (52W low), bounced to ₹495 on JJM/housing optimism, and has since retraced to ₹353. Each recovery attempt has resulted in a lower high — classic Stage 3/4 pattern. Volume is unconfirmed; rallies lack institutional accumulation signals. Until fundamental earnings recovery is visible (FY27), the technical setup remains weak.

B2 Key Price Levels

LEVEL	PRICE	SIGNIFICANCE
Critical Support	₹250–260	52W low; P/BV ~1.3x support; structural floor
Support 1	₹300–320	Previous consolidation zone; ~1.6x P/BV
Current Range	₹340–380	CMP zone; no strong technical support
Resistance 1	₹430–450	Prior breakdown zone; 200-DMA zone
Resistance 2	₹490–500	52W high; major supply zone
Target 1	₹500–510	Analyst consensus (TradingView avg ₹507); 40% from CMP
Target 2	₹640–650	Bull case; FY28E earnings re-rating; 80-84% from CMP

B3 Trend & Relative Strength vs CNX500

TREND ANALYSIS

TIMEFRAME	TREND	COMMENT
Weekly	Downtrend	Lower highs since FY22 ATH
Daily	Sideways	₹250–₹495 range for 12 months
Primary Trend	Bear	30W MA declining
RS vs CNX500	Underperformer	Lagged CNX500 significantly in last 2 years

RELATIVE STRENGTH ASSESSMENT

Apollo Pipes has been a significant underperformer vs CNX500 since FY22. While peers like Astral and Supreme have held up better (higher ROCE, better brand moat), APOLLOPIPE has underperformed due to declining earnings quality. RS will only turn positive when FY27 earnings recovery is confirmed with actual quarterly numbers (H1 FY27 result, i.e., Oct–Nov 2026).

B4 Risk:Reward Analysis

⚠ **Current CMP (₹353) is NOT the ideal entry.** The preferred entry is ₹300–340 (near 52W support base), which provides better risk-reward with stop at ₹240 (below 52W low). Wait for technical consolidation and Q4 FY26 results before entering.

SETUP A — IDEAL ENTRY (PULLBACK TO SUPPORT BASE)

Entry Zone	₹300–340
Stop Loss	₹240 (hard stop)
Risk per Share	₹80 (-25%)
Target 1	₹500 (+56%)
Target 2	₹650 (+103%)
R:R (T1)	1:2.2
Blended R:R	1:3.0

SETUP B — RECOVERY CONFIRMATION ENTRY (FY27 EVIDENCE)

Entry Trigger	Q4 FY26 PAT >₹15 Cr + Volume >30K MT confirmed
Entry Zone	₹370–400
Stop Loss	₹300
Target 1	₹500
Target 2	₹650
R:R	1:1.8 (lower but higher probability)
Preferred?	✅ YES — wait for confirmation

B5 Entry / Exit / Position Milestones

ENTRY TRIGGERS

Trigger 1: Q4 FY26 volume 30,000+ MT (May 2026 results)

Trigger 2: EBITDA margin recovery to 8%+ for 2 consecutive quarters

EXIT / STOP RULES

Hard Stop: Close below ₹240 on weekly basis (structural support breach)

Partial Profit T1: Book 50% at ₹500 (analyst consensus)

POSITION SIZING

Given HIGH RISK rating:

Suggested allocation: 1–2% of equity portfolio (half normal position)

Approach: Speculative position; not core holding

Trigger 3: Promoter stake stabilisation (no further selling)

Trigger 4: Stock forms Stage 1 base above ₹300 for 3+ months

Trail Stop: Move stop to cost after T1 hit

Full Exit: Promoter accelerates selling, or Q1 FY27 margin <7%

Add-on trigger: After Q4 FY26 results confirm recovery

Max loss rule: Stop = max 0.5% portfolio loss (apply 2% risk rule)

SUMMARY Investment Scorecard

OVERALL ASSESSMENT

CATEGORY	SCORE	COMMENT
Business Quality	5/10	Fragmented industry, no moat
Financial Strength	5/10	Debt-light but sub-CoC ROCE, loss in Q3
Management Quality	5/10	Promoter selling; guidance miss
Valuation	6/10	P/BV 1.9x cheap if recovery; but earnings uncertain
Technical Setup	3/10	Stage 3/4 downtrend, no base formation
Risk-Reward	5/10	Good IF entry at ₹300–340; poor from CMP
Overall	4.8/10	**HIGH RISK — Turnaround Watch**

FINAL VERDICT

⚠ WATCH — HIGH RISK

Apollo Pipes is a turnaround story with significant execution risk. The ongoing PVC price war, first quarterly net loss in Q3 FY26, declining promoter stake, and sub-CoC returns make it unsuitable for conservative investors at current levels.

Action Plan: Do not enter at CMP ₹353. Watch for: (1) Q4 FY26 volume confirmation >30K MT, (2) EBITDA margin recovery to 8%+, (3) Promoter stake stabilisation. Preferred entry ₹300–340 only after catalyst confirmation.

If recovery confirmed, Base target ₹500 (+42%); Bull target ₹650 (+84%). Analyst consensus target: ₹507 (TradingView avg).