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Dalal Street, Fort,
Mumbai-400001

NSE Symbol : APLAPOLLO

Scrip Code : 533758

Sub: Transcript of the Conference Call held on October 29, 2025

With reference to our letter dated October 23, 2025 intimating you about the conference call with Analyst(s)/ Institutional Investor(s) held on October 29, 2025. In terms of the provisions of Regulations 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached the transcript of the aforesaid conference call.

This 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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**“APL Apollo Tubes Limited
Q2 FY '26 Investors Conference Call”
October 29, 2025**



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. DARSHAN MEHTA – AXIS CAPITAL LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to Apollo Tubes Limited Q2 FY '26 Investors Conference Call hosted by Axis Capital 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 the 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. Darshan Mehta from Axis Capital Limited. Thank you, and over to you, sir.

Darshan Mehta: Thank you, Swapnali. Good evening, all. This is Darshan Mehta here, and I welcome you all on behalf of Axis Capital to APL Apollo Tubes Limited Q2 FY '26 results conference call. From the management side, we have Mr. Sanjay Gupta, Chairman and Managing Director; Mr. Rahul Gupta, Director; Mr. Deepak Goyal, Director, Operations; Mr. Anubhav Gupta, Chief Strategy Officer; and Mr. Chetan Khandelwal, CFO.

I will now hand over the call to the management for their opening comments. Thank you, and over to team.

Chetan Khandelwal: Thanks, Darshan, and thanks, Axis Securities for hosting us for our quarter 2 earnings call. Good evening, everyone, and thanks for attending the call today. We are glad to announce our all-time highest quarterly volume, EBITDA PAT financials for the quarter 2 in a very challenging environment. Why I say challenging? As you all know that the businesses in India, they suffered from heavy monsoon, extended monsoon; and especially construction material sector, which remained pretty weak because of low construction activity across the country.

APL Apollo performed on two fronts, which is quite commendable. Number one is the sales volume recovery in quarter 2 versus Q1, which was supported by strong capacity utilization in our Raipur and Dubai plants. And secondly was the expansion in EBITDA margins, which took our EBITDA spread above INR5,000 per ton for the quarter.

Now this was on account of three main reasons. Number one was the brand power of APL Apollo, which we are able to demonstrate in the EBITDA spreads of general category, which have almost doubled to INR3,400 per ton in last 2 to 3 quarters.

The selling price for this product, we increased in January of 2025, wherein we were brave enough to take a call that we need to increase our pricing by INR2,000 to INR3,000 per ton, which we did, and the market has absorbed that over the last 9 months, which is clearly visible from Feb to September financials of this calendar year.

Second reason for margin expansion was the value-added mix improvement, which is mainly coming from our Dubai and Raipur plant, where the EBITDA per ton on -- for these plants is above INR5,500, INR6,000 per ton. And lastly, the operating leverage gains -- as the company

is generating 850,000 ton plus volume, there are a lot of costs which get optimized at all the fronts, which also aided our EBITDA spreads.

Now first half into financial year of '26, we are fairly confident that we will be able to meet our guidance, which we gave in the quarter 1 call, which was 10% to 15% volume growth and EBITDA spread of INR4,600 to INR5,000 per ton. Second half normally is always better compared to H1.

As monsoons are over, there is a lot of certainty coming back on the global trade front as well. So given that second half should be better than H1, and if GDP of India surprises positively or performs better than expected, who knows we may even do better than our guidance when we close the financial year.

Another positive we want to highlight is that India is seeing adequate steel supply in last 4 to 5 months, which is good for downstream companies like APL Apollo, especially when we are country's largest steel buyers.

Our strategy to expand capacity in international markets and Eastern Indian markets remain intact, which gives us confidence that we will be able to grow our volume in double-digit over the next 3 to 4 years on a CAGR basis. Lastly, on working capital front, our working capital days remain in single digit, in fact, 0 as at September 2025, which boosted our ROCE upward of 32%, 33%.

And we believe that this is a sustainable ROCE number, which we will keep on showing in years to come. That's all from our side. Happy to take questions now.

Moderator: Thank you very much. The first question is from the line of Sucrit D. Patil from Eyesight Fintrade Pvt Ltd. Please go ahead.

Sucrit Patil: My question to Mr. Gupta is as APL Apollo continues to scale volume, what strategic vision do you see driving the next phase beyond just growth towards deeper market leadership or ecosystem influence?

Anubhav Gupta: Thank you, Sucrit. Sucrit, our strategy is very clear. Right now, we are close to a capacity of 5 million tons; and in the last 2 or 3 years, we are going to build up the capacity of further 7 million tons. Out of 7 million tons, there is 1 million ton capacity in Middle East. We are putting 1 more plant in Abu Dhabi.

So there our capacity will be 1 million ton and 6 million ton in India. In 6 million ton we are putting one plant in Gorakhpur of a capacity of 2 lakh ton per annum and one plant in Siliguri, a capacity of 3 lakh ton per annum. So, almost this 5 lakh ton and 5 lakh ton in Dubai -- 7 lakh ton in Dubai and 5 lakh ton in East market. This is a totally new area for us. So, we don't see any challenge in this area.

Number two is the existing setup, we are doing almost close to 3 million ton. And we are targeting to our -- to take to this quantity to 5.5 million ton. In this we have a lot of strategy. We

are developing a lot of product mix, lot of new type of products. Recently we started our thousand-thousand square mill.

We are building some capsule roofing product also. Just we need a tailwind. If we get a little tailwind then we achieve this capacity very soon. May be in next one or two years. I don't feel any big challenge.

Sucrit Patil: My second question is to Mr. Khandelwal. I believe he's on the call today.

Chetan Khandelwal: Yes.

Sucrit Patil: Yes, sir. So, my question is regards to margins, especially in a volatile input cost environment. Looking ahead, what internal levers or cost management plans do you see most important and or do you have in place?

Chetan Khandelwal: Power rate...

Anubhav Gupta: We are working on the three front modes. One is the power. In power, how we reduce the unit per ton also and the cost of the unit also. Both the area. Some is on the freight factor. Because now we are all across the country. We have a plant. Like in this quarter we have INR1,900 per ton freight cost. We are targeting to bring it to INR1,500 per ton.

And number three on the front of our salary cost. We are targeting that today our salary is 5 million per ton. Minimum wages should increase. Nothing much will increase. So as soon as we achieve 5 million per ton then that cost will also increase a lot. Which is now running around INR950. My target is to bring down to INR600 per ton.

Moderator: The next question comes from the line of Sneha Talreja from Nuvama.

Sneha Talreja: Many, many congratulations on great set of numbers. Just a couple of questions from my end. Firstly, I wanted to understand the EBITDA per ton increase on a quarter-on-quarter basis. While we understand ESOP cost is missing -- but if at all you can quantify what are the other reasons for margin improvement?

Chetan Khandelwal: So Sneha, it's a mix of three things. One is the gross margin improvement, which is around INR200 per ton. Now that's on account of our brand premiumization and improvement in value-added mix products, right? So INR200 per ton is coming from there. And then INR200 per ton is coming from operating leverage benefits as we surpassed 850,000 ton of quarterly sales volume.

And INR100 per ton was on account of lower expense, which we booked in quarter 1 for ESOP. In Q2, it was not there. So this is the breakup of INR500 per ton improvement in EBITDA.

Sneha Talreja: An extension to your answer, Anubhav you are also estimating your second half to be better. That means your operating leverage should further kick in. So if this is a base level EBITDA per ton of INR5,200, you're still guiding for a number of INR4,600 to INR5,000 EBITDA per ton level on an annualized basis.

Any reason why you would want to maintain that or not upgrade the EBITDA per ton number? I'm not asking for volume number because -- while I understand the environment is not such, but on the EBITDA per ton purely where you already hit INR5,200 and assuming there's no one-off here?

Anubhav Gupta:

Sneha we have a lot of pressure. When we decrease some guidelines, we have a lot of pressure there. So, we don't want to increase our guidelines. But this I am very sure that 10% growth means almost 3.5 million ton plus volume will be there. And almost INR1700 crores EBITDA target that we have taken, we will definitely beat that. And if we get tailwind then God is great.

Sneha Talreja:

Perfect, sir. I think that answers. Just one or two more questions from my end. Firstly, on the demand front, are you seeing any improvement happening with respect to government capex? Any on-ground green shoots that you can see? Because compared to other companies' results, we can make out that there is market share gain at this point of time.

But purely on the demand perspective, any green shoots even at this point of time where you can see? And secondly, with respect to spreads -- just finishing it because your spread has further gone up between the primary and the secondary steel, which doesn't seem to be impacting you at this point of time. But how do we see the spread going and impacting you on ground in any way?

Anubhav Gupta:

Sneha, first the matter of demand. Very frankly, I am saying that we are not seeing any boost up in demand. But due to our brand leverage, due to our size, due to our systems, we are sustainable. We are able to sustain. And we are bullish because the first half that has gone is very bad. On all three fronts, demand was low, steel prices were downwards because extra steel capacity, I think, has entered.

Number three, monsoon was quite long this time. Number four, this time the bike runs, all the holidays, it came in such a way that it ruined a lot of days before and after, like Diwali, Durga Puja, whatever the holidays. It was in the middle of the week and the beginning of the week that there were long holidays.

So, we are bullish on this spread. I don't think anything can go worse than this. Yes, if demand is created, then we are going to rock. I am just giving my guidelines with the existing scenario that is going on. Like in this month also, we are going to do 270, like 270, 275, 265, 270, 275. But from November, we are taking a target of 3.25 lakh ton per month, November and December, this quarter we are going to if the system is good, I think we hit 9 lakh ton. We are very sure that we will definitely complete the EBITDA.

Sneha Talreja:

Lastly, sir, on the spread front for primary and secondary that has been inching up, any way impacting us on ground?

Anubhav Gupta:

Yes. We have made some strategy on this point, in this subject. Now our APL Apollo brand is not going to talk with the secondary material. We are not looking at it. We are not talking about it at all. We'll launch another -- our brand, SG Premium. There, we are fighting with that brand

with a little INR10,000 ton volume, INR50,000 ton value, volume. If we look at it, what strategy does our work in it? Because in Apollo brand, we don't have to care about the material.

Okay, there is a problem in taking more growth in it, on this like of premium. Like when you check the channel in the market, so today, Apollo is higher than almost with all the other brands, INR3,000 minimum or maybe maximum INR5,000 to INR6,000 per ton. Apollo product is costly in the market.

And secondly, the product that is in crisis, their prices are so low that they are like crying all over India. Their costing is not supporting them. Capacity has increased in steel, so steel prices are also going down. So, I think this is a good signal for Apollo.

Sneha Talreja: Perfect, sir. Thanks a lot sir. For all the questions. You are the best team.

Anubhav Gupta: Thank you.

Moderator: The next question comes from the line of Agrim Kanungo from AK Investments. Please go ahead.

Agrim Kanungo: Congratulations for a good set of numbers. I would like to ask that as it was mentioned in the PPT, that we plan on spending INR1,500 crores to expand the capacity. So just a question that how do we plan on financing this? Is it going to be through internal accruals or external sources?

Anubhav Gupta: 100% will be funded from internal cash flows. If you look at our operating cash flow to EBITDA, that's like above 90%. So this will help us to fund 100% of capex, so.

Agrim Kanungo: Just one brief follow-up. My main question is that what's the long-term vision of the company? And what would be the projected EBITDA margins that we can expect over the next 5 years?

Anubhav Gupta: First for 5 years, we are talking if everything is well. Maybe we touch 10 million tons. Right now, we are preparing for 7 million tons, we are going for outsourcing also. And we will put some new capacity when we cross 5 million tons. And EBITDA margin, I don't think if the maximum spread increases from 5, it will go up to 6,000. It is difficult to commit more today. It can go up to 1000 rupees plus or minus. I don't know what is the scenario.

Agrim Kanungo: Just one last question. What is the current capacity utilization across our different plants? And yes, that's all like.

Anubhav Gupta: 70%. We are right now 5 million ton capacity. We are going to do this year 3.5 million tons, so 70% capacity utilization we are running.

Agrim Kanungo: Thank you, sir.

Moderator: The next question comes from the line of Aditya Welekar from Axis Securities. Please go ahead.

Aditya Welekar: Sir, my question is with respect to the safeguard duty, which was proposed by government. So with the 12% safeguard duty, the downside to the HRC prices is slightly now limited. So does

that help us in -- means whatever we see the inventory destocking, restocking. So with the volatility to the downside limited, will it help us going forward because these safeguard duties for the next 3 years? So this is a positive read-through for us? Is that understanding correct?

Anubhav Gupta: Yes, 100% you are correct. Like right now, the HR coil for the month of October is close to INR46,000 per ton landed Ghaziabad or anywhere in the country, or if we do any import with the duties, it cost us to INR52,000 or INR53,000 per ton. So this is not possible to import anything outside of the country or import.

Whenever there is a steep capacity is more. The local demand is less. So maybe another INR1,000 price will go down INR1,500 will go down. So the restocking that was there till the first half, I think that will also stop and demand will be created.

Aditya Welekar: Understood, sir. And my next question is on the long-term means, you have touched that we may go up to 10 million ton capacity. And in the slides also, we have projected that the structural steel tube market will grow by 10% CAGR by 2030. So means what are the long-term demand drivers? Do we really foresee that this market will go up to that quantum by 2030 means consistent double-digit growth, 10% CAGR from FY '24?

Anubhav Gupta: Most market is already there. But in India, there is the biggest problem there is a one secondary material is there, which is a very low quality material and it has a low cost. So, people are very much worried about the brand, about good material. So, as soon as the market is over, then 10 million tons will reach very easily. If it does not end, then maybe 1 and a 0.5 years up and down. Growth is coming.

Aditya Welekar: That is good to hear, sir. Thank you very much.

Moderator: The next question comes from the line of Kumar Saumya from Ambit Capital. Please go ahead.

Kumar Saumya: Sir, a couple of questions from my side. So firstly, on the EBITDA per ton. In the general structure, we have seen EBITDA per ton move up from INR2,700 to INR3,400. If you could please help me understand what is driving it and how sustainable these are?

Anubhav Gupta: Right now I have already told the callers that from January 2025, we are totally focusing on our brand leverage and the size leverage. We spread our margin or pricing from others. We have stopped looking at others. So, because of that, our margin is increasing. And we have also worked a lot on the distribution network. We have developed a lot of our distributors in this way, according to capturing the market. So, I think it is sustainable.

Kumar Saumya: Okay. So, we expect that it will come above INR3?

Anubhav Gupta: It should be 100%. Otherwise, as the quarter goes on, our confidence level will increase.

Kumar Saumya: Sir, today, what is the SG premium volume that we are doing within the general structure?

Anubhav Gupta: 10,000 to 15,000 tons between per month.

- Kumar Saumya:** Per month?
- Anubhav Gupta:** Yes.
- Kumar Saumya:** In this SG premium, what would be the EBITDA per ton that we usually make?
- Anubhav Gupta:** I think we are in almost nil or maybe 500 minus.
- Kumar Saumya:** So on the blended basis, if we are doing 3,400, then that means the rest of the portfolio is...?
- Anubhav Gupta:** You can understand that today, Apollo, APL Apollo price, I will tell you in a simple way, INR54,000 is our lowest price in the Southwest. And our SG premium price is around INR49,000-INR49,500.
- Kumar Saumya:** Sir, lastly, just bookkeeping question. What is the Dubai capacity today and Raipur capacity as on today?
- Anubhav Gupta:** Dubai capacity is almost 3 lakh ton per annum. Right now, our one line is starting in November. One line will start in March. So, the capacity of that plant will be 5 lakh ton per annum. That plant is fully booked. We are very bullish. We are opening two warehouses in Europe and Antwerp for that plant, one in Liverpool and one in Antwerp.
- So, our margin should be more expanded from there, according to me. And if Raipur's capacity comes in our full order book, then 1.2 million ton ABPL and 0.3 million ton of our old plant, which is the primary one. Total capacity of Raipur is 1.5 million ton.
- Kumar Saumya:** Okay. And utilization at Raipur, sir?
- Anubhav Gupta:** It's around 70%.
- Kumar Saumya:** And Dubai similar? 70%-75%?
- Anubhav Gupta:** No, no. Dubai is above 85%.
- Kumar Saumya:** Sir, just for an understanding, when we sell our products in Liverpool -- sorry, say in Europe, from the Liverpool and Antwerp warehouse, how is the profitability in this market different from the Indian market?
- Anubhav Gupta:** We are already supplying from Dubai. But if we open a warehouse there and make the service better, then we think that our EBITDA spread should increase by EUR50.
- Moderator:** The next question comes from the line of Onkar Ghugardare from Shree Investment.
- Onkar Ghugardare:** Sir, my question was that, we are a segment that is growing well for Sambhv Steel. Are we present in it? And if not, is there any chance of coming in it? Pre-galvanized coils and pipes, sir?
- Anubhav Gupta:** No, I don't think there is anyone in the pre-galvanized pipe of Sambhv Steel. I have heard a lot about it. But we will never go into the life of the quality material that is made. It is better that I

close my system. But I never go to this secondary type of material. That is my biggest, I have been fighting this secondary for 20 years. I am replacing the whole market with secondary. So, I will never go to secondary.

Because what is the problem in secondary, I will tell you. Listen to a problem. Its upper cap is fixed from HR coil. It has to be sold for INR3-INR4 cheaper from HR coil. As the capacity of HR coil increases in the country, apart from India, if you see anywhere in the world, there is no secondary going on. And it is the most polluted item. If you look at the carbon of the sponge that is made from sponge and I don't have that much deep knowledge, if you look at the carbon of the blast furnace, there is a big difference.

Now you see in Europe, it is coming in Europe, if you make material from electrical steel, from scrap, then you will get a premium of EUR100 there. So, I am a little environment-friendly person. So, I can't even think of secondary because it is not a very environment-friendly product.

Number 2, not one, there are many pillars. I don't know what is the cost of this, but from the market, from my dealers, it is known that every person is crying at this time. Today, if you consider the basic pipe of secondary in Raipur, then it is 37,000, 37,500, it has an extra of 3,000 thickness, then Raipur is basic around 40,000. There is a freight of 3,000, if the goods have to be sent anywhere, then its rate is around 43,000.

Our HR coil has already reached 45, 46. So, there is no margin there, that's why we take the margin and sell the goods in 54, that's why we have a problem. If I sell the premium at a cheaper price, then there is no problem at all.

- Onkar Ghugardare:** So, you mean to say that this pre-galvanized coil also comes in secondary?
- Anubhav Gupta:** No, it does not come in secondary, it is not pre-galvanized, it is a black pipe.
- Onkar Ghugardare:** Okay, so what do you have to say about pre-galvanized? What do you have to say about it? You are not in this category or there is a chance that you will not go?
- Anubhav Gupta:** I don't have a concern, I don't know about it. I don't know what it shows, what it does, I don't know anything about it.
- Onkar Ghugardare:** I am not asking about them. Are you present in this or are you thinking of adding something about it?
- Anubhav Gupta:** My pre-galvanized will come in the main volume. How much is your pre-galvanized?
- Chetan Khandelwal:** 2 lakh ton.
- Anubhav Gupta:** 2 lakh ton is the sale of our quarter.
- Chetan Khandelwal:** The product break-up that you will see in our presentation, the Coast Guard pipe in it, all that is pre-galvanized.

Onkar Ghugardare: Okay, all that comes in pre-galvanized.

Anubhav Gupta: Pre-galvanized is innovative.

Onkar Ghugardare: Apollo started pre-galvanized.

Anubhav Gupta: I don't know much about it, I have never heard of it.

Onkar Ghugardare: Okay. Thank you. My second question was that you said that for the next 3-4 years, you will do a double digit growth. Can you give us more information about it? Double digit means how much, 15% to 20% at least we can expect?

Anubhav Gupta: No, no, no, it is 10% to 15%. I can't commit directly.

Onkar Ghugardare: 10% to 15% for the next 3-4 years you are saying?

Anubhav Gupta: I know about 3-4 years, but 10%-15% for the current scenario.

Onkar Ghugardare: So, you are expecting this bare minimum, no matter what the situation is, as of now?

Anubhav Gupta: Yes, bare minimum. In this bad situation, we are doing this much.

Onkar Ghugardare: And this EBITDA that you said of INR1,700 crores this year, this means that 10% to 15% of the volume that you are saying...

Anubhav Gupta: I am not saying bad from bad.

Onkar Ghugardare: Yes, yes. So, INR1,700 crores that you are saying for this year, what will be your target by holding 10%-15% volume growth? Should it be more than this or should it be at a similar level according to volume growth?

Anubhav Gupta: That is on tailwind now. It is difficult to comment now. If we get tailwind, we will increase it by 100%.

Onkar Ghugardare: So, the volume growth should be at least as much as the EBITDA growth?

Anubhav Gupta: I have not done such a deep calculation, but it is on tailwind. Now, I understand it in my language, the target of 9 lakh tons will be Q3, the target of 9.2-9.5 lakh tons will be Q4. In that, the EBITDA of around INR5,000 is INR450-INR450, INR900 crores, and INR800 crores has come, so INR1,700 crores. I am saying this.

Onkar Ghugardare: This you are saying for this year of INR1,700 crores?

Management: Yes.

Onkar Ghugardare: I am asking that if in next 3 years to 4 years you are expecting a 10% to 15% bare minimum volume growth then 3 years to 4 years going forward at least this level EBITDA margin can you sustain that?

- Management:** Yes maybe 6,000 and if the business gets closed it maybe 4,000.
- Management:** To answer your question EBITDA growth should be higher than volume growth. Our business model has been maintained that way.
- Onkar Ghugardare:** So that's what I was asking the EBITDA growth should be higher than the volume growth you are talking about?
- Management:** Yes, it will definitely be there. Our volume growth stays at 10% to 15% so our EBITDA growth will be 15% to 20%.
- Onkar Ghugardare:** Okay. All right. Thank you very much.
- Management:** Thank you.
- Moderator:** Thank you. The next question comes from the line of Akshay Chheda from Canara Robeco Mutual Fund. Please go ahead.
- Akshay Chheda:** Sir, thank you for the opportunity. Sir just sorry, but again on this EBITDA per ton only. Sir actually INR300 of sequential improvement well taken because of the GP, because of the operating leverage and the ESOP absence. Sir, but then again on this GP per ton also improves sequentially by INR200. So what defines that?
- Was there an element of inventory gain in this quarter because sequentially the product mix was adverse and then, I mean, sequentially the product mix is adverse and even the ASP has declined sequentially still there is an expansion in GP per ton. So was there any element of inventory gain or what justifies this?
- Chetan Khandelwal:** Akshay in fact, I mean there was some inventory loss only in this GP per ton which you are seeing because steel prices came down in the second quarter versus Q1. So there is no inventory gain, in fact there is some inventory loss minuscule not too much. Now this GP per ton expanded because of our value-added mix portfolio.
- Raipur plant and Dubai plant they both performed pretty well. The volume expansion came maximum from these two plants and they all – and these two plants carry EBITDA per ton of INR6,000. So that helped improvement in GP per ton. Our general category product which we are selling at higher realization where we got INR3,400 per ton EBITDA versus INR2,800 per ton in Q1
- Akshay Chheda:** Okay.
- Moderator:** Thank you. The next question comes from the line of Andrey Purushottam from Cogito Advisors. Please go ahead.
- Andrey Purushottam:** First of all congratulations for an excellent performance with all the headwinds against you, really well done. Thank you and my question I just want to understand Anubhav see from

quarter-to-quarter your realization per ton has come down in line with what you also said that steel prices have come down.

Now you also said that you took a price increase on a general category in January 2025. So does that mean the increasing EBITDA per ton is also explained by further drop and the more benign raw material price environment, that's why it has happened. So I am just trying to reconcile these numbers and get an explanation?

Anubhav Gupta: No because see whatever steel price movement is there it is like 100% pass-through. So NSR increase or decrease is -- the NSR increase or decrease is 100% linked to steel prices. Now for example, if you look at Q1 versus Q2, our NSR declined by INR5,000 per ton and the steel -- our raw material cost also came down by a similar level.

The only improvement in GP per ton is INR200. So in our business model, you will see that steel prices drop or increase leads to same decrease or increase in our NSR. Whatever gap is there, that is on account of our improvement or deterioration in GP per ton in that particular quarter.

Andrey Purushottam: So your improved profitability is for the reasons you spoke about earlier, the INR500 ton improvement on account of operating leverage, no ESOP cost and this was one more factor that you had mentioned. So -- and of course, your slight change in value product mix. These are the essential explain a little?

Anubhav Gupta: Yes, just to reiterate three main factors. Number one, brand premiumization, which you see improvement in EBITDA per ton in our general category. Number two is operating leverage gains as we do more and more volume. And number three is improving value-added mix portfolio, which is coming from our Raipur and Dubai plant.

Andrey Purushottam: Right. And I just had one more question. This is a more general question. If we were to arrive at a deal with the U.S. on tariffs and tariffs were to come down to reasonable levels, let's say, 20%, etcetera, how will that impact our business?

Anubhav Gupta: No impact as such because our international sales to U.S. is taking place from Dubai plant. So from India, it doesn't impact.

Andrey Purushottam: So you don't see any real risks in the next 6 months to 12 months in this business, right?

Anubhav Gupta: Except further deterioration in GDP from existing levels.

Andrey Purushottam: So as long as demand remains roughly at the same level as it is now, there is no significant downside that you see?

Anubhav Gupta: That's right.

Andrey Purushottam: Thanks very much. Thanks a lot.

Moderator: Thank you. The next question comes from the line of Saurabh Patwa from ASK Investment Managers. Please go ahead.

Saurabh Patwa: Thanks a lot sir for this opportunity. Just wanted to have just a bit broader question on understanding on the EBITDA per ton trajectory. If I see the company from last 10 years, 15 years history, till pre-COVID, our margins used to be hover around like INR3,000, INR3,500 range. Post-COVID, I think as the capacity increased and our volumes started to pick up significantly from close to 1.2 million to close to 2 million, our margins improved very sharply, EBITDA per ton.

Subsequently, I think while our capacity kept on increasing, I think the utilization level didn't kept pace because the capacity addition was much faster. And that's when the improvement sort of the further improvement couldn't kick in, in terms of operating leverage or gross margin improvement. Also, we got impacted by the macro environment in terms of realization, product mix at some quarters, etcetera. How do you see, sir, things changing there?

Because in this quarter, see some -- from the commentary which you have highlighted so far, it appears that you believe that worst in terms of your macro would have been behind, the capacity utilization has reached a decent number and the operating leverage should start kicking in much faster than it would have done in maybe last two years or so. Is this a fair understanding, sir? Would be happy to have your thoughts on that, sir?

Chetan Khandelwal: Saurabh, that's why we always demonstrate this confidence in our business model that it has the ability to generate EBITDA per ton of INR6,000 per ton, right? Now we may not demonstrate this number throughout four quarters in a year. But on a blended basis for full year, we always wish to have INR6,000 per ton of EBITDA spread.

Now why we say so? Because if you look at like you said 10-year history, right? Before COVID, we were around INR3,000 per ton, right, between 2016 to 2020, our EBITDA spreads were around INR3,000 per ton. And if you look at our capacity expansion speed at that point of time, it was doubling every three years, right? We were expanding our capacities every 3 years.

Now a lot of upfront costs used to come up, right, which used to depress our margins. And three years, continuously, there was demonetization, there was a slowdown in GDP, then COVID came, right? So that put pressure on our capacities, and we had to down sell our product, right? We had to offer discounts to our channel partners. That's why EBITDA per ton couldn't go up.

Now what has changed after COVID, one is that slowly, gradually, Apollo brand has started to become strong, right? And we have lowered the discounts which we used to offer earlier. And now we are not doubling our capacity every three years, okay? Like earlier, we used to look for 25%, 30% volume growth. Now we are seeing mid -- like double-digit volume growth. And now we are running -- we are chasing profitability. We are chasing EBITDA per ton because that's what we have built our brand now, right? So we have to leverage on that.

And secondly, all the new capacities, which is coming up, that's for markets where we are not present, so we don't have to go and offer discounts. Secondly, they are towards the value-added

products, okay? So that's why we are confident that the trajectory from INR3,000 to INR5,000 per ton in the last six, seven years. And the next four, five years, definitely, the trajectory could be from INR5,000 to INR6,000 per ton.

Saurabh Patwa: Thanks a lot for the details. Just quickly, so last three years, the profit growth, which was slightly below what you would have envisaged and despite sharp -- despite a good revenue growth, do you think -- do you assume -- or do you firmly believe that things would not be the same in the coming next three years, probably it should be much, much higher, right?

Chetan Khandelwal: Definitely, Saurabh. Yes. Because last two, three years, again, we were ramping up our Dubai plant. We were ramping up our Raipur plant, right? So there was some negative operating leverage coming from there. And then FY '25, quarter 2, we took a hit of massive inventory loss, right? So if we -- assuming like steel prices cannot fall again by INR8,000 per ton from current levels, right? So we may not see the same kind of inventory losses, right?

And Raipur, Dubai plants, which were our major capacity expansion in the last three, four years, now they are stabilized. The utilization rates are above 70%. We will not have a negative operating leverage again, right, for the new capacities coming up. So that's why we are confident that EBITDA growth now will be superior than the volume growth.

Saurabh Patwa: Right. Thanks a lot and all the best.

Moderator: Thank you. The next question comes from the line of Nishita from Sapphire Capital. Please go ahead.

Nishita: Yes. So I had a question. So what is the, like split between the Dubai plant and the India plant currently -- the volume, sir?

Chetan Khandelwal: According to the rate. So Dubai plant is contributing around 8% to the total volume.

Nishita: Okay, understood. So I just wanted to understand, you mentioned that 9 lakh ton is your target for Q3 and around 9.2 lakh tons is the target for Q4 with the EBITDA per ton of around INR5,000 to INR5,200. Is that correct?

Chetan Khandelwal: That's right.

Nishita: Okay. Understood. That is, it from me. Thank you.

Anubhav Gupta: If we miss by volume, so maybe our EBITDA margin will go up.

Nishita: I am sorry?

Anubhav Gupta: Even if our volume is less, our EBITDA margin will go up. We are not focusing on the volume, we are focusing on the margin.

Nishita: Okay, understood. So would you like to give any revenue guidance for FY '26?

- Anubhav Gupta:** Right now we are not able to understand the market, but we can see that the worst is over. Right now we are running at a rate of INR850. So we think we will cover it in November-December. But we are maintaining the margins. Our focus is on INR450 crores in Q3 and Q4 each.
- Chetan Khandelwal:** In quarter 3 and quarter 4 each.
- Anubhav Gupta:** We have to beat this.
- Nishita:** Okay. So in quarter 3 and quarter 4, the target is to beat INR450 crores of top line?
- Anubhav Gupta:** Bottom line, EBITDA margin.
- Chetan Khandelwal:** Absolutely, EBITDA.
- Nishita:** Okay. Absolutely, EBITDA, understood. Thank you.
- Moderator:** Thank you. The next question comes from the line of Angad Saluja from UBS Securities India. Please go ahead.
- Angad Saluja:** Thanks for taking my question. Sir, first question on SG Premium launch. Like how has the feedback been from the dealers on the launch? And what is the largest strategy here that we are sort of trying to achieve? First question is around that.
- Anubhav Gupta:** Hi, Angad. Angad, there no logic, because we have a spare capacity there. We have a spare raw material there and our distribution network when we are selling our material on premium they need some to compete with other brands and they used to go here and there so we lost this brand, you don't take material from here and there, we give that material to you.
- Angad Saluja:** Right. Sir, dealer feedback on that, there no negative pushback or anything from a dealer's perspective.
- Anubhav Gupta:** It's the same dealer, who take Apollo. If anybody is lifting Apollo 10,000 tons then he picks up 1,000 tons or 1,500 tons because you understand what my marketing system is. Like my dealers, 10,000 tons, 5,000 tons, 15,000 tons, 20,000 tons dealers are, my second competitor doesn't make that much material. So I have to sell material to him and he has to take material from me.
- Angad Saluja:** Right.
- Anubhav Gupta:** The amount of material I sell to a dealer his total production structure is not that much. I built up my system like that that we are for each other.
- Angad Saluja:** Right.
- Anubhav Gupta:** So they had to take 10%, 20% material he has to take it from here and there, or somebody else used to spoil the brand market so we said that we have a spare capacity and our cost will be leveraged and if we don't earn from it then our cost will come down.

- Angad Saluja:** Right.
- Anubhav Gupta:** This is the strategy.
- Angad Saluja:** Got it, sir. Got it. Sir, the second question in the end market demand where you can see that the demand is slightly stable across the board you think that the demand is challenging or you think that in October there was a pick up in a specific channel. Like, what do you feel on the ground on demand?
- Anubhav Gupta:** No. It was clear that for the last three months, four months' steel was a downward trend. Now in October it seems that the downward trend has ended. If it doesn't increase from November then it won't decrease either. So the channel is completely empty so the demand should pick up but right now after 1st the idea will be complete. Everything has gone bad there is nothing left to go bad.
- Angad Saluja:** Right. Right. Right.
- Anubhav Gupta:** Today first time -- I have seen for the first time in my history that Indian prices -- steel prices are less than import by INR7,000 per ton, INR8,000 per ton. Otherwise India used to get INR2,000, INR3,000 more than import.
- Angad Saluja:** Got it, sir. I think that was all.
- Moderator:** The next question comes from the line of Pallav Agarwal from Antique Stock Brocking.
- Pallav Agarwal:** Yes. Good evening, sir, and congratulations on a good set of numbers. Just had a question on this inventory. We have had a positive impact of change in inventory. So will any of this reverse in the coming quarters or this can -- there will not be any impact in the second half?
- Chetan Khandelwal:** So Pallav, steel prices are down only. So there is no inventory gain in the first half.
- Pallav Agarwal:** No. I'm not talking about gain. I'm just talking about the accounts, the change in inventory. So about INR150 crores of benefit is there, right? So either we have built up inventory or there's been a change in price. So what is actually what has led to this amount -- this inventory change?
- Chetan Khandelwal:** So, yes, finished goods stock is down, right? And we have bought some raw material, right, which is -- which you see in the P&L.
- Anubhav Gupta:** Better inventory management.
- Pallav Agarwal:** Okay. So you should not see any reversal of this in the next quarter?
- Chetan Khandelwal:** No.
- Pallav Agarwal:** Okay. And also if you could just share, I think, the capacity utilization, you mentioned that Raipur has gone up, I think, on a blended basis. So what was it in the, let's say, in the previous quarters, Dubai is at 85%. So what was this utilization maybe in Q1?

- Chetan Khandelwal:** So Q1, Raipur was 55%. Right now, it is around 65%, okay? Dubai was 65% in Q1 and now it is touching 80% in Q2.
- Pallav Agarwal:** Okay. Okay. Okay. Yes. Okay.
- Moderator:** The next question comes from the line of Sailesh Raja from B&K Securities.
- Sailesh Raja:** Yes. Sir, you just mentioned we are focusing more on EBITDA per ton than the volumes. So in the same line, I just wanted to know within general category, is it possible to share the volume mix between the products where EBITDA below INR2,000 per ton and those above INR2,000 per ton. Has there been any change in this mix compared to last year's same quarter or last quarter? So what is our long-term strategy here?
- Chetan Khandelwal:** No. So that is already given in our presentation, the product mix with EBITDA per ton break up.
- Sailesh Raja:** No, sir, within general category, I'm asking. Within general category, so we have reported around INR3,200 in the first half.
- Chetan Khandelwal:** Right.
- Sailesh Raja:** With that category -- can you give the mix where EBITDA we might have reported below INR2,000 per ton and above INR2,000 ton?
- Anubhav Gupta:** Mostly everything is one, there is nothing, like, two, three category -- in general category, we don't have two, three categories. The pricing is the same.
- Chetan Khandelwal:** So when we increased our price -- when we increased our pricing, it was increased for the whole lot of general category. It starts from range 20...
- Anubhav Gupta:** 20 square to 180 square -- 150 square.
- Sailesh Raja:** Okay. Okay. Okay. Sir, one more last question. Our cash generation is very strong. Even after considering capex and dividend, I'm assuming 20% payout, we would be still generating average of INR400 crores per annum for next three years. So we would be sitting with INR1,200 crores of excess cash.
- So what is our strategy here? Is there any plan to increase dividend or buyback? Also, if you see our payable is INR2,300 crores. So instead of holding cash and having -- we have, I think, fixed deposit also. So instead of getting yield of around 4%, 5%, can we pay upfront and get more discounts? So what is our strategy here?
- Anubhav Gupta:** First, our strategy is to remove the liabilities from the book and get some more discounts from the suppliers.
- Sailesh Raja:** Okay.

- Anubhav Gupta:** Number two, we go for the capex, like, our capex which is declared for 7 million. For the remaining 10 million tons, I think, we will have to put 1.5-million-ton capacity. We will go for outsourcing. So 10 million tons. The remaining money is a good problem to solve. We will increase dividends or buy back. We will do something. Keeping in company -- we will not make an FD.
- Sailesh Raja:** Okay. Okay, sir. Thank you, sir.
- Moderator:** Thank you. The next question comes from the line of Vikas Singh from ICICI Securities. Please go ahead.
- Vikas Singh:** Thank you for the opportunity, and congratulations on a very good set of numbers in a difficult time. Sir, my first question pertains to the fact that you said a lot of HRC capacity is coming in India. So, will this facilitate you to gain more market share because of the price gap differential coming down? Or there is still a legroom that you get incremental discounts from the steel mills to catch margin? So which should be the better way to utilize this opportunity?
- Anubhav Gupta:** First, both of the ways, amount of capacity that has come in India. Either it should be a demand growth and now the capacity is ramping up. This is a good thing. Maybe they hit the secondary to sell this type of material.
- Vikas Singh:** Is there a more scope to get the benefit out of this overcapacity situation?
- Anubhav Gupta:** Our focus is to hit the secondary and get the Indian market on the primary steel. We are focusing on that.
- Vikas Singh:** Noted. Sir, my second question pertains to some of your competitors basically, though smaller in size. I didn't see any volume growth because they didn't have the capacity. They are also primary producers now. Now going forward, they would have the capacity basically cumulatively about 1 million tons.
- So how should we look the primary competitive -- segment competitive scenario, because you are saying that you are focusing on profitability, but would grow the volume, both can't go hand in hand, right, in case of -- since the demand is not that great, you yourself said.
- Anubhav Gupta:** We don't pay much attention to the competitor to be frank. We are working on our own strategy on how we have to do. We are going in a new area and we are not building up any capacity in our competitive items. We are building up new type of products and new type of area. We are building up from different types. I don't want to compare who will invest how much. We will see when there is a problem. I am the lowest cost producer in the world. And if there is a fight then there will be a price war. I don't see anything like that today.
- Vikas Singh:** Noted, sir. Noted. Thank you for answering my questions.
- Moderator:** Thank you. The next question comes from the line of Udit from Yes Securities. Please go ahead.

- Udit:** Yes. Hi, sir. Thank you for taking my question and congratulations on a great set of numbers. Sir, we clearly understand that you all have been gaining market share. Just if you can throw some light in terms of the new uses that have been coming up, is that also aiding to your volume growth? And if so, then which sectors from where are you getting that incremental demand?
- Chetan Khandelwal:** So, there are two areas where we are working on. Number one is new markets like international markets, we worked upon, right? And now we are going to work on Eastern markets. So Eastern markets and international markets, they are giving us additional volume.
- And in terms of new applications, yes, our products in the heavy construction with the launch of 1000x1000 tube. And also some of the products for the renewable sector, where we are able to sell for the structures. So, these are the two new applications which have come up and increase our sales volume.
- Udit:** Got it. Thank you, sir. The rest of the questions have been answered. Thank you.
- Moderator:** Thank you. Ladies and gentlemen, that was the last question for today. I now hand the conference back to the management for closing comments. Over to you, sir.
- Anubhav Gupta:** Thank you, everyone, and thanks to Axis for hosting us. Look forward to see you next time. Thanks so much.
- Moderator:** On behalf of Axis Capital Limited, that concludes this conference. Thank you for joining us today, and you may now disconnect your lines.