Sector – Steel Tubes

APL Apollo Tubes Ltd.

05th Aug 2026 | Close* – ₹1920/- | View – Accumulate

Key Highlights – Q1FY27

- APL Apollo Tubes Ltd (APAT) reported a mixed but resilient performance in Q1FY27, delivering double-digit growth in profitability despite softer volumes amid geopolitical disruptions in the Middle East, elevated steel prices, energy shortages, and weak construction demand. Strong pricing discipline, superior brand power, richer product mix, and disciplined working capital management helped sustain industry-leading margins and profitability.
- Sales volume stood at 745k tons in Q1FY27 (-6% YoY, -19% QoQ). Volumes were impacted by weaker UAE operations due to geopolitical tensions, lower SG Premium brand sales amid a wider primary-secondary steel price gap, energy-related disruptions in roofing and rust-proof pipes, and temporary channel destocking. Despite these challenges, management remains confident of achieving 15-20% volume growth for FY27, supported by improving monthly run-rates and upcoming capacity additions.
- Operating expenses increased 9% YoY to ₹5,254cr in Q1FY27 and declined 9% QoQ from ₹5,812cr in Q4FY26, reflecting higher employee costs, inventory build-up, and continued investments in market development and operations. Lower production volumes also resulted in some negative operating leverage during the quarter.
- EBITDA rose to ₹411cr in Q1FY27, up 11% YoY despite a sharp decline in volumes, supported by improved pricing strategy, rising contribution from value-added products, and stronger brand-led realizations. Management highlighted that gross profit per ton increased by about ₹1,000 QoQ as the company maintained pricing discipline even during a weak demand environment.
- Net profit stood at ₹263cr in Q1FY27, registering 11% YoY growth, driven by higher operating profitability and continued margin resilience. The company maintained a strong balance sheet with a net cash position of about ₹1,406cr at the end of Q1FY27, while working capital remained below zero days, demonstrating superior capital efficiency.
- EBITDA/ton remained near record levels at ₹5,522 per ton in Q1FY27 (+18% YoY, flat QoQ), showcasing the strength of APL Apollo's branding, pricing power, and value-added product portfolio. Management expects EBITDA/ton to remain in the ₹5,000-5,500 range through FY27, with longer-term improvement supported by a higher share of value-added products and new capacity additions.

Important Statistics

Nifty	24,615
Sensex	78,429
Close*	1920
M.CAP (₹ crs)	~53,824
52 Week H/L (₹)	2301/1549
NSE Code	APLAPOLLO
BSE Code	533758
Bloomberg Code	APAT:IN

Close as on 04th Aug 2026*

Shareholding Pattern (%)	Jun'25	Sep'25	Dec'25	Mar'26	Jun'25
Promoter	28.31	28.30	28.27	28.25	28.25
FII	33.05	31.72	33.12	37.52	35.12
DII	16.83	18.92	19.91	16.05	18.58
Public	21.81	19.07	18.69	18.18	18.04

Financials

(₹ crs)

Particulars	FY25	FY26	FY27E	FY28E
Revenue	20,690	23,079	27,075	31,385
EBITDA	1,199	1,802	2,101	2,493
% Margin	6%	8.0%	8.0%	8.0%
PAT	757	1,203	1,438	1,757
EPS	27	43	52	63
RoE (%)	19	25	24	24
P/E (x)	73	45	37	31
P/BV (x)	13	10.2	8.3	6.7
EV/EBITDA (x)	35	29.7	25	21

Source: *Company, Way2Wealth Research*

Sales volume

Sales volume stood at ~745k tons in Q1FY27 (-6% YoY, -19% QoQ), affected by geopolitical disruptions in the UAE, energy shortages, elevated construction-material prices, and channel destocking amid expectations of a steel-price correction. APL Apollo-branded products remained the largest contributor at ~569k tons, followed by Roofing products at ~92k tons, SG Premium at ~59k tons, and UAE operations at ~26k tons. Despite the volume decline, the product mix remained favourable, with value-added products contributing ~65% of volumes, while strong brand-led pricing enabled EBITDA/ton to remain near record levels. Management maintained its ~60–65% market-share objective in HR-coil-based structural tubes and guided for 15–20% volume growth in FY27, supported by improving demand, channel restocking, recovery in UAE operations, and upcoming capacity additions at Gorakhpur and Siliguri.

Product Category (KTon)	Q1FY26	Q2FY26	Q3FY26	Q4FY26	Q1FY27
APL Apollo Brand	640	654	665	697	569
SG Premium Brand	14	38	88	91	59
UAE Operations	48	58	58	50	26
Roofing Products	92	105	106	87	92
Total Volume (KTons)	794	855	917	925	745

Source: *Company, Way2Wealth Research*

Relative Performance

Return (%)	1 Yr	3Yr	5 Yr
APAT	**21.3**	**26**	**123**
Nifty 50	2	10	10
SENSEX	-3	19	44

Source: *Company, Way2Wealth*

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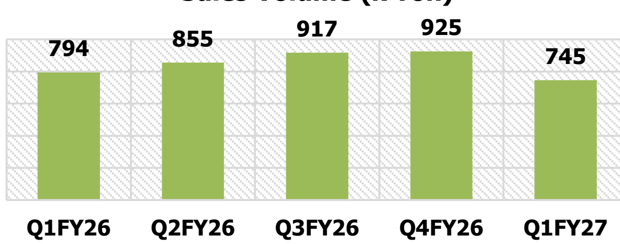
W2W Lighthouse - A Quick Perspective

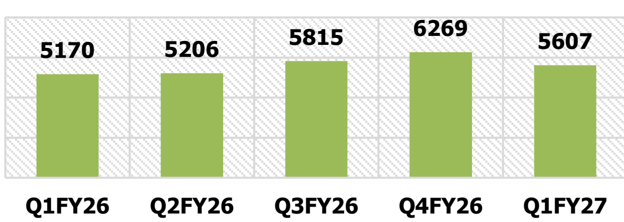
Capacity ramp-up and guidance

Management maintained its FY27 guidance of 15–20% volume growth and over 20% absolute EBITDA growth, supported by recovering UAE operations, channel restocking, improved demand, and new capacity additions. The 200k-ton Gorakhpur plant is expected to contribute ramp-up volumes from Q3FY27, while the 300k-ton Siliguri facility should support volumes from Q4FY27; a new roofing-products line at ABPL could add another ~20k tons. Over the next 2.5 years, APL Apollo plans to add 2mn tons of greenfield and brownfield capacity and 1mn ton through debottlenecking, increasing total capacity from 5mn tons to 8mn tons by FY28 and raising the value-added product share from ~65% to 75–80%.

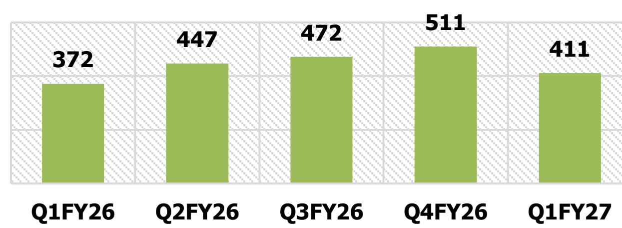
Sales Volume (k Ton)



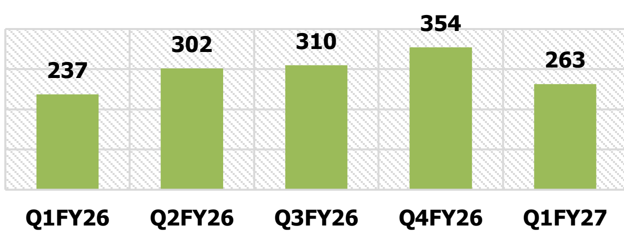
Revenue



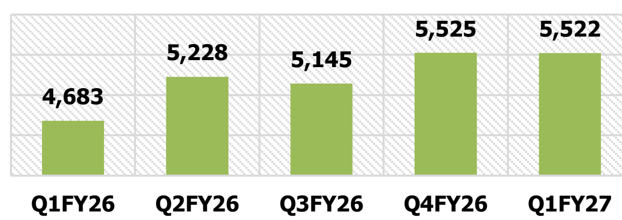
EBITDA



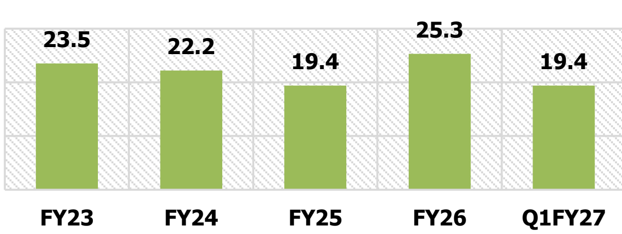
Net Profit



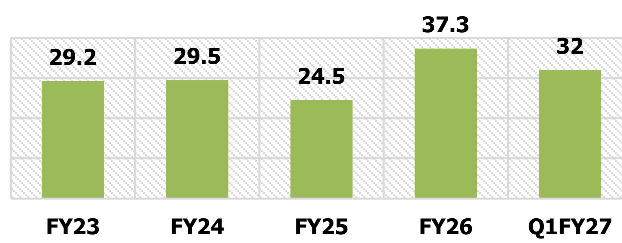
EBITDA/ton (Rs)



ROE %



ROCE %



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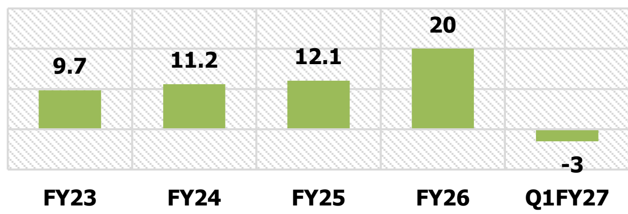
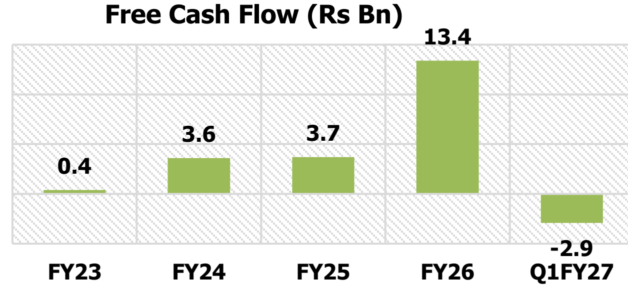
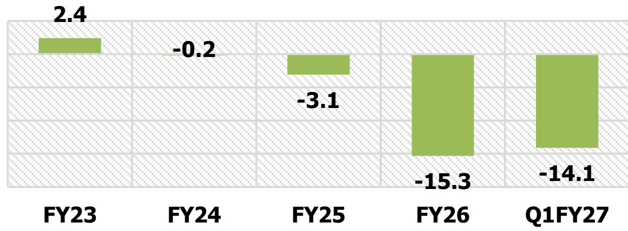
Operating Cash Flow(₹ Bn)



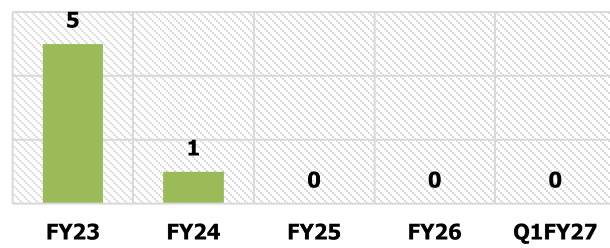
Free Cash Flow (Rs Bn)



Net Debt/cash (₹ bn)



Net working capital days



Source : Company, Way2Wealth research

Geopolitical scenario

Geopolitical tensions in the Middle East materially affected APL Apollo's UAE operations during Q1FY27, disrupting both inbound raw-material movement and outbound shipments and reducing UAE sales volumes to ~26k tons from ~50k tons in Q4FY26. The disruption also led to shipment delays, demurrage costs, and an accumulation of nearly 70k tons of inventory across the UAE plant and goods in transit. Management indicated that logistics began normalizing from July 2026, with UAE monthly volumes recovering to ~10–15k tons and targeted to reach ~16–17k tons subsequently, before returning toward the earlier monthly run rate of ~24–25k tons. Despite near-term uncertainty, management remains positive on UAE demand and margins as regional operations and raw-material supply chains normalize.

View

APL Apollo's outlook remains constructive, supported by resilient EBITDA/ton, strong brand-led pricing power, a net-cash balance sheet, and improving volume prospects as UAE operations normalise and the Gorakhpur and Siliguri capacities ramp up. Management's FY27 guidance of 15–20% volume growth and over 20% absolute EBITDA growth appears achievable but execution-heavy following the weak Q1FY27 volume base, with growth likely weighted toward H2FY27. Key risks include renewed geopolitical disruption in the Middle East, elevated primary-secondary steel price differentials, softer construction demand, and delays in capacity ramp-up. However, with the stock trading below its 5-year median P/E, the risk-reward remains favourable. **Accordingly, the stock offers an opportunity for accumulation on dips at ~30x FY28 P/E**.

Financials

(₹ crs)

Particulars	Q1FY27	Q1FY26	YoY	Q4FY26	QoQ	FY26	FY25	YoY
Revenue	5,607	5,170	8	6,269	(11)	23,079	20,690	12
Material Cost	4,717	4,380	8	5,268	(10)	19,509	17,870	9
Employees exp	106.09	92.96	14	96.17	10	370.5	332.5	11
Op-Exp	5,195	4,798	8	5,758	(10)	21,277	19,491	9
EBITDA	411	372	11	511	(20)	1,802	1,199	50
% Margin	7.3	7.2	14	8.2	(82)	7.8	5.8	201
Depreciation	59	54	9	59	0	231	201	15
EBIT	352	318	11	452	(22)	1,571	998	57
% Margin	6.3	6.1	13	7.2	(93)	6.8	4.8	198
EBT	352	310	14	457	(23)	1,557	960	62
PAT	263	237	11	354	(26)	1203	757	59
% Margin	4.7	4.6	11	5.7	(96)	5.2	3.7	155
EPS - Adjusted	9.5	8.5	11	12.8	(26)	43.3	27.3	59

Source: *Company, Way2wealth Research*

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Disclosure of Interest Statement: APL Apollo Tubes Ltd. as on August 05, 2026

Name of the Security	APL Apollo Tubes Ltd.
Name of the analyst	Dhananjay Kansara
Analysts' ownership of any stock related to the information contained Financial Interest Analyst : Analyst's Relative : Yes / No Analyst's Associate/Firm : Yes/No	NIL No Yes (24 shares bought on 30 Aug 2021) No
Conflict of Interest	No
Receipt of Compensation	No
Way2Wealth ownership of any stock related to the information contained	NIL
Broking relationship with company covered	NIL
Investment Banking relationship with company covered	NIL

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