SHRIRAM Financial Services
associated with Sanlam group

Result Update

Q2FY27

BUY

APL Apollo Tubes Ltd.

12th November 2026 | CMP*: ₹2,198.00/- | Sector – Steel Tubes

Key Highlights – Q2FY27

- APL Apollo Tubes Ltd (APAT) reported its **strongest-ever quarter** in Q2FY27, with **record volumes, EBITDA and net profit**, as a sharp rebound in APL Apollo-branded and roofing sales more than offset continued disruption in UAE operations, steel shortages in the domestic market and stalled exports amid high container freight rates. Revenue rose 27% YoY (+25% QoQ) to ₹7,002crs, while brand-led pricing, a richer value-added mix and tighter cost control lifted EBITDA/ton to nearly ₹6,000.
- Sales volume stood at a record 963k tons in Q2FY27 (+13% YoY, +29% QoQ), taking H1FY27 volume to 1,708k tons (+4% YoY). APL Apollo brand volumes rose to ~775k tons (+19% YoY, +36% QoQ) and Roofing products to ~135k tons (+29% YoY, +48% QoQ), while SG Premium fell to ~27k tons as management de-prioritised low-margin volumes amid the steel shortage, and UAE stayed at ~26k tons (-55% YoY) with the plant running at only ~40% of normal levels. Management remains confident of 15-20% growth in APL Apollo and roofing volumes.
- Operating expenses increased 26% YoY and 24% QoQ to ₹6,424crs in Q2FY27, driven mainly by higher volumes and raw-material costs (₹5,899crs, +26% YoY). Employee costs were flat QoQ at ~₹106crs despite 29% higher volumes, while other expenses rose 12% QoQ to ₹419crs. Interest cost rose 90% YoY to ₹52crs on higher borrowings.
- EBITDA rose to a record ₹578crs in Q2FY27, up 29% YoY and 40% QoQ, with margin improving ~90bps QoQ to 8.3%; H1FY27 EBITDA grew 21% YoY to ₹989crs. The QoQ gain came largely from operating leverage and cost efficiencies, as gross profit per ton slipped ~₹500 on a higher share of lower-realisation light structures (~25% of mix). Management is targeting FY27 EBITDA of ~₹2,200crs (>20% growth), with scope for ~₹2,400crs if UAE operations normalise, and over ₹2,500crs in FY28.
- Net profit stood at a record ₹382crs in Q2FY27, up 27% YoY and 45% QoQ, with H1FY27 net profit at ₹646crs (+20% YoY).
- EBITDA/ton rose to a record ₹5,999 in Q2FY27 (+15% YoY, +9% QoQ), underscoring APL Apollo's brand premium (black pipe at ~₹70,000/ton versus ~₹68-69k for peers), pricing power and shift away from low-margin volumes. Management views ₹6,000/ton as sustainable and expects Q3FY27 to come in above it, supported by value-added products, including new defence and aerospace tubes from a recently commissioned specialised mill; a recovery in SG Premium volumes would dilute per-ton margin but add to absolute EBITDA.

Important Data

Nifty	25,255
Sensex	81,879
CMP* (₹)	2,198
MCAP (₹ crs)	~61,803
52-week H/L (₹)	2301/1690
BSE Code	533758
NSE Code	APLAPOLLO
Bloomberg Code	APAT:IN

CMP is Close as on 11th November 2026*

Shareholding	Mar'26	Jun'25	Sep'26
Promoter	28.25	28.25	28.18
FII	37.52	35.12	34.15
DII	16.05	18.58	20.82
Public	18.18	18.04	16.85

Financial Snapshot

Particulars	FY26	FY27E	FY28E
Revenue	23,079	27,576	31,747
EBITDA	1,802	2,187	2,555
Margin	8.0%	8.0%	8.0%
PAT	1,203	1,480	1,776
EPS	43	54	64
RoE (%)	25	25	24
P/E (x)	50	41	34
P/BV (x)	11.4	9.3	7.6
EV/EBITDA (x)	30.5	27.5	23.6

Source: Company, ShriramFS Research

Relative Performance

Return (%)	1 Yr	3Yr	5 Yr
APAT	22	33	142
Nifty 50	-2	30	41
SENSEX	-3	26	37

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Key Segment Performance

- APL Apollo Brand: Outperformed all segments, remaining the primary growth engine. It contributed 80.5% of total volume by Q2FY27.
- Roofing Products: Achieved the highest relative growth (+28.6% YoY). It experienced a strong surge to 135 KTons in the latest quarter.

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- SG Premium Brand: Showed high volatility. It peaked at 91 KTons in Q4FY26 before collapsing to a five-quarter low of 27 KTons.
- UAE Operations: Suffered a structural decline, losing over half its volume. It stagnated at 26 KTons for two consecutive quarters.
- The portfolio is experiencing a clear polarization. Growth is driven entirely by domestic core brands, while international operations and premium segments face severe contraction.

Product Category (KTon)	Q2FY26	Q3FY26	Q4FY26	Q1FY27	Q2FY27
APL Apollo Brand	654	665	697	569	775
SG Premium Brand	38	88	91	59	27
UAE Operations	58	58	50	26	26
Roofing Products	105	106	87	92	135
Total Volume (KTons)	855	917	925	745	963

Source: Company, ShriramFS Research

Capacity ramp-up and guidance

Management continues to guide for 15–20% growth in APL Apollo-brand and roofing volumes (double-digit in H2FY27), FY27 EBITDA of ~₹2,200crs (>20% growth, ~₹2,400crs if UAE normalises) and over ₹2,500crs in FY28, with Q3FY27 EBITDA/ton expected above ₹6,000.

The capex plan is on track: 2mn tons of greenfield and brownfield additions (East – Gorakhpur and Siliguri; South – Malur; the western coast) and 1mn ton of debottlenecking will lift capacity from 5mn tons to 8mn tons by FY28, alongside plant modernisation. As the greenfield plants are small and the rest is brownfield, fixed costs should not rise much. H1FY27 capex was ~₹409crs (FY26: ~₹600crs) and is expected to be only ~₹200crs in H2. Near-term, roofing (capacity ~700k tons a year) is targeted at ~175k tons in Q3FY27 versus 135k tons in Q2, and UAE capacity will rise to 0.5mn tons by March 2027 on two new mills (₹8,000–10,000/ton EBITDA, ~₹500crs potential) against a current run rate of ~100k tons a year. Current utilisation is ~70–75% at a ~960k tons-per-quarter run rate.

Exhibit 1: Sales Volume (k Ton)

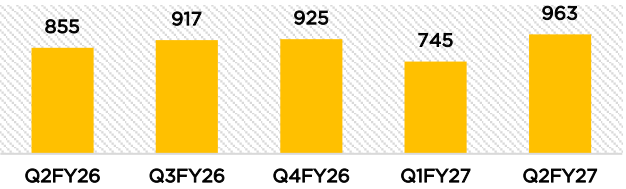


Exhibit 2: Revenue (₹ crs)

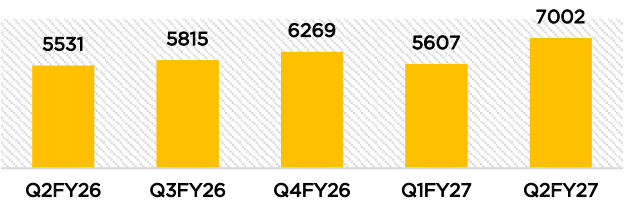


Exhibit 3: EBITDA (₹ crs)

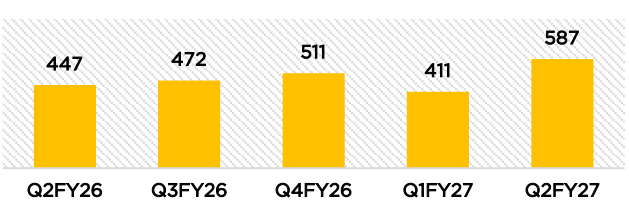


Exhibit 4: Net Profit (₹ crs)

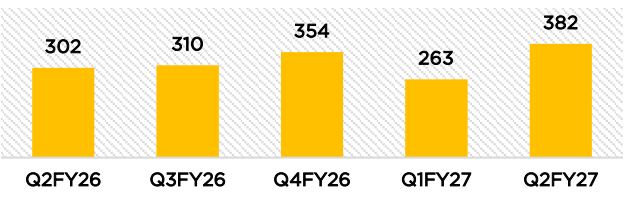
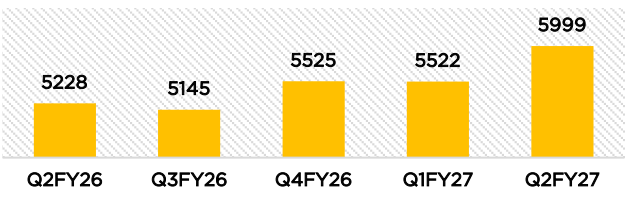


Exhibit 5: EBITDA/ton (₹)



Source: Company, ShriramFS Research

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Geopolitical scenario

Middle East disruption continued to weigh on APL Apollo's UAE operations in Q2FY27, with volumes flat QoQ at ~26k tons (-55% YoY, versus ~58k tons in Q2FY26) as inbound raw-material and outbound shipments remain largely blocked; management says the plant is running at only ~40% of normal levels. Ship-berthing delays add heavy demurrage charges and make raw-material costs hard to plan, so management has declined to commit to any UAE recovery timeline. Indian exports of ~15k tons a month are also stalled by very high container freight rates. Despite this, the UAE unit is covering its costs and is not making a loss. The company has pressed ahead with brownfield expansion in the UAE, with two new mills taking capacity to ~0.5mn tons by March 2027 against a current run rate of ~100k tons a year. Management expects EBITDA of ₹8,000–10,000/ton there, a ~₹500crs opportunity, and believes volumes could quickly move to 200–400k tons a quarter once conditions normalise. Normalisation of the UAE, domestic steel availability and container freight is also seen as the key to FY27 EBITDA of ~₹2,400crs (versus the ~₹2,200crs base guidance) and a possible ~₹3,000crs in FY28.

View

APL Apollo's outlook remains constructive after a record Q2FY27, supported by EBITDA/ton of nearly ₹6,000 that management views as sustainable, strong brand-led pricing power, a net-cash balance sheet with zero working-capital days, and a strong rebound in APL Apollo-brand and roofing volumes. Management's FY27 targets of 15–20% growth in these two segments and EBITDA of ~₹2,200cr appear achievable given the H1FY27 run-rate, with Q3FY27 EBITDA/ton guided above ₹6,000 and capex largely behind it (~₹200cr in H2). Our FY27E EBITDA of ₹2,101cr sits below this target, pointing to upside risk to estimates, and a recovery in UAE operations (0.5mn tons of capacity by March 2027 at ₹8,000–10,000/ton EBITDA) would be incremental. Key risks include a prolonged UAE shutdown, domestic steel shortages, high container freight rates, a narrowing of the primary-secondary steel price gap that could erode the brand premium, softer construction demand, and delays in the ramp-up of the 8mn-ton capacity plan by FY28. However, with the stock trading below its 5-year median P/E, the risk-reward remains favourable. Accordingly, the stock offers an opportunity to Buy on dips. Currently, trading at ~35x FY28 P/E.

Quarterly Performance

(₹ crs)

Particulars	Q2FY27	Q2FY26	YoY	Q1FY27	QoQ	H1FY27	H1FY26	YoY
Revenue	7,002	5,531	27	5,607	25	12,608	10,701	18
Material Cost	5,899	4,666	26	4,717	25	10,615	9,047	17
Employees exp	106	89	20	106.09	0	212.57	181.63	17
Op-Exp	6,424	5,084	26	5,195	24	11,619	9,882	18
EBITDA	578	447	29	411	40	989	819	21
% Margin	8.3	8.1	17	7.3	92	7.8	7.7	19
Depreciation	66	58	13	59	11	125	112	11
EBIT	512	389	32	352	45	864	707	22
% Margin	7.3	7.0	28	6.3	104	6.9	6.6	25
EBT	500	386	29	352	42	852	696	22
PAT	382	302	27	263	45	646	539	20
% Margin	5.5	5.5	1	4.7	77	5.1	5.0	9
EPS - Adjusted	13.8	10.9	27	9.5	45	23.2	19.4	20

Source: *Company, ShriramFS Research*

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Disclosure of Interest Statement: APL Apollo Tubes Ltd. as on 12 November 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 No No
Conflict of Interest	No
Receipt of Compensation	No
Shriram FS 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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