

Record Q2 Performance; Core Growth & Margin Guidance Reaffirmed

Est. Vs. Actual for Q2FY27: Revenue – **Marginally MISS**; EBITDA/t – **BEAT**; PAT – **BEAT**
Change in Estimates post Q2FY27

FY27E/FY28E: Revenue: 1%/7%; EBITDA: -4%/8%; PAT: -3%/8%

Recommendation Rationale

- **Robust Volume Rebound Driven by Core Momentum and Roofing Scale-up:** Sales volume for Q2FY27 rebounded sharply to ~9.6 Lc tonnes (+13% YoY), taking H1FY27 volumes to ~17.1 Lc tonnes (+4% YoY) despite continuing disruptions in UAE operations. The performance was anchored by strong domestic traction in core APL Apollo branded products (targeting 15-20% YoY growth) alongside accelerated adoption in roofing products (achieving ~1.35 Lc tonnes in Q2FY27, with a quarterly target of ~1.75 Lc tonnes). While consolidated volume guidance remains flexible due to export uncertainties, management has guided for continued volume momentum into H2FY27 led by domestic infrastructure, housing demand, and brownfield debottlenecking.
- **Value-Accretive Product Mix and Structural Margin Expansion:** Prioritising profitable sales over low-margin tonnage yielded significant unit profitability expansion, with EBITDA/t reaching ~Rs 5,999/t (+15% YoY) and absolute EBITDA growing +29% YoY to ~Rs 578 Cr. This structural improvement in spreads was driven by: (i) premium realisations and brand pricing power in core black pipes (commanding a Rs 1,000-2,000/t premium over peers); (ii) a richer product mix led by higher-margin roofing products; (iii) operational efficiencies, including power cost optimisation, freight savings, and fixed-cost operating leverage; and (iv) disciplined reduction of low-margin discounts. Management considers the ~Rs 6,000/t EBITDA spread sustainable going forward, expecting Q3FY27 spreads to improve further, and is targeting FY27 absolute EBITDA to surpass ~Rs 2,200 Cr (~20% YoY growth).
- **Long-Term Capacity Scaling, De-commoditization, and Strategic Optionality:** Capacity expansion remains fully on track to scale towards ~8.0 MTPA by FY28 via balanced greenfield, brownfield, and debottlenecking initiatives. The strategy focuses: (i) reducing exposure to secondary-steel and price-sensitive product categories over the next 1-2 years to cushion against raw-material swings; (ii) expanding roofing capacity to ~7 Lc tonnes annually across diversified housing (50%) and industrial/commercial (50%) end-markets; (iii) scaling the newly commissioned specialised tube mill into high-barrier defence and aerospace applications; and (iv) scaling UAE capacity towards ~5 Lc tonnes annually, which presents an asymmetric upside of EBITDA/tonne of ~Rs 8,000-10,000/t upon geopolitical normalisation.

Sector Outlook: Positive

Company Outlook & Guidance: Management reaffirmed its robust operational outlook, targeting 15-20% YoY volume expansion in core branded products while maintaining EBITDA/t guidance around a sustainable ~Rs 6,000/t level, with Q3 expected to be even stronger. A rigorous pricing discipline and reduced discounting will continue across primary offerings to protect manufacturing spreads, alongside tactical flexibility in price-sensitive lines like SG Premium. Supported by progressive capacity ramp-ups toward ~8 MTPA by FY28, strong traction in the roofing portfolio, and steady domestic housing and infrastructure inquiries, management projects robust H2FY27 cash generation as capex intensity moderates and new brownfield additions take hold.

Current Valuation: 35x P/E FY28E EPS (Unchanged)

Current TP: Rs 2,500/share (Earlier TP: Rs 2,250/share)

Recommendation: We maintain our BUY rating on the stock.

Financial Performance: APL Apollo has beaten our estimates in terms of EBITDA and PAT. Consolidated revenue stood at Rs 6,797 Cr, up 25% YoY and 35% QoQ, marginally missing our and consensus estimates by 4% and 2%, respectively. EBITDA stood at Rs 578 Cr, up 29% YoY and 40% QoQ, beating our and consensus estimates. EBITDA/t stood at Rs 5,999/t, up 15% YoY and 9% QoQ, underscoring the company's strong brand positioning, freshness of product offerings, and a strict focus on margin protection. PAT stood at Rs 382 Cr, up 27% YoY and 45% QoQ.

Outlook: The company's vision is to expand its capacity to 10 MTPA by FY30, providing a growth tailwind in the longer term.

Valuation & Recommendation: We value the company on FY28E EPS using a 1-year forward P/E target of 35x (Unchanged) to arrive at a TP of Rs 2,500/share (earlier Rs 2,250/share), implying an upside of 20% from the CMP. **We maintain our BUY rating on the stock.**

Key Financials (Consolidated)

(Rs Cr)	Q2FY27	QoQ (%)	YoY (%)	Axis Est.	Variance
Net Sales	6,797	25%	35%	7,109	-4%
EBITDA	578	40%	29%	536	8%
EBITDA/t (Rs/t)	5,999	9%	15%	5,565	8%
Net Profit	382	45%	27%	363	5%
EPS (Rs)	13.62	44%	25%	13.07	4%

Source: Company, Axis Securities Research

(CMP as of 26th October, 2026)

CMP (Rs)	2,078
Upside /Downside (%)	20%
High/Low (Rs)	2,301/1,690
Market cap (Cr)	57,695
Avg. daily vol. (6m) Shrs.	7,13,641
No. of shares (Cr)	27.8

Shareholding (%)

	Mar-26	Jun-26	Sep-26
Promoter	28.3	28.3	28.2
FII	37.5	35.1	34.1
Mutual Funds / UTI	11.9	14.1	16.8
Financial Institutions	0.0	0.0	0.0
Others	22.4	22.5	20.9

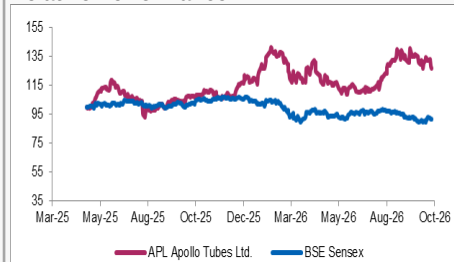
Financial & Valuations

(Rs Cr)	FY26A	FY27E	FY28E
Net Sales	22,460	28,576	34,619
EBITDA	1,802	2,203	2,814
Net Profit	1,203	1,526	1,985
EPS (Rs)	43.3	55.0	71.5
PER (x)	48.0	37.8	29.1
EV/EBITDA (x)	32.3	26.4	20.6
P/BV (x)	10.9	8.7	6.8
ROE (%)	25.3	25.5	26.2

Change in Estimates (%)

Y/E Mar	FY27E	FY28E
Sales	1%	7%
EBITDA	-4%	8%
PAT	-3%	8%

Relative Performance



Source: ACE Equity, Axis Securities Research

Results Gallery

[Q1FY27](#)
[Q4FY26](#)
[Q3FY26](#)
[Q2FY26](#)

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Key Concall Highlights

- **Volume Growth and FY27 EBITDA Ambition:** Management expects double-digit volume growth in H2FY27, supported by the core APL Apollo brand and roofing products. However, it refrained from providing a firm consolidated volume outlook given uncertainty around UAE operations, export logistics and domestic steel availability. The company remains focused on achieving FY27 EBITDA of ~Rs 2,200 Cr or more, while stronger UAE operations could provide additional upside; higher outcomes discussed on the call should be viewed as conditional rather than formal guidance.
- **UAE Operations and Expansion:** UAE operations continued to face disruption, with activity at approximately 40% of normal levels due to constraints affecting inbound materials and outbound dispatches. Management expects normalisation to support volumes, while the planned expansion is expected to take UAE capacity to approximately 0.5 MTPA by Mar'27. Newer mills could potentially deliver EBITDA/tonne of Rs 8,000-Rs 10,000 once operations normalise. Management also discussed a potential Rs 500 Cr EBITDA opportunity from the UAE business, but this remains dependent on recovery in operations, demand and logistics.
- **Core Brand, Roofing Products and Pricing:** Management continues to prioritise the core APL Apollo brand and roofing products as key growth drivers, targeting approximately 15% growth in these categories. Branded black pipes were discussed at ~Rs 70,000/tonne compared with ~Rs 68,000-Rs 69,000/tonne for competing products, reflecting the company's positioning around brand strength and value-added offerings. Roofing has potential capacity of ~0.7 MTPA, implying a quarterly volume opportunity of ~75KT at full utilisation. The segment serves housing, commercial/industrial and other industrial applications, providing multiple avenues for growth.
- **Capacity Expansion and Cost Optimisation:** The company outlined plans to add ~7 MTPA through greenfield and brownfield projects, alongside ~1 MTPA through debottlenecking/rebottlenecking over the next two years, as discussed on the call. Execution of the expansion programme will be important to supporting future volume growth and product mix improvement. On costs, management cited power costs of ~Rs 6.2-Rs 6.3 per unit against an earlier ambition of Rs 5 per unit, while freight costs had declined by ~Rs 150/tonne. Continued progress on energy, freight and operating efficiencies will be important to sustaining EBITDA/tonne.
- **Cash Position, Working Capital and Free Cash Flow:** Cash on the books stood at approximately Rs 1,600 Cr as of Sep'26, compared with around Rs 1,400 Cr in June, while management indicated working-capital days were effectively zero. H1FY27 capex was approximately Rs 400 Cr, compared with around Rs 600 Cr for the full FY26.
- **FY28 Earnings Potential and New Applications:** Management discussed the potential for EBITDA to reach approximately Rs 3,000 Cr in FY28 under a more favourable operating scenario. This is contingent on UAE normalisation, improved steel availability and lower freight-related disruption, rather than firm guidance. The company is also developing specialised tube products for defence and aerospace applications, with samples submitted and initial feedback potentially expected over the following two to three months, subject to customer evaluation and approvals. These applications could offer longer-term diversification, but their contribution remains at an early stage.

Key Risks to Our Estimates and TP

- Delay in UAE recovery and expansion ramp-up.
- Steep decline in regional HRC prices leading to destocking by traders.
- Delay in capacity execution and earnings delivery.

Change in Estimates

Rs. Cr	Revised		Old		% Change	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Net Sales	28,576	34,619	28347	32,354	1%	7%
EBITDA	2,203	2,814	2289	2,611	-4%	8%
PAT	1,526	1,985	1567	1,834	-3%	8%
EPS (Rs.)	55	71	56	66	-2%	8%
Sales Volume (kt)	3,838	4,600	4200	4,800	-9%	-3%

Source: Company, Axis Securities Research

Results Review

Consolidated (Rs Cr)	Q2FY26 Actual	Q1FY27 Actual	Q2FY27 Axis Sec Est	Q2FY27 Consensus	Q2FY27 Actual	% Change (YoY)	% Change (QoQ)	Variance (%)	Vs Cons (%)
Sales Volumes (tonnes)	8,55,037	7,44,823	9,63,143	9,63,143	9,63,143	13%	29%	0%	0%
Sale of products	5,038	5,438	7,109		6,797	35%	25%	-4%	
Other Operating Income	169	169	235		205	22%	22%	-13%	
Total Revenue from Operations	5,206	5,607	7,343	7,148	7,002	34%	25%	-5%	-2%
ASP (Rs/t)	58,917	73,013	73,807	74,219	70,567	20%	-3%	-4%	-5%
Expenditure									
Net Raw Material	4,341	4,717	6,205		5,899	36%	25%	-5%	NA
Employee Expenses	89	106	140		106	20%	0%	-24%	NA
Other Exp	329	373	463		419	27%	12%	-9%	NA
EBITDA	447	411	536	540	578	29%	40%	8%	7%
EBITDA Margin (%)	8.6%	7.3%	7.3%	7.6%	8.3%				
EBITDA per tonne (Rs/tonne)	5,228	5,522	5,566	5,610	5,999	15%	9%	8%	7%
Depreciation	58	59	64		66	13%	11%	3%	NA
Interest	28	39	24		52	90%	35%	120%	NA
Other Income	25	40	29		40	60%	2%	37%	NA
PBT	386	352	478		500	29%	42%	5%	NA
Tax	85	89	115		117	38%	31%	2%	NA
Tax Rate (%)	22.0%	25.3%	24.0%		0				
PAT	302	263	363		382	27%	45%	5%	NA
MI	-	-	-		-				
Attrib PAT	302	263	363	370	382	27%	45%	5%	3%
EPS (Rs.)	10.86	9.48	13.07	10.09	13.6	25%	44%	4%	35%

Source: Company, Axis Securities Research, Bloomberg Consensus

Financials (Consolidated)

Profit & Loss

(Rs Cr)

Y/E March	FY25	FY26	FY27E	FY28E
Total Sales	20,690	22,460	28,576	34,619
Total Raw Materials	17,870	18,890	24,188	29,243
COGS	19,158	20,288	25,922	31,320
EBITDA	1,199	1,802	2,203	2,814
EBITDA per tonne	3,797	5,161	5,739	6,038
Depreciation	201	231	256	275
Interest & Finance charges	133	125	95	66
Other Income	96	112	147	138
EBT (as reported)	960	1,557	1,998	2,611
Tax	203	354	472	627
RPAT	757	1,203	1,526	1,985

Source: Company, Axis Securities Research

Balance Sheet

(Rs Cr)

Y/E March	FY25	FY26	FY27E	FY28E
Equity Share Capital	56	56	56	56
Reserves	4,153	5,241	6,615	8,446
Net worth	4,209	5,297	6,670	8,502
Total loans	615	452	352	252
Deferred tax liability (Net)	153	180	180	180
Capital Employed	5,172	6,156	7,493	9,285
Net block	3,370	3,740	3,984	4,109
Investments	126	48	229	277
Inventories	1,623	1,445	2,192	2,561
Sundry debtors	267	351	313	379
Cash and cash equivalents	369	644	1,278	2,925
Total Current assets	3,183	3,854	5,066	7,364
Total Current liabilities	2,424	2,677	3,129	3,789
Net Current assets	759	1,177	1,937	3,576
Capital Deployed	5,172	6,156	7,493	9,285

Source: Company, Axis Securities Research

Cash Flow
(Rs Cr)

Y/E March	FY25	FY26	FY27E	FY28E
PBT	960	1,557	1,998	2,611
Depreciation & Amortization	201	231	256	275
Incr/(Decr) in Deferred Tax Liability	-	-	-	-
(Incr)/Decr in Working Capital	167	545	(126)	9
Net Cash Flow from Operating	1,213	2,103	1,605	2,196
(Incr)/ Decr in Gross PP&E incl Capital Advances	(723)	(696)	(500)	(400)
(Incr)/Decr in Work in Progress	-	-	-	-
(Incr)/Decr in Investments	-	-	(180)	(48)
(Incr)/Decr in Other Non-Current Assets	-	-	(131)	(81)
Cash Flow from Investing	(375)	(1,394)	(601)	(330)
(Decr)/Incr in Borrowings	(514)	(162)	(100)	(100)
Dividend	(153)	(160)	(153)	(153)
Cash Flow from Financing	(815)	(438)	(370)	(240)
Cash at the Start of the Year	345	369	644	1,300
Cash at the End of the Year	369	644	1,278	2,925

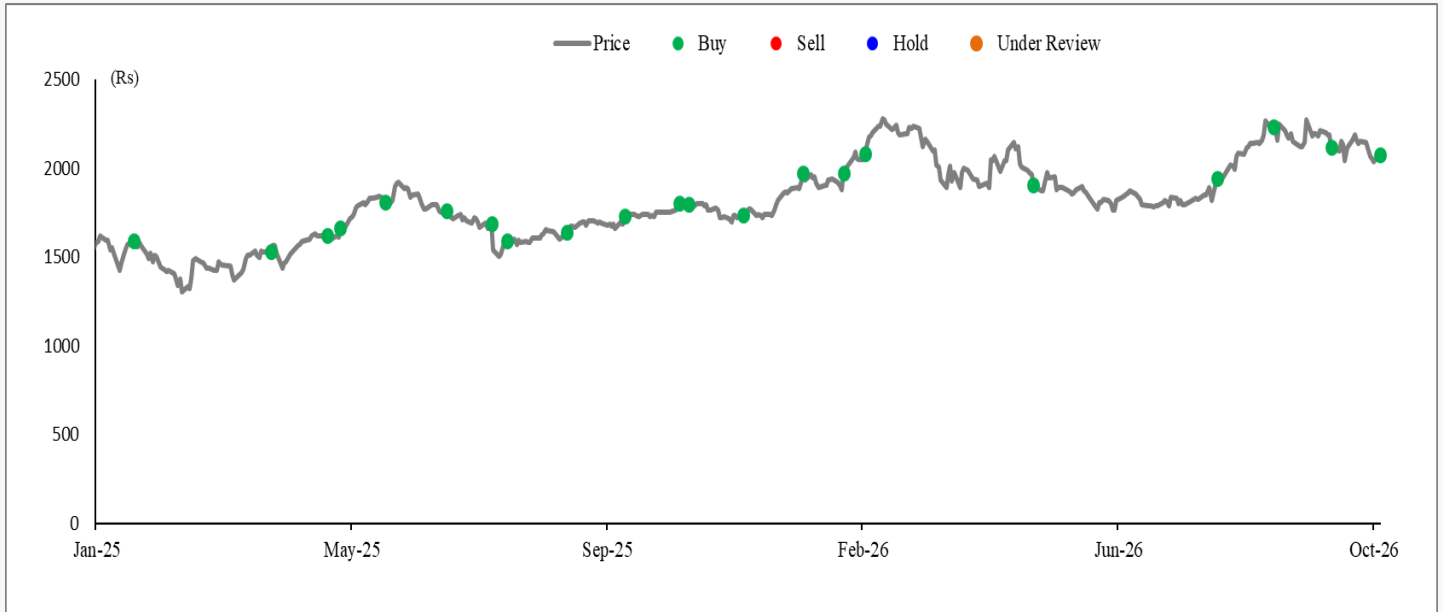
Source: Company, Axis Securities Research

Ratio Analysis
(%)

Ratios	FY25	FY26	FY27E	FY28E
Growth (%)				
Sales	14.2	8.6	27.2	21.1
EBITDA	0.6	50.3	22.2	27.7
APAT	3.4	58.9	26.9	30.0
Profitability (%)				
EBITDA Margin	5.8	8.0	7.7	8.1
Adj. Net Profit Margin	3.7	5.4	5.3	5.7
ROCE	20.1	28.6	29.3	30.9
ROE	19.4	25.3	25.5	26.2
Per Share Data (Rs.)				
AEPS	27.3	43.3	55.0	71.5
Reported CEPS	35.6	52.3	63.0	80.2
BVPS	151.6	190.7	240.2	306.2
Valuations (x)				
PER (x)	56.1	48.0	37.8	29.1
PEG (x)	16.7	0.8	1.4	1.0
P/BV (x)	10.1	10.9	8.7	6.8
EV/EBITDA (x)	35.9	32.3	26.4	20.6
Dividend Yield (%)	0.38%	0.41%	0.26%	0.26%
Turnover days				
Inventory Days	31.1	27.6	25.6	27.7
Debtor Days	3.7	5.2	4.4	3.8
Payable Days	43.6	45.9	40.9	40.3
Gearing Ratio				
D/E	0.1	0.1	0.1	0.0

Source: Company, Axis Securities Research

APL Apollo Tubes Price Chart and Recommendation History



Date	Reco	TP	Research
21-Jan-25	BUY	1,750	Result Update
01-Apr-25	BUY	1,750	Top Picks
02-May-25	BUY	1,800	Top Picks
08-May-25	BUY	1,920	Result Update
01-Jun-25	BUY	2,035	Top Picks
01-Jul-25	BUY	2,035	Top Picks
25-Jul-25	BUY	1,950	Result Update
01-Aug-25	BUY	1,950	Top Picks
01-Sep-25	BUY	1,950	Top Picks
01-Oct-25	BUY	1,950	Top Picks
30-Oct-25	BUY	2,100	Result Update
03-Nov-25	BUY	1,950	Top Picks
01-Dec-25	BUY	2,100	Top Picks
01-Jan-26	BUY	2,100	Top Picks
23-Jan-26	BUY	2,250	Result Update
02-Feb-26	BUY	2,250	Top Picks
04-May-26	BUY	2,250	Result Update
03-Aug-26	BUY	2,250	Top Picks
04-Aug-26	BUY	2,250	Result Update
01-Sep-26	BUY	2,500	Top Picks
01-Oct-26	BUY	2,500	Top Picks
27-Oct-26	BUY	2,500	Result Update

Source: Axis Securities

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RATING SCALE: Definitions of ratings

Ratings	Expected absolute returns over 12 – 18 months
BUY	More than 10%
HOLD	Between 10% and -10%
SELL	Less than -10%
NOT RATED	We have forward-looking estimates for the stock, but we refrain from assigning a valuation and recommendation.
UNDER REVIEW	We will revisit our recommendation, valuation and estimates on the stock following recent events.
NO STANCE	We do not have any forward-looking estimates, valuations or recommendations for the stock.

Note: Returns stated in the rating scale are our internal benchmark.