

Structural Steel Tube Giant

**Merger of
Apollo Tricoat Tubes Ltd.
with
APL Apollo Tubes Ltd.**

Safe Harbour

Except for the historical information contained herein, statements in this presentation and the subsequent discussions, which include words or phrases such as "will", "aim", "will likely result", "would", "believe", "may", "expect", "will continue", "anticipate", "estimate", "intend", "plan", "contemplate", "seek to", "future", "objective", "goal", "likely", "project", "should", "potential", "will pursue", and similar expressions of such expressions may constitute "forward-looking statements". These forward looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. These risks and uncertainties include, but are not limited to our ability to successfully implement our strategy, our growth and expansion plans, obtain regulatory approvals, our provisioning policies, technological changes, investment and business income, cash flow projections, our exposure to market risks as well as other risks. The Company does not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date thereof.

Transaction Overview & Rationale

Transaction Highlights

- The Board approved the merger of Shri Lakshmi Metal Udyog Limited and Apollo Tricoat Tubes Limited (Apollo Tricoat) with APL Apollo Tubes Limited (APL Apollo)
- Apollo Tricoat's minority shareholders will receive for each equity share held:
 - One equity share in APL Apollo
 - Implied premium of 16% to previous closing price for Apollo Tricoat's shareholders
 - Increase of 10.8% in APL Apollo's share capital
- Pro-forma ownership in APL Apollo:
 - Existing APL Apollo shareholders 89.2%
 - Apollo Tricoat shareholders 10.8%

Transaction Highlights

- Effected by way of a Scheme of Amalgamation
- Conditional on shareholder approval at each of APL Apollo and Apollo Tricoat, as well as regulatory approvals
- Transaction governance in line with Indian regulations and best practices
 - Big Four Accounting firm KPMG Assurance and Consulting Services LLP appointed as merger advisor
 - Renowned Firm SSPA & Co. Chartered Accountants appointed as an independent valuer
- Expected to close in third quarter FY2022
- Appointed date for merger: 1st April 2021
- Amalgamation a tax neutral transaction

Strategic Rationale

Simplification of group structure

Potential re-rating to benefit all shareholders

Cost efficiencies to boost overall margins

Stronger balance sheet lowers overall cost of capital

Strategic Rationale
APL Apollo
&
Apollo Tricoat

Creation of stronger platform for growth

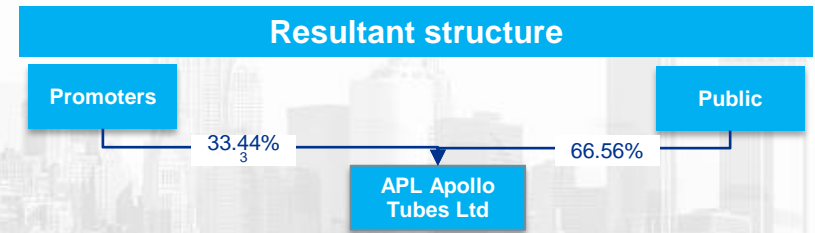
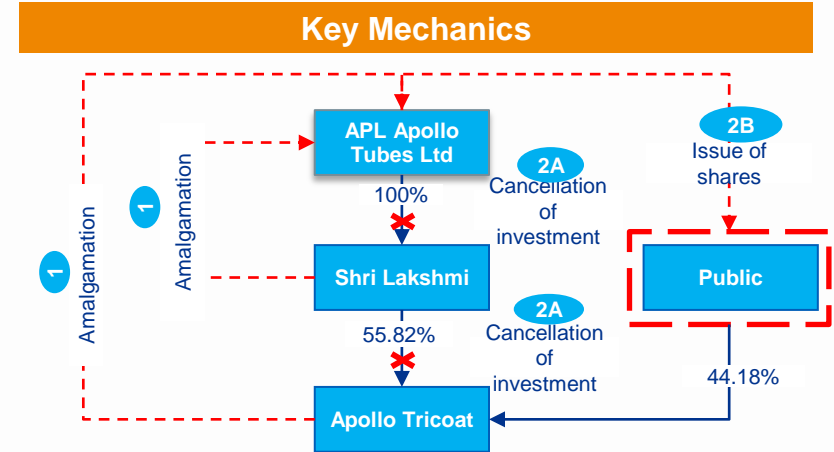
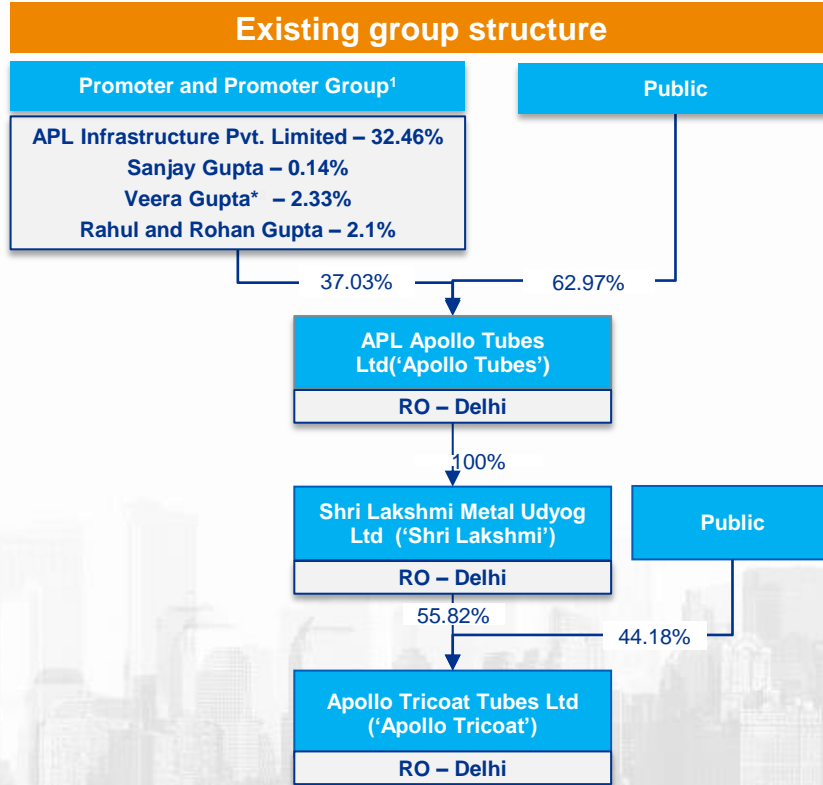
Ability to offer innovative products resulting in higher margins

Greater financial flexibility for sustained growth

Increased size: Economies of scale

Increased cross-sell opportunities

Merger Arrangements



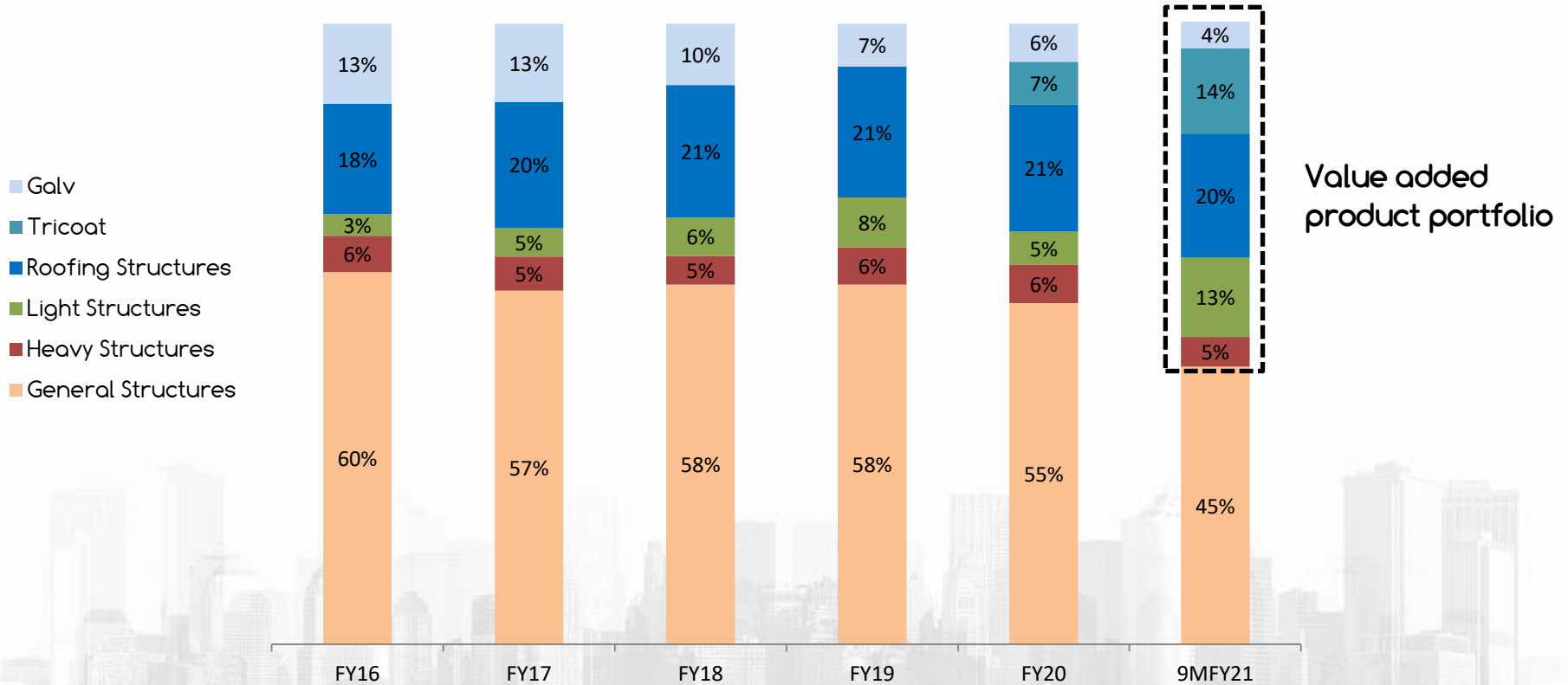
Source: Shareholding pattern as per public announcement dated February 18, 2021

*Veera Gupta is not part of promoter family

Benefit for APL Apollo Share holders

- EPS Accretive: Net profit increase by 13.5%, Dilution of 9.7%
- ROE Accretive: 100% of Apollo's Tricoat profit to boost return profile
- Margin Accretive: Apollo Tricoat's high margin products to lift APL Apollo's profitability
- Addition of innovative value added products to APL Apollo's portfolio
- Apollo Tricoat's B2C centric approach will enhance Group's brand equity

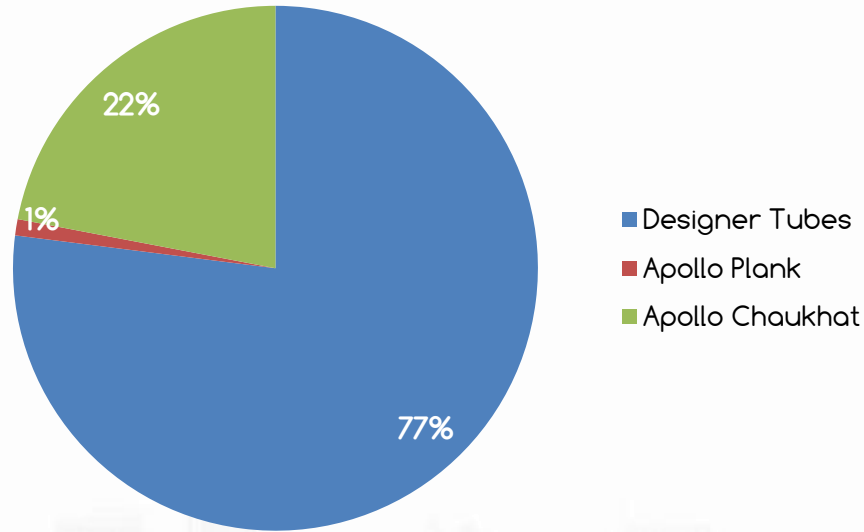
Rising value added product portfolio for APL Apollo



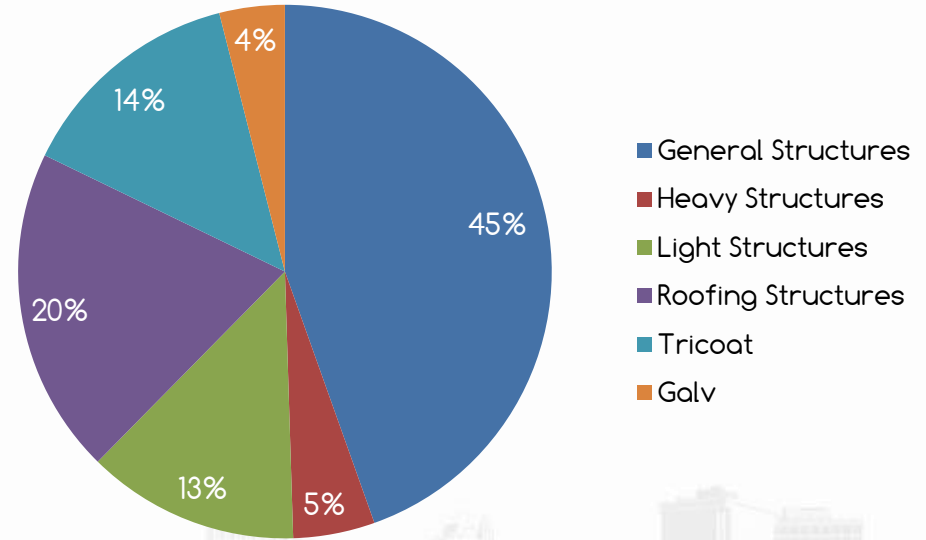
Benefit for Apollo Tricoat Share holders

- 16% premium to last closing market price and 25% premium to 3-month DWAP
- Stronger platform and stable cash flows driving superior returns
- Balance Sheet strengthening with bigger scale
- Earnings de-risked through addition of APL Apollo's products
- Opportunity to introduce new technologies into home innovation segment
- To benefit from APL Apollo's distribution network and brand trust
- Lower distribution cost by accessing distribution network of Apollo Tubes

Apollo Tricoat: De-risked through addition of APL Apollo's products



Apollo Tricoat Product Portfolio



APL Apollo Product Portfolio

Both companies committed to the growth strategy in structural steel tubes

World Class Technology

- APL Apollo has 8 manufacturing units with capacity of 2.25mn tons
- Apollo Tricoat has 2 manufacturing units with capacity of 0.35mn tons
- Combined capacity of 2.6mn tons of structural steel tubes

Growth

- Group has demonstrated volume CAGR of 27% in last 10 years
- Merged entity to work aggressively towards development of structural steel tube market in the coming years

Apollo Brand

- Single platform to innovate new application for structural steel tubes (home innovation, heavy structural tube, home decor tubes)

Structural Steel Tube Giant with capacity of 2.6mn tons

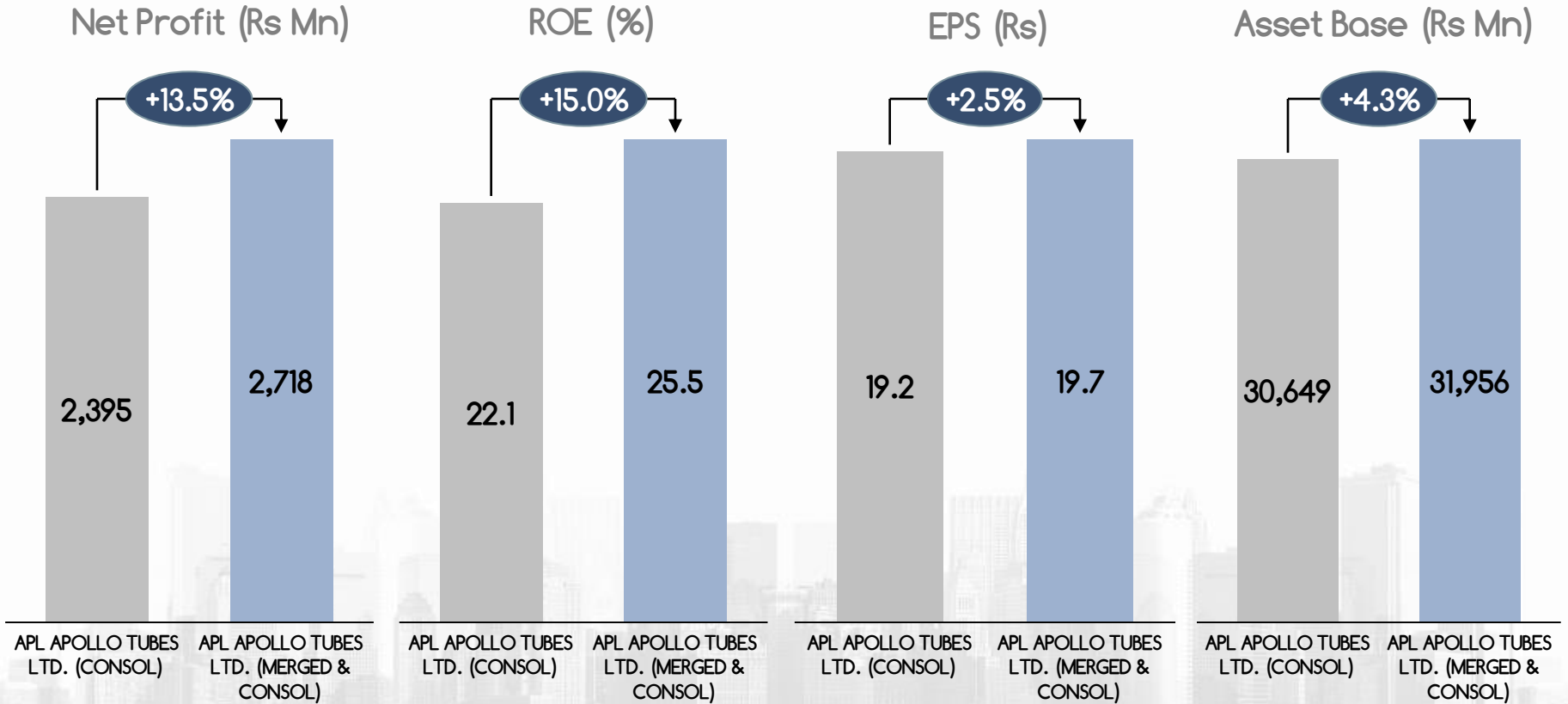
Post Amalgamation P&L Statement

Profit & Loss Amount (Rs Mn)	Consolidated P&L - 31 December 2020	Post merger P&L - 31 December 2020
	APL Apollo Tubes Ltd (Consolidated)	APL Apollo Tubes Ltd (Merged + Consol)
I Revenue from operations		
(a) Sale of products	59,128	59,128
(b) Other operating income	-	-
Total revenue from operations	59,128	59,128
II Other Income	233	233
III Total income (I +II)	59,361	59,361
IV Expenses		
(a) Cost of materials consumed	48,148	48,148
(b) Purchase of stock-in-trade (traded goods)	610	610
(c) Changes in inventories of finished goods, work-in-progress, rejection and scrap	901	901
(d) Employee benefits expense	979	979
(e) Finance costs	517	517
(f) Depreciation and amortization expense	752	752
(g) Other expenses	3,767	3,767
Total expenses	55,675	55,675
V Profit before tax (III-IV)	3,686	3,686
VI Tax expense:	953	953
VII Profit for the period / year (V-VI)	2,733	2,733
VIII Other comprehensive income	(15)	(15)
IX Total comprehensive income for the year (VII+VIII)	2,718	2,718
X Profit for the year attributable to :		
- Owner of the Company	2,395	2,718
- Non-Controlling interest	324	-
No. of Shares (Mn)	125	138
EPS (Rs)	19.19	19.67

Post Amalgamation Balance Sheet

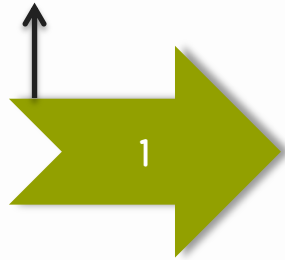
BALANCE SHEET Amount (Rs Mn)	Consolidated Balance Sheet as on 31 December 2020 APL Apollo Tubes Ltd (Consolidated)	Post merger Balance Sheet as on 31 December 2020 APL Apollo Tubes Ltd (Merged + Consolidated)
Net-worth	16,923	18,229
Equity Share capital	250	276
Reserves & Surplus	16,673	17,953
Non Current Liabilities	4,125	4,124
Long term borrowings	2,016	2,016
Long term provisions	231	231
Deferred Tax Liabilities	1,067	1,067
Other long - term liabilities	811	811
Current Liabilities	9,602	9,602
Short term borrowings	2,080	2,080
Trade payables	5,897	5,897
Other current liabilities	1,623	1,623
Short term provisions	2	2
TOTAL	30,649	31,956
Non Current Assets	19,139	20,446
Net Fixed Assets	16,312	16,197
- PPE excluding intangibles	14,983	14,944
- Intangible including right to use assets	959	883
- CWIP	370	370
Capital Reserve/Goodwill	1,375	2,796
Non Current Investment	14	14
Long term loans & advances	0	0
Other non current assets	1,439	1,439
Current Assets	11,510	11,510
Inventories	5,713	5,713
Trade receivables	910	910
Cash and Bank	3,309	3,309
Short term loans & advances	13	13
Other Current Assets	1,565	1,565
TOTAL	30,649	31,956

Improved Financials for APL Apollo

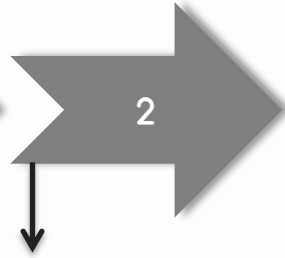


Way Forward

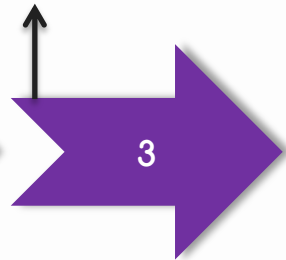
Board of Directors approved the scheme basis recommendation of Audit Committee and Independent Directors



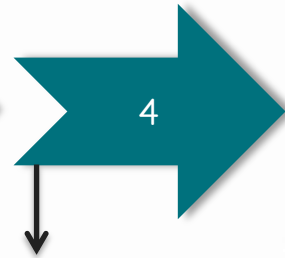
Filing of Scheme with stock exchange and SEBI for their approval



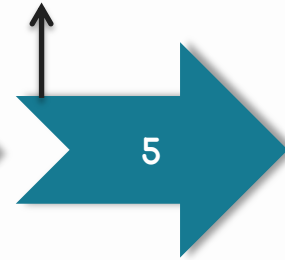
Filing Scheme with NCLT post receipt of no objection letter from stock exchange and SEBI



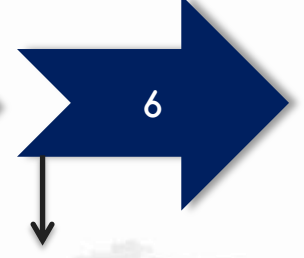
Convening meeting of shareholders / creditors as directed by NCLT



Filing of Second Motion Petition and obtaining reports from RD, ROC, Income Tax Authorities and other applicable regulatory authorities for amalgamation



File the order of NCLT approving the Scheme with Registrar of Companies and issue equity shares accordingly



Thank You