



*the largest manufacturer of ERW steel tubes,  
pipes and hollow sections in India*



# *Investor Presentation*

June 8, 2016

NSE Symbol: APLAPOLLO | BSE Code: 533758 | ISIN: INE702C01019

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CIN: L74899DL1986PLC023443

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# 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.

# Industry Space

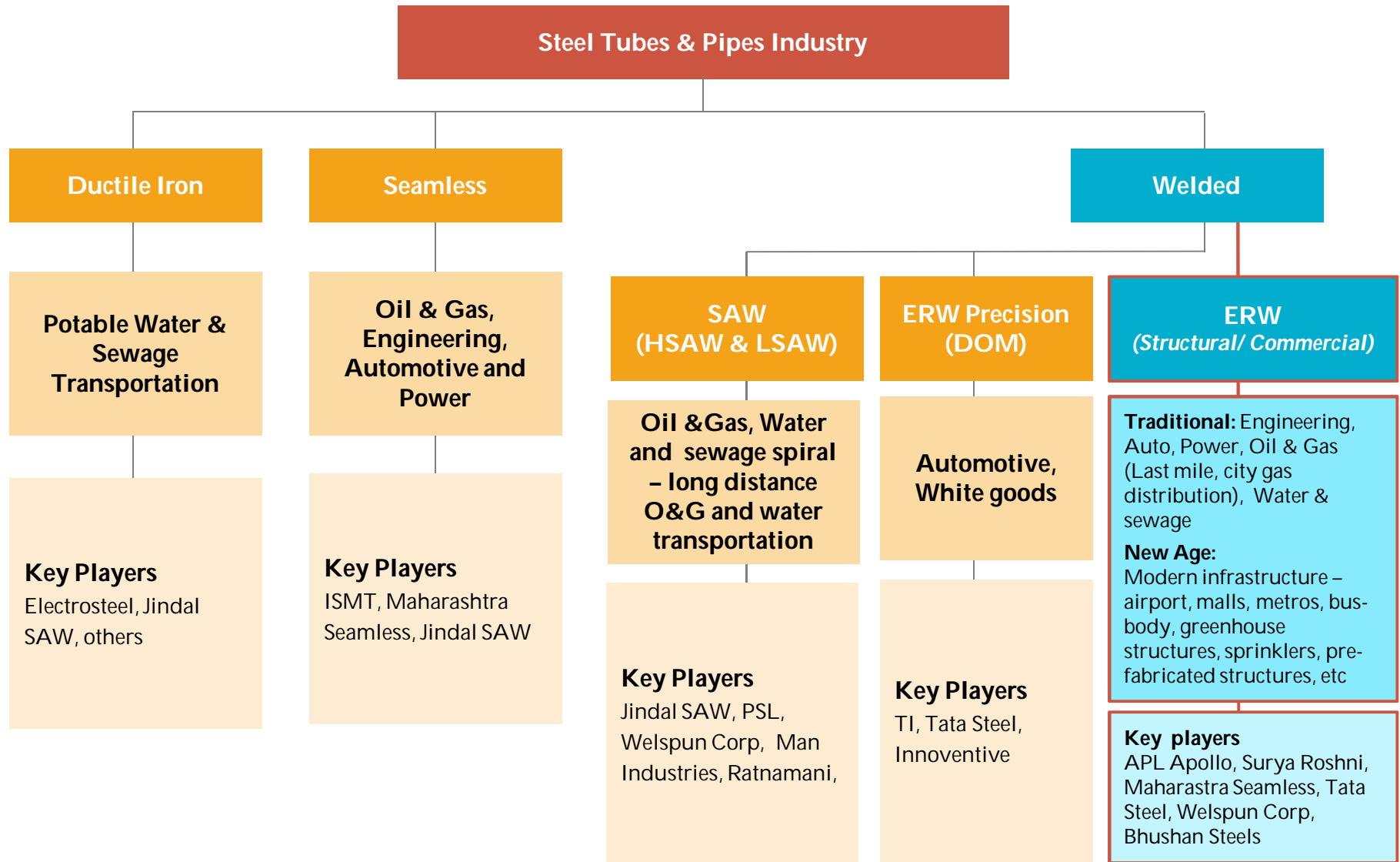
- Steel Pipes
  - Steel pipes were traditionally used for transportation of water, liquids, Oil and gases



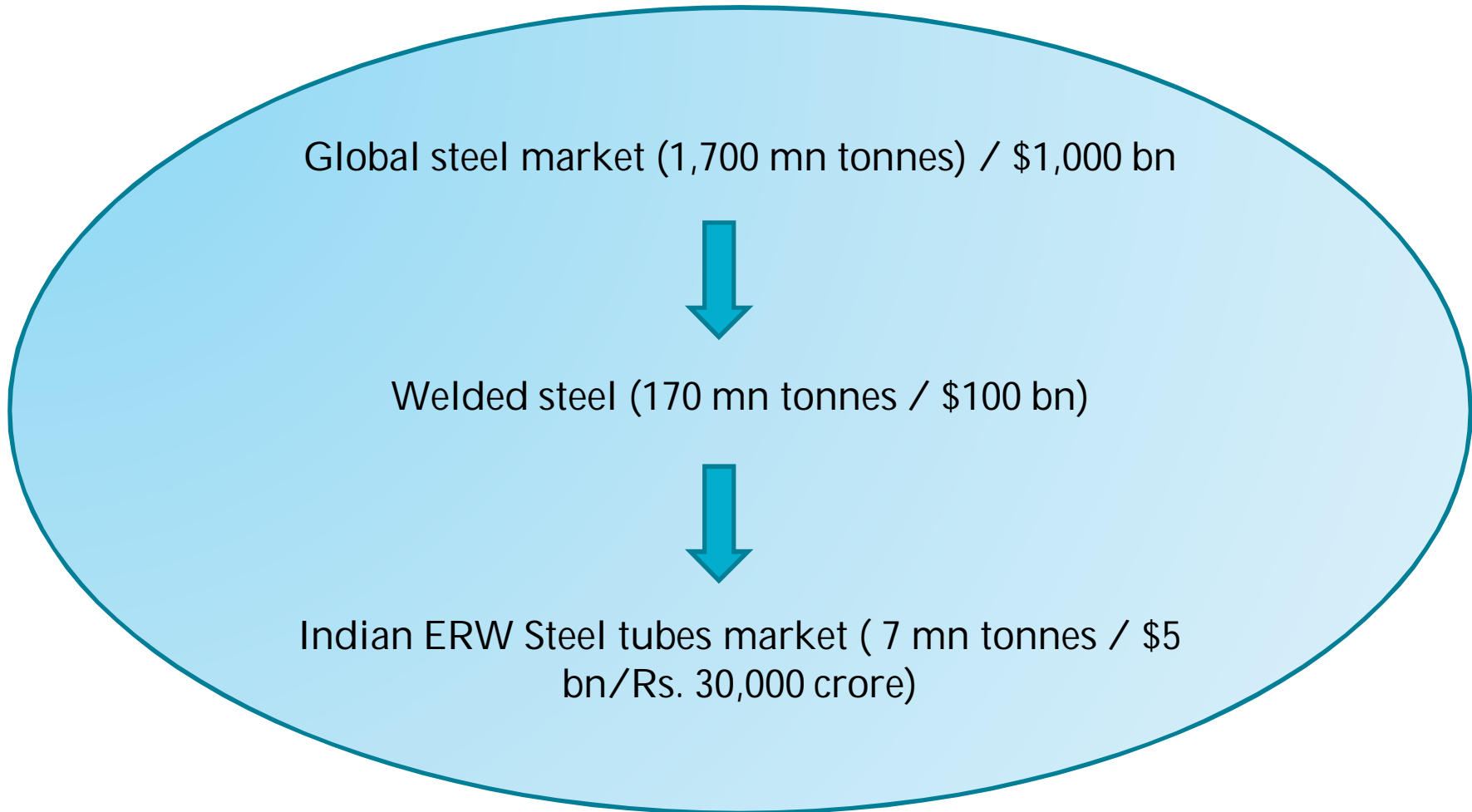
- Lately steel pipes have found applications in newer areas like structural support systems



# Industry Structure – Steel Tubes & Pipes



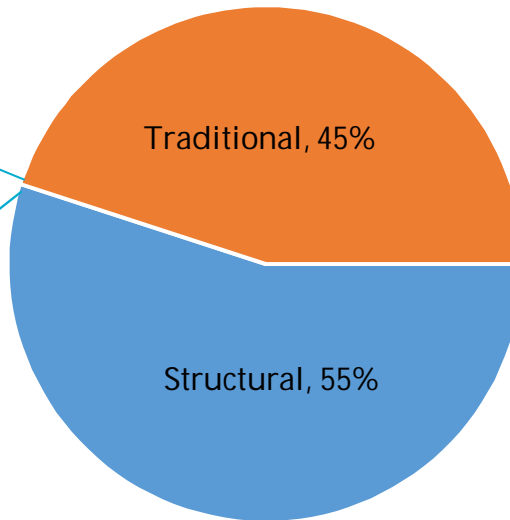
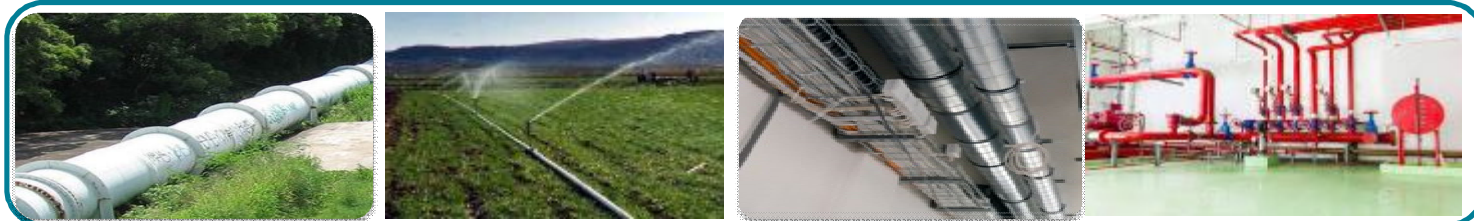
# Market Size



- India is among the leading ERW steel tubes manufacturing hubs in the world
  - Other bigger manufacturers include China, Turkey, Italy and US

Source: Steel Ministry, Company Information as of FY 2014.

# Application of ERW Pipes



**APL Apollo's  
Focus Area**



# Manufacturing Capacity

**Upcoming Facility at Dubai, Our first overseas facility**

**Unit 1**  
Sikandarabad  
Uttar Pradesh  
250,000 MTPA

**Apollo Metalex**  
Sikandarabad  
Uttar Pradesh  
225,000 MTPA

**Lloyds Linepipes**  
Murbad  
Maharashtra  
350,000 MTPA

**Upcoming Facility at Raipur, Chhattisgarh**

**Unit 2**  
Hosur  
Tamil Nadu  
350,000 MTPA

**SLMUL**  
Bengaluru  
Karnataka  
125,000 MTPA

**Japanese technology from Kusakabe, world leaders in welded Tube Mill technology**

Only player with manufacturing facilities across North, South and West India. Current capacity utilization is 85%.

\*Manufacturing capacity as on March, 2016

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# Milestones



- **2002** – Started modernisation by replacing existing 20 Meters per minute production lines with Japanese high speed@ 100 Meters per minute line
- **2003** – Developed Hollow Sections with wide range
- **2004** – Pioneered Pre Galvanised pipes in India
- **2007** – Backward integration into Pre Galvanised Coils Through Apollo Metallex
- **2008** – Acquired Lakshmi Metals in South – a first step in building a Pan India presence
- **2009** – Hosur Plant started as a greenfield venture with state-of-the-art mills
- **2010** – Opening multiple warehouses across India to build a distributed supply chain and help deliver product Just-In-Time to end customers
- **2011** – Acquired Lloyd Line Pipes plant near Mumbai to build presence in Western India



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## Milestones (Contd...)



- **2012** – Became the largest ERW pipes manufacturer in India
- **2013** – Started building the APL Apollo brand across India with a wide range of marketing activities and fabricators meets
- **2013** – Procured CRFH Coils from JSW Steel to expand our product range in the lower thickness hollow sections
- **2014** – Ventured into new product range by experimenting with new shapes and launched Door & Window frames and railing tubes
- **2014** – Implemented SAP
- **2014**- Strengthened our Board of Directors towards good governance practices
- **2015** – Achieved a capacity of 1 Million tons of Steel Pipe, a first in India.
- **2015** – Raised CP from HDFC at a rate of 7.70% supported by 2 rating upgrades from ICRA
- **2015**- Appointment of M/S Delloite Haskins and Sells as Statutory Auditors

# APL Apollo

## Widest Product range

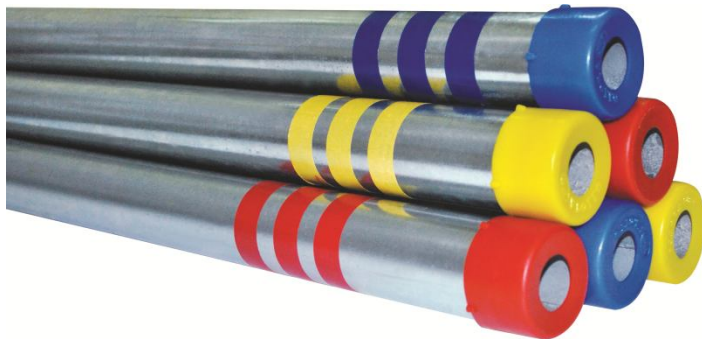
- Square: 12x12 to 300x300 mm
- Rectangular: 15x10 to 400x200 mm
- Round: 15.88 -355 mm OD
- Thickness: 0.7mm to 12mm



Black Round



Black Hollow Section



Galvanized

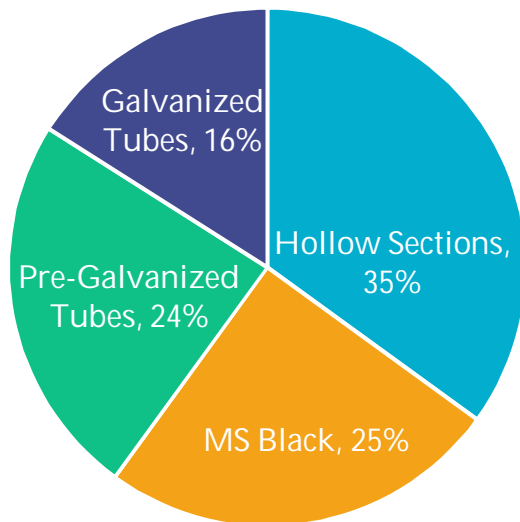


Pre-Galvanized

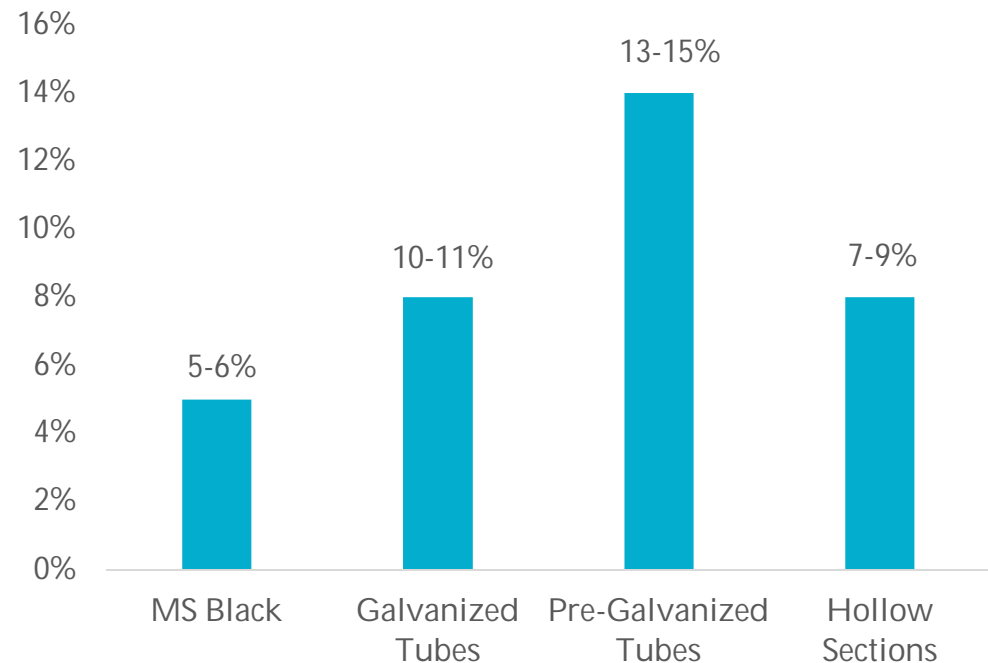
# Revenue Breakup & Margin Profile



Revenue Break Up Product-wise (FY16)



Product Margin Profile (FY16)



- Company plans to almost double its galvanized tube production capacity in near future.

# New products: Doorframes



## Double Door Frame Section

130 x 65 mm

Thickness:1.4- 3mm



## Single Door Frame Section

80 x 40 mm, 100 X 50 mm

Thickness:1.4- 3mm

*At least **30% savings** as compared to Normal wood  
Minimum INR 15,000 savings for 3BHK appt*

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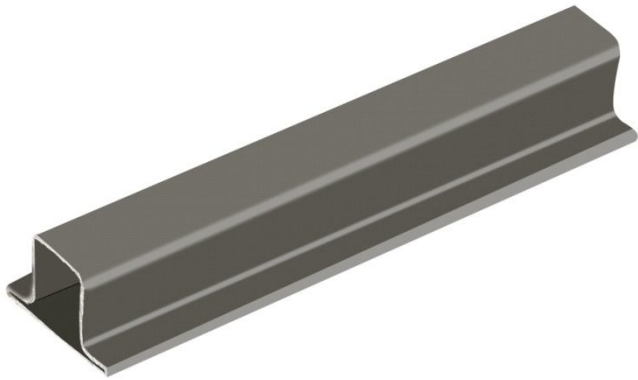
# Door Frames

## And No compromise in Looks



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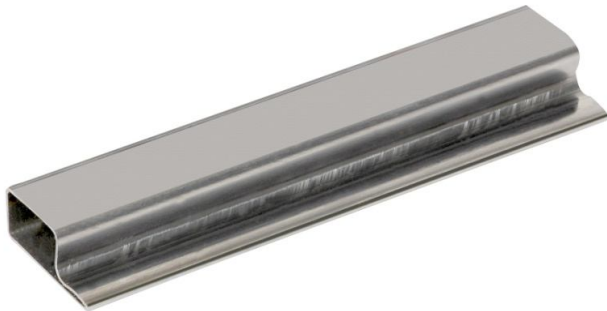
# New products: Window Frames



## T Section

52 x 25 mm

Thickness:1.4- 3mm



## L Section

62 x 33mm, 52 x 24mm,46X18mm

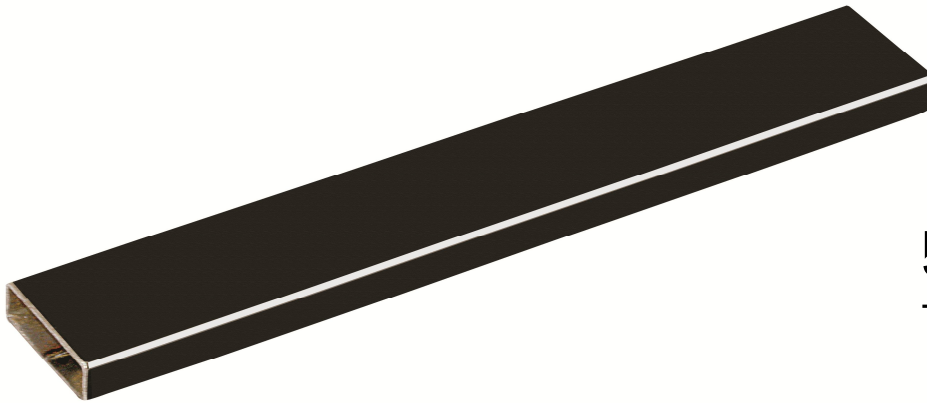
Thickness:1.4- 3mm

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# New products: Narrow Sections



**40 x 10 mm**  
Thickness: 1.2- 3mm



**50 x 15 mm**  
Thickness: 1.2- 3mm

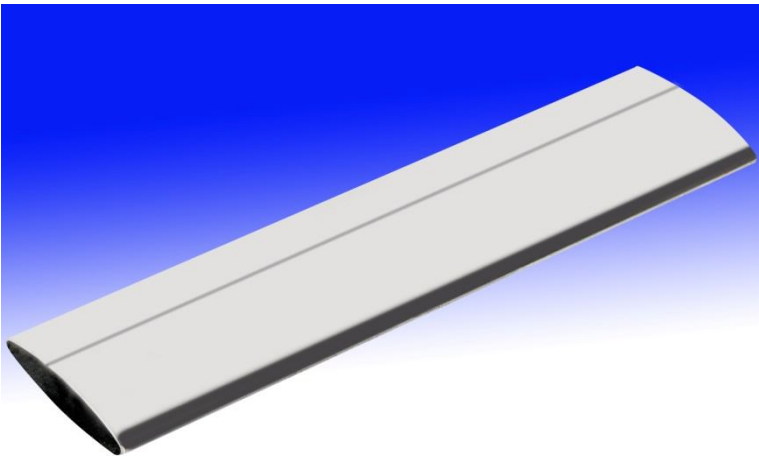
## New products:



### **Handrail**

2 & 2.5 inches

Thickness: 1.4- 3mm



### **Elliptical tube**

75x15 mm

Thickness: 1- 3mm



# Colour Coated Pipes

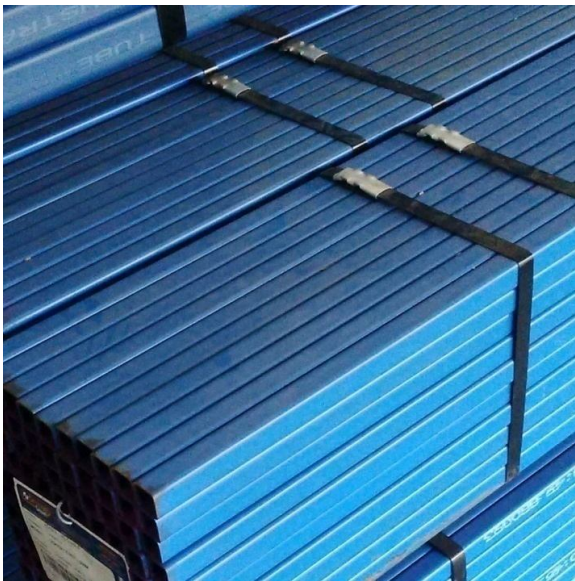


## Paint & Finish

Paint: water based

Finish: Semi-matt, matt

Colours: Aqua Blue, Brick Red



## Pipe Dimensions

Round: Min- 21mm, Max 168mm

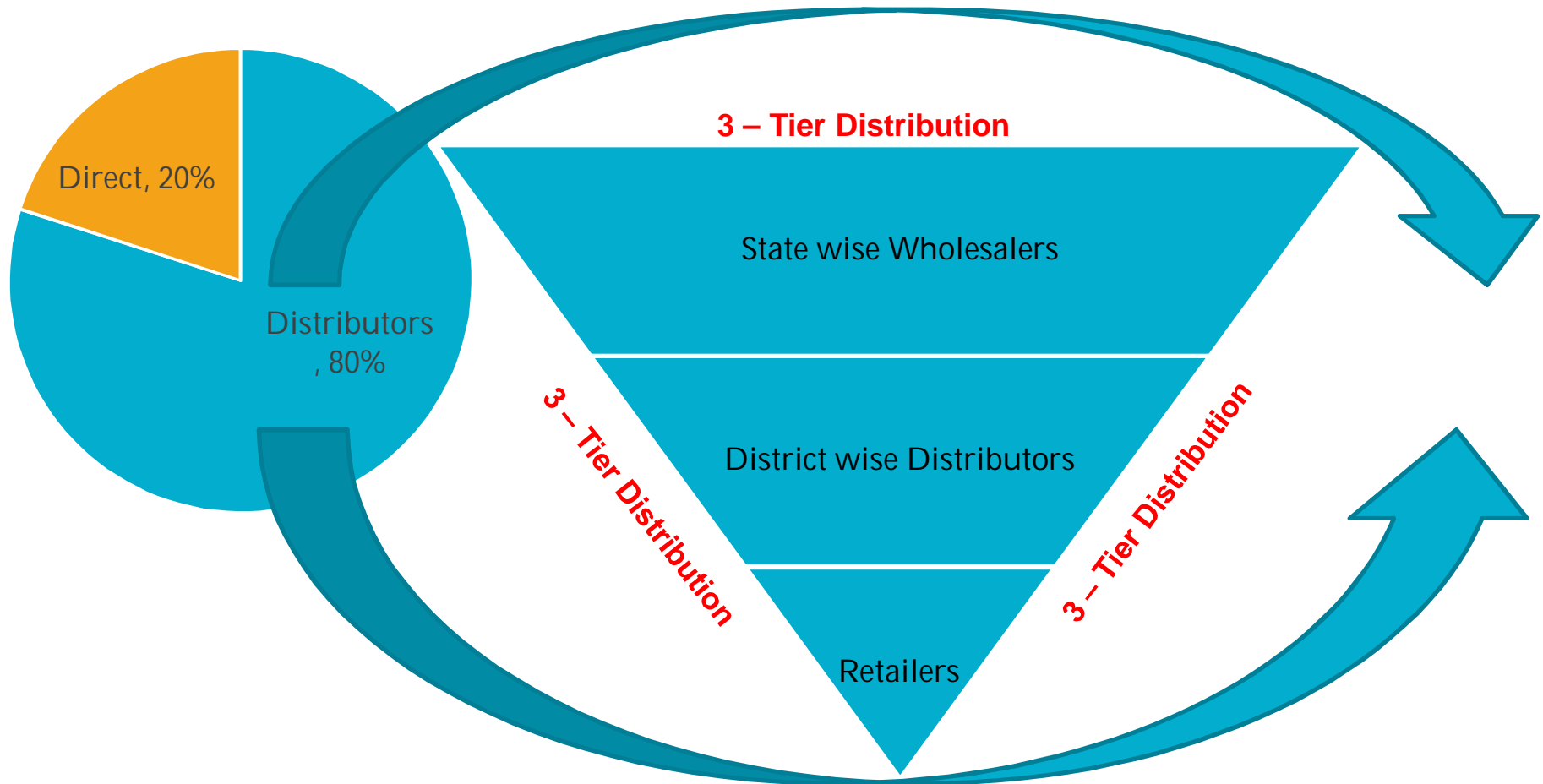
Square: Min:20x20, Max:125x125mm

Rectangle:30x20, Max:150x100mm

Wall Thickness: Min 1mm, Max 6mm

Length: Min 3m, Max 6mm

# B to C – Supply Chain



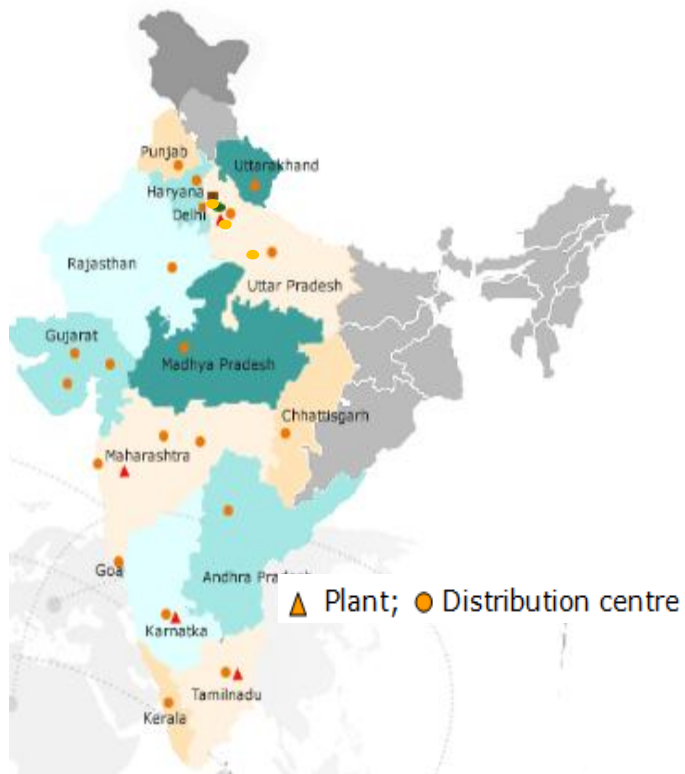
- APL Apollo has over 600 distributors and 26 warehouses as of FY 2016

Source: Company Information as of FY 2016.

# Extensive distribution network

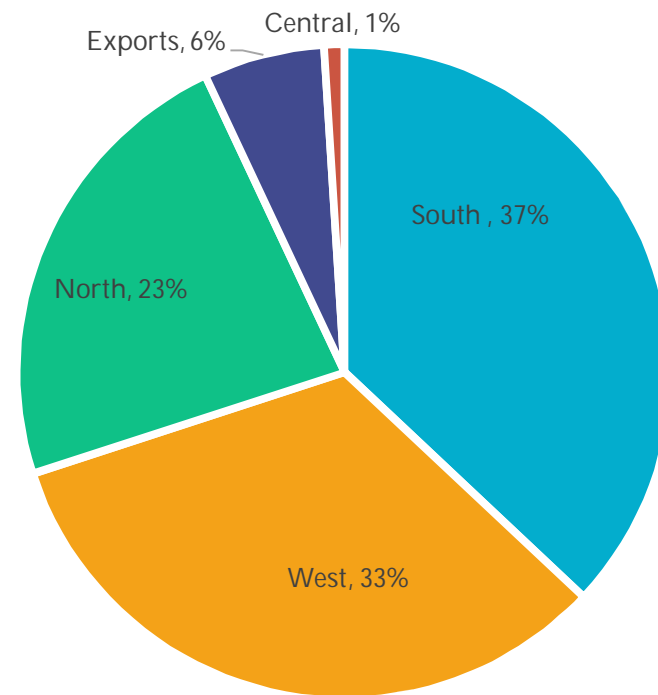


### Distribution network



### Zone-wise sales break-up

**FY16**



**26 Warehouses cum branches and 600+ dealers network**

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# Focus on Branding



- Intense focus on branding to garner a larger share of the market
- Targeting about 30,000 signage boards across the country for higher visibility
- Focused efforts at sponsoring plumbing meets and dealer meets and participation in exhibitions in India and across the world
- One-of-a-kind “Fabricators and Plumbers” meet is being organized across the length and breadth of the country to generate interest in APL Apollo’s products among end users.
- The above meets have at least 100-150 participants and our technical and marketing team give insights on products along with the advantages of using these products
- Star Cruise for 4 days organized for over 1000 dealers and distributors in Singapore and Malaysia
- Approximate budget for branding in the current fiscal is about Rs. 10 crore.

# Branding

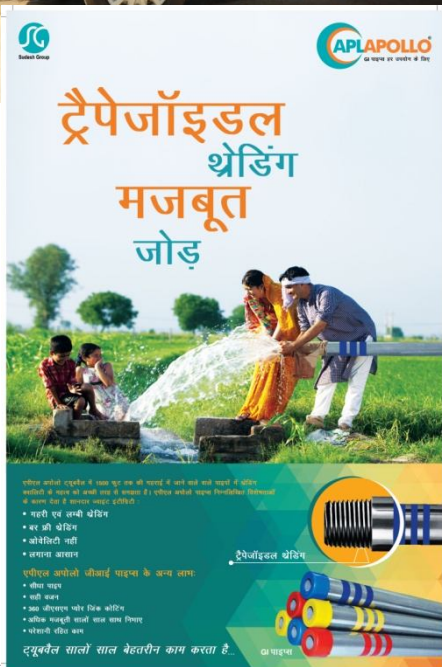


**APLAPOLLO**  
Tubes for every reason

**TRAVEL TO AUSTRALIA**

**Retailer Scheme**  
1st November 2014 to 30th June 2015  
SCHEME VALID FOR KARNATAKA RETAILERS ONLY

# Branding contd.



# Vision 2020: 2.5 Million Tons



*Achieve 2.5 Million Tons production by FY 2020  
driven by a volume growth of over 25% p.a.*

- Well-planned Roadmap for capacity addition across plants
- Profitable operations to fund capex through internal accruals
- Highly solvent Balance-Sheet to support scaled up operations
- Focus on improving ROE

- Proven ability to tap industry demand and grow sales volumes above 25% sustainably
- Value added products to replace low margin products
- Greater focus on product and corporate branding

*Transformation into a Global Branded Steel Products Company*

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# Capex Plans



- Setting up a new plant in Raipur with 2 Lakh TPA for making our presence Pan India
- Initiated plans for a new plant in UAE with a total capacity of 3 Lakh TPA with 6 lines
- Ordered 8 lines of new HSU technology mills that will add over 5 Lakh TPA at the existing sites in this year
- Venturing into precision tubes for Automotive applications with a greenfield site in Bangalore(One Lac TPA)
- Setting up an Online Galvanising plant of 1 Lakh TPA in Bangalore for the first time in India
- Overall Capex of 500 Cr in the next 3 years
- The Capex will be funded mainly from internal accruals.



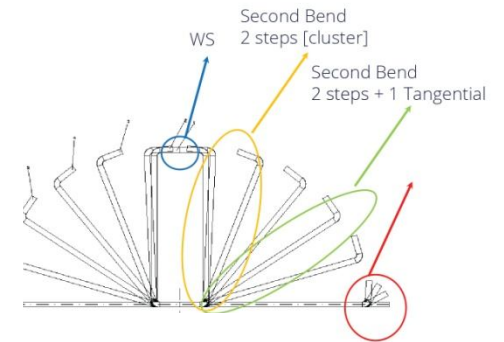
# Direct Forming Technology- World's Best



- Latest Global Technology for making Hollow Sections
- Unlike Traditional technology where round tube is formed first and then is converted to rectangular or square shape, here Hollow Sections are formed directly through welding in high speed
- Can make hollow sections of any size within a range of dimensions and thickness
- Savings in terms of Rolls Change time & space to store Rolls



**APL APOLLO**  
**NEXT**  
HOLLOW SECTIONS



**1<sup>st</sup>**  
**TIME**  
**IN INDIA**

# Direct Forming Technology-Customer Benefit

## DIRECT MATERIAL SAVINGS

- Hollow Sections made from Direct Forming Technology are lower in weight as compared with conventional technology

**SAVINGS 3%-7%**

Sample case: Compact Model Disc Harrow



Direct Material Savings on usage of APL APOLLO NEXT Hollow Sections in Fieldking Compact Model Disc Harrow

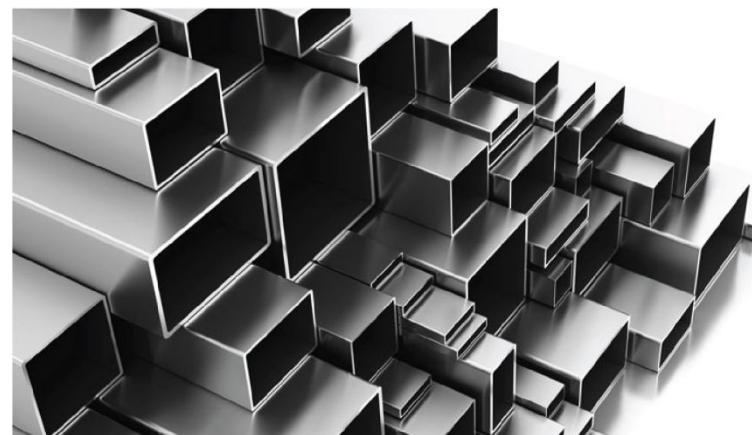
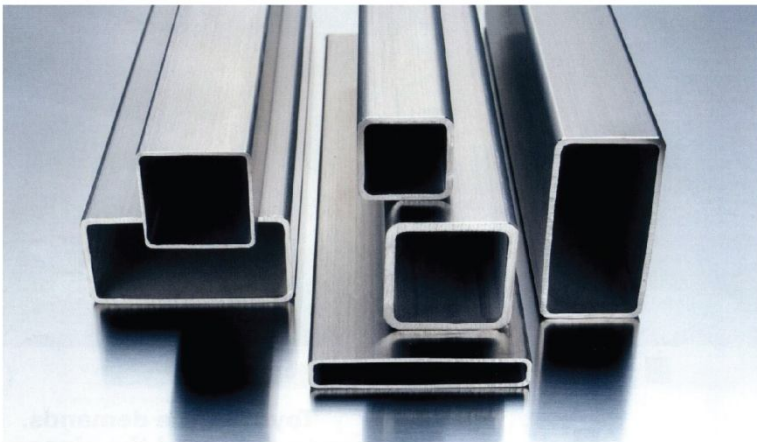
Variant (feet)	Hollow Section Size	Length (mm)	No. of Pieces	Conventional Weight/pc (Kgs)	APL Apollo NEXT HS Weight	Weight Saving in Kgs	% of Material Saving
8X8	90x90x7	1730	1	31.956	29.399	2.556	8%
	90x90x7	770	1	14.223	13.085	1.138	8%
	90x90x7	1730	1	31.956	29.399	2.556	8%
	50x50x6	938	1	7.911	6.883	1.028	13%
	50x50x6	925	1	7.802	6.787	1.014	13%
	50x50x6	1065	1	8.982	7.815	1.168	13%
	80x80x7	650	1	10.548	9.493	1.055	10%
	80x80x7	910	1	14.767	13.290	1.477	10%
				<b>128.144</b>	<b>116.152</b>	<b>11.993</b>	<b>9.4%</b>
9X9	100x100x6	1958	1	35.057	32.953	2.103	6%
	100x100x6	770	1	13.786	12.959	0.827	6%
	100x100x6	1958	1	35.057	32.953	2.103	6%
	50x50x6	938	1	7.911	6.883	1.028	13%
	50x50x6	925	1	7.802	6.787	1.014	13%
	50x50x6	1065	1	8.982	7.815	1.168	13%
	80x80x7	650	1	10.548	9.493	1.055	10%
	80x80x7	910	1	14.767	13.290	1.477	10%
				<b>133.909</b>	<b>123.133</b>	<b>10.776</b>	<b>8.0%</b>
10X10	100x100x6	2186	1	39.139	36.790	2.348	6%
	100x100x6	770	1	13.786	12.959	0.827	6%
	100x100x6	2186	1	39.139	36.790	2.348	6%
	50x50x6	1115	1	9.404	8.182	1.223	13%
	50x50x6	1106	1	9.328	8.116	1.213	13%
	50x50x6	1065	1	8.982	7.815	1.168	13%
	80x80x7	650	1	10.548	9.493	1.055	10%
	80x80x7	910	1	14.767	13.290	1.477	10%
				<b>145.093</b>	<b>133.435</b>	<b>11.658</b>	<b>8.0%</b>
11X11	100x100x6	2411	1	43.167	40.577	2.590	6%
	100x100x6	770	1	13.786	12.959	0.827	6%
	100x100x6	2411	1	43.167	40.577	2.590	6%
	50x50x6	1065	1	8.982	7.815	1.168	13%
	50x50x6	1115	1	9.404	8.182	1.223	13%
	50x50x6	1106	1	9.328	8.116	1.213	13%
	80x80x7	650	1	10.548	9.493	1.055	10%
	80x80x7	910	1	14.767	13.290	1.477	10%
				<b>153.150</b>	<b>141.008</b>	<b>12.142</b>	<b>7.9%</b>
12X12	100x100x6	2636	1	47.196	44.364	2.832	6%
	100x100x6	770	1	13.786	12.959	0.827	6%
	100x100x6	2636	1	47.196	44.364	2.832	6%
	50x50x6	1065	1	8.982	7.815	1.168	13%
	50x50x6	1115	1	9.404	8.182	1.223	13%
	50x50x6	1106	1	9.328	8.116	1.213	13%
	80x80x7	650	1	10.548	9.493	1.055	10%
	80x80x7	910	1	14.767	13.290	1.477	10%
				<b>161.207</b>	<b>148.582</b>	<b>12.625</b>	<b>7.8%</b>

ADDITIONAL END CUSTOMER PRODUCT LIFE TIME FUEL SAVINGS OF 2%

# Direct Forming Technology-Customer Benefit

## ORDER WHATEVER WHENEVER WHEREVER

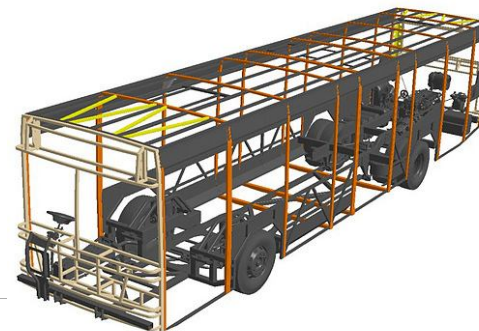
- Customized sizes, No more compromise
- Small Orders, No worry
- Just-In-Time Delivery Program
- 100% YST 310 material
- Pan India Manufacturing Presence



# Direct Forming Technology-Opening new Mkt



- Agriculture Implements
- Gym/Sport Equipment
- Solar tracking system
- Truck & Bus body
- Construction Equipment- Tower Crane
- Pre-Fab Buildings
- Heavy Vehicle Axles
- Metros/Airports
- Export Market- material saving benefit



# Vision 2020- Utilization



<b>Capacity (Lakh Tons Per Annum)</b>	<b>FY 16</b>	<b>FY 17</b>	<b>FY 18</b>	<b>FY 19</b>	<b>FY 20</b>
Existing	9	12	13	13	13
Raipur			1	2	2
Dubai				1	3
Direct Forming Tech Lines			1	3	5
Bangalore - Precision Pipes				0.5	1
Bangalore - Online Galvanising				0.5	1
<b>Total Capacity</b>	<b>9</b>	<b>12</b>	<b>15</b>	<b>20</b>	<b>25</b>

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# Vision 2020 - New Initiatives



- Focus on building the Company Board by roping in independent directors with strong credentials
- Building the second line of management. Incentivising the core team by giving ESOPs and performance linked bonus
- Aim to double the marketing & sales team in the next 2 years to support our push for new products and geographies
- Built detailed case studies to sell the new products using HSU Technology
- Bringing online galvanising technology for the first time in India
- Build a pan Indian presence by opening a new plant in Raipur
- Set up an innovation centre to launch new product lines
- Aim to become a consumer centric company, by spending on R&D and reaching out to end customer

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## Vision 2020- Goals



- Become One of the largest ERW Pipe manufacturer globally
- Achieve volume sales of over 2.5 Million Tons Per Annum
- Increase our volume sales by 25% CAGR
- Increase our EBDITA margins from INR 3150 to INR 4000 per ton.
- Target a core ROE of 30% Plus
- Reduce our Working Capital to less than 50 days
- Minimum Debt or try to Become debt free by 2020.
- Increase our dividend payout ratio to 20% above



*the largest manufacturer of ERW steel tubes,  
pipes and hollow sections in India*

## *Financials*

NSE Symbol: APLAPOLLO | BSE Code: 533758 | ISIN: INE702C01019

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# Our Impeccable track record



Parameters	FY12	FY13	FY14	FY15	FY16
Gross Sales(INR m)	15,362	22,471	27,900	33,572	44,570
Volumes(TPA)	2.9	4.6	5.7	7.0	9
EBITDA(INR m)	1,154	1,612	1,666	1,862	2,920
PBT(INR m)	728	1,050	890	977	1,630
PAT(INR m)	491	686	590	638	1,000

# Consolidated Results



Parameters	FY15	FY16	Growth	Q4FY15	Q4FY16	Growth
Volume (MT)	682193	<b>898690</b>	32%	169146	<b>262373</b>	55%
Gross Sales(INR in Cr)	3483	<b>4657</b>	34%	856	<b>1310</b>	53%
Net Mfg. Sale	3140	<b>3601</b>	15%	781	<b>1047</b>	34%
EBITDA(INR Cr)	186	<b>292</b>	57%	36	<b>90</b>	150%
PBT(INR cr)	97	<b>163</b>	68%	12	<b>53</b>	341%
PAT(INR cr)	63	<b>100</b>	59%	7	<b>27</b>	285%
EBITDA %	5.92%	<b>8.10%</b>		4.20%	<b>8.60%</b>	

# Consolidated Results



## Q-Q – F Y 2016

Parameters	Q1	Q2	Q3	Q4	Growth Q3 –Q4
Volume (MT)	211993	215724	208600	262373	26%
Net Sales(INR in Cr)	906	898	748	1047	40%
EBITDA(INR Cr)	57	72	73	90	23%
PBT(INR cr)	33	31	47	53	13%
PAT(INR cr)	22	20	31	28	-9%
EBITDA %	6.29%	8.01%	9.75%	8.59%	

## Key Ratios - Consolidated Nos

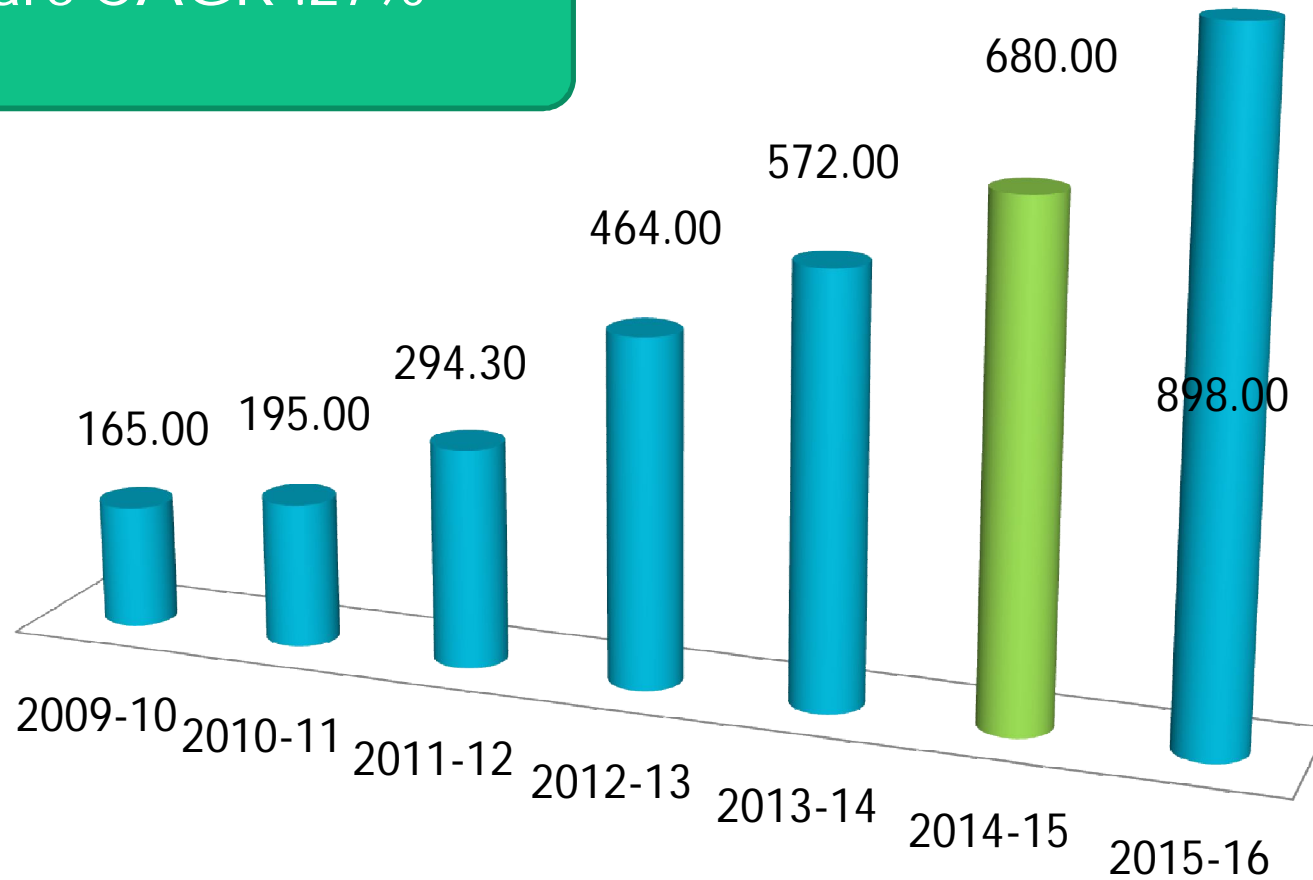


S.N o.	Particulars	FY11	FY12	FY13	FY14	FY15	FY16
1	ROCE %	18.23	20.18	21.63	17.76	18.16	24.90
2	ROE %	20.50	18.45	20.52	14.62	14.21	19.36
3	Debt/Equity	1.04	1.02	1.17	1.12	.92	1.05
4	Inv. Days	54	36	46	37	35	46
5	Debtors Days	37	41	35	31	20	18
6	F. Assets turnover Ratio	4.96	5.58	6.30	5.93	4.98	6.14
7	Debt/EBITDA	2.61	2.56	2.63	2.87	2.33	2.05

## Productions '000 MT

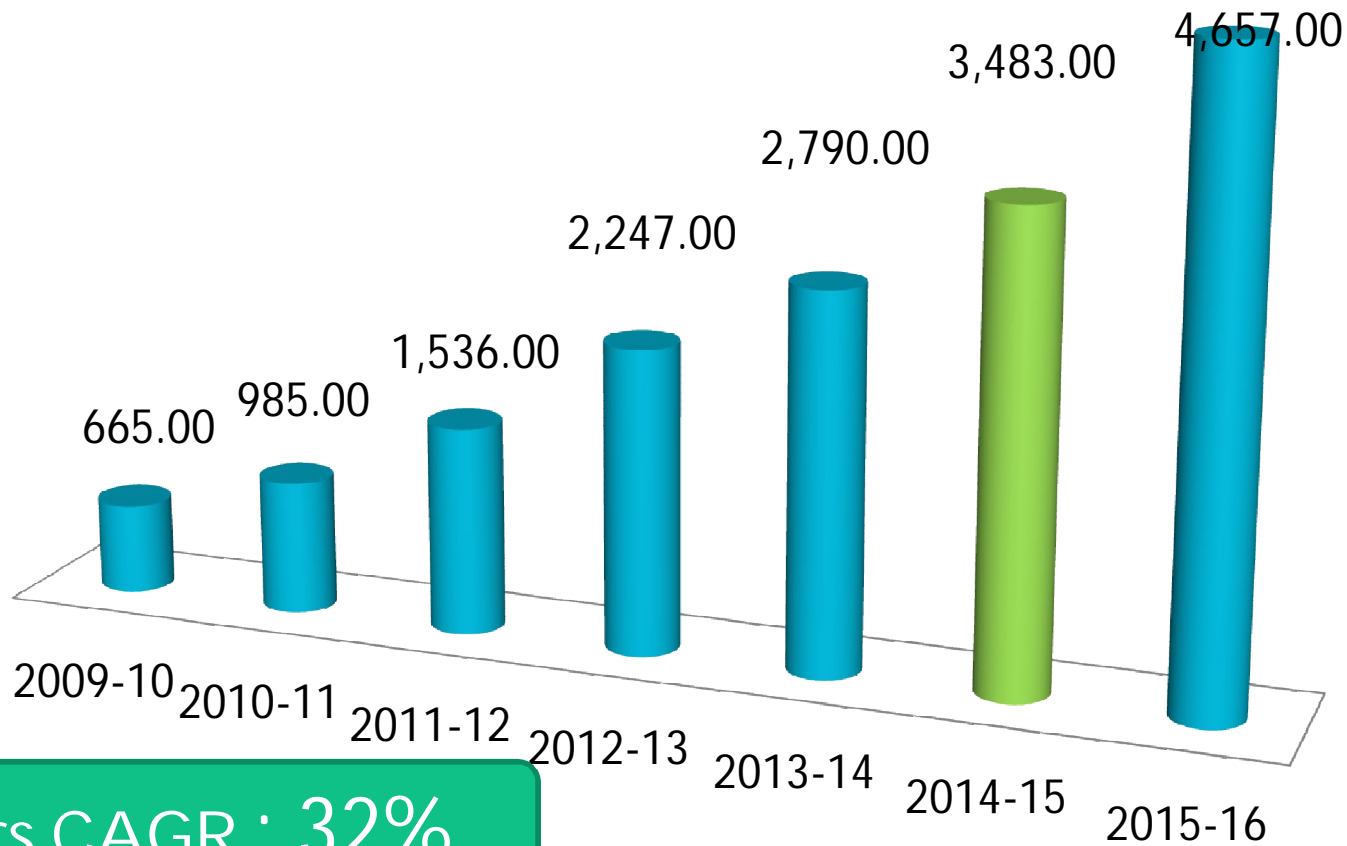
■ 2009-10 ■ 2010-11 ■ 2011-12 ■ 2012-13 ■ 2013-14 ■ 2014-15 ■ 2015-16

7 years CAGR :27%



## Revenue in INR Cr

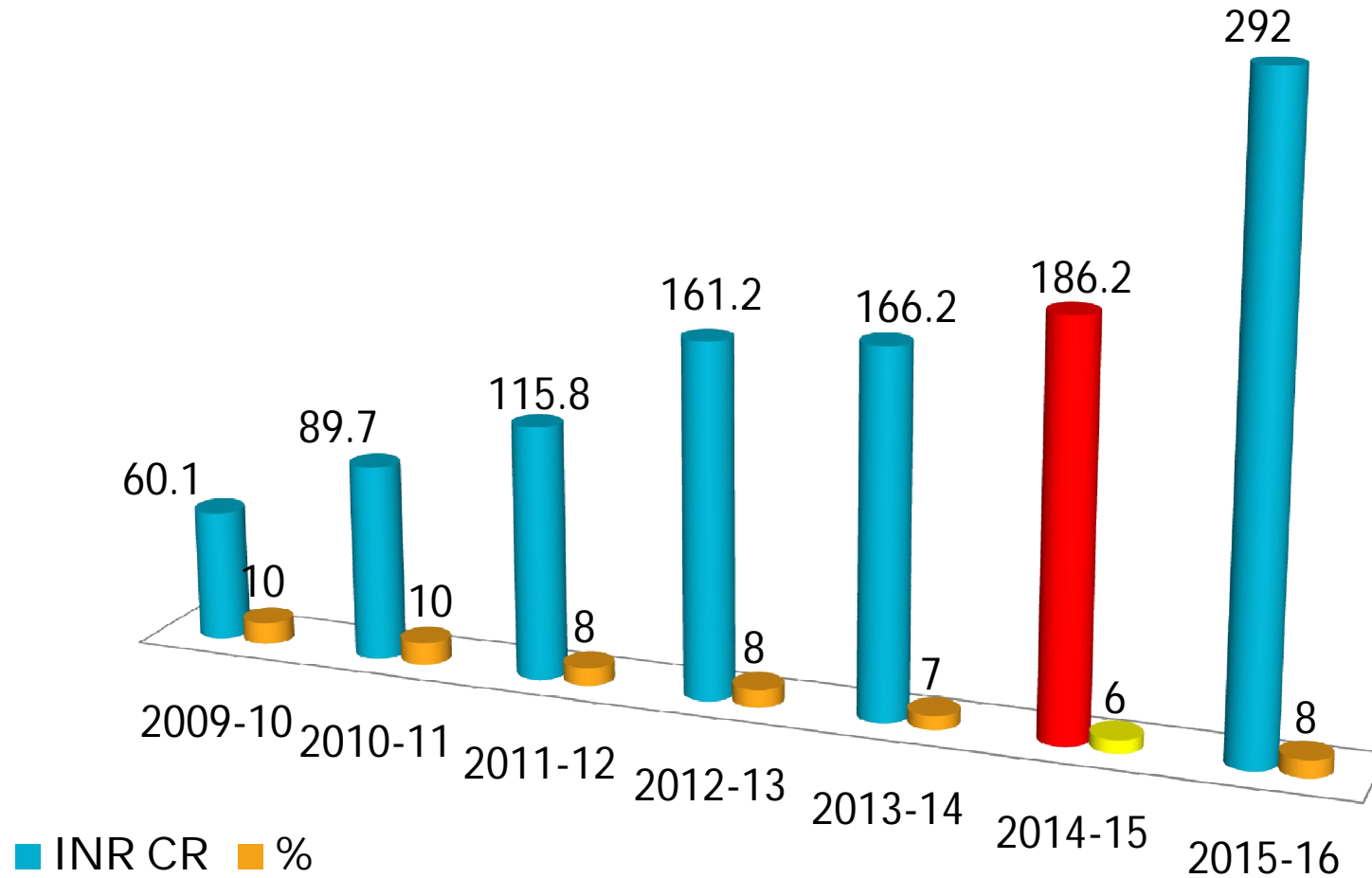
■ 2009-10 ■ 2010-11 ■ 2011-12 ■ 2012-13 ■ 2013-14 ■ 2014-15 ■ 2015-16



7 years CAGR : 32%

## EBIDTA in INR CR

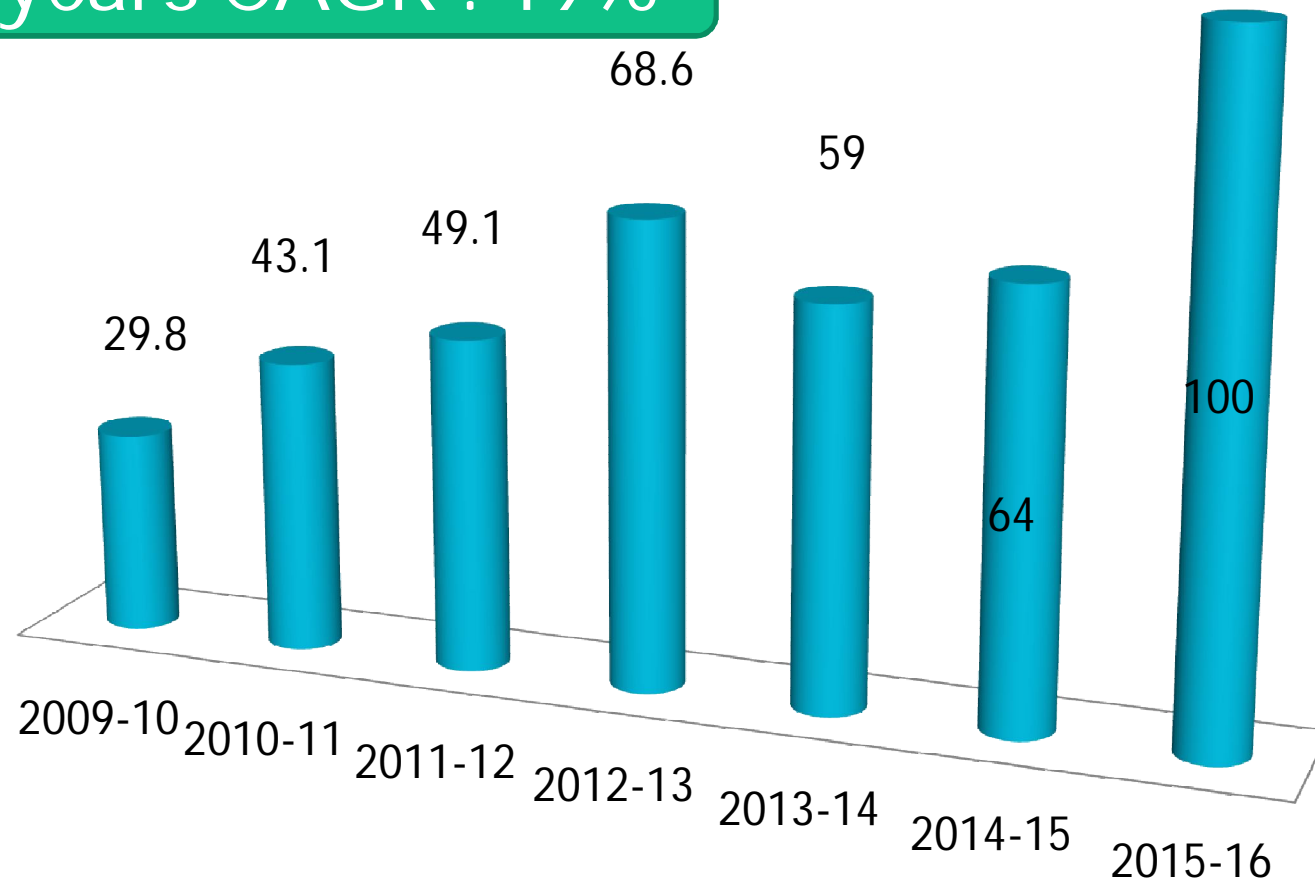
7 years CAGR : 25%



## Profit After Tax

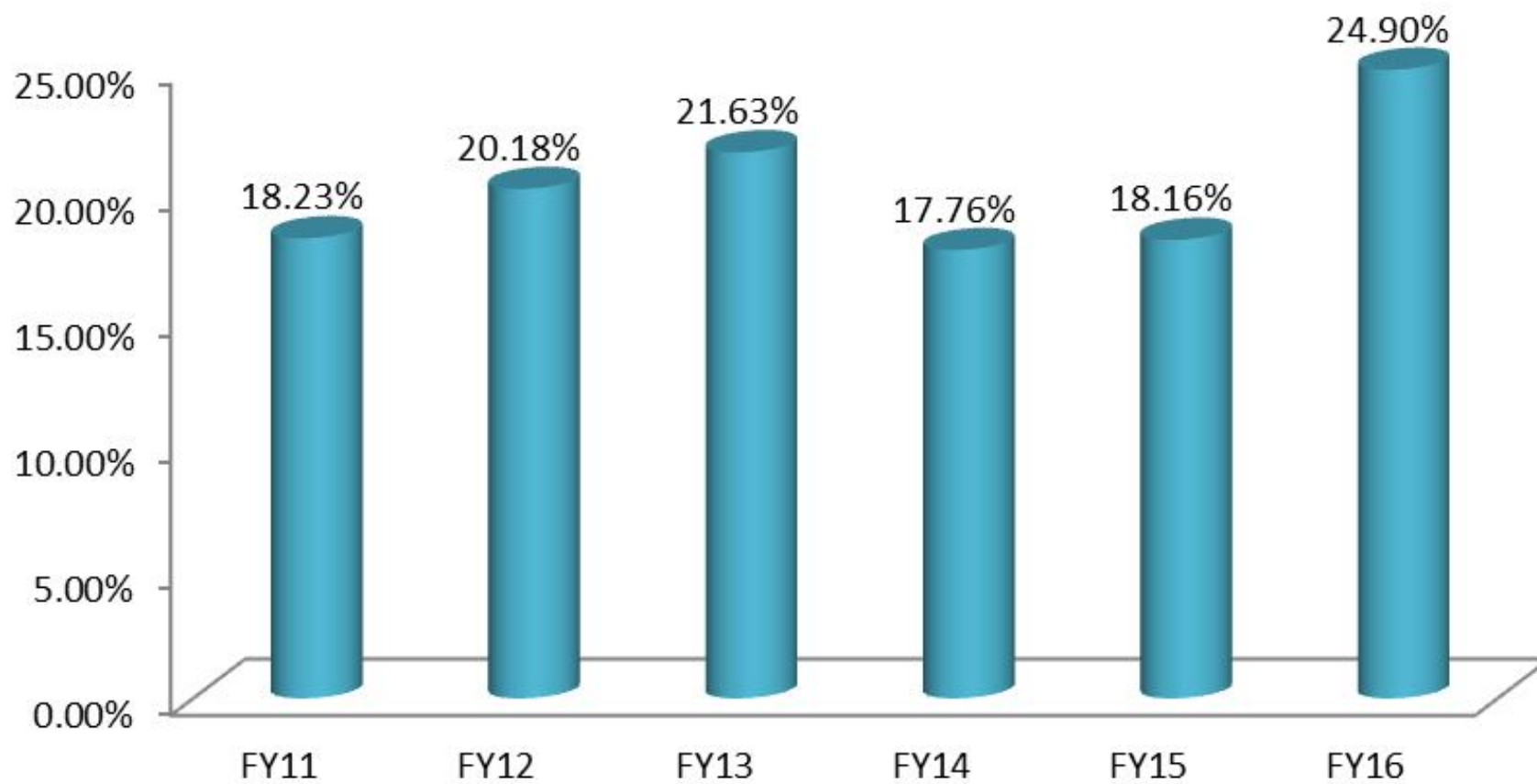
■ INR CR

7 years CAGR : 19%

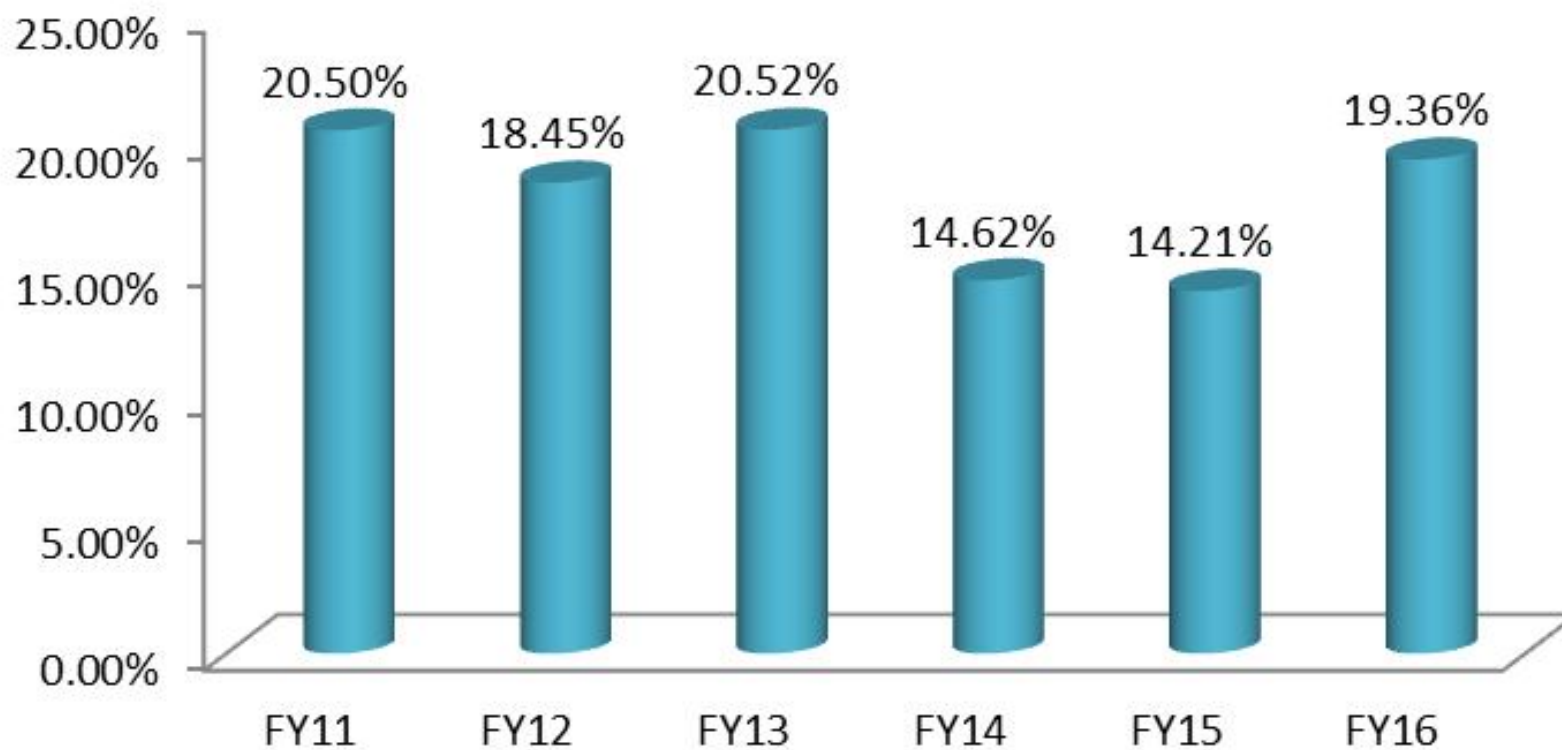




## ROCE (%)



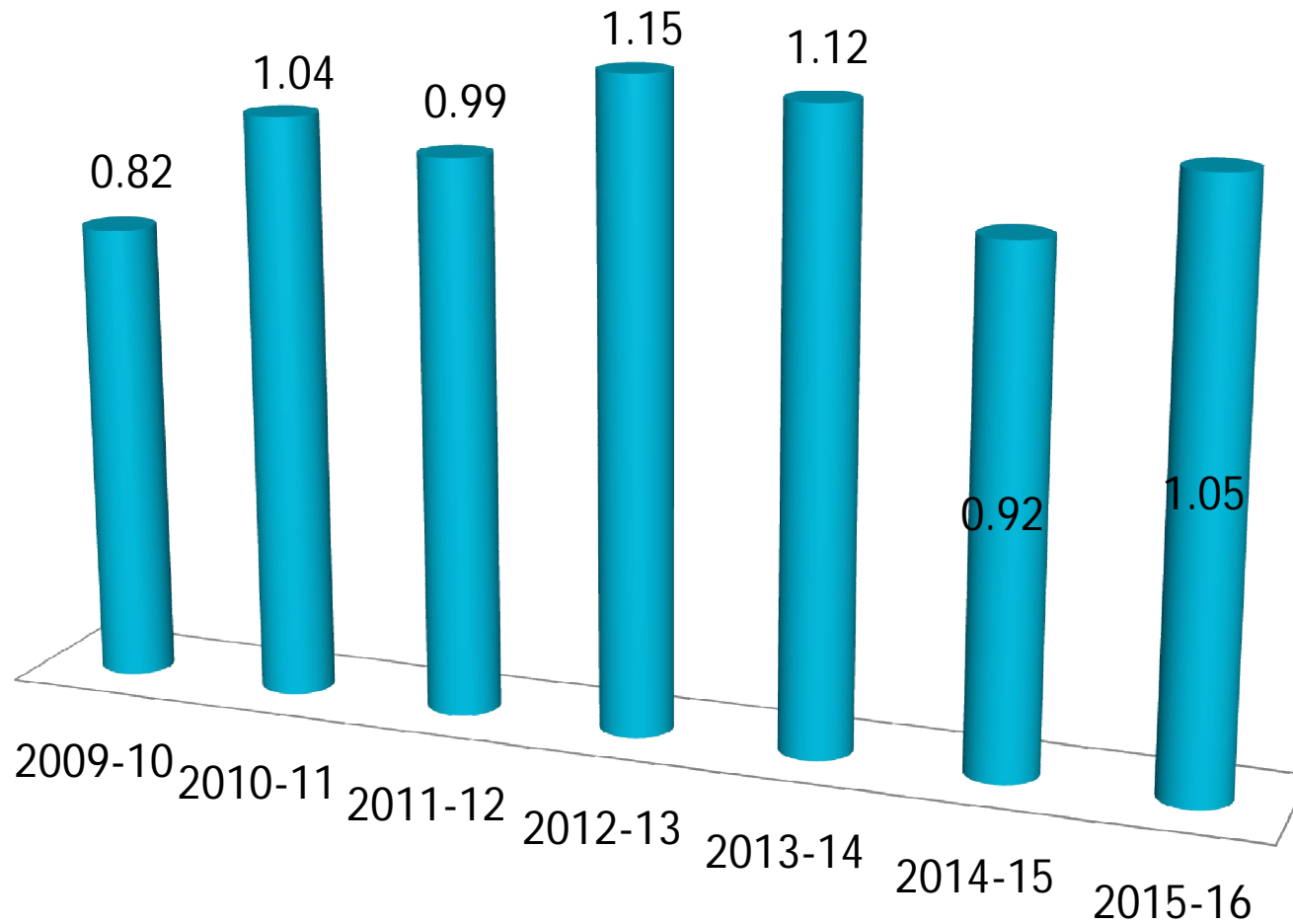
## ROE (%)



## Debt/Equity

■ In times

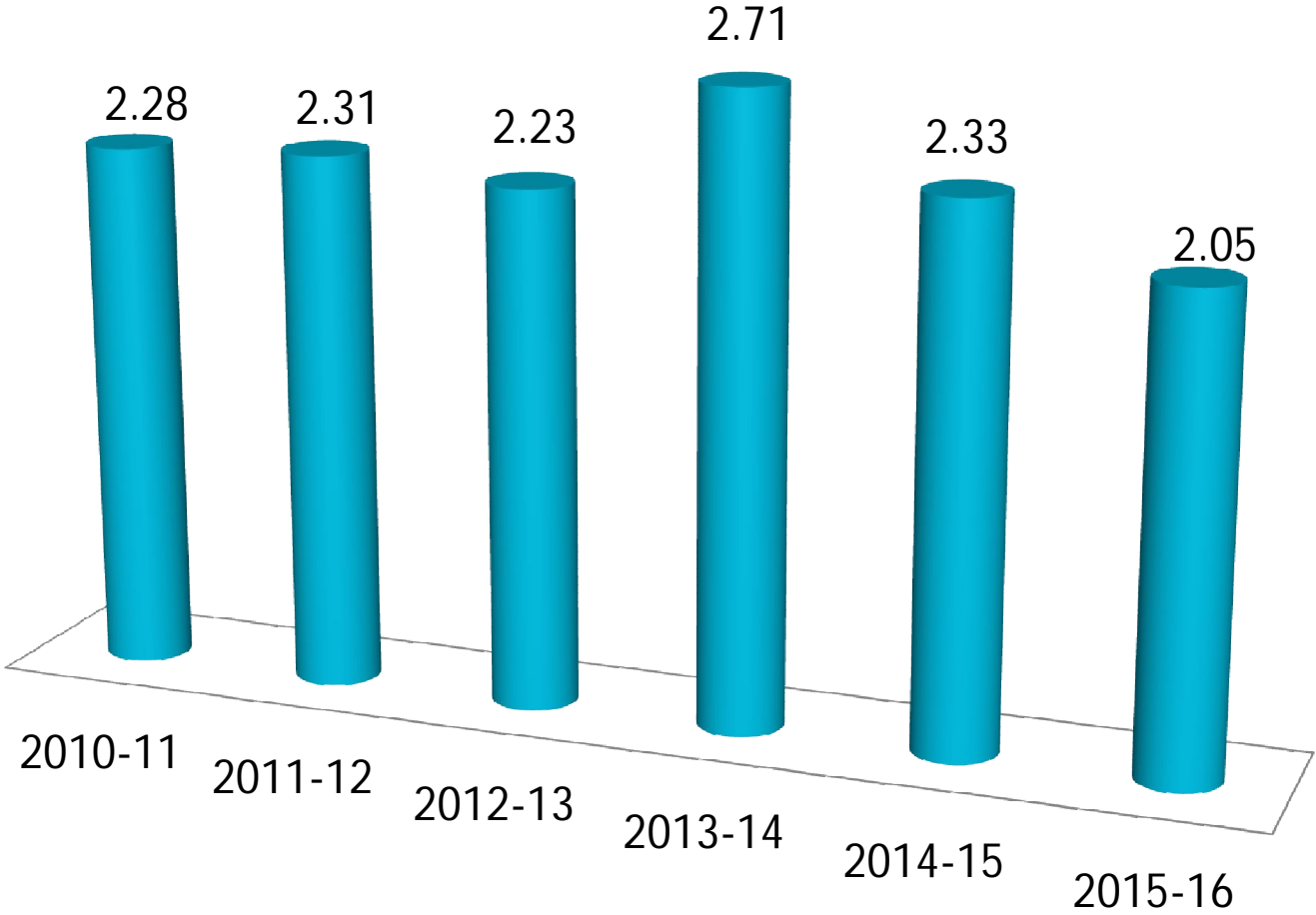
- Long-term Debt (FY15): Rs.1,416 mn.
- Working-capital Loan (FY15): Rs. 2,925 mn.



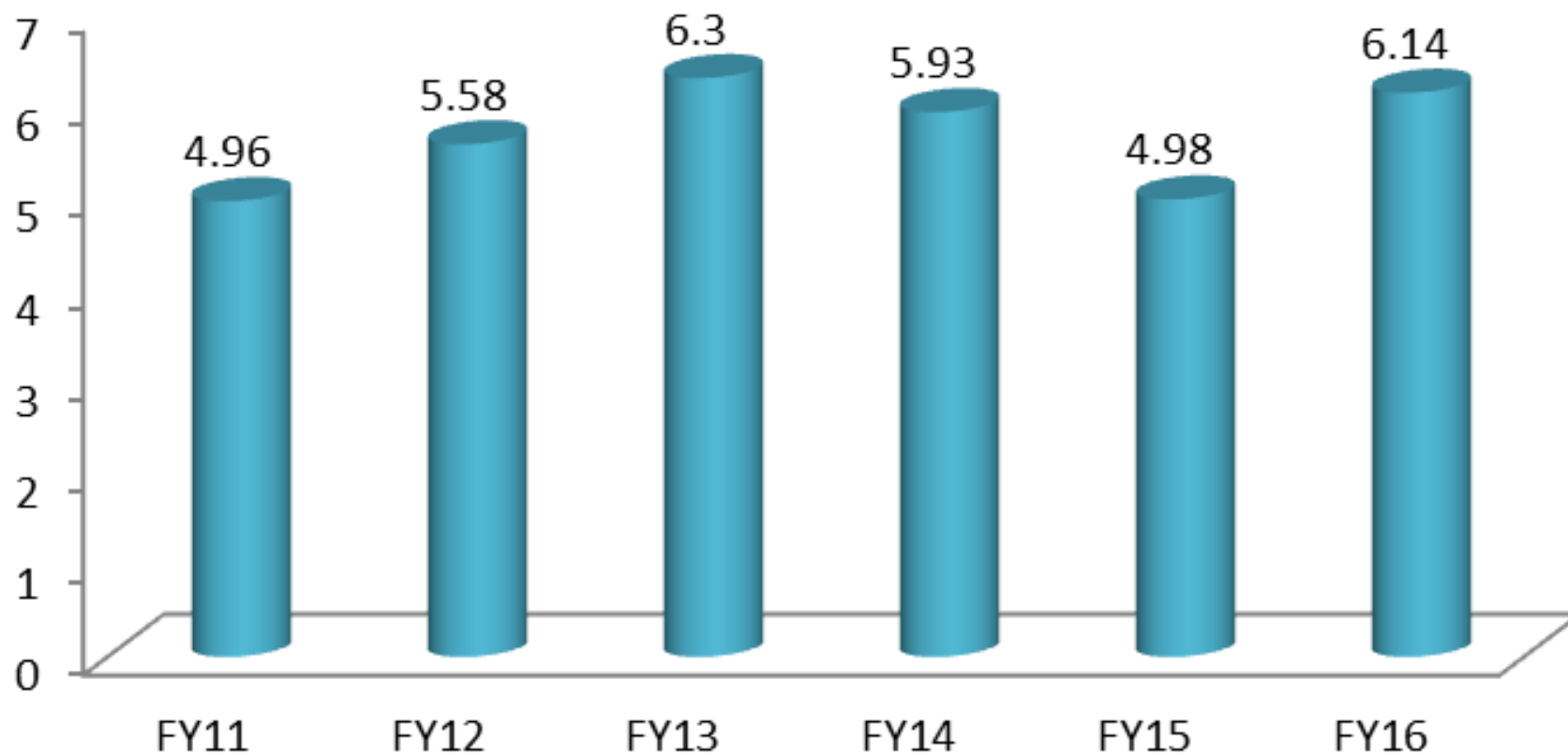
# Debt/EBIDTA



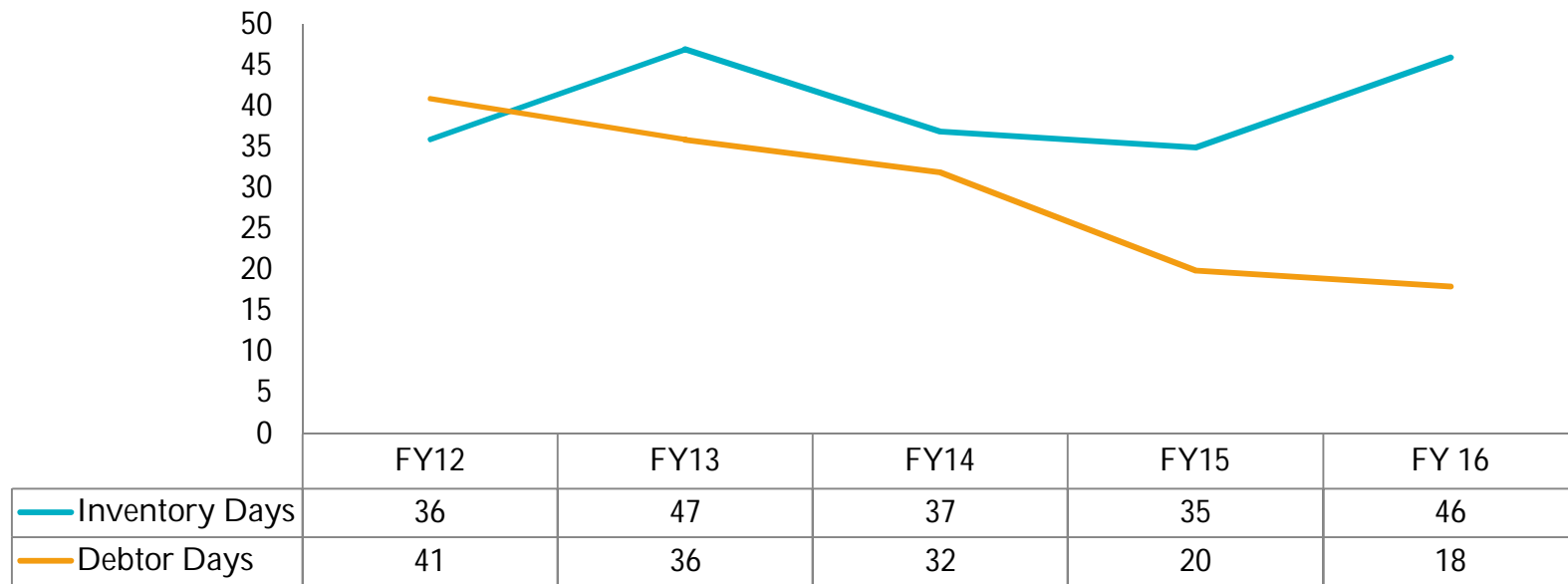
■ In times



## F. Assets turnover Ratio

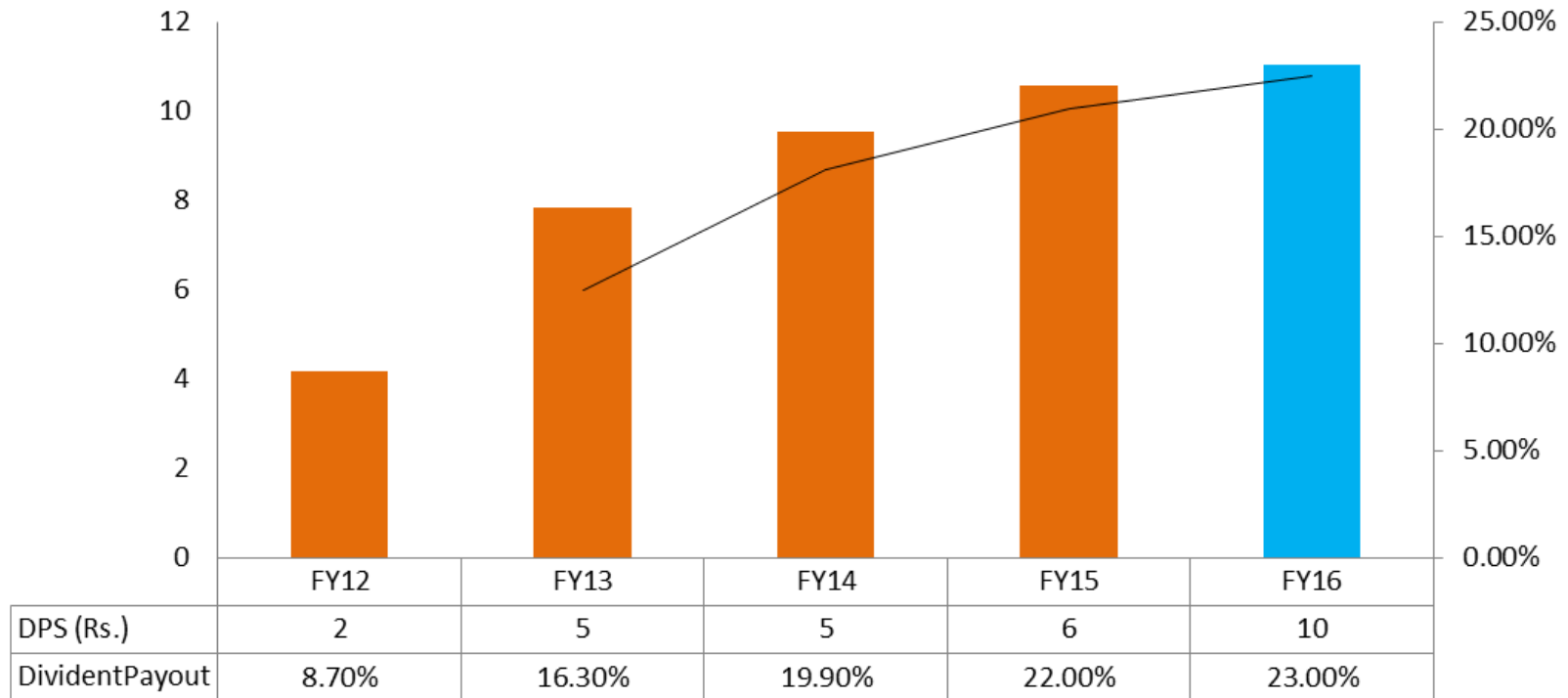


# And Robust Operating Cycle



**Working capital cycle is efficiently managed with tight operating guidelines**

# Dividend Payout

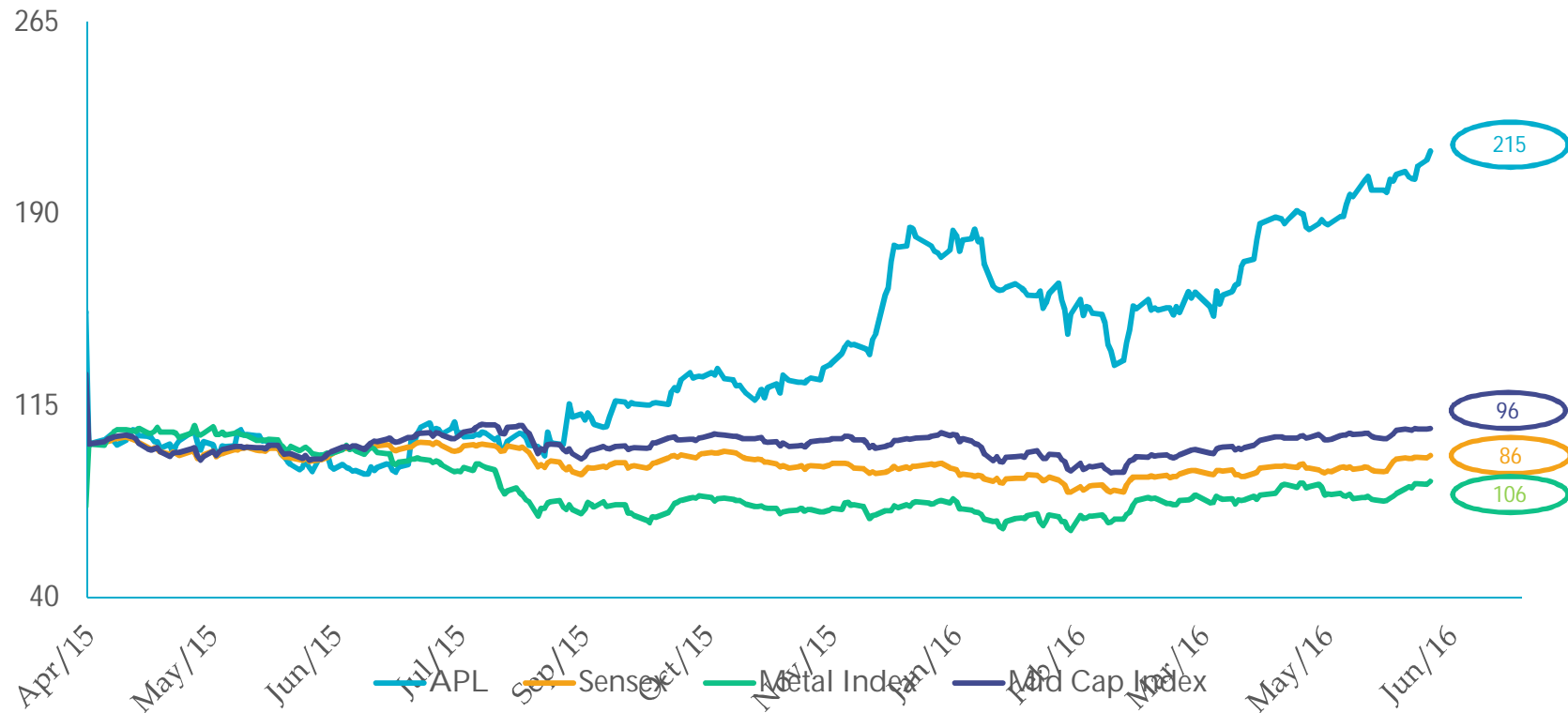


- The Company has been a regular on the dividend list rewarding shareholders
- Dividend payout ratio is over 20% levels and company plans to maintain the same going forward

# Stock Price Performance



## LTM Stock Price Performance



- APL Apollo outperformed Sensex , BSE Metal Index and Mid Cap Index over past one year
  - The share price has moved up from Rs. 401.3 in March 2015 to Rs. 922.5 on 7<sup>th</sup> June 2016



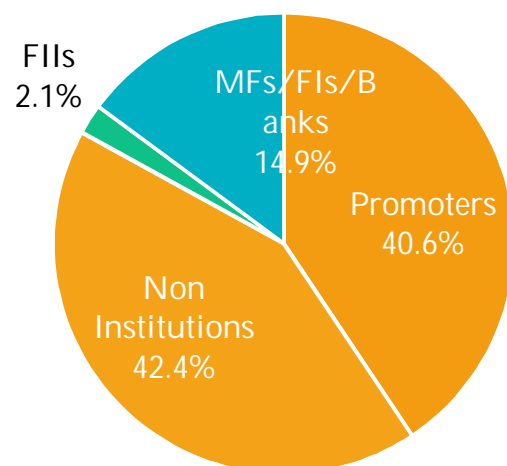
# Key Shareholders



IPO Details	Particulars
IPO Date	November, 1995
Shares Issued	Rs.2.19 mn.
Amount Raised	Rs.65.7 mn.
Face Value of Share	Rs. 10
Market Cap (7 <sup>th</sup> June, 2016)	Rs. 2,123.31 cr

Top 10 Public Shareholders (more than 1%)	% held
Overseas corporate/ Kitara	20.3%
IDFC	6.8%
HDFC Trustee Fund	5.0%
DSP Blackrock	5.0%
Bodies Corporate/ Lucky	3.4%
Foreign Individuals or NRI	2.1%
Narendra Kumar Agarwak	2.3%
Sameer Mahendra Sampat	2.4%
Ashish Kacholia	2.1%
Abha Bhanshali	1.1%

**Shareholding Pattern (31<sup>st</sup> March,2016)**





Thank You