



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



Investor Presentation

June 2014

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

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Contents



01 Company Overview

Factsheet

Key Milestones

Operational Review

Key Differentiators

02 Financials

Profit & Loss

Balance Sheet

03 Road Ahead

Business Outlook

Vision 2015

Growth Strategy



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Company Overview

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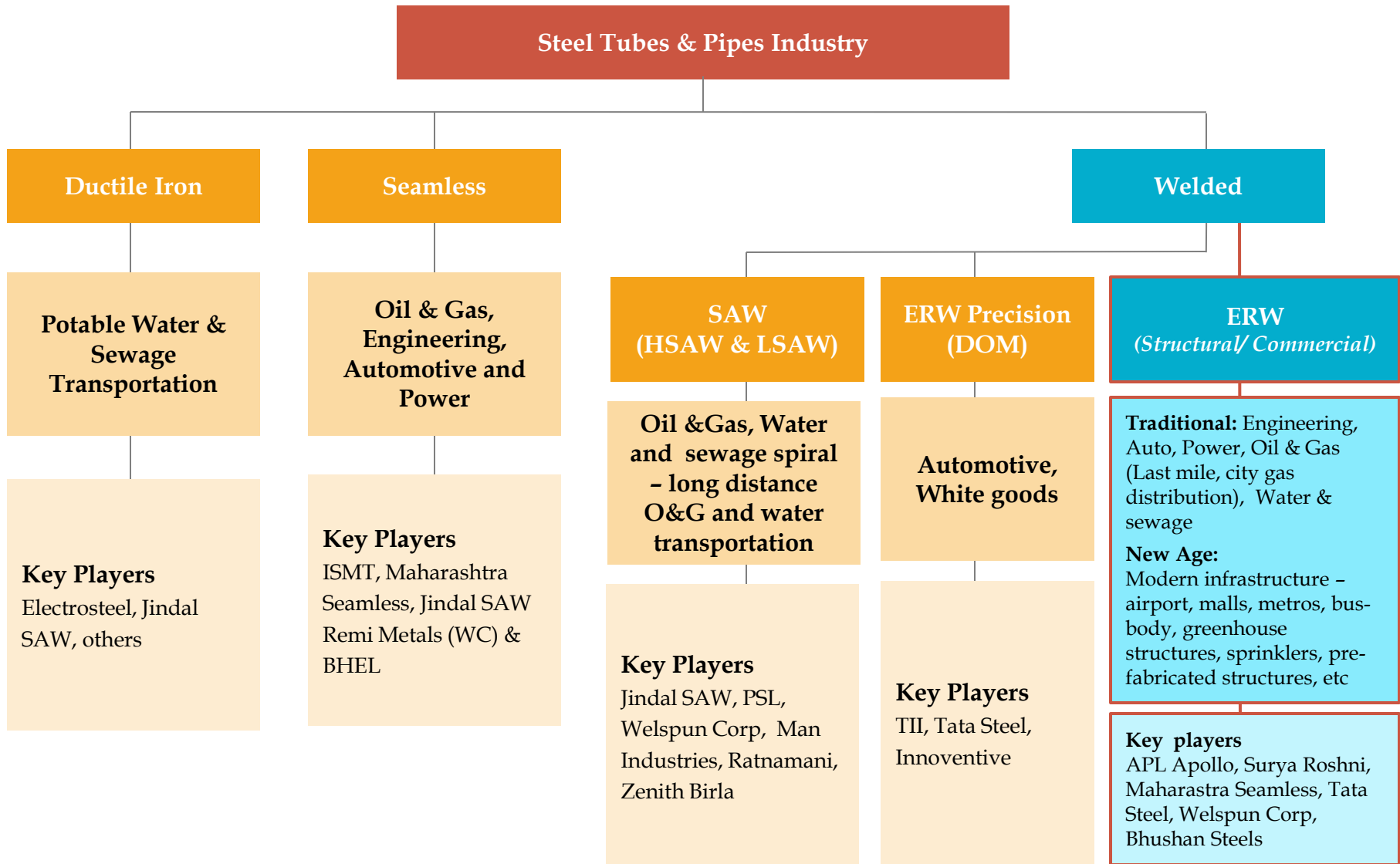
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Factsheet



Incorporation/ Headquarters	1986 at Delhi NCR
Business Segment	ERW Steel Tubes/ Pipes
Products Categories	Black , Galvanised , Pre-galvanised Tubes & Hollow Sections, Pre-galvanised coils
Key Industries Served	Metal Engineering & Fabrication, Electric Poles, Ports, Railways, Aviation, Oil & Gas
Sales & Distribution	Sold through direct marketing and country-wide dealer network
Key Clients	
Key Differentiators	<ul style="list-style-type: none"> ▪ Significant capacity addition during last 6-7 years (1 mn TPA from 0.05 mn in 2006) ▪ Pan-India presence with 5 manufacturing units helps company trim significant freight costs and reduces working capital management ▪ Only player manufacturing black, galvanized and pre-galvanized products ▪ Product range expanded from 100 to 300+ in last 5 years ▪ Direct marketing presence in over 15 countries and vast distributor-network comprising ~300 dealers across India
Financials (FY 2014)	<ul style="list-style-type: none"> ▪ Revenue: 2,569 crore ▪ EBITDA: 165 crore; 6.4% margin ▪ PAT: 59 crore; 2.3% margin ▪ EPS (pre-extraordinary): Rs.25.63

Industry Structure - Steel Tubes & Pipes



Key Milestones



- 1986: Founded by the late Mr. Sudesh Gupta as Bihar Tubes (P) Limited
- 1987: Sikandrabad facility started producing 6,000 MT of ERW black pipes.
- 1989: Capacity was raised to 24,000 MT annually.
- 1994: New galvanising plant was commissioned and operations commenced.
- 1995: Issued an IPO of 2.19 mn shares of Rs. 10 each at a premium of Rs. 20 with detachable tradable warrants

1986 – 1995

- Invested in new technology and value-added products
- Cutting-edge technology from Kusakabe, Japan, was installed across three tube mills
- Forayed into new segments and diversified into structural pipes, Hollow Sections and pre-galvanised pipes
- Received ISO 9001:2000 certification from DNV, Netherlands and various other approvals and certifications

1996 – 2005

- 2006: Commenced production of hollow sections and pre-galvanized tubes
- 2007: Acquired Apollo Metalex
- 2008: Acquired Shri Lakshmi Metal
- 2010: Name changed to APL Apollo Tubes Limited; Acquired Lloyds Line Pipes
- 2011: Completed Hosur Project
- 2012: Sheet galvanised introduced in south modernization and capacity enhancement drive across India
- 2013 : Online rotary sizing technology introduced for first time in India
- 2014: Becomes largest player of ERW tubes in India

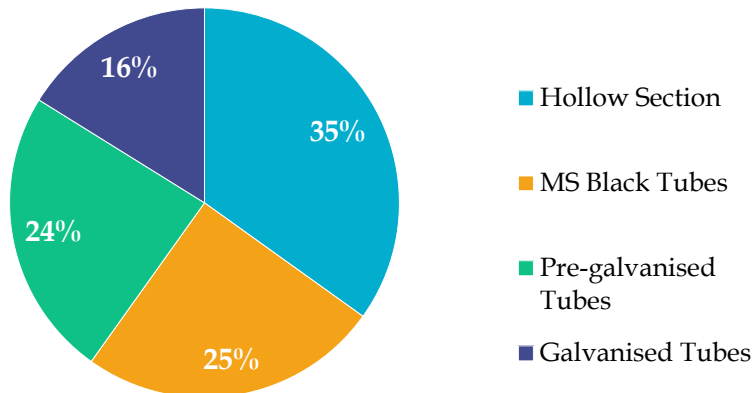
2005 – 2014

Vision 2015: Aims for \$1bn revenue and 1MTPA capacity

Product Information

Products	MS Black	Galvanized Tubes	Pre-Galvanized Tubes	Hollow Sections
Size Range	21.3 – 335 mm	21 – 273 mm	19 – 127 mm	15x15 - 250 x 250 mm 15x 10 – 300x 200 mm
Uses	Construction, Water & Sewage treatment, Conveyors, Automobiles	Over and underground piping, Agriculture, General Engineering	Fencing, Cabling and Ducting, Green house structures, Electric Conduit Pipes	Construction, Transportation systems, Mining, Process Engineering

Product Wise Revenue break-up FY14



- Comprehensive product breadth
- First ERW steel tube company to be present in all four segments
- Largest in Hollow sections
- Pioneered Pre-Galvanized segment in India supported by in-house coil-galvanization facilities

Widest product range and well diversified portfolio of ERW tube segments

Unique Manufacturing Advantage

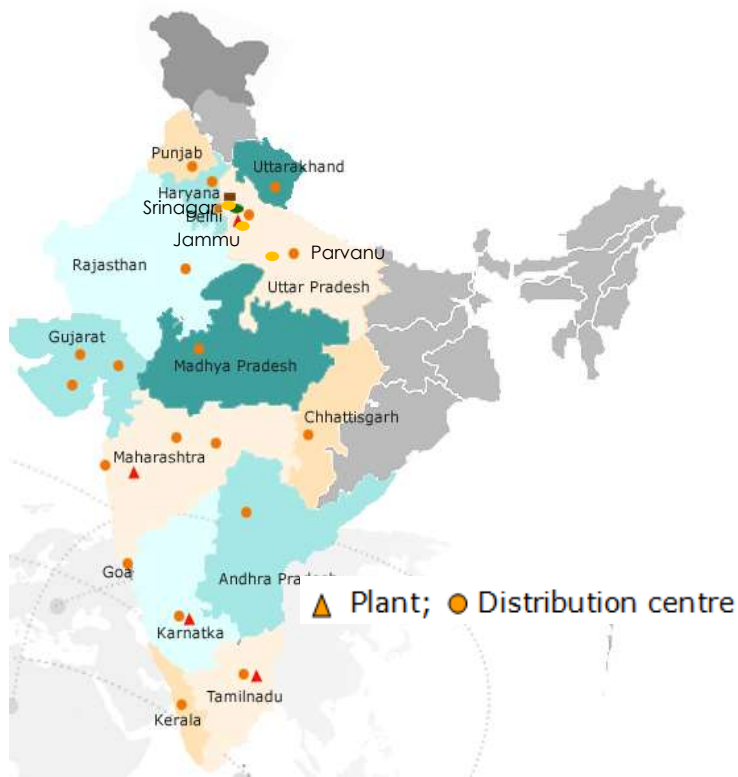


Unit 1 Sikandarabad <i>Uttar Pradesh</i>	Unit 2 Hosur <i>Tamil Nadu</i>	Apollo Metalex Sikandarabad <i>Uttar Pradesh</i>	SLMUL Bangaluru <i>Karnataka</i>	Lloyds Linepipes Murbad <i>Maharashtra</i>
180,000 MTPA	300,000 MTPA	70,000 MTPA	80,000 MTPA	170,000 MTPA
ERW Black, Hot-dipped Galvanized, Pre Galvanized Tubes and Hollow Sections	ERW Black, Hot-dipped Galvanized, Pre Galvanized Tubes and Hollow Sections	Coil Galvanizing Facility, Pre Galvanized Tubes and Pre Galvanized Hollow Sections	Coil Galvanizing Facility, Pre Galvanized, Hot-dipped Galvanized & ERW Black Tubes and Hollow Sections	ERW Black, Hot-dipped Galvanized, API Certified Line Pipes

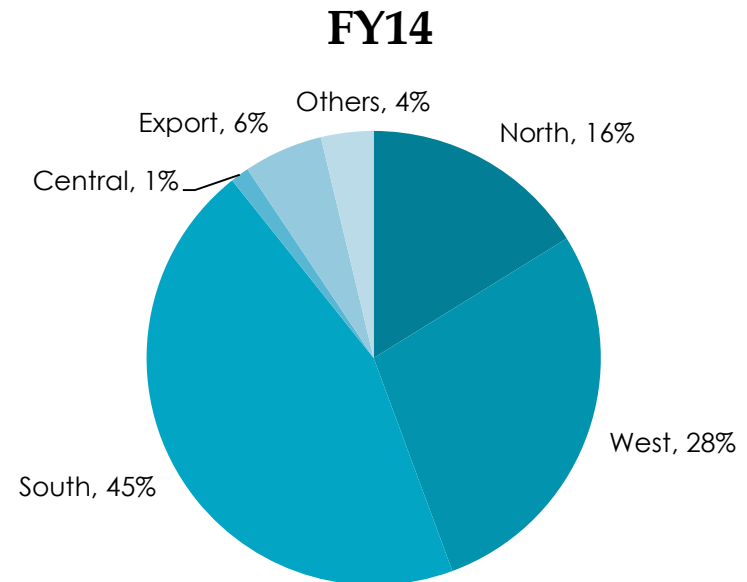
Only player with manufacturing facilities across North, South and West India

Extensive distribution network

Distribution network

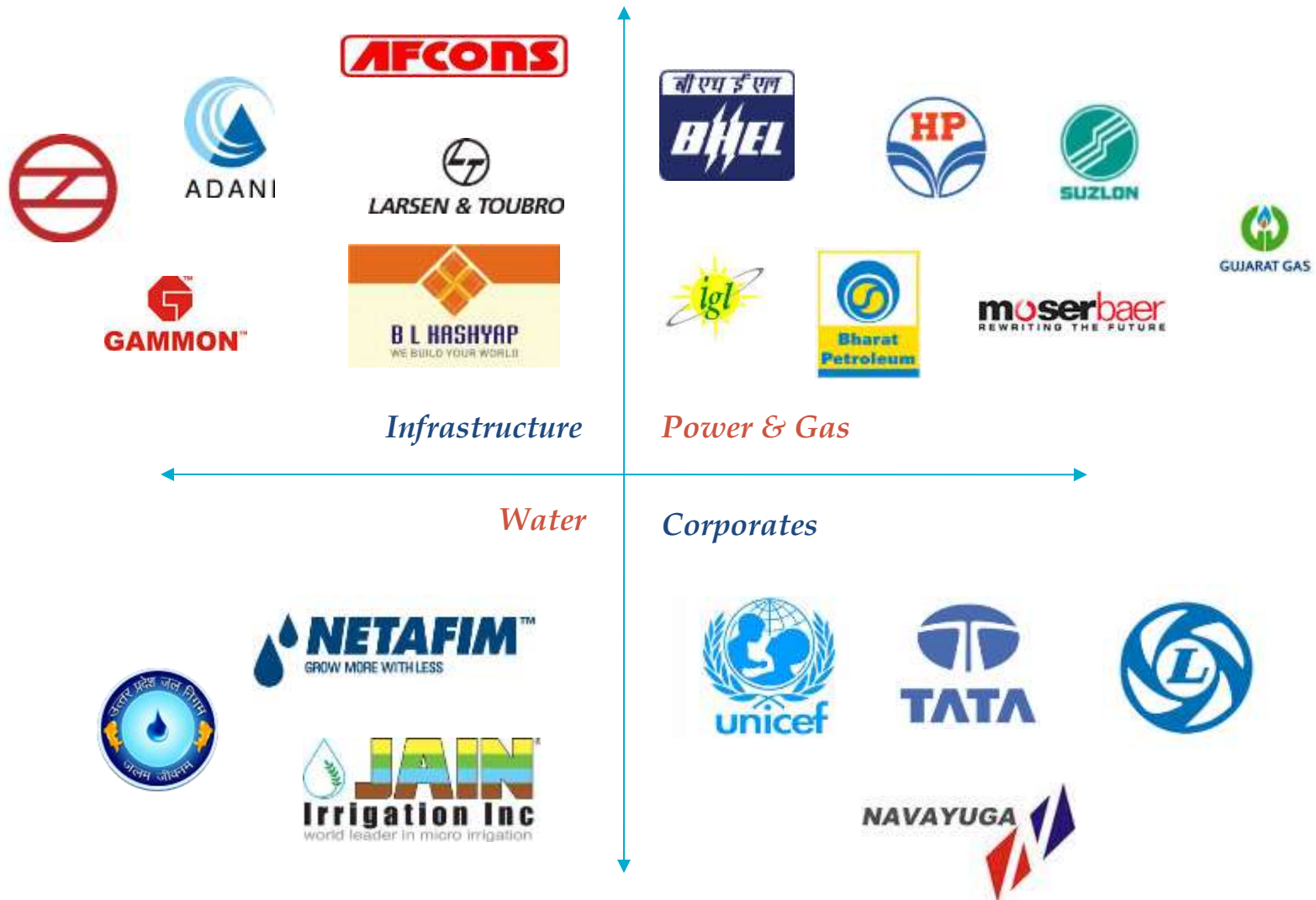


Zone-wise sales break-up



Dealers 2x nearest peer, leaner sales cycle from warehouse cum branch strategy

Clients List – Industry Wise



Marquee client base stretching across industrial and retail segments

Quick turnarounds in acquired units



Apollo Metalex

- Backward integration for raw material for higher margin galvanized tubes
- In addition to coil-galvanizing facilities, two new tube manufacturing lines were commissioned. Total capacity enhanced to 70,000TPA (Mar-13)

Shri Laxmi Metal Udyog

- Acquired SLMUL, Bengaluru as first manufacturing base outside North India in 2008
- Capacity utilization increased from ~25% to ~90% within a year of acquisition
- Presently, the unit houses coil-galvanizing facility and hot-dipped galvanization plant, thereby developed as a hub for galvanized products

Lloyds Line Pipes

- Acquired loss-making LLPL from Lloyd's in Nov-2010 as manufacturing base in West India
- Production increased from ~2,000 tonnes per month at time of acquisition to ~12,000 tonnes per month at present

High degree of managerial performance

Quality Assurance & Certifications

APL is an ISO 9001:2008; ISO 14001:2004 and OHSAS 18001: 2007 company

Company has following product certifications:

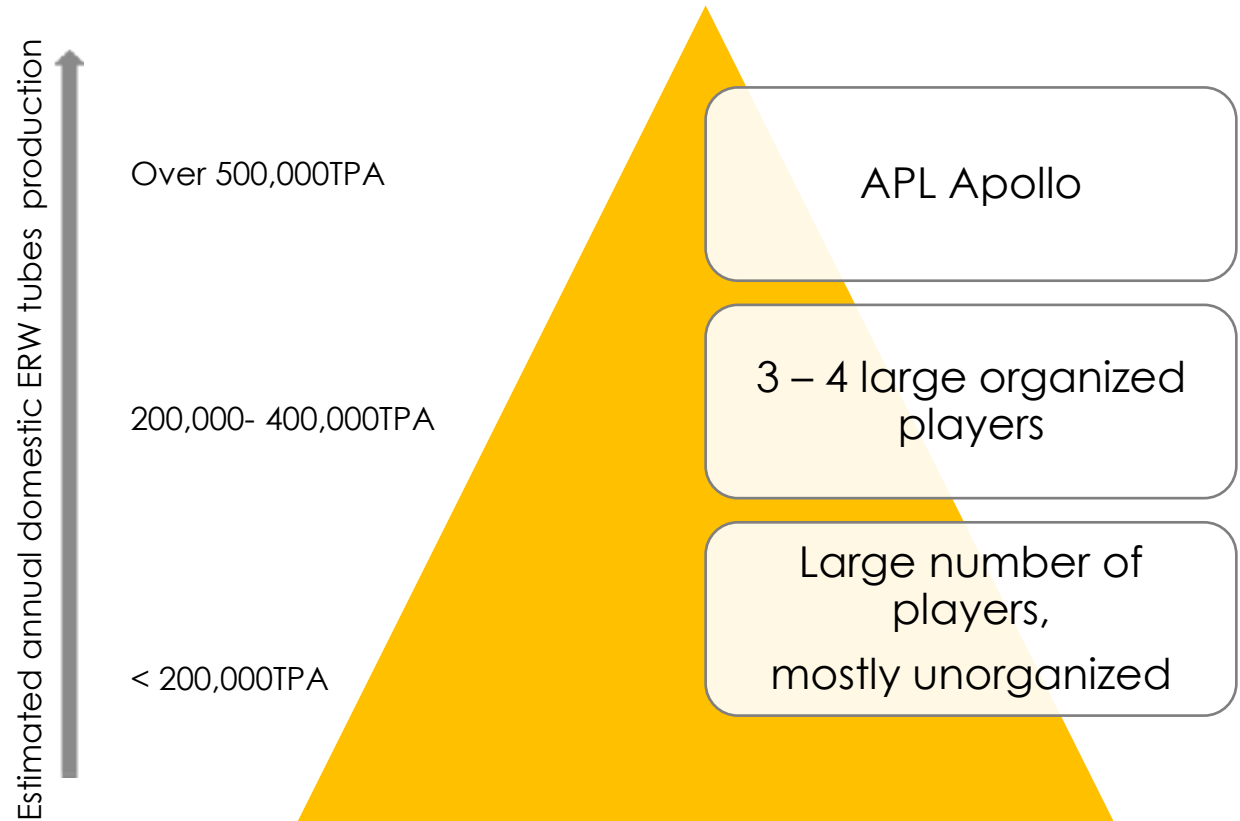
Certification	Industry
IS 1239	Water, Oil and Gas Lines
IS 1161	Construction
IS 3601	General Engineering
IS 3589	Casing Pipes, Boring applications
IS 4270	Deep Boring Belt Systems
IS 4923	Structural Tubes for Infra purpose
IS 9295	Idlers Conveyors

Certified by reputed international certifying agencies such as:



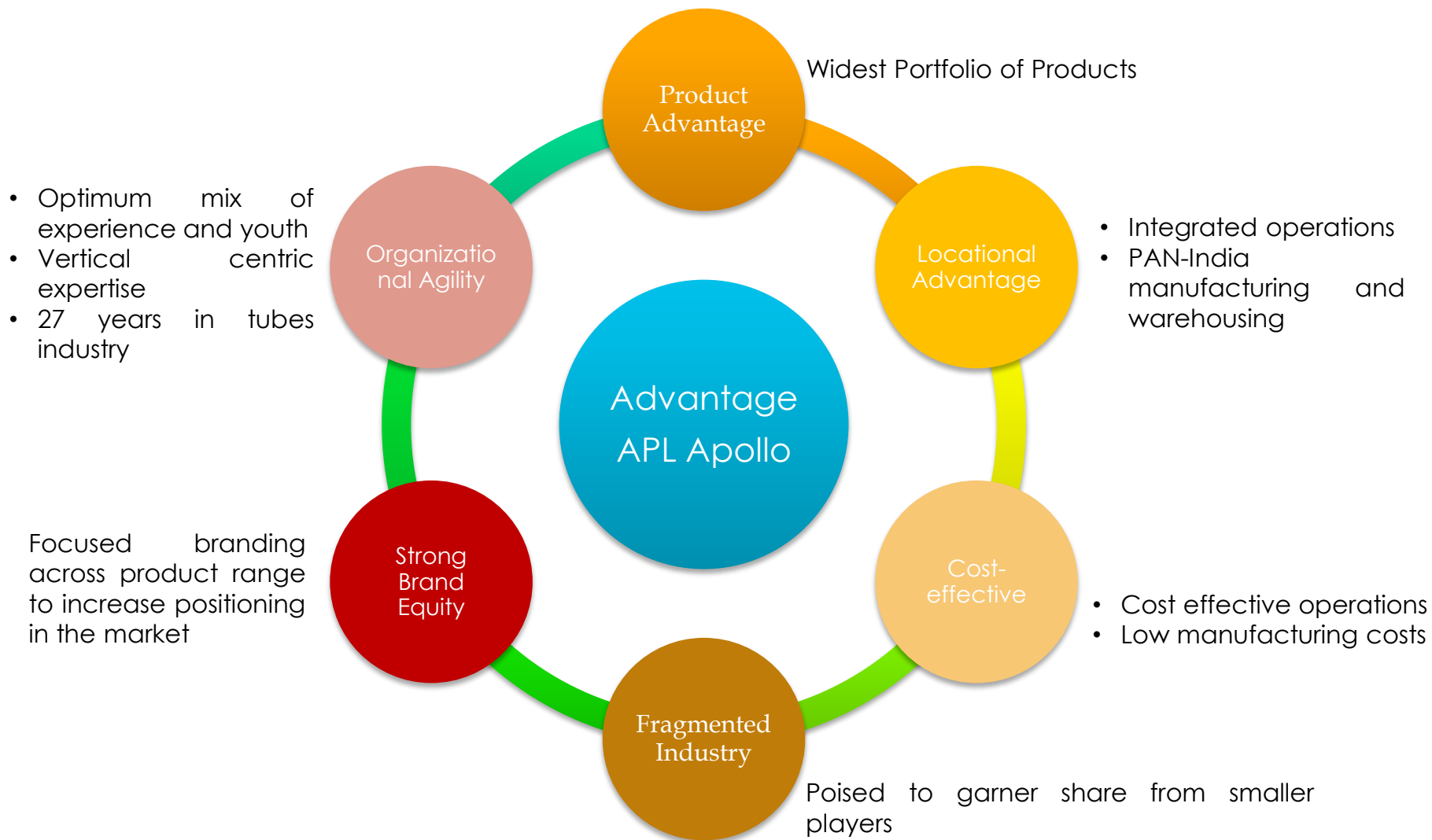
Technical certifications and stringent quality standards aid new and larger bids

Largest ERW tubes & pipes company



APL has used slowdown as an opportunity to emerge as a leader

APL – The Key Differentiators





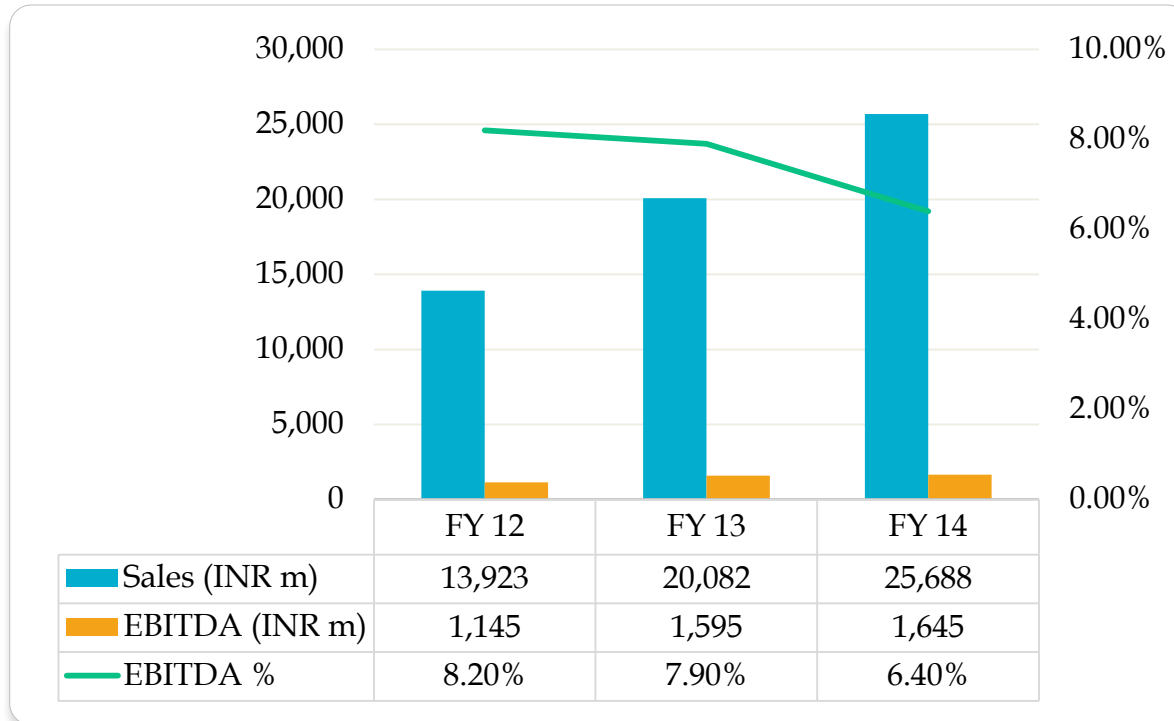
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Financial Performance

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Income Statement



- Revenue has grown by a CAGR of 36% from FY12 to FY14.
- EBITDA margins have shown a marginal decrease due to increase in raw material cost and capital expenditure, but efforts are on to move it back to 8% again.

Balance Sheet



Particulars (INR mn.)	2010-11	2011-12	2012-13	2013-14
Share Capital	203	213	223	234
Reserve & Surplus	2,091	2,698	3,414	4,018
Net Worth	2,294	2,911	3,637	4,252
Total Borrowings*	2,392	2,961	4,246	4,774
Gross Fixed Assets	2,115	2,753	3,570	4,825

Key Metrics	2010-11	2011-12	2012-13	2013-14
D/E(x)	1.04	1.01	1.16	1.12
RONW	20.2%	18.3%	20.6%	13.9%
ROCE	20.3%	19.7%	21.2%	24.4%

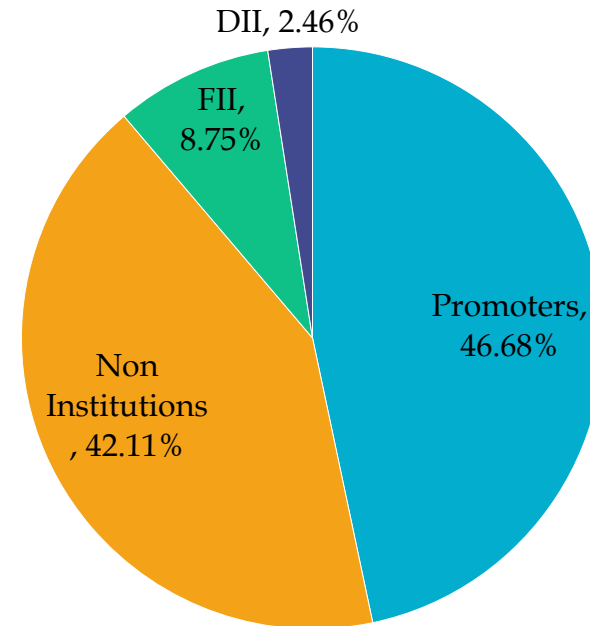
*Total borrowings include short-term borrowings.

- Significant capacity additions have resulted into higher growth in Fixed Assets
- Concerted efforts to reduce overall debt; partly being done through divestment of some fixed assets. Optimal leverage by maintaining D/E(x) close to 1
- Maintained sustained returns to shareholders

Market Summary

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 (6 th June, 2014)	Rs. 6,298 mn

Shareholding Pattern (31-03-14)



- Shareholders includes:
 - Kotak Mahindra International & Emblem – FII
 - DSP Blackrock & IDFC – DII
 - Kitara Capital - FCB



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Road Ahead

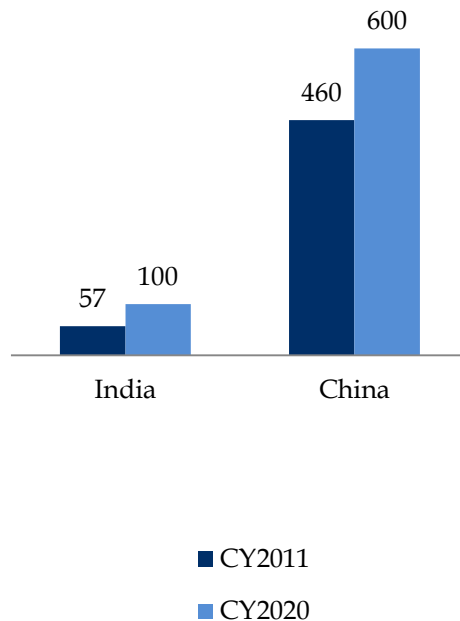
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Growth drivers for the industry

Low per capita steel consumption in India and economic revival to boost growth

Steel Consumption per capita (kgs)



Domestic steel consumption to increase ~2x by 2020

Economic

- GDP growth expected 5 to 5.5% in 2013-14. (Finance Ministry)
- Moody's: Indian GDP to reach 6.5% in H2,2014
- Steel demand growth at 6-8% in FY14, up from 3.3% in FY13:Tata Steel

Sectoral

- Regulatory commitment on Infrastructure spend
- Increased outlays in Budget 2013-14 on urban infra, drinking water, etc
- City gas pipe to grow 10 times to cover 100 cities

Adv. APL

- Manufacturing Capacity to meet demand growth across India
- 300+ varieties, leader in hollow sections
- PAN India reach-dealers

Business Outlook



Diversified de-risked ERW tube demand

- ERW steel tubes find diverse uses touching our daily lives
- Infrastructure led new demand
- Substantial Replacement demand from other construction materials

*Diverse uses guard against
short term economic
fluctuations*

Sizable and attractive market

- Minimum of 6 Million Tonnes p.a., a sizable part of Indian Steel Tube Industry
- ~60% constituted by local and unorganized players

*On-going consolidation
make market attractive for
organized players*

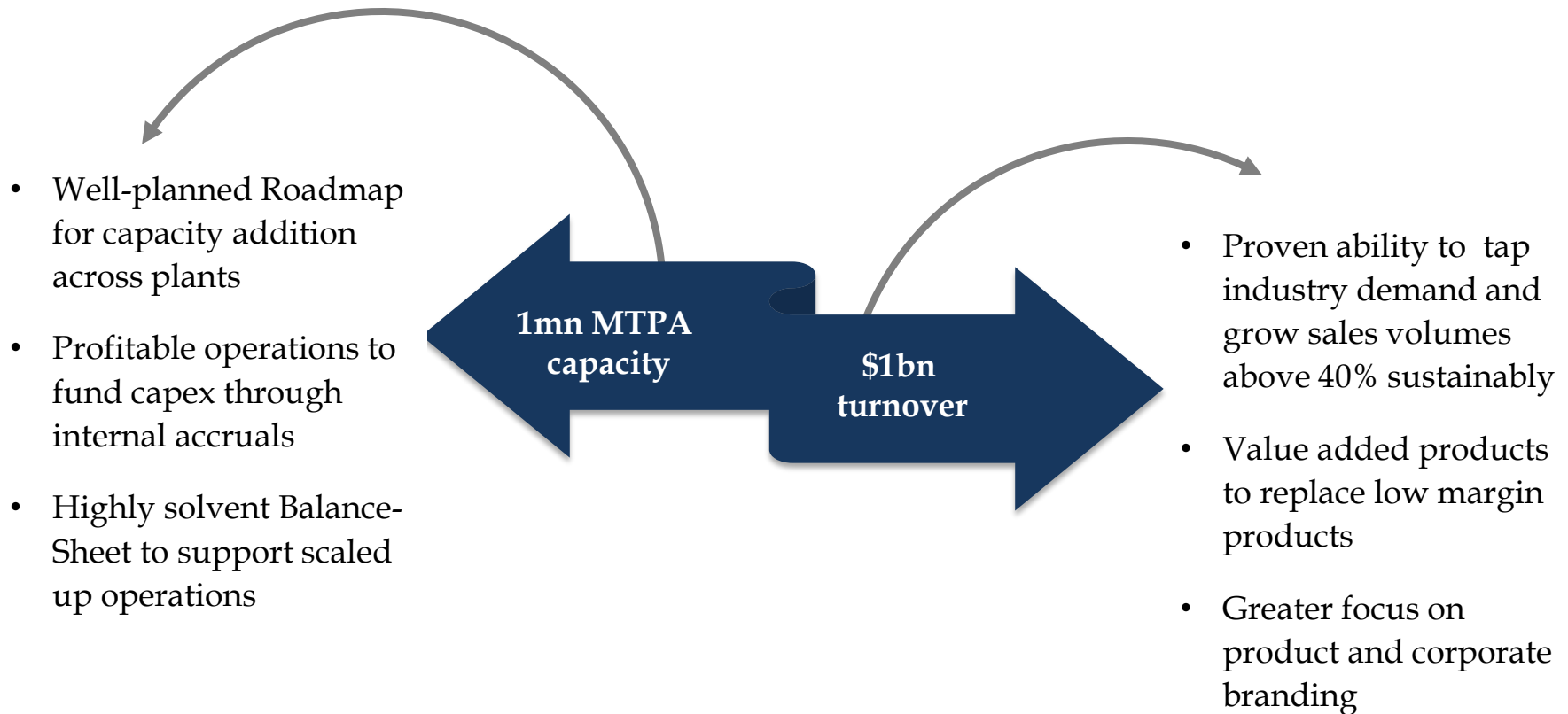
Sustainable leadership for APL Apollo Tubes

- Well positioned to gain from consolidation being Industry's largest capacity (>1/10th)
- Widest portfolio, most extensive distribution and only one with manufacturing in North, West, South India

*36% FY12-14 Net revenues
CAGR for APL Apollo*

Vision 2015: 1MTPA

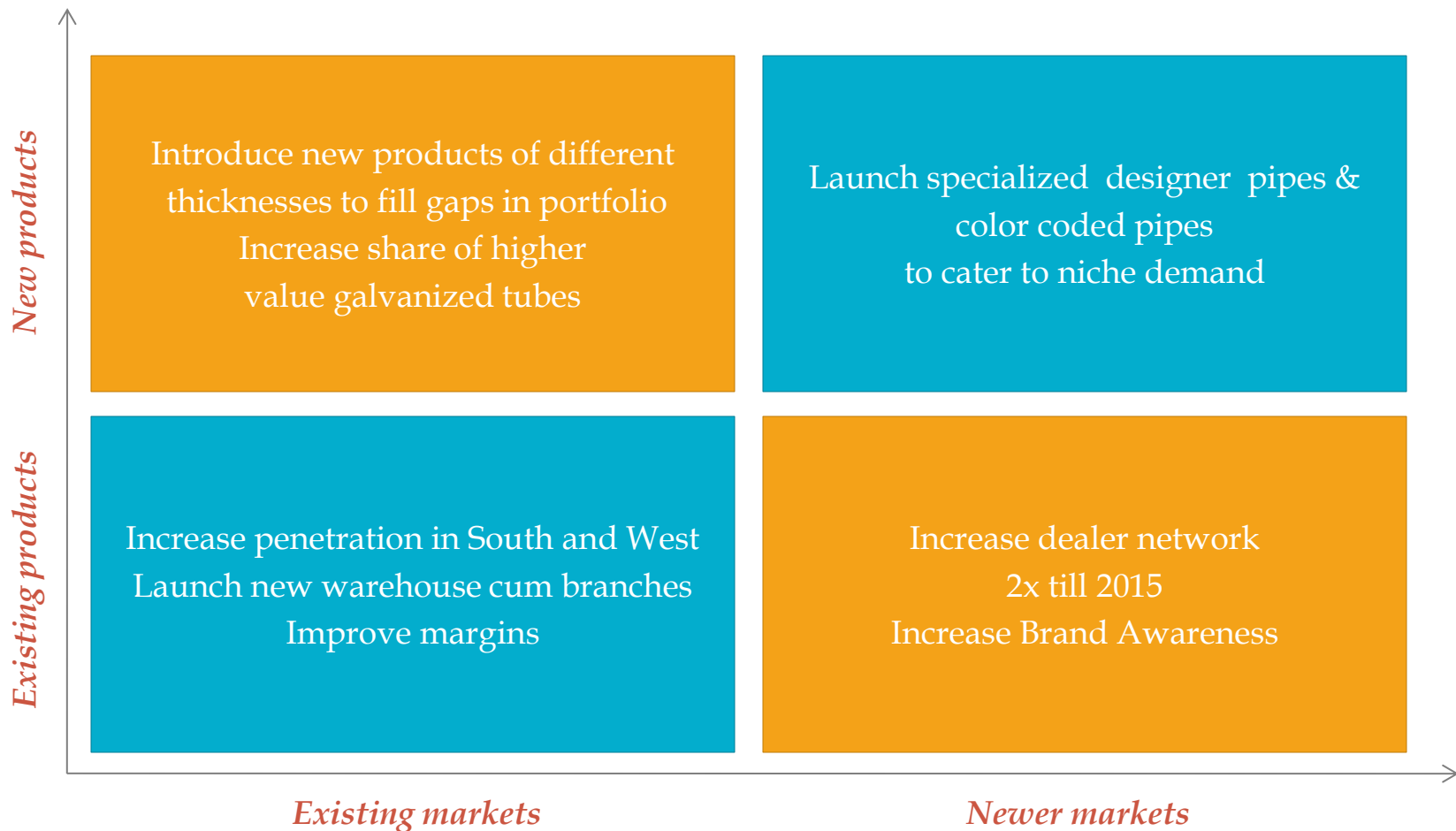
*Achieve 1MTPA production capacity by 2015
and volume growth of over 30% p.a.*



Transformation into a Consumer Products Company

Growth strategy for vision 2015

Multi-faceted growth plans including via inorganic route



SWOT Analysis

Strengths

- Only steel tube manufacturer with footprints all across India
- Possesses a wide range of more than 300 products
- Cutting edge manufacturing technology at all plants
- Direct reach to via own warehouse cum branches network
- International footprint across 35+ countries

Weakness

- Products are commoditized to an extent
- Insignificant presence in export market
- Industry is highly fragmented
- Conflict of interest between dealer network and own distribution network

Opportunities

- Increased focus on infrastructure by Government
- Pipeline infrastructure is more economical than rail and road transportation
- High replacement demand for pipes/tubes
- Very low penetration for city gas distribution pipelines in India
- Cost efficient manufacturing base in India

Threats

- Rising interest rates
- Increasing capacity addition
- Unorganized sector

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.

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Thank You