



APL APOLLO TUBES LIMITED
REGD. OFFICE: 37, HARGOBIND ENCLAVE,
VIKAS MARG, NEW DELHI – 110 092

NOTICE

Notice is hereby given that the 28th Annual General Meeting of the Members of M/s. APL APOLLO TUBES LIMITED will be held at IMA-East Delhi Branch, 35-X, Institutional Area, Karkardooma, Delhi - 110092 on Friday, August 30, 2013 at 12.45 P.M. to transact the following businesses :

as ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2013 and the Profit and Loss Account for the year ended on that date together with the reports of the Board of Directors' and Auditors' thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in the place of Mr. Sameer Gupta, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Mr. Aniq Husain, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/s. VAPS & Co., Chartered Accountants, as Statutory Auditors of the Company, fix their remuneration and for the purpose, to consider and if thought fit, to pass the following resolution with or without modification(s), the following resolution as an Ordinary Resolution :

"RESOLVED THAT pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956, M/s. VAPS & Co. (Regn. No. 003612N), Chartered Accountants, New Delhi, the retiring Auditors, be and are hereby re-appointed as the

Statutory Auditors of the Company, to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting of the Company and that the Board of Directors of the Company be and is hereby authorized to fix their remuneration for the said period."

as SPECIAL BUSINESS:

6. To consider and, if thought fit, to pass with or without modification(s), the following resolution as Ordinary Resolution:

"RESOLVED THAT Mr. Rakesh Jinsi, who was appointed as an Additional Director by the Board under Section 260 of the Companies Act, 1956 and holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member pursuant to Section 257 of the Companies Act, 1956, signifying his intention to propose his candidature for the office of Director of the Company be and is hereby appointed as Director of the Company."
7. To consider and, if thought fit, to pass with or without modification(s), the following resolution as Special Resolution:

"RESOLVED THAT pursuant to Sections 16, 17 and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to alter Clause III. (B) - 'Objects that are incidental or ancillary to the attainment of the main objects' of the Memorandum of association of the Company, by substituting the existing sub-clause 2 with the below mentioned sub-clause 2 :

2. To amalgamate, absorb, merge, demerge, into, any other company, companies in India or abroad or vice versa, enter into partnership or into any arrangement for sharing profits, union of interest, co-operation, joint venture or reciprocal concession, or for limited competition with any person, firm or body corporate whether in India or outside carrying on or engaged in or about to carry on or engage to any business or transaction which the company is authorized to carry on or engaged in or which can be carried on in conjunction therewith or which is capable of being conducted so as to directly or indirectly benefit the Company and further to enter into any arrangement or contract with any person, association or body corporate whether in India or outside, for technical collaboration, technical know-how or for such other purposes that may seem calculated beneficial or conducive to the objects of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary, expedient and usual to implement this resolution.”

8. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT in partial modification, to the extent hereinafter appearing, of the resolution passed by the members at their meeting held on September 29, 2012 and subject to the provisions of Section 198, 269, 309 and 310 read with Schedule XIII and other applicable provisions, if any of the Companies Act, 1956 (including any statutory modification(s) or re-enactment(s) thereof,

for the time being in force) the Company hereby approves the modification in the ceiling on Remuneration payable to Mr. Sanjay Gupta, Chairman (under whole time director category) of the Company, w.e.f. April 1, 2013, for the remainder of his tenure i.e. upto March 31, 2017 from ₹20,000,000 per annum to ₹2,000,000 per month, with specific authority to Board of Directors of the Company to fix, alter or very the remuneration, pursuant to recommendation of the remuneration committee, within the said ceiling of ₹2,000,000 per month, as may be agreed to between the Board of Directors and Mr. Sanjay Gupta”

9. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a SPECIAL RESOLUTION:

“RESOLVED THAT in partial modification, to the extent hereinafter appearing, of the resolution passed by the members at their meeting held on November 18, 2011 and subject to the provisions of Section 198, 269, 309 and 310 read with Schedule XIII and other applicable provisions, if any of the Companies Act, 1956 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) the Company hereby approves the following modification in the ceiling on Remuneration payable to Mr. Ashok K. Gupta, Managing Director of the Company, w.e.f. April 1, 2013, for the remainder of his tenure i.e. upto January 31, 2017 from ₹10,000,000 per annum to ₹1,000,000 per month, with specific authority to Board of Directors of the Company to fix, alter or very the remuneration, pursuant to recommendation of the remuneration committee, within the said ceiling of ₹1,000,000 per month, as may be agreed to between the Board of Directors and Mr. Ashok K. Gupta”

Registered Office:
37, Hargobind Enclave,
Vikas Marg, Delhi - 110092

Place: Delhi
Date: May 30, 2013

By order of the Board
APL Apollo Tubes Ltd.

Adhish Swaroop
Company Secretary

NOTES:

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND, VOTE IN THE MEETING AND THE PROXY NEED NOT BE A MEMBER.** The instrument appointing a proxy, to be effective, must be duly filled, stamped and signed and must reach the Company’s registered office not later than 48 hours before the commencement of the meeting.
- The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, August 10, 2013 to Friday, August 30, 2013 (both days inclusive), for the purpose of the Annual General Meeting and declaration of dividend.
- Explanatory statement as required under section 173 (2) of the Companies Act, 1956 in respect of the Special Business listed at item No. 6,7,8 and 9 is annexed hereto.
- Members are requested to refer any change of address among others. :
 - To the Company’s Registrar in respect of their physical share folios.
 - To their Depository Participants (DPs) in respect of their electronic demat accounts as the Company is obliged to print the bank details on the dividend warrant as furnished by NSDL/CDSL.
- Members are requested to:
 - Send their queries, if any at least 10 days in advance of meeting so that the information can be made available
 - Note that copies of the Annual Report will not be distributed at the Annual General Meeting
 - Note that no gifts/coupons will be distributed at the Annual General Meeting
- Members holding shares in multiple folios are requested to apply for consolidation to the Company or its Registrar along with relevant share certificates.
- As per the Circular No. MRD/Dop/Cir-5/2009 dated May

20, 2009 issued by the Securities and Exchange Board of India (SEBI), it is mandatory to quote PAN for transfer/ transmission of shares in physical form. Therefore, the transferee(s)/legal heirs are required to furnish a copy of their PAN to the Registrar and Share Transfer Agent of the Company.

8. Reserve Bank of India has, vide its Circular No. RBI/2009-10/109/DPSS (CO)EPPD No. 191/04.01.01/2009-10, dated July 29, 2009 instructed the banks to move to the National Electronic Clearing Services (NECS) platform with effect from October 1, 2009. In view of the aforesaid, the shareholders are requested to forthwith furnish to the Company or RTA, their new bank account number allotted to them, after the bank has implemented the Core Banking System (CBS), along with the name of the bank, branch details, the nine digit MICR Code and the account type along with their folio number and a photocopy of the cheque pertaining to their bank account respectively, so that the future dividends, if declared, can be credited to their bank account, vide the NECS platform. In case shareholders are holding shares in demat form, there are requested to provide the above mentioned details to their respective DPs.

9. The Company is obliged to print such bank details on the dividend warrant(s)/NECS advice(s) as furnished by the depositories to the Company and the Company is constrained not to entertain any request for deletion/ change in bank details already printed on the dividend warrant(s)/NECS advice(s) based on the information received from the concerned depositories, without confirmation from them. In this regard members are advised to contact their Depository Participant (DP) and furnish them the particulars of any change desired.

10.Members are requested to visit the website of the Company ‘www.aplapollo.com’ for viewing the quarterly & annual financial results and for more information on the Company.

Brief resume of directors seeking appointment/re-appointment as required in Clause 49 of the Listing Agreement are as follows:

Name of Director	Mr. Sameer Gupta	Mr. Aniq Husain	Mr. Rakesh Jinsi
Date of birth	November 2, 1977	July 10, 1953	January 15, 1955
Date of Appointment	May 16, 2008	May 16, 2008	March 23, 2013
Expertise in specific functional areas	Experience of over 13 years in exports and international markets with in-depth knowledge of manufacturing and trading of PVC pipes, tubes, sheets and other steel products.	Wide experience in industrial projects, engineering and management affairs.	Experience of more than three decades in various capacities in automotive industry and presently working as Secretary General of a social service organization for last four (4) years.
Qualification	B. Com(H)	B. Tech (Mechanical)	B. E. (Electrical)
No. of Equity Shares held in the Company	20,103	700	Nil
List of other companies in which directorships are held	Apollo Pipes Ltd. Shri Lakshmi Metal Udyog Ltd. SMT Finance and Investment Ltd. Apollo Metalex Pvt. Ltd. Amulya Leasing and Finance Ltd.	Nil	Hero Motors Limited
List of committees of the Board of Directors (across all companies) in which chairmanship/ membership is held	Audit Committee – Member APL Apollo Tubes Limited Audit Committee – Member Amulya Leasing and Finance Limited	Remuneration Committee – Chairman APL Apollo Tubes Limited Audit Committee – Member APL Apollo Tubes Limited	Nil

Registered Office:
37, Hargobind Enclave,
Vikas Marg, Delhi - 110092

By order of the Board
APL Apollo Tubes Ltd.

Place: Delhi
Date: May 30, 2013

Adhish Swaroop
Company Secretary

ANNEXURE TO NOTICE

As required by Section 173 of the Companies Act, 1956, (hereinafter referred to as “the Act”) the following Explanatory Statement set out all material facts relating to the business mentioned under Item No. 6,7,8 and 9 of the accompanying Notice dated May 30, 2013.

Item No. 6:
With a view to broad-base the Board and bring strategic focus in business and ensure better governance of the increased level of business activities of the Company, Mr. Rakesh Jinsi was appointed as an Additional Director by the Board of Directors of the Company in its meeting held on March 23, 2013.

However, in terms of the provisions of Section 260 of the Companies Act, 1956, Mr. Rakesh Jinsi holds office as an Additional Director only up to the date of this Annual General Meeting and in terms of Section 257 of the Companies Act, 1956, the Company has received notice from a member along with requisite deposit proposing his candidature of as a Director of the Company.

Your Directors recommend the Ordinary Resolution for approval of the members.

None of the Director of the Company except Mr. Rakesh Jinsi himself may be considered as concerned or interested in the resolution.

Item No. 7:
The Company has acquired certain entities as its wholly owned subsidiaries and the Company is now proposing to amalgamate its subsidiary namely Lloyds Line Pipes Limited with it for synergizing the capabilities of this company so as to ensure efficient and cost effective operations, in accordance with the laws as may be prevailing and applicable at the time of such corporate restructuring.

In view of the above and the precedents laid down by the various company courts, and as a measure of abundant precaution, it is proposed to alter Clause III(B) relating to “Objects that are incidental or ancillary to the attainment of the main objects” to include the power to amalgamate, merge or absorb, into, other Company or companies or vice-versa.

The proposed alteration in Clause III(B) can be conveniently and advantageously combined and carried out along with the existing objects/activities of the Company.

Pursuant to provisions of Sections 16, 17 and 192A of the Act, any alteration in the objects of the Clause of the Memorandum of Association requires approval of the members by way of special resolution through postal ballot and as such Postal Ballot Notice, Postal Ballot Form and Prepaid-postage Envelope being circulated to all the members along with this Notice.

The proposal outlined above is in the interest of the Company and the Board recommends the passing of the resolution set out under Item no. 7 of the accompanying Notice as Special Resolution.

None of the Director of the Company is concerned or interested in the said resolution.

Item No. 8 & 9 :
The Members of the Company had in their Annual General Meeting held on September 29, 2012 appointed Mr. Sanjay Gupta as a whole time director and designated as Chairman of the Company for a period of 5 years commencing from April 1, 2012 also approved the remuneration payable to him within an overall ceiling of ₹Two Crores per annum

Mr. Ashok Kumar Gupta’s appointment as Managing Director of the Company for a period of 5 years commencing from February 1, 2012 was approved by the members in their Extra Ordinary General Meeting held on November 18, 2011 and also the remuneration payable to him within an overall ceiling of ₹One Crore per annum.

However, your Directors felt that the compensation paid to the aforesaid key management personnel be revised w.e.f. April 1, 2013 more or less in line with the remuneration drawn by their counterparts in the Country, and accordingly, the Remuneration Committee and Board of Directors have approved increase in ceiling of compensation payable to them as per the following details:

Mr. Sanjay Gupta, Chairman of the Company : Remuneration (including Salary & Perquisites) within an overall ceiling of ₹2,000,000/- per month and

Mr. Ashok K. Gupta, Managing Director of the Company : Remuneration (including Salary & Perquisites) within an overall ceiling of Rs.1,000,000/- per month

The following perquisites shall not be included in the computation of the ceiling on remuneration specified above:

- a) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961;
- b) Gratuity as per rules of the Company (which shall not exceed one half month’s salary for each completed year of service); and
- c) Encashment of leave at the end of the tenure.

For the purposes of calculating the above ceiling, perquisites shall be evaluated as per Income-tax Rules, wherever applicable. In the absence any such Rules, perquisites shall be evaluated at actual cost.

The Board of Directors may, in its discretion, pay the above named executives lower remuneration than the maximum remuneration herein above stipulated and revise the same

from time to time within the maximum limit stipulated by these resolution.

Approval of the members is now being sought for the aforesaid increase in the ceiling on remuneration w.e.f. April 1, 2013. The proposed increase in ceiling is within the limits prescribed under Part II of Section I of Schedule XIII of the Companies Act, 1956.

All other terms and conditions of appointment of aforesaid whole time directors as approved by the members remain unchanged. The above details may also be treated as an abstract of modification in terms of appointment of the aforesaid wholetime directors of the Company under section 302 of the Companies Act, 1956

None of the Directors other than that Mr. Sanjay Gupta and Mr. Ashok K. Gupta themselves, and Mr. Vinay Gupta and Mr. Sameer Gupta being brother of Mr. Sanjay Gupta is concerned or interested in the proposed resolutions.

Your directors recommend the resolution as at item No. 8 & 9 for your approval.

Registered Office:
37, Hargobind Enclave,
Vikas Marg, Delhi - 110092

Place: Delhi
Date: May 30, 2013

By order of the Board
APL Apollo Tubes Ltd.

Adhish Swaroop
Company Secretary

IMPORTANT COMMUNICATION TO MEMBERS

The Ministry of Corporate Affairs has taken “Green Initiative in the Corporate Governance” by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, we propose to send documents like the notice convening the General Meeting, Financial Statements, Annual Reports, among others, henceforth, in electronic form, to the email addresses of those members which are available in the Register of Members of the Company. The members holding shares in electronic form, are requested to register their e-mail address, in respect of electronic holdings with the Depository through their concerned Depository participants and those holding shares in physical form are requested to register their e-mail with the Registrar and Transfer Agent viz. M/s. Abhipra Capital Limited, GF- Abhipra Complex, Dilkhush Industrial Area, A-387, G.T. Karnal Road, Azadpur, Delhi – 110033. Members desiring to receive the said documents in physical form, are requested to send an e-mail at investors@aplapollo.com or send a letter at the registered office of the company.



APL APOLLO TUBES LIMITED
REGD. OFFICE: 37, HARGOBIND ENCLAVE,
VIKAS MARG, NEW DELHI – 110 092

ATTENDANCE SLIP

Folio No.		DP ID#	
No. of Shares		Client ID#	

SHAREHOLDERS ATTENDING THE MEETING IN PERSON OR BY PROXY ARE REQUESTED TO COMPLETE THE ATTENDANCE SLIP AND HAND IT OVER AT ENTRANCE OF THE MEETING PLACE.

I hereby record my presence at the 28th Annual General Meeting of the Company to be held IMA-East Delhi Building, 35-X, Institutional Area, Karkardooma, Delhi - 110092 at 12.45 P.M. on Friday, the 30th day of August 2013.

Full name of the shareholder (in block letters)

Complete address

Full name or proxy (In block letters)

Shareholder/Proxy/Authorised representative*

Please tick in the appropriate box

☐ Member☐ Proxy

*Strike out whichever is not applicable



APL APOLLO TUBES LIMITED
REGD. OFFICE: 37, HARGOBIND ENCLAVE,
VIKAS MARG, NEW DELHI – 110 092

FORM OF PROXY

Folio No.		DP ID#	
No. of Shares		Client ID#	

I/We _____ of _____ in the district of _____ being a member/members of APL Apollo Tubes Limited, hereby appoint _____ of _____ in the district of _____ of filling him/her _____ of _____ in the district of _____ as my our proxy to vote for me/us on my/our behalf at the 28th Annual General Meeting of the Company to be held at IMA-East Delhi Building, 35-X, Institutional Area, Karkardooma, Delhi - 110092 at 12.45 P.M. on Friday, the 30th day of August 2013 and/or at any adjournment thereof.

Signed this _____ day of _____ 2013.

Note: Proxy in order to be effective must be duly completed, stamped, signed and deposited at the registered office not less than 48 hours before the meeting.

Please
Affix Re.1
Revenue
Stamp



GAME CHANGER

APL APOLLO TUBES LIMITED | ANNUAL REPORT 2012-13

A TRISYS product • info@trisys.com



APL Apollo Tubes Limited
37, Hargobind Enclave, Vikas Marg, Delhi - 110092
www.aplpollo.com



Corporate identity	2
Highlights	4
Chairman's review	6
Game changer	8
From the MD's desk	18
Our growth story	20
FY13 in numbers	22
Our strengths	23
Attractive growth drivers and presence	24
BOD profile	26
Enhancing shareholders value	30
Product review	31
Corporate strategic blueprint	33
Business drivers	34
Risk management	37
Management discussion and analysis	39
Directors' report	44
Corporate governance report	53
Consolidated accounts	61
Section 212	77
Standalone accounts	78

AT APL APOLLO TUBES LIMITED, WE ARE NOT JUST ANOTHER TUBE-MAKER. WE ARE A GAME-CHANGER

TRANSFORMING OUR INDUSTRY THROUGH NEW PRODUCTS, ADVANCED TECHNOLOGY, SOPHISTICATED APPLICATIONS, CUSTOMER PROXIMITY AND AGGRESSIVE CAPACITY GROWTH.

THIS EXPLAINS WHY OUR REVENUES HAVE CONSISTENTLY OUTPERFORMED NATIONAL ECONOMIC GROWTH BY A FACTOR OF 8x.

THIS WAS MOST VISIBLE IN A CHALLENGING 2012-13: WHEN THE COUNTRY REPORTED ITS SLOWEST GROWTH IN A DECADE, APL APOLLO REPORTED RECORD REVENUE GROWTH OF 44% TO REACH ₹2,008 CR AND PAT GROWTH OF 40% TO REACH ₹69 CR.

APL APOLLO TUBES LIMITED.

- EVOLVED A COMMODITY PRODUCT INTO A DISTINCTIVE BRAND
- INFUSED CUTTING-EDGE TECHNOLOGY IN A CONVENTIONAL SPACE
- WIDENED A LIMITED PORTFOLIO TO COVER DIVERSE APPLICATIONS
- PIONEERED RETAIL MARKETING IN A WHOLESALE BUSINESS
- DISPERSED MANUFACTURING LOCATIONS IN A REGIONAL BUSINESS
- CREATED INDUSTRY-TRANSFORMING SCALE IN A FRAGMENTED SECTOR

GAME CHANGER.

THE RESULT: APL APOLLO HAS EMERGED AS THE LARGEST ERW STEEL TUBE MANUFACTURER IN INDIA. AT APL APOLLO, OUR 'GAME CHANGER' MINDSET HAS ENHANCED VALUE FOR OUR CUSTOMERS, SHAREHOLDERS AND VENDORS.

- A 46% SIX YEARS CAGR IN GROSS REVENUES LEADING TO 2012-13.
- A ~ELEVEN-FOLD INCREASE IN CASH PROFIT DURING THE LAST SEVEN YEARS
- INCREASE IN THE NUMBER OF PRODUCTS FROM 100 TO 300+.

Lineage

Established in 1986, APL Apollo is the fastest growing steel tube manufacturer in India. The APL Apollo team - Mr. Sanjay Gupta (Chairman), Mr. Ashok Gupta (Managing Director) and experienced professionals -- achieved national ERW pipe leadership through strategic expansion of manufacturing capacity, product portfolio, cutting-edge technologies and wider consumer access (within and outside India).

Mission statement

- To create sustainable value for all stakeholders
- To satisfy customers' requirements by supplying high-quality products at affordable rates
- To emerge as a 'one-stop shop' for the entire spectrum of steel tubes and to attain a paramount market position for its quality products
- To achieve revenue worth US\$1 bn by 2015

- To achieve capacity of 1 million TPA by 2015

Presence

APL Apollo (headquartered in Delhi-NCR) has five manufacturing facilities - two in Sikandrabad (UP) and one each in Bangalore (Karnataka), Hosur (Tamil Nadu) and Murbad (Maharashtra). The Company's vast distribution network is spread across India, with warehouse-cum-branch offices in 20 cities. Besides, the Company's products are

marketed to more than 35 countries. The Company's shares are listed and traded on the Bombay Stock Exchange and the National Stock Exchange (market capitalization ₹3,715 million as on March 31, 2013).

Certificates and accreditations

- ISO 9001:2008 for quality management
- ISO 14001:2004 for environment management
- OHSAS 18001:2007 for health & safety management systems

■ IS1161 (Structural application), IS1239 (Water and gas application), IS3589 (Water, gas and sewerage) IS3601 (General engineering), IS4270 (Water wells and casing pipes), IS4293 (Structural tubes for infrastructural purpose) and IS9295 (Idlers for conveyers).

- Received prestigious accreditations like Underwriters Laboratories, CE and SGC France
- Recognised 'Export House'.
- Products endorsed by the Bureau of Indian Standards and British Standards.

₹3,715 million
market capitalization as on March 31, 2013

FINANCIAL
HIGHLIGHTS, 2012-13

- Gross sales increased 46% from ₹15363 million in 2011-12 to ₹22,471 million
- EBITDA increased 39% from ₹1154 million in 2011-12 to ₹1,612 million
- Net profit enhanced 40% from ₹491 million to ₹686 million
- Cash profit increased 39% from ₹584 million to ₹812 million

Gross sales growth

46% | 46%
six-year CAGR | over 2011-12

EBIDTA growth

39% | 49%
over 2011-12 | six-year CAGR

PAT growth

40% | 47%
over 2011-12 | six-year CAGR

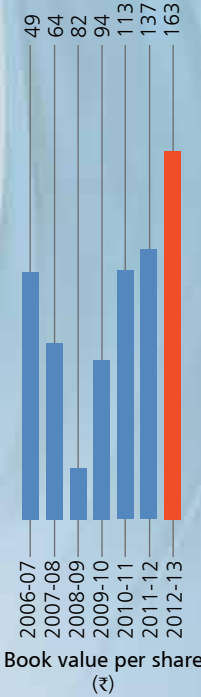
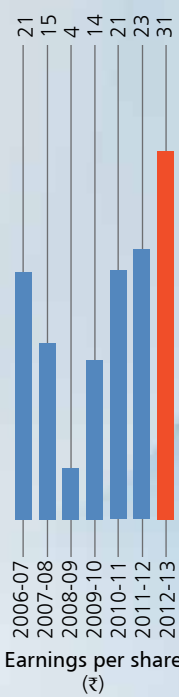
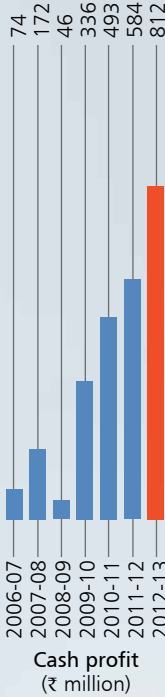
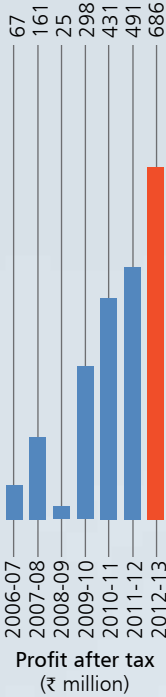
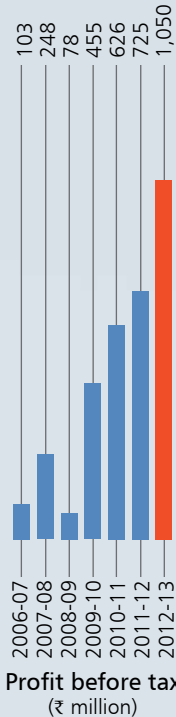
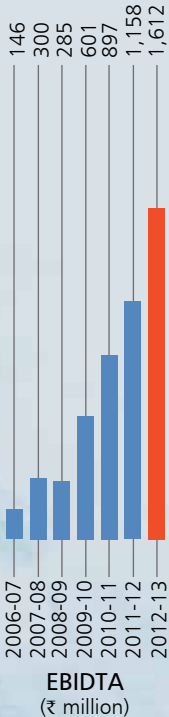
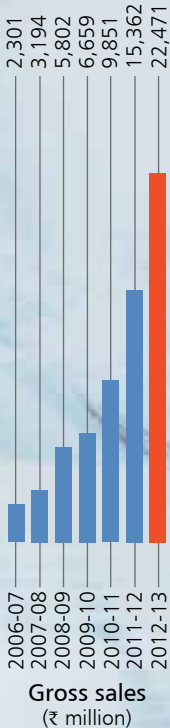
Cash profit growth

39% | 49%
over 2011-12 | six-year CAGR

Book value growth

19% | 22%
over 2011-12 | six-year CAGR

OUR
PERFORMANCE
IN NUMBERS



CHAIRMAN'S REVIEW



Dear Shareholders

We are pleased to achieve yet another year of superlative growth, which outperformed our sectoral growth in 2012-13 and also established our industry leadership. This performance was achieved through game-changing initiatives which pioneered modernisation in the sector and positioned our Company as a fast-moving trailblazer.

The tubes industry went through considerable under-investment in the decade following liberalisation. Even as global infrastructure growth standards evolved to the modern and cutting-edge, Indian standards lagged on account of the size of infrastructure spend required on the one hand and the sophistication of material needed on the other.

The change began to transpire about a decade ago when India began to invest considerably larger amounts in infrastructure; the global scale of a number of these investments

were corresponded by cutting-edge technologies. In turn, specialised consultants recommended new-age designs and materials. This opened out a new market where the pipes needed to be more sophisticated around newer applications. The result was that an entirely new market began to emerge.

First moving

At that point, two things could have happened. The conventional players could have retained their longstanding focus or widened their product focus. APL Apollo was one of the first players to recognise the vastness of the emerging opportunity and the potential of hitherto overlooked geographies – South India, tier-II and rural markets. The Company moved with speed to invest in new production lines, introduce new products, market products to consumers, position products around superior attributes, demonstrate enhanced consumer value, widen the

product range to address more sectors and extend its national footprint through warehouse cum branches.

Result

We are happy to state that these initiatives did not just prove to be share-enhancing; they proved to be market-widening and game-changing as well.

- In a commodity business, we carved out a distinctive brand identity.
- In a business defined by fragmented capacities, we created industry-transforming scale.
- In a business marked by conventional knowhow, we invested in cutting-edge technologies.
- In a business represented by a limited portfolio, we introduced more products.
- In a business where a majority of the sales were B2B, we provided a retail alternative.

This is the result of our game-changing approach: APL Apollo Tubes emerged as India's largest ERW steel tubes manufacturer with capacity of 6,00,000 TPA, possessing the widest product mix and pan-India distribution network that ~ten-folded our sales and profits in just seven years.

in FY13, a year of decadal-low economic growth, APL Apollo Tubes established leadership and a superior

performance:

- Net sales grew 44% YoY
- EBITDA grew 40% YoY
- PAT grew 14% YoY
- Opened six warehouse cum branches in Indore, Raipur, Hisar, Kala Amb, Surat and Delhi taking the total to 20
- Added prestigious clients like Bangalore Metro, Goa Airport, Nashik Airport and Firepro
- Maintained relationship with India's leading companies across diversified industries like BHEL, L&T, Adani, Ashok Leyland and Jain Irrigation
- Expanded capacity by 100,000 TPA
- Operated plants at a high utilisation of 85%
- Introduced new product varieties

Optimism

There are a number of reasons why the outlook appears optimistic for our sector and company.

Even as infrastructure growth has been reasonable over the last few years, there has been a wider-than-usual offtake of tubes, indicating that the market for this is still nascent and emerging.

Even as the market has often been classified as commodity, there is a growing demand for value-added products.

The result is that India's steel tubes market is growing faster than the global average, indicating that the country has possibly touched an inflection point following which steel tubes consumption will only be quicker.

There is a growing body of evidence to support this conviction. There is increasing governmental emphasis to connect rural Indian fringes; India's mass rapid transport (metro) network is driving tubes offtake; the growth of India's telecom sector is expected to rebound; the country's wind energy sector is reporting its quickest growth in years; US, Brazil, Canada and some European countries imposed anti-dumping duties on Chinese tubes and pipes, widening the export opportunity for Indian manufactures.

Our response

At APL Apollo Tubes, we expect to capitalise on this industry reality through the manufacture of products addressing diverse sectors, de-risking our growth from a downturn in one or more of our consuming industries. We are focussed on widening our national reach, extending the distribution network, strengthening customer relationships through collaborative product development and working with a long-term business outlook.

The Company will support these initiatives through the creation of a 1 MTPA capacity by 2015, which will reinforce our position as India's largest steel tubes manufacturer.

We expect that a combination of these initiatives will translate into projected revenues of US\$ 1 billion and enhanced value for all those who own shares in our Company.

Regards,

Sanjay Gupta, *Chairman*

Yet another year of superlative growth which outperformed our sectoral growth in 2012-13 and also established our industry leadership.

GAME CHANGER. FROM THE REGIONAL TO THE NATIONAL

SEVEN YEARS AGO, WE INVESTED OUR PRECIOUS RESOURCES TO BACK THE INDIAN INFRASTRUCTURE STORY AND, IN DOING SO, EMBARKED ON A JOURNEY TO EVOLVE FROM THE REGIONAL TO THE NATIONAL.

As a first step, we emerged as the first large organised player to commission manufacturing facilities in South India, carving away the unorganised regional steel tube market, addressing the growing needs of organised users and emerging as the regional leader.

Since then, APL Apollo has entered regions with the express objective to commission manufacturing facilities, address demand upturns with speed, leverage customer proximity into enduring relationships and progressively carve out a larger share of the customer's wallet.

This strategy has grown APL Apollo into one of the largest players in India's steel tubes sector. Going

ahead, the Company intends to reinforce its national leadership with the commissioning of an additional ~2,00,000 TPA by end of FY14, increase the proportion of value-added pre-galvanized tubes by growing in-house coil galvanizing capacity, modernise existing plants to enhance productivity and invest with the objective to possess a consolidated 1 MTPA capacity by 2015.

Over the years, this strategy has helped create a pride-enhancing clientele comprising giants like BHEL, L&T, Ashok Leyland, Gujarat Gas, metro projects, Jain Irrigation, Adani, a number of Indian airports, Firepro and Jubilant Organosys among others.

Our pride-enhancing clientele comprising giants like BHEL, L&T, Ashok Leyland, Gujarat Gas, Metro projects, Jain Irrigation, Adani, Airports projects, Firepro and Jubilant Organosys among others.

1 MN
MTPA

Our targeted
capacity by 2015.

GAME CHANGER. FROM TRANSACTIONS TO RELATIONSHIPS

IN THE TUBES BUSINESS, THE ABILITY TO MARKET A LARGER QUANTITY TO THE SAME CUSTOMER AND CROSS-SELL OTHER PRODUCTS THAT ACCOUNT FOR A LARGER SHARE OF THE CUSTOMER'S WALLET ARE INTEGRAL TO SUCCESS.

At APL Apollo, we strengthened customer value through the following initiatives:

- The Company widened its presence from one location in 2007-08 to five by 2012-13, reinforcing its ability to service nationally-dispersed customers with speed
- The Company pioneered the B2C marketing approach to widen reach to end users; it now possesses 17 warehouse-cum-branches spread across India. Going ahead, we will double our branch network
- The Company extended from the national to the international; its global footprint covers 35 countries including USA, Europe, Australia and Sri Lanka among others
- The Company increased its network of dealers, stockists and retailers, thereby strengthening domestic offtake
- The Company strengthened its brand and visibility, translating into an immediate recall

14

tube mills in our five manufacturing units

GAME CHANGER. FROM THE LEGACY TO THE CUTTING-EDGE

IN A COMPETITIVE WORLD MARKED BY INCREASING
PRODUCT STANDARDS, SUCCESS IS DERIVED FROM
THE ABILITY TO MAKE BETTER AND SAFER PRODUCTS.

₹ **237** CRORE
invested in technologies

At APL Apollo, we have invested in some of the most sophisticated manufacturing technologies through the following initiatives:

- The Company invested ₹237 crore in state-of-the-art technologies, equipment and automation systems in the last seven years.
- The Company has always been a pioneer in adapting the latest technologies whether it is pre-galvanised lines, cold saws, high speed mills from Europe and Japan or unique rotary sizing mills, which helps produce best quality rolled tubes
- The Company is one of the few manufacturers in the world with an online rotary sizing mill, capable of providing tubes with minimum/zero ovality for high precision end-use
- The Company has installed cold saws in its mills which provide bur-free ends of hollow sections that help in easy welding, joining the tubes and enhancing strength
- The technologies have been cherry-picked from leading global suppliers like Kusakabe (Japan), OTO Mills (Italy), OMPSRL (Italy) and Inductotherm, among others

GAME CHANGER. FROM THE LIMITED TO THE DIVERSE

IN THE BUSINESS OF TUBES MANUFACTURE, SUCCESS LIES IN BEING ABLE TO SERVICE A WIDE CUSTOMER CROSS-SECTION, DE-RISKING THE COMPANY FROM AN EXCESSIVE DEPENDENCE ON SELECT SECTORS.

The Company produces largest range of hollow sections and mild steel tubes in 300+ variants (black, galvanized and pre-galvanised) in outer diameter range of 1/2 inches to 14 inches catering to diverse industry demand with wide-spread applications including greenhouses, solar power, airports, metros, automotive and other engineering purposes

At APL Apollo, we have widened our relevance through the development of products addressing diverse applications.

- The Company addresses downstream sectors as diverse as infrastructure, real estate, automobiles and textiles, among others.

- The Company launched a new variant - lower diameter-high thickness seamless equivalent - of ERW tubes, fast replacing seamless tubes

- The Company produced tubes of various sizes and shapes, catering to the demands of different sectors; it plans to manufacture products addressing the interior decoration segment.

As a result, revenue from no segment exceeded a third of the Company's revenues in 2012-13.

30 MILLION

number of tubes/pipes
produced by us in a year

GAME CHANGER. FROM THE GENERAL TO THE SPECIALISED

IN THE BUSINESS OF TUBES MANUFACTURE AND MARKETING, SUCCESS IS DERIVED FROM THE ABILITY TO LEVERAGE KNOWLEDGE EFFECTIVELY, LEADING TO INNOVATIVE AND SUSTAINABLE GROWTH.

At APL Apollo, we have invested in our intellectual capital through the following initiatives:

- Recruiting the best talent and then nurturing them to senior management positions.
- Creating an environment of excellence, inspiring people to perform better
- Formulating HR policies driven by a sense of empathy where each individual is considered a family member
- Providing ongoing training in the latest technologies to enhance competence
- Creating an environment of trust and integrity

At APL Apollo, we have consistently invested in our intellectual capital

FROM THE MD'S DESK



MR. ASHOK GUPTA, MANAGING DIRECTOR REVIEWS THE PERFORMANCE OF THE COMPANY IN 2012-13 AND CHALKS OUT THE FUTURE STRATEGIES TO ACHIEVE CORPORATE GOALS

How would you assess the Company's performance in 2012-13?

A: We are happy to report that FY13 was a landmark year for the Company, translating into ERW steel tube leadership with a capacity of 600,000 TPA, and the only one to deliver products from a multi-regional manufacturing base (western, southern and northern India). The result is that our net sales crossed ₹2,000 cr, the third successive year when we reported revenue growth in excess of 40% even as these have probably been three of the most challenging years for the country and our downstream customers.

But more than the numbers, the one point that I wish to highlight is this: we are not merely addressing the growing demand for ERW tubes in the country. We are leading the consolidation of the ERW tubes business, driving new practices from manufacturing to distribution to

relationships (dealers and customers), new product development and HR practices; we are reinforcing our industry leadership not just in terms of size, but also thought and knowledge leadership.

This transformation comes at an interesting time: the ERW unorganised sector is yielding ground to organised manufacturers on account of growing product sophistication, greater need for product reliability and the progressive replacement of conventional materials (wood, among others).

What reasons would you ascribe to the Company's sustained sectoral outperformance?

A: Our sustained growth is the result of a planned roadmap that we embarked upon seven years ago, the results of which are reflected below:

- Ability to service wide and large anytime needs of customers leveraging

the country's largest ERW tubes capacity

- Ability to capture any upturn across sectors through a broad portfolio of more than 300 ERW tube varieties (½" to 14" outer diameter and 0.7mm to 10 mm thickness with core competence in low thickness products)

- Well-diversified presence across all ERW product segments

- Ability to strengthen the corporate brand by emerging as the largest manufacturer of hollow sections used in structurals; pioneering new category in pre-galvanised pipes and becoming the leader here

- Ability to provide customers an unbeatable price-value proposition based on a superior logistics management through a pan-India distribution network comprising dealers, stockists, retailers and 17 warehouses-cum-branches; being the only Company with manufacturing

capabilities in southern, western and northern India, emerging as a pan-Indian manufacturer

- Ability to generate a virtuous growth cycle based on 85% utilisation, low operating costs and attractive return on employed capital

- Ability to grow our business with speed through organic and inorganic initiatives

- Ability to invest in cutting-edge technologies from Kusakabe, a world leader in welded tube mill technology capable of delivering a product portfolio of global standards.

- Ability to hire better talent with diverse industry experience, infusing fresh thinking into the sector.

How are these fundamentals likely to translate into sustainable growth?

A: At APL Apollo, our business model delivered returns on capital employed and returns on equity close to 20% or above in each of the last three years. During the current financial year, we expect to strengthen our manufacturing capabilities and add varieties that plug product gaps; we expect to

double our distribution network 35 warehouse-cum-branches in the next couple of years, which will strengthen our Tier-II and Tier-III service.

In view of these realities, we expect to enhance capacities at all five units, increasing our capacity to 8 lakh TPA in FY14 and 1 MTPA by 2015, which provides us with the optimism of sustaining our momentum by at least 30% in 2013-14.

How do you view the Company's prospects for 2013-14?

A: We enter FY14 with optimism for an important reason: we achieved our targets in 2012-13 even as Indian GDP growth declined to a decadal low.

This year we expect a moderate revival, which could improve business sentiment. Proactively, we intend to increase production capacity by 33% in FY14, providing us with the optimism to generate higher revenues.

Besides, we intend to emerge as a 1 MTPA company by 2015, funding our capacity expansion from accruals.

The incremental capacity is likely to be added at existing locations, resulting in lower costs and, as a result, we expect to protect margins, generate an attractive surplus and distribute 15% of our profit as dividend to shareholders.

Trends influencing the Company's performance

The Union Budget 2013-14 proposed several investments that will percolate robust ERW steel tubes growth:

- Increased Plan outlay for agriculture at ₹270.49 bn, up 22% over the previous year. Allocation for the integrated watershed programme increased to ~ ₹54bn, up 77% y-o-y.
- 26% increase in allocation for the Urban Development Ministry to ₹83 bn.
- Ministry of Drinking Water and Sanitation allocated ₹153 bn, up 17% y-o-y.
- Ministry of Rural Development allocated ₹802 bn, up 46% y-o-y
- Tax-free infrastructure for up to ₹500 bn bonds and set up of infrastructure development funds.
- Increased outlay for Delhi Mumbai Industrial Corridor (DMIC) project, National Waterways with plans to commission Bengaluru-Mumbai and Chennai-Bengaluru corridors
- Setting up ports in West Bengal and Andhra Pradesh and a new harbour in Tamil Nadu.
- Increase in Rural Housing Fund provision from ₹40 bn to ₹60 bn to provide housing finance to targeted groups in rural areas at competitive rates.
- Setting up a Urban Housing Fund by National Housing Bank; ₹20 bn to be provided to the fund in 2013-14.
- Generation-based incentive for wind energy projects and ₹8 bn allocated for the same.
- Doubled JNNURM budgetary allocation from ₹74 bn to ₹149 bn with a focus on adding 10,000 buses to the existing SRTU fleet.

OUR GROWTH STORY



FY13 IN NUMBERS

~85

Capacity utilisation (%)

95+

Input-output ratio (%)

7.9X

Fixed asset turnover ratio

1.1

Consumption of Power and Fuel as % of net sales

1.4

Employee cost as % of net sales

4.6

Sales (in lac tonnes) generated in 2012-13

46

The compounded annual growth rate (%) in revenues between FY07 and FY13

22

The ROCE (in %) reported by the Company in 2012-13

1.15

The debt-equity ratio of the Company in 2012-13

OUR STRENGTHS

Expertise

APL Apollo has been in existence since 1986 and possesses an experience of almost three decades in steel tube manufacture

Pan-India sales reach

APL Apollo is the only steel tube manufacturing company with a pan-India presence of dealers and 17 warehouses-cum branch-offices.

Widest product portfolio

APL Apollo provides a range of more than 300 varieties, catering to various industries (oil and gas, water, infrastructure, real estate, automobiles, general engineering and construction, among others).

Scale

APL Apollo has an ERW steel tubes production capacity of 0.6 million TPA, the largest in India, which is to be raised to 1 million TPA by 2015.

Technology

APL Apollo invested in state-of-the-art Japanese technology to enhance production and reduce tube ovality in line with customer requirements.

Quality assurance

APL Apollo provides quality assurance to customers through confidence-enhancing certifications (ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007) and CE and UL (Europe and US).

Brand

APL Apollo is a one-stop solution provider, translating into enhanced value for customers.

Corporate governance

APL Apollo practices visible governance (ethics, accountability, responsibility and transparency) that enhances customer confidence.

Bur free ends

The Company manufactures a superior product quality (bur free ends of a hollow sections and end-facing of round tubes).

Clientele

The Company's pride-enhancing clientele include giants like BHEL, L&T, Ashok Leyland, Gujarat Gas, Jain Irrigation, Adani, Firepro and Jubilant Organosys, among others.

Attractive growth drivers for the industry as well as APL Apollo

Economic

- Economic revival expected in 2013-14
- Moody's estimate of Indian GDP to cross 6% 2014 onwards
- Steel demand growth at 8% in FY14, up from 3.3% in FY13 (industry estimate)

Sectoral

- Regulatory commitment on infrastructure spend
- Increased outlays in Budget 2013-14 on urban and rural infrastructure, drinking water sector, among others
- City gas pipe network to grow 10-fold to cover 100 cities.

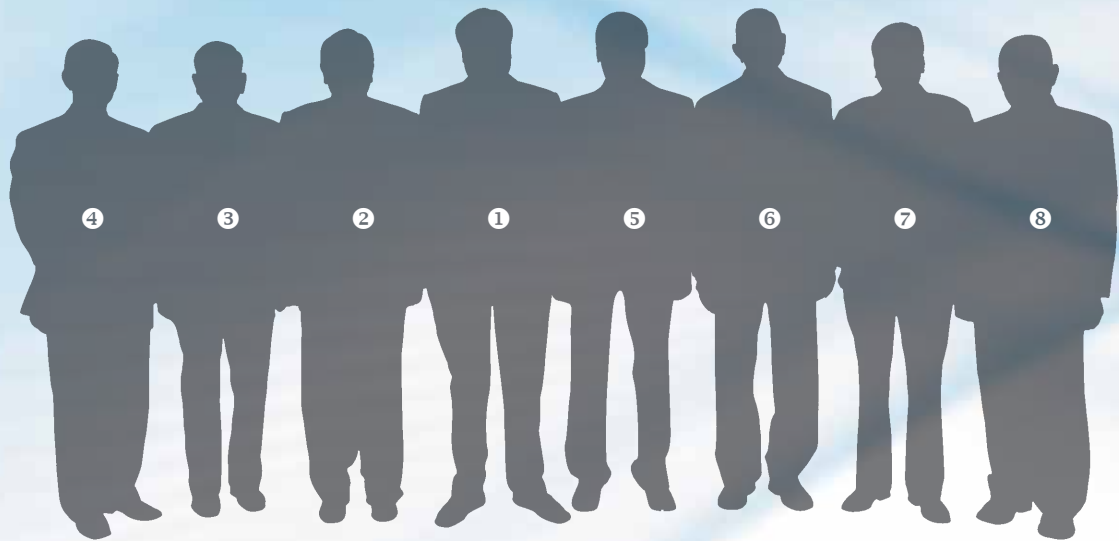
APL Apollo

- Expand product offerings to fill gaps in portfolio
- Double distribution network to better capture rural and tier2 demand
- Manufacturing capacity to meet demand growth across India
- Double in-house coil-galvanizing capacity to increase share of higher value pre-galvanized tubes



BOD
PROFILE





➊ Mr. Sanjay Gupta, *Chairman*, ➋ Mr. Ashok Gupta, *MD*, ➌ Mr. C.S. Johri, *Director*, ➍ Mr. Rakesh Jinsi, *Director*
➎ Mr. Sameer Gupta, *Director*, ➏ Mr. S.T. Gerela, *Director*, ➐ Mr. Vinay Gupta, *Director*, ➑ Mr. Aniq Husain, *Director*,

Mr. Sanjay Gupta

At the helm of the Company, Mr. Sanjay Gupta brings to the fore his acumen of the tubes industry and astute business sense, on a daily basis. With a rich experience of over more than two decades in various steel industry segments, Mr. Gupta steers the Company with a clear vision of growth in context of the changing market scenario. The resurgence of the Company, its remarkable gain in value and steady growth are the direct results of Mr. Gupta’s administrative and entrepreneurial skills. Under his leadership, the Company grew exponentially gaining national and international recognition.

Mr. Ashok Gupta

Mr. Ashok K. Gupta is a steel industry veteran with over three decades of experience. During his illustrious career, he has worked at senior managerial positions at SAIL, Bhushan Steel, LN Mittal Group (African Continent), Jindal Steel, among others. He is an M Sc (Physics); PGDBA from AIMA and has won various medals and awards. He has been instrumental in transforming the organisation into a top-of-the-line pulsating giant, epitomising incremental profitability and expansive growth.

Mr. C.S. Johri

Mr.C.S. Johri, a law graduate and postgraduate in arts is an independent Director associated with the Company. Mr. Johri has worked with the Bank of India as Assistant General Manager at the Zonal Office and has expert knowledge of banking, finance, management and administration.

Mr. Rakesh Jinsi

Mr. Rakesh Jinsi an electrical engineering graduate with a vast experience having been involved with renowned automotive industries group like Eicher Group, Hero Group, M/s. Force Motors Ltd among others. His areas of expertise include materials, manufacturing and plant operations among others. He takes a keen interest in societal upliftment and ensuring

inclusive growth. At present he dons the mantle of the Secretary General of SOS Children Village of India and as a member of the Core Group of the National Human Rights.

Mr. Sameer Gupta

Mr. Sameer Gupta represents the youthful and dynamic side of the Company. He has over 13 years of enriched experience across the various segments of the tube industry with a wide knowledge of manufacturing and trading pipes, tubes and other allied products. His specific functional area includes business development in new territories.

Mr. S.T. Gerela

Mr. S.T. Gerela, M.A., A law graduate and C.A.I.I.B, has been associated with various regulatory authorities like SEBI, RBI, BSE, among others. He has rich experience in the realms of capital markets, banking, regulatory affairs management, and administration and investor relations. He has been a member of various committees, study groups; delegates constituted by governmental/semi-governmental authorities and has also authored several articles, research papers, books on capital market/economic affairs.

Mr. Vinay Gupta

With over 15 years of experience in exports and international markets, Mr. Vinay Gupta, possesses in-depth knowledge of manufacturing and trading pipes, tubes, sheets and other steel products. He has been specifically assigned with the development of the Company’s pre-galvanised business.

Mr. Aniq Husain

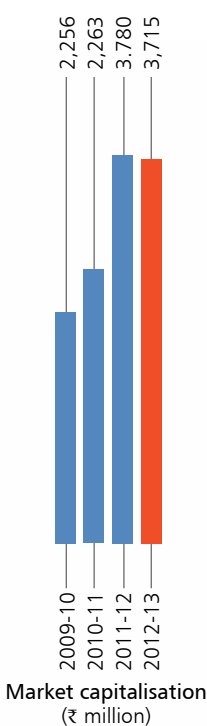
Mr. Aniq Husain is a B.Tech (Mechanical) from IIT Kharagpur and an M.Tech in industrial engineering and management affairs. He has been associated with various ventures in different capacities and is in touch with the latest industrial techniques.

ENHANCING SHAREHOLDER VALUE



Economic Value-Added (EVA)

APL Apollo reported an Economic Value-Added of ₹383.03 mn in 2012-13. EVA is an internationally recognised tool for measuring shareholder value. It indicates the profit that the Company generates over the returns which it would have received from investing in risk-free instruments. It measures the cost of equity and debt separately in an unconventional manner.



Market capitalisation

APL Apollo's market capitalisation has grown over the years due to a strengthening of its business model.



Return on net worth (RONW)

The strength of the Company's business model is reflected in its growing return on net worth.



Return on capital employed (ROCE)

The efficiency of the Company's business is reflected in a consistently growing return on capital employed.

PRODUCTS REVIEW

Hollow sections

Overview

- This is the largest and fastest growing segment by volume of the pipes segment.
- The tubes have a high tensile capacity, compressive strength, superior torsional rigidity and fire-resistance.
- These tubes are applied in construction and transportation system, mechanical and heavy engineering, mining, process

engineering agricultural sectors.

- The product range of 1.60-8 mm thickness is certified with international and national certifications like IS 4923, ASTM 500 (grade A, B, C, D), EN 10219, S235, 275, 365, YST 210, 240, 310.
- The tubes possess excellent distribution of material around the axis of the square and rectangular steel hollow sections. The smoothness and uniformity minimise corrosion and ensures easier on-site fabrication.

Revenue 2012-13 (₹ million)

6,524

Revenue growth over 2011-12

63%

Volume tonnes

157,000

Volume growth over 2011-12

65%

Pre-galvanised tubes

Overview

- The fastest growing segment.
- Products made from pre-galvanised steel sheets.
- Different coating layers are applied before and after the tubes are produced.
- The tubes are zinc-coated, light-weight, durable and tough.
- Product range is from 1/2" to 4";

outer diameter is usually from 19 to 114.3 mm.

- Used in fencing, automotive parts (buses), cabling, ducting and greenhouse structures.
- Apollo Metalex and Shri Lakshmi Metal Udyog (wholly-owned subsidiaries) manufacture pre-galvanised tubes integrated backwards with in-house sheet galvanising facilities.

Revenue 2012-13 (₹ million)

4,484

Revenue growth over 2011-12

70%

Volume tonnes

89,000

Volume growth over 2011-12

64%

Galvanised tubes

Overview

- Corrosion- resistant variety; the pre-manufactured steel is dipped in molten zinc.
- The steel tubes undergo hot-dip galvanisation.

- Product range extends from 21 to 273 mm (diameter).
- These steel tubes are used in refineries, engineering, underground and overground piping, power and fire-fighting systems

Revenue 2012-13 (₹ million)

3,196

Revenue growth in 2011-12: 15%

Volume tonnes

64,000

Volume growth in 2011-12: 12%

MS black tubes

Overview

- APL Apollo is one of the largest producers of MS black tubes in India.
 - The outer diameter range is from 21.3-335 mm.
 - These tubes require low maintenance as they are coated (oil and black lacquer base).
 - The tubes are used in fire-fighting
- systems, gas distribution systems, power transmission and boilers.

 - These tubes possess IS 1239, Part-I, 1161, 3589, 4270, 3601 and 9295 and other American certifications.
 - These tubes possess British standards like BS 1175, 1387, 1775, BS/EN: 39, DIN 2439, 2440, 2441 and 2444, ASTM: 53, 135, 795 (grade A, B) and EN 10255, S195.

Revenue 2012-13 (₹ million)

4,670

Revenue growth over 2011-12

42%

Volume tonnes

115,000

Volume growth over 2011-12

43%

New products/initiatives

Innovation has been the lynchpin of growth at APL Apollo. The Company is involved in the manufacture of innovative and efficacious products with the objective of broadening our customer base and sectoral coverage, consequently strengthening margins. This sectoral diversification will also help in minimising the risk of being unnecessarily reliant on a particular sector. As a means to the aforementioned end the Company embarked on bringing out the following products:

API-certified tubes: The Company acquired Lloyds Line Pipes Ltd, with ready-to-use API-certified manufacturing lines, manufacturing up

to 14” diameter tubes. The Company is focusing on the emerging demand in city gas distribution, tubing and casing. Unlike API pipelines, which find application in oil and gas transportation, this sector is under-penetrated and efforts mediated towards making it more organised may result in huge benefits. The Company intends to be certified for UL and CE certifications, inter alia, boosting export prospects.

Seamless equivalent welded tubes: Lower diameter-high thickness tubes are fast replacing seamless tubes worldwide, particularly in applications where mechanical strength is required along with a cost advantage. The

Company is doing the pioneering effort and started supplying lower diameter-high thickness tubes. These tubes find applications in various industry sectors primarily automobiles where the Company targets to supply axle, exhaust and propeller tubes.

Following the use of RSM technology, we are focusing on supplying tubes for diverse applications in the engineering sector like spinner blocks in the textile industry, which require dynamic balanced tubes and conveyer rolls existing as well as catering to heavy engineering industrial set-ups like cement and coal plants, among others.

CORPORATE STRATEGIC BLUEPRINT

Aim:	Manufacture best quality products
Strategic intent:	Enhance quality on a continuous basis
Strategies:	Provide consistent quality; invest in quality-enhancing technologies; sustain certifications like ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007; build a modern quality control system
Outcome:	Zero rejections

Aim:	Market expansion
Strategic intent:	Cater to all segments of the ERW tubes market, urban & rural, organised & unorganised
Strategies:	Cater to Tier II and III cities, commission plants in different parts of India to reduce the cost of serving new markets; get closer to the end customer; reduce reliance on intermediaries
Outcome:	Highest sales volume in the industry

Aim:	Consistently innovate and enhance product benchmarks
Strategic intent:	Product leadership
Strategies:	Developed products with new applications like green houses, roof-on-roof, conveyer belts, seamless equivalent ERW pipes among others; emerging as the only such company in India; cater to the emerging demand for new-age applications
Outcome:	The Company enhanced its presence in different market segments like home décor, automobile, infrastructure and real estate, among others.

Aim:	To emerge as one of the largest ERW companies in the world
Strategic intent:	Enhance capacity
Strategies:	Double the existing capacity in two phases and use a prudent mix of debt and internal accruals without straining the Balance Sheet
Outcome:	One million TPA capacity to be achieved within 2015

Aim:	To be transparent and fair to customers, shareholders, suppliers and employees in all our dealings
Strategic intent:	Corporate excellence
Strategies:	Instill a strong sense of ethics within the organisation. Maintain zero-tolerance towards deviation from the set specifications. Create robust corporate governance policies.
Outcome:	Achieve higher customer confidence by providing best quality products

Business drivers

OPERATIONS

Highlights, 2012-13

- Production was 4.4 lakh tonnes as against 2.87 lakh tonnes in 2011-12
- Capacity utilisation was a high ~85%
- Improved yield
- De-bottlenecking completed and technological upgradation made in the last acquired unit

Overview

The Company has five manufacturing plants located strategically across the country so that raw material

availability and product distribution may be done at optimal costs and time. The Company produces a variety of products (mild steel black pipes, galvanised pipes, pre-galvanised pipes and hollow sections) with a capability to manufacture a range of sizes (1/2" to 14" outer diameter) and thicknesses (0.7-10 mm). APL Apollo's 0.6 million TPA tube capacity makes it the largest in India. The Company intends to capture the growing demand for ERW tubes by offering a wide consumer choice, reinforcing its undisputed

leadership following expansion by 2015.

The Company's core focus remains on achieving higher capacity utilisation and yield vis-a-vis the industry benchmark. The Company has established itself as the highest producer of ERW tubes and pipes in India and is committed to expand its margins with nearest competitors by at least 100% and to emerge as the undisputed leader by 2015.



Business drivers

MARKETING

Highlights, 2012-13

- Fastest growth (70% YoY) achieved in higher-value pre-galvanized tubes, enhancing the share of this product to 22% of revenues
- The Company focused on marketing value-added products, which strengthened realisations.
- Organised plumber meet and distributed promotional stationery, items, literature, wall writings and hoardings, among others, creating awareness among end-users, applicators and market intermediaries
- Participated in Indian Plumbing Association Exhibition 2012-13, Indian Solar Summit 2012, Ahmedabad, 12th Edition of Roof India Exhibition, Mumbai and Dusseldorf Tubes Fair, Germany
- Organised a promotional charter

cruise tour consecutively for second year with participation of around 1,000 high performing APL Apollo dealers and traders

Overview

APL Apollo's manufacturing facilities are located strategically close to raw materials sources and retail markets, helping the organisation save time and logistic costs while enjoying leaner working capital cycle.

Key strengths

- 300+ varieties of ERW tubes supplied through a nationwide sales network comprising dealers, stockists and retailers
- Extensive reach via 20 warehouse-cum-branches in prominent cities like Mumbai, Pune, Faridabad, Jaipur, Goa and Raipur, among others, to address pan-Indian needs

- Manufacturing base in South, West, and North India to better service the regional domestic demand

- Export of products to more than 35 countries

- Ready supply to large number of repeated customers enables easy approvals from others. Products are endorsed by various certification agencies, consultants and prestigious clients

Road ahead

The Company expects to grow existing customer relationships (cross-sales and existing products) and enter into new relationships by leveraging its knowledge and experience about needs, industry, products and capabilities. The Company will continue to penetrate into newer geographies, sectors and add several new clients.

Business drivers

INFORMATION TECHNOLOGY

Highlights, 2012-13

- Redesigned the web interface for better user experience
- Implemented Linux based messaging systems, saving us the license cost
- Implemented MPLS based wide area networking, giving us a hub-spoke start topology to get connected to all our business establishments and enhances the uptime of WAN

- Initiated SAP implementation of all the modules including FICO, MM, PP, SD, QM and PM and expects to be functional 2013-14.

Overview

The use of information technology integrates manufacturing plants, warehouse-cum-branches in various locations and consumption centres. The Company’s ERP facilitates quicker data flow and informed decision-making. Automation has enhanced

organisational efficiency, productivity, consistency in quality, timely delivery and co-ordination among various verticals.

Road ahead

The Company expects to emerge as a fully-automated, software-driven company with higher accountability, leading to informed decision-making. The Company plans to install all SAP based modules to enhance prganisational efficiency.

Business drivers

HUMAN RESOURCE MANAGEMENT

Overview

APL Apollo believes that knowledge management and synchronised collaboration between individual and corporate goals are core drivers for increased productivity, enhanced performance and rapid growth. APL Apollo leverages knowledge through selective recruitment, training and

collaborations leading to enhanced productivity. The Company created an exciting corporate environment through an HR policy that strengthened teamwork and trust.

Training, development and appraisal

At APL Apollo, the scope of training

goes well beyond normal learning. Training initiatives encompass every process, skill, area of knowledge and ethical conduct.

The Company’s performance appraisal system monitors, reviews and rewards performance to enhance employee morale.

RISK MANAGEMENT

Risk	Risk Mitigation
Logistics risk	
An inability to source raw materials within a specified time may lead to delayed product delivery and customer attrition.	The Company strengthened its relationships with suppliers and dealers resulting in a smooth supply chain, leading to timely product delivery. The Company enjoys long running raw material procurement arrangements with the suppliers as well as strong ongoing customer relationships thereby protecting its prospects.
Economy risk	
Domestic challenges (inflation, liquidity crunch, weak industrial growth, depreciating rupee, political instability and increasing commodity prices) might affect the Company’s performance.	The Company’s products are sold to diverse industries; hence its demand to some extent is de-risked from short-term economic challenges. The Company sources its raw material within India and is the largest buyer from JSW Steel, enjoying optimal costs. The Company has a fixed pricing policy that insulates it from standard cost variability.
Industry risk	
Growing competition may have an adverse impact on the Company.	■ The Company has expanded capacity rapidly to grab market opportunity before competition. Its market reach is also far superior to any competition. ■ The Company’s sales grew from ₹2,247 crore in 2012-13 against ₹1,536 crore in 2011-12, an index of its ability to counter competition in a sluggish year.
Raw material risk	
The Company may not be able to procure raw materials at the right cost and time.	■ The Company is the largest procurer of HR coils from JSW Steel, translating into economies-of- scale, better negotiation power and scale no steel manufacturer can ignore
Marketing risk	
An unavailability of the Company’s products in certain parts of India may hamper margins.	■ The Company created a pan-Indian network of dealers and retailers across the metros, Tier-I, II and III cities. ■ The Company exported products to 35 countries.

Risk	Risk Mitigation
Quality assurance risk	
Erratic and poor product quality could affect offtake.	The Company invested in cutting-edge Kusakabe technology to enhance product quality The Company is certified with ISO 9001:2008, which provides quality assurance. The Company instituted a quality control team to benchmark product quality.

Technology risk	
Technology obsolescence could affect the Company's brand and competitiveness.	The Company invested in cutting-edge Kusakabe technology. The Company's R&D team researches new products with innovative features. The Company has the youngest plants in the industry, which vindicates its technological contemporarity

Human resource risk	
A weak working environment or lack of technical skills could affect competitiveness.	The Company implemented relevant HR policies that helped strengthen cordial relationships with the industry at large. Frequent training drills were undertaken to improve operating efficiency.

Working capital risk	
The Company may not perform well due to weak working capital management.	The Company's cash profit was ₹812 million as on March 31, 2013. The working capital cycle declined from 67 days to 63 days in 2012-13 even in a stressed economic environment The current ratio and quick ratio of 3.6x and 1.8x respectively show the Company's ability to efficiently manage its working capital.

Funding risk	
The Company might not be able to fund its new projects with comfort	The Company's debt-equity ratio was 1.15x and interest cover a healthy 3.4x The Company has adequate free reserves whichcan be used for funding purpose.

Geographic and client concentration risk	
The Company may suffer from low diversification, investing too heavily in products addressing one or few downstream industries or one geographic area	APL Apollo's wide global presence in 35 countries across all continents has helped reduce dependence on a particular country No institutional customer accounted for more than 10% of the Company's revenues in 2012-13 APL Apollo increased its client base in southern and western part of the country very aggressively.

MANAGEMENT DISCUSSION AND ANALYSIS

Global economy

Growth of the world economy weakened considerably in 2012 to 3.2% from 3.9% in 2011 following the eurozone crisis, inflation and market volatility. The United States, the largest economy, posted better numbers (2.3% in 2012 against 1.8% in 2011). The eurozone reported a negative growth of 0.4% and China's growth slowed from 9.3% to 7.8%. The global economy is expected to mend gradually in 2013, projected to grow at 3.3% in 2013 and at 4% in 2014. Interestingly, emerging developing economies are expected to drive global growth in 2013 (around 5.25% in 2013 and 5.75% in 2014). Growth in the emerging markets and the developing economies is expected to remain robust, strengthening from about 5% in 2012 to 5.25% in 2013 and 5.75% in 2014. Activity in most of these economies rebounded after a slowdown in 2012, thanks to resilient consumer demand, supportive macroeconomic policies and exports revival.

Indian economy

The Indian economy is estimated to have grown at 5% in 2012-13 attributed to a poor performance across all the three sectors: agriculture, manufacturing and services. The manufacturing industry dipped to 2.8% in 2012-13 from 3% in 2011-13, the agricultural sector declined from 1.6% in 2011-12 to 1.3% in 2012-13 and the services sector accounted for 8.7% in 2012-13 against 9.1% in 2011-12. Fiscal deficit stood at 5.2% and revenue deficit at 3.9% in 2012-13.

Inflation remained high for most of FY13 though wholesale price inflation (WPI) moderated in the later months. WPI hovered around 7% for FY13 while consumer inflation (CPI), on the other hand, remained high, averaging over 8% in FY13.

Global steel market

Steel prices have significantly weakened in the last few months of 2012; looking forward, it will find support from production cuts and capacity reductions by global steelmakers

Excess capacity is the most significant issue in the steel sector as a result of which the global steelmakers continue to witness supply growth outpacing demand, with capacity utilisation rates remaining stubbornly below 80%. In 2013, a slowdown in demand growth from China and subdued prices of steel will continue in the global steel sector.

The global steel market continues to be oversupplied, and the overproduction versus domestic demand from China is likely to persist as the country's steel mills are required to maintain set employment and GDP targets. Building and machinery construction represented the highest demand for steel in China accounting for 57% and 21%, respectively.

The global steel usage in 2012 is expected to have grown by only 2.1% (compared to 6.2% growth in 2011), and steel demand is expected to grow by only 3.2% in 2013.

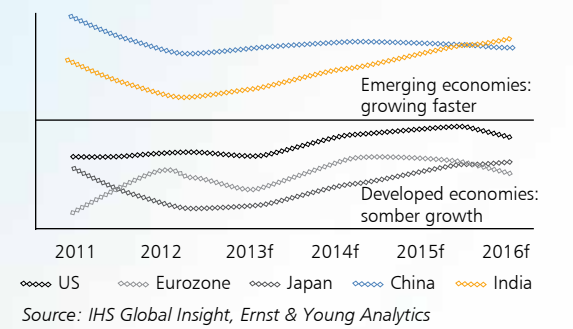
The steel demand is unlikely to improve in 2013 because of the continuing economic crisis in

World output (%)

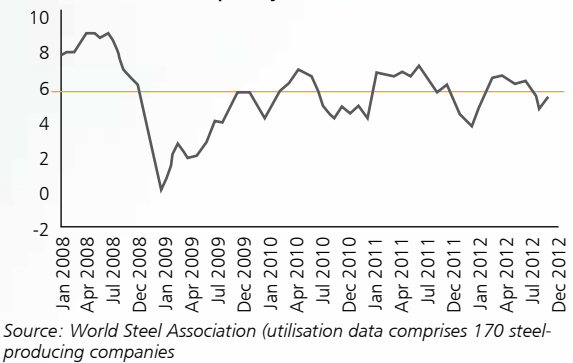
	2010	2011	2012	2013 (P)	2014 (P)
World output	5.2	3.9	3.2	3.3	4.0
Advanced economies	3.2	1.6	1.3	1.2	2.2
Emerging economies	7.3	6.3	5.1	5.25	5.75

[Source: IMF, World Economic Outlook, April 2013]

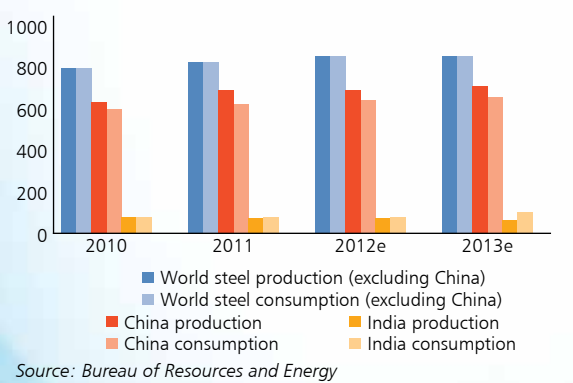
Real GDP forecast of major steel-producing countries



Global steel capacity utilisation



Outlook for steel production and consumption



developed countries and the structural shift in the Chinese economy.

Moderate recovery is only expected in 2014-15, although steel demand is likely to improve faster in emerging markets. We expect by 2015 demand growth to be reaching 3.5% p.a.

Global steel pipes and tubes industry

World steel tube production grew 6% YoY in 2012 to reach a new all-time high of 150 million tonnes. (Source: German Steel Tube Association). The lower demand from EU region was off-set by out-standing growth in the emerging markets. The association is cautiously optimistic for 2013, with the expected revival of economic growth and increased demand from the oil and gas sector.

Global demand for tubes and pipes is projected to reach 254 million tonnes by 2018, driven mainly by global energy and water supply needs.

Steady economic growth in the emerging markets of Asia Pacific and Latin America and the subsequent rise in demand from various end-user sectors are also expected to enhance demand for steel pipes and tubes. The global pipeline demand in next five years is about 200,000 kms with new demand primarily emerging from Asia, the Middle Eastern markets such as Iran, Iraq, UAE, Qatar,among others as well as markets in Africa such as Algeria, Libya and Nigeria among others.

Indian steel industry

India's steel industry has grown about 10% per year, from 27 million tonnes in 2001 to 78.12 million tonnes in 2012-13. The country's steel production is expected to grow by around 60 million tonnes during the 12th FYP (2011-12 to 2016-17). (Source: Planning Commission of India). India, the world's fourth largest steel maker, logged 5.86% growth in production in 2012-13 - the highest among major global producers as per World Steel Association.

The growth in India's steel industry is a result of consumption of domestic steel, which has been driven by infrastructure-related investments. The 12th Five Year Plan estimates an investment of US\$1 trillion in infrastructure alone, accelerating steel consumption. As an estimate, this increase in infrastructure expenditure may itself lead to an additional demand of approximately 40 million tonnes per

annum during 2012-13 to 2016-17.

The rising middle-class population, along with increased urbanisation, will increase the demand for steel. The Indian urban population is expected to increase to 600 million by 2030 from the current level of 400 million. The rising middle-class urban population boosts demand for automobiles, white goods and other consumer durables leading to higher per capita steel consumption.

The Indian steel consumption growth has an elasticity of about 1.1 to growth in GDP. In other words, if the Indian economy grows at 7% per year, steel demand is likely to grow by 7.7% during the same time, from the current 68 million tonnes to around 132 million tonnes by 2020. (Source: Working group on steel industry for the 12th FYP)

The outlook for steel demand in India is quite robust due to increasing demand from several sectors, including automotive,

consumer durables, oil and gas, industrial machinery, real estate and infrastructure. Though there could be supply constraints in India in 2013, steel prices are likely to remain under pressure due to a steady stream of imports. The domestic oversupply concerns may resurface during 2014-15 when all of the new capacity becomes operational. The new capacity in India will be vertically integrated and have the ability to use fines as raw material.

Indian steel pipes and tubes industry

India is among the fastest growing steel tubes and pipe manufacturers in the world with production estimated at about 10 million tonnes a year. Over the years, India has emerged as the global pipe manufacturing hub due to lower costs, superior quality and geographical advantages.

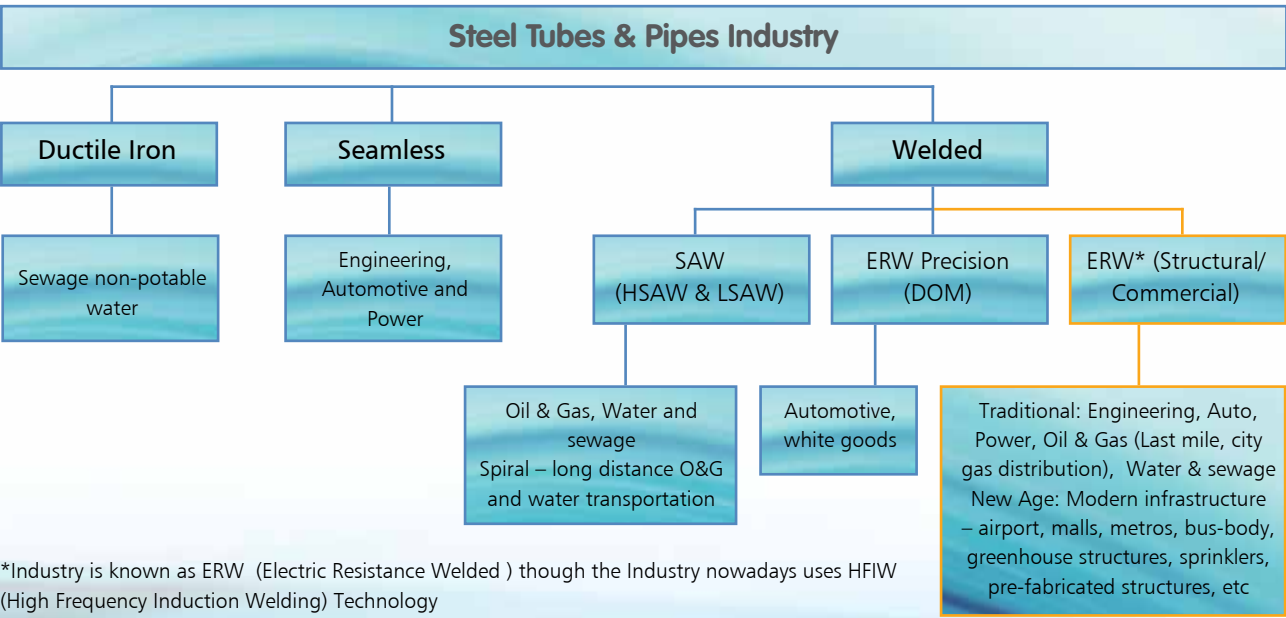
The Indian steel pipes industry, comprising seamless, SAW and ERW pipes, addressed a vast global and

domestic opportunity, as a result of which this industry aggressively expanded capacity.

Key growth drivers

Agriculture: In the Union Budget 2013-14, the total outlay for agriculture increased by 22% to ₹27,049cr in 2013-14. The allocation for Rashtriya Krishi Vikas Yojna is ₹9,954 crore and for the integrated watershed programme is ₹5,387 cr. This would lead to increased irrigation and higher steel pipe demand. (Source- OIFC, 2013)

Urbanisation: Urban India contributes to around 63% to India's GDP, which is expected to rise to 75% by 2030-31. About 31% of India's population is estimated to be living in urban areas; this proportion is likely to rise to 49% by 2031, creating increased real estate demand and indirectly for steel pipes demand. In the 12th Plan, the monitorable targets for infrastructure include:



- Increase investment in infrastructure as a percentage of GDP to 9% by the end of Twelfth Five Year Plan.
- Increase the gross irrigated area from 90 million hectare to 103 million hectare by the end of Twelfth Five Year Plan.
- Provide electricity to all villages and reduce AT&C losses to 20% by the end of Twelfth Five Year Plan.
- Ensure 50% of rural population has access to 40 lpcd piped drinking water supply

Power: India has a total installed capacity of 2,11,766 MW as on March 31, 2013. The Twelfth Five Year Plan proposes to add generation capacity of 88,537 MW, an increase of 1.6x over the 54,964 MW added in the 11th Plan (Source: Ministry of Power). The sector is expected to add 16.402MW in 2013-14. The Ministry has set a target for adding 93,000 MW in the Thirteenth Five Year Plan (2017-2022), necessitating an increased demand for pipes and tubes (Source- OIFC, 2013).

Oil and gas sector: India will have a natural gas pipeline grid running for 30,000 kms connecting consumption centres to fuel sources by 2017, according to the Cabinet Ministers of Petroleum and Gas. Out of these 30,000 km, it includes 12,000 km of gas pipelines and another 12,000 km of oil pipelines to be constructed. Keeping these realities in mind, there are attractive opportunities for the pipes and tubes industry.

Automobiles: Sectoral growth revival is expected in FY14 in line with economic revival. Society for Indian Automobile Manufacturers (SIAM)

expects the industry to bounce back with a the growth of 6-8% in FY’14, with the commercial vehicles segment expected to grow the fastest at 7-9%. The Government has doubled budgetary allocation for JNNURM to ₹14,900 cr with a focus on adding 10,000 buses to the existing fleet of SRTUs. The growth of these segments will drive demand for automotive tubes, which is a high margin ERW segment.

Aviation sector: India is likely to become the third largest aviation market by 2020, handling 336 million domestic and 85 million international passengers with a projected investment to the tune of US\$ 120 billion. The government targets to invest US\$ 30 billion in the next decade to modernise existing airports and add 16 greenfield airports.

Ports and shipping sector: India’s port sector is in a rapid expansion mode. There are currently 187 minor and 13 major ports in India, with aggregate capacity close to 1 billion TPA. The National Maritime Agenda aims to create port capacity of 3.2 billion tonnes per annum by 2020, which is more than three-fold increase over the prevailing capacity. Additional capacity of 282 MTPA capacity is like to be added during FY14. A record number of 32 port projects were awarded during 2012-2013 at an estimated cost of ₹6,765 crore to augment capacity by around 136 MTPA. The government plans to award another 30 port projects in FY14 to increase the ports capacity by 282 MTPA at an estimated investment of around ₹25,000 crore.

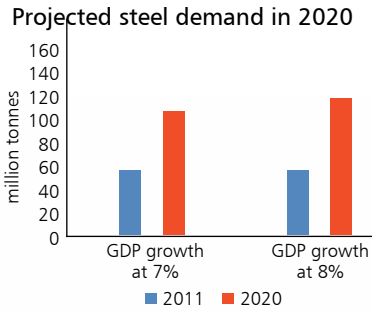
Real estate: The real estate sector in

India is one of the fastest growing markets. By 2020, this sector is expected to report revenues worth US\$ 180 billion. Demand is expected to grow at a CAGR of 19% between 2010 and 2014. FDI into the construction sector for 2012-13 April-February stood at US\$ 1,260 million, according to the Department of Industrial Policy and Promotion.

Telecommunication: During 2012, India emerged as the world’s second largest telecommunication market. With a subscriber base of 895 million, India’s tele-density was 73.3%. The launch of 4G services will further transform the telecom landscape fuelling the demand for telecom infrastructure. The National Telecom Policy (NTP) targeted 100% tele-density and 600 million broadband connections by 2020, which will translate into demand for an additional 400,000 base stations and 50,000 towers.

Outlook

CARE Research expects the demand for Indian pipe industry to improve from FY2014 and remain healthy over the longer term, in the global and domestic markets, on the back of increasing demand arising from



Source: Ernst & Young analysis

Note: Steel demand growth to GDP growth elasticity of 1.1

oil & gas and infrastructure projects. Enhanced global energy demand arising from increasing population and economic spending in the emerging markets will lead to need for higher exploration and production (E&P) activity, strengthening demand for steel pipes. Shale gas discovery is likely to increase the global demand for pipeline infrastructure.

Performance of your Company

The Company achieved 44% YoY growth in net sales to ₹2,008 cr and 40% YoY growth in profit after tax to reach ₹69 cr during the period under review. The EPS for the year was ₹30.75. The Company declared a dividend of ₹5 per share of ₹10 each for the period under review.

The Company enhanced capacity across all plants to close the year with a production capacity of 6,00,000 TPA.

In FY14, the Company plans to extend its sales reach by expanding its dealer network and putting new warehouse-cum-branches to capture tier-2 and rural demand. The Company will launch new products to fill portfolio gaps with newer applications.

In FY14, your Company plans to commission an additional capacity of ~2,00,000TPA in brown-field expansion across all of our plants. The Company plans to double coil galvanizing capacity to increase its share of higher-margin pre-galvanized tubes.

Environment management

The Company’s stringent environment policy complies with the directives

issued by the Government of India, State Governments and Pollution Control Boards. The Company is ISO 9001:2008 ISO 14001:2004 and OHSAS 18001:2007- certified.

The Company’s waste management initiatives include welding waste (end-cuttings of steel tubes) which is sold as scrap to mini-steel mills, where they are combined with molten steel for producing lower grade steel varieties.

Besides, blowing ash, generated from galvanising zinc, is processed and oxides are separated from zinc powder and marketed to brass manufacturers.

Appropriate measures for environment protection are taken by adopting the best available technology and implementing a pollution control infrastructure to achieve discharge and emissions within the statutory limits.

APL Apollo Tubes is making tireless efforts to reduce its carbon footprint.

Cost control

The Company realised that effective cost control can lead to an improved operational and financial performance. It has started exploring the avenues to control costs so as to achieve better results.

A comprehensive study was conducted by the Company to identify ‘cost centres’. The Company adopted the ‘responsibility accounting’ approach by defining each process, manufacturing lines, department, unit and invoice generation centre as a separate responsibility centre, which facilitated intra-group comparisons and identifying the factors responsible for variances.

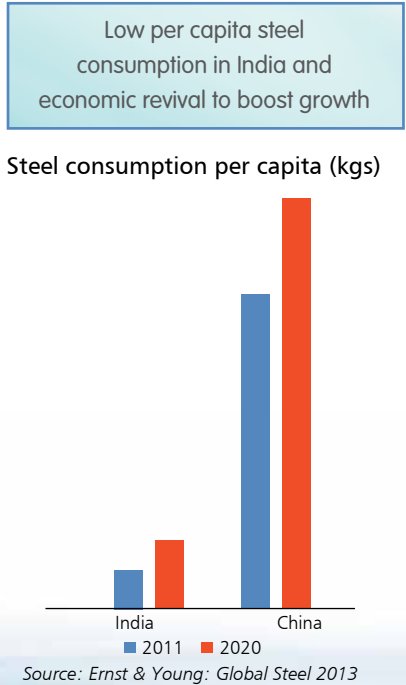
Internal control

The Company’s institutionalised internal control procedures encompass financial and operating functions.

It provided proper accounting control, monitoring operational efficiency and general economic trends, while protecting assets from unauthorised use or losses, and ensured reliability of financial and operational information. This facilitated the detection of fraud and irregularities.

Internal control was designed to ensure that records - financial or others – remained reliable for preparing financial statements and maintaining the accountability of assets.

The Audit Committee, comprising Independent Directors from the Board, reviewed plans, significant audit findings, adequacy of internal controls and compliance with Accounting Standards.



DIRECTORS’ REPORT

Dear members,

The Board of Directors have the pleasure of presenting the 28th annual report on the business and operations of your Company, together with the audited statement of financial accounts, consolidated and standalone, for the year ended March 31, 2013.

Financial results (Figures in ₹ million)

PARTICULARS	Consolidated		Standalone	
	FY 2012-13	FY 2011-12	FY 2012-13	FY 2011-12
Gross sales	22,471.22	15,362.63	17,537.87	11,658.35
Less : Excise duty and cess	2,388.39	1,439.72	1,446.69	883.02
Net sales / Income from operations	20,082.83	13,922.91	16,091.18	10,775.33
Operating EBIDTA	1,595.38	1,150.83	937.83	716.39
Add : Other income	17.11	7.63	10.31	5.67
Less : Finance cost	429.49	335.91	320.05	232.33
Less : Depreciation and amortisation	125.08	93.22	78.79	55.47
Profit before exceptional items and tax	1,057.76	729.34	549.29	434.26
Less : Exceptional items	7.68	4.48	3.66	4.10
Profit before tax (PBT)	1,050.08	724.86	545.63	430.16
Less : Tax expense	363.65	234.31	199.08	142.64
Profit for the year (PAT)	686.43	490.55	346.55	287.52
Add : Balance in profit and loss account	1,258.93	846.18	704.43	495.34
Amount available for appropriation	1,945.36	1,336.75	1,050.98	782.86
Less : Appropriations :				
Proposed dividend on Equity Shares	111.62	42.59	111.62	42.59
Tax on dividends	18.11	7.07	18.11	7.07
Transfer to general reserve	50.00	28.75	50.00	28.75
Interim dividend paid	-	-	-	-
Corporate dividend tax	-	-	-	-
Closing balance	1,765.64	1,258.93	871.26	704.44

Dividend

The Board recommended dividend of ₹5 per fully paid-up Equity Shares on 22,323,636 of ₹10 each (Financial Year 2011-12: ₹2 per fully paid-up Equity Shares on 21,296,683 of ₹10/- each) for the year ended March 31, 2013. The dividend on Equity Shares is subject to the approval of the shareholders at the ensuing Annual General Meeting.

Overview

The overall performance of the Company was satisfactory during FY 2012-13 despite the worsening health of the Indian economy due to internal and external factors such as high inflation, elevated interest rates, depreciating rupee, low industrial production, among others. The economic growth of India also slowed down and was pegged at 5% forcing the manufacturing industries to plan their strategies in a more cautious and informed manner to achieve the desired results. The outlook for the Indian and the global economy for FY13 and FY14 is positive with the reformatory measures undertaken together with the increase in GDF of the world at large, as projected by IMF. The same is estimated to grow to 3.3% and 4% during 2013

and 2014 respectively. There are many other factors such as improved inflows and remittances, enhancement of exports, among others which will contribute significantly in reducing the current account deficit and to improve the overall performance further.

The Company has constantly emphasised on achieving its aim for FY 2015. It is the firm belief of the Company that by taking focused and innovative steps in terms of enhancing production capacity, implementing new technologies, starting new mills, networks / supply chains, and manufacturing new and diversified products, it can mitigate the risks and advance on the path of growth as witnessed year by year, with confidence.

The outlook for the global economy is expected to progressively improve (assuming the absence of any adverse events) with more accommodative monetary policies, improving fiscal stability resulting in a steady restoration of confidence during the current financial year and the next financial year as well. However, it remains a tough task for all the developed economies to face the existing challenges and improve the overall situation.

The consumption pattern for steel-made products will rise in India, assuming a normal monsoon, consequently resulting in the growth in the earnings of the farm sector. The government has taken effective measures such as forming a cabinet committee making investments mediated towards the timely clearances of projects, increasing the focus on infrastructural development in semi-urban and rural areas, the demand for steel products in the current year will increase. However, surging imports at incentivised duty rates under the Free Trade Agreements with Japan and Korea remain major challenges for the Indian steel industry. In this tough economical scenario we choose to remain cautious and continual endeavour towards tapping new domestic and international markets and end users through our nationwide distribution network and making available qualitative diversified products at competitive prices.

Projects and expansion

The Company has executed its plans duly and is hopeful to attain ‘Vision 2015’ i.e. production of 1 million MT per annum before the scheduled time. New projects at Hosur and Murbad

plants are progressing as per schedule and foundation/commission of new plant(s) are also on the Company’s agenda for FY 2013-2014. The capex plans undertaken by the Company to attain a dominant position are expected to be finished in FY 2013-14. The projects under implementation include installation of new manufacturing lines, de-bottlenecking of assembly lines, installing auxiliary equipments and replacement of old machinery.

Operations

During FY 2012-13, the Company has achieved the highest ever volume of ~4,64,000 tonnes despite the deceleration in the global and domestic economy. Industry sectors like telecom, solar and wind power, among others are the main revenue centres for the Company to which new supplies were provided. Your Directors are very optimistic to get more orders from these sectors in FY 2013-14 and in the subsequent years. We extended our geographical reach to the end –users. Moreover an increase in the price realisation of steel tubes, introduction of new products, a judicious product mix and larger offtake of pre-galvanised steel tubes and hollow sections as well as the premium product segment resulted in an improvement of margins. Measures to enhance cost efficiency helped the Company control the rise in interest charges emanating from higher working capital requirements. The completion of the de-bottlenecking

measures and the functioning of the new line at Murbad, near Mumbai has aided in increased operational efficiency and higher production in the financial year under review. Three additional warehouse-cum-branches were opened at Solan and two in Ahmedabad to cater to the burgeoning demand in various industrial applications, thereby, strengthening the APL Apollo brand.

Pursuant towards the aim of being the number one player in the manufacturing of steel tubes and pipes in the near future your Directors have taken initiatives to substantially expand its production capacity through installation of new tube mills at Hosur and Murbad plant and intends to commission new plant(s) near our existing plants.

Credit Rating

ICRA has assigned long-term rating A- and short-term rating A2+ to the Company and outlook on the long-term rating is stable.

Conversion of warrants and capital

The Company has allotted 1,641,953 warrants to M/s. APL Infrastructure Private Limited, a promoter group entity, on a preferential basis on December 22, 2010, wherein each warrant entitled M/s. APL Infrastructure Private Limited to subscribe for one Equity Share of the Company at a price of ₹176 each. On June 21, 2012, M/s. APL Infrastructure Private Limited exercised its right to convert balance 641,953 warrants into

Equity Shares at a price of ₹176 each. Accordingly, 641,953 Equity Shares having a nominal value of ₹10 each were allotted to M/s. APL Infrastructure Private Limited, a promoter group entity, on June 21, 2012 at a premium of ₹166 per share aggregating to ₹11.30 crore. (10 lac equity shares were allotted to M/s. APL Infrastructure Private Limited in the financial year 2011-2012).

Further, the Company has allotted 1,500,000 warrants to Mr. Ashok Kumar Gupta, a person considered as promoter, on a preferential basis on February 14, 2012, wherein each warrant entitled Mr. Ashok Kumar Gupta to subscribe for one Equity Share of the Company at a price of ₹145 each. On March 23, 2013, Mr. Ashok Kumar Gupta exercised its right to convert 385,000 warrants into Equity Shares at a price of ₹145 each. Accordingly, 385,000 Equity Shares having a nominal value of ₹10 each were allotted to Mr. Ashok Kumar Gupta, Promoter, on March 23, 2013 at a price of ₹145 each aggregating to ₹5.58 crore.

With the aforesaid allotment of Equity Shares, the issued, subscribed and paid-up Equity Share capital of the Company has been enhanced from ₹212,966,830 to ₹2,232,36,360 divided into 22,323,636 Equity Shares of ₹10 each. The authorised Equity Share capital of the Company remained at ₹25 crores, consisting of 25,000,000 equity shares of ₹10 each.

Consolidated financial statements

The consolidated financial statements presented by the Company include financial information of its subsidiaries prepared in compliance with applicable Accounting Standards. The audited consolidated financial statements and the Auditor’s Report thereon form part of this annual report.

Subsidiaries

The Company has three wholly-owned subsidiaries namely, Shri Lakshmi Metal Udyog Limited, Lloyds Line Pipes Limited and Apollo Metalex Private Limited. The Ministry of Corporate Affairs, Government of India, vide its General Circular No. 2/2011 dated February 8, 2011 has granted general exemption under Section 212(8) of the Companies Act, 1956 from attaching the balance sheet, profit and loss account and other documents of the subsidiary companies to the Balance Sheet of the Company, provided certain conditions are fulfilled. Accordingly, the annual accounts of the subsidiary companies are not being attached with the Balance Sheet of the Company.

As per the terms of the said Circular, a statement containing brief financial details of the Company’s subsidiaries, for the year ended March 31, 2013 is included in the Annual Report. The Company will make available the Annual Accounts of the subsidiary companies and the related detailed information to any member of the Company who may be interested in obtaining the same.

The annual accounts of the subsidiary companies will also be kept open for inspection at the registered office of the Company and that of the respective subsidiary companies.

Scheme of merger

The Company has acquired certain entities as its wholly owned subsidiaries and the Company is now proposing to amalgamate its subsidiary namely Lloyds Line Pipes Limited with it for synergising the capabilities of this unit so as to ensure efficient and cost effective operations, in accordance with the laws as may be prevailing and applicable at the time of such corporate restructuring.

In view of the above and the precedents laid down by the various company courts, and as a measure of abundant precaution, it is proposed to alter Clause III(B) relating to “Objects that are incidental or ancillary to the attainment of the main objects” to include the power to amalgamate, merge or absorb, into, other Company or companies or vice-versa.

The proposed alteration in Clause III(B) can be conveniently and advantageously combined and carried out along with the existing objects/activities of the Company.

Pursuant to provisions of Sections 16, 17 and 192A of the Act, any alteration in the Objects Clause of the Memorandum of Association requires approval of the members by way of special resolution

through postal ballot.

Directors

In accordance with the Companies Act, 1956, and pursuant to Article No. 89 of the Articles of Association of the Company, Mr. Sameer Gupta and Mr. Aniq Husain retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

Further, with a view to broad-base the Board and bring strategic focus into the business and ensure better governance in the Company, Mr. Rakesh Jinsi was appointed as an Additional Director by the Board of Directors of the Company in its meeting held on March 23, 2013.

In terms of the provisions of Section 260 of the Companies Act, 1956, Mr. Rakesh Jinsi holds office as an Additional Director only up to the date of the ensuing Annual General Meeting and in terms of Section 257 of the Companies Act, 1956, the Company has received a notice from Mr. Ashok Kumar Gupta, a member along with the requisite deposit proposing his candidature as a Director of the Company.

Necessary resolutions for the appointment/reappointment of the aforesaid Directors have been included in the notice convening the Annual General Meeting. None of the Directors are disqualified from being appointed as Directors as specified in the terms of Section 274(1) (G) of the Companies Act, 1956.

Management’s Discussion and Analysis Report

Management’s Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, is presented in a separate section forming part of the Annual Report.

Auditors and Audit Report

The Auditors of the Company, M/s. VAPS & Co., chartered accountants, retire at the conclusion of the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept office, if reappointed, and have further confirmed that the said appointment would be in conformity with the provisions of Section 224(1B) of the Companies Act, 1956.

Notes to Accounts, referred in the Auditors Report, are self-explanatory and therefore do not require any further comments.

Directors’ responsibility statement

Pursuant to Section 217 (2AA) of the Companies (Amendment) Act, 2000, your Directors confirm that:

- In the preparation of the annual accounts for the financial year ended March 31, 2013 the applicable accounting standards were followed by the Company and there have been no material departures from the same,
- They have selected such accounting policies and applied them

consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the Company’s state of affairs and profits at the end of financial year,

- They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities,
- They have prepared the annual accounts for the financial year ended March 31, 2013 on a ‘going concern’ ‘basis.

Energy conservation, technology absorption, R & D cell and foreign exchanges earning and outgo

Information pursuant to Section 217(1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo are annexed hereto as Annexure ‘B’, forming part of this report.

Particulars of employees

The particulars of employee(s) in the Company drawing a remuneration of ₹60 lac or more per annum, if employed throughout the year or ₹5 lac or more

per month, if employed for a part of the year pursuant to Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is annexed at Annexure - A.

Corporate Governance report

The Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance requirements set out by SEBI. The Company has also implemented several best corporate governance practices as prevalent globally.

Pursuant to Clause 49 of the Listing Agreements with the Stock Exchanges, a Management Discussion and Analysis, Corporate Governance Report, Managing Director’s and Auditors’ Certificate regarding compliance of conditions of Corporate Governance are made a part of this Annual Report.

Fixed deposits

During FY 2012-13, the Company did not accept/renew any deposits within the meaning of Section 58A of the Companies Act, 1956 and the rules made there under and, as such, no amount of principal or interest was outstanding as on the date of Balance Sheet.

Health and safety

The Company is strongly committed to providing and maintaining a safe, healthy workplace for the employees and anyone else likely to be affected

by hazards in the workplace. Initiatives that ensure a working environment that minimises incidents of risks or personal injury, ill-health or damage to property including employee and workplace inductions, appropriate training for all employees, effective supervision, safe plants, equipment and systems of work and regular consultation on health and safety issues.

The development of a safe working culture is the responsibility of everyone and can be best achieved through the cooperative efforts of employees. A safe culture will be reinforced through continual risk assessment, provision of information concerning such risks and the promotion, instruction, training and supervision of employees to ensure safe work practices.

Environment

The Company is committed towards minimising the environmental impact of its operations and its products

by adopting sustainable practices and continuous improvements in environmental performance. Climate change is one of the most important issues facing the world today. APL Apollo aims to contribute positively to the communities around or near its operational sites and actively participates in community initiatives, encouraging biodiversity and environmental conservation.

The Company is committed towards infusing a sense of environmental responsibility into its normal business practices. APL Apollo products are part of the solution to the adverse impact of climate change as steel has inherent environmental advantages by being durable, adaptable, reusable and recyclable. The Company maintains proactive approach towards environment management and continuously followed the ISO 14001 parameters for its manufacturing operations.

Personnel

The Company believes that its employees are key contributors to its business efficiency. With a focus on attracting and retaining the best available talent in the industry, the Company offers an excellent working environment and compensations. The Company has a rich pool of technical and managerial skills required for the efficient growth of operations. Your Company enjoys cordial relations with all its employees.

Acknowledgement

The Directors take this opportunity to place on record their thankful appreciation for the assistance and co-operation received from the Company’s shareholders, customers, suppliers, bankers, government and all other concerned authorities. The Board also wishes to place on record its sincere appreciation of the employees of all levels, for their hard work, dedication and commitment.

For and on behalf of the Board

SANJAY GUPTA
Chairman

Delhi 110092
May 30, 2013

ASHOK K. GUPTA
Managing Director

VINAY GUPTA
Director

Regd. Office:
37, Hargobind Enclave,
Vikas Marg, Delhi – 110092

Annexure – A to the Directors’ Report for the year ended March 31, 2013

INFORMATION AS PER SECTION 217 (2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMAINING PART OF THE DIRECTORS’ REPORT FOR THE YEAR ENDED MARCH 31, 2013

1. Employed throughout the year and were in receipt of remuneration of not less than ₹6,000,000 per annum.

S. No.	Name	Designation	Remuneration (₹ in million)	Age (Years)	Experience (Years) Qualification	Date of commencement of employment	Nature of duties	Last employment & designation held
1.	Mr. Sanjay Gupta	Chairman	19.20	42	20 Entrepreneur	02/09/2003 (Appointment as Chairman under Whole-time Director category w.e.f. 01/04/2012)	Strategic decisions, planning, policy guidance, leadership and business decisions	APL Apollo Tubes Ltd. Managing Director

1. Employed for a part of the year and were in receipt of remuneration aggregating to not less than ₹500,000 per month.

S. No.	Name	Designation	Remuneration (₹ in million)	Age (Years)	Experience (Years) Qualification	Date of commencement of employment	Nature of duties	Last employment & designation held
1.	Mr. Ashok Kumar Gupta	Managing Director	9.16	57	32 Post Graduate	19/10/2011 (Appointment as Managing director w.e.f. 01/05/2012)	Planning, policy decision making and management of day-to-day working	Jindal Industries Ltd. CEO

Notes:
1. The condition of employment of Mr. Sanjay Gupta and Mr. Ashok Kumar Gupta is/was contractual and the contract of employment was approved by the members of the Company.

Annexure – ‘B’ to the Directors’ Report

INFORMATION AS PER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 FOR THE YEAR ENDED 31 MARCH, 2013.

I. CONSERVATION OF ENERGY

- (a) Energy conservation measures taken:

The Company gives the highest priority for conservation of energy by using a mix of technology changes, process optimisation methods and other conventional methods, on an ongoing basis. Various energy conservation measures taken by the Company are:

 - i. Use of energy saving devices like TFT monitors, CFL tubes, LED lights among others
 - ii. Optimisation of load factor.
 - iii. Defined AC working hours and
- temperature to suit seasonal changes

iv. Optimisation of processes to enhance production.

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy: The Company is making constant efforts to locate all the possible areas where additional investment can be considered for conservation of energy. Also, the Company is contemplating use of Liquefied Natural gas (LNG) for captive power generation.
- (c) Impact of the measures taken above and consequent impact on the cost of production of goods: Use of LNG would contribute in substantial saving in fuel expenses thus, reducing per metric tonne power cost and will also ensure environment protection. The above measures resulted in substantial saving in the consumption of energy and consequent saving in the cost of production.

(d) Total energy consumption and energy consumption per unit of production:

PARTICULARS	Consolidated		Standalone	
	FY 2012-13	FY 2011-12	FY 2012-13	FY 2011-12
Power and Fuel Consumption				
Electricity				
Unit	22,464,066	18,236,068	10,106,364	9,751,971
Total amount (₹ in million)	146.92	107.07	66.99	56.34
Rate per unit (₹)	6.54	5.87	6.63	5.78
Own generation through DG				
Unit	8,762,669	4,264,795	7,377,906	3,358,457
Fuel consumed (Ltr)	2,203,705	1,201,130	1,876,138	968,030
Fuel consumed (₹ in million)	95.60	45.94	79.94	36.51
Cost per unit (₹)	10.91	10.77	10.83	10.87
Furnace oil				
Fuel consumed (MT)	2568	2037	1051	646
Fuel consumed (₹ in million)	106.38	80.63	42.96	26.36
Cost per unit (₹)	41,419	39,586	40,867	40,824

II. TECHNOLOGY ABSORPTION

FORM B

Research and development

1. Specific areas in which R&D measures were carried out by the Company: The research and development activities were focused towards achieving improvement in products and process and consequent reduction in cost. With the introduction of RSM technology, we are developing dynamically balanced tubes which find applications in high-speed conveyors and propeller shafts. In addition to this, the Company installed a new process named ‘cold sawing’ which enabled it to produce round and hollow sections with burr-free ends. R & D was also carried out for development of different varieties of steel tubes to meet the specific requirements of customers across various sectors.
2. Benefits derived as a result of the above R & D measures: The research and development activity resulted in the process optimisation, cost saving, reduction in manpower and in time as well as product development. The Company stepped towards the development of special tubes, thus gaining a competitive edge.

3. Future plan of action: The Company will further improve the quality of its products and continue with its activities in the field of research and development with a view to introduce new and innovative products.

Technology absorption, adaptation and innovation

1. Efforts, in brief, made towards technology absorption, adaptation and innovation: The Company continues to lay emphasis on development and innovation of in-house technological and technical skills. Constant efforts are being made to upgrade the existing standards and to keep pace with the advances in technological innovations. The Company is implementing Rotary Sizing Mill (RSM) technology, from M/s Kusakabe of Japan; the global leader in the tube-making industry with a view, to develop high-precision dynamically balanced steel tubes.
2. Benefits derived as a result of the above efforts: The implementation of RSM technology would contribute towards improvement in the existing products, thus enabling the Company to cater to the needs of diverse industrial applications.

III. Foreign exchange earnings and outgo:

- (a) Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans:

The Company is presently exporting its products to more than 35 countries across the world. It has a constant watch on the developments in the global steel tubes and pipes Industry with focus on untapped markets by providing value added products customised around customer requirements. The Company’s representatives also participate in various trade fairs and exhibitions concerning the industry, from time to time.

With an objective to increase our production capacity at newly acquired unit at Murbad new projects are in full flow to meet the export requirements on time and at better margin rates.

- (b) Total foreign exchange used and earned:

The details with regard to foreign exchange earnings and out go are as under:

(Figures in ₹ million)

PARTICULARS	Consolidated		Standalone	
	FY 2012-13	FY 2011-12	FY 2012-13	FY 2011-12
Foreign exchange earnings	636.92	1,101.21	532.38	273.09
Foreign exchange outgo	13.07	72.15	6.59	59.65

REPORT ON CORPORATE GOVERNANCE

Your Company has complied, in all material respects, with the mandates of the Corporate Governance code as per Clause 49 of the Listing Agreement with the Stock Exchanges.

The status of the Corporate Governance code of the Listing Agreement by APL Apollo Tubes Limited is given below:

1. Company philosophy on Code of Governance

The Company believes in and has consistently followed good Corporate Governance practices. A sound governance process consists of various business practices, which not only result in enhanced shareholders’ value in the long run but also enables the Company to fulfill its obligations towards its customers, employees, vendors and to the society in general. The Company firmly believes that good governance is founded upon the principles of transparency, accountability, independent monitoring and environmental consciousness.

2. Board of Directors Composition

The Board of Directors consists of an optimal mix of Executive Directors and independent professionals who have an in-depth knowledge of the business, in addition to their expertise in their respective areas of specialisation. The Directors bring in expertise in the fields of human resource development, strategy, management, finance and economics among others. The Board provides leadership, strategic guidance,

objective and independent view to the Company’s management while discharging its fiduciary responsibilities, thereby ensuring that management adheres to the highest standards of ethics, transparency and disclosure.

As on March 31, 2013, the Board comprised eight Directors. The size and composition of the Board conforms to the requirements of Clause 49 of the Listing Agreement (Corporate Governance Code) with the Stock Exchanges.

None of the Directors hold chairmanship of more than five committees or Membership in more than 10 committees of public limited companies.

Board functions and procedure

The Board plays a pivotal role in ensuring that holistic governance measures are undertaken. Its style of functioning is democratic. The Board members always have had complete freedom to express their opinions and decisions are taken after a consensus is reached following detailed discussions,. They are also free to bring any matter up for discussion at the Board Meetings with the permission of the Chairman.

In accordance with the provisions of Clause 49 of the Listing Agreement, the Board meets at least once in every quarter to review the quarterly results and other items of agenda as required under Annexure 1A of Clause 49 of Listing Agreement, and if necessary, additional meetings are held. It has

always been the Company’s policy and practice that apart from matters requiring the Board’s approval by law, all major decisions including quarterly/ yearly results of the Company and its divisions, financial restructuring, capital expenditure proposals, sale and acquisition of material nature of assets, mortgage and guarantee, among others, are regularly placed before the

Board. This is in addition to information with regard to detailed analysis of operations, major litigations, feedback reports and minutes of all committee meetings.

During the financial year 2012-13, thirteen Board Meetings were held on April 1, 2012, May 14, 2012, June 21, 2012, July 23, 2012, August 7, 2012, August 24, 2012, August 31, 2012,

September 3, 2012, October 16, 2012, October 29, 2012, November 10, 2012, February 14, 2013 and March 23, 2013.

The Composition of Board of Directors, their shareholding, attendance during the year and at the last Annual General Meeting, Number of other Directorships, Committee memberships and Chairmanships held by them as at March 31, 2013 are given below:

Directors	Category	Shares held	Attendance		No. of other directorships#
			Board Meetings	Last AGM	
Mr. Sanjay Gupta	C	196,450	11	Yes	5
Mr. Ashok Kumar Gupta@	MD	885,000	11	Yes	1
Mr. Vinay Gupta	NE	21,900	10	Yes	5
Mr. Sameer Gupta	NE	20,103	9	Yes	5
Mr. Aniq Husain	NE*	700	9	Yes	-
Mr. S. T. Gerela	NE*	-	2	No	1
Mr. C. S. Johri	NE*	-	11	Yes	-
Mr. Rakesh Jinsi**	NE*	-	-	No	-

C = Chairman, MD = Managing Director, NE = Non-Executive Director AD=Additional Director
@ Appointed as Managing Director w.e.f. May 1, 2012. ** Appointed as Additional Director w.e.f. March 23, 2013.
* Also Independent in terms of Provisions of Clause 49 (1) (A) (iii)
Excludes private/foreign companies.

All the independent Directors fulfil the minimum age criteria i.e. 21 years as specified by the Clause 49 of the Listing Agreement. No Director is related to any other Director on the Board in terms of the definition of ‘relative’ given under the Companies Act, 1956, except Mr. Sanjay Gupta, Mr. Vinay Gupta and Mr. Sameer Gupta, who are brothers.

*None of the Directors hold chairmanship/membership in Board Committees (Clause 49 of Listing

Agreement) of other companies.

3. Audit Committee

The Audit Committee comprises three Directors, of which two are Non-Executive and Independent Directors. The Chairman of the committee is a Non-Executive Independent Director. All the Members of the committee have good financial and accounting knowledge. Auditors and Vice-President (Finance) are invitees to the meetings

and Company Secretary acts as secretary of the committee. The minutes of the Audit Committee Meetings are placed before the subsequent Board Meeting.

During the year, the meetings of the Audit Committee were held on May 14, 2012, August 7, 2012, September 3, 2012, November 10, 2012 and February 14, 2013. The composition of the Audit Committee as on March 31, 2012 and the meetings attended by its members are as under:

S. No.	Name of Directors	Category	Meetings attended
1.	Mr. C S Johri (Chairman)	Independent Non-Executive	5
2.	Mr. Aniq Husain	Independent Non-Executive	5
3.	Mr. Sameer Gupta	Non-Executive Promoter	5

The Chairman of Audit Committee was present in the last Annual General Meeting to answer shareholders queries.

Scope and functions

The terms of reference of audit committee includes overseeing the audit functions, review of the Company’s financial performance, compliance with Accounting Standards and all other matters specified under Clause 49 of the Listing agreement and in Section 292A of the Companies Act, 1956.

The Audit Committee’s role includes providing an overview of our financial reporting process, recommending the appointment and removal of Statutory Auditors, fixing audit fees, reviewing management discussion and analysis, annual financial statements prior to submitting those to the Board, reviewing related party transactions and financial risk management policies.

4. Remuneration Committee

The Board has constituted a Remuneration Committee to evaluate the performance and remuneration of Directors and approving remuneration and terms of Whole-time Directors within the overall ceilings approved by the shareholders. The decisions of the Remuneration Committee are placed in the subsequent board meeting. During the year, the committee met once, on October 16, 2012, which was duly attended by all committee members. The constitution of the Remuneration Committee as on March 31, 2013 is as

follows:

S. No.	Name of Directors	Status
1.	Mr. Aniq Husain	Chairman
2.	Mr. C. S. Johri	Member
3.	Mr. S. T. Gerela	Member

Remuneration to the Directors

During the year ended March 31, 2013 Mr. Sanjay Gupta, Chairman was paid a salary of ₹19.20 million and no other benefits and Mr. Ashok Kumar Gupta, Managing Director was paid a salary of ₹9.16 million and no other benefits, no payment was made to any other Director(s).

5. Investors’ Grievance / Share Transfer Committee

The Investor Grievance Committee constituted by the Board comprises three members with an Independent Non-Executive Director as Chairman of the committee. The constitution of Investor Grievance Committee as on March 31, 2013 is as follows:

S. No.	Name of Directors	Status
1.	Mr. S. T. Gerela	Chairman / Independent Non-Executive
2.	Mr. C. S. Johri	Member / Independent Non-Executive
3.	Mr. Vinay Gupta	Member / Non-Executive Promoter

Scope and functions

The scope and functions of the

Committee includes approval of transfer/ transmission of shares and other matters like consolidation/ split of certificates, issue of duplicate share certificates, dematerialisation/rematerialisation of shares in stipulated period of time. The Committee also supervises redressal of Investor Grievances and ensures cordial investors relations. During the year, the committee met twice on October 16, 2012 and March 23, 2013, which was duly attended by all the Committee members. Details of share transfer/ transmission among others as approved by the Committee are placed at the Board Meetings from time to time.

In view of the SEBI Circular No. CIR/ OIAE/2/2011 dated June 3, 2011, the Company has obtained a user id and password for processing the investor complaints in a centralised web-based SEBI Complaints Redress System ‘SCORES’. This enables the investors’ online viewing of the actions taken by the Company on the complaints and its current status by logging on the SEBI’s website i.e. www.sebi.gov.in.

Details of shareholders’ complaints received and replied to their satisfaction: the Company has adequate systems and procedures to handle the investors’ grievances and the same are being resolved on priority basis.

During the year ten investor’s complaints was received and resolved within the stipulated period. By March 31, 2013 no investor complaint was pending.

6. DETAILS OF LAST THREE ANNUAL GENERAL MEETINGS

a) Location, Date and time, where last three Annual General Meetings (AGMs) were held:

Financial Year	Date	Time	Venue	Special Resolution(s) passed
2009-10	30.09.2010	3.30 P.M.	Gg’s Banquet, Plot No. 14, Laxmi Nagar District Center, Vikas Marg, Delhi	–
2010-11	30.09.2011	1.30 P.M.	Gg’s Banquet, Plot No. 14, Laxmi Nagar District Center, Vikas Marg, Delhi	Approval for alteration in the Incidental or Ancillary Object Clause III(B) of the Memorandum of Association of the Company
2011-12	29.09.2012	12.45 P.M.	IMA-East Delhi Building, 35-X, Institutional Area, Karkardooma, Delhi – 110092	Approval for appointment of Mr. Sanjay Gupta, as the Chairman (under Whole-time Director category) of the company for a period of five years with effect from April 1, 2012 on a remuneration including minimum remuneration pursuant to Sections 198, 269, 309 read with Schedule XIII, and other applicable provisions, if any, of the Companies Act, 1956.

b) No Extra Ordinary General Meeting of the Company was held during the financial year under review and also no resolution was passed through postal ballot in previous years except financial year 2010-11.

7. Disclosure

a) Management discussion and analysis

The detailed report on ‘Management Discussion and Analysis’ is given separately in the annual report.

b) Disclosure on materially significant related party transactions

Transactions with related parties are being disclosed separately in notes to the accounts in the annual report. There was no transaction of material nature with the Directors or the Management during the year that had potential conflicts with the interest of

the Company at large.

c) Detail of non-compliance, penalties, strictures among others

During the last three years, there were no strictures or penalties imposed on the Company either by the Stock Exchanges or SEBI, or any statutory authority for non-compliance of any matter related to capital market.

d) Whistleblower policy

The Company has adopted a proper procedure in this regard. Employees can report to the management their concerns about unethical behaviour, actual or suspected fraud or violation of the Company’s code of conduct. Further no personnel have been denied access to the Audit Committee.

e) Code of Conduct

In line with the amended Clause 49 of the Listing Agreement, the Company

has adopted a Code of Conduct for its Directors and Senior Executives. The same has also been placed on the Company’s website www.aplapollo.com under the head ‘Investor Relations’

Declaration as required under Clause 49 of listing agreement

All the members of the Board and senior management personnel complied with the Code of Conduct for the financial year ended March 31, 2013.

Ashok K. Gupta

May 30, 2013 Managing Director

f) Certification by CEO

A certificate obtained from Chief Executive Officer on the Financial Statements of the Company in terms of Clause 49 of the Listing Agreement was placed before the Board, who took note of it and took the same on record.

g) Secretarial Audit

A qualified practicing Company Secretary carried out the Secretarial Audit on quarterly basis to reconcile the share capital with National Securities Depository Services Ltd. (‘NSDL’) and Central Depository Services Ltd. (‘CDSL’) and the total issued and listed capital. The audit confirms that the total issued / paid-up capital is in agreement with total number of shares in physical forms and total number of demat shares held with NSDL and CDSL

h) Brief resume of Director being appointed / reappointed

A brief resume, nature of expertise in specific functional areas, names of companies in which the person already holds directorship and membership of committees of the Board and his shareholdings in the Company forms part of the Notice of the Annual General Meeting, annexed to this Annual Report.

i) Compliance with mandatory and non-mandatory requirements

The Company has complied with all the

mandatory requirements along with some non-mandatory requirements also.

8. Compliance Certificate of the Auditors

Certificate from the Auditors of the Company, M/s. VAPS & Co., confirming compliance with the conditions of Corporate Governance as stipulated under Clause 49, is annexed herewith, forming part of the Annual Report. This Certificate has also been forwarded to the Stock Exchanges where the securities of the Company are listed.

9. Means of communication

The information about the financial performance of the Company is disseminated on a regular basis through newspapers and website of the Company www.aplapollo.com besides communicating the same to the Stock Exchanges.

Further, financial results, corporate notices among others of the Company are published in the newspapers like Economic Times, Financial Express, Business Standard, Hindu Business Line, Navbharat Times (hindi) and Jansatta

(hindi).

Corporate Filing and Dissemination System (CFDS) filing: As per the requirements of Clause 52 of the Listing Agreement, all the data relating to financial results, shareholding pattern etc. have been electronically filed on the Corporate Filing and Dissemination System (CFDS) portal, www.corpfiling.co.in, within the time frame prescribed in this regard.

NSE Electronic Application Processing System (NEAPS): NEAPS is a web based application designed by NSE for corporates. The Shareholding pattern and Corporate Governance Report are also filed electronically on NEAPS.

Annual Report: Annual Report containing, inter alia, Audited Annual Accounts, Consolidated Financial Statements, Directors’ Report, Auditor’s Report and other important information is circulated to members and others entitled thereto.

Designated exclusive e-mail ID: The Company has designated the following e-mail ID exclusively for investor servicing: investors@aplapollo.com

10. Shareholders information

Annual general meeting

Date and time	: Friday, August 30, 2013 at 12.45 P.M.
Venue	: IMA-East Delhi Building, 35-X, Institutional Area, Karkardooma, Delhi – 110092
Book closure	: Saturday, August 10, 2013 to Friday August 30, 2013 (both days inclusive)

Financial calendar (tentative)

Period	Board Meetings
Results for quarter ended June 30, 2013	by August 14, 2013
Results for quarter ended September 30, 2013	by November 15, 2013
Results for quarter ended December 31, 2013	by February 15, 2014
Results for quarter ended March 31, 2014	by May 30, 2014

Corporate Identity Number (CIN):

The CIN of the Company allotted by the Ministry of Corporate Affairs, Government of India is L74899DL1986PLC023443.

Listing Information

The Equity Shares of the Company is listed with the following Stock Exchanges:

1.	Bombay Stock Exchange Ltd: (Scrip Code: 533758)
2.	National Stock Exchange of India Ltd : (Symbol: APLAPOLLO)
3.	Delhi Stock Exchange Limited [RSE]
4.	U.P. Stock Exchange Limited, Kanpur
5.	Ahmedabad Stock Exchange Limited, Ahmedabad
6.	Calcutta Stock Exchange Limited, Kolkata

The Listing Fees of all the Stock Exchanges has been paid by the Company for the financial years 2011-12 and 2012-13.

Distribution Schedule as at March 31, 2013

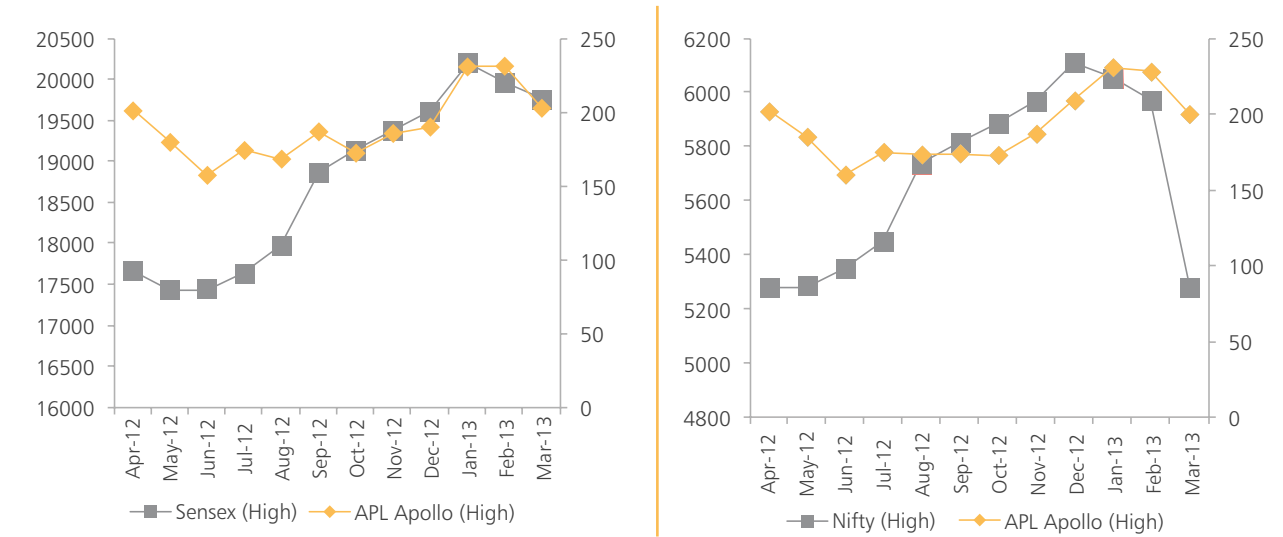
Nos. of Equity Shares held	No. of shareholders	% to total	No. of shares	% to total
Up to 500	2,912	86.20	286,768	1.28
501-1,000	166	4.91	139,395	0.62
1,001-2,000	89	2.63	138,961	0.62
2,001-3,000	40	1.18	105,021	0.47
3,001-4,000	25	0.74	90,771	0.41
4,001-5,000	19	0.56	90,816	0.41
5,001-10,000	42	1.24	318,383	1.43
10,001 and above	85	2.52	21,153,521	94.76
TOTAL	3,378	100.00	22,323,636	100.00

Shareholding pattern as on March 31, 2013

CATEGORY	NO. OF SHARES HELD	% TO TOTAL VOTING RIGHTS	% TO TOTAL HOLDING
Indian Promoters	10,326,953	46.26	46.26
Foreign Institutional Investors [FII]	865,276	3.88	3.88
Bodies Corporate	2,353,551	10.54	10.54
Indian Public	4,789,303	21.45	21.45
NRIs / OBCs	3,988,553	17.87	17.87
TOTAL	22,323,636	100.00	100.00

Market Price Data

Month & Year	Stock price at BSE* (In ₹ Per share)			Sensex		Stock price at NSE* (In ₹ Per share)			S&P CNX Nifty	
	High	Low	Traded Quantity	High	Low	High	Low	Traded Quantity	High	Low
April, 2012	201.20	160.60	181980	17664.10	17010.16	201.80	160.95	189037	5279.60	4788.95
May, 2012	179.85	151.00	46768	17432.33	15809.71	185.00	148.00	36067	5286.25	4770.35
June, 2012	157.50	142.20	115068	17448.48	15748.98	160.00	144.05	141020	5348.55	5032.40
July, 2012	174.35	148.20	194014	17631.19	16598.48	175.00	146.75	174488	5448.60	5164.65
August, 2012	168.50	131.00	111970	17972.54	17026.97	173.25	141.70	30818	5735.15	5215.70
September, 2012	187.00	146.60	60446	18869.94	17250.80	174.00	146.35	39725	5815.35	4888.20
October, 2012	172.50	155.15	49059	19137.29	18393.42	173.00	154.00	38606	5885.25	5548.35
November, 2012	185.90	146.65	238761	19372.70	18255.69	187.00	147.00	256224	5965.15	5823.15
December, 2012	190.20	162.10	248614	19612.18	19149.03	209.00	170.00	251467	6111.80	5935.20
January, 2013	231.00	167.00	1814369	20203.66	19508.93	230.95	162.65	1377324	6052.95	5671.90
February, 2013	231.50	182.10	65059	19966.69	18793.97	228.00	185.00	84485	5971.20	5604.85
March, 2013	203.00	141.00	336665	19754.66	18568.43	200.00	160.00	319587	5279.60	4788.95



Registrar and Share Transfer Agent

M/s. Abhipra Capital Limited
GF- Abhipra Complex, Dilkhush Industrial Area, A-387, G.T. Karnal Road Azadpur, Delhi-110033
Tele. No. 011-42390725
Fax. No. 011-2721 5530
rta@abhipra.com

Share transfer system

Share transfer and related operations for APL Apollo Tubes Limited are conducted by M/s Abhipra Capital Limited, which is registered with the SEBI as Category I Registrar.

Share transfer is normally affected within stipulated period, provided all the required documents are submitted.

Dematerialisation of Shares

The Company’s shares are compulsorily traded in dematerialised form and are available for trading on both the Depositories in India – National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd. (CDSL).

21,884,915 Equity Shares of the Company representing 98.03% of the Company’s share capital were dematerialised as on March 31, 2013. The trading of the Company’s equity share fall under the category of compulsory delivery in dematerialised mode by all categories of investors.

Outstanding ADRs/ GDRs/ Warrants or any Convertible instruments

GDRs/ ADRs: There were no outstanding GDRs/ ADRs, as on 31 March, 2013.

Warrants and other convertible instruments:

The Company has allotted 641,953 Equity Shares having nominal value of ₹10/- each, to M/s APL Infrastructure Private Limited, a promoter group entity, on June 21, 2012, against the conversion of outstanding 641,953 compulsorily convertible warrants earlier issued on preferential basis at a price of ₹176/- per warrant.

Further, the Company has also allotted 385,000 Equity Shares having nominal value of ₹10/- each, to Mr. Ashok Kumar Gupta, a person considered as promoter, on March 23, 2013, against the conversion of 385,000 compulsorily convertible warrants (out of the total of 1,500,000 compulsorily convertible warrants earlier issued on preferential basis at a price of ₹145/- per warrant).

As such, 1,150,000 warrants, in aggregate, were outstanding for conversion as on March 31, 2013.

With the aforesaid allotment of Equity Shares, the total Paid-up Equity Share Capital of the Company has been enhanced from ₹212,966,830/- to ₹223,236,360/- divided into 22,323,636 Equity Shares of ₹10/- each.

Plant Location

Unit – I

A-19, Industrial Area, Sikandrabad, Distt. Bulandsahar (U.P.)
Phone: 95-5735-222504, 223157

Unit –II

No. 332-338, Alur Village, Perandapalli, Hosur, Tamil Nadu.
Phone : 04344-560550

Subsidiaries’ Plant Locations

Apollo Metalex Private Ltd

A-2, Industrial Area, Sikandrabad, Distt Bulandshahar (U.P.)

Shri Lakshmi Metal Udyog Ltd

No. 9 to 11, KIADB Industrial Area Attibele, Bengaluru – 562107

Lloyds line Pipes Ltd

Plot No. M-1, Addituional MIDC Area, Murbad, Thane Maharashtra - 421401

Investors Correspondence

Investors correspondence can be made on Regd. Office of the Company as given under:

Investor cell

APL Apollo Tubes Limited
37, Hargobind Enclave, Vikas Marg, Delhi – 110092.
Phone: 011- 22373437
Fax 011-22373537
Mail : investors@aplapollo.com

For and on behalf of the Board

SANJAY GUPTA
Chairman

ASHOK K. GUPTA
Managing Director

VINAY GUPTA
Director

Delhi 110092
May 30, 2013

Regd. Office:
37, Hargobind Enclave,
Vikas Marg, Delhi – 110092

Consolidated Auditors’ Report

The Board of Directors
APL Apollo Tubes Limited
37, Hargobind Enclave,
Vikas Marg, Delhi-110092.

1. We have audited the attached consolidated balance sheet of APL Apollo Tubes Limited (the ‘Company’) and its subsidiaries (together referred as ‘Group’) as at March 31, 2013, which comprise the consolidated Balance Sheet as at March 31, 2013, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

2. Management’s Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company’s preparation and presentation of the consolidated financial statements that give a true and fair view in order

to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

Opinion

5. In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the consolidated balance sheet, of the state of affairs of the Group as at March 31, 2013.
- b) in the case of the consolidated statement of profit and loss, of the profit for the year ended on that date; and
- c) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

Other Matters

6. The financial statements of two subsidiaries namely Shri Laksmi Metal Udyog Limited and Lloyds Line Pipes Limited have not been audited by us, whose financial statements reflect total assets of ₹ 2,810.03 Million as at March 31, 2013 (Previous Year ₹ 1,951.88 Million), total revenues of ₹ 6,583.65 Million as at March 31, 2013 and (Previous Year ₹ 3,877.41 Million) and net cash out flows amounting to ₹ 20.41 Million as at March 31, 2013 (Previous Year ₹ 9.82 Million) for the year ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of such other auditors.

Our opinion is not qualified in respect of other matters.

for VAPS & Co.
Chartered Accountants,
Firm Regn. No. 003612 N

(P.K.JAIN)
Partner
Place: Delhi
Date : May 30, 2013
M.No. 082515

CONSOLIDATED BALANCE SHEET

As At March 31, 2013
(₹In Million)

Particulars	Note No.	Current Year	Previous Year
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital		223.24	212.97
(b) Reserves and Surplus		3,413.92	2,698.07
(c) Money received against share warrants		40.42	82.62
(2) Share Application money pending allotment		-	-
(3) Non-Current Liabilities			
(a) Long-Term Borrowings	4	842.47	719.04
(b) Deferred Tax Liabilities (Net)		400.08	283.45
(c) Other Long Term Liabilities	5	1.00	6.90
(d) Long Term Provisions	6	15.46	11.55
(4) Current Liabilities			
(a) Short-Term Borrowings	7	3,403.40	2,241.96
(b) Trade Payables	8	974.47	357.39
(c) Other Current Liabilities	9	338.16	252.41
(d) Short-Term Provisions	10	321.20	191.63
Total Equity & Liabilities		9,973.82	7,058.00
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets	11		
(i) Tangible Assets		3,029.74	2,031.20
(ii) Intangible Assets		0.35	0.22
(iii) Capital work- in- Progress		141.31	455.50
(iv) Intangible Assets Under Development		9.87	-
		3,181.27	2,486.92
(b) Goodwill on Consolidation		199.00	199.00
(c) Non-current investments	12	12.05	0.50
(d) Deferred tax assets (net)			
(e) Long term loans and advances	13	634.27	454.15
(f) Other non-current assets	14	56.64	23.55
(2) Current Assets			
(a) Current investments			
(b) Inventories	15	2,881.82	1,524.62
(c) Trade receivables	16	2,193.65	1,733.89
(d) Cash and cash equivalents	17	141.77	50.68
(e) Short-term loans and advances	18	610.51	486.15
(f) Other current assets	19	62.84	98.54
Significant Accounting Policies	1		
Total Assets		9,973.82	7,058.00

Notes referred to above and notes attached there to form an integral part of Balance Sheet
This is the Balance Sheet referred to in our Report of even date.

for VAPS & CO. for and on behalf of the Board

Chartered Accountants

Firm Regn. No. 003612N

(P.K. Jain)

Partner

M. No: 082515

Place : New Delhi

Dated : May 30, 2013

Sanjay Gupta

Chairman

Pankaj K. Gupta

GM- Finance & Accounts

Ashok K. Gupta

Managing Director

Adhish Swaroop

Company Secretary

Vinay Gupta

Director

CONSOLIDATED STATEMENT OF PROFIT & LOSS

FOR THE YEAR ENDED March 31, 2013
(₹In Million Except EPS)

Particulars	Note No.	Current Year	Previous Year
I. Gross Revenue from operations	20	22,471.22	15,362.63
Less: Excise Duty & Cess		2,388.39	1,439.72
		20,082.83	13,922.91
II. Other Income	21	17.11	7.63
III. Total Revenue (I + II)		20,099.94	13,930.54
IV. Expenses:			
Cost of materials consumed	22	17,076.51	10,863.46
Purchase of Stock-in-Trade		351.58	812.02
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	23	(540.35)	(13.23)
Employee Benefit Expense	24	279.04	173.69
Financial Costs	25	429.49	335.91
Depreciation and Amortization Expense	26	125.08	93.22
Other Administrative Expenses	27	1,320.67	936.13
Total Expenses (IV)		19,042.02	13,201.20
V. Profit before exceptional and extraordinary items and tax	(III - IV)	1,057.92	729.34
VI. Prior Period Items	26	0.16	
VII. Profit before extraordinary items and tax (V - VI)		1,057.76	729.34
VIII. Exceptional Items		7.68	4.48
IX. Profit before tax (VII - VIII)		1,050.08	724.86
X. Tax expense:			
(1) Current tax		250.92	148.32
(2) Deferred tax		119.77	101.48
(3) Tax Expenses inrespect of eariler years		19.59	-
(4) Mat Credit Entitlement		(26.63)	(15.49)
XI. Profit(Loss) from continuing operations	(IX-X)	686.43	490.55
XII. Profit/(Loss) from discontinuing operations		-	-
XIII. Tax expense of discontinuing operations		-	-
XIV. Profit/(Loss) from Discontinuing operations (XII - XIII)		-	-
XV. Profit/(Loss) for the period (XI + XIV)		686.43	490.55
XVI. Earning per equity share:			
(1) Basic		31.48	23.03
(2) Diluted		29.95	20.93

Notes referred to above and notes attached there to form an integral part of Profit & Loss Statement

This is the Profit & Loss Statement referred to in our Report of even date.

for VAPS & CO.

Chartered Accountants

Firm Regn. No. 003612N

(P.K. Jain)

Partner

M. No: 082515

Place : New Delhi

Dated : May 30, 2013

for and on behalf of the Board

Sanjay Gupta

Chairman

Pankaj K. Gupta

GM- Finance & Accounts

Ashok K. Gupta

Managing Director

Adhish Swaroop

Company Secretary

Vinay Gupta

Director

CASH FLOW STATEMENT

For the year ended March 31, 2013
(₹In Million)

Particulars	Current Year		Previous Year	
1.CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax and extra ordinary items		1,050.08		724.86
Add Adjustments for:				
Depreciation & Amortisation	125.08		93.22	
Interest & Finance Charges	429.49		331.54	
Deferred Expenditure	20.94		–	
Loss on sale of Fixed Assets/Investments	7.68		4.48	
Prior period items	0.16	583.35	–	429.24
Operating Profit Before Working Capital Changes		1,633.44		1,154.10
Adjustments for:				
Increase/Decrease in Sundry Debtors	(459.76)		(720.98)	
Increase/Decrease in Other Receivables	(109.75)		(73.71)	
Increase/Decrease in Inventories	(1,357.19)		(59.20)	
Increase/Decrease in Trade & Other Payable	805.62	(1,121.08)	238.61	(615.28)
Cash Generated From Operations		512.36		538.82
Direct Taxes Paid		(256.65)		(165.90)
Net Cash from Operating Activities (A)		255.71		372.92
2. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(848.88)		(778.99)	
Investment in Subsidiaries(Net off)	0.00		–	
Misc Expenditure	(33.10)		(13.06)	
Sale of Fixed Assets	21.72		11.35	
Advances for Fixed Assets	(169.71)		(152.21)	
Misc Investment	(19.22)		18.15	
Net Cash from Investing Activities (B)		(1,049.19)		(914.76)
3.CASH FLOW FROM FINANCING ACTIVITIES:				
Proceeds of Shares Issued during the Year	126.61		186.38	
Receipt / Repayment of Secured loans	1,284.87		569.05	
Receipt / Repayment of Unsecured loans	(47.92)		–	
Dividend & DDT Paid	(49.50)		(49.67)	
Interest & Finance Charges	(429.49)		(331.54)	
Net Cash from Financing Activities (C)		884.57		374.22
Net Increase/(Decrease) in Cash & Cash Equivalents (A + B + C)		91.09		(167.62)
ADD: Cash & Cash Equivalents at the Beginning of the Year		50.68		218.30
Cash & Cash Equivalents at the End of the Year		141.77		50.68

Notes :

- Cash & Cash Equivalents represents Cash & Bank Balances and deposits with Banks as per **Note No.17**
- The Cash Flow Statement has been prepared under the “Indirect Method ” as set out in the AS -3 issued by ICAI.
- Figures in brackets indicate cash outflow.

This is the Cash Flow Statement we have referred to, in our Report of even date

for VAPS & CO.

Chartered Accountants

Firm Regn. No. 003612N

(P.K. Jain)

Partner

M. No: 082515

Place : New Delhi

Dated : May 30, 2013

for and on behalf of the Board

Sanjay Gupta

Chairman

Pankaj K. Gupta

GM- Finance & Accounts

Ashok K. Gupta

Managing Director

Adhish Swaroop

Company Secretary

Vinay Gupta

Director

Notes to Consolidated Financial Section

As at & For the year ended March 31, 2013

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

1. General Principles of Consolidation

The financial statements of the Parent Company and its subsidiaries have been combined on a line by line basis by adding together the book values of all items of assets, liabilities, income and expenses after eliminating all inter-company balances/ transactions and resulting unrealized gain/loss.

Consolidated Financial Statements are prepared by applying accounting policies as followed by the Company and its subsidiaries; to the extent it is practicable. Significant differences in the accounting policies, if any, are appropriately disclosed by way of Notes to the Consolidated Financial Statements.

All inter-company transactions; balance and unrealized surpluses and deficits on transactions between group companies are eliminated.

Name of the Company	Relationship	% of ownership/ Interest
Apollo Metalex Pvt. Ltd.	Subsidiary	100%
Shri Lakshmi Metal Udyog Ltd.	Subsidiary	100%
Lloyds Line Pipes Ltd.	Subsidiary	100%

Note: The consolidated financial results for the financial year ended March 31, 2013 comprise the financial results of APL Apollo Tubes Ltd and its 100% subsidiaries Shri Lakshmi Metal Udyog Ltd, Apollo Metalex (P) Ltd and Lloyds Line Pipes Ltd and have been prepared in accordance with the AS-21 issued by the ICAI.

2. Basis of Preparation of Financial Statement

- The financial statements have been prepared under the historical cost convention on the basis of going concern and in accordance with the Accounting Standard 1 referred to in section 211(3c) of the Companies Act, 1956.
- The Company follows mercantile system of accounting and recognizes income and expenditure on accrual basis.
- Goodwill represents the difference between the group’s share in the net worth of a subsidiary and the cost of acquisition at each point of time of making the investment in the subsidiary. Goodwill arising on consolidation is not amortized. For this purpose the group’s share of net worth is determined on the basis of the latest financial statement prior to the acquisition after making necessary adjustments for material events between the date of such audited financial statement and the date of respective acquisition. Negative goodwill is recognized as capital reserve on consolidation. However for the purposes of consolidation, capital reserve arising on consolidation of subsidiaries is set off against the goodwill arising on consolidation.
- All the assets and liabilities have been classified as current or non-current as per the Company’s normal operating cycle and other criteria set out in Schedule VI to the Companies Act, 1956. Based on the nature of the products and the time between the acquisition of the assets for processing and their realization in cash and cash equivalent, the Company has ascertained its operating cycle to be less than 12 months.

3. Fixed Assets

Fixed Assets are stated at cost net of duty credit availed less accumulated depreciation and impairments, if any. The cost includes cost of acquisition/construction, installation and pre-operative expenditure including trial run expenses (net of revenue) and borrowing costs incurred during pre-operation period. Expenses incurred on capital assets are carried forward as capital work-in-progress at cost till the same are ready for use.

Pre-operative expenses, including interest on borrowings for the capital goods, where applicable incurred till the capital goods are ready for commercial production, are treated as part of the cost of capital goods and capitalized.

Machinery spares which are specific to particular item of fixed assets and whose use is irregular are capitalized as part of the cost of machinery.

Notes to Consolidated Financial Section

As at & For the year ended March 31, 2013

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (Contd.)

4. Impairment of Assets

The Company recognizes all the losses as per Accounting Standard-28, due to the impairment of assets in the year of review of the physical conditions of the Assets and is measured by the amount by which, the carrying amount of the Assets exceeds the Fair Value of the Asset.

5. Depreciation

Depreciation on fixed assets is provided on straight line basis at the rates specified under Schedule XIV of the Companies Act, 1956. Depreciation for assets purchased / sold during the period is proportionately charged.

6. Inventories Valuation

Raw material is valued at cost (First in First Out basis) or nets realizable value whichever is lower. Finished Goods are valued at cost or net realizable value whichever is lower. Stock of Scrap is valued at net realizable value. Stock of Trading Goods is valued at Cost (Weighted Average/ First in First Out basis).

7. Foreign Exchange Transactions

Foreign currency transactions are recorded at the rate of exchange prevailing on the date of transaction. All exchange differences are dealt within statement of profit and loss. Current assets and current liabilities in foreign currency outstanding at the year end are translated at the rate of exchange prevailing at the close of the year and resultant gains/losses are recognized in the statement of profit and loss of the year except in cases where they are covered by forward foreign exchange contracts in which cases these are translated at the contracted rates of exchange and the resultant gains/losses recognized in statement of profit and loss over the life of the contract.

8. Duties & Credits

- Excise Duty is accounted for at the time of clearance of goods except closing stock of finished goods lying at the works.
- Cenvat Credit, to the extent available during the year, is adjusted towards cost of materials.
- Duty credit on export sales has been taken on accrued basis whether license has been issued after closing of the financial year.

9. Sales are inclusive of excise duty and after deducting the discount and also sales tax applicable and Purchase made against Bank Guarantee, Letter of Credit are classified in sundry creditor for raw materials.

10. Retirement Benefits

The Company has provided for the retirement benefits as per the actuarial valuation under the Projected Unit Credit Method.

Retirement benefits in the form of Provident Fund are charged to the Statement of Profit & Loss of the period when the contributions to the respective funds are due.

11. Borrowing Cost

Borrowing cost is charged to the Statement of Profit & Loss, except cost of borrowing for the acquisition of qualifying assets, which is capitalized till the date of commercial use of the assets.

12. Taxes on Income

Provision for current tax is made considering various allowances, disallowances and benefits available to the Company under the provisions of Income Tax Law.

In accordance with Accounting Standard AS-22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, deferred taxes resulting from timing differences between book and tax profits are accounted for at tax rate substantively enacted by the Balance Sheet date to the extent the timing differences are expected to be crystallized.

Notes to Consolidated Financial Section

As at & For the year ended March 31, 2013

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

13. Misc. Expenditure

Misc. expenditure represents ancillary cost incurred in connection with the incorporation and share issue expenses and Brand Image. It has been decided to write off these expenses over the period of five years.

14. Revenue Recognition

Sale of goods is recognized when the risk and reward of ownership are passed on to the customers. Revenue from services is recognized when the services are complete.

15. Investments

Long term investments, other than investment in Associates and Subsidiaries, are carried at cost less provision for permanent diminution, if any, in value of such investments. Current investments are carried at lower of cost and fair value. Income/ Loss from investments are recognized in the year in which it is generated.

16. Provision and Contingencies

The Company creates a provision when there is a present obligation as a result of past event that requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made when there is a present obligation that may require an outflow of resources or where a reliable estimate of such obligation cannot be made.

17. Cash Flow Statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the group are segregated.

18. Earnings per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

NOTE 2 SHARE CAPITAL

(₹In Million)

Sl. No.	Particulars	Current Year	Previous Year
1	AUTHORIZED CAPITAL		
	25,000,000 Equity Shares of ₹10/- each	250.00	250.00
	(Previous year 25,000,000 Equity Shares of ₹10/- each)		
		250.00	250.00
2	ISSUED, SUBSCRIBED & PAID UP CAPITAL		
	22,323,636 Equity Shares of ₹10/- each	223.24	212.97
	(Previous Year 21,296,683 Equity Shares of ₹10/- each)		
	Total	223.24	212.97

Notes to Consolidated Financial Section

As at & For the year ended March 31, 2013

NOTE 3 RESERVE & SURPLUS (₹In Million)

Sl. No.	Particulars	Current Year	Previous Year
1	Security Premium	1,493.13	1,334.59
	Balance brought forward from previous year	1,334.59	1,168.59
	Add: Additions	158.54	166.00
	Less: Transfers	-	-
2	General Reserve	155.15	105.15
	Balance brought forward from previous year	105.15	76.40
	Add: Additions	50.00	28.75
3	Surplus (Statement of Profit & Loss)	1,765.64	1,258.93
	Balance brought forward from previous year	1,258.93	846.18
	Less: Dividend Proposed	111.62	42.59
	Less: Dividend Distribution Tax on Dividend	18.10	7.07
	Less: Transfer to Reserves	50.00	28.75
	Add: Profit for the period	686.43	490.56
	Total	3,413.92	2,698.07

NOTE 4 LONG TERM BORROWINGS (₹In Million)

Sl. No.	Particulars	Current Year	Previous Year
	Secured Loans		
1	Term Loan		
	- From Bank	830.62	659.17
	- From Other Parties	0.35	0.46
2	Deferred payment liabilities	10.44	10.43
3	Other loan and advances		
	- From Body Corporate	1.06	48.98
	Total	842.47	719.04

NOTE 5 OTHER LONG TERM LIABILITIES (₹In Million)

Sl. No.	Particulars	Current Year	Previous Year
1	Capital Payable	-	6.41
2	Others:		
	- Security Deposits	1.00	0.50
	Total	1.00	6.91

NOTE 6 LONG TERM PROVISIONS (₹In Million)

Sl. No.	Particulars	Current Year	Previous Year
1	Provisions for Employee Benefits	15.46	11.55
	Total	15.46	11.55

Notes to Consolidated Financial Section

As at & For the year ended March 31, 2013

NOTE 7 SHORT TERM BORROWINGS (₹In Million)

Sl. No.	Particulars	Current Year	Previous Year
	Secured Loans		
1	Loan Repayable on Demand		
	- From Bank	3,403.40	2,241.96
	Total	3,403.40	2,241.96

NOTE 8 TRADE PAYABLE (₹In Million)

Sl. No.	Particulars	Current Year	Previous Year
1	Sundry Creditors for Raw Material	747.15	134.09
2	Sundry Creditors for Trading Goods	-	85.40
3	Sundry Creditors for Others	158.80	87.65
4	Expenses Payable	68.52	50.25
	Total	974.47	357.39

NOTE 9 OTHER CURRENT LIABILITIES (₹In Million)

Sl. No.	Particulars	Current Year	Previous Year
1	Current Maturities of Long Term Borrowing	202.86	145.06
2	Interest accrued but not due on Borrowing	36.61	8.35
3	Investor Education & Protection Fund	0.96	0.34
4	Statutory Dues	68.68	57.90
5	Advance From Customers	29.05	40.76
	Total	338.16	252.41

NOTE 10 SHORT TERM PROVISIONS (₹In Million)

Sl. No.	Particulars	Current Year	Previous Year
1	Provision for Excise Duty on Finished Goods	91.83	65.88
2	Provision for Taxation (Net)#	107.95	83.16
3	Provision for Employee Benefits	9.80	-
4	Dividend Proposed	111.62	42.59
	Total	321.20	191.63

Provision for taxation includes dividend distribution tax

Notes to Consolidated Financial Section

As at & For the year ended March 31, 2011

NOTE 11 FIXED ASSETS

(₹In Million)

Sl. No	DESCRIPTION	RATE @	GROSS BLOCK			DEPRECIATION			NET BLOCK		
			Value at the beginning	Addition during the year	Deduction during the year	Value at the end	Addition during the year	Deduction during the year	Value at the end	WDV as on 31.03.2012	WDV as on 31.03.2012
I	Tangible Assets										
1	Land										
	Industrial Plot	0.00%	90.58	35.89	-	126.47	-	-	126.47	90.58	90.58
2	Factory Shed & Building	3.34%	143.44	314.74	0.29	457.89	18.33	-	421.22	125.11	125.11
3	Building	3.34%	239.94	-	-	239.94	21.95	0.04	217.94	217.99	217.99
4	Staff residential building	1.63%	14.51	-	-	14.51	0.79	0.24	13.48	13.71	13.71
5	Plant and Equipment	4.75%	1,745.70	754.59	31.95	2,468.34	205.75	99.35	301.11	1,539.95	1,539.95
6	Furnitures & Fixtures	6.33%	5.32	27.34	0.06	32.60	1.01	0.64	1.65	30.95	4.31
7	Vehicles	9.50%	40.56	4.31	2.80	42.07	13.23	3.22	15.54	26.53	27.33
8	Office Equipment	4.75%	6.79	14.08	0.11	20.77	1.32	0.78	2.09	18.68	5.47
9	Computer	16.21%	8.63	2.07	0.23	10.48	4.01	1.36	5.37	5.11	4.62
10	Zinc (46.142 M.T.)	0.00%	2.13	-	-	2.13	-	-	2.13	2.13	2.13
	SUB TOTAL (A)		2,297.60	1,153.02	35.42	3,415.20	266.39	123.96	385.45	3,029.74	2,031.20
II	Intangible Assets										
1	Trade Marks	16.21%	0.02	-	-	0.02	0.02	0.00	0.02	0.00	0.01
2	Computer Software	16.21%	0.29	0.18	-	0.48	0.08	0.05	0.13	0.35	0.21
	SUB TOTAL (B)		0.31	0.18	-	0.49	0.09	0.06	0.15	0.35	0.22
III	Capital Work-in-progress										
1	Building Under Construction		138.02	102.48	162.67	77.83	-	-	-	77.83	138.01
2	Plant & Machinery		303.13	534.60	774.25	63.48	-	-	-	63.48	303.13
3	WIP (Office Equipment)		10.36	-	10.36	-	-	-	-	-	10.36
4	WIP (Furniture & Fixtures)		4.00	-	4.00	-	-	-	-	-	4.00
	SUB TOTAL (C)		455.51	637.08	951.28	141.31	-	-	-	141.31	455.50
IV	Intangible Assets Under Development										
1	Software Under Development		-	-	-	-	-	-	-	-	-
	SUB TOTAL (D)		-	9.87	-	9.87	-	-	-	9.87	-
	Total [A + B + C + D]		2,753.41	1,800.15	986.70	3,566.86	266.48	124.02	385.60	3,181.27	2,486.92
	(Current Year)										
	(Previous Year)		1,985.84	903.59	136.02	2,753.41	181.37	86.11	266.49	2,486.92	1,804.49

Notes to Consolidated Financial Section

As at & For the year ended March 31, 2013

NOTE 12 NON-CURRENT INVESTMENT			
(₹In Million)			
Sl. No.	Particulars	Current Year	Previous Year
	Quoted		
	Investment in Equity Shares		
1	3,35,000 Equity Shares of Kishan Mouldling Ltd (Previous Year Nil)	11.55	-
	Unquoted		
1	Investment in Mutual Funds		
	(i) Union KBC Tax Saver	0.50	0.50
	Total	12.05	0.50
	Aggregate book value of unquoted Investments	0.50	0.50
	Aggregate book value of quoted Investments	11.55	-
	Market Value of quoted Investments	10.45	-
	Aggregate provision for diminuiton in value of Investments	-	-
NOTE 13 LONG TERM LOANS AND ADVANCES			
(₹In Million)			
Sl. No.	Particulars	Current Year	Previous Year
I)	Capital Advances		
	Unsecured, Considered Good	448.73	279.02
II)	Security Deposit		
	Unsecured, Considered Good	182.36	173.51
III)	Loans & Advances to related parties	0.48	-
IV)	Other Loans & Advances	2.70	1.62
	Total	634.27	454.15
NOTE 14 OTHER NON-CURRENT ASSETS			
(₹In Million)			
Sl. No.	Particulars	Current Year	Previous Year
1	Brand Image Expenses	56.12	22.82
2	Preliminary Expenses	0.52	0.73
	Total	56.64	23.55
NOTE 15 INVENTORIES			
(₹In Million)			
Sl. No.	Particulars	Current Year	Previous Year
1	Raw Material	1,449.82	673.68
2	Finished Goods	1,295.67	737.32
3	Stores & Spares	89.86	73.83
4	Rejection & Scrap	46.47	39.79
	Total	2,881.82	1,524.62
NOTE 16 TRADE RECIEVABLES			
(₹In Million)			
Sl. No.	Particulars	Current Year	Previous Year
1	Outstanding for more than six months from the date they were due for payment		
	a) Unsecured, Considered Good :	18.38	21.35
2	Others from the date they were due for payment		
	a) Unsecured, Considered Good :	2,175.27	1,712.54
	Total	2,193.65	1,733.89

Notes to Consolidated Financial Section

As at & For the year ended March 31, 2013

NOTE 17 CASH & CASH EQUIVALENT (₹In Million)

Sl. No.	Particulars	Current Year	Previous Year
A	Cash and Cash Equivalents		
	Cash Balance	10.85	7.67
	Bank Balance	12.61	12.55
	Sub Total (A)	23.45	20.22
B	Other Bank Balances		
	In margin money with maturity less than 12 months at inception	116.00	29.68
	Accrued Interest on FDR's & Securities	2.32	0.78
	Sub Total (B)	118.32	30.46
	Total (A+B)	141.77	50.68

NOTE 18 SHORT TERMS LOANS AND ADVANCES (₹In Million)

Sl. No.	Particulars	Current Year	Previous Year
1	Advance Recoverable in cash or in kind or for value to be considered good		
	Advance to Suppliers	124.77	140.99
	Advance to Others	3.97	-
	Prepaid Expenses	2.34	10.48
	Advance Payment with Revenue Authorities (Indirect Taxes)	424.34	304.62
	MAT Credit Entitlement	55.09	30.06
	Total	610.51	486.15

NOTE 19 OTHER CURRENT ASSETS (₹In Million)

Sl. No.	Particulars	Current Year	Previous Year
1	Brand Image Expenses	21.19	5.74
2	Claim Receivable	41.65	92.80
	Total	62.84	98.54

NOTE 20 REVENUE FROM OPERATIONS (₹In Million)

Sl. No.	Particulars	Current Year	Previous Year
1	Sales Domestic	21,138.09	14,212.59
2	Sales Export	1,267.04	1,101.21
3	Job Work	0.01	-
4	Export Incentive	66.08	48.83
	Total	22,471.22	15,362.63

NOTE 21 OTHER INCOME (₹In Million)

Sl. No.	Particulars	Current Year	Previous Year
1	Interest Income	5.06	4.30
2	Dividend income	-	0.07
3	Other Non-Operating Revenue	12.05	3.26
	Total	17.11	7.63

Notes to Consolidated Financial Section

As at & For the year ended March 31, 2013

NOTE 22 COST OF MATERIAL CONSUMED (₹In Million)

Sl. No.	Particulars	Current Year	Previous Year
1	Opening Stock	672.10	604.35
2	Add: Purchases	17,854.23	10,931.21
3	Less: Closing Stock	1,449.82	672.10
	Total	17,076.51	10,863.46

NOTE 23 CHANGE IN INVENTORIES (₹In Million)

Sl. No.	Particulars	Current Year	Previous Year
1	Opening Stock (Net of Excise Duty)		
	Finished Goods	686.62	679.37
	Scrap	23.33	14.73
	Total-1	709.95	694.10
2	Closing Stock (Net of Excise Duty)		
	Finished Goods	1,215.92	684.00
	Scrap	34.38	23.33
	Total-2	1,250.30	707.33
	Total (2-1)	(540.35)	(13.23)

NOTE 24 EMPLOYEMENT BENEFIT EXPENSES (₹In Million)

Sl. No.	Particulars	Current Year	Previous Year
1	Salaries & Wages	251.56	152.34
2	Contribution to Provident and other Funds	15.92	14.46
3	Staff Welfare Expenses	11.56	6.89
	Total	279.04	173.69

NOTE 25 FINANCIAL COST (₹In Million)

Sl. No.	Particulars	Current Year	Previous Year
1	Interest on Working Capital Facilities	366.14	290.93
2	Interest on Term Loan	38.07	-
3	Other Borrowing Cost	25.28	44.94
3	Net Loss on Foreign currency Fluctuation	-	0.04
	Total	429.49	335.91

NOTE 26 DEPRECIATION & AMORTISED COST (₹In Million)

Sl. No.	Particulars	Current Year	Previous Year
1	Depreciation	125.08	85.95
2	Preliminary Expenses W/O	-	0.13
3	Brand Image	-	7.14
	Total	125.08	93.22

Notes to Consolidated Financial Section

As at & For the year ended March 31, 2013

NOTE 27 OTHER EXPENSES

(₹In Million)

Sl. No.	Particulars	Current Year	Previous Year
1	Consumable Store		
	Furnace Oil	106.38	79.07
	Others	164.65	101.73
2	Power & Fuel	228.97	149.69
3	Rent	30.91	11.42
4	Repair & Maintenance		
	-Building	0.38	1.40
	-Plant & Machinery	7.97	6.51
	-Others	6.77	0.13
5	Insurance Expenses	1.12	0.84
6	Rates & Taxes	6.63	3.98
7	Job Work Charges	1.41	(0.60)
8	Freight Expenses		
	Inward	86.21	75.27
	Outward	523.31	328.48
9	Legal & Professional Charges	7.39	5.99
10	Commission on Sales	55.62	116.77
11	Others	92.96	55.45
	Total	1,320.67	936.13

NOTE 28 CONTINGENT LIABILITY NOT PROVIDED FOR IN RESPECT OF

(₹In Million)

Sl. No.	Particulars	Current Year	Previous Year
1.	Performance guarantees given to various departments	34.66	4.63
2.	Corporate Guarantee(s) have been given for securing working capital facilities and term loan sanctioned to its wholly owned Subsidiary Companies.		

NOTE 29 EARNING PER SHARE (AS-20)

(₹In Million except EPS and No. of Shares)

Sl. No.	Particulars	Current Year	Previous Year
BASIC			
a.	Net profit after tax	686.43	490.55
b.	Number of Weighted Average Equity Share of (₹) 10 each	21,805,668	20,345,863
c.	Basic Earnings per share	31.48	24.11
d.	Nominal Value per Share	10.00	10.00
DILUTED			
a.	Net profit after tax	686.43	490.55
b.	Number of Weighted Average Equity Share of (₹) 10 each	22,920,668	23,438,636
c.	Diluted Earnings per share	29.95	20.93
COMPUTATION OF DILUTED NUMBER OF EQUITY SHARES			
1.	Weighted average number of equity shares outstanding during the year	21,805,668	21,296,683
2.	Average fair value of one equity share during the year	10.00	10.00
3.	Weighted average number of share Warrant outstanding during the year	1,115,000	2,141,953
4.	Warrants were issued each entitling the holders to subscribe for one equity share having nominal value ₹ 10 for every warrant issued.	10.00	10.00
5.	Total Diluted Equity Shares (1 + 3)	22,920,668	23,438,636

Notes to Consolidated Financial Section

As at & For the year ended March 31, 2013

NOTE 30 SEGMENT REPORTING

The Group has only one segment i.e. manufacturing of Steel tubes and pipes, therefore segment reporting as required under Accounting Standard –17 is considered as not applicable.

NOTE 31 BRAND BUILDING EXPENSE

During the Year the Company incurred an expenditure of ₹69.74 million (Previous Year ₹15.14 million) on Brand building exercise, which has been grouped under miscellaneous expenses and will be amortized in 5 years equally.

NOTE 32 RELATED PARTY DISCLOSURES (AS-18)

(A) Names of related parties and description of relationships:

Associates

Apollo Pipes Ltd.
V. S. Exim (P) Ltd.
APL Infrastructure (P) Ltd.

Key Management Personnel

Sh. Sanjay Gupta Chairman
Sh.Ashok Gupta Managing Director
Sh. Vinay Gupta Director

Relatives of Key Management Personnel

Mrs. Saroj Rani Gupta Mother of Sh. Sanjay Gupta
Mrs. Neera Gupta Wife of Sh. Sanjay Gupta
Mrs. Vandana Gupta Wife of Sh. Vinay Gupta
Mrs. Meenakashi Gupta Wife of Sh.Sameer Gupta

(B) Detail of Related Party Transactions

As required by Accounting Standard 18 'Related Party Disclosures' issued by the Institute of Chartered Accountant of India, since CFS presents information about the Parent and its subsidiary as a single enterprise, it is not necessary to disclose intra-group transactions.

(₹In Million)

Particulars	Associates	Key Management Personnel	Relatives of Key Management Personnel	Total
Transfer of DEPB	17.28	-	-	17.28
Director's Remuneration	-	34.52	-	34.52
Rent and HandlingCharges	15.15	-	11.76	26.91

(C) Amount due to / from related parties as at March 31, 2013

(₹In Million)

Particulars	Associates	Key Management Personnel	Relatives of Key Management Personnel	Total
Amount due to related parties	1.61	-	-	1.61
Amount due from related parties	-	-	-	-

(₹In Million)

Sl. No.	Particulars	Current Year	Previous Year
NOTE 33	VALUE OF IMPORTS	NIL	34.01
NOTE 34	VALUE OF EXPORT	636.92	1,101.21

Notes to Consolidated Financial Section

As at & For the year ended March 31, 2013
(₹In Million)

Sl. No.	Particulars	Current Year	Previous Year
NOTE 35	EXPENDITURE IN FOREIGN CURRENCY (INCLUDING IMPORT)	13.07	38.14

NOTE 36
The outstanding balance of Debtors/Creditors in the books of the Company is subject to confirmation.

NOTE 37
Duty credit on Export Sales has been taken on accrued basis whether license has been issued by Joint Director General of Foreign Trade after closing of the financial year.

NOTE 38 AUDITORS REMUNERATION (EXCLUDING SERVICE TAX) (₹In Million)

Sl. No.	Particulars	Current Year	Previous Year
i)	Statutory Audit Fee	1.10	1.08
ii)	Taxation matters	0.25	0.25
iii)	Other Services	0.10	0.10
	Total	1.45	1.43

NOTE 39 BREAK UP OF MANAGERIAL REMUNERATION (₹In Million)

Sl. No.	Particulars	Current Year	Previous Year
i)	Salaries	34.00	3.60
ii)	Contribution to Provident Fund	0.52	-
iii)	Other Perquisites	-	-
iv)	Commission	-	-
	Total	34.52	3.60

NOTE 40 BREAK UP OF DIRECTORS TRAVELLING EXPENSES (₹In Million)

Sl. No.	Particulars	Current Year	Previous Year
i)	Foreign Travelling	3.78	2.31
ii)	Inland Travelling	0.93	2.81
	Total	4.71	5.12

NOTE 41
The Company could not identify whether any of its creditors is SSI undertaking and Micro, Small and Medium Enterprises covered under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act). Particulars of amount as at March 31 2013, if any, due to such undertaking could, therefore, not to be disclosed.

NOTE 42

The figures of previous year have been regrouped/rearranged/ recasted to conform to those of the current year.

As per our separate audit Report of even date attached

<i>for VAPS & CO.</i>	<i>for and on behalf of the Board</i>		
<i>Chartered Accountants</i>			
Firm Regn. No. 003612N			
(P.K. Jain)	Sanjay Gupta	Ashok K. Gupta	Vinay Gupta
<i>Partner</i>	<i>Chairman</i>	<i>Managing Director</i>	<i>Director</i>
M. No: 082515			
Place : New Delhi	Pankaj K. Gupta	Adhish Swaroop	
Dated : May 30, 2013	<i>GM- Finance & Accounts</i>	<i>Company Secretary</i>	

Statement pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Companies

(₹In Million)

S. No.	Name of the Subsidiary Company	Apollo Metalex Private Limited CIN: U27104DL2006PTC146579	Shri Lakshmi Metal Udyog Limited CIN: U85110DL1994PLC2248359	Lloyds Line Pipes Limited CIN:U27320DL2008PLC223550
1.	Financial year of subsidiary company ended on	March 31, 2013	March 31, 2013	March 31, 2013
2.	Date from which they became subsidiary company	June 15, 2007	April 28, 2008	November 11, 2010
3.	Number of Equity Shares held by APL Apollo Tubes Limited	2,711,100 Equity Shares of ₹10/- each	5,895,000 Equity Shares of ₹10/- each	20,000,000 Equity Shares of ₹10/- each
4.	Extent of interest of APL Apollo Tubes Limited in the capital of the subsidiary	100%	100%	100%
5.	Net aggregate amount of Profit/(losses) of the subsidiary so far as it concerns the members of APL Apollo Tubes Limited and is not dealt with in the accounts of the company	316.13	407.38	104.08

Financial Information of Subsidiary Companies

(₹In Million)

S. No.	Name of the Subsidiary Company	Apollo Metalex Private Limited CIN: U27104DL2006PTC146579	Shri Lakshmi Metal Udyog Limited CIN: U85110DL1994PLC224835	Lloyds Line Pipes Limited CIN:U27320DL2008PLC223550
1	Share Capital	27.11	58.95	200.00
2	Reserves	366.13	481.38	104.08
3	Total Liabiltites	820.96	1,057.82	1,752.20
4	Total Assets	820.96	1,057.82	1,752.20
5.	Investment included in Total Assets (Except for investment in subsidiaries)	-	-	-
6	Gross Sales	2,270.65	3,625.44	3,719.85
7	Profit Before Taxes	123.14	241.50	139.81
8	Provision for Taxation	42.80	81.94	40.12
9	Profit After Taxes	80.34	159.57	99.69
10	Proposed Dividend	-	-	-

<i>for VAPS & CO.</i>	<i>for and on behalf of the Board</i>		
<i>Chartered Accountants</i>			
Firm Regn. No. 003612N			
(P.K. Jain)	Sanjay Gupta	Ashok K. Gupta	Vinay Gupta
<i>Partner</i>	<i>Chairman</i>	<i>Managing Director</i>	<i>Director</i>
M. No: 082515			
Place : New Delhi	Pankaj K. Gupta	Adhish Swaroop	
Dated : May 30, 2013	<i>GM- Finance & Accounts</i>	<i>Company Secretary</i>	

Independent Auditors' Report

To,

The Members of APL Apollo Tubes Limited

(I) We have audited the accompanying financial statements of M/s APL APOLLO TUBES LIMITED, which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

(II) Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

(III) Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

- i.) In so far as it relates to the Balance Sheet of the state of affairs of the Company as at March 31, 2013,
- ii.) In the case of the Statement of Profit & Loss, of the profit of the Company for the year ended on that date, and

- iii.) In the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2003 (as amended by the Amendment Order, 2004) issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956, we give our comments on the matters specified in paragraphs 4 and 5 of the said order to the extent as applicable to the Company in the Annexure to this report.
2. As required by section 227(3) of the Act, we report that:
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b. In our opinion, proper Books of Account as required by law have been kept by the Company so far as appears from our examination of those Books.
 - c. The Balance Sheet, the Profit and Loss Statement and the Cash Flow Statement dealt with by this report are in agreement with the Books of Account.
 - d. In our opinion, the Balance Sheet, the Profit and Loss Statement and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956.
 - e. On the Basis of written representations received from the Directors, as on March 31, 2013 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2013 from being appointed as a Director in terms of clause (g) of sub section (1) of Section 274 of The Companies Act, 1956.
 - f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

for VAPS & Co.
Chartered Accountants,
Firm Regn. No. 003612 N

(P.K.JAIN)
Partner
Place: Delhi
Date : May 30, 2013
M.No. 082515

Annexure to The Independent Auditors' Report

Re: APL Apollo Tubes Limited

Referred to in paragraph 3 of our report of even date

1.
 - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) A substantial portion of the fixed assets has been physically verified by the management during the year and in our opinion the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such physical verification.
 - c) Fixed assets disposed off during the year were not significant. According to the information and explanations given to us, we are of the opinion that the disposal of fixed assets has not affected the going concern status of the Company.
2.
 - a) The inventories (excluding stocks with the third parties) have been physically verified during the year by the management. In respect of inventory lying with the third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
 - b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verifications.
3.
 - a) The Company has granted unsecured loan to its wholly owned subsidiary Company covered in the register maintained under Section 301 of the Companies Act, 1956. The Maximum amount involved during the year was ₹ 330 Million (Rupees Three Hundred & Thirty Million Only) and the year end balance of loan given to this Company was ₹ 330 Million (Rupees Three Hundred & Thirty Million Only). In our opinion terms and conditions on which loans have been given to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.
 - b) The Company has not taken any unsecured loan from

- Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- c) The rate of interest and other terms and conditions of the above-mentioned loans are not prima facie prejudicial to the interest of the Company.
- d) The repayment of principal and interest are as per the agreed terms.
4. In our opinion and according to the information and explanations given to us there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal controls system.
5.
 - a) In our opinion and according to information and explanations given to us the transactions that needed to be entered in the register maintained under section 301 of the Act have been entered in the register
 - b) As per information and explanations given to us aforesaid transactions have been made at price which are reasonable having regard to the prevailing market price at the relevant time.
6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits within the meaning of provisions of sections of 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rule 1975.
7. In our opinion the Company has an internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 we are of the opinion that prima facie the prescribed accounts and record have been made and maintained. We have not made however a detailed examination of the record with a view to determine whether they are accurate or complete.

9. (a) According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Service Tax, Cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amount payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty and

Excise Duty, Service Tax, Cess etc. were outstanding as at March 31, 2013 for a period of more than six months from the date they became payable.

- (c) According to the information and explanation given to us and records of the Company examined by us, the particulars dues of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Excise Duty, Service Tax, Cess which have not been deposited on account of any dispute, are as follows:

Name of the Statute	Nature of Dues	Amount (₹ million)	Period to which dues Related	Authority where the Dispute is Pending for Decision
Central Excise Act, 1944	Central Excise levied u/s 11A of Central Excise Act, 1944.	3.67	07.08.1996	Before the High Court Judicature of Allahabad
Central Excise Act, 1944	Penalty u/s 11 AC of Central Excise Rules, 1944 read with Rule 9(2) & 173Q of Central Excise Act, 1944.	3.67	07.08.1996	Before the High Court Judicature of Allahabad
Central Excise Act, 1944	Recovery u/s 57 I (4) of Central Excise Act, 1944 of modvat credit availed and utilized in contravention of the provisions of Rule 57F(3) of Central Excise Rules, 1944.	0.35	07.08.1996	Before the High Court Judicature of Allahabad
Central Excise Act, 1944	Penalty u/s 11AC of Central Excise Rules, 1944 read with Rule 9(2) & 173Q of Central Excise Rule, 1944.	0.35	07.08.1996	Before the High Court Judicature of Allahabad
Central Excise Act, 1944	Central Excise duty levied u/s 11 A of Central Excise Act, 1944.	0.45	15.08.1999	CESTAT, New Delhi
Central Excise Act, 1944	Penalty u/s 11 AC of Central Excise Act, 1944.	0.45	15.08.1999	CESTAT, New Delhi
Central Excise Act, 1944	Penalty under Rule 9(2) and 173Q of Central Excise Rule, 1944.	0.10	15.08.1999	CESTAT, New Delhi
Central Excise Act, 1944	Demand in Terms of section 11A on Zinc Ash/Dross clearance.	1.08	July-08 to	CESTAT, New Delhi
	Penalty under Rule 25 of Central Excise Rules 2002 read with section 11AC of Central Excise Act 1944.	0.03	Mar-09	
U.P. Tax on Entry of Goods in to Local areas Act, 2007	The constitutional validity of U.P. Tax on Entry of Goods in to Local areas Act, 2007 had been Challenged.	44.76	Nov.-08 to Mar.-11	Before the Supreme Court of India
Value Added Tax Act-2008	Reversal of Input tax credit on Consignment /Stock Transfer	6.14	Jan.-08 to Mar.-08	Commercial Tax Tribunal, Ghaziabad

Name of the Statute	Nature of Dues	Amount (₹ million)	Period to which dues Related	Authority where the Dispute is Pending for Decision
Value Added Tax Act-2008	Reversal of Input tax credit on Consignment /Stock Transfer (Provisional Assessment)	17.03	April-10 to Sept.-10	Commercial Tax Tribunal, Ghaziabad
Value Added Tax Act-2008	Difference in Rate of Tax on Steel Tubes & Pipes	36.17	30/09/2008 to 15/01/2009	Sales Tax Commissioner-Appeal
Value Added Tax Act-2008	Reversal of Input tax credit on Consignment /Stock Transfer/Sale to SEZ Units	11.71	April, 08 to March, 09	Sales Tax Commissioner-Appeal
Value Added Tax Act-2008	Reversal of Input tax credit on Consignment /Stock Transfer/Sale to SEZ Units	20.81	April, 09 to March, 10	Sales Tax Commissioner-Appeal

10. The Company has no accumulated losses as at March 31, 2013 and has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to any financial institution, bank or debenture holders.
12. We have been informed that the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Hence paragraph 4(XII) of the order is not applicable.
13. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 as amended 2004 are not applicable to the Company.
14. The Company has maintained proper records of transactions and contracts in respect of trading in securities, debentures and other investment and timely entries have been made therein. All shares (except the shares held in the name of nominees of the Company in wholly owned subsidiaries), debentures and other investments have been held by Company in its own name.
15. The Company has given corporate guarantee for securing working capital facilities sanctioned by Banks to its Subsidiary Companies. In our opinion, the terms and conditions on which the Company has given said guarantees are not prejudicial to the interest of the Company.
16. In our opinion and according to information and explanations given to us by the Company the term loans have been applied for the purpose for which they were raised.

17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long term investment.
18. According to the information and explanations given to us, the Company has made allotment of 1,026,953 Equity Shares on preferential basis (on conversion of equal number share warrant already issued entitling the warrant holder to get one equity share of ₹ 10 each for each warrant) to parties and Companies covered in the register to be maintained under section 301 of the Act and in our opinion , the premium at which share have been issued is not prejudicial to the interest of the Company.
19. During the period covered by our audit report, the Company has not issued any debentures.
20. The Company has not raised any money from public issue and as such question of end use of money raised by public issue does not arise.
21. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit for the year ended March 31, 2013.

for VAPS & Co.
Chartered Accountants,
Firm Regn. No. 003612 N

Place: **Delhi**
Date : **May 30, 2013**

(P.K.JAIN)
Partner
M.N. 082515

BALANCE SHEET

As at March 31, 2013
(₹In Million)

Particulars	Note No.	Current Year	Previous Year
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	2	223.24	212.97
(b) Reserves and Surplus	3	2,744.59	2,369.21
(c) Money received against share warrants		40.42	82.62
(2) Share Application money pending allotment		-	-
(3) Non-Current Liabilities			
(a) Long-Term Borrowings	4	473.94	479.56
(b) Deferred Tax Liabilities (Net)		274.64	196.58
(c) Other Long Term Liabilities	5	0.50	-
(d) Long Term Provisions	6	6.32	4.22
(4) Current Liabilities			
(a) Short-Term Borrowings	7	2,506.75	1,445.36
(b) Trade Payables	8	616.27	434.24
(c) Other Current Liabilities	9	262.35	200.24
(d) Short-Term Provisions	10	183.13	134.10
Total Equity & Liabilities		7,332.15	5,559.10
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets	11		
(i) Tangible Assets		1,854.63	1,241.17
(ii) Intangible Assets		-	-
(iii) Capital work- in- Progress		16.95	339.18
(iv) Intangible Assets Under Development		9.87	-
		1,881.45	1,580.35
(b) Non-current investments	12	779.65	768.10
(c) Deferred tax assets (net)		-	-
(d) Long term loans and advances	13	785.13	709.38
(e) Other non-current assets		55.84	22.39
(2) Current Assets			
(a) Current investments			
(b) Inventories	14	1,775.46	929.94
(c) Trade receivables	15	1,654.36	1,228.92
(d) Cash and cash equivalents	16	98.62	31.46
(e) Short-term loans and advances	17	251.73	228.25
(f) Other current assets	18	49.92	60.31
Significant Accounting Policies	1		
Total Assets		7,332.15	5,559.10

Notes referred to above and notes attached there to form an integral part of Balance Sheet
This is the Balance Sheet referred to in our Report of even date.

for VAPS & CO. for and on behalf of the Board

Chartered Accountants

Firm Regn. No. 003612N

(P.K. Jain)

Partner

M. No: 082515

Place : New Delhi

Dated : May 30, 2013

Sanjay Gupta

Chairman

Pankaj K. Gupta

GM- Finance & Accounts

Ashok K. Gupta

Managing Director

Adhish Swaroop

Company Secretary

Vinay Gupta

Director

STATEMENT OF PROFIT & LOSS

For the year ended March 31, 2013
(₹In Million Except EPS)

Particulars	Note No.	Current Year	Previous Year
I. Gross Revenue from operations	19	17,537.87	11,658.35
Less: Excise Duty & Cess		1,446.69	883.02
Net Revenue from operations		16,091.18	10,775.33
II. Other Income	20	10.31	5.67
III. Total Revenue (I + II)		16,101.49	10,781.00
IV. Expenses:			
Cost of materials consumed	21	10,200.81	7,454.98
Purchase of Stock-in-Trade		4,469.70	1,940.11
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	22	(481.24)	50.97
Employee Benefit Expense	23	164.04	82.35
Financial Costs	24	320.05	232.33
Depreciation and Amortization Expense		78.79	55.47
Other Expenses	25	800.04	530.52
Total Expenses (IV)		15,552.20	10,346.74
V. Profit before exceptional and extraordinary items and tax (III - IV)		549.29	434.26
VI. Exceptional Items	26	3.66	4.10
VII. Profit before extraordinary items and tax (V - VI)		545.63	430.16
VIII. Extraordinary Items			
IX. Profit before tax (VII - VIII)		545.63	430.16
X. Tax expense:			
(1) Current tax		113.52	88.16
(2) Deferred tax		78.06	62.88
(3) Tax Expenses in respect of earlier years		11.67	
(4) Mat Credit Entitlement		(4.17)	(8.40)
XI. Profit/(Loss) from the period from continuing operations (IX-X)		346.55	287.52
XII. Profit/(Loss) for the period		346.55	287.52
XIII. Earning per equity share:			
(1) Basic		15.89	14.13
(2) Diluted		15.12	12.27

Notes referred to above and notes attached there to form an integral part of Profit & Loss Statement

This is the Profit & Loss Statement referred to in our Report of even date.

for VAPS & CO.

Chartered Accountants

Firm Regn. No. 003612N

(P.K. Jain)

Partner

M. No: 082515

Place : New Delhi

Dated : May 30, 2013

for and on behalf of the Board

Sanjay Gupta

Chairman

Pankaj K. Gupta

GM- Finance & Accounts

Ashok K. Gupta

Managing Director

Adhish Swaroop

Company Secretary

Vinay Gupta

Director

CASH FLOW STATEMENT

For the year ended March 31, 2013
(₹In Million)

Particulars	Current Year		Previous Year	
1.CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax and extra ordinary items		545.63		430.17
Adjustments for:				
Depreciation & Amortisation	78.79		62.46	
Deffered Expenditure	20.51			
Interest & Finance Charges	320.05		232.33	
Loss on sale of fixed assets/Investments	3.67	423.02	4.10	298.89
Operating Profit Before Working Capital Changes		968.65		729.06
Adjustments for:				
Increase/Decrease in Trade Receivables	(425.45)		(592.14)	
Increase/Decrease in Other Receivables	(2.49)		(13.68)	
Increase/Decrease in Inventories	(845.52)		42.26	
Increase/Decrease in Trade & Other Payable	265.04	(1,008.42)	232.76	(330.80)
Cash Generated from Operations		(39.77)		398.26
Direct Taxes paid including Fringe Benefit Tax		(174.48)		(94.33)
Cash Flow before extra ordinary items		(214.25)		303.93
Net Cash from Operating Activities (A)		(214.25)		303.93
2.CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of Fixed Assets	(385.52)		(488.62)	
Misc Expenditure	(69.74)		(11.88)	
Sale of Fixed Assets	2.22		4.34	
Advances for Fixed Assets	13.65		17.79	
Investment in Subsidiary Company	(80.48)		-	
Misc Investments	(11.55)		(157.87)	
Net Cash from Investing Activities (B)		(531.42)		(636.24)
3.CASH FLOW FROM FINANCING ACTIVITIES:				
Proceeds from issue of Shares and Warrants issued during the Year	126.61		186.38	
Receipt / Repayment of Secured loans	1,055.77		276.01	
Dividend & DDT paid	(49.50)		(49.67)	
Interest & Finance Charges	(320.05)		(232.33)	
Net cash generated from Financing activities		812.82		180.39
Net Cash from Financing Activities (C)		812.82		180.39
Net Increase/(Decrease) in Cash & Cash Equivalents (A + B + C)		67.15		(151.93)
Add : Cash & Cash Equivalents at the Beginning of the Year		31.47		183.39
Cash & Cash Equivalents at the End of the Year		98.62		31.47

Notes :

- Cash & Cash Equivalents represents Cash & Bank Balances and deposits with Banks as per **Note No.16**
- The Cash Flow Statement has been prepared under the “Indirect method ” as set out in the AS -3 issued by ICAI
- Figures in Brackets indicate cash outflow.

As per our separate Audit Report of even date attached

for VAPS & CO.

Chartered Accountants

Firm Regn. No. 003612N

(P.K. Jain)

Partner

M. No: 082515

Place : New Delhi

Dated : May 30, 2013

for and on behalf of the Board

Sanjay Gupta

Chairman

Pankaj K. Gupta

GM- Finance & Accounts

Ashok K. Gupta

Managing Director

Adhish Swaroop

Company Secretary

Vinay Gupta

Director

Notes to Standalone Financial Section

As at & For the year ended March 31, 2013

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

1) Basis of Preparation of Financial Statement

- The financial statements have been prepared under the historical cost convention on an accrual basis of accounting in accordance with the Accounting Standard-1 Referred to in section 211(3c) of the Companies Act, 1956.
- The Company follows mercantile system of accounting and recognizes income and expenditure on accrual basis.
- Expenditure incurred in connection with the issue of Shares/GDRs/warrants is written off against security premium account in the year of incurrence.
- All the assets and liabilities have been classified as current or non current as per the Company’s normal operating cycle and other criteria set out in Schedule VI to the Companies Act, 1956. Based on the nature of the products and the time between the acquisition of the assets for processing and their realization in cash and cash equivalent, the Company has ascertained its operating cycle to be less than 12 months.

2) Fixed Assets

- Fixed Assets are stated at cost net of duty credit availed less accumulated depreciation and impairments, if any. The cost includes cost of acquisition/construction, installation and preoperative expenditure including trial run expenses (net of revenue) and borrowing costs incurred during pre-operation period. Expenses incurred on capital assets are carried forward as capital work in progress at cost till the same are ready for use.
- Pre-operative expenses, including interest on borrowings for the capital goods, where applicable incurred till the capital goods are ready for commercial production, are treated as part of the cost of capital goods and capitalized.
- Machinery spares which are specific to particular item of fixed assets and whose use is irregular are capitalized as part of the cost of machinery.

3) Impairment of Assets

The Company recognizes all the losses as per Accounting Standard-28 due to the impairment of assets in the year of review of the physical condition of the Assets and is measured by the amount by which, the carrying amount of the Asset exceeds the Fair Value of the Asset.

4) Depreciation

Depreciation on fixed assets is provided on straight-line basis at the rates specified under Schedule XIV of the Companies Act, 1956. Depreciation for assets purchased/sold during the period is proportionately charged.

5) Inventories Valuation

Raw material is valued at cost (First in First Out basis) or net realizable value whichever is lower. Finished Goods are valued at cost or net realizable value whichever is lower. Stock of Scrap is valued at net realizable value. Stock of Trading Goods is valued at Cost (Weighted Average/First in First Out basis).

6) Foreign Exchange Transactions

Foreign currency transactions are recorded at the rate of exchange prevailing on the date of transaction. All exchange differences are dealt within statement of profit and loss account. Current assets and current liabilities in foreign currency outstanding at the year end are translated at the rate of exchange prevailing at the close of the year and resultant gains/losses are recognized in the statement of profit and loss account of the year except in cases where they are covered by forward foreign exchange contracts in which cases these are translated at the contracted rates of exchange and the resultant gains/losses recognized in statement of profit and loss account over the life of the contract.

7) Duties & Credits

- Excise Duty is accounted for at the time of clearance of goods except closing stock of finished goods lying at the works.
- Cenvat Credit, to the extent available during the year, are adjusted towards cost of materials.
- Duty credit on export sales has been taken on accrual basis whether license has been issued after closing of the financial year.

Notes to Standalone Financial Section

As at & for the year ended March 31, 2013

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (Contd.)

8) Sales are inclusive of excise duty and after deducting the discount and also sales tax applicable and Purchase made against Bank Guarantee, Letter of Credit are classified in sundry creditor for raw materials.

9) Retirement Benefits

- a) The company has provided for the retirement benefits as per the actuarial valuation under the Projected Unit Credit Method.
- b) Retirement benefits in the form of Provident Fund are charged to the Profit & Loss Account of the period when the contributions to the respective funds are due.

10) Borrowing Cost

Borrowing cost is charged to the Profit & Loss Account, except cost of borrowing for the acquisition of qualifying assets, which is capitalized till the date of commercial use of the assets.

11) Taxes on Income

Provision for current tax is made considering various allowances, disallowances and benefits available to the Company under the provisions of Income Tax Law.

In accordance with Accounting Standard-22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, deferred taxes resulting from timing differences between book and tax profits are accounted for at tax rate substantively enacted by the Balance Sheet date to the extent the timing differences are expected to be crystallized.

12) Misc. Expenditure

Misc. expenditure represents ancillary cost incurred in connection with the incorporation and share issue expenses and brand promotion expenditure. It has been decided to write off these expenses over the period of five years.

13) Revenue Recognition

Sale of goods is recognized when the risk and reward of ownership are passed on to the customers. Revenue from services is recognized when the services are complete.

14) Investments

Long term investments, other than investment in Associates and Subsidiaries, are carried at cost less provision for permanent diminution, if any, in value of such investments. Current investments are carried at lower of cost and fair value. Income/Loss from investments is recognized in the year in which it is generated.

15) Provision and Contingencies

The company creates a provision when there is a present obligation as a result of past event that requires an outflow of resources and a reliable estimate can be made of the amount of obligation.

A disclosure for a contingent liability is made when there is a present obligation that may require an outflow of resources or where a reliable estimate of such obligation cannot be made.

16) Cash Flow Statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

17) Earnings per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

Notes to Standalone Financial Section

As at & for the year ended March 31, 2013

NOTE 2 SHARE CAPITAL

(₹In Million)

Sl. No.	Particulars	Current Year	Previous Year
1	AUTHORIZED CAPITAL		
	25,000,000 Equity Shares of ₹10/- each	250.00	250.00
	(Previous year 25,000,000 Equity Shares of ₹10/- each)		
		250.00	250.00
2	ISSUED, SUBSCRIBED & PAID UP CAPITAL		
	22,323,636 Equity Shares of ₹10/- each	223.24	212.97
	(Previous Year 21,296,683 Equity Shares of ₹10/- each)		
	Total	223.24	212.97

1. Reconciliation of the number of issued, subscribed and paid-up shares :

Particulars	Current Year	Previous Year
Shares outstanding as at the beginning of the year	21,296,683	20,296,683
Shares bought back during the year	-	-
Additions during the year	1,026,953	1,000,000
Deletion during the year	-	-
Shares outstanding as at the end of the year	22,323,636	21,296,683

a) 641,953 Equity shares were issued on June 21, 2012 upon conversion of equal number of warrants held by APL Infrastructure Pvt. Ltd. (Promoter group entity) out of total 641,953 warrants issued @ ₹176/-.

b) 385,000 Equity shares were issued on March 23, 2013 upon conversion of equal number of warrants held Mr. Ashok Kumar Gupta (a promoter group entity) out of total 1,500,000 warrants issued @ ₹145/-.

2. Particulars of Securities convertible into Equity shares issued and fund raised during the current and immediately preceeding financial year :

Particulars		(₹in million)
I. 1,641,953 warrants were issued @ ₹176/- each warrant to APL Infrastructure Pvt. Ltd. (a promoter group entity) entitling for equal number of Equity Shares having nominal value of ₹10/- each within 18 months from the date of allotment i.e. December 22, 2010		
a) being 25 % subscription amount received before allotment of 1,641,953 warrants made on December 22, 2010.		72.25
b) being 75 % subscription amount received before conversion of 1,000,000 warrants into equity shares, equity shares were allotted on March 13, 2012.		132.00
c) being 75 % subscription amount received before conversion of 641,953 warrants into equity shares, equity shares were allotted on June 21, 2012.		84.74
II. 1,500,000 warrants were issued @ ₹145/- each warrant to Mr. Ashok Kumar Gupta (a promoter group entity) entitling for equal number of Equity Shares having nominal value of ₹10/- each within 18 months from the date of allotment i.e. February 14, 2012		
a) being 25 % subscription amount received before allotment of 1,500,000 warrants made on February 14, 2012		54.38
b) being 75 % subscription amount received before conversion of 385,000 warrants into equity shares, equity shares were allotted on March 23, 2013. (remaining 1,115,000 warrants were pending for allotment as at March 31, 2013.)		41.87
		385.24
Details of utilisation of fund received :		
i) Part funding for acquisition of Lloyds Line Pipes Ltd.	72.25	
ii) Part finance of ongoing Capex programme & margin of working capital.	312.99	385.24

Notes to Standalone Financial Section

As at & For the year ended March 31, 2013

NOTE 2 SHARE CAPITAL (Contd.)

3. Details of allotment of securities in the preceeding 5 financial years :

i)	Bonus Issue : 3,198,000 Equity shares of ₹10/- each were issued as 1 [One] : 1 [One] fully paid bonus to existing equity shareholders on June 6, 2007.
ii)	Warrant Issue : 3,175,000 warrants were issued @ ₹140/- each warrant to promoters and other strategic investors entitling them for equal number of Equity Shares and bonus shares having nominal value of ₹10/- each (i.e. warrant holder were entitled for 2 Equity Shares against each warrant they have) within 18 months from the date of allotment i.e. July 5, 2007 a) 4,281,000 Equity Shares were issued on conversion of 2,140,500 warrants on January 23, 2008. b) 782,000 Equity Shares were issued on conversion of 391,000 warrants on April 28, 2008 c) 787,000 Equity Shares were issued on conversion of 393,500 warrants on June 27, 2008. d) 370,000 Equity Shares were issued on conversion of 185,000 warrants on April 4, 2009 e) Subscribers of 65,000 share warrants didn't exercised their option within 18 months of allotment of warrants and consequently, their initial subscription amount was forfeited
iii)	1,798,333 Equity shares has been issued to erstwhile shareholders of Shree Lakshmi Metal Udyog Limited for acquiring their 100% Equity shares in a non-cash deal [swap ratio 1 [One] Share of APL Apollo Tubes Limited for every 3 [Three] shares of Shri Lakshmi Metal Udyog Limited] on April 28, 2008.
iv)	Equity share issued as underlying security for GDR issue a) On June 18, 2008 2,941,200 Equity Shares were allotted as underlying securities for 1,470,600 Global Depository Receipts. b) On July 17, 2008 2,941,150 Equity Shares were allotted as underlying securities for 1,470,575 Global Depository Receipts.
v)	Warrant Issue : 1,641,953 warrants were issued @ ₹176/- each warrant to promoters entitling them for equal number of Equity Shares having nominal value of ₹10/- each within 18 months from the date of allotment i.e. December 22, 2010 a) 1,000,000 Equity Shares were issued on conversion of equal no of warrants on March 13, 2012. b) 641,953 Equity Shares were issued on conversion of equal no of warrants on June 21, 2012.

Details of shareholding more than 5% of the aggregate share of the company

	Current Year		Previous Year	
	No. of Shares held	% of Holdings	No. of Shares held	% of Holdings
Name of the Shareholder				
APL Infrastructure Private Limited*	7,948,440	35.605%	7,306,487	34.308%
Kitara PIN	3,000,000	13.439%	3,000,000	14.087%

*(A Promoter Group Entity)

Notes to Standalone Financial Section

As at & For the year ended March 31, 2013

NOTE 3 RESERVE & SURPLUS

(₹In Million)

Sl. No.	Particulars	Current Year	Previous Year
1	Security Premium	1,723.17	1,564.63
	Balance brought forward from previous year	1,564.63	1,398.63
	Add: Additions	158.54	166.00
	Less: Transfers	-	-
2	General Reserve	150.15	100.15
	Balance brought forward from previous year	100.15	71.40
	Add: Additions	50.00	28.75
	Less: Transfers	-	-
3	Surplus (Statement of Profit & Loss)	871.27	704.43
	Balance brought forward from previous year	704.43	495.34
	Less: Dividend Propsed / Paid#	111.62	42.59
	Less: Dividend Distribution Tax on Dividend	18.10	7.07
	Less: Transfer to Reserves	50.00	28.75
	Add: Profit for the period	346.55	287.52
	Total	2,744.59	2,369.22

Dividend Proposed to be distributed to equity shareholders is ₹5/- (Previous Year Proposed Dividend ₹2.00) per equity share

NOTE 4 LONG TERM BORROWINGS

(₹In Million)

Sl. No.	Particulars	Current Year	Previous Year
	Secured Loans		
1	Term Loan		
	- From Bank	473.94	479.56
	Total	473.94	479.56

Installment falling due in respect of all the above Loans upto 31.03.2014 have been grouped under " Current Maturities of long term debt" .

Nature of Security and terms of repayment for Long Term Secured Borrowings:-

Sl. No.	Amount of Loan	Terms of Repayment
1	Term Loan amounting ₹480.00 Million (P.Y. ₹370.680 Million).	Repayable in 18 unequal quarterly installments commencing from December, 2012. Last installment due on March, 2017. Rate of interest 12.50% p.a as at year end (P.Y. 12.50%)
2	Term Loan amounting ₹112.29 Million (P.Y. ₹187.30 Million).	Repayable in 16 equal quarterly installments commencing from November, 2010. Last installment due on August, 2014. Rate of interest was 9.75% till September 2011 and thereafter it was reset to 12%
	Nature of Security for Sub Note No. 1.1 & 1.2 of Note No. 4 and Sub Note No. 1.1 of Note No. 8: First pari pasu charge on current assets, movable fixed assests, present and future, of the company and further secured by equitable mortgage on company's land and building situated A-19 Industrial area Sikandarabad, U.P and at 332-338, Alur-Village, Perandapalli - Hosur on first pari passu basis. These credit facilities are furhter collaterlly secured by coporate guarantee and Land & Building of V S Exim Pvt. Ltd., situated at A-20 Industrial Area, Sikandrabad U.P. and Personal guarantee of Mr Sameer Gupta, Mr. Vinay Gupta and Mr Sanjay Gupta (Promoter Directors).	

Notes to Standalone Financial Section

As at & For the year ended March 31, 2013

NOTE 4 LONG TERM BORROWINGS (Contd.)

Nature of Security and terms of repayment for Long Term Secured Borrowings:- (Contd.)

Sl. No.	Amount of Loan	Terms of Repayment
3	Term Loan amounting ₹35.99 Million (P.Y. ₹36.60 Million) is secured against mortgage of Estate Home (residential property under construction) at E-11 (Land-II), Jaypee Greens, Greater Noida (U.P.)	Repayable in 254 monthly installments commencing from October, 2007. Last installment due on November, 2028. Carries floating rate of interest linked with Base Rate i.e. base rate+275bps. Rate of Interest 10.75% p.a.as at year end.
4	Various Vehicle Loans total amount ₹3.50 Million of hypothecation of respective vehicle.	All loans have 36 monthly installments commencing from various dates, carry rate of interest between 9.50% to 12.00% P.A. First loan installment commencing from Aug, 2008 and installment of last loan upto January, 2015.

NOTE 5 OTHER LONG TERM LIABILITY

(₹In Million)

Sl. No.	Particulars	Current Year	Previous Year
1	Security Liability	0.50	-
	Total	0.50	-

NOTE 6 LONG TERM PROVISIONS

(₹In Million)

Sl. No.	Particulars	Current Year	Previous Year
1	Provisions for Employee Benefits	6.32	4.22
	Total	6.32	4.22

The Company has provided for the retirement benefits as per the actuarial valuation under the Projected Unit Credit Method.

NOTE 7 SHORT TERM BORROWINGS

(₹In Million)

Sl. No.	Particulars	Current Year	Previous Year
1	Loan Repayable on Demand		
	- From Bank	2,506.75	1,445.36
	Total	2,506.75	1,445.36

For Nature of security refer to Sub Note No. 1.3 of Note No.4

NOTE 8 TRADE PAYABLE

(₹In Million)

Sl. No.	Particulars	Current Year	Previous Year
1	Sundry Creditors for Raw Material	388.58	263.17
2	Sundry Creditors for Trading Goods	90.82	85.40
3	Sundry Creditors for Others	93.82	57.05
4	Expenses Payable	43.05	28.62
	Total	616.27	434.24

For Nature of security refer to Sub Note No. 1.3 of Note No.4

Notes to Standalone Financial Section

As at & For the year ended March 31, 2013

NOTE 9 OTHER CURRENT LIABILITIES

(₹In Million)

Sl. No.	Particulars	Current Year	Previous Year
1	Current Maturities of Long Term Borrowings	157.85	117.64
2	Interest accrued but not due on Borrowings	27.79	3.53
3	Unclaimed Dividend	0.96	0.34
4	Statutory Dues	63.04	48.19
5	Advance From Customers	12.71	30.54
	Total	262.35	200.24

NOTE 10 SHORT TERM PROVISIONS

(₹In Million)

Sl. No.	Particulars	Current Year	Previous Year
1	Provision for Excise Duty on Finished Goods	57.78	39.49
2	Dividend Proposed	111.62	42.59
3	Provision for Taxation (Net)#	13.73	52.03
	Total	183.13	134.11

Provision for taxation includes dividend distribution tax

NOTE 11 FIXED ASSETS

(₹In Million)

DESCRIPTION	RATE @	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		AS AT 01.04.2012	ADDITION DURING THE PERIOD	SALES/ TRANSFER DURING THE PERIOD	AS AT 31.03.2013	UPTO 31.03.2012	FOR THE PERIOD	ADJUSTED DURING THE PERIOD	UPTO 31.03.2013	AS AT 31.03.2013	AS AT 31.03.2012
A. FIXED ASSETS											
Land	--	39.25	35.77		75.03	-	-		-	75.03	39.25
Building	3.34%	238.69	156.52		395.21	21.88	11.30		33.17	362.04	216.81
Plant & Machinery	4.75%	1,088.30	461.03	6.26	1,543.07	130.21	62.44	0.46	192.19	1,350.87	958.09
Office Equipment	4.75%	3.72	13.16		16.88	0.96	0.69		1.65	15.23	2.76
Vehicle	9.50%	28.64	4.31	2.09	30.85	11.04	2.79	0.90	12.93	17.93	17.60
Furniture & Fixture	6.33%	1.49	27.02		28.51	0.16	0.45		0.61	27.90	1.33
Computer	16.21%	6.15	1.42		7.57	2.94	1.13		4.06	3.51	3.21
Zinc (46.142 M.T.)	--	2.13			2.13	-	-		-	2.13	2.13
SUB TOTAL (A)		1,408.37	699.23	8.35	2,099.25	167.19	78.79	1.36	244.62	1,854.63	1,241.18
B. WORK-IN-PROGRESS											
WIP (Building)		131.92	18.53	135.59	14.85	-	-	-	-	14.85	131.92
WIP (Plant & Machinery)		192.90	155.48	346.28	2.10	-	-	-	-	2.10	192.90
WIP (Office Equipment)		10.36	-	10.36	-	-	-	-	-	-	10.36
WIP (Furniture & Fixtures)		4.00	-	4.00	-	-	-	-	-	-	4.00
SUB TOTAL (B)		339.17	174.01	496.23	16.95	-	-	-	-	16.95	339.18
C. Intangible Assets Under Development											
WIP (Software Development)			9.87		9.87					9.87	-
SUB TOTAL (C)		-	9.87	-	9.87	-	-	-	-	9.87	-
Current Year Figure (A + B + C)		1,747.54	883.10	504.58	2,126.07	167.19	78.79	1.36	244.62	1,881.45	1,580.36
Previous Year Figure		1,263.38	488.62	4.46	1,747.54	111.72	55.62	0.15	167.19	1,580.36	1,151.67

Notes to Standalone Financial Section

As at & For the year ended March 31, 2013

NOTE 12 NON-CURRENT INVESTMENT (₹In Million)

Sl. No.	Particulars	Current Year	Previous Year
	Quoted		
	Investment in Equity Shares		
	335,000 Equity Shares of Kisan Mouldling Ltd (Previous Year Nil)	11.55	-
	Unquoted		
	Other than Trade at cost less provision (Unquoted)		
1	Investment in Equity Shares :		
	-In Subsidiary Companies		
	(i) 2,711,100 Equity shares of Apollo Metalex Pvt. Ltd. of ₹ 10/- each fully paid up	72.11	72.11
	(ii) 5,895,000 Equity shares of Shri Lakshmi Metal Udyog Ltd. of ₹ 10/- each fully paid up	362.99	362.99
	(iii) 20,000,000 Equity shares of Lloyds Line Pipes Ltd. of ₹ 10/- each fully paid up	332.50	332.50
2	Investment in Mutual Funds		
	(i) Union KBC Tax Saver	0.50	0.50
	Total	779.65	768.10
	Aggregate book value of unquoted Investments	768.10	768.10
	Aggregate book value of quoted Investments	11.55	-
	Market Value of quoted Investments	10.45	-
	Aggregate provision for diminuiton in value of Investments	-	-

Additional Information:

Out of 5,895,000 Equity Shares of Shri Lakshmi Metal Udyog Limited, 5,395,000 Equity Shares were aquired in a non-cash deal, wherein 1,798,333 Equity shares of ₹10/- each of APL Apollo Tubes Limited were issued to earstwhile shareholders of Shri Lakshmi Metal Udyog Limited [swap ratio 1 [One] share of APL Apollo Tubes Limited for every 3 [Three] shares of Shri Lakshmi Metal udyog Limited] on April 28, 2008 for aquiring their 100% shareholding. Agreegate amount for acquiring for these shares was ₹283.99 Million calculated in accordance with SEBI Guidelines

NOTE 13 LONG TERM LOANS AND ADVANCES (₹In Million)

Sl. No.	Particulars	Current Year	Previous Year
1	Capital Advances		
	Unsecured, Considered Good	281.50	295.15
2	Security Deposit		
	Unsecured, Considered Good	170.95	162.99
3	Loans & Advances to related parties		
	- Wholly Subsidiary Company	330.48	250.00
4	Other Loans & Advances	2.20	1.24
	Total	785.13	709.38

Notes to Standalone Financial Section

As at & For the year ended March 31, 2013

NOTE 14 INVENTORIES (₹In Million)

Sl. No.	Particulars	Current Year	Previous Year
1	Raw Material	705.34	364.31
2	Finished Goods	1,000.28	517.00
3	Stores & Spares	38.41	32.17
4	Rejection & Scrap	31.43	16.46
	Total	1,775.46	929.94

The closing stock of finished goods and scrap has been valued Inclusive of Excise Duty amounting to ₹57.78 Million (Previous Year ₹39.48 Million) as per ASI-14 (Revised) issued by the Institute of Chartered Accountants of India.

For Mode of Valuation, refer Point No. 5 of Significant Accounting Policies.

NOTE 15 TRADE RECIEVABLES (₹In Million)

Sl. No.	Particulars	Current Year	Previous Year
1	Outstanding for more than six months from the date they were due for payment		
	a) Unsecured, Considered Good :	15.43	15.24
2	Others from the date they were due for payment		
	a) Unsecured, Considered Good :	1,638.93	1,213.68
	Total	1,654.36	1,228.92

NOTE 16 CASH & CASH EQUIVALENT (₹In Million)

Sl. No.	Particulars	Current Year	Previous Year
1	Cash and Cash Equivalents		
	Cash Balance	4.89	2.81
	Bank Balance	9.33	11.14
	Sub Total (A)	14.22	13.95
2	Other Bank Balances		
	In margin money with maturity less than 12 months at inception	82.08	16.74
	Accrued Interest on FDR's & Securities	2.33	0.78
	Sub Total (B)	84.40	17.52
	Total	98.62	31.47

NOTE 17 SHORT TERMS LOANS AND ADVANCES (₹In Million)

Sl. No.	Particulars	Current Year	Previous Year
1	Advance Recoverable in cash or in kind or for value to be considered good		
	Advance to Suppliers	39.53	47.23
	Advance to Others	3.74	3.84
	Advance Income Tax/Refund Due	-	-
	Prepaid Expenses	1.63	9.46
	Advance Payment with Revenue Authorities (Indirect Taxes)	181.45	146.50
	MAT Credit Entitlement	25.38	21.22
	Total	251.73	228.25

* The company has filed an SLP no. 14813/2012 with the Hon'ble Supreme Court of India against the order of Hon'ble Allahabad High Court for not levying the Entry Tax for the financial years from 2007-08 to 2010-11. However The Company has deposited ₹79,584,630 (Rupees Seven Crore Ninety Five Lacs Eighty four Thousand Six Hundered Thirty Only) as " Entry Tax Under Protest" for the above mentioned period.

Notes to Standalone Financial Section

As at & For the year ended March 31, 2013

NOTE 18 OTHER CURRENT ASSETS (₹In Million)

Sl. No.	Particulars	Current Year	Previous Year
1	Claim Receivable	28.97	54.71
2	Brand Image Expenses	20.95	5.60
	Total	49.92	60.31

NOTE 19 REVENUE FROM OPERATIONS (₹In Million)

Sl. No.	Particulars	Current Year	Previous Year
1	Sales Domestic	16,965.96	11,364.20
2	Sales Export	532.38	273.09
3	Job Work	3.75	8.98
4	Other Operating Income	8.60	
5	Export Incentive	27.18	12.09
	Total	17,537.87	11,658.35

	Detail of Sale of Products	Current Year	Previous Year
1	Black pipe	11,512.71	6,071.19
2	Galvanized Pipe	4,052.15	2,854.12
3	Pre Galvanized Pipe	961.55	1,613.56
4	Coils	384.14	883.80
5	Others	587.77	214.62
	Total	17,498.32	11,637.29

NOTE 20 OTHER INCOME (₹In Million)

Sl. No.	Particulars	Current Year	Previous Year
1	Misc Income	9.24	2.66
2	Interest Income	1.07	3.02
	Total	10.31	5.67

NOTE 21 COST OF MATERIAL CONSUMED (₹In Million)

Sl. No.	Particulars	Current Year	Previous Year
1	Opening Stock	364.31	310.11
	Add: Purchases	10,541.84	7,509.18
	Less: Closing Stock	705.34	364.31
	Total	10,200.81	7,454.98

	Detail of Sale of Products	Current Year	Previous Year
1	Black pipe	6.25	100.00
2	HR Coil	9,213.67	5,992.87
3	GP Coil	752.85	1,073.54
4	Zinc	222.17	152.87
5	Others	5.87	135.70
	Total	10,200.81	7,454.98

All the above raw material consumed includes indigenous materials consumed. There is no imported material consumed during the year.

Notes to Standalone Financial Section

As at & For the year ended March 31, 2013

NOTE 22 CHANGE IN INVENTORIES (₹In Million)

Sl. No.	Particulars	Current Year	Previous Year
1	Opening Stock (Net of Excise Duty)		
	Finished Goods	477.90	535.24
	Scrap	14.79	8.42
	Total-1	492.69	543.66
2	Closing Stock (Net of Excise Duty)		
	Finished Goods	945.49	477.90
	Scrap	28.46	14.79
	Total-2	973.95	492.69
	Total(2-1)	(481.24)	50.97

NOTE 23 EMPLOYEMENT BENEFIT EXPENSES (₹In Million)

Sl. No.	Particulars	Current Year	Previous Year
1	Salaries, Wages, Bonus etc.	149.93	71.25
2	Contribution to Provident and other Funds	8.26	8.23
3	Staff Welfare Expenses	5.85	2.87
	Total	164.04	82.35

NOTE 24 FINANCIAL COST (₹In Million)

Sl. No.	Particulars	Current Year	Previous Year
1	Interest on Working Capital Facilities	265.37	196.50
2	Interest on Term Loan	38.07	
3	Other Borrowing Cost	16.61	35.83
	Total	320.05	232.33

NOTE 25 OTHER EXPENSES (₹In Million)

Sl. No.	Particulars	Current Year	Previous Year
1	Stores & Consumables		
	Furnace Oil	42.96	26.36
	Others	73.03	45.94
2	Power & Fuel	147.53	92.85
3	Rent	28.43	10.14
4	Repair & Maintenance :-		
	Building	0.26	0.09
	Plant & Machinery	3.84	3.19
	Others	0.95	0.13
5	Insurance	0.61	0.38
6	Rates & Taxes	5.06	2.49
7	Job Work	10.74	12.42
8	Freight Expenses		
	Inward	20.02	19.59
	Outward	338.70	243.89
9	Legal & Professional Charges	5.01	3.08
10	Commission on sales	45.28	20.69
11	Others	77.62	49.28
	Total	800.04	530.52

Notes to Standalone Financial Section

As at & For the year ended March 31, 2013

NOTE 26 EXCEPTIONAL ITEM

During the year the Company has sold Plant & Machinery of ₹2.00 Million and Vehicle of ₹0.22 Million consequently, there is loss on sale of ₹3.66 Million.

NOTE 27 CONTINGENT LIABILITY

Contingent liability not provided for in respect of; (₹In Million)

Sl. No.	Particulars	Current Year	Previous Year
1.	Counter guarantee to Union Bank of India for performance guarantee given to various departments	133.55	3.52
2.	Corporate Guarantee(s) have been given for securing working capital facilities sanctioned to its Subsidiary Companies.		

NOTE 28 EMPLOYEE BENEFITS

Long Term Employee Benefits

The following table sets forth the status of the Gratuity Plan of the company, and the amounts recognized in the balance sheet and statement of profit and loss account. The liability for Gratuity as at March 31, 2013 have been actuarially determined and provided for in the accounts. (₹In Million)

Particulars	Current Year	Previous Year
Changes in the present value of defined benefit obligation		
Present benefit obligation at the beginning of year	4.22	2.85
Current service cost	1.53	0.94
Interest cost	0.34	0.24
Past service cost	Nil	NIL
Actuarial gain/(loss)	0.68	0.58
Benefits paid	(0.43)	0.40
Projected benefit obligation at the end of the year	6.34	4.21
Changes in the fair value of plan assets		
Fair value of plan assets at the beginning of the year		
Expected return on plan assets	-	-
Contributions	-	-
Actuarial gain/(loss)	-	-
Fair value of plan assets at the end of the year	-	-
Amount recognized in the balance sheet		
Projected benefit obligation at the end of the year	6.34	4.21
Fair value of plan assets at the end of the year	-	-
Funded status of the plans-asset/(liability)-Liability recognized in the balance sheet	(6.34)	(4.21)
Gratuity cost for the year		
Current service cost	1.53	0.94
Interest Cost	0.34	0.24
Past service cost	-	-
Expected return on plan assets	-	-
Net actuarial gain/(loss) recognized in the year	0.69	0.58
Net Gratuity cost	2.56	1.76

Notes to Standalone Financial Section

As at & For the year ended March 31, 2013

NOTE 28 EMPLOYEE BENEFITS (Contd.)

(₹In Million)

Particulars	Current Year	Previous Year
Assumptions		
Discount rate	8.00	8.50
Expected rate of return on plan assets	-	-
Long term rate of compensation increase	5.50	6.00

NOTE 29 DISCLOSURE REGARDING COMPUTATION OF EPS IN ACCORDANCE WITH AS-20.

(₹In Million except EPS and No. of Shares)

Sl. No.	Particulars	Current Year	Previous Year
A.	Basic EPS		
	Profit After Tax As per P&L A/c (₹)	346.55	287.52
	Weighted Avg. Number of Equity Share	21,805,668	20,345,863
	Basic EPS(₹)	15.89	14.13
B.	Diluted EPS		
	Profit After Tax As per P&L A/c (₹)	346.55	287.52
	Diluted Number of Equity Shares o/s	22,920,668	23,438,636
	Diluted EPS (₹)	15.12	12.27
C.	Computation of Diluted Number of Equity Shares		
	1. Weighted average number of equity shares outstanding during the year	21,805,668	21,296,683
	2. Average fair value of one equity share during the year	10.00	10.00
	3. Weighted average number of share warrant issue during the year	1,115,000	2,141,983
	4. Warrants were issued entitling the holders to subscribe for one equity share having nominal value ₹ 10 for every warrant issued.	10.00	10.00
	5. Total Diluted Equity Shares (1 + 3)	22,920,668	23,438,636

NOTE 30

The Company has only one segment i.e. manufacturing of Steel tubes and pipes, therefore segment reporting as required under Accounting Standard –17 is considered as not applicable.

NOTE 31 BRAND BUILDING EXPENSE

During the Year the Company incurred an expenditure of ₹69.74 Millions (Previous Year ₹14.85 Millions) on Brand building exercise, which has been grouped under miscellaneous expenses and will be amortized in 5 years equally.

NOTE 32

Provision for Income Tax for the current year has been computed based on Minimum Alternate Tax in accordance with Section 115JB of the Income Tax Act, 1961. Taking into consideration the future profitability and the taxable position in the subsequent years, the Company has recognized MAT Credit Entitlement to the extent of ₹4.17 Millions (Previous Year ₹21.21 Millions) in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternate Tax under Income Tax Act, 1961 issued by the Institute of Chartered Accountants of India.

Notes to Standalone Financial Section

As at & For the year ended March 31, 2013

NOTE 33 RELATED PARTY DISCLOSURES (AS-18)

a) Name of the related parties and description of relationships;

Related Parties with whom transaction have taken place during the year and balances outstanding as on the last day of the year;

Name of related parties where control exists irrespective of whether transactions have occurred or not	
Wholly Owned Subsidiary companies	Apollo Metalex (P) Ltd. Shri Lakshmi Metal Udyog Ltd. Lloyds Line Pipes Limited
Name of other related parties with whom transactions have taken place during the year	
Associates	Apollo Pipes Ltd. V. S. Exim (P) Ltd. APL Infrastructure (P) Ltd.
Key Management Personnel	Promoter Group Mr. Sanjay Gupta (Chairman) Mr. Ashok K Gupta (Managing Director) Mr. Vinay Gupta (Director) Mr. Sameer Gupta (Director)
Relatives of Key Management Personnel	Mrs. Saroj Rani Gupta (Mother of Directors) Mrs. Neera Gupta (Wife of Sh. Sanjay Gupta) Mrs. Vandana Gupta (Wife of Sh. Vinay Gupta) Mrs. Meenakshi Gupta (Wife of Sh. Sameer Gupta)

b) Detail of Related Party Transactions

(₹In Million)

Particulars	Wholly Owned Subsidiaries	Associates	Key Management Personnel	Relative of key management Personnel	Total
Sales of Goods / Job Work/ Machinery	406.95	-	-	-	406.95
Purchase of Goods / Job Work/ Machinery	4,267.04	-	-	-	4,267.04
Transfer of DEPB	-	2.35	-	-	2.35
Director's Remuneration Paid	-	-	28.36	-	28.36
Office/Vehicle/Factory rent Paid	-	10.80	-	10.56	20.76
Funds Received	-	-	-	-	-
Funds Given	80.00	-	-	-	80.00

c) Amount due to /from Related Parties as at March 31, 2013

(₹In Million)

Particulars	Wholly Owned Subsidiaries	Associates	Key Management Personnel	Relative of key management Personnel	Total
Amount due to Related Parties	90.82	-	-	-	90.82
Amount due from Related Parties	330.00	-	-	-	330.00

Notes to Standalone Financial Section

As at & For the year ended March 31, 2013

(₹In Million)

Particulars	Current Year	Previous Year
NOTE 34 VALUE OF IMPORT	NII	34.01
NOTE 35 VALUE OF EXPORT (CIF)	532.38	273,09
NOTE 36 EXPENDITURE IN FOREIGN CURRENCY	6.59	59.65
NOTE 37		

The outstanding balance of Debtors/Creditors in the books of the company is subject to confirmation.

NOTE 38 AUDITORS REMUNERATION (EXCLUDING SERVICE TAX)

(₹In Million)

Sl. No.	Particulars	Current Year	Previous Year
i)	Statutory Audit Fee	0.75	0.75
ii)	Taxation matters	0.15	0.15
iii)	Other Services	0.10	0.10
	Total	1.00	1.00

NOTE 39 BREAK UP OF MANAGERIAL REMUNERATION

(₹In Million)

Sl. No.	Particulars	Current Year	Previous Year
i)	Salaries	27.84	2.40
ii)	Contribution to Provident Fund	0.52	-
iii)	Other Perquisites	-	-
iv)	Commission	-	-
	Total	28.36	2.40

NOTE 40 BREAK UP OF DIRECTORS TRAVELING EXPENSES

(₹In Million)

Sl. No.	Particulars	Current Year	Previous Year
i)	Foreign Travelling	2.90	2.13
ii)	Inland Travelling	0.91	2.78

NOTE 41

The Company could not identify whether any of its creditors is SSI undertaking and Micro, Small and Medium Enterprises covered under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act). Particulars of amount as at March 31, 2013, if any, due to such undertaking could, therefore, not to be disclosed.

NOTE 42

Amounts except number of shares and earnings per share are rounded off to the nearest rupees.

NOTE 43

The figures of previous year have been regrouped/rearranged wherever considered necessary.

As per our separate audit Report of even date attached

for VAPS & CO.

for and on behalf of the Board

Chartered Accountants

Firm Regn. No. 003612N

(P.K. Jain)

Partner

M. No: 082515

Sanjay Gupta

Chairman

Ashok K. Gupta

Managing Director

Vinay Gupta

Director

Place : New Delhi

Dated : May 30, 2013

Pankaj K. Gupta

GM- Finance & Accounts

Adhish Swaroop

Company Secretary

CORPORATE INFORMATION

Chairman

Mr. Sanjay Gupta

Managing Director

Mr. Ashok K. Gupta

Directors

Mr. Aniq Husain

Mr. C S Johri

Mr. Rakesh Jinsi

Mr. Sameer Gupta

Mr. S T Gerela

Mr. Vinay Gupta

GM (Finance & Accounts)

Mr. Pankaj K Gupta

Company Secretary

Mr. Adhish Swaroop

Registered office

37, Hargobind Enclave, Vikas Marg, Delhi – 110 092

Corporate office

36, Kaushambi, Near Anand Vihar Terminal, Ghaziabad
Delhi-NCR – 201010

Registrar & Share Transfer Agent

Abhipra Capital Limited

A387, Dilkush Industrial Area, G.T. Karnal Road

Azadpur, Delhi – 110 033

Auditors

VAPS & CO.

C-42, South Extension Part-II

New Delhi – 110 049

Bankers

Axis Bank Limited

DBS Bank Limited

HDFC Bank Limited

ING Vysya Bank Limited

State Bank of India

Union Bank of India

Yes Bank Limited

Works

Unit-I

A-19, Industrial Area, Sikandrabad,

Distt. Bulandshahar, (U.P.)

Unit-II

No.332-338, Alur Village

Perandapalli, Hosur (Tamil Nadu)

Wholly-owned subsidiaries

Apollo Metalex Private Limited

A-2, Industrial Area, Sikandrabad,

Distt. Bulandshahar, (U.P.)

Shri Lakshmi Metal Udyog Limited

No. 9 to 11, KIADB Industrial Area

Attibele, Bengaluru – 562107

Lloyds Line Pipes Limited

Plot no. M-1, Additional MIDC Area

Murbad, Thane, Maharashtra – 421401

Warehouses-cum-branches

Ahmedabad: 208-Block, Swadeshi Industries Compound, ,
Sarkhej, Ahmedabad (Gujarat)

Bengaluru: 77-Re Sy No.77/1, Sy No.76, Hommadevanahalli
Village, B.G.Road, Bangluru South (Karnataka)

Cochin: B O :33/2361-B1(A) Chalikavattom Near Idbi Bank
Vytila Bye-Pass Ernakulam, Kochi (Kerala)

Faridabad: 12-13, Sahpur Road, Ballabhgarh (Haryana)

Ghaziabad: 103, Prakash Industrial Estate, Ghaziabad (UP)

Goa: Mushir Wada, Colvale,Bardez Goa (N), Goa

Himachal Pradesh:Trilokpur Road, Kala Amb, Sirmour (HP)

Hissar: Plot No. – 1, Ganesh Vihar, Near L-1 wine godown,
Delhi Road, Hissar (Haryana)

Hyderabad: 154, Doolapally, Qutubullapur, Mandal,
Rangareddy, Hyderabad (Andhra Pradesh)

Indore: 13-A, Udyog Nagar, Behind old lakhani factory,
Nemawar road, Palda, Indore (Madhya Pradesh)

Jaipur: Sikar Road, Rajawas, Near Bus Stand, Jaipur (Raj.)

Kanpur: 128/69, ‘D’ Block, Kidwai Nagar, Kanpur (UP)

Ludhiana: 41, Vill: Khakat, G.T.Road Sahnewal, Ludhiana, Punjab

Mumbai: Kwc-1694 To 1698 Road No.21 & 22,
Steel Market, Kalamboli, Navi Mumbai, (Maharastra)

Nagpur: 895, Plot No.15 & 24 Near Avatar Dhaba,
Amravati Road, Wardhman, Nagpur (Maharastra)

New Delhi: Shop No. 2, Plot No. 211, Khasra No. 584,
Karkardooma Village, New Delhi – 110092

Pune: Handewadi Road, Vill: Devachi & Uruli,
Pune (Maharastra)

Raipur: Ring Road No.2, Hirapur Sandogri Lohabazar,
Plot No.C-19, Raipur (Chattisgarh)

Rudrapur: 194, Vill: Bhurarani, Rudrapur-263153, (UK)

Surat: Plot No. A-16, SVP Road, No. – 3, Opp. Dharti
Namkin, Udhna, Udyog Nagar, Surat – 394210, Gujarat.

Disclaimer

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management’s plans and assumptions. We have tried wherever possible to identify such statements by using words such as ‘anticipates’, ‘estimates’, ‘expects’, ‘projects’, ‘intends’, ‘plans’, ‘believes’, and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.