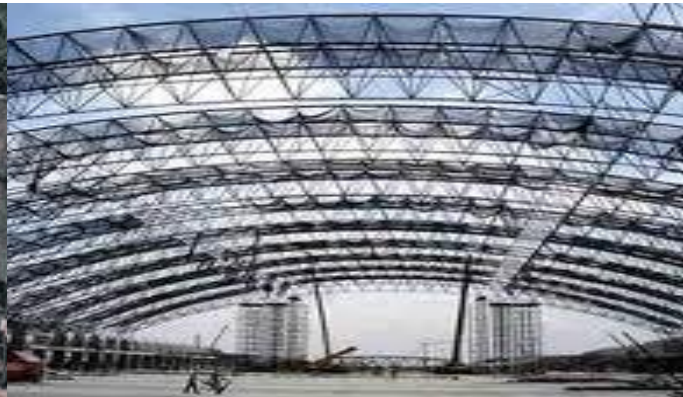


# APL APOLLO TUBES LIMITED

Q4'FY13 INVESTOR PRESENTATION

JUNE 2013



## Q4 and FY13 performance

Chairman's message and outlook

Business overview

Shareholding pattern

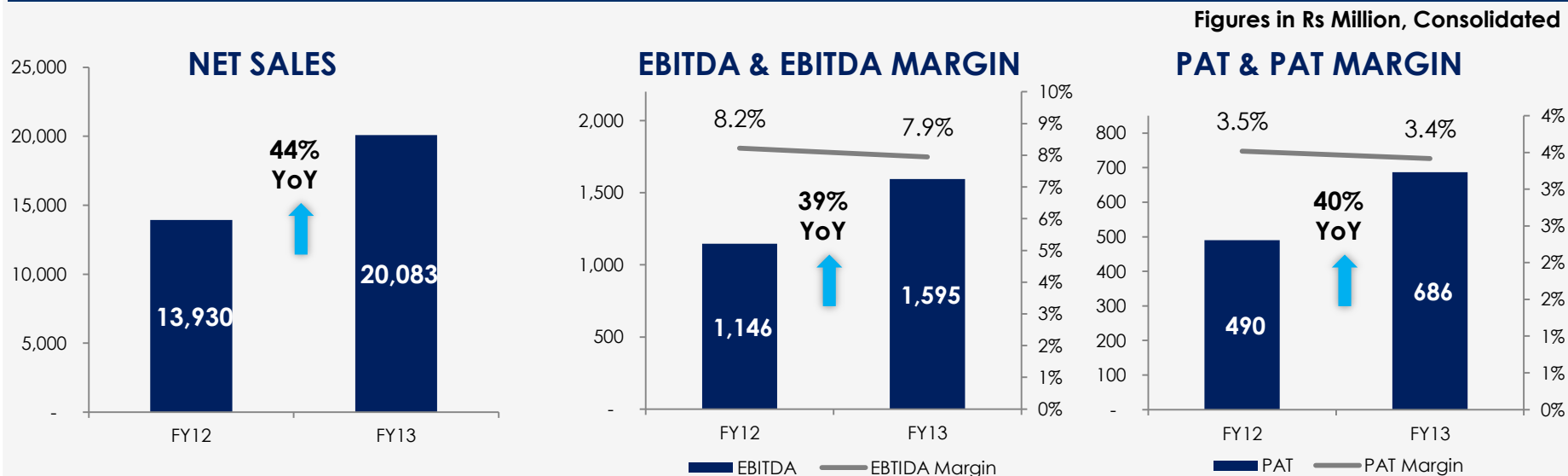
Annexure

# INDIA'S LARGEST ERW TUBES COMPANY

## Key highlights:

- ▶ Highest ever sales of ~131, 000 tonnes in Q4'FY13 and ~464,000 tonnes in FY13
  - Driven by strong demand across diversified industries, including replacement demand
  - Key clients added in the year include Bangalore Metro, Goa Airport, Nashik Airport, Firepro, etc.
  - Continued to supply to prestigious clients like BHEL, L&T, Adani, Ashok Leyland, Jain Irrigation among others
  - New warehouse-cum-branches opened in Delhi, Indore and Raipur
- ▶ Production capacity up by ~1,00,000 TPA across all 5 units to reach 600,000TPA
- ▶ Capacity utilization of ~85%, best in the industry
- ▶ Vision 2015: 1MTPA on track, with brown-field additions across all plants
  - ~200,000TPA capacity to be added in FY14, taking the total capacity up to 800,000TPA

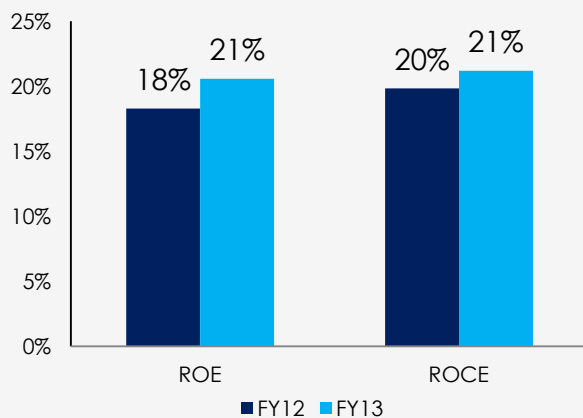
# FY13: SUSTAINED GROWTH OF 40% IN SALES AND PROFITS



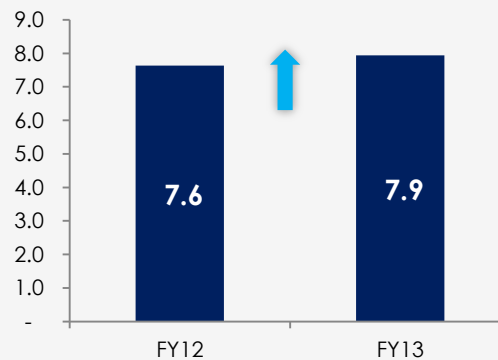
- ▶ Net sales up 44% YoY to reach Rs 20,083mn in FY13
- ▶ Volumes up 43% to reach ~464,000 tonnes in FY13
- ▶ EBITDA at Rs 1,595mn, up 39% YoY. EBITDA margin maintained at ~8%.
- ▶ PAT at Rs 686mn, up 40% YoY. PAT margin maintained at 3.4%

# FY13: HIGH RETURNS AND HEALTHIER FINANCIALS

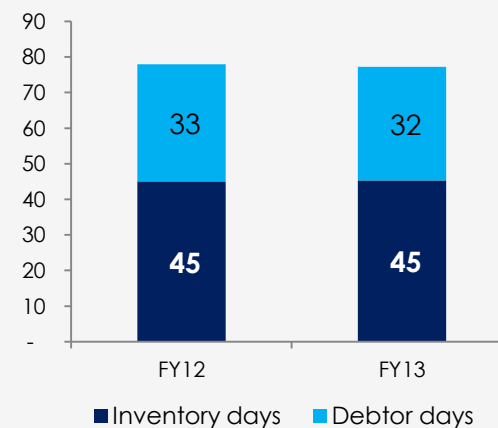
## HIGH RETURNS



## IMPROVING FIXED ASSET TURNOVER



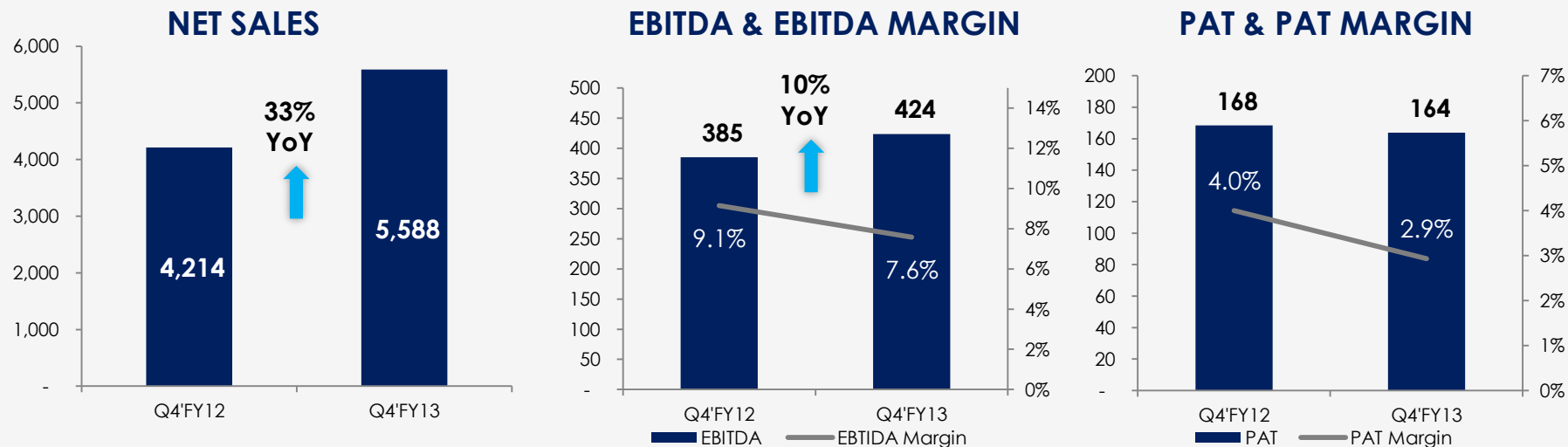
## LEAN OPERATING CYCLE



- ▶ Higher return ratios in FY13, led by improving asset turnover and leaner operations
- ▶ Fixed asset turnover up to 7.9x in FY13 from 7.6x in FY12,
  - Introduction of new technology in balancing and finishing equipments that resulted in improved synchronization of operations
- ▶ Debtor days reduced by 1 day in FY13 to 32 days
- ▶ Inventory levels maintained at 45 days

# Q4'FY13: HIGHEST EVER QUARTERLY SALES

Figures in Rs Million, Consolidated

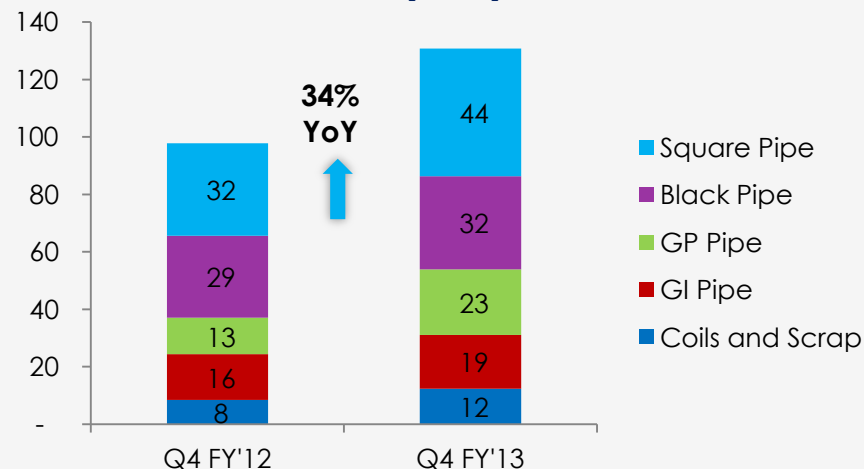


- ▶ Net sales up 33% YoY to reach Rs 5,588mn in FY13 driven by highest ever quarterly sales of ~131,000 tonnes, an increase of 34% YoY
- ▶ EBITDA for the quarter at Rs 424mn, an increase of 10% YoY
- ▶ PAT at Rs 164mn

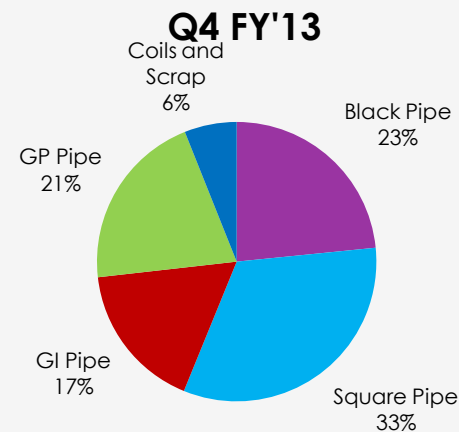
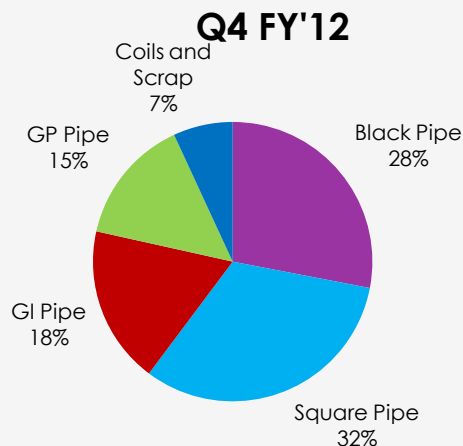
# FAST PACED GROWTH IN ALL SEGMENTS

- ▶ Higher value-add Pre-Galvanized tubes (GP Pipes), is the fastest growing segment at volume growth of 80% YoY and value growth of 87% YoY
- ▶ Total Galvanized share in revenues at 38% in Q4'FY13 versus 33% in Q4'FY12

**SALES VOLUMES ('000)**



**SALES VALUE BREAK-UP**



Q4 and FY13 performance

## Chairman's message and outlook

Business overview

Shareholding pattern

Annexure



# CHAIRMAN'S MESSAGE

“We are happy to report 3<sup>rd</sup> consecutive year of over 40% growth with our net sales crossing Rs 20,000mn mark. Our robust and sustained growth performance, Revenue CAGR of 49% (FY08-13), amidst economic slowdown is a reflection of carefully cultivated advantages: manufacturing across India, closeness to customer through extensive distribution and superior product portfolio.

Indian ERW steel tube market is at an inflection point, transformed by widening applications across industries, replacing conventional building materials like wood and steel angles. We have been able to proactively capture this demand through investing at the right time in the right business strategies.

FY13 was a milestone for us as we became India's largest ERW tubes company after increasing our capacity to 600,000 TPA.

We look forward to extend our leadership considerably with 1MTPA firmly in sight. We are confident about sustaining our growth above 30% and margins near the current level in the next year.”

**Mr. Sanjay Gupta**  
**Chairman, APL Apollo Tubes Limited**

Q4 and FY13 performance

Chairman's message and outlook

Business overview

Shareholding pattern

Annexure

# STRONG COMPETITIVE ADVANTAGES

## ▶ Superior product portfolio

- First ERW steel tube company to be present in all four segments
- Pioneered Pre-Galvanized segment in India
- Largest in Hollow sections
- Widest variety of ERW tubes with over 300 variants

## ▶ Extensive Pan-India distribution

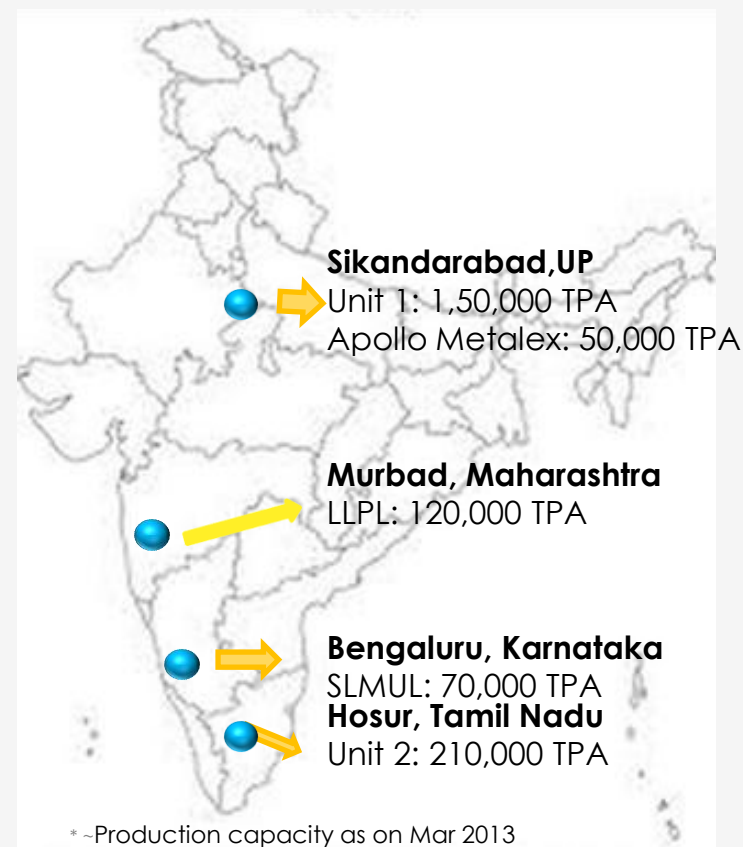
- 300 direct dealers and 1,000+ indirect dealers
- 17 warehouse cum branches

## ▶ Highly efficient operations

- World-leading Japanese mill technology from Kusakabe
- Plants running at ~85% utilization
- Over 95% input-output ratio
- Low operational costs
- Product-quality at par with global standards
- Ability to quickly turnaround acquired units
- Largest buyer of HR Coils from JSW Steel

## ▶ Manufacturing competitiveness

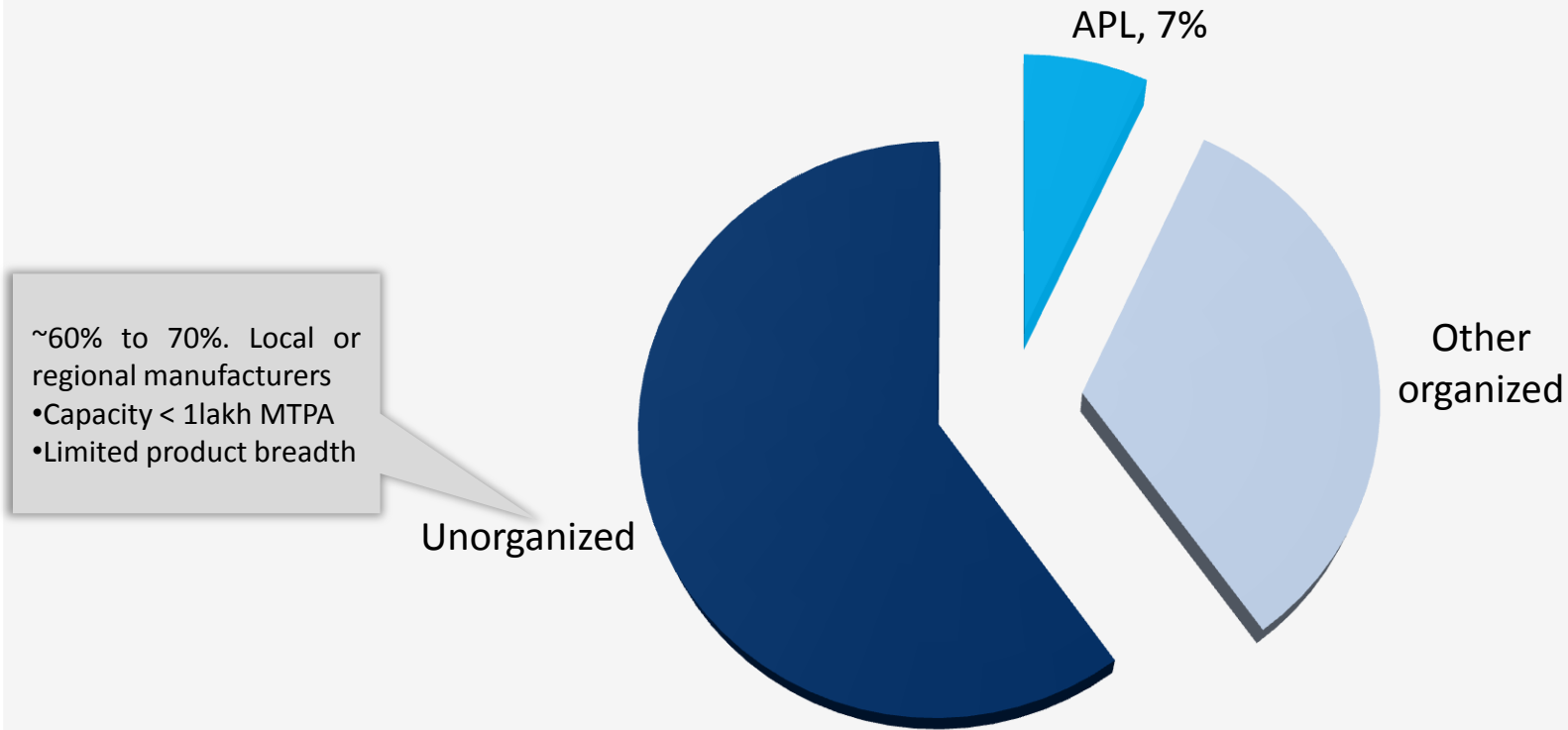
- Only player with plants across North, West and South India



# PULLING MARKET SHARE FROM UN-ORGANIZED SECTOR

Competitively positioned to gain from unorganized sector as market consolidates

ERW market share estimates



# POISED TO GROW ABOVE 30%, 1MTPA BY 2015

## ▶ 1MTPA by 2015

- Brownfield additions at all existing units
- Focus on higher-value galvanized tubes with plans to double in-house sheet galvanizing capacity
- To be funded by internal accruals, D/E to be maintained close to 1x

## ▶ To be supported by distribution expansion

- Expansion of product-portfolio to capture gaps, and niche applications
- Doubling of dealer network from current 300 dealers to over 600 dealers pan India
- Doubling of warehouse-cum-branches from 17 at present to close to 30

Q4 and FY13 performance

Chairman's message and outlook

Business overview

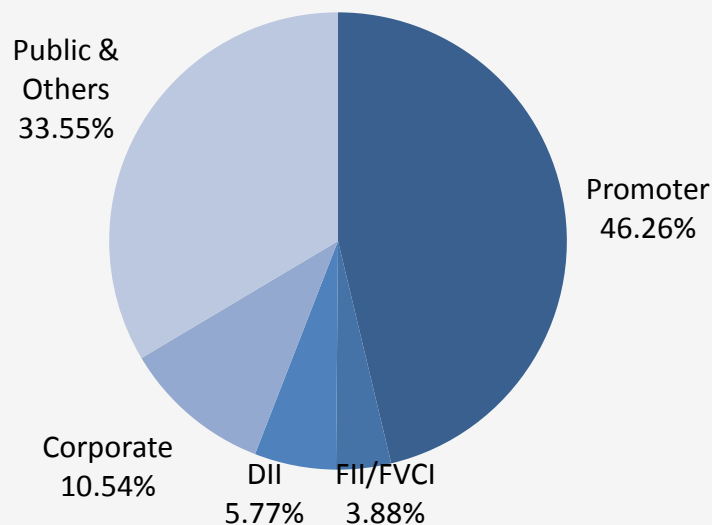
Shareholding pattern

Annexure

# SHAREHOLDING PATTERN

Outstanding shares: **2,23,23,636 shares**

Shareholding pattern as on **March, 31, 2013**



## Key shareholders as on May 31, 2013

% Share Holding

Kitara PIIN	13.44
Vallabh Bhansali & family	5.87
L&T Mutual Fund Trustee Ltd	3.96
Kotak Mahindra International	3.82
DSP Blackrock Micro Cap Fund	1.81
IDFC Equity Opportunities Series 1	1.04

Q4 and FY13 performance

Chairman's message and outlook

Business overview

Shareholding pattern

Annexure



# CONSOLIDATED PROFIT AND LOSS STATEMENT

Particulars (₹ mn)	Q4 FY'13	Q4 FY'12	Q3 FY'13	% Chg YoY	% Chg QoQ	FY'13	FY'12	% Chg YoY
<b>Gross sales</b>	<b>6,256</b>	<b>4,812</b>	<b>6,110</b>	<b>30.0%</b>	<b>2.4%</b>	<b>22,471</b>	<b>15,251</b>	<b>47.3%</b>
Less excise	668	598	612	11.7%	9.1%	2,388	1,321	80.8%
<b>Net sales</b>	<b>5,588</b>	<b>4,214</b>	<b>5,498</b>	<b>32.6%</b>	<b>1.6%</b>	<b>20,083</b>	<b>13,930</b>	<b>44.2%</b>
Other Operating Income	-	-	-	NA	NA	-	-	NA
<b>Total operating income</b>	<b>5,588</b>	<b>4,214</b>	<b>5,498</b>	<b>32.6%</b>	<b>1.6%</b>	<b>20,083</b>	<b>13,930</b>	<b>44.2%</b>
<b>Total Expenditure</b>	<b>5,165</b>	<b>3,829</b>	<b>5,055</b>	<b>34.9%</b>	<b>2.2%</b>	<b>18,488</b>	<b>12,784</b>	<b>44.6%</b>
Consumption of Raw Materials	4,852	3,561	4,373	36.3%	11.0%	17,077	10,697	59.6%
Purchase of Traded Goods	253	107	79	137.0%	221.4%	352	812	-56.7%
(Increase)/Decrease In Stock In Trade & WIP	(301)	(44)	132	NA	NA	(540)	2	NA
Employees Cost	61	42	92	44.6%	-34.1%	279	180	55.4%
Other Expenditure	299	162	379	84.5%	-21.1%	1,321	1,094	20.8%
<b>EBITDA</b>	<b>424</b>	<b>385</b>	<b>443</b>	<b>10.0%</b>	<b>-4.3%</b>	<b>1,595</b>	<b>1,146</b>	<b>39.3%</b>
Depreciation	39	28	34	41.0%	14.9%	125	82	52.0%
<b>EBIT</b>	<b>385</b>	<b>358</b>	<b>409</b>	<b>7.6%</b>	<b>-5.9%</b>	<b>1,470</b>	<b>1,063</b>	<b>38.3%</b>
Interest & Finance charges	120	103	118	17.1%	1.8%	429	335	28.0%
Other Income	17	-	-	NA	NA	17	-	NA
<b>PBT before exceptional items</b>	<b>281</b>	<b>255</b>	<b>290</b>	<b>10.4%</b>	<b>-3.1%</b>	<b>1,058</b>	<b>728</b>	<b>45.3%</b>
Exceptional items	8	4	-	71.4%	NA	8	-	NA
<b>PBT</b>	<b>274</b>	<b>250</b>	<b>290</b>	<b>9.3%</b>	<b>-5.7%</b>	<b>1,050</b>	<b>728</b>	<b>44.3%</b>
Tax Expense	110	82	92	34.2%	19.0%	364	238	53.0%
<b>PAT</b>	<b>164</b>	<b>168</b>	<b>198</b>	<b>-2.7%</b>	<b>-17.3%</b>	<b>686</b>	<b>490</b>	<b>40.1%</b>
Basic EPS	7.34	7.91	9.03	-7.2%	-18.7%	30.75	23.01	33.6%
Diluted EPS	6.99	7.85	8.45	-11.0%	-17.3%	29.29	20.91	40.1%
<b>Key Ratios</b>	<b>Q4 FY'13</b>	<b>Q4 FY'12</b>	<b>Q3 FY'13</b>	<b>FY'13</b>	<b>FY'12</b>			
EBITDA Margin	7.6%	9.1%	8.1%	7.9%	8.2%			
Net Margin	2.9%	4.0%	3.6%	3.4%	3.5%			
Total Expenditure/ Total Operating Income	92.4%	90.9%	91.9%	92.1%	91.8%			
Raw Material Cost/ Total Operating Income	86.0%	86.0%	83.4%	84.1%	82.6%			
Staff Cost/ Total Operating Income	1.1%	1.0%	1.7%	1.4%	1.3%			
Other Expenditure/ Total Operating Income	5.4%	3.8%	6.9%	6.6%	7.9%			

# CONSOLIDATED BALANCE-SHEET

Particulars (₹ mn)	31-Mar-13	31-Mar-12
Share Capital	223	213
Reserves and Surplus	3,414	2,698
Share warrants	40	83
<b>Total equity capital</b>	<b>3,678</b>	<b>2,994</b>
<b>Non-current liabilities</b>		
Long Term Borrowings	842	719
Deferred tax liabilities	400	283
Other Long Term Liabilities	1	7
Other Long Term Provisions	15	12
<b>Current Liabilities</b>		
Short Term Borrowings	3,403	2,242
Trade Payables	974	351
Other current liabilities	338	301
Other Short term provisions	321	149
<b>Total Liabilities and Owner's Equity</b>	<b>9,974</b>	<b>7,058</b>
<b>Assets</b>		
Goodwill on consolidation	199	199
<b>Net Fixed Assets</b>	<b>3,181</b>	<b>2,487</b>
Investments	12	1
Long term loans and advances	634	454
Other non-current assets	57	24
<b>Current Assets</b>		
Inventory	2,882	1,525
Debtors	2,194	1,734
Cash and Bank Balance	142	51
Short Term Loans and Advances	611	486
Other current assets	63	99
<b>Total Assets</b>	<b>9,974</b>	<b>7,058</b>

Key Ratios	31-Mar-13	31-Mar-12
Debt-Equity Ratio	1.15	0.99
Net Debt/ EBITDA	2.57	2.54
ROE	21%	18%
ROCE	21%	20%
Fixed Assets Turnover (x)	7.9	7.6
Inventory days	45	45
Debtor turnover days	32	33

# PRODUCT-WISE DETAILS

Product-wise Revenue Break-Up (Rs mn)	Q4 FY'13	Q4 FY'12	Q3 FY'13	% Chg YoY	% Chg QoQ	FY'13	FY'12	% Chg YoY
Black Pipe	1,302	1,182	1,319	10%	-1%	4,670	3,298	42%
Square Pipe	1,822	1,359	1,874	34%	-3%	6,524	3,995	63%
GI Pipe	948	770	875	23%	8%	3,195	2,770	15%
GP Pipe	1,154	617	1,136	87%	2%	4,484	2,641	70%
Coils and Scrap	336	291	275	16%	22%	1,148	1,165	-1%
<b>Total</b>	<b>5,563</b>	<b>4,218</b>	<b>5,479</b>	<b>32%</b>	<b>2%</b>	<b>20,021</b>	<b>13,870</b>	<b>44%</b>

% Break Up - Revenues	Q4 FY'13	Q4 FY'12	Q3 FY'13	FY'13	FY'12
Black Pipe	23%	28%	24%	23%	24%
Square Pipe	33%	32%	34%	33%	29%
GI Pipe	17%	18%	16%	16%	20%
GP Pipe	21%	15%	21%	22%	19%
Coils and Scrap	6%	7%	5%	6%	8%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Sales Volume Break Up (In'000s)	Q4 FY'13	Q4 FY'12	Q3 FY'13	% Chg YoY	% Chg QoQ	FY'13	FY'12	% Chg YoY
Black Pipe	32	29	33	13%	-1%	115	80	43%
Square Pipe	44	32	45	38%	-2%	157	95	65%
GI Pipe	19	16	17	19%	8%	64	57	12%
GP Pipe	23	13	22	80%	2%	89	55	64%
Coils and Scrap	12	8	10	45%	23%	39	37	4%
<b>Total</b>	<b>131</b>	<b>98</b>	<b>128</b>	<b>34%</b>	<b>2%</b>	<b>464</b>	<b>325</b>	<b>43%</b>

% Break Up - Sales volume	Q4 FY'13	Q4 FY'12	Q3 FY'13	FY'13	FY'12
Black Pipe	25%	29%	25%	25%	25%
Square Pipe	34%	33%	36%	34%	29%
GI Pipe	14%	16%	14%	14%	18%
GP Pipe	17%	13%	18%	19%	17%
Coils and Scrap	9%	9%	8%	8%	11%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

# CONTACT US

For any Investor Relations queries, please contact

Pankaj Gupta  
CFO  
APL Apollo Tubes Limited

Email: [k.pankaj@aplapollo.com](mailto:k.pankaj@aplapollo.com)  
Phone: +91 0120-4041400



Ajay Jindal/ Rupam Prasad  
Four-S Services Private Limited  
Email: [ajay.jindal@four-s.com](mailto:ajay.jindal@four-s.com)  
[rupam.prasad@four-s.com](mailto:rupam.prasad@four-s.com)  
Phone: +91-22- 4215 3659  
Phone: +91-124-425 1441

## About APL Apollo Tubes Limited

Incorporated in 1986, APL Apollo is the largest ERW Pipes manufacturer in India with a production capacity of 600,000TPA. From 5 manufacturing locations in North, South and West India, it produces the largest range of Hollow Sections and Mild Steel Tubes in 300+ variants (Black, Galvanised and Pre-galvanised), in outer diameter range of ½" to 14". ERW tubes and pipes are used in diversified industries with wide-spread applications including in greenhouses, solar power, airport, metros, fencing, roofing, fire-fighting, scaffolding, city gas distribution, irrigation, plumbing, automotive, and other industrial uses. The Company has certifications like ISO 9001-2008, OHSAS 18001-2007 & ISO 14001-2004 and safety certifications like 'CE' & 'UL' for Europe and USA. For more information visit [www.aplapollo.com](http://www.aplapollo.com)

### Safe Harbor:

*Certain statements in this communication may be 'forward looking statements' within the meaning of applicable laws and regulations. These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. Important developments that could affect the Company's operations include changes in the industry structure, significant changes in political and economic environment in India and overseas, tax laws, import duties, litigation and labor relations.*

*APL Apollo Tubes Limited will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances*