



APL APOLLO TUBES LTD.

Investor Presentation

February 2017

Infrastructure

Construction

Automobiles

Energy

Agriculture

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

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APL Apollo Business Overview



Infrastructure

Construction

Automobiles

Energy

Agriculture

India's Leading Branded Steel Tubes Manufacturer



Technology-focused Company – at the forefront of launching innovative product offerings

Catering to an array of sectors – Infrastructure, Construction, Automobile, Energy, Agriculture, etc.

Close-to-Demand Pan-India Presence – only player with facilities across North, South, West and East India

Leading the Shift from a Commodity to a Value-Added Branded product

Lowest cost producer in the country – Latest Technology | Economies of Scale | Optimally Utilizing key resources | Management expertise

1.3

MTPA STEEL
PRODUCTION
CAPACITY

36%

PRODUCTION (VOL)
5 YR CAGR

4,656
CRORE

INR

FY16 REVENUE

7

MANUFACTURING
UNITS

400+

DIVERSIFIED
PRODUCT
PORTFOLIO

600+

DISTRIBUTORS
ACROSS INDIA

'One-stop shop' for a wide spectrum of steel structural products

Catering to key sectors of the Indian economy



Infrastructure

- Metros
- Buildings
- Airports
- Ports
- Greenhouses
- Prefabricated
- Smart Cities



Construction

- Conduit
- Support Structures
- Fencing
- Railings
- Cranes
- Green Construction



Automobiles

- Truck & Bus body
- Heavy Vehicle Axles



Energy

- Power
- Water Transport
- Solar plants
- City pipeline



Agriculture

- Agriculture Implements
- Drip Irrigation
- Water Distributor
- Pump & Water Conveyance

Continuous focus on New Age Industry Applications across high-potential business segments

Strong Government impetus, increasing purchasing power, improving lifestyle dynamics, etc provide a boost to all key sectors of the Indian economy

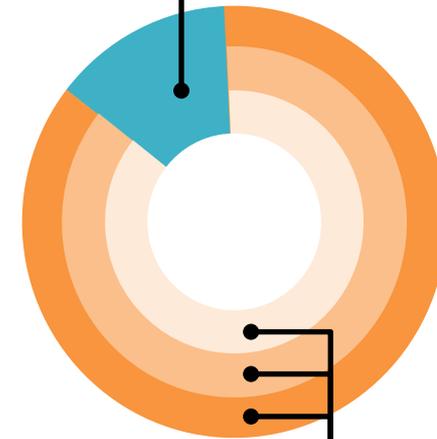
With enormous untapped potential across all major sectors and new age applications, APL Apollo's business model is well-positioned to capitalize on all emerging sectoral trends

Close-to-Demand Pan-India Footprint

Local Market Presence aided by 3-tier Distribution and Solid Supply Chain Mechanism



Direct, 20%



Distributor, 80%

**Over 600 distributors and 26
warehouses (FY 2016)**

Milestones

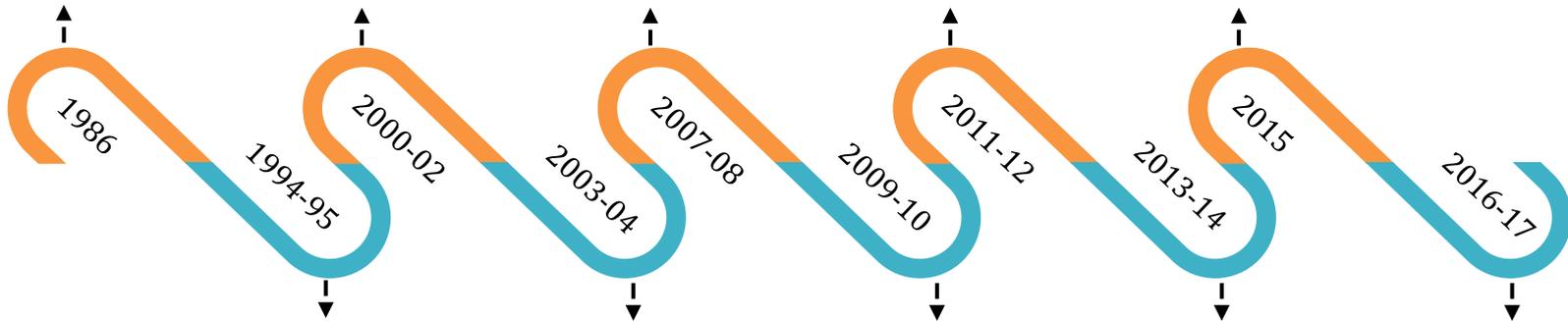
- Year of Incorporation
- Set-up the first manufacturing plant in Sikandarabad, Ghaziabad

- Commissioned a new tube mill and modern gallium mills
- Received ISO 9001:2000 certification

- Acquired Apollo Metalex Private Limited
- Awarded Star Export House status
- Acquired Shri Lakshmi Metal Udyog Limited in Bangalore

- Name changed to APL Apollo Tubes Limited from Bihar Tubes
- Received UL, CE & SGF France certifications along with other approvals
- Acquired Lloyds Line Pipes Limited plant near Mumbai

- First in India to achieve a capacity of 1 MTPA Steel Pipe



- Commissioned a new galvanizing plant
- Received ISI certification
- Listed on the Exchanges

- Developed in-house Hollow Sections across a wide-range of designs
- First in India to launch Pre-Galvanized pipes

- Commissioned a plant at Hosur, Tamil Nadu - greenfield venture with state-of-the-art mills
- Started multiple warehouses across India

- Launched Door & Window frames and railing tubes
- Implemented SAP
- Procured CRFH Coils from JSW Steel to expand product range

- First to introduce Direct Forming Technology in India
- First to introduce In-line Galvanizing Technology in India
- Awarded patents for six Product Design types

Industry Parameters

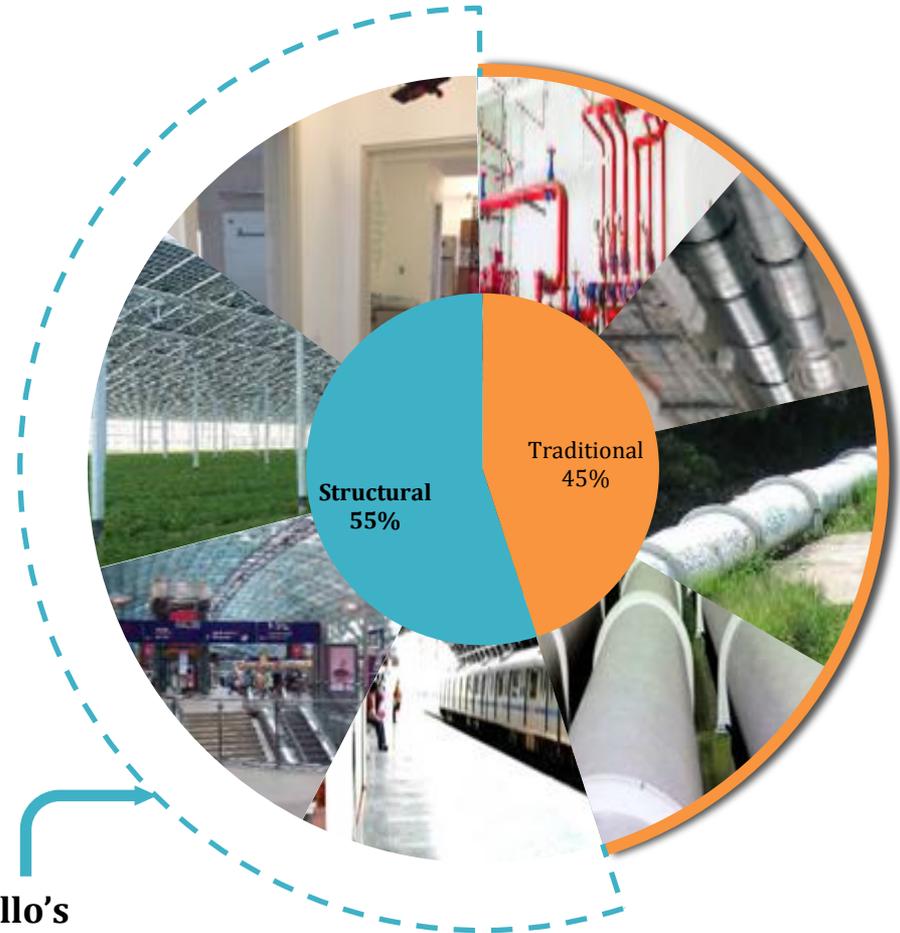
Steel pipes and tube manufacturing among the fastest growing industries across the globe

India is one of the leading ERW steel tubes manufacturing hubs in the world - Domestic production at ~7 million TPA

Ever-increasing pent-up demand led by increased infrastructure construction, thriving automobile and refining sectors

ERW pipe industry to grow at ~9% CAGR through FY19

Domestic ERW Steel tubes market size at \$5 bn/ Rs. 30,000 crore)



**APL Apollo's
Focus Area**

Growth Drivers



Infrastructure

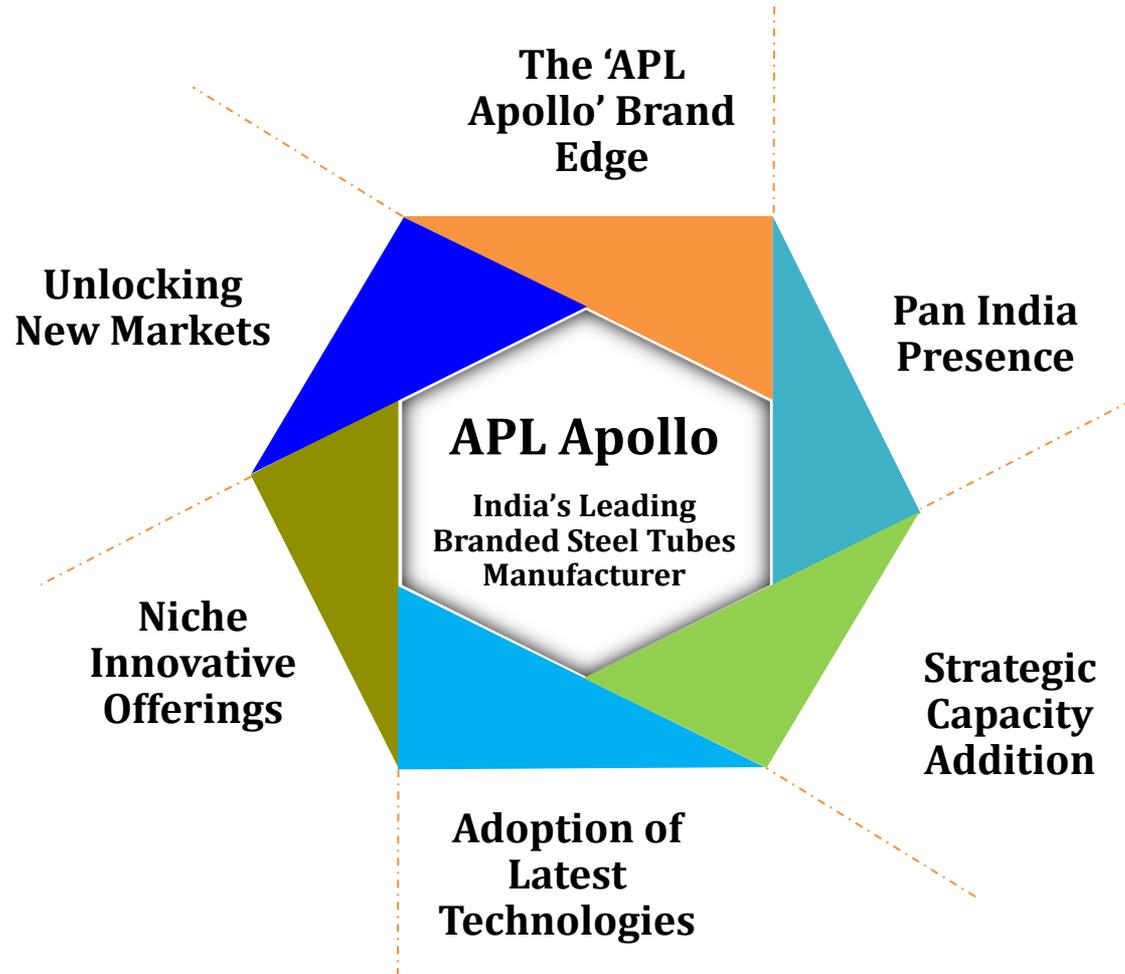
Construction

Automobiles

Energy

Agriculture

Pillars of Growth



APL Apollo Brand – Leading the Shift from a Commodity to a Value-Added Branded product



- Developed a focused Branding Strategy in the year 2013, serving a two-fold objective:
 - Creating awareness and visibility of the brand
 - Providing consumers a first-hand feel of products
- Constantly driving the branding approach across markets enabling higher visibility
- Strength, quality and competitive pricing of products strengthening brand value
- Well distributed supply-chain, increasing reliability and speed-to-market



Strong brand awareness and widened distribution network to help diversify the 'APL Apollo' brand reach and drive higher growth

Strengthening Brand Reach



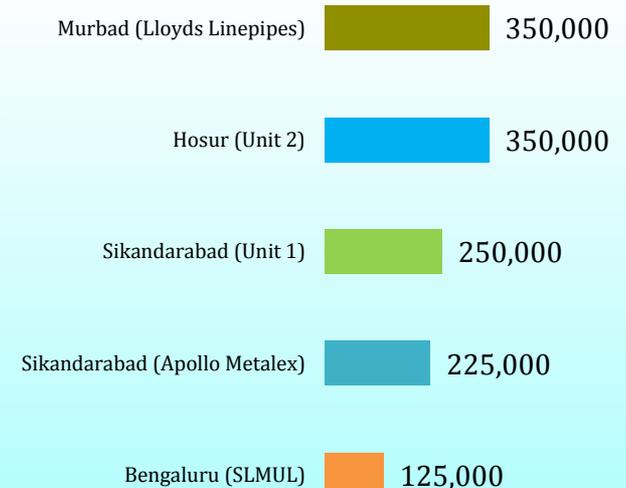
- Driving market share gains through various brand building and brand awareness initiatives
- Brand building programs include,
 - Large scale Fabricator meets
 - Participation in global and domestic exhibitions
 - Rural brand van activation programs
- Appointed Marketing Consultant in FY2017 to drive the Company's overall Branding strategy
- Targeting about 30,000 signage boards across the country for higher visibility
- Introduced innovative incentive schemes for dealers
 - Star Cruise for 4 days organized for over 1,000 dealers and distributors in Singapore and Malaysia



Expansive Manufacturing & Distribution Footprint

- India's largest tubes player with a capacity of 1.3 MTPA
- Lower freight costs as facilities and depots are close to demand hubs
- Operating six strategically located manufacturing facilities:
 - **North** - 3 units located in Sikandarabad (UP)
 - **South** - 1 unit at Hosur (Tamil Nadu) and 1 unit at Bengaluru (Karnataka)
 - **West** - 1 unit in Murbad, Maharashtra
- Establishing presence in new untapped territories
 - **East** - 1 Upcoming plant in Raipur (Chhattisgarh)
- Vast 3-tier distribution network spread across India, with 26 warehouses cum- branch offices spread in over 20 cities
 - Extended dealer network into tier II and tier III markets
- Expansive distribution network reaching to 600 direct distributors and 40,000 retailers

Current capacity of 1.3 MTPA across plants (MTPA)



Close-to-Demand Pan-India Footprint – localized supply to fast-track growth

Capacity Expansion Plan

- Expanding capacity from 1.3 MTPA to 2 MTPA by FY2018
- **Tapping Easter markets** - Greenfield plant in Raipur to be operational by Q4 FY17
 - Allocated Rs. 125 crore of capex for the upcoming Raipur plant
- **Consolidating position in existing markets** - Adding lines of new DFT technology mills at the existing sites in the North, South and West India
 - Earmarked Rs. 125 crore of capex for DFT Technology
- **Upgrading facilities with value added products**
 - Venturing into precision tubes for Automotive applications
 - Setting up an Inline Galvanizing plant for the first time in India
 - Upgrading existing lines to GI/GP Product technology

Upcoming Capacities (MTPA)

Raipur (Greenfield Capacity)  200,000

DFT Technology

Raipur  125,000

Murbad (LLP)  125,000

Hosur (Unit II)  125,000

Sikanderabad (Unit 1)  125,000

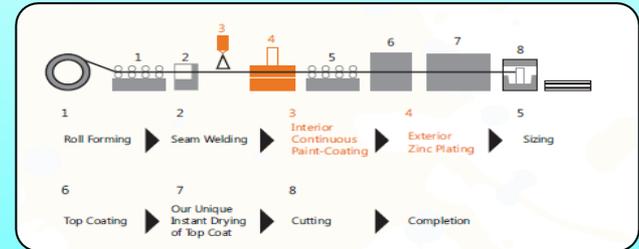
Aggressive ramp-up in capacities to drive volume growth

Pioneer in Instituting the Latest Technology

- Leader in adopting the latest technology from around the globe
 - **Introduced latest technologies** – High speed mills from Europe (increased speed by 5x), Strip Galvanizing lines, and the unique Rotary Sizing Mills
 - In 2016, the Company introduced the latest global **‘Direct Forming Technology’** in India
 - Launching **‘In-Line Galvanizing of Tubes’** technology for the first time in India
- High-end R&D capabilities to help address elevated standards and ever-changing requirements of customers



Direct Forming Technology



In-Line Galvanizing of Tubes

Establishing latest technology to improve productivity, enable cost savings, while driving growth by expanding addressable markets

Direct Forming Technology

Latest Global Technology for making Hollow Sections of superior quality

Hollow Sections of varying shapes / sizes / thickness are formed directly through high speed welding

Customized orders / small orders also accepted

Rollover time reduced to ~20 min from 48 hours (conventional technology)

Results in direct material savings of ~3-7%

Customer benefits include: Size customizations, specific orders and time savings – 'Whatever Whenever Wherever'

Opened an array of opportunities across various sectors

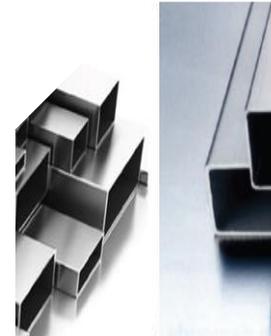
Metros / Airports / Pre-Fab Buildings

Agriculture Implements / Construction Equipment- Tower Crane

Gym/Sport Equipment / Solar tracking systems

Truck & Bus body / Heavy Vehicle Axles

Export Market across USA, JAPAN



In-line Galvanizing Technology

Latest zinc plating and coating technology

Inline hot-dip galvanizing process performed on mill

Tube making & zinc plating simultaneously performed

Secondary operations of hot-dip galvanizing after tube is formed – NOT REQUIRED

Superior corrosion resistance property

Reduces manufacturing costs for zinc coating

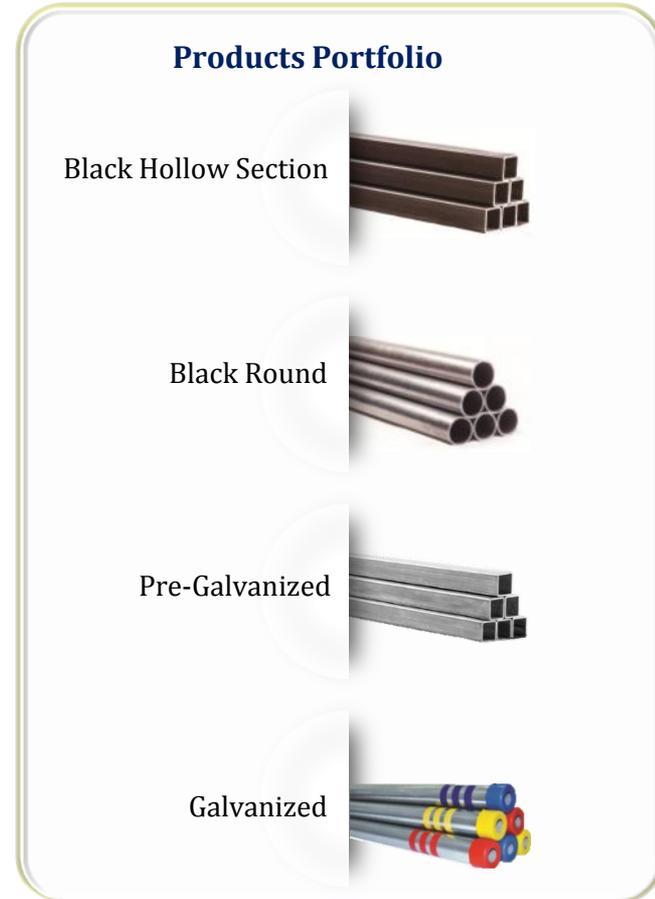
CUSTOMER BENEFITS

- **Minimal human error**
- **Time savings**
- **Cost-effective**

Path-breaking Product Offerings

- Only company to offer a vast product portfolio of over 400 varieties
- Product portfolio at 2x the product basket of the closest competitor
- Launched colour coated pipes in India for the 1st time
- First to introduce pre-galvanized pipes in the domestic markets
- First to introduce latest global technologies such as DFT and In-line Galvanizing in India
 - Offering detailed case studies to sell the new products using DFT Technology
- Awarded patents for never-seen-before designs for 6 products
- Adopting latest imported packaging technology to improve aesthetics of the product range
- Optimal product mix across varying attributes of customized shapes, sizes, thickness and utility

Continuous product innovations has expanded addressable market



Robust Product Offerings across 400+ varieties

Continuously augmenting the product basket

At least 30% savings as compared to Normal wood

Double Door Frame Section



Single Door Frame Section



Paint Coated



Narrow Sections



Pipe Dimensions



New Patented Designs

D Shape



Hand Rail



Z Shape



L Section



T Shape



Elliptical tube



70% of the Company's product portfolio are niche and have limited competition

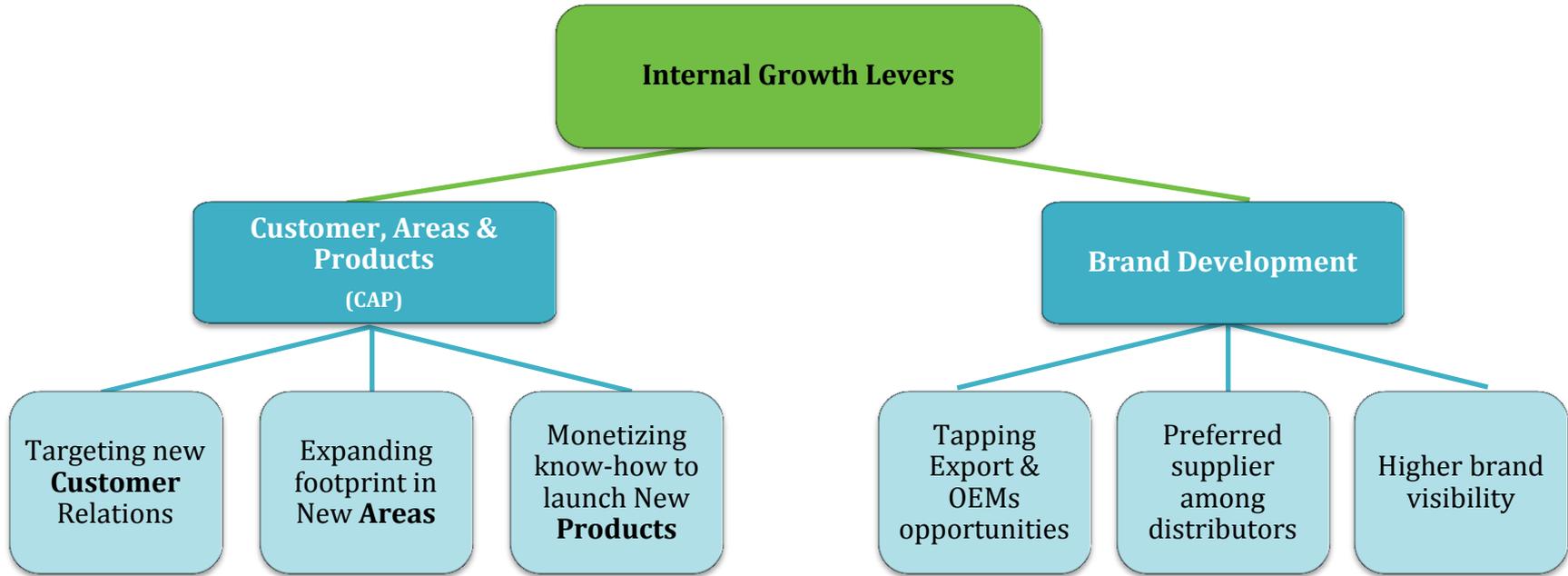
Unlocking Opportunities – OEMs, Exports & Untapped markets

- Tapping potential across newer areas such as Original Equipment Manufacturers (OEMs), Export Markets & Untapped markets – key for driving value growth across business
- **Focus on OEMs & Export Markets**
 - Introduction of latest technologies, especially DFT, to unlock vast potential across OEM and Export markets
 - OEM contribution expected to increase significantly in next 2 years from the current 2%
 - High quality customized shapes and sizes of products, achieved through DFT, to help penetrate OEMs and export markets
- **Strengthening Domestic Foothold**
 - Targeting the underpenetrated East and Central markets through Greenfield plant in Raipur



Capitalizing on opportunities across high potential growth areas to help accomplish long-term growth objectives

Growth Strategy



Way Forward



Infrastructure

Construction

Automobiles

Energy

Agriculture

Well-defined strategy with tangible targets

2.5 million ton production by FY2020

Targeting above industry average growth rates / Roadmap for capacity expansion in place

Strong Balance-Sheet

To become debt-free and reduced Working Capital cycle

Margin accretive

Targeting higher EBITDA per ton margins and enhanced return ratios

Strengthen product and corporate branding activities

To double the marketing & sales team

Enhance Corporate Governance

Improving board mix to facilitate higher level of transparency

Expand contribution from Value-added products

Innovation center to be set-up: focus on continuously launching new products

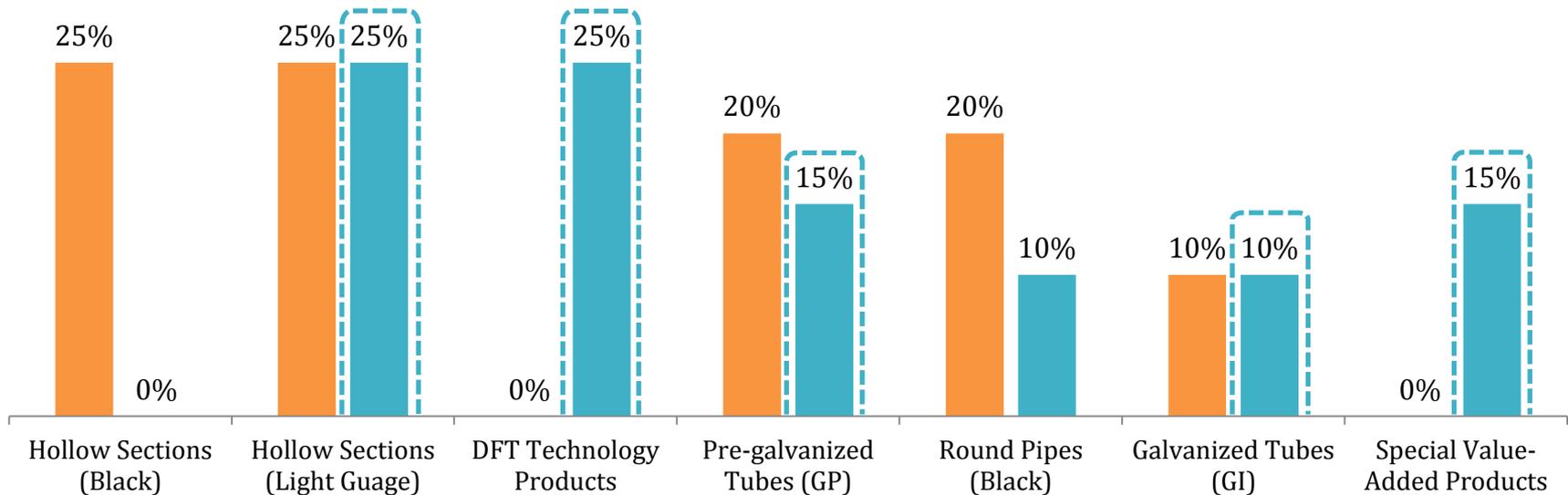
To become a Global Branded Steel Tubes Company

Vision 2020: Notable shift towards Value-Added Products



FY2016
9 Lakh Tons Per Annum
 ■ Break Up Product-wise

FY2020 Projection
25 Lakh Tons Per Annum
 ■ Break Up Product-wise (P)



Contribution from value-added products expected to be over 90% by 2020

Financial Highlights



Infrastructure

Construction

Automobiles

Energy

Agriculture

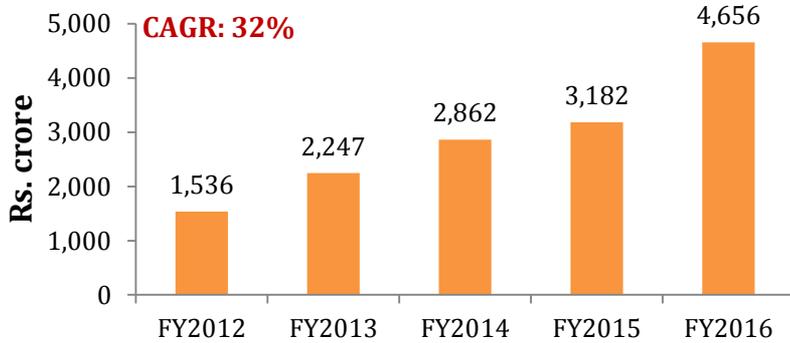
Consistently Delivering Strong Performance



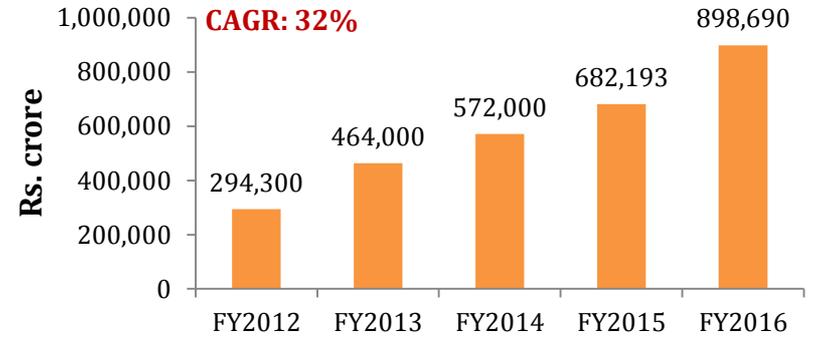
Particulars	2007	2010	2012	2015	2016	CAGR
Sales (Rs. Crore)	230	666	1,536	3,482	4,656	40%
EBITDA (Rs. Crore)	15	66	115	186	292	39%
PAT (Rs. Crore)	7	30	49	64	101	35%
Net Worth (Rs. Crore)	16	191	299	495	568	49%
EPS (Rs.)	21	15	23	27	43	
Ratios						
ROCE (%)	55	17	20	18	26	
RONW (%)	33	16	18	14	21	
Production						
Capacity MTPA	80,000	274,000	500,000	1,050,000	1,300,000	36%
Production MTPA	59,000	165,000	294,300	682,193	898,690	35%
Distribution						
No of Distributors	100	150	200	375	600	
No of Plants	2	4	5	6	6	

Strong Financial Track-record

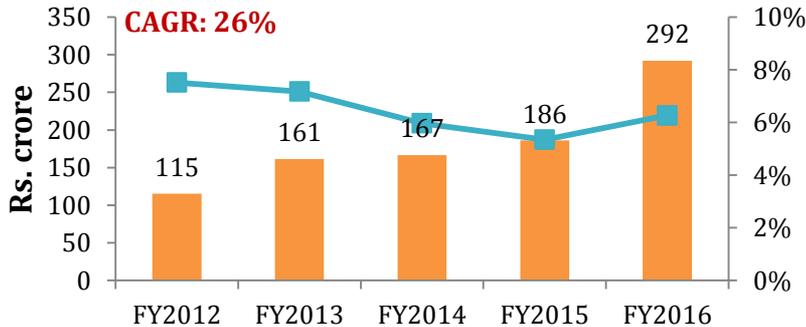
Revenues



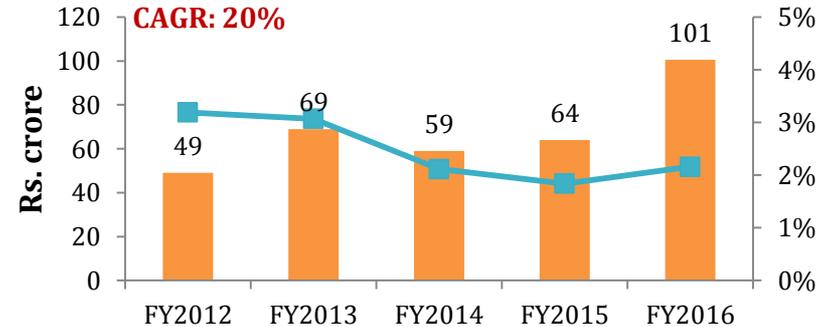
Production (MTPA)



EBITDA EBITDA Margins



PAT PAT Margins



Manufacturing Revenue Breakup & Margin Profile

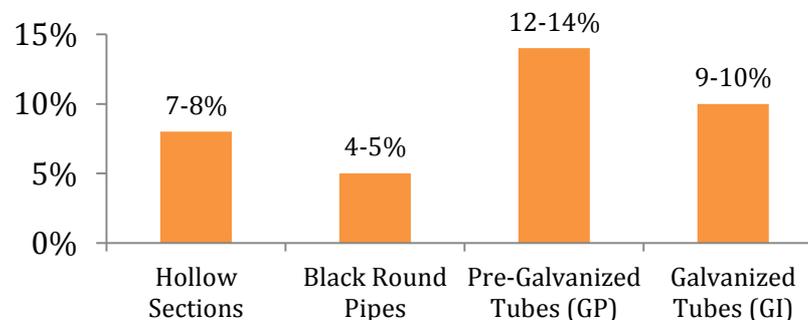


Products	Revenue Contribution FY14 (%)	Revenue Contribution FY15 (%)	Revenue Contribution FY16 (%)	Revenue Contribution 9M FY17 (%)
Hollow Sections	32	34	43	46
Round Pipes (Black)	22	23	19	15
Pre-galvanized Tubes (GP)	24	24	20	23
Galvanized Tubes (GI)	17	15	14	14
DFT Technology Products*	-	-	-	-
Special Value-Added Products*	-	-	-	-
Others**	6	4	4	3

* New product segments to be introduced in FY18

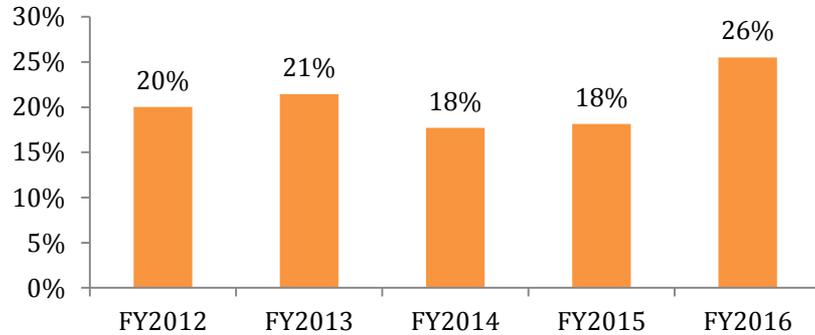
**Trading & Scrap

Product Margin Profile (FY16)

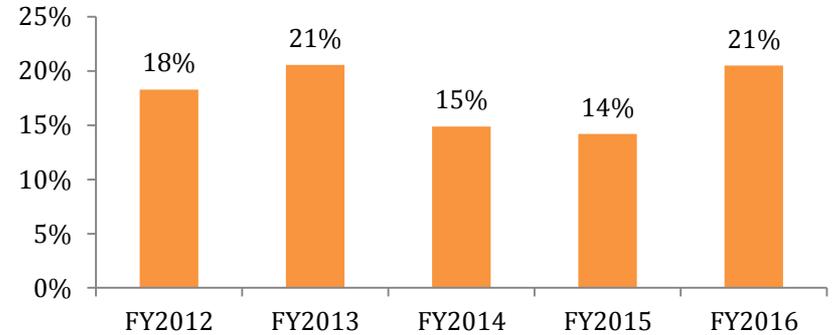


Financial Parameters

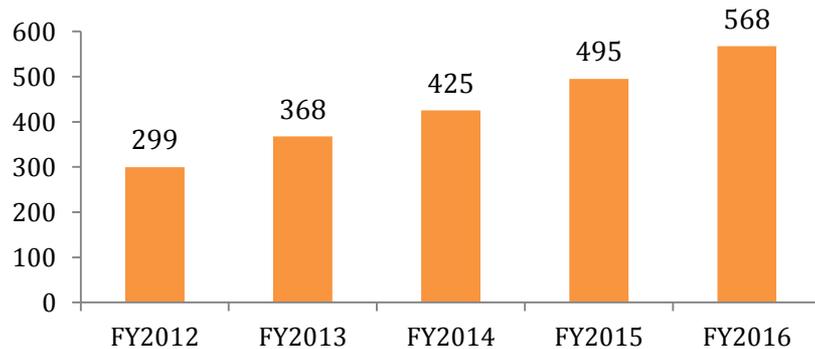
ROCE (%)



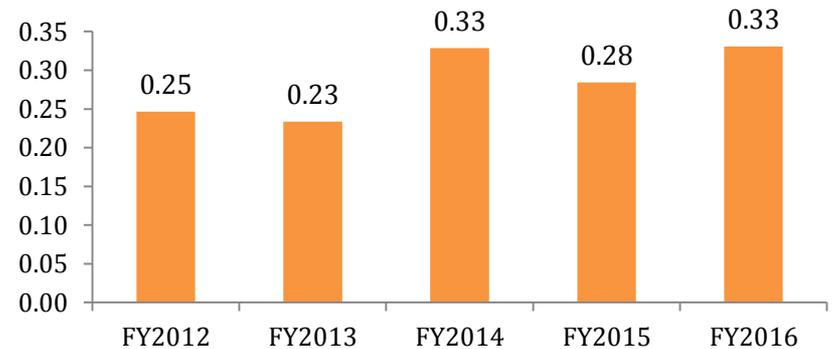
RONW (%)



Networth (Rs. Crore)

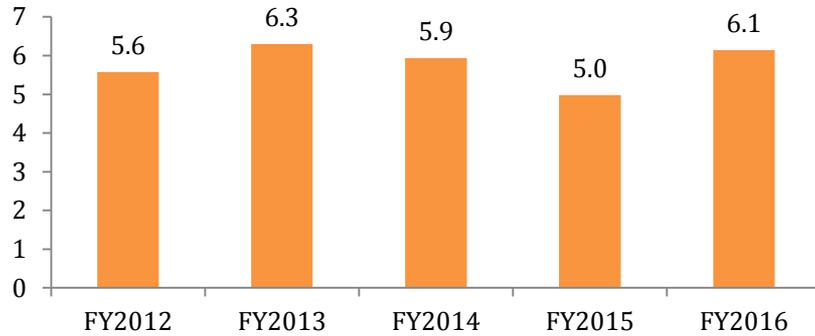


Long-term Debt-Equity Ratio

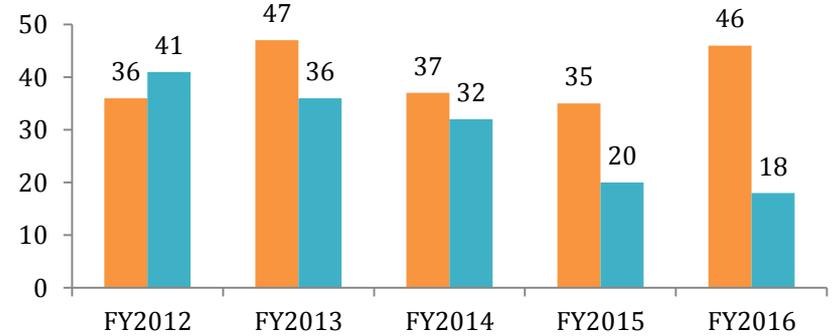


Financial Parameters

F. Asset Turnover Ratio

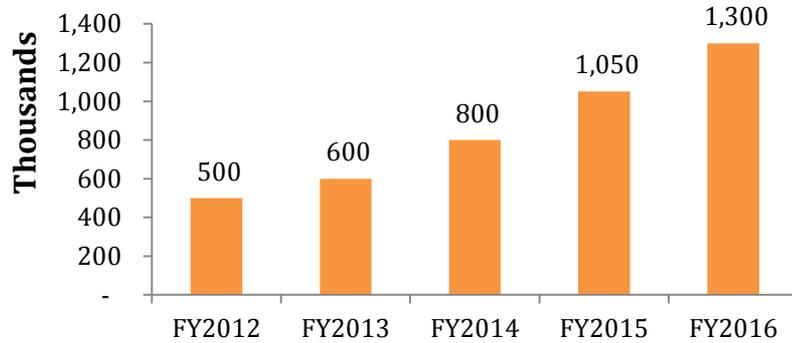


Inventory Days and Debtor Days

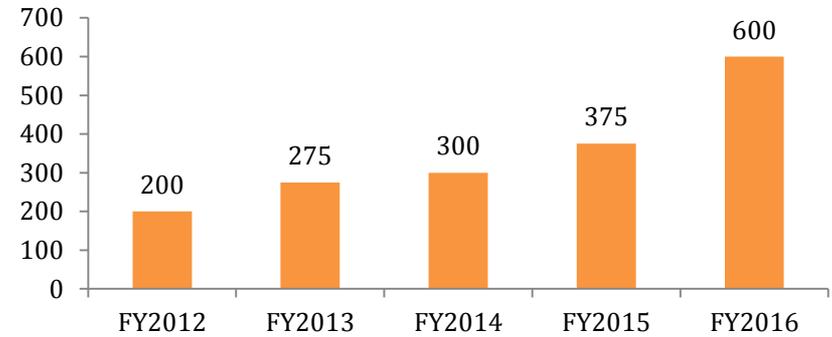


Operating Parameters

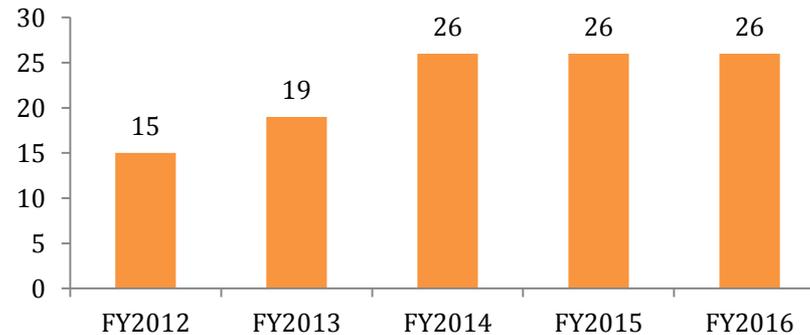
Capacity (MTPA)



Distributors (Nos)



Warehouses (Nos)



Conclusion



Infrastructure

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The 'APL Apollo' Edge



PROFICIENT EXECUTION CYCLE

Best-in-Industry Capacity Utilization across plants, leading to an order book turnaround of ~8 hours

ECONOMIES OF SCALE

Capacity of 1.3 MTPA of Steel Pipe – more than double the closest competitor

PIONEER IN INTRODUCING NEW TECHNOLOGIES

High speed (5x) mills from Europe/ Pre-Galvanized Pipes / Direct Forming Technology / In-line Galvanizing

COST ADVANTAGES

Offers a very large product portfolio in low prices via retailer strength and higher volumes

BEST-IN-CLASS SUPPLY CHAIN

Close-to-demand 3-tier network ensures quicker delivery and service to customers

MANUFACTURING EXCELLENCE

State-of-the-art manufacturing facilities enable a higher degree of quality control and efficiency

FINANCIAL STRENGTH

- *Strong balance sheet despite aggressive capacity addition*
- *Net debt-equity ratio at 0.86*
- *Healthy Return Ratios*

INNOVATIVE PRODUCT PORTFOLIO

Only Company in the space offering over 400 varieties of products, along with never-seen-before designs patents for 6 products.

Annexure



Infrastructure

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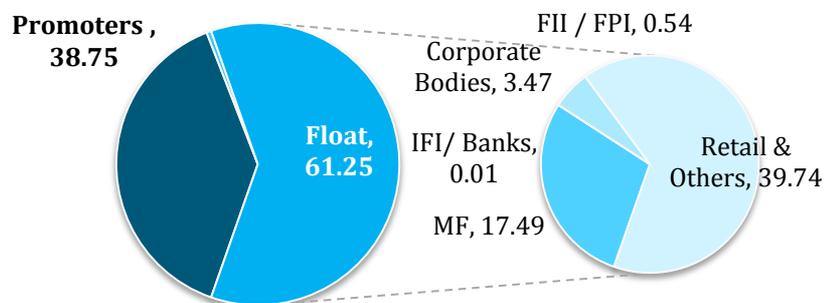
Agriculture

Key Market Statistics

Key Market Statistics	As on December 31, 2016
BSE/NSE Ticker	533758 / APLAPOLLO
Industry	Building Materials / Infrastructure
CMP (Rs.)	915
Market Cap (Rs. Crore)	2,159
Number of outstanding shares (Crore)	2.36
Face Value	10.00
52-week High / Low (Rs.)	1,010/555

Top Public Shareholders (more than 1%)	% held
Kitara	16.3%
IDFC	6.5%
DSP Blackrock	5.9%
HDFC Trustee Fund	4.9%
Emblem FII	3.1%
Sameer Mahendra Sampat	2.4%
Ashish Kacholia	2.3%
Suresh Kumar Agarwal	2.3%

Break-up of Floating Stock (%)



Board of Directors

Executive / Promoter Directors

Mr. Sanjay Gupta
Executive Chairman

Mr. Ashok K. Gupta
Managing Director

Vinay Gupta
Director

Romi Sehgal
Director

Sharad Mahendra
Director

Independent Directors

Anil Kumar Bansal
Independent Director

Abhilash Lal
Independent Director

S. T. Gerela
Independent Director

Neeru Abrol
Independent Director

V S Jain
Independent Director

Focus on strengthening the Board of Directors

Management Team



Mr. Sanjay Gupta
Executive Chairman

Mr. Ashok K. Gupta
Managing Director

Sharad Mahendra
Director

Romi Sehgal
Director

Deepak Goyal
CFO

Arun Agrawal
VP Operations

Ajay Garg
VP Operations

Shiv Kumar Bansal
VP Sales

J P Singh
HRD Head

Dinesh Talniya
IT Head

Amit Kapoor
RM South

Building a Strong Management Team comprising promoters with solid experience and senior professionals who possess vast experience in the industry

APL Apollo Tubes Limited (APL Apollo) [BSE: 533758, NSE: APLAPOLLO] is India's Leading Branded Steel Tubes Manufacturer. Headquartered at Delhi NCR, the Company operates six manufacturing facilities with a total capacity of 1.3 Million TPA. It has a PAN-Indian presence with units strategically located in Sikandarabad (3 units), Bangalore, Hosur and Murbad. APL Apollo's multi-product offerings include over 400 varieties of Hollow Sections, Pre-galvanized Tubes (GP), Round Pipes (Black), Galvanized Tubes (GI) and Special Value-Added Products.

With state-of-the-art-manufacturing facilities, APL Apollo serves as a 'one-stop shop' for a wide spectrum of steel products, catering to an array of industry applications such as urban infrastructures, automobile, construction, housing, energy, irrigation, solar plants, greenhouses and engineering. The Company's vast 3-tier distribution network of over 600 dealers is spread all across India, with warehouses cum- branch offices in over 20 cities

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Thank You