

# SAVE TREES : USE APOLLO



## ANNUAL REPORT 2017 -18



**DID YOU  
KNOW?**

**CORE OF GREEN ECONOMY:**

Steel is world's most recycled material with least wastage.

**REDUCED AIR POLLUTION:**

Steel industry is extremely eco-conscious and has halved its carbon footprint.

**AN ENERGY SAVER:**

It requires less energy to heat up or cool down the house.

**STEEL LASTS FOREVER:**

Steel stands up to everything, from high winds and rains to fire and earthquakes.

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# SAVE TREES: USE APOLLO



Green is the colour of nature and health and green is the colour of life. Trees clean the air, soil and water, making earth a liveable place. This global hope for greener tomorrow is being addressed by the steel sector. Steel is the most recycled and reusable material. Within steel industry, the pipes and hollow sections segment is particularly helping the green sustainability to a great extent. Steel pipes and sections, due to their universal applications are an easy replacement for wood. We, being the lead players in the category are completely committed to saving trees by enhancing the usage of wood-replacement products.

We believe that growth is expedited by focusing on sustainable businesses and business processes. This belief is woven intricately into our DNA and is at the core of all our decisions and actions. We have pledged to go green – be it with regards to patronizing state-of-the-

art technologies; developing newer products; widening the applications of existing products; fostering the brand development activities or improvising profitability. Our perseverance to save environment takes us to the uncharted territories and further raises our ambitions to enhance the value for all our stakeholders in a sustainable manner.

We are already one of the lowest cost producers in the country, but our quest for expanding potential has accelerated our ambition to become the lowest cost producer in the world. This ambition helps us undertake various innovative cost rationalization initiatives like reducing emissions as well as cutting-down the logistics costs, by the placement of our distribution centres closer to the demand circles; enhancement of renewable energy generation by leveraging solar and wind, and the usage and focus on cost-efficiency and creating a sustainable product portfolio.

With the underlying ideology, Save Trees: Use Apollo, we have driven our business to newer heights during FY18 and look forward to continue the trend of going green.

# STRUCTURAL STEEL: WAY TO SUSTAINABLE FUTURE

Since ages, wood has been an essential component used in construction and building. However, the global furor towards saving the environment and working towards a sustainable future has given rise to a trend that is slowly but certainly replacing wood with other renewable and recyclable materials, majorly, steel. Though concrete has also been a popular medium used in construction, the risks like pollution and limited flexibility have made steelwork gradually occupy an important position in human's life and structural steel is being increasingly used in fields like infrastructure, construction and automobiles. The use of structural steel has been on the rise because there seem to be several advantages of using this material onsite. It does not only ease the onsite risk but also speeds up development and is environment-friendly. The fact that the steel is a zero liquid discharge material and 90% of the water used in its production is cleaned cooled and returned to the source, often cleaner than extracted, makes it a metal of choice.

Structural steel can be put under three key criteria:

- ◆ Speed and Efficiency;
- ◆ Reduction of on-site risks; and
- ◆ Sustainability and Waste reduction.

We, at APL APOLLO, deals in hollow sections and provide a sustainable and efficient solution for all domains. Structures that are made of hollow sections have several benefits. While these structures offer corrosion

protection, they also have rounded corners that result in a better protection than sections with sharp corners.

A hollow structural section (HSS) is a type of metal profile with a hollow tubular cross section. HSS members can be circular, square, or rectangular sections, although other shapes such as elliptical are also available. HSS is only composed of structural steel per code. The three basic shapes are referenced as CHS, SHS and RHS, being circular, square and rectangular hollow sections.

Circular hollow section often offers a decisive advantage with regard to structure exposed to air or water flow. In other situations, square and rectangular hollow sections were favoured because they use simple connections with straight end cuts of the connecting members. In the case of circular hollow sections, there is a smooth transition from one section to another as there is better protection. This better protection increases the protection period of coatings against corrosion.

Normally, the structures designed in hollow sections have a 20 to 50% smaller surface to be protected than comparable structures made using open sections. Moreover, various combinations of loadings are possible with hollow sections like tension, compression, bending, shear and torsion. One of the benefits of hollow section is that heating or ventilation system can be sometimes incorporated into hollow section columns. Sometimes, when the commonly-available wall thicknesses are not sufficient to meet the required load bearing resistance,





the hollow section can be filled with concrete. Concrete filling of hollow sections contributes not only to an increase in load bearing resistance, but it also improves the fire resistance duration. Hollow sections are also helpful in creating fire-resistant buildings. One of the modern methods for fire protection that has been widely used is placing water-filled hollow section columns in the buildings. These columns are interconnected with a water storage tanks and in case of fire, the water circulates by convection, keeping the steel temperature below the critical value of 450°C. This type of system has economic advantages when applied to buildings with more than about 8 storeys.

The combination of the strength function of hollow section columns and the heating or ventilation system is being used in offices and schools. Such a system offers maximization of floor area through the elimination of heat exchangers, a uniform provision of warmth and a combined protection against fire.

Aesthetically, the hollow section helps in the construction of structures that are cleaner and more spacious. The hollow sections are apt for providing a slender aesthetic column along with variable section properties. One of the major advantages of hollow sections is that their torsional rigidity enhances the folded structures and V-type girders, etc. In addition, the lattice construction that is predominantly composed of hollow sections can be directly connected to one another without any stiffener or gusset plate, thus, is a product of choice

for the architects in creating structures that flaunts steel elements. Often hollow sections are used for their aesthetic appeal. Some of the features of hollow sections that make it stand out and a product of choice are:

- ◆ Hollow sections are made of similar steel as used for other steel sections, thus, in principle, there is no difference, and the mechanical properties are given in standards
- ◆ Hollow sections can also be produced in special steels, e.g. high strength steel with yield strengths up to 690 N/mm<sup>2</sup> or higher, weathering steels and steel with an improved or special chemical compositions, etc.
- ◆ Hollow sections used for elements subjected to bending can be more economically calculated using plastic design. However, then the sections have to satisfy more restricted conditions to avoid premature local buckling. Like other steel sections loaded in bending, different moment-rotation behaviours can be observed.
- ◆ Hollow sections, especially CHS, have the most effective cross-section for resisting torsional moments because the material is uniformly distributed about the polar axis. A comparison of open and hollow sections of nearly identical mass shows that the torsional constant of hollow sections is about 200 times that of open sections.



# OUR UNIQUE SELLING POINT

## Customer's Delight

At APL Apollo, the customer rules the roost. They form the base of our business and we have taken all possible steps to give them an enriching experience. Our state-of-the-art products are the example of our sheer hard-work, intense research and innovation. We have a highly-equipped system and team in place that assures an uninterrupted quality delivery to the customers. We are thoroughly skilled in adapting to fulfill customer's demand. We are also well-adept in providing products that are replete in quality and have features like flexible dimensions and minimal set-up time. Our way of operation assures faster delivery, better availability and increased automation wherein we pay a special attention to the client's need and deliver accordingly. Besides, we have also adopted a multi-pronged approach in addressing the customer's queries and enhancing the product's quality via value-addition, which has helped in facilitating a hassle-free delivery of products to the end-users.



## Innovation & Technology

APL APOLLO'S day to day activities revolves around innovation and technology. Our focus lies in incorporating the elements of innovation in our products. Technology plays a pivotal part in enhancing the quality of our offerings and value-addition. We are a pioneer in instituting the latest technologies and adopting them from around the globe. We have introduced a high-speed mills that has increased speed by 5x, Strip Galvanizing lines and the unique Rotary Sizing Mills. We are the first company in India to commission a fully automated direct forming mill with a capability of producing up to 300 mm x 300 mm hollow section of a thickness in the range of 1 mm – 12 mm. We have also revved up our R&D capabilities in order to meet the ever-changing requirements of customers.



**Our commitment towards excellence has made us focus on several exclusive factors that have earned us the leadership position in the domain.**

## Cost-effectiveness

APL APOLLO is the lowest cost producer in India and aspires to become one of the lowest in the world. We are emphasising on channel financing to improve the purchasing power of the dealers, besides enhancing the working capital cycle. We will continue to focus on the cost-effectiveness of products and offer a large product portfolio at a low price. We are also working on reducing our operational cost by using renewable resources, like wind and solar energy.

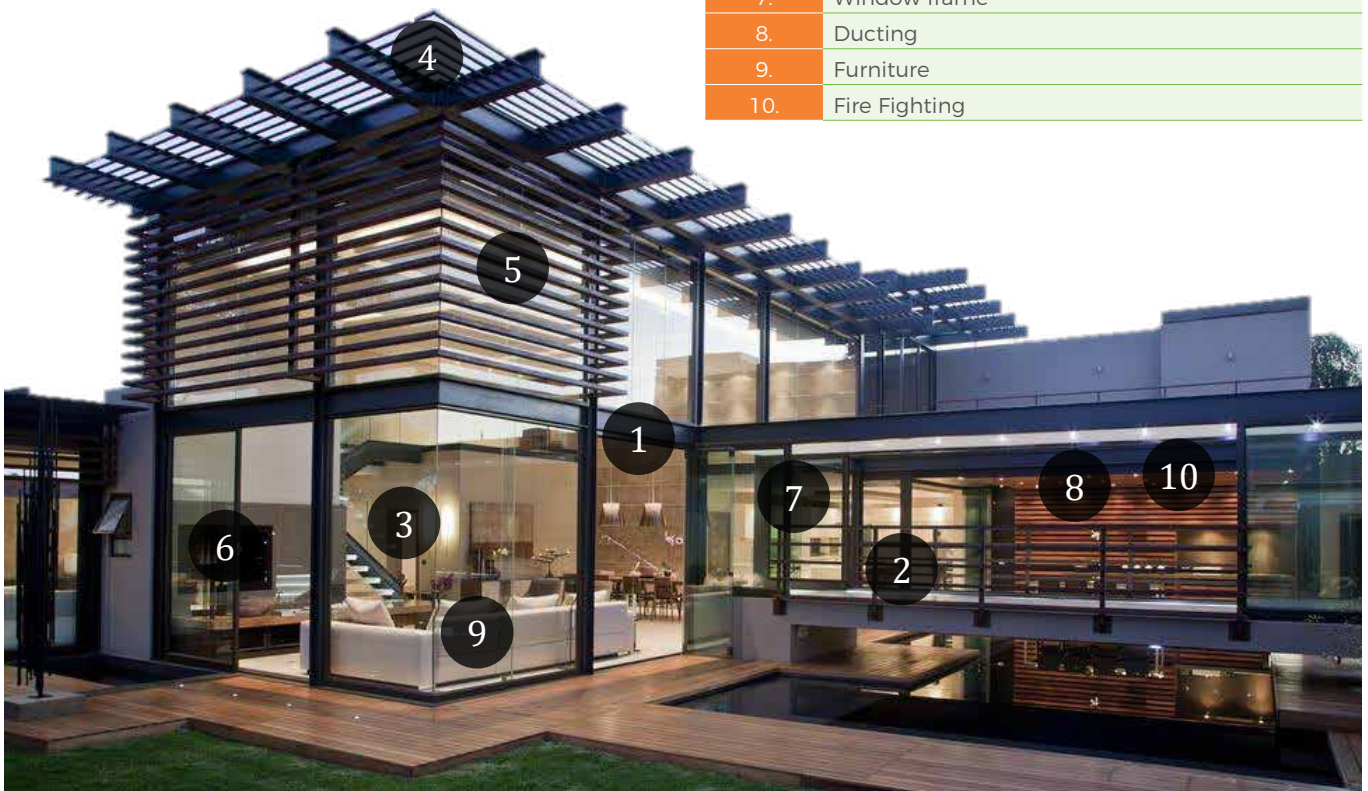
## Building Material

With the state-of-the-art technology and highly equipped system, APL APOLLO is all geared up to change the face of several industries. Right from structural steel to fencing, hand railing and roofing etc., the Company has expertise in producing an array of products catering to multiple segments of the high potential industry.



## Use of our products in the building space

1.	Structural steel
2.	Fencing
3.	Hand railing
4.	Roofing
5.	Scaffolding
6.	Door frame
7.	Window frame
8.	Ducting
9.	Furniture
10.	Fire Fighting



# KEY FIGURES

## Historical Data – Consolidated

Particulars	2011	2012	2013	2014	2015	2016	2017	2018
<b>Key Financials (₹ in crore)</b>								
Revenue	986	1,536	2,247	2,862	3,482	4,656	4,378	5,472
EBIDTA	114	115	161	167	186	292	339	379
PAT	43	49	69	59	64	101	152	158
Share Capital	20	21	22	23	23	23	23	24
Reserves & Surplus/Other Equity	209	270	341	402	472	544	680	814
Net Worth	237	299	368	425	495	568	703	838
Long-Term Debt	40	74	86	140	141	188	105	78
Working Capital Debt	206	224	340	340	292	411	464	595
Gross Fixed Assets	231	295	377	502	647	729	675*	945
Investments	2	0.05	1	18	19	13	13	12
Capital WIP	32	46	15	28	20	32	122	46
<b>Earning &amp; Dividend (₹)</b>								
EPS (Earning Per Share)	16	23	31	26	27	43	65	67
DPS (Dividend Per Share)	2	2	5	5	6	10	12	14
<b>Key Ratios(%)</b>								
ROCE	20	20	21	18	18	25	32	31
RONW	18	18	20	15	14	20	22	19
<b>Production (MTPA)</b>								
Capacity	490,000	500,000	600,000	800,000	1,050,000	1,300,000	1,300,000	1,750,000
Production	195,000	294,300	464,000	572,000	682,193	898,690	937,896	1,111,414
<b>Distribution</b>								
No. of distributors	175	200	275	300	375	600	625	650
No. of warehouses	5	15	19	26	26	26	27	29
No. of plants	5	5	5	5	6	6	7	7

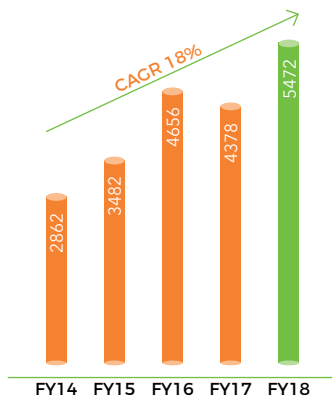
**Notes\*-** Figures for FY 2017 and 2018 are as per new Accounting Standard "Ind AS" where as figures for 2011 to 2016 are as per previous GAAP

\*As per IND AS the company has elected to continue with the carrying value of all its property, plant and equipment as at the transition date, viz. April 1, 2016 measured as per the previous GAAP and use that carrying value as its deemed cost of the transition date.

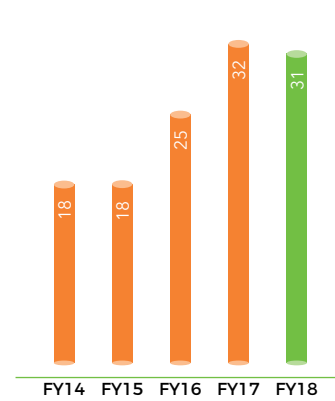


# KEY PERFORMANCE INDICATORS

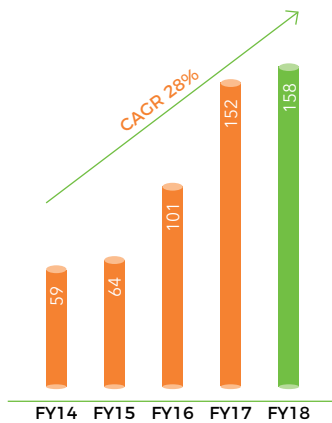
## REVENUES (In ₹ crore)



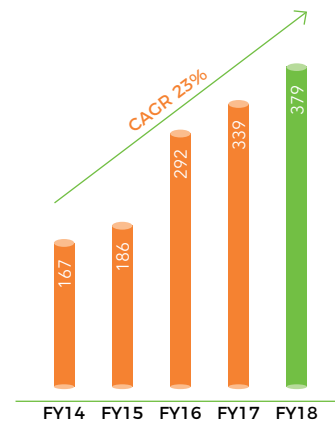
## ROCE (In %)



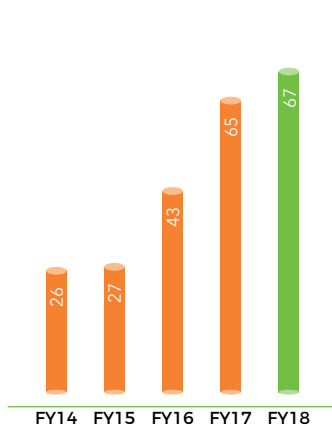
## PAT (In ₹ crore)



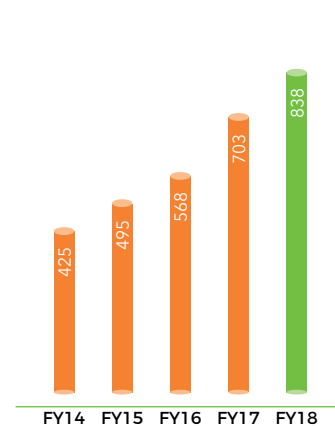
## EBITDA (In ₹ crore)



## EPS (In ₹)



## NET WORTH (In ₹ crore)



# WE ARE APL APOLLO

Established in 1986, we are the largest producer of Electric Resistance Welded steel pipes in India. We have pan-India presence with warehouses and branch offices in 29 cities. We operate 7 manufacturing facilities with a total capacity of 1.75 Million MTPA.

Our Company has emerged as a 'one-stop shop' for a large spectrum of steel tubes and catering to an array of industry applications such as urban infrastructures, housing, irrigation, solar plants, greenhouses, engineering and agricultural appliances .

Our products have been certified by reputed international agencies like SGS (France), CE (Europe) etc. We have ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 certifications and all products are BIS-marked.



## MISSION

To lead the process of transformation from commodity to value-added consumer products

To meet consumer requirement with high-quality products, at a competitive price

To lead the pipe usage segment and emerge as a 'one-stop shop' for the largest spectrum of steel tubes and attain pole position

To create sustainable value for all our stakeholders

## Vision



### 2.5 Million MTPA Sales

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

### Strong Balance Sheet

To reduce the debt and working capital cycle

### Margin Accretive

Targeting higher EBITDA per ton margins and enhanced return ratios

### Strengthen Product and Corporate Branding Activities

Enhanced corporate branding engagements with the relevant target audiences

### Enhance Corporate Governance

Improving board mix to facilitate higher level of transparency

### Expand Contribution from Value-Added Products

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

## 29 CITIES

WAREHOUSES AND  
BRANCH OFFICES

## 1.75 Million MTPA

TOTAL CAPACITY