



Leading the Way



**APL Apollo Tubes Limited**

Annual Report 2013-14

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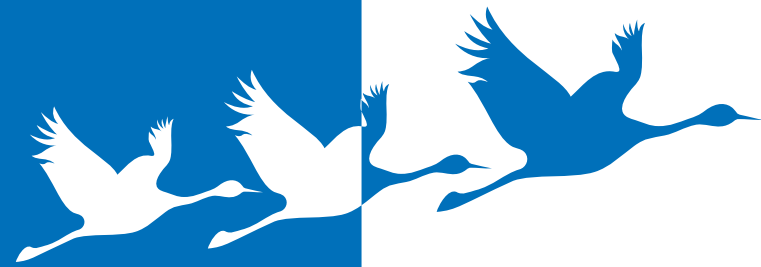
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“A leader is one who knows the way,  
goes the way, and shows the way.”

John Maxwell






# LEADERSHIP



“Management is doing things right;  
leadership is doing the right things.”

Peter F. Drucker



Leadership is a concept, a way of life and an aspect of continuous evolution. A market leader is typically the company holding the largest market share in a particular industry or segment of an industry. Market leaders feature several characteristics that have helped them reach and maintain their lofty standing.

**Customer Focus** - Market leaders never lose sight of the fact that the customer is the most important element to achieving success. They constantly strive for ways to improve customer service and seek customer input.

**Clear Vision** - Leaders have a clear vision of their direction as well as an effective road map to take them there. They have the ability to foresee many of the inevitable changes and trends that may impact their operation in the future, and are typically one step ahead of their competitors when anticipating future developments.

**Flexibility** - When the inevitable need to change occurs, the market leaders are nimble enough to make necessary adjustments with as little disruption as possible.

**Investing in Employees** - Market leaders not only focus on recruiting the best and brightest employees available, they also invest in their continued development.

*“GOOD IS ENEMY OF GREAT”* This is the opening chapter of Jim Collins book *“GOOD TO GREAT”*. It broadly highlights that most companies in the world aim to become good companies. Over time they do, but they never achieve greatness because the entire thought process within the organization is to do ordinary things and go by consensus. They never think of gaining market share or increasing their profitability because that will entail taking unconventional decisions and they don’t want to take risks or be innovative.



**Leading the way...**

“Effective leadership is putting first things first. Effective management is discipline, carrying it out.”

Stephen Covey

Pushing new ways of thinking or newer products and technologies always carries the risk of failure. Most companies are so averse to failure that they never take the leap of faith that goes with introducing new products, investing in new technologies, follow unconventional marketing or enter new geographies. By avoiding to take the hard decisions, they just ignore the potential chance to become a leader in their respective areas.

Successful companies in leadership positions learn to allocate capital effectively, delegate responsibilities to the next line of leadership and run very decentralised organisations. They are always on the lookout for accelerating growth by capturing industry trends early and are open to inorganic growth, as and when the opportunity comes.

Leadership is achieved by building a culture of innovation and taking calculated risks over a period of time. Decisions, at worst, can result in small financial setbacks. But if successful, they can propel the company forward on metrics like growth, market share, profitability or branding.

APL Apollo has dared to dream. Over the last 10 years, the Company has grown from a small single location marginal player, to the largest multi location brand leader. In the face of adversity, the company has invested into new capacities and followed a distribution strategy that conventional wisdom thought was doomed for failure.





“The supreme quality  
of leadership is integrity.”

Dwight Eisenhower

## Milestones Achieved

We have been contrarian and achieved many milestones in the industry

- Increased production from 32,000 MT in FY2004-05 to 572,000 MT in FY2013-14 at a CAGR of 33% over a 10 year period.
- Focused on hollow sections and used the high growth in that segment to become the industry leader.
- Set the first large scale state-of-the-art ERW plant in South India.
- Among the first to implement SAP in the industry.

- Organised the largest ever distributor meet in Star Cruise ship with ~ 1000 participants consecutively for two years.
- Built over 300 SKUs, the largest in the industry.
- Pioneers in introducing pre galvanized pipes with backward integrated sheet galvanising plant.
- Built the network of largest number of distributors and dealers in the industry.
- Acquired sick companies and successfully turned them around and that too within the year of acquisition itself.
- Invested in building the APL Apollo Brand that has driven a demand pull from end customers, helping APL Apollo gain significant market share over a period of time.

# Our Mission

“Leadership and learning are indispensable to each other.”

John F. Kennedy



1 To create sustainable value for all stakeholders.

2 To satisfy customers' requirements by supplying high-quality products at affordable rates.

3 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.

4 To achieve revenue of US \$1 billion by 2017.



## Company Snapshot

Incorporation  
**1986**

Headquarters  
**Delhi-NCR**



Business  
Segment  
**ERW Steel  
Tubes/Pipes**

Product Categories  
**Black, Galvanised,  
Pre-galvanised Tubes &  
Hollow Sections**

Key Industries Served  
**Metal Engineering & Fabrication,  
Electric Poles, Ports, Railways,  
Aviation, Oil & Gas, Metros,  
Solar Power, Automobile**



Sales & Distribution  
**Sold through direct marketing  
and country-wide dealer  
network**



OEM Users  
**TATA  
BHEL  
GAMMON  
HINDUSTAN  
PETROLEUM  
ASHOK  
LEYLAND  
BHARAT  
PETROLEUM  
ADANI**



- Significant capacity addition during last 7 years (1 million TPA from 0.05 million in 2006)
- Pan-India presence with 6 manufacturing units
- Only player manufacturing black, galvanized and pre-galvanized products
- Product range expanded from 100 to 300+ in last 5 years
- Direct marketing presence in over 15 States and vast distributor-network comprising 300+ dealers across India

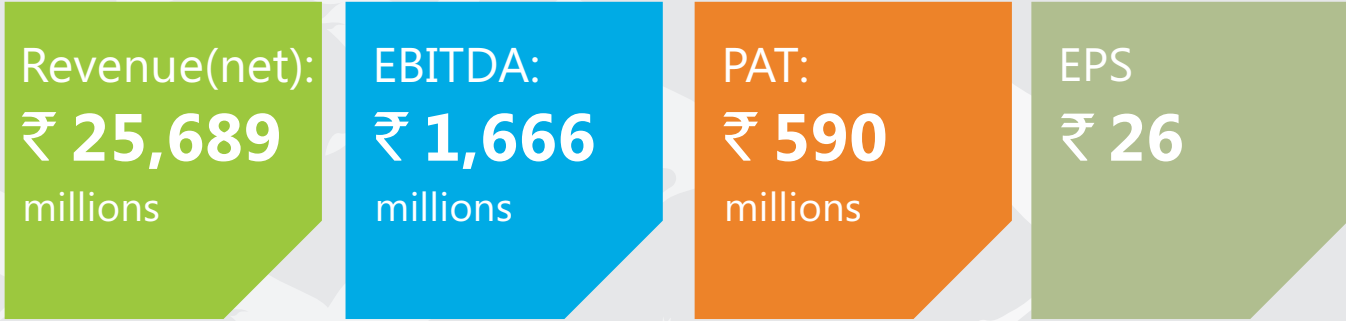


“Leadership is the capacity to  
translate vision into reality.”

Warren Bennis



# Financials 2013-14



Marquee client base stretching across industrial and retail segments.



# Our Network

## Works

**Karnataka**  
Bengaluru

**Maharashtra**  
Murbad (Thane)

**Tamil Nadu**  
Hosur

**Uttar Pradesh**  
Sikandrabad  
(Bulandshahar)  
3 Units

## Warehouses- cum-branches

**Andhra Pradesh**  
Ananthapur

**Chhattisgarh**  
Raipur

**Goa(North)**

**Gujarat**  
Ahmedabad  
Surat  
Navapura

**Maharashtra**  
Nagpur  
Pune  
Mumbai  
Aurangabad

**New Delhi**

**Punjab**  
Ludhiana

**Haryana**  
Faridabad  
Hissar

**Himachal Pradesh**  
Sirmour

**Karnataka**  
Bengaluru

**Kerala**  
Cochin

**Madhya Pradesh**  
Indore

**Rajasthan**  
Jaipur  
Jodhpur

**Telangana**  
Rangareddy  
(Hyderabad)

**Uttarakhand**  
Dehradun  
Rudrapur

**Uttar Pradesh**  
Ghaziabad (UP Border)  
Ghaziabad (Loha Mandi)  
Kanpur

# 10 years at a Glance

₹ in million

Particulars	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Key Financials</b>										
Sales Gross	1,222	1,650	2,301	3,160	5,729	6,659	9,852	15,363	22,471	<b>28,619</b>
Sales Net	1,099	1,454	2,027	2,737	5,194	6,180	9,052	13,923	20,083	<b>25,689</b>
EBDITA	34	52	146	325	285	663	1,144	1,154	1,612	<b>1,666</b>
PAT	7	14	67	161	25	298	431	491	686	<b>590</b>
Share Capital	31	31	32	107	203	203	203	213	223	<b>234</b>
Share Warrants							72	83	40	-
Reserves and Surplus	44	58	123	573	1,457	1,708	2,091	2,698	3,414	<b>4,018</b>
Net Worth	76	90	155	680	1,660	1,911	2,366	2,994	3,678	<b>4,252</b>
Long Term Debt	66	71	119	206	79	80	402	737	859	<b>1,396</b>
Working Capital Debt	141	199	335	587	1,710	1,493	2,061	2,242	3,403	<b>3,403</b>
Gross Fixed Assets	110	122	201	348	720	1,312	2,315	2,952	3,766	<b>5,024</b>
Investments	-	-	-	18	20	-	23	1	12	<b>176</b>
Capital Work In Progress	-	-	-	31	68	202	318	455	151	<b>279</b>
<b>Earning &amp; Dividend (₹ per share)</b>										
EPS	2	4	21	15	1	15	16	23	31	<b>26</b>
Dividend Per Share	-	-	1	-	-	2	2	2	5	<b>5</b>
<b>Key Ratios (%)</b>										
ROCE (%)	9.71	16.92	55.13	38.46	2.17	16.68	20.15	18.32	20.58	<b>14.88</b>
RONW (%)	7.75	12.08	32.93	30.05	1.94	15.97	20.30	19.70	21.20	<b>12.50</b>
<b>Production</b>										
Capacity MTPA	53,000	53,000	80,000	198,000	234,000	274,000	490,000	500,000	600,000	<b>800,000</b>
Production MTPA	32,000	48,300	59,000	75,900	120,000	165,000	195,000	294,300	464,000	<b>572,000</b>
<b>Distribution</b>										
No of Distributors	75	100	100	125	150	150	175	200	275	<b>300</b>
No of Warehouses	-	-	-	1	3	4	5	15	19	<b>26</b>
No of Plants	1	2	2	2	3	4	5	5	5	<b>5*</b>

\*As on date 6 Plants are operational.