

A large, intricate graphic of interlocking silver steel pipes forming a complex knot-like structure. In the center of this structure is a teal hexagon containing the text "inner strength".

inner
strength

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PAN India Presence

Only player with manufacturing facilities across North, South, West and East India

INDIA'S
No. 1^{*}
STEEL PIPES BRAND

INDIA'S ONLY
DFT
Direct Forming Technology

*India's No. 1 by market share

Strength does not
come from winning.
Your struggles
develop your
strengths. When you
go through hardships
and decide not to
surrender, that is
strength.

– Arnold Schwarzenegger

At APL Apollo, our struggles and our spirit
have yielded rich dividends. It shows in our
growth.

*Includes 250,000 MTPA capacity of two units of Apollo TriCoat Tubes Limited and 200,000 MTPA capacity of one Telangana unit of Taurus Value Steel & Pipes Private Limited, which was acquired subsequent to year end.

26%
Sales volumes
(10-year CAGR)

2.55*
Mn MTPA
Capacity

21.4%
ROCE

16.4%
ROE

1100+
Products

790
Distributors

11*
Manufacturing
Plants

From the Chairman's desk

“Innovation at APL Apollo is not a deliberate strategy. It is our inner strength which gets reflected in everything – our priorities, products, processes and performance.”



Dear shareholders,

In all of 2018, every 60 seconds made a world of difference. For in this time limit, Earth completed 1800 km rotation, the world added more than 100 new lives to its population. In the same time, Google received about 3.7 mn queries, the world spent about US \$862,823 in online purchases, about 187 mn emails were exchanged across the globe. More intriguing, the leader of India Inc., Reliance Industries generated sales of ₹11 million.

Fascinating right?

The incredible speed at which the world is changing (markets are moving, technology is evolving, and traditional business models are dismantling) is giving rise to new business spaces and solutions. The astonishing momentum at which an individual's mindset is changing, adapting to new-age technologies and demanding for more, is mandating economies, industries, and companies to alter their delivery models

completely. The intensity of industry disruption and rate-of-change of consumer needs today necessitates staying one step ahead of market demand.

At APL Apollo, we are determined to stay at the cutting-edge of technology which will help us in developing and delivering innovative solutions that add value to the customer and grow the market size, as opposed to merely focusing on increasing our market share. Interestingly, this comes to us naturally. For innovation at APL Apollo, is not a deliberate strategy. It is in our DNA. It's our inner strength which gets reflected in everything – our priorities, process, product and performance.

Fiscal 2018-19 aptly demonstrates our ability to grow the market. Having installed the DFT technology, we nearly doubled our sales volumes between April 2018 and March 2019. Moreover, this, is only the tip of the iceberg. For our products have been approved for important infrastructure projects, namely airports and bridges, which were held up owing to the General Elections. With that behind us, we expect to see these projects get off the ground. When that happens, it will optimally utilise our DFT capacity.

In another development, APL Apollo Tubes, through its wholly owned subsidiary Shri Lakshmi Metal

Udyog Limited (SLMUL), would be acquiring more than 50% stake in Apollo TriCoat Tubes Limited. This investment will allow us access to new, high-end galvanizing technology, which will give us new products - Inline Galvanizing (ILG) Pipes, Door Frames, Hybrid Pipes and Narrow Sections. Globally, there are only ten lines for ILG Pipe and only a couple of lines of Hybrid Pipes. This technology will create a new market segment in the galvanized product segment and provide APL Apollo with a first mover advantage. While the ILG pipes would be part of our structural offering, the hybrid solution is a niche solution for water applications. The bottom line is that our continuous focus on innovation and technology is helping us to evolve and align ourselves with the ever-evolving customer's demand. In doing so, we hope to sustain our dominance in this business space.

Promise, prospects, and priorities

The steel demand in India is expected to grow around 6-8% by FY21, of which, steel pipe will form 10-12% of the total steel demand. This proportion indicates the significant opportunity for steel pipe consumption in the years to come.

Strong Government impetus, increasing purchasing power, improving lifestyle dynamics, among others, are likely to catalyse the demand for steel pipe products from the infrastructure, construction and building materials sectors, energy, engineering, automobile and agricultural segments. Moreover, steel pipes and tube manufacturing is among the fastest growing industries across the globe. India is one of the leading ERW steel tubes manufacturing hubs. Being looked upon as a manufacturing base to the world, India can play a significant role in catering to the growing global demand for ERW steel tubes.

There is a robust untapped potential across export markets, especially across the US, Europe, and the Middle East for new-age products and solutions. Our success in entering the US with large sections (300x300 using our DFT technology) vindicates this belief. Going forward, newer product launches such as Tricoat Tubes, Narrow Sections, we believe, will further unlock vast potential across the overseas markets.

Our immediate focus

With the operationalisation of eight lines of DFT, our current capacity stands at 2.1 million MTPA.

We are taking this number higher. At the start of the current fiscal, we entered into an agreement with Shankara Building Products Limited to acquire its 200,000 MTPA manufacturing unit in South India. This facility has established lines for high-margin products, namely GI and GP. Also, we have a strong presence in these revenue verticals in South India. This acquisition becomes a perfect fit for us and has an attractive payback of less than 3 years. With this acquisition, APL Apollo's installed capacity will be 2.3 million MTPA. Moreover, the upcoming operationalisation of the Tricoat manufacturing line of 250,000 MTPA will further take our total installed capacity to 2.55 million MTPA.

We will continue to work towards achieving optimum utilisation of our capacity by focusing on our CAP strategy. This strategy involves reaching new customers, new areas, and introducing new products. Through these painstaking and patient efforts, we aim to achieve an 85-90% utilisation in the next couple of years. Once we reach the target of 85%, we will think about additional capex.

From a medium-term perspective, we will work very deliberately to ensure that APL Apollo always remains relevant and current to the people we

serve and to the changes taking place in our environment. To that end, we will continually shape the Company, strategically choosing the businesses in which we compete, the areas of research in which we invest, and the geographies in which we build, to achieve the optimal configuration for success.

Acknowledgment

It is sheer endurance that has brought us here. We have stayed the course and believed in our business model. We have successfully managed both failures and risks in a fast-changing world that brings new and disruptive ideas every day. We have consistently raised the bar by benchmarking ourselves against the global best. Through a combination of high technology, talent, and a culture rooted in deep science, we have proved that as an organisation, we have what it takes to make world-class, cutting-edge products.

As we move into 2019-20, I would like to thank our esteemed shareholders, partners, customers and all other stakeholders for believing in our story and reposing their confidence in our capability and extending their support in our long journey of endurance.

Warm Regards

Mr. Sanjay Gupta

Overall, the Company is witnessing a steady revival in volumes across product categories and has sufficient capacities to grow at a **20% CAGR over the next two years**. So, our focus will be more towards improving our cash flows and profitability in the years ahead.

About the corporate

APL Apollo: Strengthening India's infrastructure backbone with its tubes and hollow sections.

APL Apollo Tubes Limited (APL Apollo) is one of India's leading branded steel products manufacturers.

Headquartered at Delhi NCR, the Company operates eleven manufacturing facilities with a total capacity of 2.55 Million MTPA.

It has a PAN-India presence with units strategically located in Sikandarabad (4 units), Malur, Bengaluru, Hosur, Dujana, Raipur, Murbad and Telangana.

APL Apollo's multi-product offerings include over 1,100 varieties of Pre-Galvanized Tubes, Structural ERW Steel Tubes, Galvanized Tubes, MS Black Pipes and Hollow Sections.

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 infrastructure, housing, irrigation, solar plants, greenhouses and engineering.

The Company's vast 3-tier distribution network of over 790 dealers is spread all across India, with warehouses cum-branch offices in over 29 cities

For the shareholder

BSE: 533758

NSE: APLAPOLLO

Face Value: ₹10

Market Capitalisation: ₹3458 crore (March 31, 2019)

Dividend per share: ₹14 (For 2018-19)





where we stand today

2.55^{*}
Capacity
(Mn MTPA)

1.3
Sales
(Mn MTPA)

18%
Market Share

37.07%
Promoters Holding
March 31, 2019

28
Net Working
Capital days

3458
Market Capitalisation
March 31, 2019
(₹ crore)

*Includes 250,000 MTPA capacity of two units of Apollo TriCoat Tubes Limited and 200,000 MTPA capacity of one Telangana unit of Taurus Value Steel & Pipes Private Limited, which was acquired subsequent to year end.





7152

Net Sales
2018-19
(₹ crore)

405

EBITDA
2018-19
(₹ crore)

148

Net Profit
2018-19
(₹ crore)

964

Networth
March 31, 2019
(₹ crore)

0.7

Debt-equity Ratio
March 31, 2019

265

Operating Cash Flow
(₹ crore)

Inner strength is the fortitude to carry on.

One step in front of the other, taking detours and changing direction when the ecosystem demands it, but always journeying on towards the goal, and getting on with the here-and-now.

It's about taking on board the learnings from challenges, letting that transform you, and carrying on anyway with a slightly different approach; maybe with a slightly different focus.

It's about managing seismic changes, by waiting for the dust to settle, and then...

