

# Greater Greener

**APL APOLLO TUBES LIMITED**

INTEGRATED REPORTING &  
FINANCIAL STATEMENTS **2022-23**

This Report contains comprehensive information on our operational and financial performance and how these influence our strategic direction, resulting in our ability to create sustainable value.

#### **Reporting Period, Scope and Boundary**

The reporting period for this Integrated Report is 1 April 2022 to 31 March 2023. It provides an overview of our operations and business development activities. The Report, further, covers information on our business segments in India and abroad, along with associated activities that enable short, medium, and long-term value creation.

#### **Reporting Standards and Frameworks**

In this report, we have attempted to bring in more transparency and accountability through the disclosures and information provided in the initial pages of the Report, following the guiding principles of the International Integrated Reporting Council (IIRC). The other statutory reports, including the Board's Report, Management Discussion and Analysis (MD&A) section, the Corporate Governance Report and the Business Responsibility Report, are in line with the Companies Act, 2013, Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and the prescribed Secretarial Standards.

#### **Management Assurance**

Our Company's senior management, under supervision of the Chairman and Managing Director, has reviewed the Report content. The Board members of our Company have provided the required governance oversight.

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## Balancing Profits and the Planet is a very tough call.

Every day, CEOs worldwide face the dilemma of choosing between economic benefits and environmental conservation. Most often, in quest of the former, the latter is compromised. Sustainability is yet to become an uncompromising priority in the business world.

## At APL Apollo, we unified these two conflicting goals.

We leveraged simple wisdom to reconcile environmental and economic concerns.

We reinforced the ethical understanding that going green is not a cost to the business, rather a catalyst for innovation, new market opportunities, and wealth creation.

With this understanding, we ensured success for both business and environment.

Moving forward, our endeavour is to emerge Greener as we become Greater.






# The Big Picture

We are in a business space that is at the cusp of exponential growth in the current decade.

The structural steel tube demand is expected to soar.

4X  
by 2030





Structural Steel tubes will soon transform infrastructure creation in India by being that critical input required for change. Be it commercial complexes, airports, railway stations, high rise towers, skyscrapers, among many others, structural steel tubes have emerged as the foundation of skyline-defining infrastructure in most advanced nations across the globe.

In India, till very recently, we used conventional construction methods which were time-consuming and expensive. But not anymore as India now is in a tearing haste to create world-class infrastructure. This intent is already demonstrated by the massive allocation for infrastructure creation in successive Union Budgets. And India has that unique tube manufacturer for large-sized, high-quality structural steel tubes that will form the bedrock of a resurgent and global India.

Back-of-the-envelope calculations suggest some incredible numbers that could catapult structural steel tube manufacturers into a completely new orbit.



The share of the India's structural steel tube market in the overall steel production is expected to rise from 6% to 8% - which is a whopping 60% increase.

### Macro scenario

India's steel Consumption in FY23

~ 120<sup>MnT</sup>

And, India's structural steel tube market size is only

~ 7.6<sup>MnT</sup>

This means that the structural steel tube market in India is a shade above

6%

of the total domestic steel production. But globally, this number stands at about

~ 10%.

As speed, efficiency, and environmental concerns emerge as key factors in infrastructure creation, the domestic average is expected to approximate the global average in the near future. For example, when the 5% nudges up to 8% by 2030, the size of the domestic structural steel tube market would swell. The likely scenario could be as follows:

India's Steel Capacity is envisaged to be 300 MnT by 2030. We expect the steel consumption of atleast 200 MnT by 2030

~ 200<sup>MnT</sup>

And, India's structural steel tube market size (assuming an 8% share)

~ 16<sup>MnT</sup>

### Micro scenario

Let us delve deeper into the 7.6 MnT structural steel tube market comprising two segments:

Primary structural steel tube manufacturers using HR steel as their input

4.2<sup>MnT</sup>

&

Secondary structural steel tube manufacturers using scrap and Patra steel as their input

3.4<sup>MnT</sup>

The Secondary structural steel tube manufacturers supplement the shortage of HR steel and hence the higher cost of branded products. But this is about to change as about 15 MnT of HR steel capacity, previously delayed owing to global headwinds like the pandemic, is expected to commence operation in the next 3-5 years reducing the HR steel prices. When that happens, the secondary players like the Patra steel component (3.4 MnT) would shrink remarkably making room for the primary structural steel tube manufacturers to fill in the vacuum.

In a nutshell, the Primary structural steel tube manufacturers are exposed to two vital opportunities:

- 1) Demand-driven growth owing to increased infrastructure creation
- 2) Market-shift-driven growth owing to the inevitable exit of the secondary players

This suggests that the Indian structural steel tube market will jump from

4.2 MnT  
In FY23



16 MnT  
in FY30

APL Apollo, the market leader and market creator in the Indian structural steel tubes space, is entering a zone replete with unprecedented opportunities unfolding over the foreseeable time.



# A greater APL Apollo

“Being the best is Great, you’re the Number One. Being unique is Greater, you’re the Only One.”

APL Apollo is on an exciting trajectory where a great organisation is poised to becoming greater.







# What makes us great?

## Consistent investment

Consistent investment in capacities over more than a decade has positioned APL Apollo as the largest producer of structural steel tubes as well as has made it one of the largest players in the world in this space. Intelligent capacity creation has facilitated balanced manufacturing infrastructure across regions resulting in a close-to-demand pan-India footprint. These key factors of strategic positioning and capacity investments are the prime enablers of harnessing newer opportunities.

## Technology introduction

APL Apollo's zeal for adopting the new is reflected in its efforts to bring new-age technology to the Indian shores since the past two decades. Technologies that have been a first-time for the domestic industry and are known to create and develop products and new markets have always found a home at APL Apollo

## Product Diversity

The zeal for innovation has resulted in continuous addition to our product basket every year across the last

decade, creating one of the widest product baskets comprising more than 2,000+ SKUs. Intelligent innovation has allowed the Company to widen the product application and sectoral bandwidth, thereby significantly expanding its opportunity horizon.

## Channel strength

Alongside APL Apollo's continued growth in its capabilities, the Company has also worked aggressively on widening its reach through a multi-layer network supported by robust supply chain solutions. Further, as the basket of innovative products ballooned, traders in the structural tube space from across India got drawn to the Company. Today it has the largest, most expansive, and entrenched distribution network in its business space.

## Brand power

In the structural steel space, Apollo APL created brands out of steel. Steel became not just a product to be exchanged, but a brand to be valued and trusted. Branding not just ensured recall but transformed the sector where peers sold structural steel, while APL Apollo sold brands thus rightfully commanding a premium from its channel partners.

## Trade transformation

APL Apollo strategically adopted policies for a complete overhaul of the trade benchmarks within its industry. It gave its channel partners innovative products, the fastest product delivery, the power of brands, and multi-fold growth opportunities and in exchange commanded returns in the form of a cash-and-carry model with its distribution channel plummeting its working capital cycle to about a week. Peers aspire for this benchmark today.