


APOLLO TRICOAT TUBES LIMITED

ANNUAL REPORT 2021-22

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PART of the APL Apollo Group and headquartered in New Delhi, India, Apollo TriCoat (TriCoat) is one of the leading steel pipe and tube manufacturers in India with its manufacturing facilities at Malur district in Karnataka, and at Dadri, Uttar Pradesh. Laced with world-class technology imported from the US, TriCoat manufactures steel pipes and tubes used in home renovation and improvement.

In the **capable leadership of Shri Rahul Gupta at the helm**, supported by an experienced and professional management team, TriCoat strive to create products that are durable and aesthetically pleasing and have potential to replace wooden furniture and fixtures and other conventional materials, while contributing towards environment.



VISION

- To pioneer in developing technological advancement in the Indian tube industry
- To continuously innovate the production process and review the quality control measures to provide best of products
- To make mechanical engineering and information technology work closely to increase efficiency and effectiveness

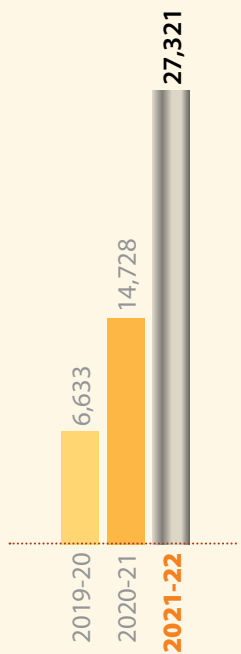


MISSION

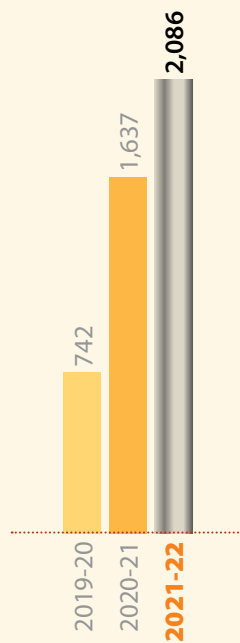
- To be among India's most reliable tube making companies
- To create a brand that would be known for its trustworthiness
- To create an organisation with ethical and modern working culture
- To enhance business visibility across newer markets
- To create sustainable value for all stakeholders

KEY PERFORMANCE INDICATORS

Revenue
(₹ in million)

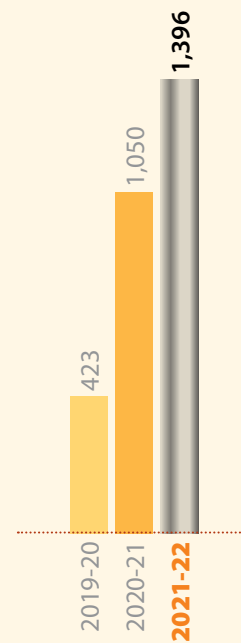


EBITDA
(₹ in million)



*excluding Other Income

Net Profit
(₹ in million)



55.82%

Promoter's holding
as on 31st March, 2022

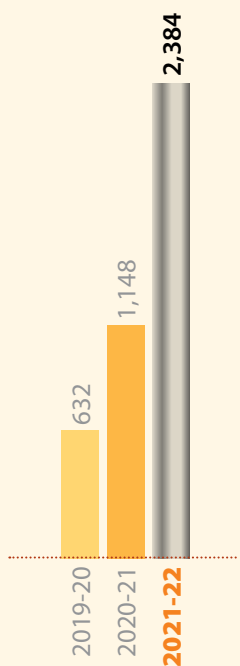
3.5^{lakh} TPA

Installed capacity
as on 31st March, 2022

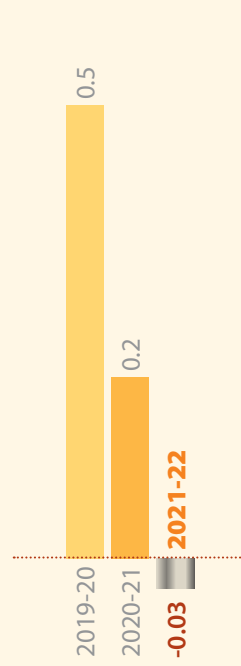
₹52,017^{mn}

Market Capitalisation
as on 31st March, 2022

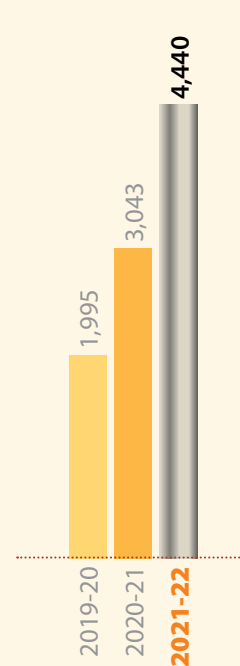
Net cash flow from operations
(₹ in million)



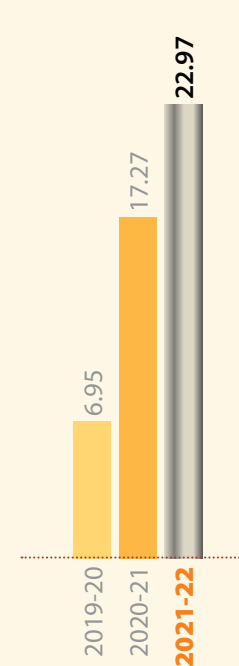
Debt-equity ratio
(x)



Networth
(₹ in million)



Earnings per share
(₹)



We are excited to realise the emerging opportunities going forward in all our business segments and are confident of moving ahead with our

WELL DEFINED STRATEGIC BLUEPRINT



RAHUL GUPTA, MANAGING DIRECTOR

DEAR
SHAREHOLDERS,

IT IS GOOD TO INK THIS MESSAGE AS **WE CONTINUE TO BETTER OUR PREVIOUS BEST** DESPITE THE CHALLENGES AND UNCERTAINTIES THAT PREVAILED DURING THE YEAR.



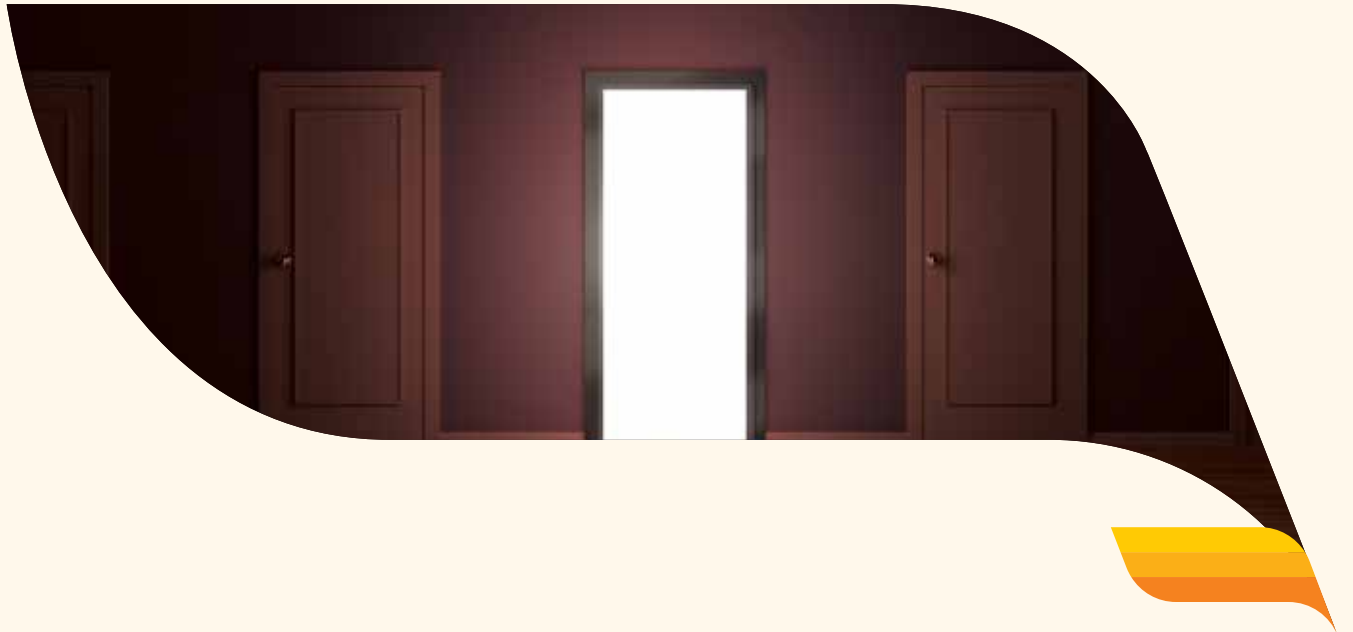
FY22 tested our resilience. The second wave was quite a challenge as it pushed us to the edge to take a call between people safety and business growth. We chose the former. We focused on our people safety and well-being through well thought out and all-encompassing policies. We organised, at the Group level, multiple vaccination drives to shore confidence levels among individuals. Having said that, I must congratulate India's research scientists for having developed potent vaccines in such a short time which has not just saved Indian but has been useful in saving lives of millions across the world.

This helped in overcoming the second wave in a shorter time than envisaged. With India returning to normalcy, business surged. Business activities continued to gain momentum. We were flushed with orders. Our plants and offices were abuzz with activity. The result is visible in our performance... our revenue increased in every quarter of our FY22.

Overall, our revenue from operations upped by 86% from ₹14,728 million in FY21 to ₹27,321 million in FY22, EBITDA increased by 27% from ₹1,637 million in FY21 to ₹2,086 million in FY22 while Net Profit increased from ₹1,050 million to ₹1,396 million over the same period - a growth of 33%.

The journey, going forward, is only going to get more exciting. My optimism is platformed on multiple trends that suggest that demand for our products will continue to scale northward.

The real estate sector is on the roll. India's real estate bounced back rather sharply since the Covid-induced lockdowns in 2020, posting healthy



growth over the last six quarters. While the immediate near term could face some challenges on account of inflation and increased interest rates, the medium term prospects remain intact.

Opinion makers are of the view that India's real estate sector is expected to reach US\$1 trillion in market size by 2030, up from US\$ 200 billion in 2021. Retail, hospitality, and commercial real estate are also growing significantly, providing the much-needed infrastructure for India's growing needs.

Further, with environment consciousness gaining steam, our products are gaining the spotlight across applications.

Moreover, we will be merging with our parent APL Apollo in the current year. This is a huge positive for the Company. Our products will be channelised through its entrenched network to reach the farthest corner of India which otherwise would have taken considerable time had we gone at it alone. We will leverage the strong brand recall which has

become synonymous with quality and innovation in the building products. We will gain from the brand campaigns and ad-spends initiated by APL Apollo.

As a result, our landscape will emerge significantly brighter. I expect volumes to increase considerably as awareness of our environment-friendly products widens among the Indian consumers. In keeping with this estimate, we plan to increase our capacities and capabilities over the coming years.

We are excited to realise the emerging opportunities going forward in all our business segments and are confident of moving ahead with our well defined strategic blueprint.

Our aim is to achieve sustainable profitable growth in medium term and structurally we are poised towards moving on to the next tier of performance in our growth journey and margins.

I, on behalf of the Board, thank all our employees for their unwavering commitment in uplifting the Company.

I express my gratitude to all stakeholders and Government authorities for extending their complete support in our journey this far.

I seek your continued support going forward.

Warm regards,

RAHUL GUPTA
 MANAGING DIRECTOR



MANAGEMENT DISCUSSION & ANALYSIS

Proposed merger of the Company

AS members are aware of, the Board of Directors of Company at its meeting held on February 27, 2021, had approved a scheme of amalgamation of Shri Lakshmi Metal Udyog Limited (the holding company) and the Company with APL Apollo Tubes Limited and their respective shareholders and creditors, under Sections 230 to 232 of the Companies Act, 2013.



Requisite approvals/NOCs from the stock exchange, share holders, secured creditors and the unsecured creditors of the Company have been received for the scheme. Similar approvals have been received by the other transferor company and the transferee Company also. The Scheme is now subject to sanction of the Hon'ble NCLT, Delhi for which a final date has been fixed by the NCLT. On the scheme being effective, the Company will get dissolved and all its assets and liabilities will get transferred to the transferee company.

The references in this report to the Company may be construed as references to the businesses and the undertaking that will be continued to be carried out in the transferee company post-merger.

An economic overview

India rebounded with vigor - from 6.6% GDP contraction in FY21 to 8.7% GDP growth in FY22 - progress that has demonstrated India's inherent resilience and determined efforts to get back to winning ways despite the second wave that threatened to derail progress once again.

The Government's push for inoculation and the mass vaccination drives across India helped allay fears which provided the much-needed impetus to private consumption. Also, increased capital expenditure from government on infrastructure and defense boosted the fortunes for India Inc. As a result, 19 of 22 High Frequency economic Indicators were higher than the pre-Covid levels.

Industrial India reported a healthy double-digit growth over the previous year, the services sectors grew by more than 8% while the agriculture segment improved from 3.6% in FY21 to 3.9% in FY22.

New investment and capex announcements by the private sector saw a 145% year-on-year rise in FY22 and 150% increase over FY20. New project announcements in the manufacturing sector have improved significantly to ₹6.2 trillion in FY22, a rise of 93.75%, as against ₹3.2 trillion in FY20.

Despite pandemic-related uncertainties, India remains a favourable destination for foreign investment. In 2021, around 44% of 1,200 global business heads in developed economies were planning to make first-time or additional investments in India. Gross Foreign Direct Investment (FDI) inflows increased, from \$82 billion in FY 2021 to \$83.6 billion in FY 2022.

The close of FY22 was not as expected owing to heightened geo-political tensions which are expected to cast a shadow on India's economic prospects for FY23. In keeping with these realities, the Reserve Bank of India has suggested that India's GDP would grow by about 7.2% in FY23 (a slight downward revision from its earlier estimate of 7.8%).

The sector and its prospects

Apollo TriCoat is into home décor products. The Company's business space is about crafting steel for niche applications primarily used in the residential segment of the real estate sector.

A brief on the domestic steel

sector: In FY22, India's steel demand improved on the back of continued economic recovery. Robust demand across the year from the infrastructure and automobile sectors elevated steel consumption to the pre-covid level. India produced about 118 Mn T crude steel in FY22, up from 104 MT in FY21 which is expected to increase to 130 MT in FY23. On the consumption side, it is expected that India will consume about 7-8% more steel than it did in FY22; the export volume on the other hand should increase to around 20% of the production in FY23 from around 12% in FY22 - owing to India capitalizing on the vacuum created in the global steel trade by China.

To appreciate the prospects of the Company, it would be relevant to get an insight into the prospects of the real estate sectors

Residential real estate: Akin to other sectors, the residential real estate market registered a handsome recovery in 2021 as home sales and new launches improved significantly. This trend in the residential markets is expected to continue in 2022 with sales likely to reach pre-Covid levels. With income levels rising faster than rise in real estate prices, housing affordability is expected to remain steady over the near-term which is expected to keep the real estate market buoyant.

(Source: <https://economictimes.indiatimes.com/industry/services/property/-cstruction/hdfc-chairman-deepak-parekh-sees-robust-housing-demand-in-india-to-continue/articleshow/89642390.cms>)

Home renovation: Indians are renovating their homes faster than before. Covid-induced lockdowns put more money in the hands of salaried Indians. Moreover, the work-from-home trend has made the home (more particularly the drawing room/study room) into a defacto office.

This has necessitated the need for renovation. This is driving the demand for building products.

High-rise buildings: High-rise buildings are the order of the day in metros and urban cities. This is owing to the continuous migration to these cities and decreasing space. In 2021 of the approximate 1,178 new launches, high rises were 614 projects. The trend in leveraging vertical creation is only expected to accelerate over the medium term.

(Source: <https://www.99acres.com/articles/how-covid-19-has-influenced-the-supply-of-high-rise-projects.html>)

Affordable housing: 'Housing for all' was government's focus for a very long time. In FY23 budget, Government of India allocated ₹48,000 crore in the India's flagship affordable housing scheme - the Pradhan Mantri Awas Yojana (PMAY) across the urban and rural categories.

The loan books for affordable housing finance companies are expected to grow by 17-20% in FY23, owing to the factors like under-penetrated market, favourable demographic, government thrust on affordable housing, favourable tax regime that support growth outlook. According to the government sources, in 2022-23 alone, 8 million houses will be completed for eligible beneficiaries of PMAY.

Commercial segment: India's journey towards a sizable USD 5 trillion economy opens a plethora of interesting growth opportunities for the commercial office market. According to real estate consultant Cushman & Wakefield, the demand for office space may rise 14% this year to 60 million square feet across eight cities, mainly driven by strong rebound in Indian economy and aggressive hiring plans in IT/ITeS sector as well as start-ups.

India's real estate sector in India is expected to climb from US\$ 200 billion in 2021 to US\$ 1 trillion in market size by 2030 and contribute 13% to the country's GDP by 2025. (Source: IBEF)

