

APL/SECT/DLH/SE: 2020-21

27th February 2021

Electronic Filing

National Stock Exchange of India Limited
"Exchange Plaza" Bandra-Kurla Complex,
Bandra (E),
Mumbai-400051

Department of Corporate Services/Listing
BSE Limited
Phiroze Jeejeebhoy Tower,
Dalal Street, Fort,
Mumbai-400001

NSE Symbol : APLAPOLLO

Scrip Code : 533758

Dear Sir/Madam,

Subject: Disclosure under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 – regarding approval of Scheme of Amalgamation and Arrangement

In compliance with the provisions of Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") read with Annexure I of the SEBI Circular No. CIR/CFD/CMD/4/2015 dated September 9, 2015, we wish to inform that the Board of Directors of APL Apollo Tubes Limited ("Company"), at its meeting held today, i.e., on February 27, 2021, has considered and approved a draft scheme of amalgamation of Shri Lakshmi Metal Udyog Limited ("Shri Lakshmi") and Apollo Tricoat Tubes Limited ("Apollo Tricoat") with the Company and their respective shareholders and creditors, as may be modified from time to time ("Scheme"), under Sections 230 to 232 of the Companies Act, 2013.

The Scheme is subject to receipt of approvals from the shareholders and creditors of the Company as may be directed by the National Company Law Tribunal, Delhi bench ("NCLT"), BSE Limited, National Stock Exchange of India Limited and approval of other regulatory or statutory authorities as may be required

The Audit Committee and the Independent Directors have furnished their respective reports to the Board recommending the Scheme.

A Valuation Report dated February 27, 2021, issued by SSPA & Co. Chartered Accountants (Registered Valuer), has been received for the Scheme.

Fairness opinion, dated February 27, 2021, issued by Fortress Capital Management Services Private Limited, a SEBI Registered (Category-I) Merchant Banker providing the fairness opinion on the Share Exchange Ratio recommended by the valuer under the Valuation Report, has also been received by the Company.

Pursuant to Regulation 30 of the Listing Regulations as amended, read with SEBI Circular No. CIR/CFD/CMD/4/2015 dated September 9, 2015, details of the Scheme are enclosed herewith as Annexure I.

APL Apollo Tubes Limited (CIN-L74899 DL 1986PLC023443)

Regd. Office : 37, Hargovind Enclave, Vikas Marg, Delhi - 110092, India Tel: +91-11-2237 3437 | Fax : +91-11-2237 3537

Corp. Office : 36, Kaushambi, Near Anand Vihar Terminal, Delhi (NCR) -201010, India Tel: +91-120-4041 400/401/402 | Fax : +91-120-4041 444

Corp. Office : Tapasya Corp. Heights, 4th Floor, Tower-A, Sector-126, Noida, Uttar Pradesh 201303, India Tel: +91-120 4742 700/701

Unit - 1: A-19, Industrial Area, Sikandrabad, Distt. Bulandshahar, U.P.-203205, India, Unit-2 : 332-338, Alur Village, Perandapolli, Hosur, Tamilnadu-635109, India

Unit - 3 : Plot No. M-1, Additional M.I.D.C. Area, Kudavali, Murbad, Maharashtra, Thane-421401, India, Unit-4 : Village Bendri Near Urla Indl. Area Raipur, Chhattisgarh-493661, India

E-mail : info@aplapollo.com Web : www.aplapollo.com



Further we also enclose herewith a presentation on the proposed merger for kind perusal.

This is for your information and records.

Thanking you,

Yours faithfully

For APL Apollo Tubes Limited



**Deepak C S
Company Secretary**

Encl: a/a

Annexure I

Details of the Scheme under Regulation 30 of the Listing Regulations read with the SEBI Circular No. CIR/CFD/CMD/4/2015 dated September 9, 2015

Disclosures relating to the amalgamation of Shri Lakshmi Metal Udyog Limited and Apollo Tricoat Tubes Limited with APL Apollo Tubes Limited, as per Para. 1.2 of Annexure I of the SEBI Circular No. CIR/CFD/CMD/4/2015 dated September 9, 2015.

Sr. No.	Particulars	Details												
1.	Name of the entity(ies) forming part of the amalgamation/merger, details in brief such as, size, turnover etc.	<p>Name of entities forming part of Scheme of Amalgamation:</p> <p>APL Apollo Tubes Limited ("APL Apollo") – CIN: L74899DL1986PLC023443,</p> <p>Shri Lakshmi Metal Udyog Limited ("Shri Lakshmi") – CIN: U85110DL1994PLC224835</p> <p>Apollo Tricoat Tubes Limited ("Apollo Tricoat") CIN: L74900DL1983PLC014972</p> <p>Details of Size and Turnover as on December 31, 2020 (in Rs Crore):</p> <table border="1" data-bbox="663 1238 1417 1534"> <thead> <tr> <th>Name of Entity</th> <th>Net Worth (standalone)</th> <th>Turnover for the 9 months period ending December 2020</th> </tr> </thead> <tbody> <tr> <td>APL Apollo</td> <td>1,370</td> <td>4,167</td> </tr> <tr> <td>Shri Lakshmi</td> <td>203</td> <td>482</td> </tr> <tr> <td>Apollo Tricoat</td> <td>270</td> <td>1,005</td> </tr> </tbody> </table>	Name of Entity	Net Worth (standalone)	Turnover for the 9 months period ending December 2020	APL Apollo	1,370	4,167	Shri Lakshmi	203	482	Apollo Tricoat	270	1,005
Name of Entity	Net Worth (standalone)	Turnover for the 9 months period ending December 2020												
APL Apollo	1,370	4,167												
Shri Lakshmi	203	482												
Apollo Tricoat	270	1,005												
2.	Whether the transaction would fall within related party transactions? If yes, whether the same is done at "arms length"	<p>Yes, the transaction would be a related party transaction.</p> <p>The consideration for the amalgamations will be discharged on "arm's length" basis.</p> <p>The share exchange ratio for the shares to be allotted to the shareholders of Apollo Tricoat as a consideration for the amalgamation, is based on the report, dated February 27, 2021 issued by SSPA &</p>												



		<p>Co. Chartered Accountants and Registered Valuer (the "Valuation Report"). Further, the fairness opinion dated February 27, 2021 issued by Fortress Capital Management Services Private Limited, a SEBI Registered (Category-I) Merchant Banker has confirmed that the share exchange ratio recommended by the valuers under the Valuation Report is fair and reasonable.</p> <p>The aforesaid Valuation Report and Fairness Opinion have been duly considered by the Audit Committee of APL Apollo and Apollo Tricoat and the Board of Directors of APL Apollo, Shri Lakshmi and Apollo Tricoat.</p>
3.	Area of business of the entity(ies)	<p>APL Apollo is engaged in the business of production of ERW steel tubes.</p> <p>Shri Lakshmi is engaged in the business of production of ERW steel tubes and GP Coils.</p> <p>Apollo Tricoat is engaged in the business of production of ERW steel tubes.</p>
4.	Rationale for amalgamation/ merger	<p>The amalgamations would result in the following benefits:</p> <ul style="list-style-type: none"> - Combined business under "APL Apollo" brand with wide product offerings and geographical footprint leading to a stronger market presence, to be best suitable for long term growth market; - Amalgamation shall result in consolidation of the respective operations served by one platform thereby leveraging the capability of APL Apollo; - Shri Lakshmi and Apollo Tricoat operate businesses that complement each other, the combination to result in stronger consolidated revenue and profitability, with diversification in product portfolio thereby reducing business risks for mutual benefit of the shareholders of the companies; - Ensuring a streamlined group structure by reducing the number of legal entities in the group



		<p>structure, and thereby eliminating inter-company transactions, administrative duplications and consequently reducing the administrative costs of maintaining separate companies;</p> <ul style="list-style-type: none"> - Pooling of assets, proprietary information, personnel, financial, managerial and technical resources of the companies, thereby contributing to the future growth of the Amalgamated entity; and - Overall reduction in administrative, managerial and other expenditure and achieving productivity gains and logistical advantages by pooling technologies for optimum utilization of various resources.
5.	<p>In case of cash consideration – amount or otherwise share exchange ratio</p>	<p>The Scheme does not involve payment of any cash consideration.</p> <p>The share exchange ratio for the amalgamations is as under:</p> <p>(a) <u>Amalgamation of Shri Lakshmi into and with APL Apollo:</u></p> <p>As the entire, issued, subscribed and paid up share capital of Shri Lakshmi is held by APL Apollo and its nominees, upon the Scheme being effective, notwithstanding anything contrary in this Scheme, the said Equity Share Capital of Shri Lakshmi shall stand automatically cancelled and there will be no issue and allotment of shares to APL Apollo or the nominees as APL Apollo and its nominees are the only shareholders of Shri Lakshmi.</p> <p>(b) <u>Amalgamation of Apollo Tricoat into and with APL Apollo:</u></p> <p>Upon coming into effect of the Scheme and in consideration for the amalgamation of Apollo Tricoat into and with APL Apollo pursuant to the Scheme, APL Apollo shall, without any further act or deed and without receipt of any cash, issue and allot to the shareholders of Apollo Tricoat as on</p>



		the Record Date other than the stake held by Shri Lakshmi i.e. 1,69,70,000 equity shares of Rs. 2 each to the extent of 55.82% which is being cancelled owing to its amalgamation with APL Apollo, <i>one (1)</i> equity share of Rs 2 each of APL Apollo for every 1 (one) equity share of Rs. 2 each of Apollo Tricoat.									
6.	Brief details of change in shareholding pattern (if any) of listed entity	<p>There will be a change in the shareholding pattern of APL Apollo pursuant to the Scheme, in accordance with the share exchange ratios.</p> <p>Indicative shareholding pattern of APL Apollo, post the amalgamation of Shri Lakshmi and Apollo Tricoat into and with APL Apollo in accordance with the Scheme, is set out below:</p> <table border="1"> <thead> <tr> <th>Category</th> <th>Shareholding of APL Apollo as on date</th> <th>Indicative post-Scheme shareholding of APL Apollo</th> </tr> </thead> <tbody> <tr> <td>Promoter and Promoter Group</td> <td>37.03%</td> <td>33.44%</td> </tr> <tr> <td>Public</td> <td>62.97%</td> <td>66.56%</td> </tr> </tbody> </table>	Category	Shareholding of APL Apollo as on date	Indicative post-Scheme shareholding of APL Apollo	Promoter and Promoter Group	37.03%	33.44%	Public	62.97%	66.56%
Category	Shareholding of APL Apollo as on date	Indicative post-Scheme shareholding of APL Apollo									
Promoter and Promoter Group	37.03%	33.44%									
Public	62.97%	66.56%									

Disclosures relating to the splitting-up of equity share capital of Shri Lakshmi Metal Udyog Limited (unlisted company) as per Para. 2.2 of Annexure I of the SEBI Circular No. CIR/CFD/CMD/4/2015 dated September 9, 2015.

Sr. No.	Particulars	Details
1.	Split ratio	Split ratio is 1: 5 i.e. One (1) equity share of face value Rs.10 each into Five (5) equity shares of Rs. 2 each
2.	Rationale behind the split	<p>Face value of each share of APL Apollo is Rs. 2/- Face value of each share of Shri Lakshmi is Rs. 10/-</p> <p>To combine the authorized share capital of APL Apollo and Shri Lakshmi under proposed amalgamation, splitting up of face value of equity share of Shri Lakshmi equivalent to that of APL Apollo</p>

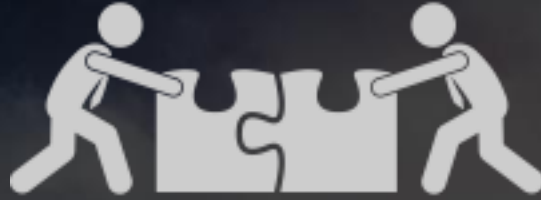


		is proposed.				
3.	Pre and post share capital –authorized, paid-up and subscribed	<p>Pre-split share capital details (of Shri Lakshmi):</p> <table border="1"> <tr> <td>Authorized share capital</td> <td>Rs. 7,00,00,000 divided into 70,00,000 equity shares of Rs. 10 each</td> </tr> </table> <p>Post-split share capital details :</p> <table border="1"> <tr> <td>Authorized share capital</td> <td>Rs. 7,00,00,000 divided into 3,50,00,000 equity shares of Rs. 2 each</td> </tr> </table>	Authorized share capital	Rs. 7,00,00,000 divided into 70,00,000 equity shares of Rs. 10 each	Authorized share capital	Rs. 7,00,00,000 divided into 3,50,00,000 equity shares of Rs. 2 each
Authorized share capital	Rs. 7,00,00,000 divided into 70,00,000 equity shares of Rs. 10 each					
Authorized share capital	Rs. 7,00,00,000 divided into 3,50,00,000 equity shares of Rs. 2 each					
4.	Expected time of completion	Equity Shares are proposed to be split under Scheme of Amalgamation. Upon the Scheme being effective the proposed split is expected to be completed				
5.	Class of shares which are subdivided	The class of share for which splitting up is proposed is "Equity Share".				
6.	Number of shares of each class pre and post split	<p>Pre-split authorized share capital details: 70,00,000 equity shares of Rs. 10 each</p> <p>Post-split share authorized share capital details: 3,50,00,000 equity shares of Rs. 2 each</p>				
7.	Number of shareholders who did not get any shares in consolidation and their pre-consolidation shareholding	Not applicable				

Yours faithfully
For APL Apollo Tubes Limited

Deepak C S
Company Secretary





Structural Steel Tube Giant

**Merger of
Apollo Tricoat Tubes Ltd.
with
APL Apollo Tubes Ltd.**

Safe Harbour

Except for the historical information contained herein, statements in this presentation and the subsequent discussions, which include words or phrases such as "will", "aim", "will likely result", "would", "believe", "may", "expect", "will continue", "anticipate", "estimate", "intend", "plan", "contemplate", "seek to", "future", "objective", "goal", "likely", "project", "should", "potential", "will pursue", and similar expressions of such expressions may constitute "forward-looking statements". These forward looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. These risks and uncertainties include, but are not limited to our ability to successfully implement our strategy, our growth and expansion plans, obtain regulatory approvals, our provisioning policies, technological changes, investment and business income, cash flow projections, our exposure to market risks as well as other risks. The Company does not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date thereof.

Transaction Overview & Rationale

Transaction Highlights

- The Board approved the merger of Shri Lakshmi Metal Udyog Limited and Apollo Tricoat Tubes Limited (Apollo Tricoat) with APL Apollo Tubes Limited (APL Apollo)
- Apollo Tricoat's minority shareholders will receive for each equity share held:
 - One equity share in APL Apollo
 - Implied premium of 16% to previous closing price for Apollo Tricoat's shareholders
 - Increase of 10.8% in APL Apollo's share capital
- Pro-forma ownership in APL Apollo:
 - Existing APL Apollo shareholders 89.2%
 - Apollo Tricoat shareholders 10.8%

Transaction Highlights

- Effected by way of a Scheme of Amalgamation
- Conditional on shareholder approval at each of APL Apollo and Apollo Tricoat, as well as regulatory approvals
- Transaction governance in line with Indian regulations and best practices
 - Big Four Accounting firm KPMG Assurance and Consulting Services LLP appointed as merger advisor
 - Renowned Firm SSPA & Co. Chartered Accountants appointed as an independent valuer
- Expected to close in third quarter FY2022
- Appointed date for merger: 1st April 2021
- Amalgamation a tax neutral transaction

Strategic Rationale

Simplification of group structure

Potential re-rating to benefit all shareholders

Cost efficiencies to boost overall margins

Stronger balance sheet lowers overall cost of capital

Strategic Rationale
APL Apollo
&
Apollo Tricoat

Creation of stronger platform for growth

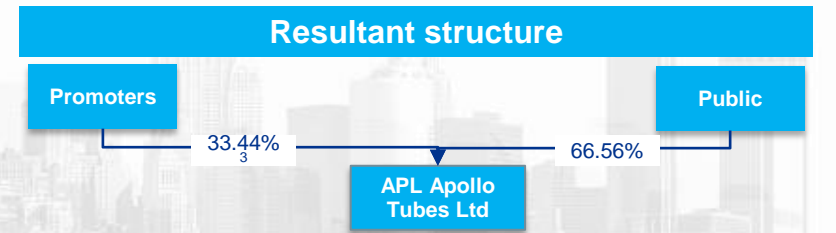
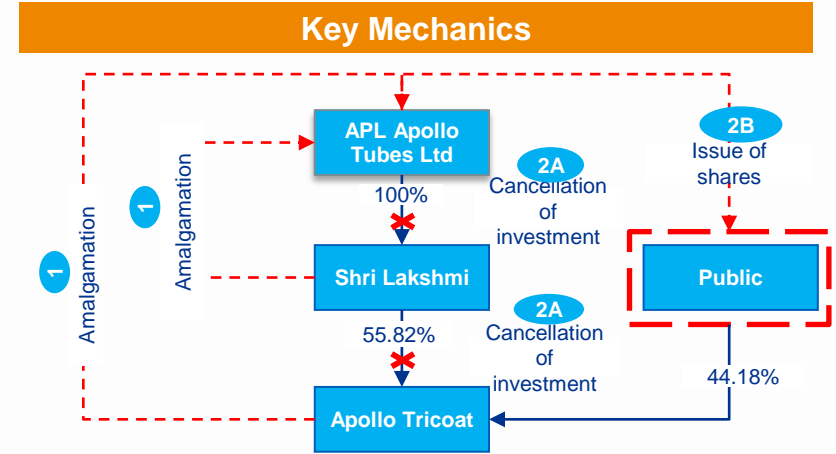
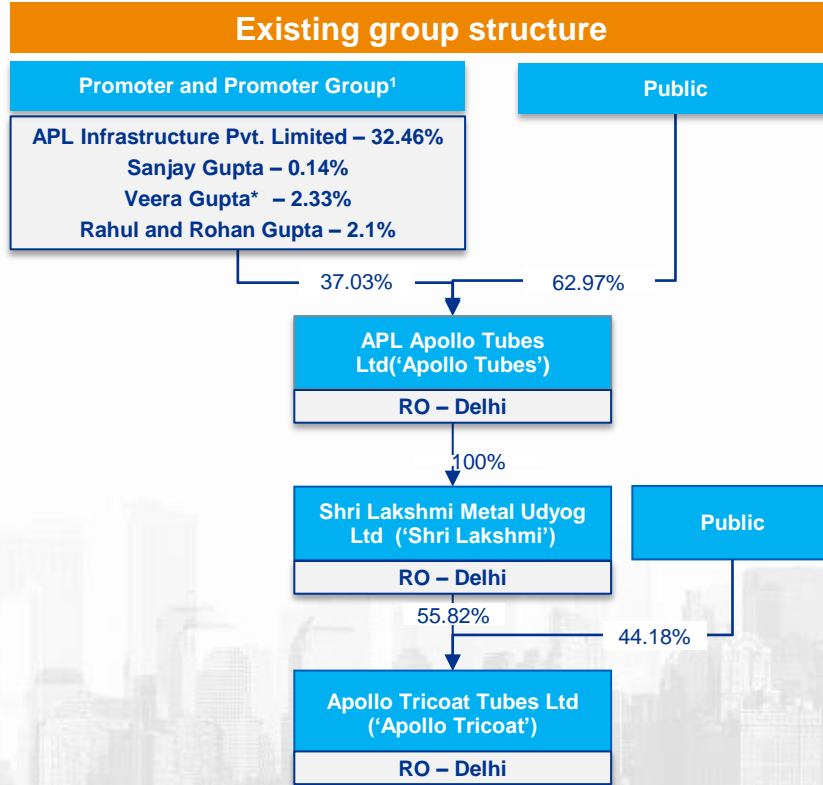
Ability to offer innovative products resulting in higher margins

Greater financial flexibility for sustained growth

Increased size: Economies of scale

Increased cross-sell opportunities

Merger Arrangements



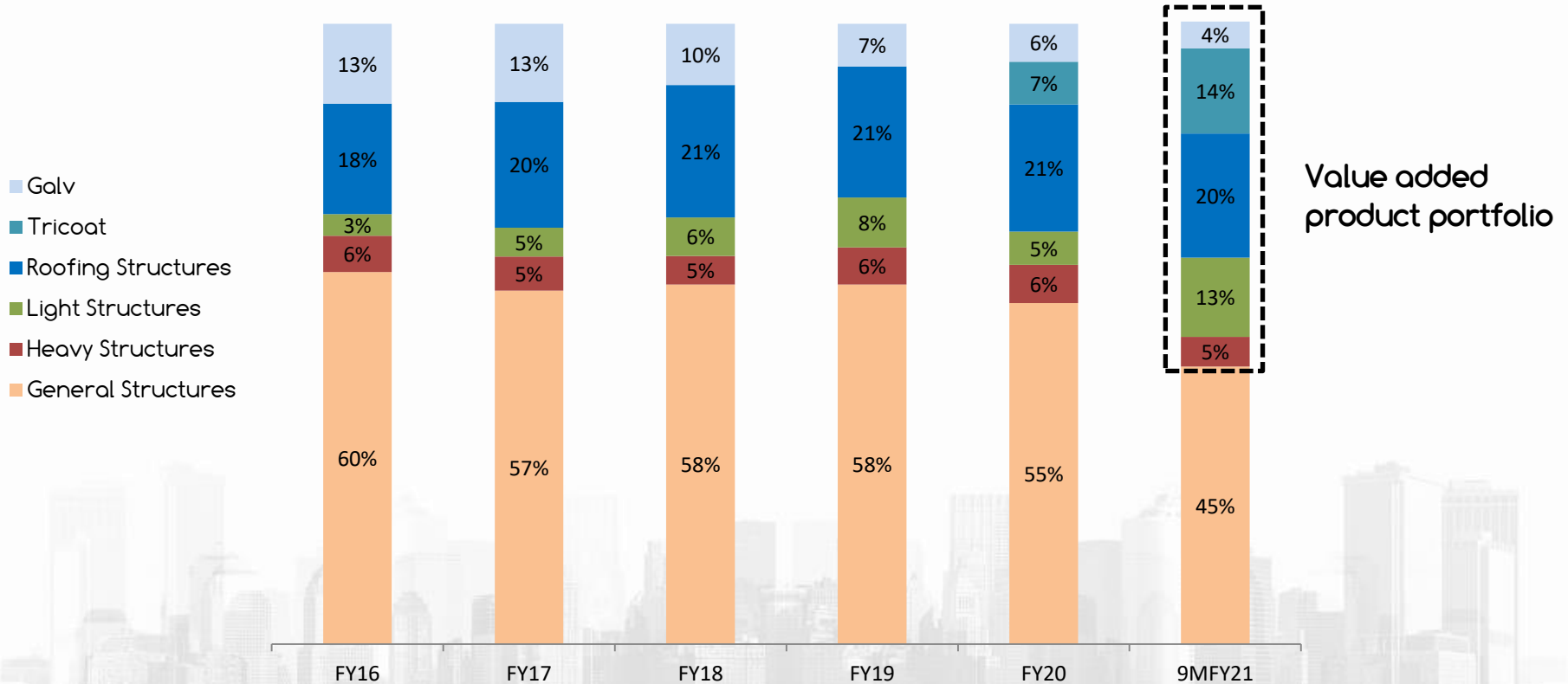
Source: Shareholding pattern as per public announcement dated February 18, 2021

*Veera Gupta is not part of promoter family

Benefit for APL Apollo Share holders

- EPS Accretive: Net profit increase by 13.5%, Dilution of 9.7%
- ROE Accretive: 100% of Apollo's Tricoat profit to boost return profile
- Margin Accretive: Apollo Tricoat's high margin products to lift APL Apollo's profitability
- Addition of innovative value added products to APL Apollo's portfolio
- Apollo Tricoat's B2C centric approach will enhance Group's brand equity

Rising value added product portfolio for APL Apollo

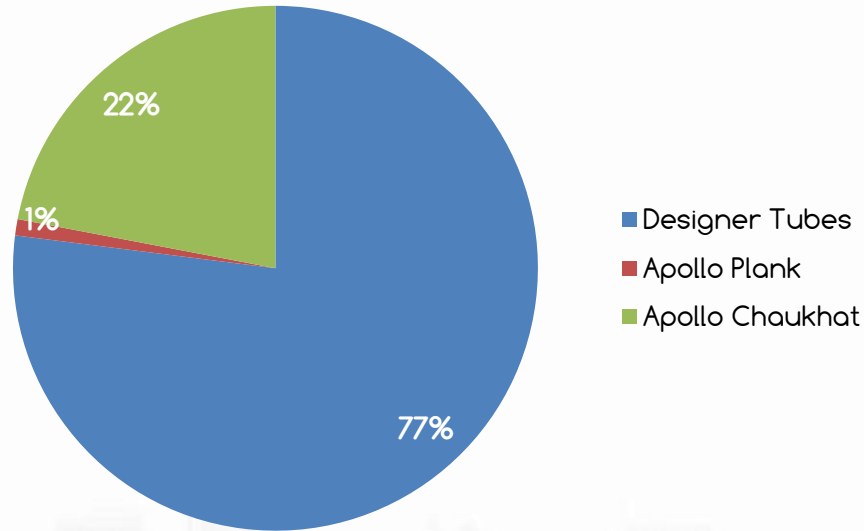


Based on 9MFY21 Financials

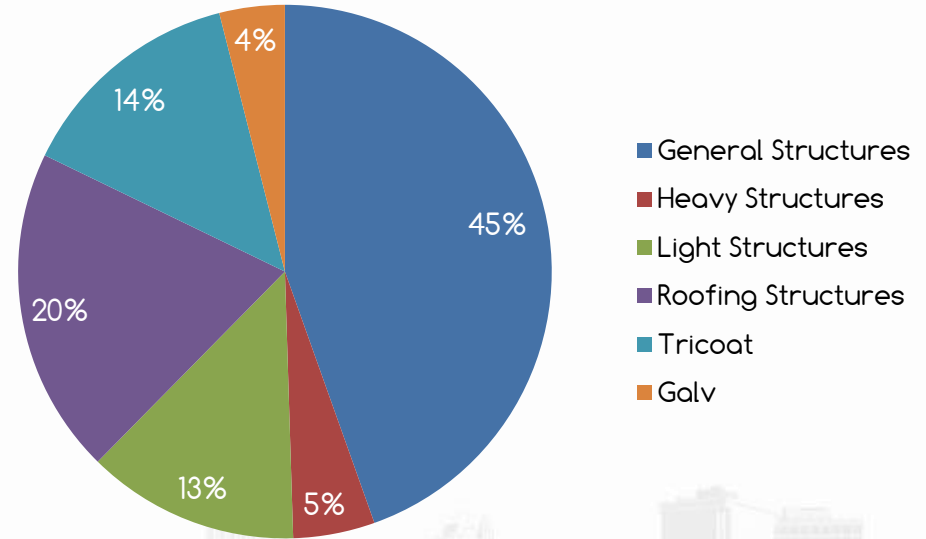
Benefit for Apollo Tricoat Share holders

- 16% premium to last closing market price and 25% premium to 3-month DWAP
- Stronger platform and stable cash flows driving superior returns
- Balance Sheet strengthening with bigger scale
- Earnings de-risked through addition of APL Apollo's products
- Opportunity to introduce new technologies into home innovation segment
- To benefit from APL Apollo's distribution network and brand trust
- Lower distribution cost by accessing distribution network of Apollo Tubes

Apollo Tricoat: De-risked through addition of APL Apollo's products



Apollo Tricoat Product Portfolio



APL Apollo Product Portfolio

Both companies committed to the growth strategy in structural steel tubes

World Class Technology

- APL Apollo has 8 manufacturing units with capacity of 2.25mn tons
- Apollo Tricoat has 2 manufacturing units with capacity of 0.35mn tons
- Combined capacity of 2.6mn tons of structural steel tubes

Growth

- Group has demonstrated volume CAGR of 27% in last 10 years
- Merged entity to work aggressively towards development of structural steel tube market in the coming years

Apollo Brand

- Single platform to innovate new application for structural steel tubes (home innovation, heavy structural tube, home decor tubes)

Structural Steel Tube Giant with capacity of 2.6mn tons

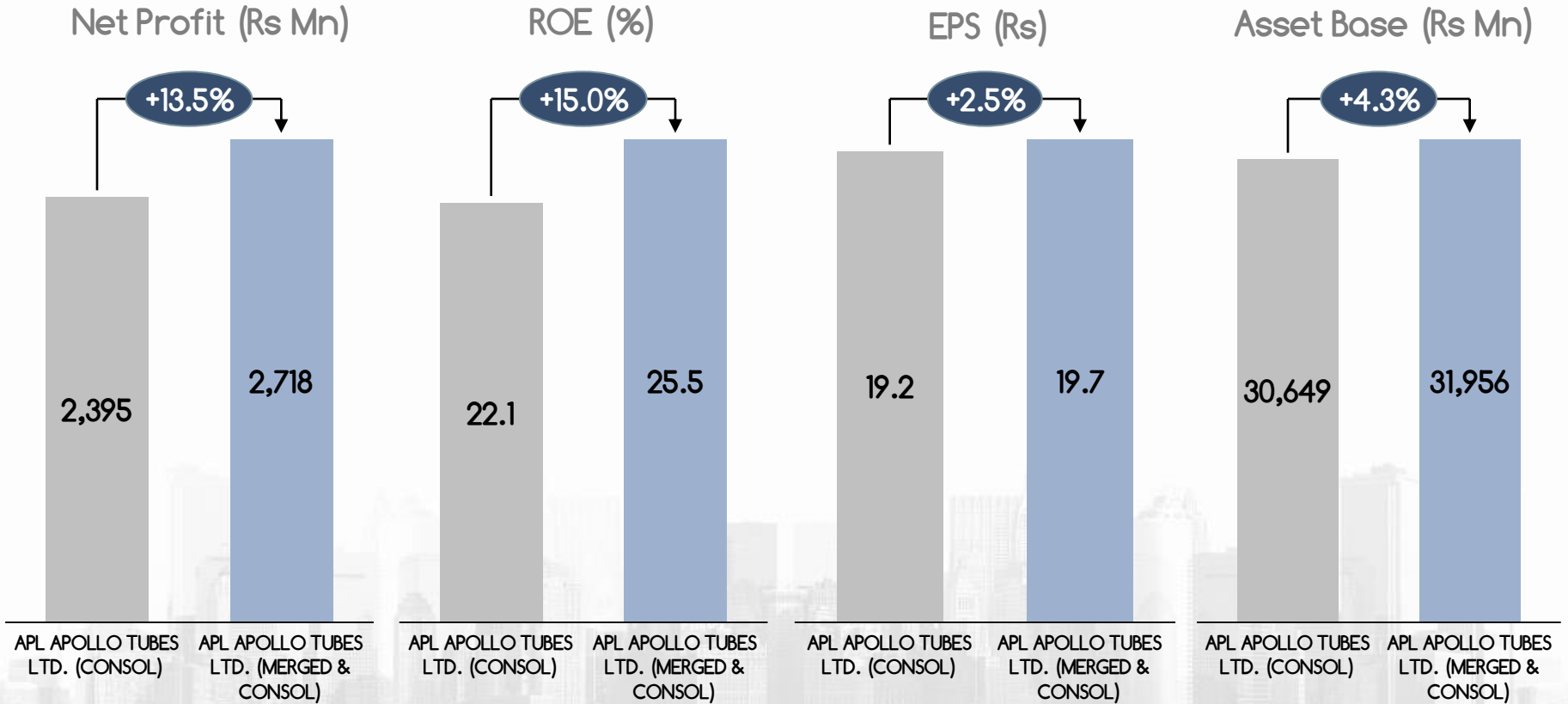
Post Amalgamation P&L Statement

Profit & Loss Amount (Rs Mn)	Consolidated P&L - 31 December 2020	Post merger P&L - 31 December 2020
	APL Apollo Tubes Ltd (Consolidated)	APL Apollo Tubes Ltd (Merged + Consol)
I Revenue from operations		
(a) Sale of products	59,128	59,128
(b) Other operating income	-	-
Total revenue from operations	59,128	59,128
II Other Income	233	233
III Total income (I +II)	59,361	59,361
IV Expenses		
(a) Cost of materials consumed	48,148	48,148
(b) Purchase of stock-in-trade (traded goods)	610	610
(c) Changes in inventories of finished goods, work-in-progress, rejection and scrap	901	901
(d) Employee benefits expense	979	979
(e) Finance costs	517	517
(f) Depreciation and amortization expense	752	752
(g) Other expenses	3,767	3,767
Total expenses	55,675	55,675
V Profit before tax (III-IV)	3,686	3,686
VI Tax expense:	953	953
VII Profit for the period / year (V-VI)	2,733	2,733
VIII Other comprehensive income	(15)	(15)
IX Total comprehensive income for the year (VII+VIII)	2,718	2,718
X Profit for the year attributable to :		
- Owner of the Company	2,395	2,718
- Non-Controlling interest	324	-
No. of Shares (Mn)	125	138
EPS (Rs)	19.19	19.67

Post Amalgamation Balance Sheet

BALANCE SHEET Amount (Rs Mn)	Consolidated Balance Sheet as on 31 December 2020 APL Apollo Tubes Ltd (Consolidated)	Post merger Balance Sheet as on 31 December 2020 APL Apollo Tubes Ltd (Merged + Consolidated)
Net-worth	16,923	18,229
Equity Share capital	250	276
Reserves & Surplus	16,673	17,953
Non Current Liabilities	4,125	4,124
Long term borrowings	2,016	2,016
Long term provisions	231	231
Deferred Tax Liabilities	1,067	1,067
Other long - term liabilities	811	811
Current Liabilities	9,602	9,602
Short term borrowings	2,080	2,080
Trade payables	5,897	5,897
Other current liabilities	1,623	1,623
Short term provisions	2	2
TOTAL	30,649	31,956
Non Current Assets	19,139	20,446
Net Fixed Assets	16,312	16,197
- PPE excluding intangibles	14,983	14,944
- Intangible including right to use assets	959	883
- CWIP	370	370
Capital Reserve/Goodwill	1,375	2,796
Non Current Investment	14	14
Long term loans & advances	0	0
Other non current assets	1,439	1,439
Current Assets	11,510	11,510
Inventories	5,713	5,713
Trade receivables	910	910
Cash and Bank	3,309	3,309
Short term loans & advances	13	13
Other Current Assets	1,565	1,565
TOTAL	30,649	31,956

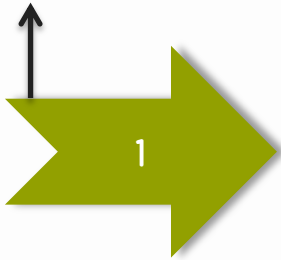
Improved Financials for APL Apollo



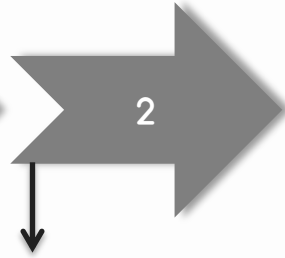
Based on 9MFY21 Financials

Way Forward

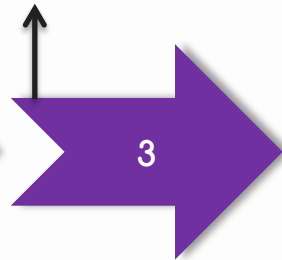
Board of Directors approved the scheme basis recommendation of Audit Committee and Independent Directors



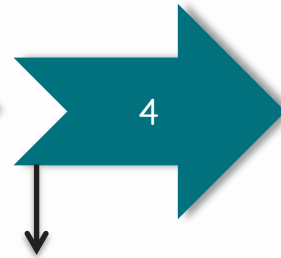
Filing of Scheme with stock exchange and SEBI for their approval



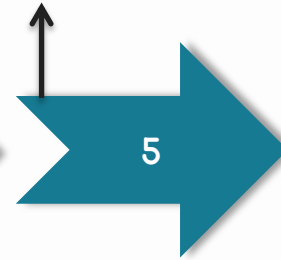
Filing Scheme with NCLT post receipt of no objection letter from stock exchange and SEBI



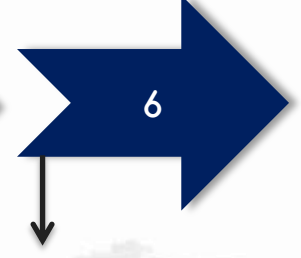
Convening meeting of shareholders / creditors as directed by NCLT



Filing of Second Motion Petition and obtaining reports from RD, ROC, Income Tax Authorities and other applicable regulatory authorities for amalgamation



File the order of NCLT approving the Scheme with Registrar of Companies and issue equity shares accordingly



Thank You