



**APL Apollo Tubes subsidiary Shri Lakshmi Metal Udyog Limited wins Business Today – Yes Bank Excellence Award**

**New Delhi, November 10<sup>th</sup>, 2014:** APL Apollo Tubes subsidiary Shri Lakshmi Metal Udyog Limited (SLMUL) has won the **Business Today – Yes Bank Emerging Companies Excellence Award** for 2014 in 2 categories. The company was announced the winner of:

- Best Emerging Company (Mid-sized Companies)
- Excellence in Performance & Business Scalability

Mr. Sanjay Gupta, Chairman SLMUL commented that “SLMUL was using less than a fifth of its annual capacity of 60,000 metric tonnes when we acquired the company in 2008. The previous promoters were pursuing other interests who had limited management bandwidth in running this unit, so when the opportunity came to us, we grabbed it”.

Mr Gupta further added “Today the company has an annual capacity of 100,000 metric tonnes with almost 70% utilization. Prior to 2008, SLMUL was producing 18 products which now has been substantially increased to 600. We have managed to change the top line and bottom line numbers simply by changing the product mix. The steel pipes made by SLMUL are used across a variety of sectors including construction, auto and transportation. The company has also created a market for rooftop pipes in Kerala that today accounts for roughly 80% of company’s business.”

Post the acquisition SLMUL shifted from the redundant cold-rolled production process to Japanese technology that increased yield and improved efficiency. All these efforts by Mr Gupta and his team made the company clock revenue of Rs. 358 crores for FY 2013-14, a 5-fold increase from Rs. 70 crores in 2007-08. Even after taking all the capital intensive steps to boost the profitability and operating efficiency, the company maintained its total debt-equity ratio to 0.48:1. Most of the fund requirements were met through internal accruals with limited debt being taken.

Mr. Gupta also added, “Today, the company competes with some of the biggest national players including TATA Steel, Surya Roshni and Jindal Industries. We are further excited about the future growth as we expect the pipe market to grow at a faster rate than the steel industry which typically grows at 1.5 times the GDP.”

**About APL Apollo Tubes Ltd**

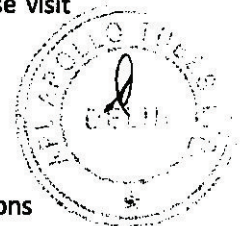
APL Apollo Tubes Ltd(NSE: APLAPOLLO; BSE: 533758) is the largest producer of ERW steel tubes with a capacity to produce more than 8,00,000 TPA. The Company has manufacturing facilities in Sikandarabad (Uttar Pradesh), Hosur (Tamil Nadu), Bengaluru (Karnataka), and Murbad (Maharashtra). The Company’s key product categories include MS Black pipes, Galvanized Tubes, Pre Galvanized Tubes, and Hollow Sections. Products manufactured are largely sold domestically via distributor network which comprises of more than 300 dealers. For more information please visit our web site [www.aplpollo.com](http://www.aplpollo.com).

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## *Business Today –Yes Bank Emerging Companies Excellence Awards 2014*

### *Winner : Shri Lakshmi Metal Udyog Limited*

- 1. Best Emerging Company (Mid-sized Companies),*
- 2. Excellence in Performance & Business Scalability*

*When Sanjay Gupta acquired the Bangalore-based Shri Lakshmi Metal Udyog (SLMU) in 2008, the maker of steel tubes was using less than a fifth of its annual capacity of 60,000 metric tonnes. At the time, Gupta was running pipe-making company Bihar Tubes out of New Delhi and was looking to expand his business. "The previous promoters of SLMU were traders who had little interest in running this unit. So when the opportunity came to us, we grabbed it," says Gupta, who is now the Chairman of SLMU.*

*Since its buyout, there's no looking back for SLMU. Soon after the acquisition, Gupta fixed the bottlenecks in the supply chain and manufacturing processes. He prepared an expansion plan to cater to rising demand from southern India and entered into fresh raw material sourcing contracts to meet its growth needs. Today, the company has an annual capacity of 100,000 metric tonnes with almost 70 per cent utilisation.*



*The steel pipes made by SLMU are used across a variety of sectors, including construction, auto, and transportation. "We have single-handedly created a market for rooftop pipes in Kerala that today accounts for roughly 80 per cent of our business," says Gupta.*



***Moving with Speed : Mr. Sanjay Gupta, Chairman***

*In coastal areas, where rainfall is frequent, rooftops are usually sloped to protect the walls from moisture. SLMU replaced the conventional roofing methods with its products that were economical, easier to install, aesthetically stylish and had a longer life. The acquisition also prompted Gupta to focus on product innovation, which helped in improving production output and profit margins. Prior to 2008, SLMU was bringing out about 18 products. This number was increased substantially to 600. With more value-added products, the company could cater to more type of customers in states such as Kerala, Tamil Nadu, Karnataka and Andhra Pradesh. "By changing the product mix, we increased both top line and bottom line numbers," says Gupta, 43.*

*Gupta also shifted SLMU to Japanese technology that increased yield and improved efficiency. For instance, in the conventional technology, every tonne of raw material would produce 90 tonnes of finished product. With the new technology, the output went up to 96 tonnes. To boost the profit margin, the company optimised the production process. The cold-rolled production process, almost unnecessary in producing steel pipes that SLMU makes, was done away with. The raw material is now directly galvanized to make finished goods. It helped save about Rs 4,000 per tonne in production costs.*

*These efforts have paid off. The company's profit margin has jumped from around two per cent six years ago to about 10 per cent now. In 2013/14, SLMU clocked revenues of Rs 358 crore, a five-fold rise over 2007/08 revenues of Rs 70 crore. The target for next year is Rs 500 crore.*

*The rapid expansion did not result in SLMU becoming overleveraged, as it happened with several steel and cement makers. The expansion is funded through a mix of debt and internal accruals. Its total debt-to-equity ratio is 0.48:1.*

*SLMU main competitors include Tata Steel, Surya Roshni and Jindal Industries, among others. Gupta says the usage of pipes increases with a rise in disposable income. The market for steel tubes in India stands at 6 million metric tonnes a year and is growing at more than 12 per cent annually. "The steel industry grows at 1.5 times the growth of GDP. Pipe market grows at a slightly higher rate than that," says Gupta. "Given that the GDP growth is likely to accelerate, the pipe industry will grow even faster."*

*Business Today November 23, 2014 edition*

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| <p><b>Business Today</b><br/>requests the pleasure of your company at the<br/><b>Business Today Emerging Companies Excellence Awards</b><br/>presented by <b>YES BANK</b></p> <p>on Friday, November 7, 2014 from 7:30 pm onwards<br/>at Nandya Garden, ITC Maurya,<br/>Diplomatic Enclave, Sankar Patel Marg, New Delhi</p> <p>Chief Guest<br/><b>Ram Vilas Paswan</b><br/>Union Minister for Consumer Affairs, Food and Public Distribution<br/>Government of India</p> <p>Guest of Honour<br/><b>Amitabh Kant</b><br/>Secretary, Department of Industrial Policy &amp; Promotion<br/>Government of India</p> | <p>Join us as we celebrate</p> <p><b>YES BANK</b><br/>presents</p> <p><b>business today</b><br/><b>EMERGING COMPANIES</b><br/>excellence awards 2014</p> <p>Procedure Reviewer: <b>pwc</b>   TV Partner: <b>ETN   DW</b></p> | <p>The event will be followed by cocktails &amp; dinner   Dress Code: Formal</p> <p><b>RSVP:</b><br/>Bhanu Malik<br/>Tel: +91 0120 4807100 (Extn: 3278)<br/>Email: bhanu.malik@intoday.com</p> <p>Nitin Das<br/>Tel: +91 11 6656 9034<br/>Email: nitin.das@yesbank.in</p> |
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