

7 September 2021

Initiating Coverage | Sector: Others

MOTILAL OSWAL

APL Apollo Tubes



The New Normal

Sumant Kumar - Research Analyst (Sumant.Kumar@motilaloswal.com)

Research Analyst: Yusuf Inamdar (Yusuf.Inamdar@motilaloswal.com) | **Darshit Shah** (Darshit.Shah@MotilalOswal.com)

Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.



APL Apollo Tubes: The new normal!

01

Page #3 
Summary


02

Page #5 
Company overview


03 

Page #8
Industry behemoth


04

Page #12 
Lion's share in Structural Steel Tubes

05

Page #15 
Tricoat to complement
profitability growth


06

Page #19 
Domestic Structural Steel Tubes
industry on the cusp


07

Page #24 
SWOT Analysis

08

Page #25 
Expect EBITDA to grow at 26% CAGR
over FY21-24E

09

Page #29 
Valuation and view

10

Page #33 
Financials and valuations

APL Apollo Tubes

BSE Sensex

58,297

S&P CNX

17,378

CMP: INR1,702

TP: INR2,065 (+21%)

Buy



Stock Info

Bloomberg	APAT IN
Equity Shares (m)	166
M.Cap.(INRb)/(USDb)	212.6 / 2.9
52-Week Range (INR)	1850 / 460
1, 6, 12 Rel. Per (%)	-10/12/203
12M Avg Val (INR M)	421
Free float (%)	63.1

Financial Snapshot (INR b)

Y/E Mar	2022E	2023E	2024E
Sales	108.9	129.3	148.1
EBITDA	9.1	11.4	13.6
Adj. PAT	5.7	7.3	8.9
EBITDA (%)	8.3	8.8	9.2
EPS (INR)	41.3	53.2	64.8
EPS Gr. (%)	58.2	28.8	21.9
BV/Sh. (INR)	170.9	221.0	282.4

Ratios

Net D/E	0.0	-0.1	-0.3
RoE (%)	28.1	27.1	25.8
RoCE (%)	25.9	26.6	26.1
Payout (%)	6.5	5.6	5.4

Valuations

P/E (x)	41.2	32.0	26.3
EV/EBITDA (x)	26.0	20.3	16.5
Div Yield (%)	0.2	0.2	0.2
FCF Yield (%)	0.6	2.3	3.1

Shareholding pattern (%)

As On	Jun-21	Mar-21	Jun-20
Promoter	36.9	37.0	38.4
DII	9.4	10.0	15.5
FII	25.7	24.2	0.0
Others	28.0	28.8	46.1

APL Apollo Tubes (APAT) is the largest manufacturer of Structural Steel Tubes in India, which finds applications in residential and commercial buildings, warehouses, factories, Agriculture, and other Infrastructure works. It enjoys ~50% market share in India, and operates through a network of 10 plants, over 800 distributors, more than 1,500 SKUs, and 200,000 fabricators serving over 50,000 retailers.

The new normal!

- APAT's diversified product portfolio and pan-India presence helps in mitigating concentration risk. Higher sweating of assets (capacity utilization at 63%) will lead to kicking-in of operating leverage and better profitability. Robust distribution network, along with warehouses, higher retail network, and SKUs are expected to improve last-mile connectivity.
- The company is the fifth largest player globally and leader in the domestic market, with an aggregate capacity at 2.6MMT. Steady capacity addition, increase in penetration, and gains from unorganized players are expected to improve market share from current levels (~50%).
- The merger with Apollo Tricoat Tubes' (Tricoat) is margin and RoE accretive and is expected to create value for shareholders. Common ad spends and distribution network, along with other synergy benefits, is expected to benefit APAT in the medium-to-long term. Tricoat's EBITDA/MT is 1.7-1.9x higher than blended EBITDA/MT, and is expected to further increase revenue share of VAP, improve overall margin, and further de-commoditize the business.
- Marginal increase in domestic steel consumption is expected to have a profound impact on domestic volumes of Structural Steel Tubes, thereby benefitting APAT significantly. Warehousing, modular housing, modernization of rural, semi-urban as well as urban houses, urban Infrastructure, and urban Real Estate are some of the major growth drivers for the Structural Steel Tubes industry.
- We estimate 20%/35% revenue/PAT CAGR over FY21-24E, led by increasing EBITDA/MT and higher sweating of assets. We value the stock at 35x Sep'23E EPS to arrive at our TP of INR2,065. We initiate coverage with a Buy rating.

Diversified product portfolio and presence to drive growth

APAT operates across four major product categories – Apollo Structures, Apollo Z, Apollo Galv, and Apollo Tricoat, which helps in mitigating concentration risk and increases product offerings. It has a strong presence in South and North India (~58% of revenue). Penetration levels are expected to improve, with a shift in the management's focus towards improving rural sales by adding distributors and warehouses to its existing network. Robust distribution network, along with warehouses, higher retail presence, and SKUs, are expected to improve last-mile connectivity. The recent merger of Tricoat into APAT is expected to improve sales volume due to newer cross-selling opportunities and higher consolidated ad spends, which is likely to improve its brand presence and image. Currently, APAT operates at ~63% utilization levels. Higher sweating of assets is expected to lead to kicking-in of operating leverage and improve margin and profitability.

Moderate utilization levels leaves room for expansion

APAT is the fifth-largest Structural Steel Tubes player globally and enjoys leadership in the domestic market (pegged at 4MMT). Steady capacity addition and timely inorganic acquisitions have led to increase in capacity to 2.6MMT, with its corresponding market share surging to ~50% (as on FY21). Thus, APAT has capacity in place to cater to demand as current capacity utilization stands at 63%. In contrast, the cumulative market share of the next five domestic Structural Tubes players stands at ~38%. APAT is expected to gain market share from unorganized players through higher rural penetration and increased branding activities (ad spends grew at 14% CAGR over FY15-21 to INR235m).

Tricoat's merger to drive the next leg of growth

In Mar'21, APAT merged its subsidiaries (Tricoat and Shri Lakshmi Metal Udyog) under the APL Apollo brand. Tricoat's acquisition and subsequent merger are part of the management's efforts to enhance its portfolio of value-added products. It is adding capacity to meet increasing demand, and sees an huge opportunity in Chalkhat, Plank, and Signature segments due to the diversified application of products and replacement demand. The same is expected to support overall portfolio growth. Several synergy benefits such as cost-saving efficiencies (due to 60-70% overlapping in the distributor network), higher cross-selling opportunities, increased size, and stronger Balance Sheet are expected to complement growth in the medium-to-long-term. Tricoat's EBITDA/MT stood at INR7,072 (in FY21), 1.9x higher v/s that for APAT (excluding Tricoat), and is expected to boost APAT's profitability. Increasing share of VAP products is likely to de-commoditize the overall business, thereby reducing the impact from fluctuations in steel prices.

Huge opportunity in Structural Steel Tubes to drive sales

Consumption of Structural Steel Tubes in India stands at 4% (as a percentage of domestic steel consumption), significantly lower than the global average consumption of 9%. Domestic steel consumption is expected to double over the next 10 years on the back of greater government focus on Infrastructure, increased urbanization, and corresponding rise in demand for office space (commercial structures). Marginal increase in steel consumption in India is expected to lead to a huge rise in domestic volumes of Structural Tubes. Warehousing (253m sq. ft. as of CY20), modular housing (market size to touch USD19.3b by CY24), modernization of houses in rural and semi-urban regions, urban Infrastructure (spending on airports is pegged at INR190b over the next three years), and urban Real Estate (1,816 projects launched during FY21) are some of the major growth drivers for the Structural Steel Tubes industry in India. APAT with its lion's share (~50%) in the domestic market is best placed to gain from the increased consumption of Structural Steel Tubes.

Initiate coverage with a Buy rating

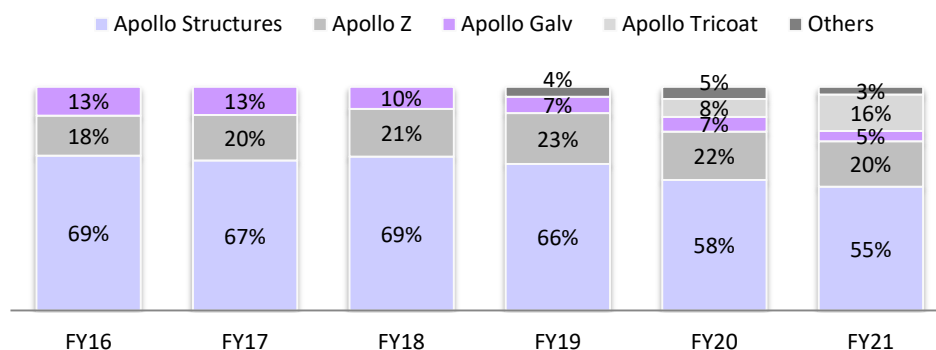
We expect strong volume growth and improved profitability due to: a) higher demand across product segments, b) launch of new products under the parent company and newly merged entity: Tricoat, c) robust distribution network, leading to increase in market share, along with increased cross-selling opportunity from the merger, and d) increase in the share of VAP is driving margin and profitability. We expect APAT to deliver 20%/26%/35% consolidated revenue/EBITDA/PAT CAGR to ~INR148b/INR13.6b/INR9b and generate strong cumulative CFO/FCF of INR31.3b/INR20.8b over FY21-24E. It is expected to turn net cash positive (~INR4b) by FY23E. APAT's peers (in the Building Material space) trade at an average FY23E forward P/E of 36x. We value the stock at 35x Sep'23E EPS and arrive at our TP of INR2,065. The stock should fetch similar valuation as its peers in the Building Material space, due to its leadership and low-cost position in the Structural Tubes business, strong return ratio profile, and lower working capital days. We initiate coverage on APAT with a **Buy** rating.

Company overview

About APAT

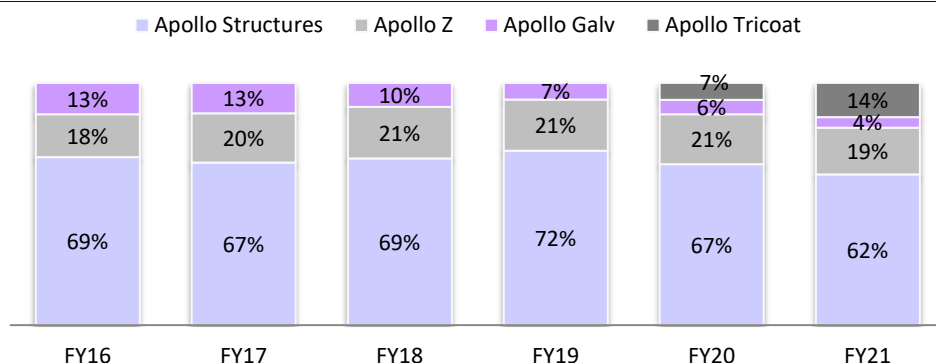
- Incorporated in CY86, APAT is the largest manufacturer of Structural Steel Tubes in India, which finds applications in residential and commercial buildings, warehouses, factories, Agriculture, and other Infrastructure works.
- It enjoys ~50% market share in India, and operates through a network of 10 plants, serving over 50,000 retailers and 0.2m fabricators through its network of over 800+ distributors. It has more than 1,500+ SKUs.
- APAT has a strong presence in rural India, which contributes ~55% to its revenue mix. Through gradual expansion and several inorganic acquisitions, its market share increased to ~50%, with capacity at 2.6MMT. Currently, it consumes ~2%/10% of India's total steel/HR coils (hot-rolled). The management aims to equalize its revenue flow from rural and urban areas.
- It is focused on: a) streamlining its distribution and retail network for last-mile penetration, b) launching new products to improve its product basket, and c) further improve market share.

Exhibit 1: Product-wise revenue composition

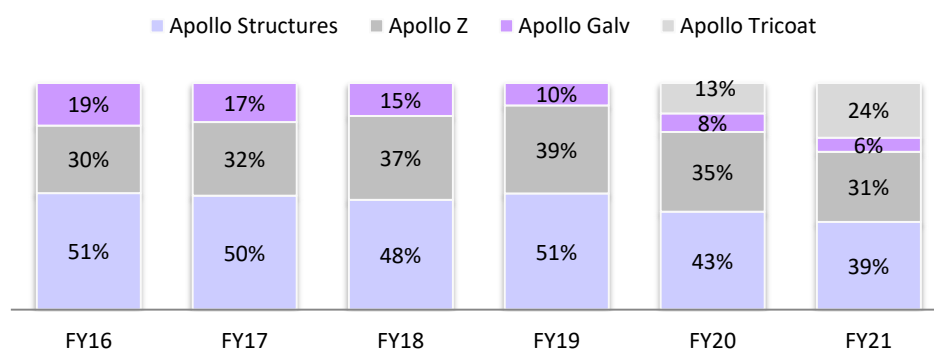


Source: Company, MOFSL

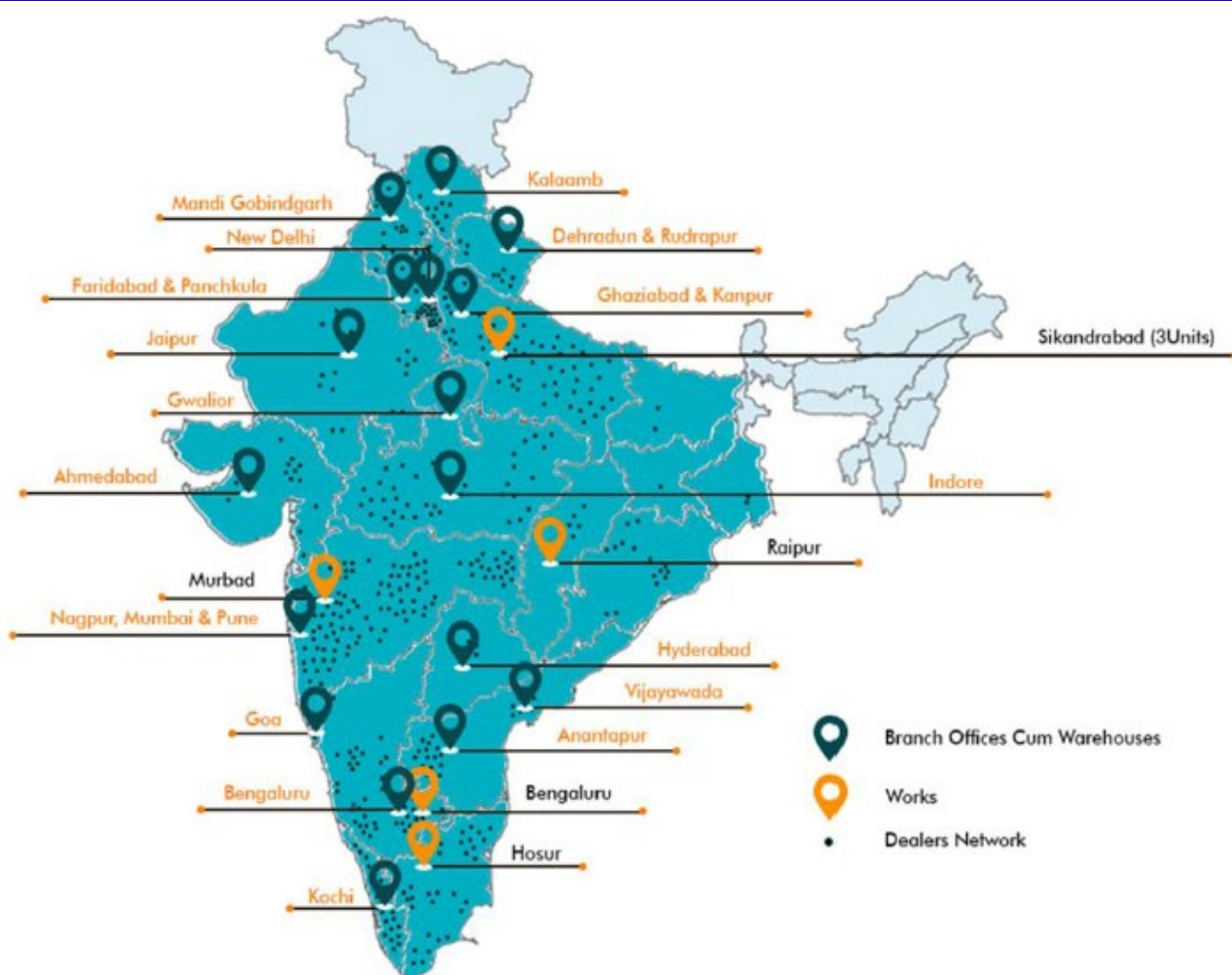
Exhibit 2: Product-wise volume composition



Source: Company, MOFSL

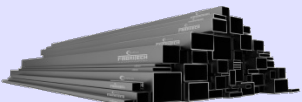
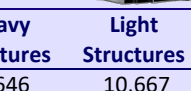
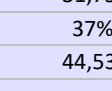

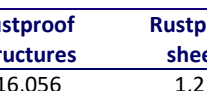

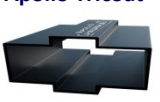
Exhibit 3: Product-wise EBITDA composition

Source: Company, MOFSL

Exhibit 4: APAT has over 800+ distributors catering to ~85% of revenue

Source: Company, MOFSL

Exhibit 5: Business structure

Particulars	Apollo Structural			Apollo Z		Apollo Galv	Apollo Tricoat
							
	Heavy Structures	Light Structures	General Structures	Rustproof Structures	Rustproof sheets	Agri/Industrial	Home improvement
Revenue (INR m)	4,646	10,667	31,752	16,056	1,217	3,927	13,885
Revenue share	5%	13%	37%	19%	1%	5%	16%
NSR/MT (INR)	48,903	50,078	44,533	54,612	52,898	55,305	60,108
EBITDA (INR m)	449	1,000	1,181	1,994	104	426	1,640
EBITDA share	7%	15%	17%	29%	2%	6%	24%
EBITDA/MT (INR)	4,722	4,718	1,657	6,728	4,720	6,040	7,072
Volume (MT)	95,000	2,13,000	7,13,000	2,94,000	23,000	71,000	2,31,000
Volume share	6%	13%	43%	18%	1%	4%	14%
FY16-21							
Revenue CAGR	14%	49%	5%	16%	NA	-6%	NA
EBITDA CAGR	17%	56%	1%	19%	NA	-4%	NA
EBITDA/MT CAGR	4%	6%	-5%	5%	NA	6%	NA
Volume CAGR	13%	47%	6%	13%	NA	-9%	NA
FY21-24E							
Revenue CAGR	22%	23%	15%	21%	55%	21%	24%
EBITDA CAGR	25%	25%	22%	25%	62%	25%	29%
EBITDA/MT CAGR	4%	3%	7%	5%	5%	4%	6%
Volume CAGR	20%	21%	14%	19%	53%	19%	22%
Applications	<ul style="list-style-type: none"> ❖ Structural, piling, sheds, handrails, gates, fencing ❖ Balcony grills, staircase, light structures ❖ Structures for metros, airports, stadiums, stations, etc. ❖ Heavy equipment 			<ul style="list-style-type: none"> ❖ Galvanized Structural Steel Tubes for coastal markets 		<ul style="list-style-type: none"> ❖ Galvanized structures ❖ Greenhouse structures ❖ Plumbing ❖ Fire-fighting 	<ul style="list-style-type: none"> ❖ Doorframes ❖ Staircase steps ❖ Furniture ❖ Plank ❖ Designer tubes ❖ Fencing ❖ Electrical conduits
Key sectors	<ul style="list-style-type: none"> ❖ Residential buildings and independent homes ❖ Commercial buildings, warehouses, and factories ❖ Infrastructure ❖ Industrial and agriculture 			<ul style="list-style-type: none"> ❖ Residential buildings and independent homes ❖ Commercial buildings, warehouses, and factories 		<ul style="list-style-type: none"> ❖ Commercial buildings ❖ Industrial and agriculture 	<ul style="list-style-type: none"> ❖ Residential buildings and independent homes ❖ Commercial buildings

Source: Company, MOFSL

Exhibit 6: Plant locations

Plant	State	Capacity ('000MT)
Sikandarabad (three units)	Uttar Pradesh	700
Hosur	Tamil Nadu	550
Raipur	Chhattisgarh	350
Murbad	Maharashtra	350
Malur (Tricoat)	Karnataka	250
Hyderabad	Telangana	200
Bengaluru	Karnataka	100
Dujana (Tricoat)	Uttar Pradesh	100
Total		2,600

Source: Company, MOFSL

Industry behemoth

Diversified presence and product portfolio to drive overall growth

- APAT operates across four product categories in the Structural Steel Tubes space, which helps in mitigating concentration risk and increase product offerings.
- It operates at ~63% utilization levels. Higher sweating of assets is expected to lead to kicking in of operating leverage and improve profitability.
- Robust distribution network, along with warehouses, retail presence, and SKUs, is expected to improve last-mile connectivity.

Strong and diversified product portfolio

- APAT's product portfolio comprises of four major product types: Apollo Structures, which constitutes ~63% of total revenue, followed by Apollo Z/Apollo Galv/Apollo Tricoat at 19%/4%/14% (as on FY21).
- Revenue from the above four product categories is further sub-divided into seven different product segments. APAT's diversified product portfolio mitigates revenue concentration risk from one single product alone.
- APAT was the first company in India to utilize Direct Forming Technology. This latest global technology is used for manufacturing hollow sections (both square and rectangular) and universal hollow steel tubes. It allows the buyers to customize their steel tubes according to design.
- It has been continuously innovating and launching new products to its existing basket. It has a diversified portfolio (over 1,000 products) and provides tailor-made solutions to its customers. This has acted as a key growth driver.
- Among new launches, door and window frames have been performing well. The doorframe replaces traditional wooden ones, resulting in a cost saving of 30%, with a similar finish. The management expects these products to gain a sizeable chunk of the revenue mix and help improve overall margin as these products generate higher EBITDA/MT as compared to conventional products.

Exhibit 7: APAT's product portfolio

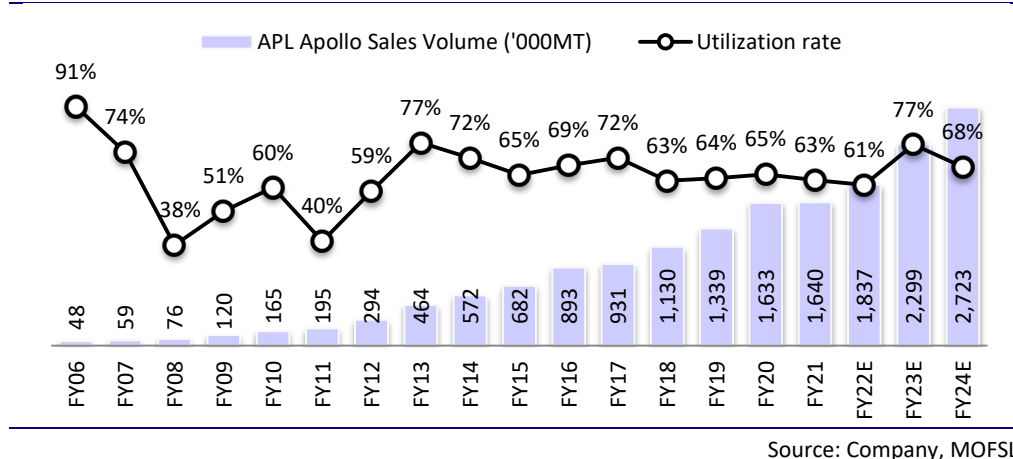
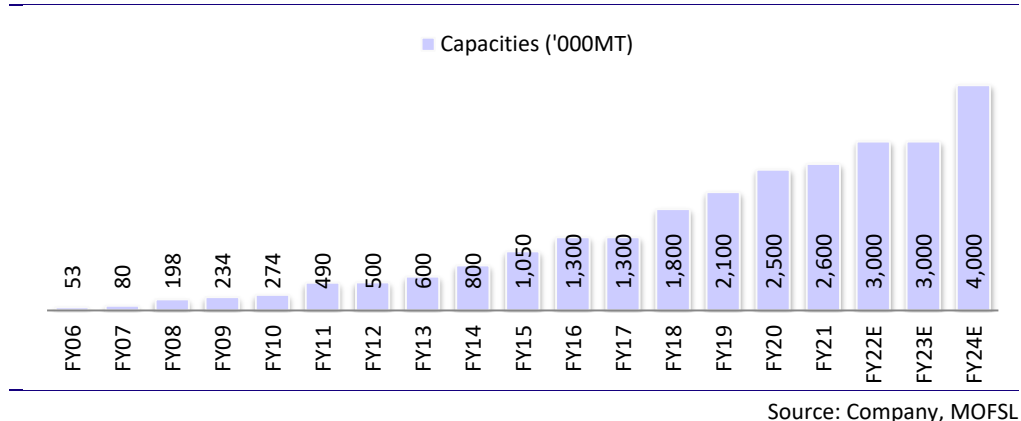
Product category	Brand names
Apollo Structural Structural Steel construction material: residential, commercial, Infrastructure	Fabritech, Build, DFT, Column, Fire Ready, Agri
Apollo Z Galvanized Structural Steel construction material: residential, commercial, Infrastructure	Coast Guard
Apollo Galv Galvanized Steel Tubes: residential, commercial, Agri, Industrial	Green, Bheem, Z+
Apollo Tricoat Home improvement products	Plank, Signature, Elegant, Chaukhat

Source: Estimates, MOFSL

Steady capacity additions

- As part of its long-term strategy, the management has been continuously adding capacity through several greenfield and brownfield expansions. Over the last 10 years, cumulative capacity increased to 2.6MMTPA in FY21 from 274KMTPA in FY10 (23% CAGR over FY10-21). During this period, it maintained average annual capex run-rate at INR1.5b, while keeping leverage ratios under check.

- Currently, APAT operates at 63% capacity utilization levels. The management's focus is on sweating assets and improving utilization levels, while being cost efficient as compared to its peers.
- Historically, steady expansion and higher sweating of assets has led to significant market share gains. Utilization is expected to increase to 68% from ~63% over FY21-24E. With a steady rise in utilization levels and lower capex outflow, APAT is expected to generate strong cash flows and gain market share.

Exhibit 8: Expect volumes to grow at 18% CAGR over FY21-24E**Exhibit 9: Capacity additions over the years**

Inorganic acquisition in line with its long-term expansion plans

- In FY19, it completed the acquisition of Taurus Value Steel & Pipes' production unit in Hyderabad, a subsidiary of Shankara Building Products. With this acquisition, APAT added 200,000MTPA to capacity and a manufacturing unit in South India. This facility has established lines for high-margin products, namely GI (Galvanized Iron) and GP (Galvanized tubes).
- In Jun'19, it acquired controlling stake in Tricoat (50.86%). The two acquisitions increased the total number of plants to 10 and total capacity to 2.5MMTPA.
- The doorframes launched by Tricoat witnessed instant success, leading to complete booking of capacities within a few months of its launch.
- Both acquisitions, apart from augmenting capacities, also added several value added products to APAT's portfolio. These two acquisitions are believed to increase share of value added products, which in turn is expected to improve margin and improve cash flows.

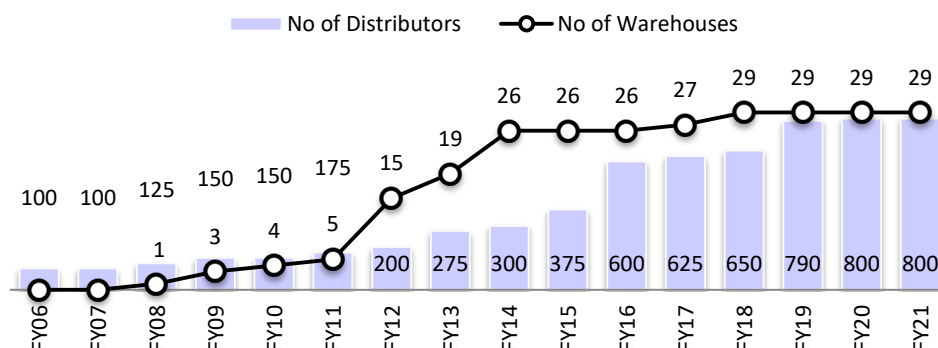
Exhibit 10: Acquisitions undertaken by APAT over the years

Year	Major events/milestones
FY08	Acquisition of Apollo Metallex Pvt and SLMUL
FY12	Acquisition of Lloyds Line Pipes, Morbad, near Mumbai
FY17	Acquisition of Blue Ocean Projects Pvt
FY19	Completed acquisition of manufacturing facility of Taurus Value Steel unit in Hyderabad, a subsidiary of Shankara Building Products
	APAT acquired 50.6% stake in Tricoat through its wholly-owned subsidiary SLMUL
FY21	Announced merger of subsidiary/step-down subsidiary SLMUL/Tricoat into APAT

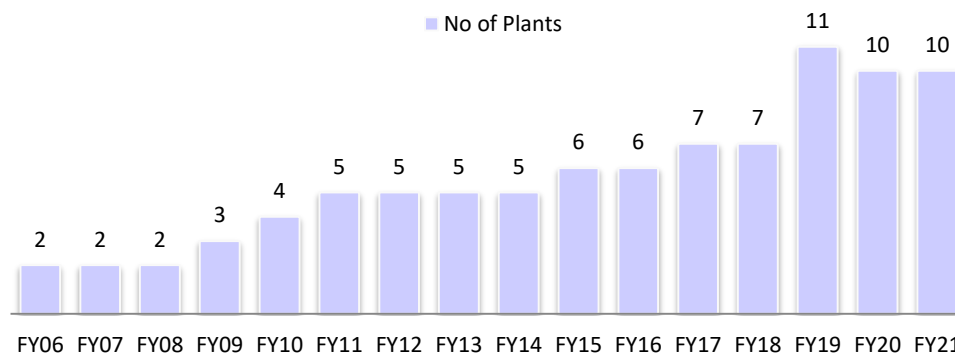
Source: Company, MOFSL

Robust distribution network

- APAT has been continuously increasing its distribution, retail, warehouse, and fabricator network to improve its presence and reach. Steady capacity additions and increase in distribution numbers led to market share gains, better brand presence, and higher sales.
- Currently, APAT has over 800+ distributors, 50,000 retailers, 0.2m fabricators, over 1,500+ SKUs, and 29 warehouses spread across 300 towns and cities. This robust and diversified network has improved connectivity and last-mile penetration.
- As of FY21, ~85% of sales are recorded through its distribution network. Going forward, the management's focus is on capacity utilization, gaining market share, branding, strengthening distribution, and improving margin. APAT enjoys a location advantage because of its close-to-demand distribution-dealer- retailer network, which reduces transportation costs.

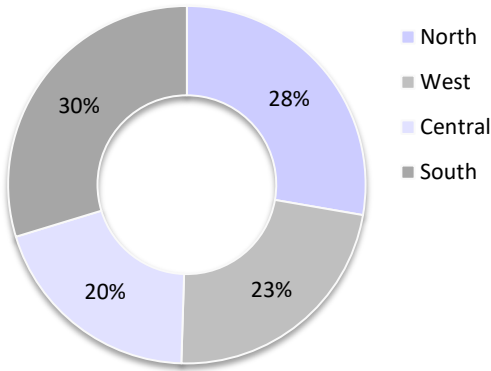
Exhibit 11: Significant increase in the number of distributors

Source: Company, MOFSL

Exhibit 12: Higher presence through diverse plant locations

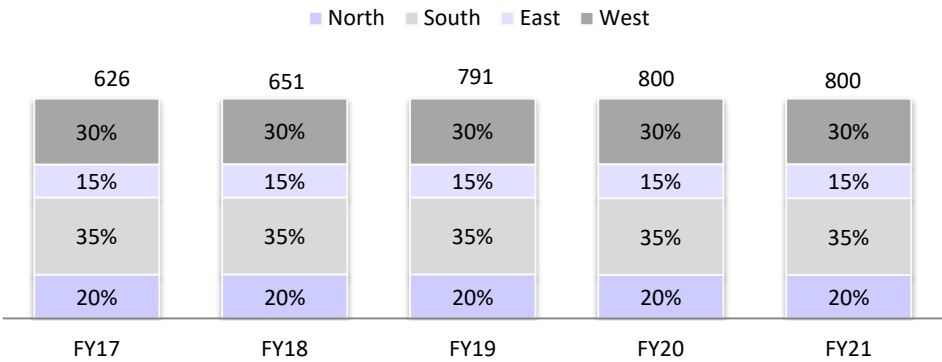
Source: Company, MOFSL

Exhibit 13: Capacity-wise distribution



Source: Company, MOFSL

Exhibit 14: Region-wise distribution split



Source: Company, MOFSL

Lion's share in Structural Steel Tubes

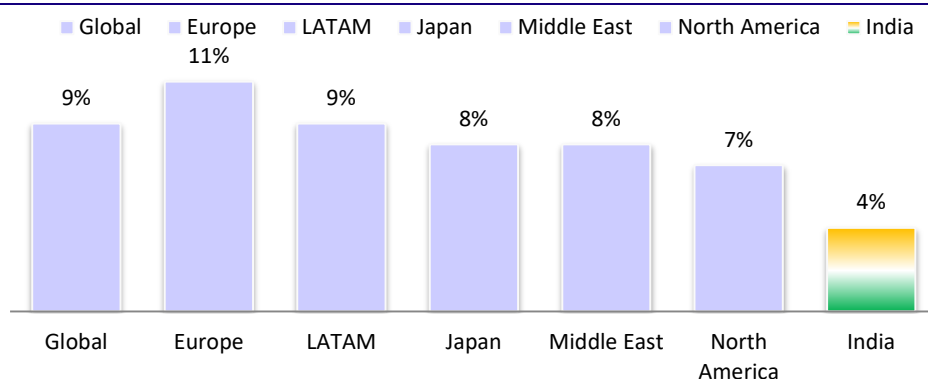
Timely expansion and acquisitions to benefit in the long run

- APAT is the market leader in the domestic Structural Steel Tubes segment, which is pegged ~4MMT, whereas aggregate capacity stands at 2.6MMT.
- Steady capacity addition, increase in penetration, and gains from unorganized players is expected to improve market share from current levels (~50%).

Largest Structural Steel Tubes manufacturer in India

- The domestic Structural Steel Tubes market is pegged at 4MMT, 4% of overall steel consumption (industry: 90MMT), and way lower than average global consumption of ~9%.
- Domestic production of ERW pipes stands ~10MMTPA. The sector is expected to grow at 8-10% CAGR over the next few years. APL is the largest ERW pipe manufacturer in India.
- The ERW pipes segment, which was historically dominated by small unorganized players, is losing market share to large organized players, like APAT, who are able to meet increasing demand and are steadily adding capacities.
- Several acquisitions, along with timely expansion, led to APAT becoming the largest domestic Structural Steel Tubes player in India, in terms of capacity and volumes. Going forward, we expect the Structural Steel Tubes industry to consolidate further, and APAT is expected to benefit from this consolidation.

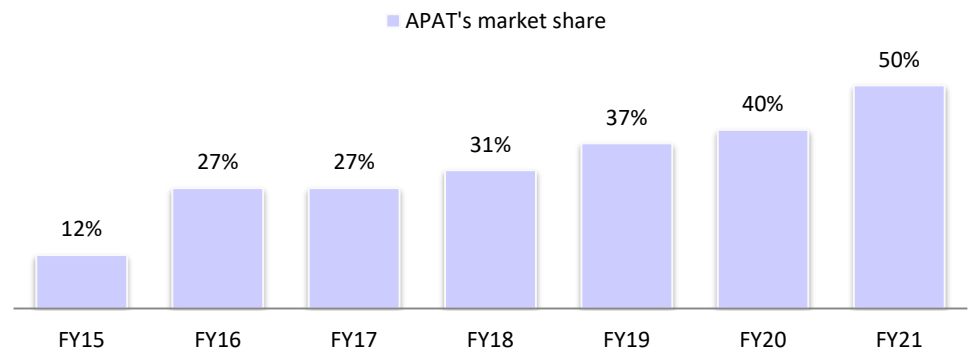
Exhibit 15: Structural Steel Tube consumption significantly lower than global average



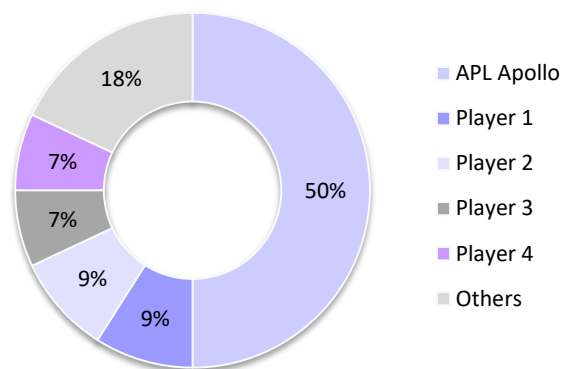
Source: Company, MOFSL

Leadership in the domestic market

- APAT dominates the domestic Structural Steel Tubes industry with ~50% market share (as of FY21). In contrast, the cumulative market share of the next five players stands at 38% (12pp lower than APAT).
- Over FY15-21, market share (in volume terms) of APAT increased 38pp to current levels (~50%). Sharp surge in market share was led by: a) timely product portfolio expansion, b) steady capacity addition (by expansion/inorganic acquisition), c) improvement in customer reach, with an expansion in its distribution network, g) gain in market share from unorganized players, h) higher addition of SKUs, i) product innovation, and j) providing options to consumer by offering an alternate to traditional products.
- APAT is expected to maintain its leadership position in the domestic Structural Steel Tubes industry. Scope for an increase in utilization levels and increasing use of Structural Steel Tubes is leading to an increase in industry size and is expected to help APAT gain incremental market share.

Exhibit 16: Substantial market share gains

Source: Company, MOFSL

Exhibit 17: Dominates half of the domestic market

Source: Company, MOFSL

Exhibit 18: Competitive landscape of Structural Steel Tubes players in India

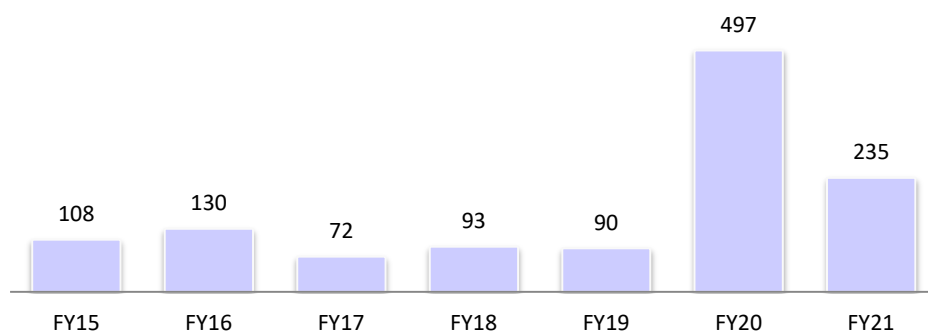
	Sales volume (MT)	Capacities (MT)	Products	Application	APAT's presence
Tata Steel BSL	NA	500,000	Precision tubes, zinc coated tubes	Oil & Gas segment, Automobile, and water pipeline projects in domestic and export markets	Apollo Structural, Apollo Galv
Surya Roshni	784,000	925,000	GI pipes, black pipes, GP pipes	Agriculture, Infrastructure, fire-fighting, O&G, construction, among others	Apollo Galv, Apollo Z
Hi-Tech Pipes	2,83,200	500,000	GI pipes, GP tubes, rectangular and hollow sections, black tubes	Infrastructure, Telecom, Defense, Power Distribution, Railways, Airport, Real Estate, Automobile, and Agriculture	Apollo Structural, Apollo Z, Apollo Galv
Goodluck Industries	NA	NA	Galvanized pipes, square and rectangular pipes, fabricated steel structures, Transmission and Telecom towers	Infrastructure, Telecom, Real Estate, etc.	Apollo Structural, Apollo Galv
Rama Steel Tubes	97,434	168,000	ERW Galvanized steel tubes and pipes (in black color), hollow sections, swaged poles	Automobiles, Infrastructure, Real Estate, and Furniture	Apollo Structural, Apollo Z, Apollo Galv

Source: Company, MOFSL

Increased brand spends to improve brand recall

- Increased focus on advertisements and sales promotion is clearly visible from the 14% CAGR (to INR235m in FY21) in ad spends in the last six years.
- In the last few years, the management has taken several branding and marketing initiatives, through its association with sports and celebrities, to maximize brand reach and visibility across a diverse domestic market.

Exhibit 19: Advertisement and sales promotion (INR m)

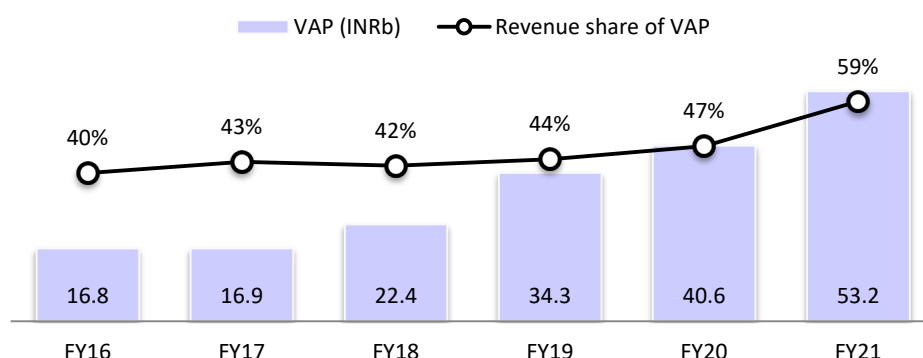


Source: Company, MOFSL

Increasing share of VAP to improve profitability

- APAT's share of VAP (EBITDA/MT over INR4,000) has increased to 59% from 40% over FY16-21.
- Except for 'general Structural Steel Tubes', all other products are classified as VAP, as economies of scale and operational efficiency has increased EBITDA/MT of all these products to over INR4,000.
- Addition of Tricoat products (via the acquisition) to its existing product portfolio is believed to be margin accretive as EBITDA/MT of Tricoat stood at INR7,072, 71% higher than that of blended EBITDA/MT of APAT.
- Going forward, we expect the share of VAP to increase further (as a percentage of revenue) over FY21-24E.

Exhibit 20: Increasing share of VAP to improve profitability



Note: VAP – excluding General Structures. Source: Company, MOFSL

Tricoat to complement profitability growth

Tricoat's EBITDA/MT is significantly higher than that of APAT

- Tricoat's merger is margin and RoE accretive and is expected to create value for shareholders.
- Common ad spends and distribution network, coupled with other synergy benefits, is expected to benefit APAT in the long run.
- Tricoat's EBITDA/MT, which is 1.7x higher than blended EBITDA/MT, is expected to lead to higher profitability and improve overall revenue share of VAP.

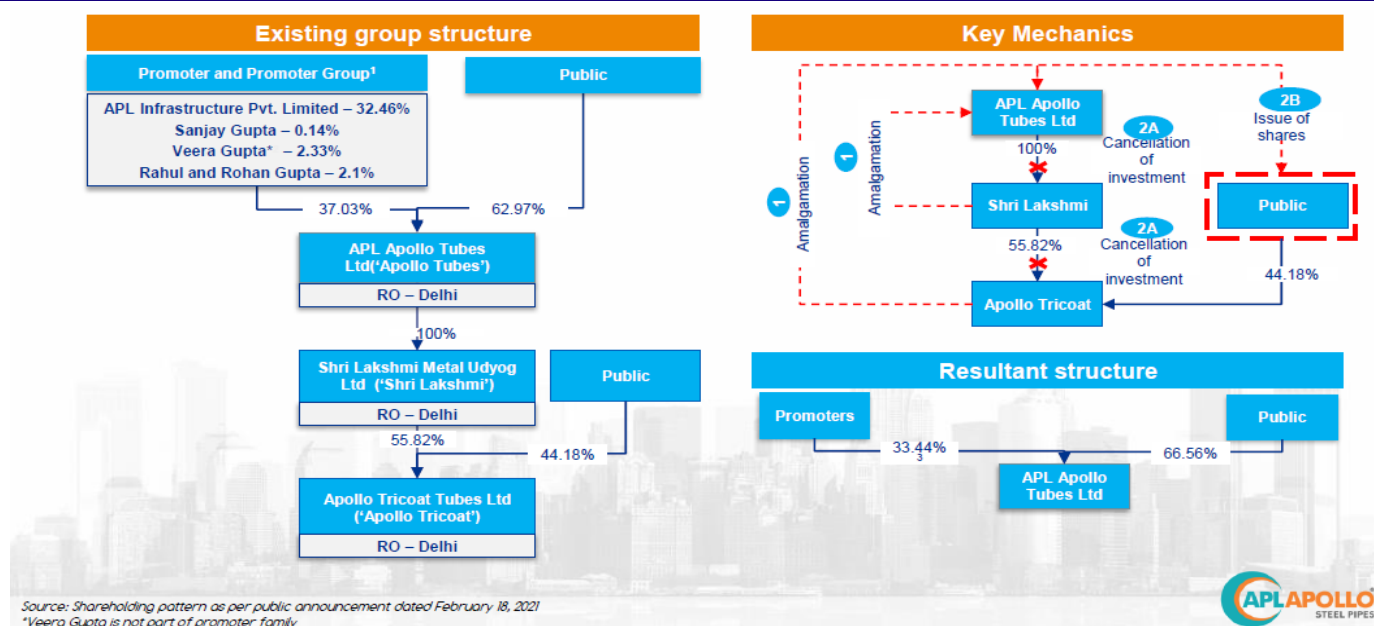
Another feather in APAT's cap

- Mr. Saket Agarwal, owner of Tricoat (erstwhile Best Steel Logistics), was previously the distributor for the Apollo Group in northern India.
- In Oct'18, SLMUL, a wholly-owned subsidiary of APAT, acquired 8m shares and subscribed to 4.3m warrants of APAT, thereby constituting ~40.4% (diluted basis) of the shareholding of Tricoat (both shares and warrants were acquired at INR125 per unit). The 4.3m warrants have been fully converted into an equal number of equity shares.
- Subsequently, by way of an open offer and market purchases (during the open offer), SLMUL acquired ~10.2% stake in Tricoat in Jan'19 (at INR135 per share). Another 5.86% was acquired from the open market. On a consolidated basis, as of Jun'19, SLMUL owns ~56% stake in Tricoat.
- The overall acquisition was completed at a cost of ~INR138m, and was funded by the promoter group, thereby substantially reducing stress on its borrowings.
- In Mar'21, APAT announced the merger of its step-down subsidiary Tricoat into the former. The proposed amalgamation is expected to complete by Dec'21.
- The acquisition, followed by the subsequent merger of Tricoat, is part of the company's effort to enhance its portfolio of value-added products and adding capacity to meet increasing demand.

Structure of the recent merger

- The Board approved the merger of SLMUL and Tricoat with APAT. Tricoat's minority shareholders will receive one equity share in APAT for every share held.
- This implies a 16% premium for the shareholders of Tricoat to its previous closing price. This increases APAT's share capital by 10.8%, but reduces promoters' shares to 33.44% from 37.03%. The expected date for closure of the merger is CY21-end.

Exhibit 21: Structure of Tricoat's merger



Source: Company, MOFSL

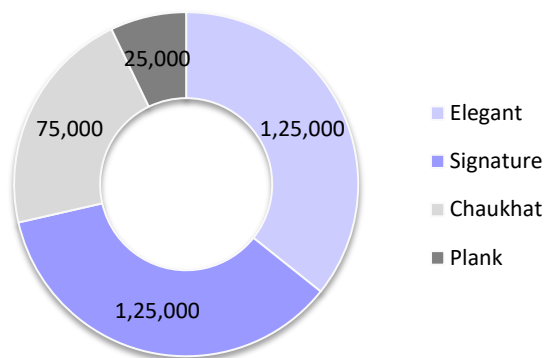
Rationale for the merger

- **Simplification of the group structure:** Tricoat, which was previously accounted under SLMUL, will be directly merged into APAT, thereby aiding understanding of the business and forecasting performance of the company.
- **Cost efficiencies:** Currently, close to 60-70% of Tricoat's distributors overlap with APAT. Post-merger, overlapping expenses, such as advertisement and sales promotion, etc., can be merged into one and a uniform budget can be deployed.
- **Increased cross-selling opportunities:** Tricoat, whose majority of revenue comes from retail sales, serves as a great opportunity for APAT to showcase its product to its retail customer base and vice-versa.
- **Increased size:** With increased production, economies of scale are expected to kick-in.
- **Stronger Balance Sheet:** The merger is believed to be EPS and RoE accretive, thereby making its Balance Sheet strong. Tricoat's high margin products are expected to lift APAT's profitability.

Innovative product launches

- Tricoat operates across two product categories: Home Beautification and Door Solutions. These two categories are further classified into Apollo Signature, Elegant, Chaukhat, and Plank.
- **Chaukat** is the highest selling product and serves as a replacement to a wooden doorframe. In FY20, post commencement of operations, Chaukat was an instantaneous hit and managed to achieve 50,000MT in sales volume and achieved 100% utilization in three months' time. Post which, the company expanded the capacity by 25,000MT to 75,000MT.
- **Signature** is its flagship product in the Home Beautification segment. It achieved 80-90% capacity utilization within 3-4 months in this segment. Post lockdown, Tricoat saw a ramp-up in demand and the segment's capacity was expanded to 125,000MT (from 85,000MT).

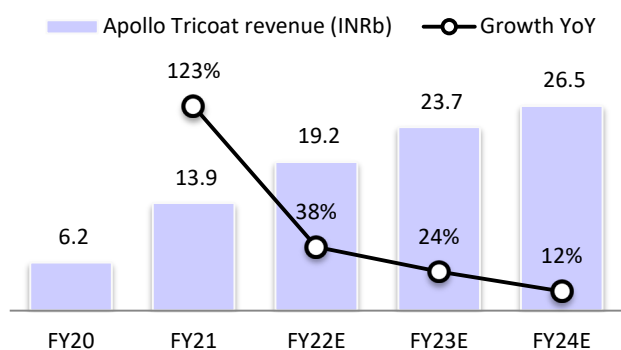
- The third product launched by the company was **'Elegant'**, which finds application in handrails and fencing. In FY21, Tricoat expanded capacity in this segment to 125,000MT (from 25,000MT in FY20).
- Another product launched by the company is **'Plank'**, a rectangular tube (with a height-to-width ratio of 1:10) and is a replacement for wooden tiles. Plank finds application in home applications like roofing, staircases, etc.
- As of FY21, Tricoat managed to achieve sales volume of 231,000MT, while operating at a capacity utilization of ~66% (aggregate capacity at 350,000MT). On the back of increased demand across all product segments, capacity utilization is expected to improve further.

Exhibit 22: Tricoat's capacity pie-chart

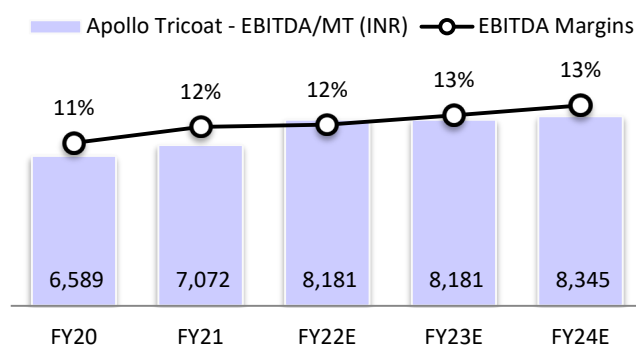
Source: Company, MOFSL

Tricoat to push overall EBITDA/MT

- EBITDA/MT of Tricoat stood at INR7,072 in FY21 v/s consolidated EBITDA/MT of INR3,657 for APAT, excluding Tricoat.
- All products of Tricoat are classified as VAP (as EBITDA/MT is higher than INR4,000). Tricoat's FY21 EBITDA/MT stood at INR7,072 (v/s consolidated EBITDA/MT of INR4,143). This is due to a sharp rise in product demand across all product segments, coupled with an improvement in operational efficiency.
- We expect Tricoat's volumes to grow at 22% CAGR over FY21-24E to 419KMTPA. With an increase in volume share for Tricoat, overall EBITDA/MT is bound to increase, leading to further improvement in operating margin and profitability.

Exhibit 23: Expect Tricoat's revenue to grow at 24% CAGR over FY21-24E...

Source: Company, MOFSL

Exhibit 24: ...and EBITDA/MT to record 6% CAGR over the same period

Source: Company, MOFSL

Tricoat to tail ride on APAT's distribution network

- Tricoat is expected to benefit extensively from APAT's distribution network. APAT's over 800+ distributors and 29 warehouses are expected to significantly improve Tricoat's product reach as majority of the latter's sales are recorded through the retail channel.
- Also, Tricoat's unique product portfolio increases APAT's product basket and helps improve profitability (as Tricoat's products are considered VAP). Synergy benefits are expected to kick-in along with an increase in operating leverage.

Domestic Structural Steel Tubes industry on the cusp

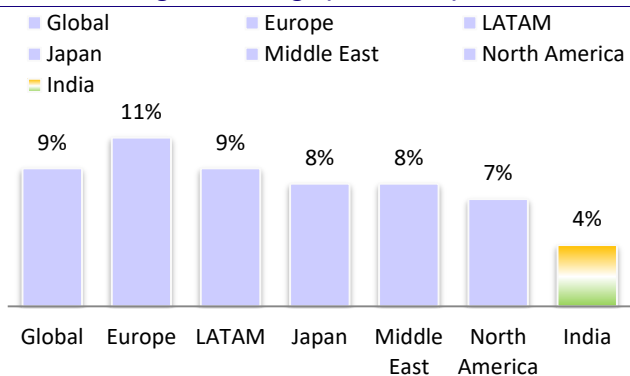
Domestic demand drivers in place to drive growth

- Domestic consumption of Structural Steel Tubes is significantly lower than global counterparts. A marginal rise in domestic consumption is expected to benefit APAT significantly.
- Warehousing, modular housing, modernization of rural and semi-urban regions, urban Infrastructure, and urban Real Estate are some of the major growth drivers for the Structural Steel Tubes industry.

Domestic industry poised to grow

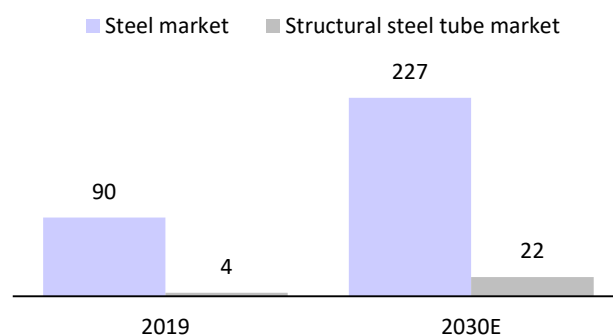
- As mentioned above, the domestic Structural Steel Tubes industry is pegged at 4MMT, which is 4% of overall steel consumption in India, significantly lower than the global average of ~9%.
- Domestic steel consumption is expected to double over the next 10 years on the back of greater government focus on Infrastructure, increased urbanization, and corresponding rise in demand for office space (commercial structures).
- With an increase in steel consumption, coupled with growing acceptance of Structural Steel Tubes in residential, commercial, and Infrastructure construction, the 4% figure is expected to rise to 10%. This would lead to a multi-fold increase in the market size of the Structural Steel Tubes industry.
- A faster shift to steel tubes from concrete tubes is expected to benefit domestic players as the former have far better strength and ductility properties as compared to concrete.

Exhibit 25: Structural Steel Tubes consumption significantly lower than the global average (as on CY19)



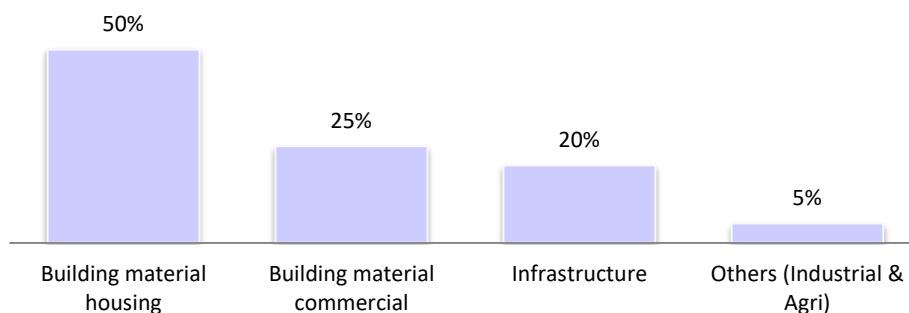
Source: Industry data, Company, MOFSL

Exhibit 26: Structural Tubes share to rise to ~10% of steel consumption in the next few years

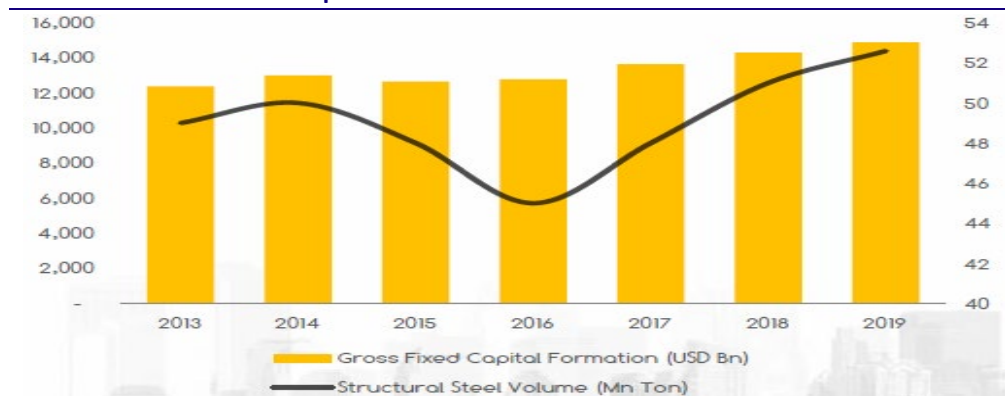


Source: Industry data, Company, MOFSL

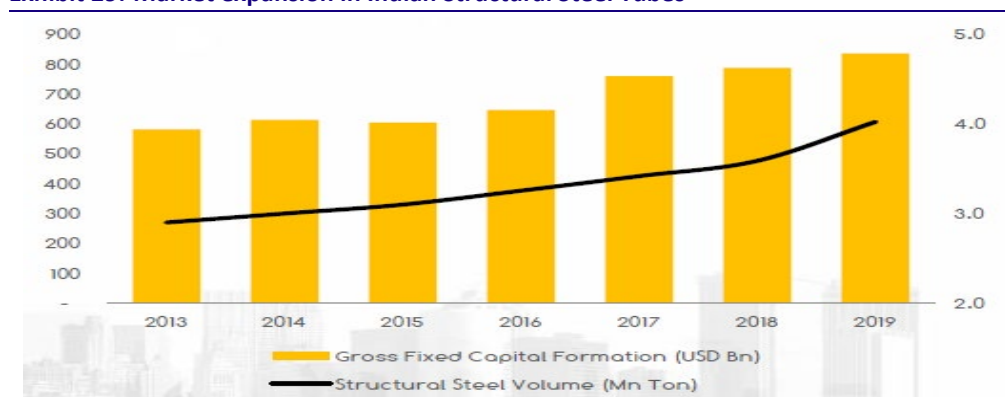
Exhibit 27: Sector-wise break-up of APAT's customer base



Source: JLL, Company, MOFSL

Exhibit 28: Global market expansion in Structural Steel Tubes

Source: Company, MOFSL

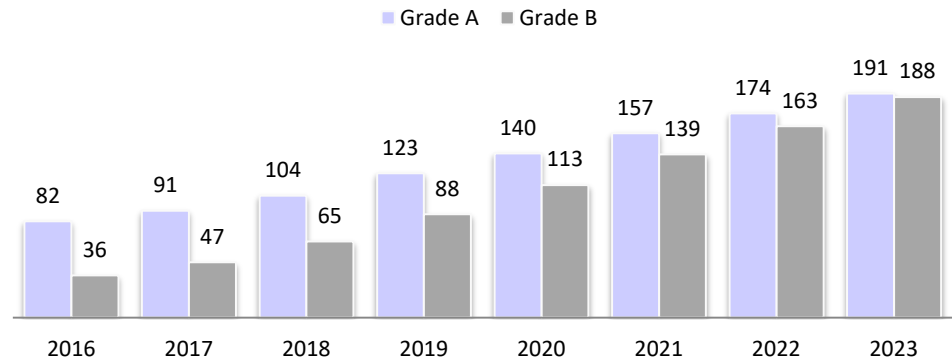
Exhibit 29: Market expansion in Indian Structural Steel Tubes

Source: Company, MOFSL

Major growth drivers for the domestic Structural Steel Tubes industry

Warehousing

- According to industry reports, India's total warehousing space stands ~253m sq-ft (as of CY20), of which 140m sq-ft consists of Grade A and the rest by Grade B warehouses.
- Cost of logistics, as a percentage of GDP, is 13-14% in India, whereas for BRIC countries it is ~11%, followed by US/Germany at 9.5%/8%. The cost of logistics is significantly higher as compared to peer nations.
- Increase in warehousing space is expected to significantly lower the cost of logistics. Going forward, a surge in Grade A warehouses is expected to increase warehousing space to 191m sq-ft from 140m sq-ft over CY20-23E. Logistics, Engineering, Auto and Ancillaries, e-commerce, FMCG, Retail, Telecom, and White Goods sectors were the biggest occupiers of warehouses and are expected to remain the biggest demand drivers going forward.
- APAT is directly in line to benefit from the surge in Grade A/B warehouses as Structural Steel Tubes constitute a major chunk of the building cost.

Exhibit 30: Indian warehousing stock (m sq ft)

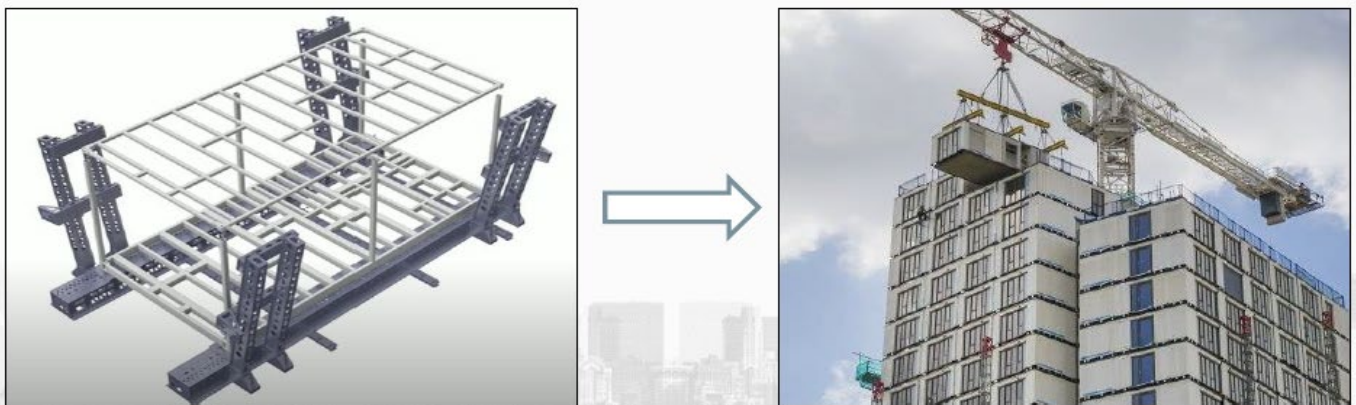
Source: JLL, Company, MOFSL

Exhibit 31: Use of Structural Steel Tubes in warehousing

Source: JLL, Company, MOFSL

Affordable Housing

- Affordable houses, with lower and faster completion time, and prefabricated homes are gaining traction in India.
- Under the 'Modular Housing' concept, steel structures are constructed in-house and assembled on site. This concept constitutes a significant portion of Structural Steel Tubes demand in foreign markets.
- The prefabricated housing market is expected to touch USD19.3b by CY24E (4.6% CAGR over CY19-24E).
- Going forward, this concept is expected to complement growth in the Structural Steel Tubes industry, thereby benefitting market leaders like APAT.

Exhibit 32: Modular Building concept

Source: JLL, Company, MOFSL

Urban Infrastructure

- As part of its long-term 'Urban Infrastructure' plans, the Government of India (GoI) plans to build 100 new Airports by CY24. It also plans to upgrade existing Airports over the next three years at an investment of INR190b.
- New Infrastructure projects, coupled with upgradation projects, is expected to increase steel consumption, which in turn is expected to boost sales of Structural Steel Tubes, as they find direct application in this segment.

Exhibit 33: Urban Infrastructure

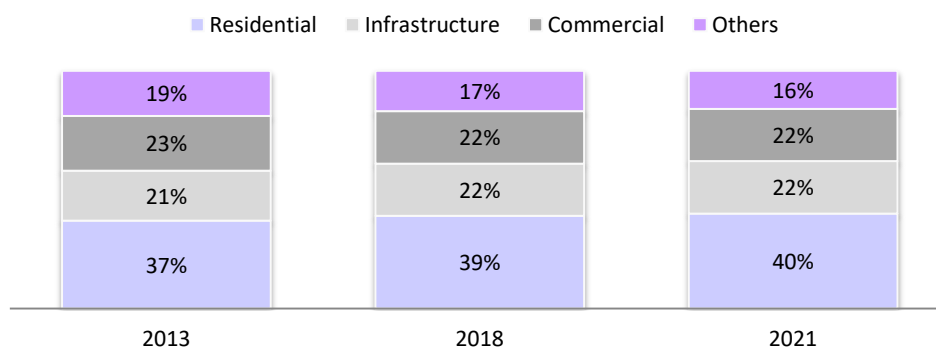


Source: Company, MOFSL

Urban Real Estate

- The number of skyscrapers has skyrocketed in the last decade, leading to increased demand for steel and allied products. India's vertical growth pushed high-rises, or buildings with ground-plus-20 (G+20) floors or more, to record highs in CY19. Of the 1,816 projects launched during the year across seven major cities, over 52% were G+20 floors or more.
- The GoI is looking at an upward revision in Floor Space Index (FSI) regulations across all major cities. Such initiatives indirectly benefit domestic Structural Steel Tube players in the medium-to-long-term.

Exhibit 34: Global use of Structural Steel Tubes – segment-wise break-up (%)



Source: JLL, Company, MOFSL

SWOT Analysis

- ✓ A leader with ~50% market share helps while negotiating better terms with suppliers/customers
- ✓ Strong pan-India presence v/s peers helps in gaining incremental market share
- ✓ Huge scope for increasing throughput without capacity addition

S

STRENGTH



- ✓ Although the share of VAP is high, adverse changes in steel prices can affect profitability
- ✓ Plants need to be closer to the consumption center as higher lead distance raises freight cost, hampering competitive pricing

W

WEAKNESS



- ✓ Higher Infrastructure spending (Airports, Warehouses, residential and commercial projects) to benefit APAT
- ✓ Modular Housing, Chaukat (steel doorframes), etc. are some pioneering initiatives taken by the management and offers tremendous growth potential

O

OPPORTUNITY



- ✓ Slower acceptance and pick-up in Structural Steel Tubes could hamper growth
- ✓ Slower growth in steel, Infrastructure, and other allied industries can reduce the pace of growth

T

THREATS



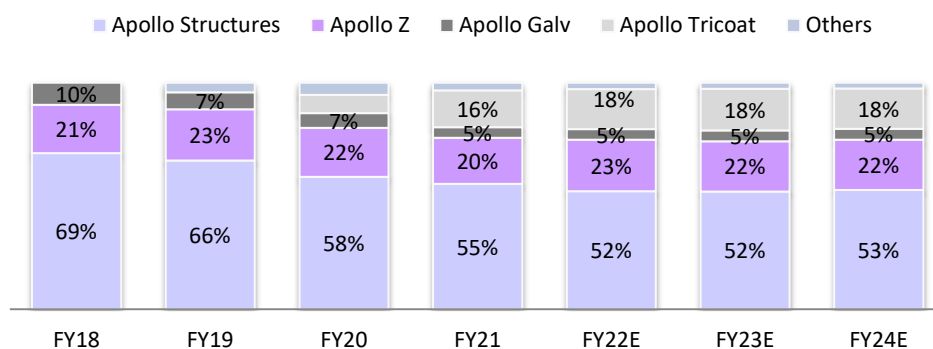
Expect EBITDA to grow at 26% CAGR over FY21-24E

Surge in EBITDA/MT to drive overall profitability

Expect 20% revenue CAGR over FY21-24E

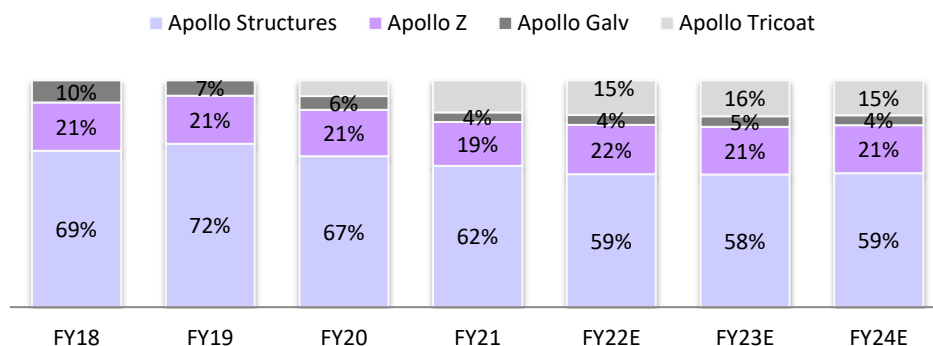
- APAT clocked 25%/15% revenue CAGR over the last 10/5 years on the back of strong demand, coupled with capacity expansion and inorganic growth measures taken by the management.
- Over FY11-21, revenue grew at 25% CAGR, whereas corresponding realization grew at 1% CAGR. We expect 20% revenue CAGR over FY21-24E led by: a) higher demand across key segments like Apollo Structures and Tricoat, resulting in higher sweating of assets and thereby increasing throughput, b) diversified presence across India to lead to addition in new customers and further increase in market share, c) robust volume growth on innovative launches and diversified product portfolio.
- Volumes grew a robust 24% over FY11-21, led by increased penetration and aggressive expansion. We expect a similar growth trajectory and 18% volume CAGR over FY21-24E. Apollo Structures/Tricoat (62%/14% of overall volumes) is expected to be major volume drivers for APAT and are expected to grow at 16%/22% volume CAGR over FY21-24E.

Exhibit 35: Rising revenue share from value-added products

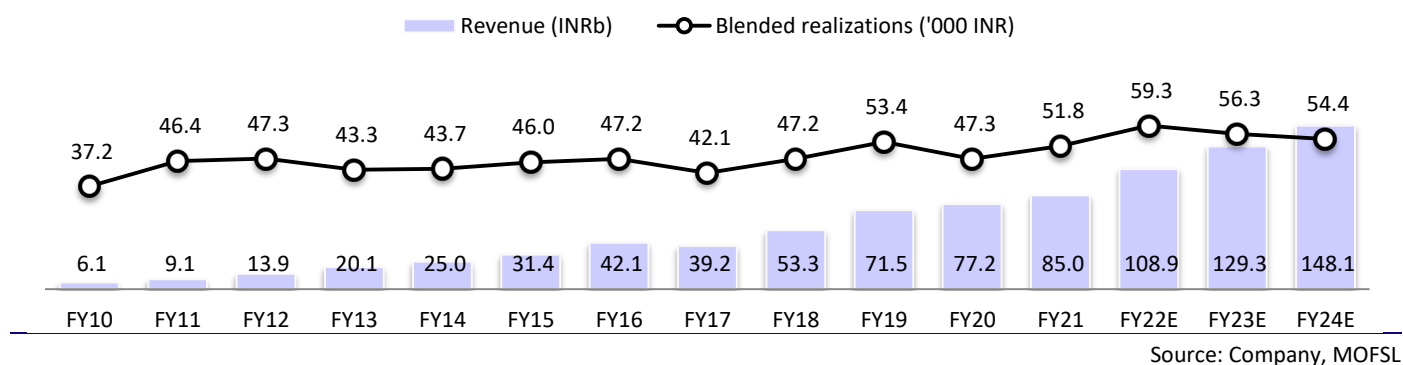
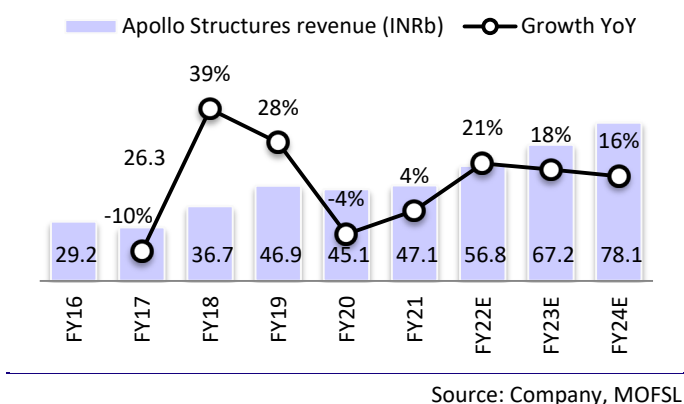
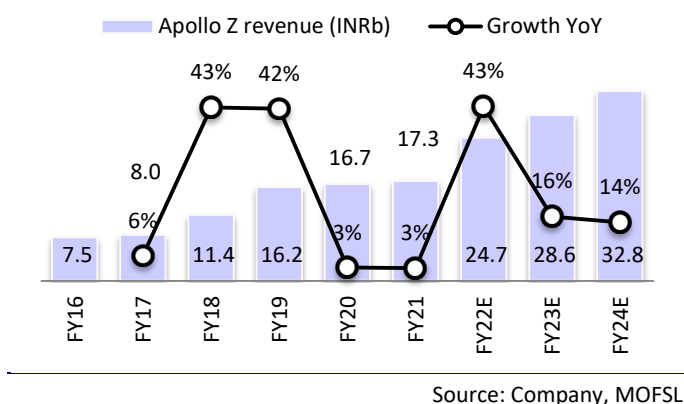
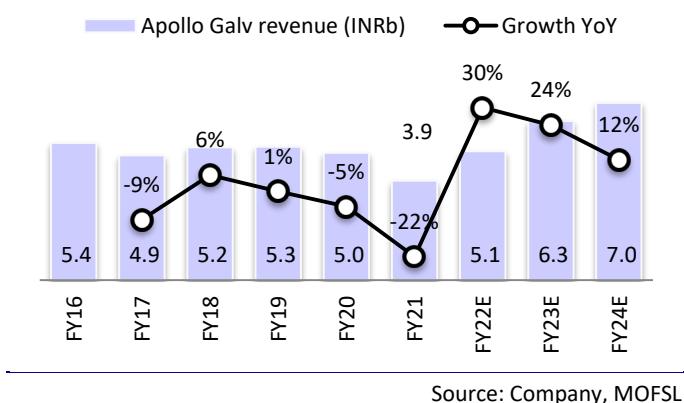
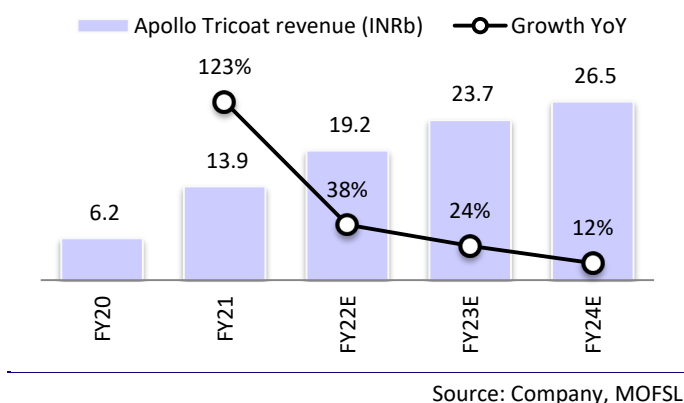


Source: Company, MOFSL

Exhibit 36: Diversifying volume mix with the introduction of new products



Source: Company, MOFSL

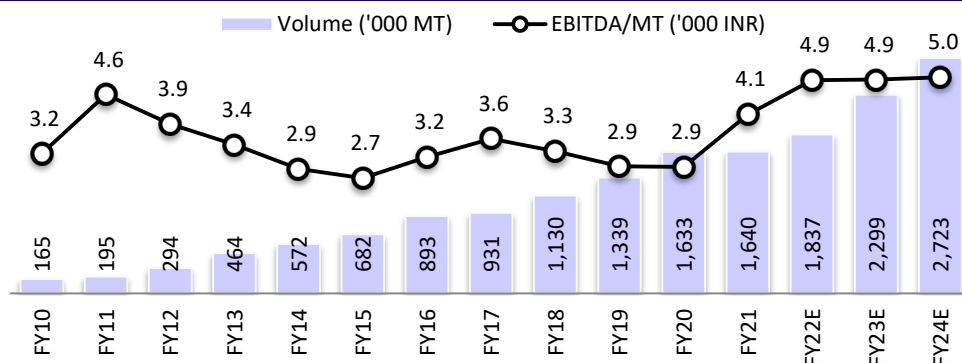
Exhibit 37: Expect revenue to grow at 20% CAGR over FY21-24E**Exhibit 38: Expect 18% revenue CAGR from Apollo Structures over FY21-24E****Exhibit 39: Expect Apollo Z to record 22% revenue CAGR over FY21-24E****Exhibit 40: Expect Apollo Galv to record 19% revenue CAGR over FY21-24E****Exhibit 41: Expect Apollo Tricoat to record 22% revenue CAGR over FY21-24E****Expect EBITDA/MT to grow at 6% CAGR over FY21-24E**

- In the last five years, APAT's EBITDA/MT grew at 6% CAGR (to INR4,143) over FY16-21, with corresponding EBITDA growth of 19%.
- Currently, APAT dominates ~50% of the domestic Structural Steel Tubes market. The management's focus is now on increasing revenue share from value-added products, which in-turn is expected to increase revenue share of VAP from current levels of 59% (as of FY21-end).
- We expect EBITDA/MT to grow at 6% CAGR over FY21-24E to INR4,996 on the back of a growing share of VAP, kicking-in of operating leverage, cost control

(freight, power, consumables, etc.), brand premium, and better negotiating price with steel producers.

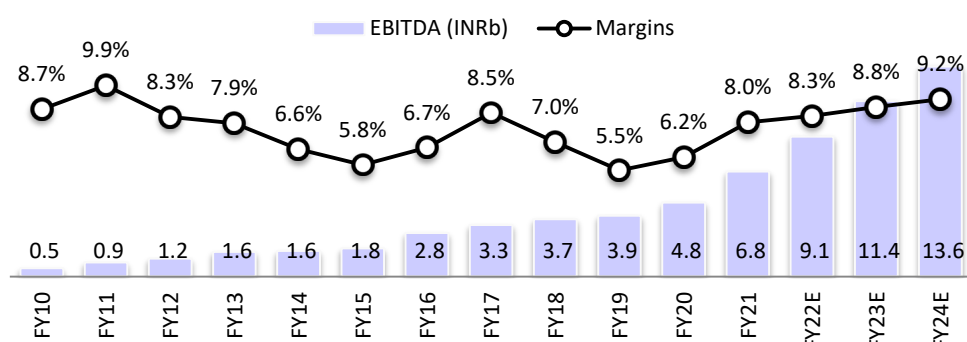
- We expect the company to deliver 26% EBITDA CAGR over FY21-24E (to INR13.6b).

Exhibit 42: Improvement in EBITDA/MT with an increase in volumes



Source: Company, MOFSL

Exhibit 43: Expect EBITDA to grow at 26% CAGR over FY21-24E

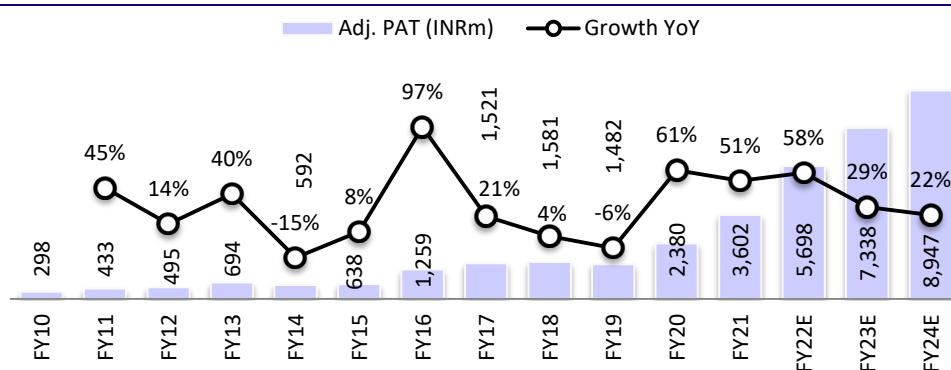


Source: Company, MOFSL

PAT expected to grow at a CAGR of 35% over FY21-24E

- Over the last 10/5 years, PAT grew at 24%/23% CAGR to INR3.6b in FY21. A strong jump in EBITDA/MT, due to improvement in product mix and operating leverage, will have a positive impact on profitability.
- We expect the company to deliver 35% PAT CAGR to INR8.9b over FY21-24E.

Exhibit 44: Expect PAT to grow at 35% CAGR over FY21-24E

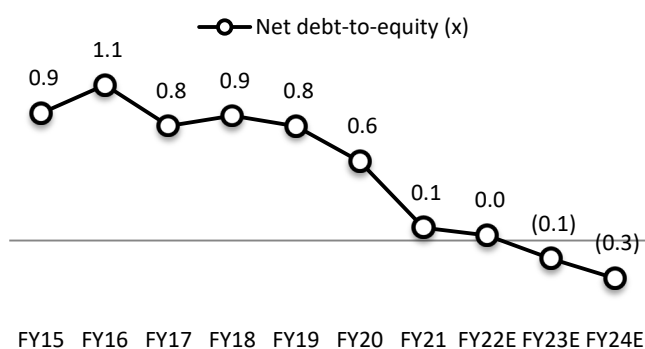


Source: Company, MOFSL

Higher FCF on better operating performance and lower capex

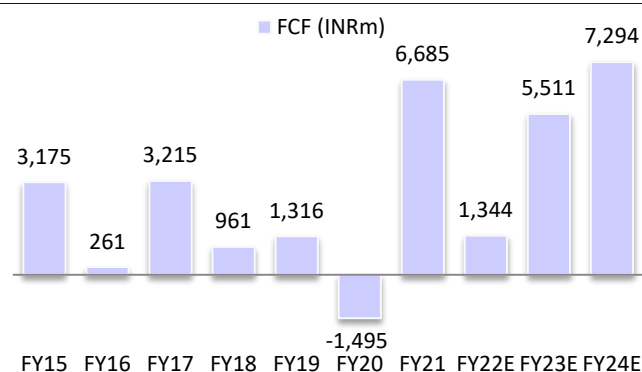
- Over the last five years, the annual run-rate in average FCF/capex outflow was maintained INR2.1b/INR2.2b. Over FY21-24E, the average annual capex run-rate is expected ~INR2b as most of its expansion plans are complete.
- We expect APAT to generate an FCF of INR20.8b over FY21-24E, marking an average annual run-rate of INR5.2b on the back of an increase in the share of value-added products (leading to improvement in margin and profitability) and prudent capital allocation, as majority of its capex plans are complete and the focus is on further sweating of assets.
- Improved cash flow is expected to be utilized for repayment of debt and to carry out maintenance capex. We expect APAT to turn net cash positive by FY23E.

Exhibit 45: Net debt-to-equity



Source: Company, MOFSL

Exhibit 46: FCF to improve

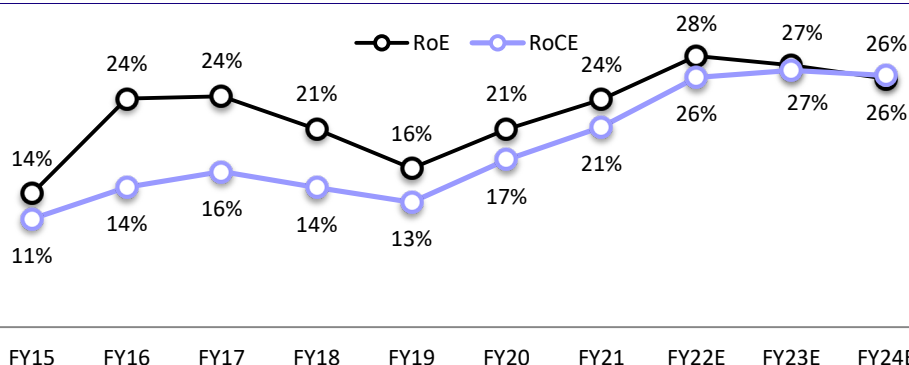


Source: Company, MOFSL

Return ratios

- RoCE/RoE increased by 950bp/980bp to 20.8%/23.6% over FY15-21 due to higher share of value-added products and improving operating leverage.
- We expect a similar growth trajectory and expect APAT to record 530bp/210bp expansion in RoCE/RoE to 26.1%/25.8% over FY21-24E.

Exhibit 47: Return ratios



Source: Company, MOFSL

Valuation and view

Initiate coverage with a Buy rating

- APAT's diversified product portfolio mitigates concentration risk. Higher sweating of assets (capacity utilization at 63%) will lead to kicking in of operating leverage and improved profitability.
- Steady capacity addition, increase in penetration, and gains from unorganized players is expected to improve market share from current levels (~50%).
- Tricoat's EBITDA/MT, which is 1.7x higher than blended EBITDA/MT, is expected to lead to higher profitability and an improvement in overall revenue share from VAP.
- Marginal increase in domestic steel consumption is expected to have profound impact on volumes of Structural Steel Tubes, thereby benefitting APAT significantly.
- We estimate 20%/35% revenue/PAT CAGR over FY21-24E. We value the stock on a price-to-earnings basis, assigning 35x Sept'23 EPS. Initiate Buy with a TP of INR2,065.

Robust distribution network

Expansion of its distribution and warehouse network will drive sales volume across all product segments as the management's focus shifts towards improving its rural presence. Increasing rural penetration, with an expansion in distribution, and product offerings will continue to drive overall growth.

Leadership position aids in procurement

Leadership position in the domestic market helps in negotiating RM prices as APAT single-handedly consumes ~2% of total steel produced. This is expected to help increase overall penetration (particularly in rural areas), leading to a further increase in market share.

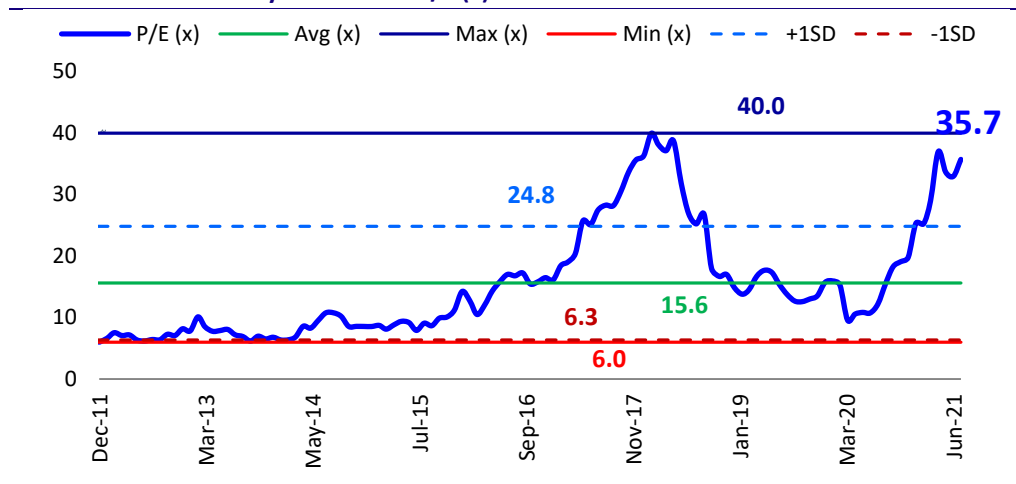
Merger with Tricoat

Tricoat's higher EBITDA/MT is expected to increase revenue share from VAP, which in turn is expected to improve margin and profitability. The merger also provides APAT with increased cross-selling opportunities to Tricoat's existing retail client base. Common ad spends, distribution network, and synergy benefits are expected to aid growth in volumes and profitability.

Value APAT on a price-to-earnings basis at 35x Sept'23 EPS

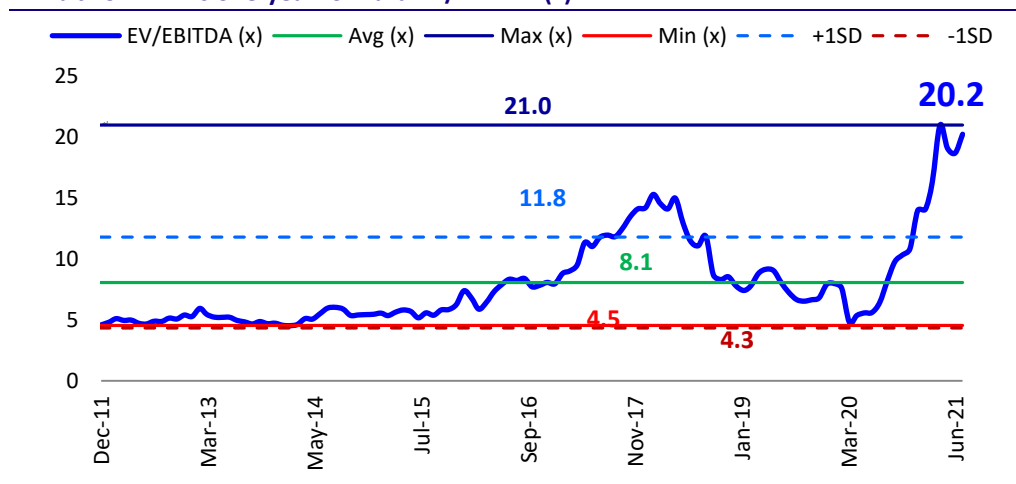
We expect strong volume growth and improved profitability due to: a) higher demand across product segments, b) launch of new products under the parent company and newly merged entity: Tricoat, c) robust distribution network, leading to increase in market share, along with increased cross-selling opportunity from the merger, and d) increase in the share of VAP is driving margin and profitability. We expect APAT to deliver 20%/26%/35% consolidated revenue/EBITDA/PAT CAGR to ~INR148b/INR13.6b/INR9b and generate strong cumulative CFO/FCF of INR31.3b/INR20.8b over FY21-24E. It is expected to turn net cash positive (~INR4b) by FY23E. APAT's peers (in the Building Material space) trade at an average FY23E forward P/E of 36x. We value the stock at 35x Sept'23E EPS and arrive at our TP of INR2,065. The stock should fetch similar valuation as its peers in the Building Material space, due to its leadership and low-cost position in the Structural Tubes business, strong return ratio profile, and lower working capital days. We initiate coverage on APAT with a **Buy** rating.

Exhibit 48: APAT's one-year forward P/E (x)



Source: Company, MOFSL

Exhibit 49: APAT's one-year forward EV/EBITDA (x)



Source: MOFSL

Exhibit 50: Competitive landscape of Building Material players in India

Company name	M Cap (INRb)	EV/EBITDA (x)			P/E (x)			RoE (x)			Revenue CAGR %	EBITDA CAGR %	PAT CAGR %
		FY21	FY22E	FY23E	FY21	FY22E	FY23E	FY21	FY22E	FY23E	FY21-23E	FY21-23E	FY21-23E
Supreme Industries	272	20	22	20	27	33	30	36	24	23	11%	1%	-4%
Astral	425	50	55	45	80	85	67	24	23	24	23%	21%	25%
Prince Pipes & Fittings	74	12	23	18	21	38	29	24	17	19	14%	6%	7%
Kajaria Ceramics	188	NA	30	24	NA	49	38	NA	19	22	NA	NA	NA
Century Plyboards India	88	21	20	16	37	32	25	16	20	21	19%	27%	34%
Cera Sanitaryware	56	30	25	20	50	39	30	12	15	17	19%	29%	36%
APL Apollo Tubes	213	35	26	20	65	41	32	24	28	27	23%	29%	43%

Source: Bloomberg, MOFSL

Bull and Bear Case



Bull Case

- ☑ For the Apollo Structures, we have factored in higher sales/EBITDA CAGR of 20%/29% over FY21-24E v/s a base-case assumption of 18%/24%. We have assumed higher Apollo Structure sales on the back of higher demand for General Structure Tubes due to increased penetration in the rural areas.
- ☑ For Apollo Z, we have factored in sales/EBITDA CAGR of 26%/33% over FY21-24E v/s base case assumption of 24%/27%. We assume higher demand for rust-proof structures supported by increasing warehousing demand.
- ☑ For Apollo Galv, we have factored in sales/EBITDA CAGR of 23%/30% over FY21-24E v/s base case assumption of 21%/25%. We assume higher demand for galvanized tubes.
- ☑ For Apollo Tricoat, we have factored in sales/EBITDA CAGR of 26%/34% over FY21-24E v/s base case assumption of 24%/29%. We assume higher demand for Chaukhat and Elegant, and increase EBITDA due to higher penetration and cross-selling.
- ☑ We value APAT at 37x Sept'23 EPS of INR74.8, arriving at a TP of INR2,460.



Bear Case

- ☑ For the Apollo Structures, we have factored in lower sales/EBITDA CAGR of 16%/19% over FY21-24E v/s a base-case assumption of 18%/24%. We have assumed slower shift towards structural tubes and slower industry growth rate.
- ☑ For Apollo Z, we have factored in sales/EBITDA CAGR of 21%/22% over FY21-24E v/s base case assumption of 24%/27%. We assume lower penetration of newly launched products in this segment.
- ☑ For Apollo Galv, we have factored in sales/EBITDA CAGR de-growth of 18%/18% over FY21-24E v/s base case assumption of 21%/25%. We assume lower demand for galvanized tubes, due to tepid growth in the residential and commercial space.
- ☑ For Apollo Tricoat, we have factored in sales/EBITDA CAGR of 21%/22% over FY21-24E v/s base case assumption of 24%/29%. We assume lower sales for Tricoat products despite newer cross-selling opportunities after merger with APAT.
- ☑ We value APAT at 33x Sept'23 EPS of INR55.5, arriving at a TP of INR1,711.

Exhibit 51: Scenario analysis – Bull and Bear case

	Bear				Base				Bull			
	FY21	FY22E	FY23E	FY24E	FY21	FY22E	FY23E	FY24E	FY21	FY22E	FY23E	FY24E
Revenue (INR)	84,998	1,05,055	1,22,920	1,38,875	84,998	1,08,903	1,29,315	1,48,146	84,998	1,09,340	1,32,308	1,55,013
Growth YoY (%)		24	17	13		28	19	15		29	21	17
EBITDA (INRm)	6,787	8,686	10,444	11,915	6,787	9,055	11,355	13,601	6,787	9,292	12,271	15,411
EBITDA margin (%)	8.0	8.3	8.5	8.6	8.0	8.3	8.8	9.2	8.0	8.5	9.3	9.9
Adj. PAT (INRm)	3,602	5,423	6,642	7,665	3,602	5,698	7,338	8,947	3,602	5,876	8,030	10,317
Growth YoY (%)		51	22	15		58	29	22		63	37	28
EPS (INR)	26.1	39.3	48.1	55.5	26.1	41.3	53.2	64.8	26.1	42.6	58.2	74.8
Multiple (x)				33				35.0				37
TP (INR)				1,711				2,065				2,460
% Return				1%				21%				45%

Source: Company, MOFSL

Key risks

Fluctuations in steel prices to impact margin

A sharp increase in steel prices may affect margin as APAT may not be able to pass on the price fluctuations to its customers. Also, higher volatility in steel prices may lead to inventory losses/gains.

Slower industry growth may lead to muted growth

APAT currently dominates (~50%) the domestic Structural Steel Tubes market. Going forward, room for incremental growth via an increase in market share will be slower. Penetration of Structural Steel Tubes in India is pegged at 4% (as a percentage of the overall steel industry) as compared to the global average of ~9%. Hence, slower industry growth could curtail growth at APAT.

Maintaining WC could be at risk

As of FY21, APAT is operating at 4 WC days. For certain products (under Tricoat), WC days are very low as it has a cash-and-carry model. Maintaining lower WC days is going to be a challenge during the next phase of expansion.

Lower entry barriers

Although entry into the Structural Steel Tubes business is not very easy, steel pipe/tube players with a diversified network across India can enter, boosting competition.

Management overview



Mr. Sanjay Gupta, MD and Chairman

Mr. Sanjay Gupta has ~23 years of experience in diverse steel industry segments. Under his vision, the company has evolved from a steel tube manufacturer to a leader in branded steel products.



Mr. Arun Agarwal

Mr. Arun Agarwal is a CA with 20 years of experience in the steel industry. He has been associated with the company since CY09 and has been actively involved in all strategic decisions within the group. Over the years, he has grown with APAT, progressively shouldering higher responsibilities. He has been tasked with the responsibility of driving all plants.



Mr. Anubhav Gupta

Mr. Anubhav Gupta joined APAT in CY19 and is focused on strengthening its strategic capabilities. He advises on corporate development, communications, and marketing of the APL Apollo brand, with the aim of creating a strong position for the company within domestic and global markets. He has over 12 years of experience in fundamental research and analysis in the investment world, including positions across investment advisory and investment banking firms.



Mr. Deepak Goyal, CFO

Mr. Goyal has an extensive work experience (over 18 years), out of which he has devoted 15 years exclusively to the steel industry. He has been associated with APAT for the last five years. He is involved in overseeing budget planning, funds management, treasury, and taxation matters.



Mr. Romi Sehgal, Director

Mr. Romi Sehgal contribution to the steel and tubes industry ranges from designing and manufacturing of tube mills to putting up greenfield projects, and ensuring uninterrupted optimum production from factories. He is a science graduate and has worked in managerial and leadership positions in reputed companies such as Atlas Steel Tubes, Atma Steel Tubes, Bharat Steel Tubes, and for 13 years in Gallium Limited, which is a manufacturer of steel tube equipment.



Mr. Vinay Gupta, Director

With 20 years of industry experience, Mr. Vinay Gupta has in-depth knowledge in manufacturing and trading of pipes, tubes, sheets, and other steel products. He has been tasked with driving the company's Pre-Galvanized and international market businesses.

Financials and valuations

Consolidated - Income Statement

(INR Million)

Y/E March	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Total Income from Operations	31,383	42,136	39,239	53,348	71,523	77,232	84,998	1,08,903	1,29,315	1,48,146
Change (%)	25.7	34.3	-6.9	36.0	34.1	8.0	10.1	28.1	18.7	14.6
RM Cost	26,807	35,546	32,324	45,483	63,077	65,786	71,648	90,961	1,08,624	1,24,443
Employees Cost	412	629	754	862	1,079	1,422	1,296	1,489	1,681	1,926
Other Expenses	2,348	3,145	2,832	3,292	3,439	5,252	5,266	7,397	7,655	8,176
Total Expenditure	29,567	39,319	35,909	49,637	67,595	72,459	78,210	99,848	1,17,960	1,34,545
% of Sales	94.2	93.3	91.5	93.0	94.5	93.8	92.0	91.7	91.2	90.8
EBITDA	1,816	2,817	3,330	3,710	3,928	4,773	6,787	9,055	11,355	13,601
Margin (%)	5.8	6.7	8.5	7.0	5.5	6.2	8.0	8.3	8.8	9.2
Depreciation	220	341	509	534	643	959	1,028	1,170	1,342	1,480
EBIT	1,596	2,476	2,821	3,176	3,286	3,814	5,759	7,885	10,012	12,121
Int. and Finance Charges	664	695	720	813	1,134	1,073	661	398	300	300
Other Income	45	103	60	80	117	222	359	413	388	444
PBT bef. EO Exp.	977	1,883	2,160	2,443	2,269	2,963	5,458	7,900	10,100	12,266
EO Items	0	-253	0	0	0	0	0	0	0	0
PBT after EO Exp.	977	1,630	2,160	2,443	2,269	2,963	5,458	7,900	10,100	12,266
Total Tax	339	624	639	862	787	403	1,381	1,991	2,541	3,086
Tax Rate (%)	34.7	38.3	29.6	35.3	34.7	13.6	25.3	25.2	25.2	25.2
Minority Interest	0	0	0	0	0	180	475	211	221	232
Reported PAT	638	1,006	1,521	1,581	1,482	2,380	3,602	5,698	7,338	8,947
Adjusted PAT	638	1,259	1,521	1,581	1,482	2,380	3,602	5,698	7,338	8,947
Change (%)	7.6	97.5	20.8	4.0	-6.2	60.5	51.3	58.2	28.8	21.9
Margin (%)	2.0	3.0	3.9	3.0	2.1	3.1	4.2	5.2	5.7	6.0

Consolidated - Balance Sheet

(INR Million)

Y/E March	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Equity Share Capital	234	234	236	237	239	249	250	276	276	276
Total Reserves	4,717	5,441	6,798	8,141	9,402	13,313	16,697	23,303	30,226	38,691
Net Worth	4,951	5,676	7,034	8,379	9,641	13,562	16,947	23,579	30,502	38,967
Minority Interest	0	0	0	0	0	954	1,383	0	0	0
Total Loans	4,822	6,498	5,944	7,751	8,581	8,338	5,203	2,203	2,203	403
Deferred Tax Liabilities	745	859	813	994	1,200	1,012	1,112	1,112	1,112	1,112
Capital Employed	10,517	13,033	13,790	17,124	19,422	23,865	24,644	26,893	33,817	40,481
Gross Block	6,472	7,291	6,922	9,617	11,626	17,246	18,568	20,554	22,751	24,991
Less: Accum. Deprn.	760	1,058	454	988	1,548	2,507	3,535	4,705	6,048	7,528
Net Fixed Assets	5,712	6,233	6,468	8,628	10,078	14,738	15,033	15,849	16,703	17,463
Goodwill on Consolidation	429	429	230	230	230	1,375	1,375	2,796	2,796	2,796
Capital WIP	240	320	1,224	460	275	101	1,077	1,340	1,393	1,404
Total Investments	191	131	4	11	494	15	15	15	4,515	4,515
Current Investments	0	0	0	0	0	0	0	0	4,500	4,500
Curr. Assets, Loans&Adv.	6,656	9,491	10,519	12,483	16,663	16,431	16,491	18,373	21,983	29,797
Inventory	3,196	5,944	4,696	5,915	7,835	7,842	7,599	9,574	11,311	12,902
Account Receivables	1,753	2,201	2,949	4,321	5,433	4,764	1,306	2,387	2,834	3,247
Cash and Bank Balance	188	14	16	68	478	456	3,579	1,279	1,742	6,666
Loans and Advances	1,520	1,333	2,859	2,179	2,917	3,370	4,006	5,133	6,095	6,982
Curr. Liability & Prov.	2,710	3,572	4,656	4,688	8,317	8,796	9,345	11,479	13,573	15,493
Account Payables	2,063	2,581	4,039	3,793	6,989	7,644	7,859	9,574	11,311	12,902
Other Current Liabilities	375	506	459	814	1,220	979	1,310	1,679	1,993	2,283
Provisions	272	484	157	81	108	173	177	226	269	308
Net Current Assets	3,946	5,920	5,864	7,795	8,346	7,636	7,145	6,893	8,410	14,304
Misc Expenditure	0	0	0	0	0	0	0	0	0	0
Appl. of Funds	10,517	13,033	13,790	17,124	19,422	23,865	24,644	26,893	33,817	40,481

Financials and valuations

Ratios										
Y/E March	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Basic (INR)										
EPS	4.6	9.1	11.0	11.5	10.7	17.2	26.1	41.3	53.2	64.8
Cash EPS	6.2	11.6	14.7	15.3	15.4	24.2	33.5	49.8	62.9	75.6
BV/Share	35.9	41.1	51.0	60.7	69.9	98.3	122.8	170.9	221.0	282.4
DPS	1.0	1.7	2.1	2.4	2.5	0.0	0.0	2.7	3.0	3.5
Payout (%)	26.5	28.0	22.5	25.3	27.7	0.0	0.0	6.5	5.6	5.4
Valuation (x)										
P/E	368.4	186.6	154.4	148.5	158.4	98.7	65.2	41.2	32.0	26.3
Cash P/E	273.9	146.8	115.7	111.0	110.5	70.3	50.7	34.2	27.1	22.5
P/BV	47.4	41.4	33.4	28.0	24.4	17.3	13.9	10.0	7.7	6.0
EV/Sales	7.6	5.7	6.1	4.5	3.4	3.2	2.8	2.2	1.8	1.5
EV/EBITDA	131.9	85.7	72.3	65.4	61.9	51.1	35.0	26.0	20.3	16.5
Dividend Yield (%)	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.2	0.2	0.2
FCF per share	23.0	1.9	23.3	7.0	9.5	-10.8	48.4	9.7	39.9	52.9
Return Ratios (%)										
RoE	13.9	23.7	23.9	20.5	16.5	20.5	23.6	28.1	27.1	25.8
RoCE	11.2	14.5	16.1	14.5	12.9	17.4	20.8	25.9	26.6	26.1
RoIC	10.9	13.6	15.8	14.1	12.4	15.9	19.9	26.7	29.7	33.6
Working Capital Ratios										
Fixed Asset Turnover (x)	4.8	5.8	5.7	5.5	6.2	4.5	4.6	5.3	5.7	5.9
Asset Turnover (x)	3.0	3.2	2.8	3.1	3.7	3.2	3.4	4.0	3.8	3.7
Inventory (Days)	37	51	44	40	40	37	33	32	32	32
Debtor (Days)	20	19	27	30	28	23	6	8	8	8
Creditor (Days)	24	22	38	26	36	36	34	32	32	32
Leverage Ratio (x)										
Current Ratio	2.5	2.7	2.3	2.7	2.0	1.9	1.8	1.6	1.6	1.9
Interest Cover Ratio	2.4	3.6	3.9	3.9	2.9	3.6	8.7	19.8	33.4	40.4
Net Debt/Equity	0.9	1.1	0.8	0.9	0.8	0.6	0.1	0.0	-0.1	-0.3

Consolidated - Cash Flow Statement

(INR Million)

Y/E March	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
OP/(Loss) before Tax	977	1,630	2,160	2,443	2,269	2,963	5,458	7,900	10,100	12,266
Depreciation	220	341	509	534	0	959	1,028	1,170	1,342	1,480
Interest & Finance Charges	650	669	711	789	0	851	302	-15	-88	-144
Direct Taxes Paid	-67	-432	-629	-602	-673	-403	-1,381	-1,991	-2,541	-3,086
(Inc)/Dec in WC	1,367	-2,335	330	-2,342	287	725	3,577	-2,049	-1,052	-971
CF from Operations	3,146	-127	3,082	823	1,884	5,096	8,983	5,015	7,761	9,544
Others	2	240	72	91	1,693	0	0	0	0	0
CF from Operating incl EO	3,148	113	3,154	914	3,576	5,096	8,983	5,015	7,761	9,544
(Inc)/Dec in FA	27	149	61	48	-2,261	-6,591	-2,298	-3,671	-2,250	-2,250
Free Cash Flow	3,175	261	3,215	961	1,316	-1,495	6,685	1,344	5,511	7,294
(Pur)/Sale of Investments	-15	-18	2	2	-390	479	0	0	-4,500	0
Others	-1,829	-1,227	-1,761	-1,703	13	1,763	-4,171	413	388	444
CF from Investments	-1,817	-1,096	-1,697	-1,654	-2,639	-4,349	-6,468	-3,258	-6,362	-1,806
Issue of Shares	0	0	106	100	56	10	1	1,306	0	0
Inc/(Dec) in Debt	-443	1,673	-554	1,807	830	-244	-3,135	-3,000	0	-1,800
Interest Paid	-664	-695	-725	-772	-1,014	-1,073	-661	-398	-300	-300
Dividend Paid	-117	-141	-234	-283	-400	0	0	-373	-414	-483
Others	-19	-28	-47	-59	0	538	4,403	-1,594	-221	-232
CF from Fin. Activity	-1,243	809	-1,454	792	-528	-768	609	-4,058	-935	-2,815
Inc/Dec of Cash	88	-175	2	52	410	-22	3,123	-2,301	464	4,923
Opening Balance	101	188	14	16	68	478	456	3,579	1,279	1,742
Closing Balance	188	13	16	68	478	456	3,579	1,279	1,742	6,666

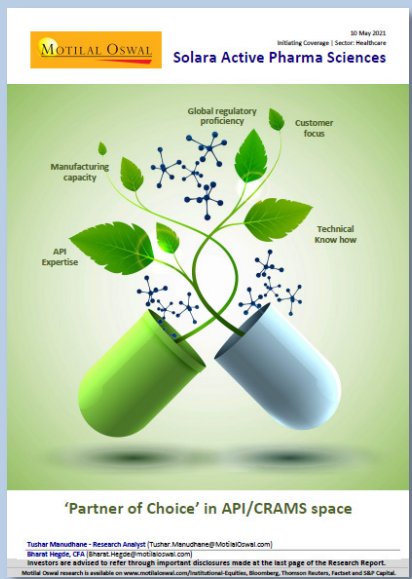
NOTES

REPORT GALLERY

RECENT SECTOR THEMATIC REPORTS



RECENT INITIATING COVERAGE REPORTS



Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Investment Advisory Services, Depository participant services & distribution of various financial products. MOFSL is a subsidiary company of Passionate Investment Management Pvt. Ltd.. (PIMPL). MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL), NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Limited are available on the website at <http://onlinereports.motilaloswal.com/Dormant/documents/List%20of%20Associate%20companies.pdf>

MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report

MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at <https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx>

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S.

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act") and together with the 1934 Act, the "Acts", and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets Singapore Pte Ltd ("MOCMSPL") (Co.Reg. NO. 201129401Z) which is a holder of a capital markets services license and an exempt financial adviser in Singapore. As per the approved agreement under Paragraph 9 of Third Schedule of Securities and Futures Act (CAP 289) and Paragraph 11 of First Schedule of Financial Advisors Act (CAP 110) provided to MOCMSPL by Monetary Authority of Singapore. Persons in Singapore should contact MOCMSPL in respect of any matter arising from, or in connection with this report/publication/communication. This report is distributed solely to persons who qualify as "Institutional Investors", of which some of whom may consist of "accredited" institutional investors as defined in section 4A(1) of the Securities and Futures Act, Chapter 289 of Singapore ("the SFA"). Accordingly, if a Singapore person is not or ceases to be such an institutional investor, such Singapore Person must immediately discontinue any use of this Report and inform MOCMSPL.

Specific Disclosures

- 1 MOFSL, Research Analyst and/or his relatives does not have financial interest in the subject company, as they do not have equity holdings in the subject company.
- 2 MOFSL, Research Analyst and/or his relatives do not have actual/beneficial ownership of 1% or more securities in the subject company
- 3 MOFSL, Research Analyst and/or his relatives have not received compensation/other benefits from the subject company in the past 12 months
- 4 MOFSL, Research Analyst and/or his relatives do not have material conflict of interest in the subject company at the time of publication of research report
- 5 Research Analyst has not served as director/officer/employee in the subject company
- 6 MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- 7 MOFSL has not received compensation for investment banking/ merchant banking/brokerage services from the subject company in the past 12 months
- 8 MOFSL has not received compensation for other than investment banking/merchant banking/brokerage services from the subject company in the past 12 months
- 9 MOFSL has not received any compensation or other benefits from third party in connection with the research report
- 10 MOFSL has not engaged in market making activity for the subject company

The associates of MOFSL may have:

- financial interest in the subject company
- actual/beneficial ownership of 1% or more securities in the subject company
- received compensation/other benefits from the subject company in the past 12 months
- other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
- acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies)
- received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.

The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report

Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 71934200/ 022-71934263; Website www.motilaloswal.com; CIN no.: L67190MH2005PLC153397; Correspondence Office Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad(West), Mumbai- 400 064. Tel No: 022 7188 1000.

Registration Nos.: Motilal Oswal Financial Services Limited (MOFSL)*: INZ000158836(BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412. AMFI: ARN - 146822; Investment Adviser: INA000007100; Insurance Corporate Agent: CA0579; PMS: INP000006712. Motilal Oswal Asset Management Company Ltd. (MOAMC): PMS (Registration No.: INP000000670); PMS and Mutual Funds are offered through MOAMC which is group company of MOFSL. Motilal Oswal Wealth Management Ltd. (MOWML): PMS (Registration No.: INP000004409) is offered through MOWML, which is a group company of MOFSL. Motilal Oswal Financial Services Limited is a distributor of Mutual Funds, PMS, Fixed Deposit, Bond, NCDs, Insurance Products and IPOs. Real Estate is offered through Motilal Oswal Real Estate Investment Advisors II Pvt. Ltd. which is a group company of MOFSL. Private Equity is offered through Motilal Oswal Private Equity Investment Advisors Pvt. Ltd which is a group company of MOFSL. Research & Advisory services is backed by proper research. Please read the Risk Disclosure Document prescribed by the Stock Exchanges carefully before investing. There is no assurance or guarantee of the returns. Investment in securities market is subject to market risk, read all the related documents carefully before investing. Details of Compliance Officer: Name: Neeraj Agarwal, Email ID: na@motilaloswal.com, Contact No.: 022-71881085.

* MOSL has been amalgamated with Motilal Oswal Financial Services Limited (MOFSL) w.e.f August 21, 2018 pursuant to order dated July 30, 2018 issued by Hon'ble National Company Law Tribunal, Mumbai Bench.