



Annual Report 2018-19



A STEP FORWARD IN BUILDING A NEW INDIA

ACROSS THE PAGES

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CORPORATE OVERVIEW



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FINANCIAL SECTION



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Disclaimer

This document contains statements about expected future events and financials of Kamdhenu Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the Management Discussion and Analysis of this Annual Report.



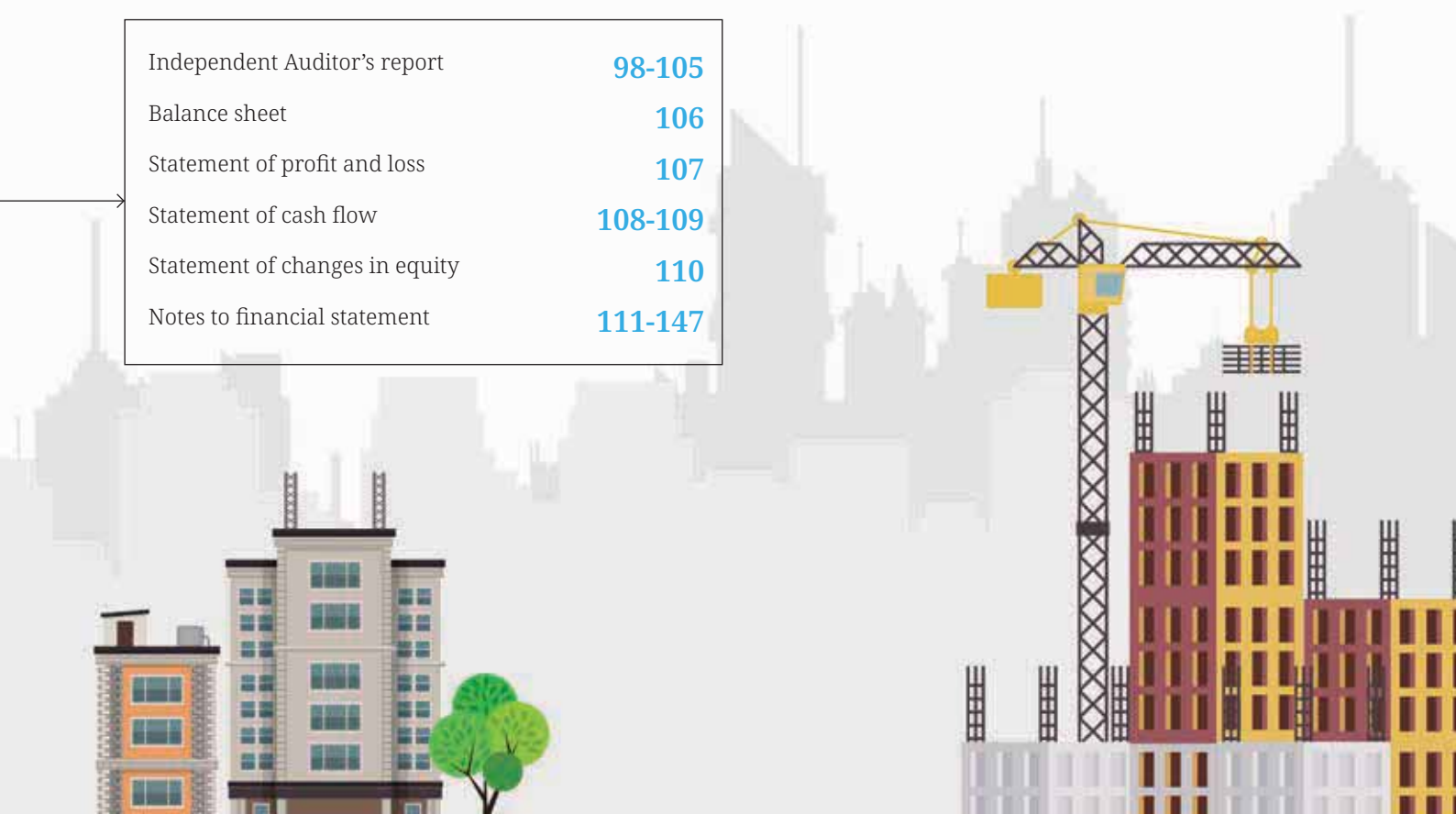
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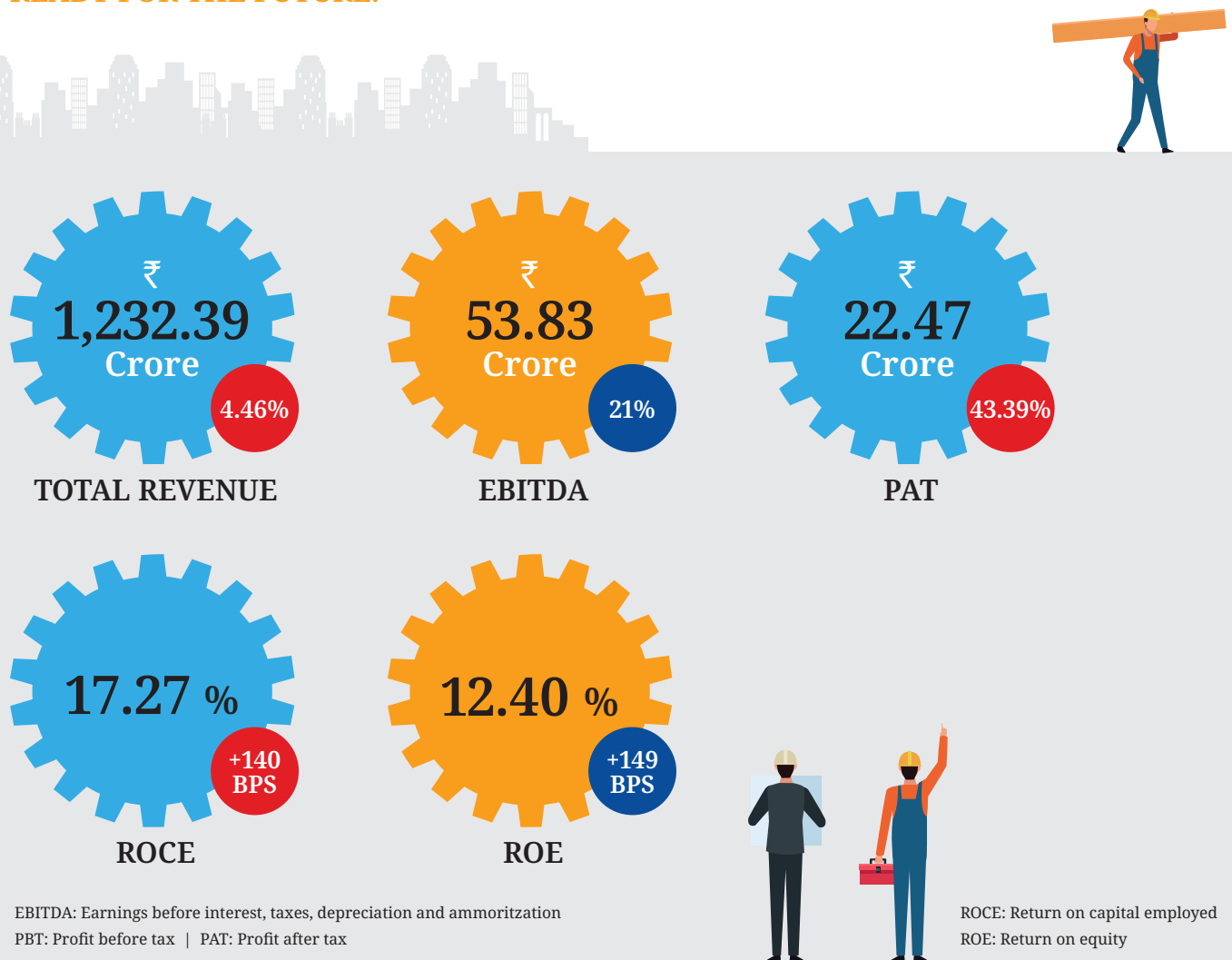
INVESTOR INFORMATION

Market Capitalization as on 31st March 2019	₹ 443.52 Crore
CIN	L27101DL1994PLC134282
BSE Code	532741
NSE Symbol	KAMDHENU
Bloomberg Code	KAMD:IN
Dividend Declared	10%
AGM Date	Monday, 30th day of September, 2019
AGM Venue	Hotel Pride Plaza, Aerocity, New Delhi-110037



WITH A STEP FIRMLY ROOTED IN MANUFACTURING AND SERVICE, **KAMDHENU LIMITED** STRIVES TO EXCEL EACH DAY BY KEEPING THE FOCUS ON MARKETING AND BRANDING.

THIS HAS BORNE FRUITS, AS THE DEALER AND FRANCHISEE NETWORK GREW MULTIFOLD OVER THE YEARS. THIS INTENT IS A PART OF THE LEGACY AND WE WISH TO BUILD A SUSTAINABLE FUTURE ON IT. THAT IS WHY WE CHOSE TO EXPAND THE CAPACITY OF OUR STEEL PRODUCTION AND STRATEGICALLY REALIGNED OUR DECORATIVE PAINTING BUSINESS TO STAY AHEAD AND BE READY FOR THE FUTURE.





So how are we getting **FUTURE** READY?

The Company has started debottlenecking its plant in a bid to maximise its production. The impact of this endeavour can be seen in the growth of capacity from 72,000 to 1,56,000 metric tonnes per annum (MTPA). It will squarely influence innovation and development, enhancing the Company's portfolio in the foreseeable future. The figure for production capacity in franchisee-based steel is quite astounding as it touched 32 Lakhs MTPA recently.

The paint segment is also flourishing. Our ever-widening product portfolio includes both premium and regular products to cater to a wider client-base. These meticulously planned steps have helped the Company prove their mettle and smoothened a path for the legacy to ride on towards VISION 2020.

Factors for the **FUTURE**

Better roads and infrastructure lie at the core of the visionary idea that leads any emerging country forward. Initiatives taken by the Government are well-directed towards forming a robust network that would bridge roads and infrastructures. The intent has precisely given a rise in the demand for steels and subsequently, the steel rebars market is expected to surge. The initial hiccups from the GST implementation has now stabilised and evolving into a matured trajectory ahead. The paint sector is benefiting substantially from this. Its volume and market share, both have taken wings in the organised sector.



**STEEL REVENUES
IN FY 2018-19**




**PAINT REVENUE
IN FY 2018-19**



OUR VALUE CREATION BUSINESS MODEL

INPUT CAPITAL

Financial capital

Pg. 26-27 


This capital refers to the financial inputs required

Equity capital: ₹ 181.14 Crores

Debt: ₹ 87.90 Crores

Debt to equity: 0.49

Manufacturing capital

Pg. 20-21 

This capital refers to the input by which capacity is generated

Production Capacity:



Coloured Coated Profile Sheets
2.5 Lakhs MT per annum



Structural Steel
5 Lakhs MT per annum



Steel Rebars
25 Lakhs MT per annum

Franchisee based manufacturing facilities

Intellectual capital

Pg. 18-19 

This capital refers to the resources deployed on-boarding and nurturing the employees.

Expenditure incurred on research and development for testing and laboratory: ₹ 3.82 Lakhs

Manufacturing capacity increased from 72,000 MTPA to 1,56,000 MTPA

Human capital



This capital refers to the resources deployed on-boarding and nurturing the employees.

Following assistances provided to 710 employees:

- # Open work environment
- # Continuous learning programme
- # Employee stock option scheme

Relationship capital



This capital refers to the financial resources deployed towards maintaining the relationship with the key stakeholders.

Key stakeholders:

- # Government and regulatory bodies
- # Franchises
- # Dealers/Distributors
- # Customers




Steel dealers
6,500



Paint dealers
4,000

Social capital

Pg. 28 

This capital refers to the financial resources deployed towards well-being of the community and the environment.

Key stakeholders:

- # Dedicated CSR programs conducted to ensure quality of life of the surrounding communities.
- # Tree plantation initiatives of the dealers and distributors.

OUR VALUE-CREATION ENDEAVOURS

It was in the year 1994, Kamdhenu Limited started building the foundation in Bhiwandi, Rajasthan. From day one, the intent was clear, to make an indelible presence. The approach to the business was holistic as it included from the manufacturing to distribution, marketing, and branding of steel. It also had a wing for decorative paints. The Company believed in taking challenges head-on. It started with a bang, and a chair amidst the market titans was only a matter of time. Today, the Company is a leader in the TMT steel bars. Its decorative paint segment is also garnering accolades as one of the top brands.



Steel

Pg. 10-13

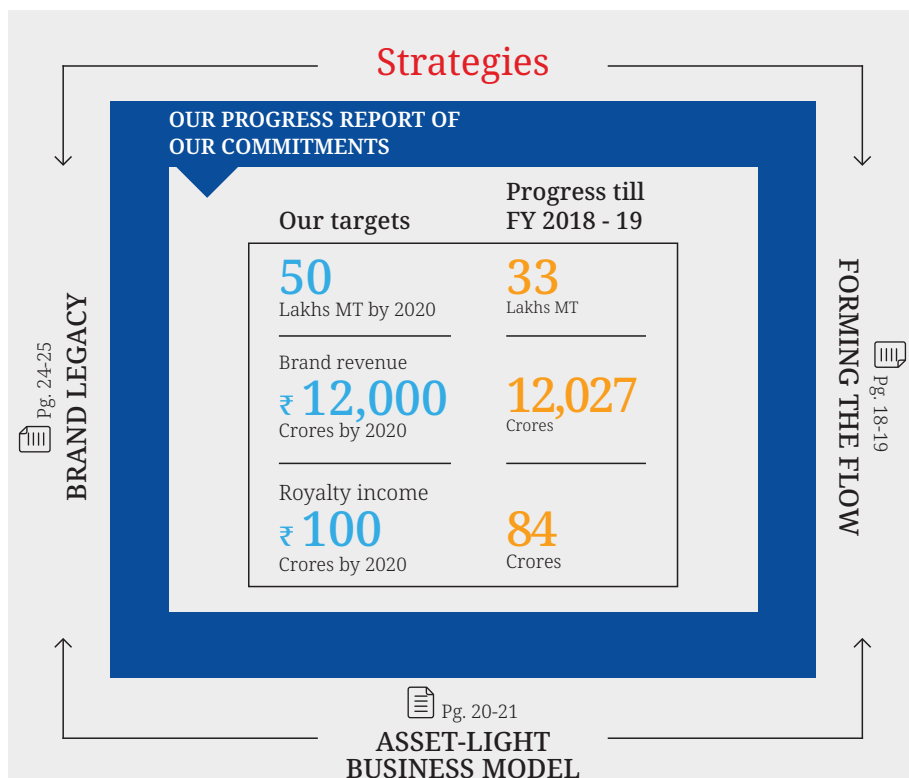
The steel profile of the Company includes steel rebars, structural steel, colour-coated profile sheet, and pre-engineered building. The decorative paint segment comprises water, powder and solvent-based decorative paints.



Paint dealers

Pg. 14-17

With customer-centricity as a central focus, the Company has blended expertise and excellence, leading to stronger and sustainable returns.



OUTPUT CAPITAL

Revenue: ₹ 1,232.39 Crores
EBITDA: ₹ 53.83 Crores
Profit after Tax: ₹ 22.47 Crores
EPS: ₹ 8.98



New products developed:	12.40 % ROE	17.27 % ROCE
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- # Talent acquisition of employees
- # Strong employee motivation

- # Strong stakeholder relationships
- # Improving royalty income and reach

Community well-being camps conducted:

- # Thousands of sapling planted

OUTCOME



Sustainability of profits and quality earnings

Largest selling TMT Steel bars brand in India

- # Better capital efficiency due to lower working capital
- # Strong brand visibility
- # Increase in market share

Management process improved

- # Contribution to Government's exchequer through taxes: ₹ 12.47 Crores
- # Franchise Units to manufacture steel rebars, structural steel products & Colour coated Profile Sheets: 75+

Positively impacted the community and the environment

CREATING VALUES TO BE FUTURE READY

ONE
STEP AT
A TIME.



1994

Incorporation of
Kamdhenu Ispat
Limited

1995

Production of
Steel bars

2000

Certified for
international
quality standards

2004

Innovated
franchisee business
model

2005

Adopted modern
technology of
CRM Belgium to
manufacture TMT
steel bars

2006

IPO – Listed
at NSE/BSE

AWARDS AND ACKNOWLEDGEMENT:



World's greatest 2015
amongst Asia and GCC



Asia's most promising
brand 2015-16 by World
Consulting and Research
Corporation



Indian Power Brand 2016
awards



World's Greatest Brands
2017-18 amongst Asia & GCC
for steel as well as paints
division

**2008**

Forayed into decorative paints business – COLOUR DREAMZ

2013

Launched Kamdhenu SS10,000 premium TMT Barz

2014

Launched Kamdhenu structural steel

2015

Became the largest selling TMT brands

2016

Name changed from Kamdhenu Ispat Limited to Kamdhenu Limited – positioned as a marketing and branding company

**2019**

Own manufacturing expansion

**2018**

Board recommendation to hive-off the paint division

2017

Launched Kamdhenu Nxt – Interlock steel for next generation

CHAIRMAN & MANAGING DIRECTOR'S MESSAGE



Dear Shareholders,

It is a privilege to present you the overall performance of your Company in FY 2018-19. It was an outstanding year as both the divisions – steel and paint – performed as per expectations. However, before delving deep into details, it would be pertinent to reflect on the macro scenario that is unfolding before us. Seeing the potential before it hits the point would help us sharpen our strategies, seek out opportunities and strengthen the stratum for value creation in the long run. This would be a step towards being future ready and getting a competitive edge.

The Indian steel industry is one of the few bright spots where the sector is getting flooded with improving investment and enriched infrastructure programmes. It had not bogged down even after getting hit by twin shocks of demonetization and Goods and Services Tax (GST). The recovering was quick. Consider this data of World steel Association: India has edged past Japan to rank as the second largest producer. The increase in output is getting bolstered substantially by stellar growth

in demand. The surge in crude oil prices of the first half plummeted quickly in the second half. Those engaged in domestic dealings have benefited well from such a shift.

The revamping of the infrastructure, the desire to outgrow the tag of developing nation have triggered widespread initiatives from the Government. This resulted in schemes like 'Housing for All' and 'Bharatmala'. The 'Housing for All' project eyes for completion of 11.8 million urban houses by the end of 2020. 'Bharatmala' is the second largest highway development project that safely hosted the construction of 34,800 km of new roads and invited investment of ₹ 6,92,000 Crores. The second leg has a target of 4,000 km greenfield roads and 3,000 km expressway. Outlines of these projects further strengthened the prospect of steel industry by ensuring an impressive demand for TMT steel bars. Besides infrastructure, the burgeoning real estate sector shall also trigger demand for TMT steel bars and paints.