



Radha Madhav
Corporation Limited
Annual report 2017-18

Re

invention!



RMCL
UNIVERSE
BUY . EARN . GROW

Reinvention!

There was a time when our operations had been halted.

When our interest outflow had mounted.

When we encountered regulatory hurdles.

When we were affected by declining sales.

When our net worth had been extensively eroded.

The result: Investors had written us off; we were on the verge of being liquidated.

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Until we resolved to enter the consumer products business through the direct marketing route.

We introduced new products.

We enlisted more than 300,000 active associates to market our products every month.

We settled loans.

We mobilised additional capital.

We transformed our net worth to the positive. The reinvention made the difference.

*Following the final settlement of debts in September 2017, the Company reported q-o-q growth in topline and bottomline with an EBITDA margin in excess of 6.40%. The net worth turned positive in June 2018.

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things you need to know about our Company

Background: Promoted by Mr. Anil Agarwal and family members, the Company was formed in 2005 following the amalgamation of the existing business of the management. The Company was singularly focused on the packaging business until 2013. The Company is presently managed by Mr. Mitesh Agarwal (Managing Director) and Mr. Abhishek Agarwal (Jt. Managing Director) along with a team of experienced professionals.

Experience: Radha Madhav Corporation Limited is the largest producer of cast and blown films in India. The Company addresses the existing and emerging needs of fast-evolving downstream sectors (FMCG and pharmaceuticals among others). The Company is now primarily an direct selling consumer products company with established competence in packaging and engineering capabilities.

Diversified: The Company is engaged in the network marketing of consumer products and packaging products. It intends to emerge as a global packaging solutions provider with expertise comprising multiple technologies, products, processes and materials. The Company extended into attractive verticals like high-end food products and pharmaceuticals packaging through a dedicated unit at Rudrapur in Uttaranchal (the country's largest pharmaceutical packaging unit) following an investment of ₹540 million.

Quality-conscious: The Company's desire to manufacture products that stand for qualitative excellence has been showcased through certifications like ISO 9001-2000 for its packaging business. All the Company's facilities have been designed and built around GMP norms. The Rudrapur facility is on the verge of receiving the HACCP certification.

Research-oriented: The Company is technology-led. Its state-of-the-art manufacturing facility in Daman was set up at an investment of ₹1,750 million for manufacturing high-tech films. The facility is equipped with cutting-edge equipment and managed by experienced professionals possessing a keen insight into customer buying patterns and usages.

People: The Company is driven by Mr. Mitesh Agarwal, Mr. Abhishek Agarwal, with a support team comprising of Mr. Puneet Shukla, Mr. P.R. Nataraj, Mr. Amit and Ms. Vishnupriya Varma. The Company has 38 lakh members with substantially high percentage of active members.

Pioneering: The Company commissioned the first mechanically operated line in India to produce polyvinyl chloride shrink films and the only one to produce plastic optical fibre films in the sub-continent.

Locations: Headquartered in Daman, India, the Company has more than 11,000 retail units and 125 warehouses across the country. The Company has five manufacturing units for its packaging business – four in Daman and one in Rudrapur.

Competence: The Company has built a team of professionals, technocrats and shopfloor specialists. This combination has empowered the Company to stay ahead of the curve through innovative and reliable packaging solutions customised for a national and international clientele.

Product segments: Consumer products



Agricultural products



Health supplements



Personal care



Food products



Household products



Lifestyle and fashion



Stationery



Educational products

Our Product segments :Consumer products and Packaging division

Financials: Over the last five years, the Company reported a CAGR of 64% in revenue, while EBIDTA grew from a negative of ₹50 crore in 2013-14 to a positive of ₹11.69 crore in 2017-18.

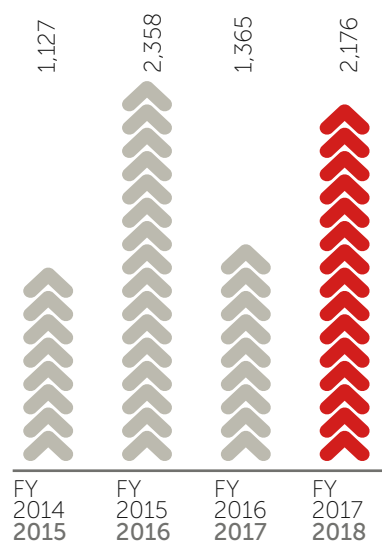
Listing: The Company's shares are listed on the Bombay Stock Exchange (security code: 532692) and the National Stock Exchange (scrip code: RMCL) and traded actively. The Company's market capitalisation stood at ₹238 crore as on 31st March 2018.

Ownership: As on 31st March 2018, 21.23% of the Company's equity was held by the promoters while 15.21% was held by institutions and the rest by public individuals.

<h1>Packaging products</h1>			
			
			
			
			

Numbers speak louder than words

Total income (₹ million)



Definition

Growth in sales net of taxes and excise duties.

Why is this measured?

It highlights the service acceptance and reach of a company in the market.

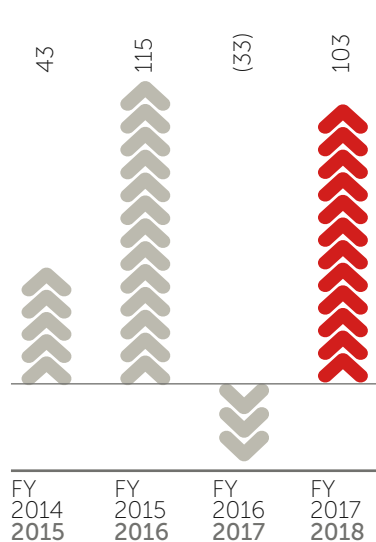
Performance

Improved product offtake made it possible to cover fixed costs more effectively, strengthening margins and surplus.

Value impact

Aggregate sales increased by 60 % (over 2016-17) to reach ₹217 crore during FY2017-18 following an increased demand for consumer products.

Net profit (₹ million)



Definition

Profit earned during the year after deducting all expenses and provisions.

Why is this measured?

It highlights the strength of the business model in enhancing value for shareholders.

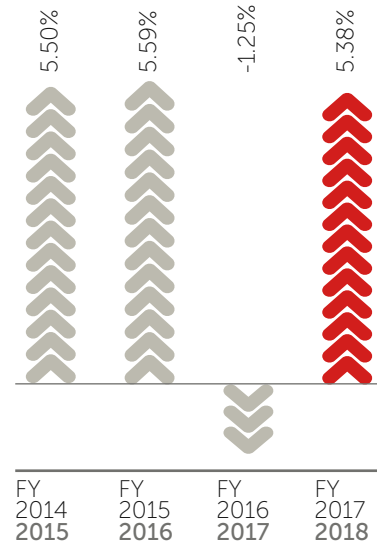
Performance

Ensures that adequate resources are available for reinvestment and sustaining the Company's growth.

Value impact

The Company's net profit has grown by from ₹(33) crore to ₹103 crore y-o-y, validating the robustness of its operations.

EBITDA margin (%)



Definition

EBITDA margin is a profitability ratio used to measure a company's pricing strategy and operating efficiency.

Why is this measured?

The EBITDA margin gives an idea of how much a company earns (before accounting for interest and taxes) on each rupee of sales.

Performance

Demonstrates adequate buffer in the business, which when multiplied by scale, enhances surpluses.

Value impact

The Company reported an EBITDA margin growth from (1.25)% to 5.38%, a 664 bps increase during FY2017-18

The numbers
you don't see

Revenues derived from our direct marketing business (₹ crore)

80.07	222.77	124.51	204.36
2014-15	2015-16	2016-17	2017-18

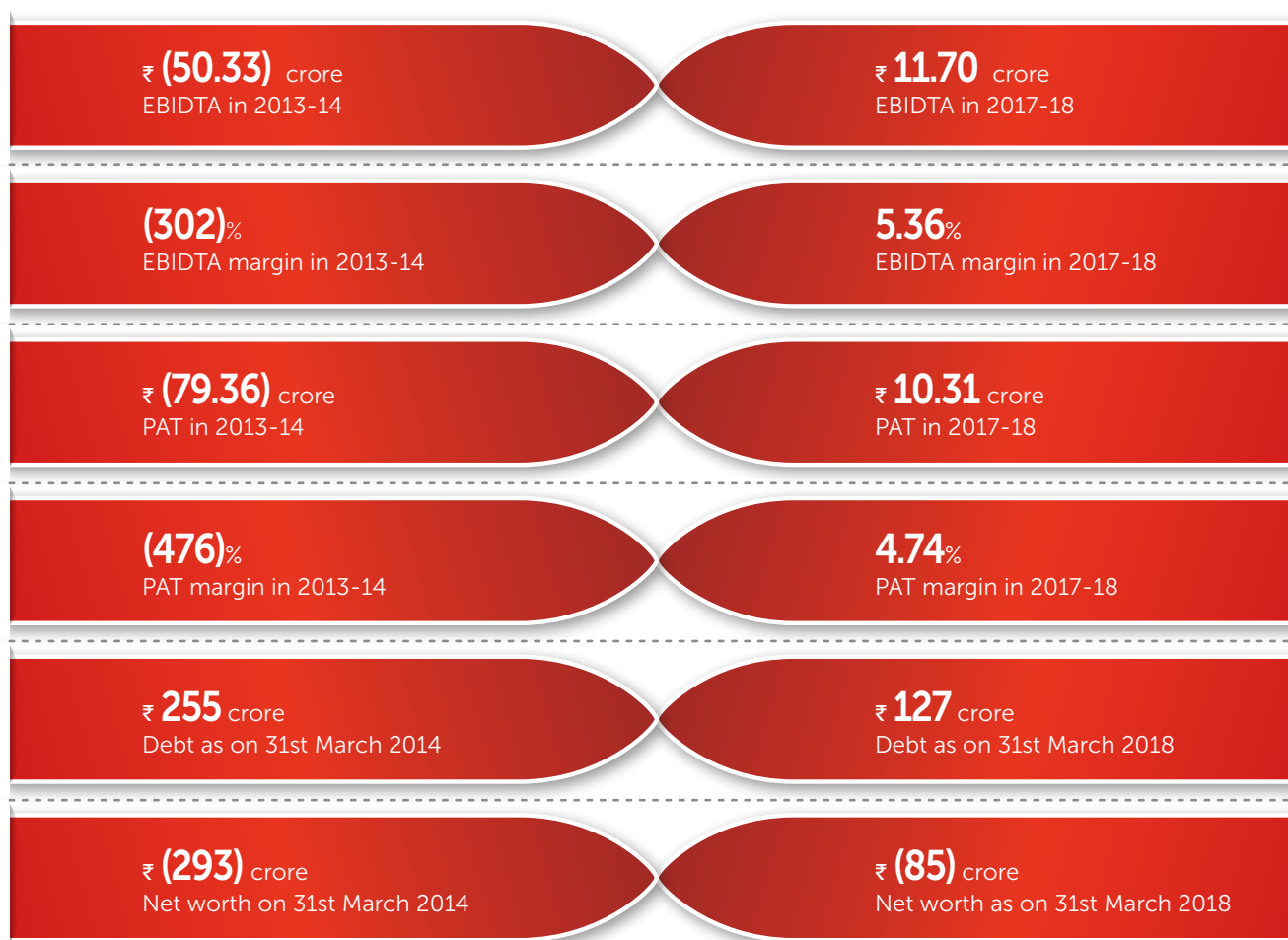
Increase in products marketed (direct marketing business)

150	850	1800	2600
2014-15	2015-16	2016-17	2017-18

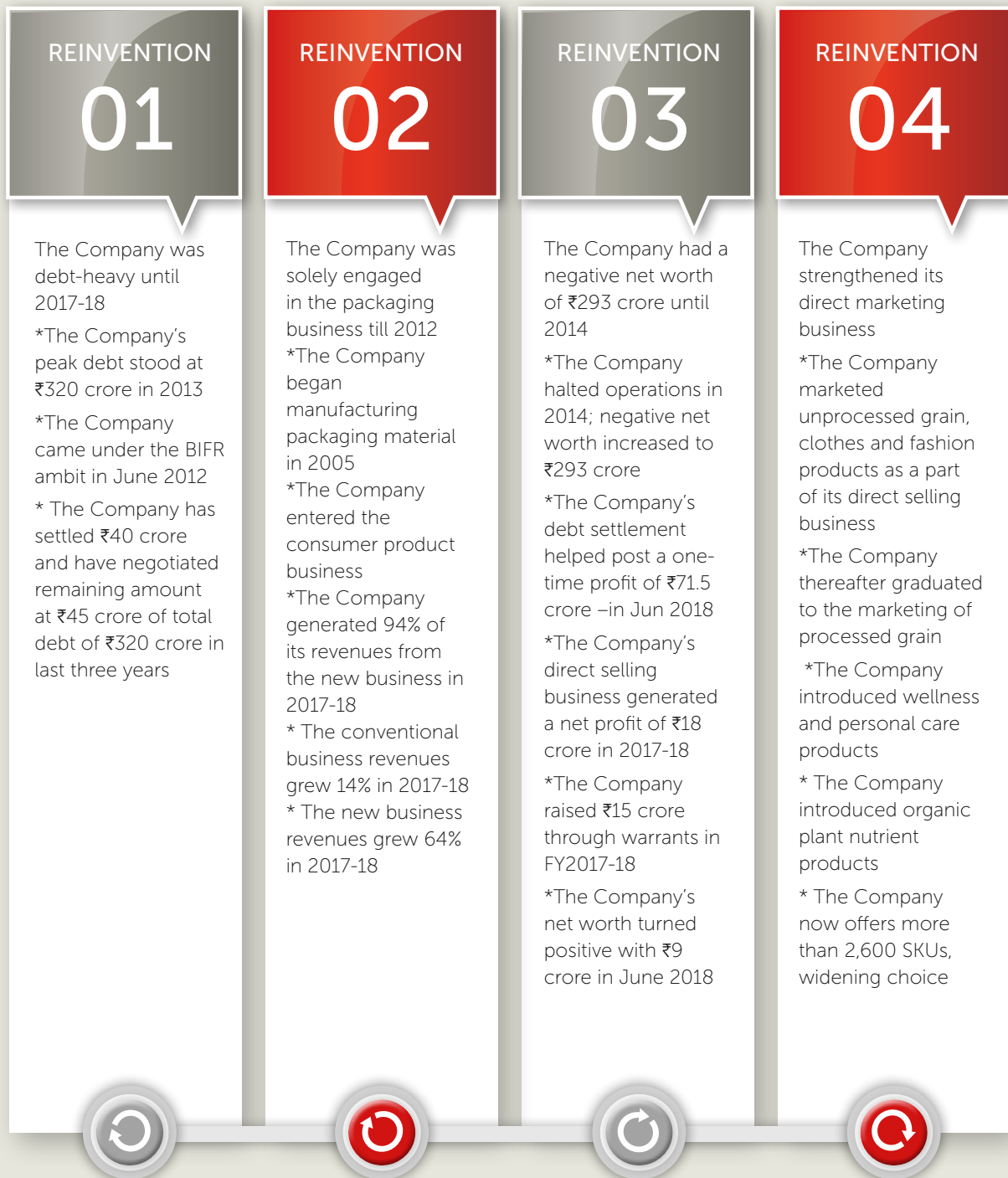
Evolving proportion of the direct marketing revenues (as % of the whole)

69	94	91	94
2014-15	2015-16	2016-17	2017-18

How we have transformed our business in the last four years



How we have transformed and reinvented over the last few years





The Managing Director's statement

The real India lies in its villages and semi-urban towns - 6,50,000 villages comprising around 900 million consumers accounting for about 50% of the country's GDP and 70% of the population.

For years, this segment of the population accounted for possibly the largest under-penetrated population in the world. There are indications that this population segment may be at the cusp of a rapid transformation. The offtake of FMCG in the rural market is expected to increase from approximately USD 20 bn in 2018 and is expected to cross USD 100 bn by 2025, an unprecedented opportunity.