



RADHA MADHAV CORPORATION LIMITED

Annual Report 2018-19





Disruption Leading To Consolidation

Wellness

200 +
Products



Food & Beverages

700+
Products



Agri-
cultural
products
300+
Products



Beauty &
Personal
Care
300 +
Products



Pharma
ceuticals
300+
Products



Veterinary
Products

200+
Products



Household
Products

500 +
Products



Baby Care
Products

200 +
Products



Customised
for you

500+
Products



Lifestyle
& Fashion

500+
Products



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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



Our Product segments :Consumer products and Packaging division

Financials: Over the last five years, the Company reported a CAGR of 59% in revenue, while EBITDA grew from a negative of ₹50 crore in 2013-14 to a positive of ₹24.24 crore in 2018-19

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 ₹157 crore as on 31st March 2019

Ownership: As on 31st March 2019, 21.23% of the Company's equity was held by the promoters while 8.42% was held by institutions and the rest by public individuals.

Packaging Products



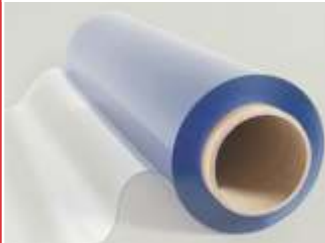
POF films



PVDC coated thin films and blisters



Triplex



MOPVC films



MOPVC labels



Nylon films



Coated films



Lamitube



PVC blisters



Flexible packaging



VCI films



Thermal films



Keep fresh bags



EVOH based films



Cast films



PVC cling films



PVC soft sheets



Oxygen pipes



Bubble wrap



Numbers speak louder than words

Total income (H 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.

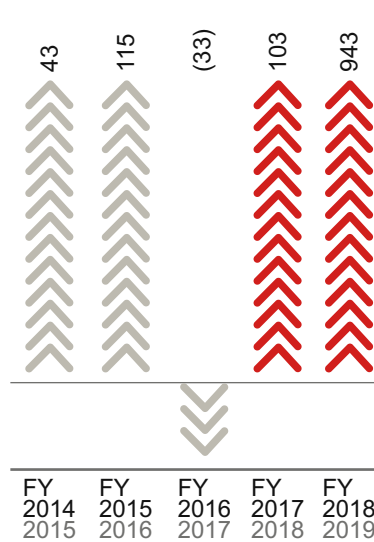
Performance

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

Value impact

Aggregate sales increased by 146% (over 2017-18) to reach 533.6 crore during FY2018-19 following an increased demand for consumer products.

Net profit (H 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.

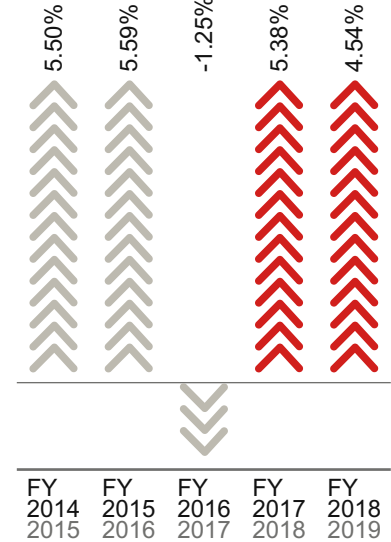
Performance

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 103 crore to 943 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 of 4.53%, during FY 2018-19

The numbers you don't see

Revenues derived from our direct marketing business (H crore)

80.07 2014-15	222.77 2015-16	124.51 2016-17	204.36 2017-18	517.42 2018-19
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Increase in products marketed (direct marketing business)

150 2014-15	850 2015-16	1800 2016-17	2600 2017-18	3100 2018-19
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Evolving proportion of the direct marketing revenues (as % of the whole)

69 2014-15	94 2015-16	91 2016-17	94 2017-18	97 2018-19
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How we have transformed our business in the last five years

(50.33) crore
EBIDTA in 2013-14

24.24 crore
EBIDTA in 2018-19

(302)%
EBIDTA margin in 2013-14

4.54%
EBIDTA margin in 2018-19

(79.36) crore
PAT in 2013-14

94.33 crore
PAT in 2018-19

(476)%
PAT margin in 2013-14

17.68%
PAT margin in 2018-19

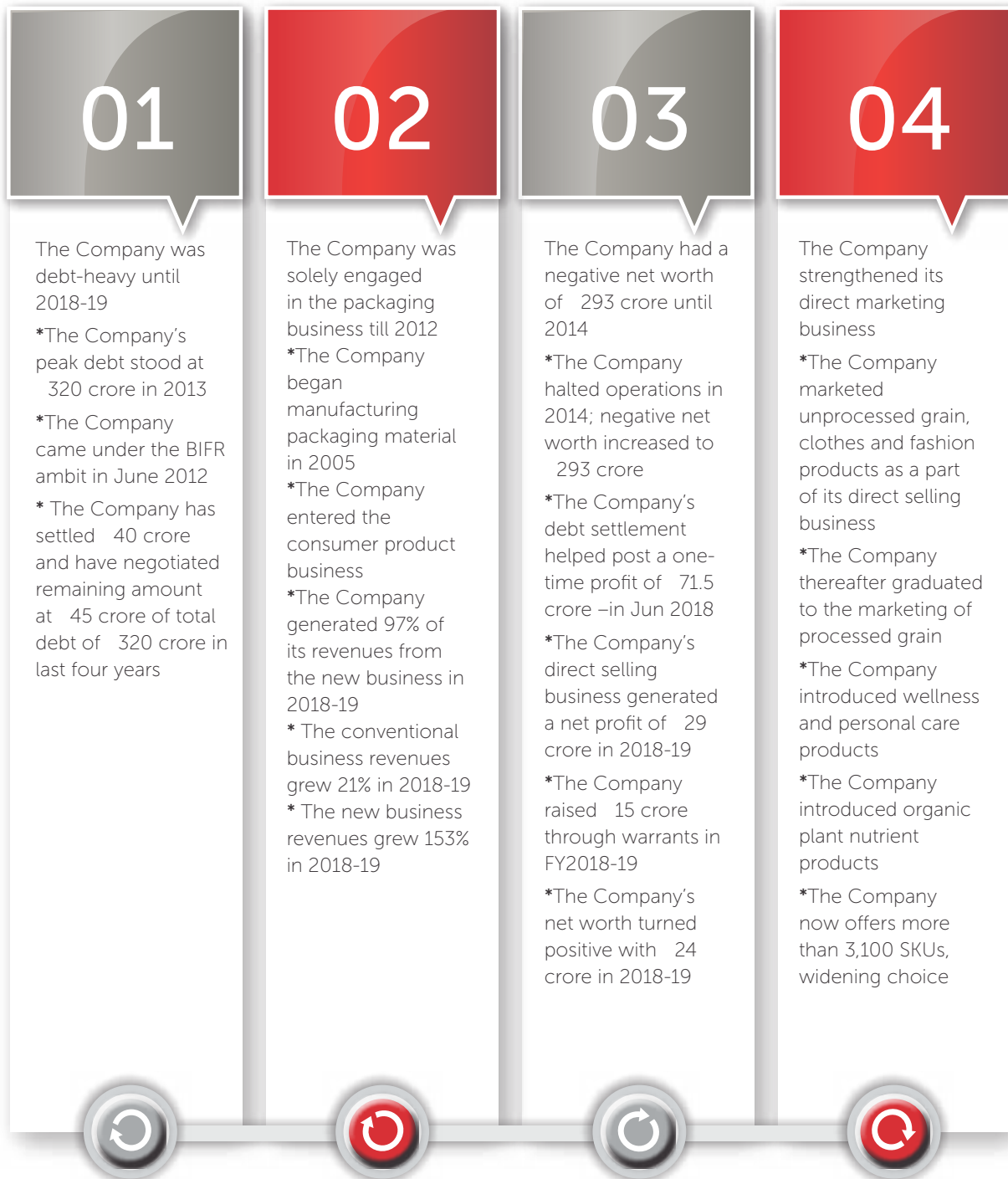
255 crore
Debt as on 31st March 2014

37.75 crore
Debt as on 31st March 2018-19

(293) crore
Net worth on 31st March 2014

24 crore
Net worth as on 31st March 2018-19

How we have transformed and reinvented over the last few years



Our performance ambition

To grow revenues 10x by 2022

01

> Demand drivers

- Under-penetration of direct selling in India
- Growing per capita incomes driving consumption
- Surge in smart phone availability and growing internet use driving people to lead better lifestyles
- Higher consumption is also driving use of packaging products

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> Probable goal contributor

- Strengthen consumer business product portfolio
- Create a deleveraged Balance Sheet
- Attain critical scale in the packaging business

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> Achievements

- Settled negotiation - 320 crore of debt in the last four years
- Introduced new products in the consumer products business
- Raised - 15 crore through issue of warrants in 2018-19

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> Financial performance, 2018-19

- Revenues improved by 146%
- EBITDA improved by 4.54%
- Post-tax profit improved by 915%

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> Key differentiators

- Focus on enhancing share of value-added products
- Providing 'right-to-sell' to associates to drive offtake
- Wider product range
- Strong relationship with clients
- Asset-light business model



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.