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44 IN CONVERSATION: "KAMDHENU IS WELL POSITIONED TO TIDE-OVER THE CURRENT CRISIS" – **SATISH KUMAR AGARWAL**, CMD, KAMDHENU GROUP



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POWER LESS!

WHILE FY21 IS LIKELY TO BE A VERY CHALLENGING YEAR FOR THE POWER SECTOR, THE GOVERNMENT HAS PROPOSED RADICAL REFORMS WHICH COULD BRING IN THE MUCH-NEEDED STRUCTURAL, OPERATIONAL AND FINANCIAL TURNAROUND IN THE SECTOR.

ALSO

CONDITIONS APPLY

ALTHOUGH THERE HAS BEEN AN IMPROVEMENT IN ELECTRICITY CONSUMPTION AND GENERATION, THE SUSTAINABILITY OF THE SAME WOULD BE CONTINGENT ON THE EASING OF THE RESTRICTIONS AND RESUMPTION OF ECONOMIC ACTIVITY: **CARE RATINGS.**



the present crisis. How is Kamdhenu placed?

We are operating on a franchisee based Asset Light model. The present crisis has affected all players in the sector and we too are not immune to it. However, with the economy reopening and on the back of a strong pipeline of pent-up and new construction demand, we expect to return to 100 per cent operation and restoration of revenue to pre-COVID levels soon.

The government is working on giving more impetus to the infrastructure sector and that's a positive thing for us to capitalise on.

Steel prices have remained weak from Q1FY20. And, with the outbreak of COVID-19, some of the companies have been left with high debt, labour shortage, raw material shortage, etc., amidst weak demand. Reports suggest that some of the capacities may shut down permanently with liquidity issues continuing as well. Can you tell us how Kamdhenu Group is positioned on this?

Kamdhenu is well positioned to tide-over the current crisis and we are working with all our franchisee and distribution partners to ensure smooth operations. We believe in constantly evolving and adapting ourselves to the changing environment and we encourage and support our partners to adapt too.

In your view, how long is the long runway for demand to normalise in both, the steel and paints sectors?

Demand for steel and paints is expected to make a full recovery by the end of this fiscal. Both our products cater to the housing sector, which is a basic necessity and are ones that see a quicker rebound in the face of challenges.

Is there any capex planned for 2021? And, what does it entail?

We are increasing our capacity through Franchisee network where investments are being made by Franchisee units.

What are the challenges affecting regional demand and supply?

The un-coordinated and localised

lockdowns still imposed by some states has disrupted movement of people and goods in some regions. Such localised lockdowns effectively puts a cog in the entire network of demand and supply chain as bypassing the closed area or waiting for permission are an unproductive waste of time.

What are the risks to your growth?

Growth will be impacted and this is true for most if not all economies in the world. However, the engines of growth cannot be at a standstill forever and we are witnessing a partial or full recovery of economic activities across the world. We will return to pre-pandemic levels of growth and eventually better than in the future, just that some economies may reach that stage earlier than others.

Please tell us how you are optimising the usage of raw materials to lessen the carbon footprint?

We are constantly monitoring and improving the quality of raw materials we source for our manufacturing plants, so that there is less wastage in subsequent stages of the manufacturing processes. The adoption of technology, optimisation of workflow and industry best practices in all our plants have contributed to making our plants more efficient and a reduction of our carbon footprint.

Would you throw some light on your domestic presence as well as across the world?

Kamdhenu TMT is the largest TMT selling brand in India in the retail segment, having more than 75 franchisee units and more than 11,500 dealers and distributors out of which 7,500 are exclusive for our steel business. Kamdhenu Group is truly a one-stop construction material solutions company, wherein we deal with a variety of products including but not limited to TMT Bars, Structural Steel, Colour Coated Sheets, and Decorative Paints, etc.

We are also planning for expansion in India as well as globally. Our wide range of products catering to various kinds of structural, aesthetic and luxury requirements in construction is doing brisk business and growing.

Looking at the paints sector, Asian Paints, the market leader in decorative paints, is focusing on gaining share in the bottom of pyramid segment as well. They have recently launched economy products at disruptive price points. Similarly, Berger Paints is strengthening its second-ranked position through the launch of innovative products – largely in the premium end. It is entering niche segments of paints through partnerships and JVs. A similar story is being witnessed with Kansai Nerolac on the industrial paints segment. How would Kamdhenu Group respond to the aggressive competition to continue growing its market share?

Kamdhenu Paints has been producing high quality paint products which have been well received by commercial as well as domestic paint buyers across the country. This has encouraged us to expand our paint product portfolio. Our products are also reasonably priced putting them within easy reach for most buyers and our strong distribution network ensure that our products are easily available across regions.

Competition within the industry is a good thing for the players as they innovate and for the buyers as they get access to the products at competitive pricing.

Kamdhenu's Kamo Hi-Sheen, for example, is an ultra-luxury, 100 per cent acrylic-based interior emulsion formulated using pure acrylic and high micronized pigments. The emulsion comes with elegant fragrance, high sheen, luxurious smooth finish, stain resistance, low VOC, no odour, and has anti-fungal properties. Special additives in the emulsion gives it anti-fungal and anti-algae properties and are packaged in a variety of sizes such as 1.0ltr, 4.0ltr, 10ltr and 20ltrs to cater to a wide range of customers requirement.

Weather Classic Max is a high performance premium quality exterior paint which comes with anti dirt properties and is water resistant. It also provides excellent protection from rain and dusty conditions in addition to harmful UV Rays.

Kamodual Luxury paint is a truly all-in-one product that can be used

inconversation

both in interiors as well as exterior of buildings. This will help customers save money as they no longer need to separately purchase exterior emulsion and interior emulsion products. This star product from Kamdhenu Paints has excellent protective properties with a choice of smooth and classic finishes to deliver unmatched luxury to interior walls and protect the exterior walls from the vagaries of nature.

Kamdhenu's wide range of high quality paint, putty and primer products in the market are the product of choice for most customers as they offer superior quality product and for the right cost.

Would you tell us about your dealership network and its growth, for the TMT business and paints business?

We operate in steel on a franchisee based model and our strengths is in our wide spread dealers and distribution network. Our dealers and distributor network have a strong footprint across the country, which helps us in responding to market demands. Currently, we have around 75 franchise manufacturing units and more than 11,500 dealers and distributors out of which 7,500 are exclusive for our steel business and around 4000 for our paint business.

Under this franchisee model, we provide technology support, ensure quality steadiness, and branding support to our franchise associates. We also undertake research to introduce new products based on customer requirement in the market.

Given the pandemic and the social distancing norms that need to be followed, as well as the limited labour availability, would you let us know the changes on the shop floor, supply



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Satish Kumar Agarwal,
Chairman and Managing Director, Kamdhenu Group.

chain and manufacturing processes that you have had to make?

With the pandemic and the government guidelines for safety, health has become a prime concern for our workers and franchisee partners. All relevant guidelines on social distancing norms and precautions are being adhered to at all of our manufacturing plants. Regular sanitising activities are also carried out in all our premises to check the spread of the coronavirus.

Do you foresee an increased usage of AI, IoT, cloud services, etc., in your manufacturing going forward?

Manufacturing is one of the early and mass adopters of technologies and automation to not only make the workplace safer but to improve productivity and reduce down time as well. We are open to – and are on the look-out for – technologies that can help us improve our performance and ensure a safe workplace for our workers. We adopt relevant technologies based on various platforms as we strive to improve conditions for us and our partners.

Lastly, what, in your opinion, are the pain points in the given economic situation?

The fact that no definite timeline is in sight for the availability of a vaccine against Covid-19 is one major pain point in the given situation. We all must learn to live with the virus and that entails doing things a bit differently for the foreseeable future. The need for maintaining social distancing has increased the time spent on waiting for various services, such as access to health care and transportation. The pandemic has also planted the seed of fear in the general populace and that will take some time to return to normal.