

Kamdhenu Limited

July 03, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Issuer rating	0.00	CARE A; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of issuer rating assigned to Kamdhenu Limited (Kamdhenu) continue to derive strength from its experienced promoters, long track record of operations in the steel industry and its established dealers' and franchise network. The rating also continues to derive strength from the company's healthy financial risk profile characterised by nil debt as on March 31, 2025, with healthy debt coverage indicators. The rating takes cognisance of the company's comfortable operational risk profile, marked by considerable improvement in profitability margins with marginal growth in scale in FY25 (Abridged; refers to April 01 to March 31), largely supported by growing franchise business and increased volume base. The rating also takes comfort from surplus liquidity available to the tune of ₹235.71 crore as on April 30, 2025, which will support working capital requirements and its future growth. However, rating strengths continue to remain constrained by Kamdhenu's exposure towards competitive and cyclic nature of the steel industry, raw material price volatility, and working capital intensive operations.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Considerable improvement in scales of operations from the current levels.
- Growing royalty income above ₹140 crore and gross cash accruals (GCA) above ₹70 crore, while maintaining debt protection metrics at the current level on a sustained basis.

Negative factors

- Diluting brand revenue with a decline in royalty income below ₹80 crore.
- Profit before interest, lease rentals, depreciation and taxation (PBILDT) per tonne below ₹4,000 per tonne on a sustained basis.
- Overall gearing above 0.50x, leading to moderating financial risk profile of the company.

Analytical approach: Standalone

Outlook: Stable

CARE Ratings Limited (CareEdge Ratings) believes that Kamdhenu's business risk profile will continue to remain satisfactory with steady revenue growth derived from the franchise business model and healthy demand of the company's products driven from widespread marketing network.

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Detailed description of key rating drivers:**Key strengths****Experienced promoters and long track record of operations**

Satish Kumar Agarwal, B.E. (Mech.) (Chairman & Managing Director), is the founder of Kamdhenu and has an industrial experience of over four decades. He founded Kamdhenu with a single unit in Rajasthan for manufacturing high-strength deformed (HSD) bars and later introduced the franchisee business model, which helped the company leverage its brand and extend its reach. Sunil Kumar Agarwal, B.E. (Whole-time-director 'WTD'), is also among the founding members of Kamdhenu and has an experience of over three decades in the steel industry. He has been responsible for the company's widespread marketing network. Saurabh Agarwal (Director) has been associated with the company since 1998 and has technical expertise in plant operations. Sachin Agarwal (WTD) has been associated with the company since 2002 and possesses expertise in plant operations. The company is operating for over two decades and has established its brand over the years.

Improvement in profitability margins with satisfactory operational performance in FY25 (Abridged)

In FY25, the company reported total operating income (TOI) at ₹747.49 crore, reflecting marginal growth from TOI of ₹724.71 crore in FY24. Despite the pressure on steel prices due to falling international prices, higher imports, range-bound exports, and increased production, the company managed to achieve a higher TOI in FY25, largely due to increased sales volumes and higher royalty income. Average sales price of thermo-mechanically treated (TMT) bars dropped from ₹51,947 in FY24 to ₹50,622 in FY25, but sales volume slightly rose from 1,14,336 MT in FY24 to 1,19,841 MT in FY25. Royalty income increased from ₹128.68 crore in FY24 to ₹139.07 crore in FY25, with franchisee business volume growing from 32.56 lakhs MT in FY24 to 34.35 lakhs MT in FY25. The company has reported improvement in profitability margins, with PBILDT margins rising to 10.15% in FY25 from 8.18% in FY24, and profit after taxation (PAT) margins improved to 8.14% in FY25 from 6.92% in FY24. This improvement was largely driven by lower raw material costs and increased royalty income. Going forward, demand for TMT steel bars in India is expected to remain healthy, supported by the government's continued focus on infrastructure development and increased public spending, which is likely to drive sustained consumption of TMT steel bars in the coming years.

Healthy financial risk profile

The company's financial risk profile remains healthy, with nil debt as of March 31, 2025. The net worth base stands comfortable at ₹316.35 crore as of March 31, 2025 (PY: ₹237.39 crore), bolstered by healthy cash accruals and funds raised through the preferential issue of convertible warrants, which brought in ₹45.52 crore by March 31, 2025, and an additional ₹10.59 crore in Q1FY26 (refers to April 01 to June 30). The company does not have significant debt-funded capital expenditure plans in the near future.

Established dealer and franchise network

Kamdhenu is one of the strong retail brands in sales of TMT bars in India. The company operates a franchise network, where individual manufacturers are integrated with Kamdhenu's dealer network and provide technical expertise for manufacturing TMT bars under the brand name Kamdhenu (registered trademark under the company's name). Kamdhenu earns a royalty income on sale of products under the franchise model, strengthening the company's profitability and partially safeguarding margins from adverse effect of changes in steel cycle. The company leverages its marketing network to deliver finished goods from franchise units to dealers. The widespread dealer network enables the company to reach across the country. As on March 31, 2025, the company had over 80 franchisees in steel business under the umbrella of Kamdhenu Brand, having network of over 8,500 dealers and 250 distributors across India.

Working capital intensive operations

The company's operations are working capital intensive, represented by high though improved collection period from customers, as it generally offers a credit period of 30 days to 45 days while it gets 15 days from suppliers under the steel business. The company maintains a stock of close to 15 days to 30 days under the steel business. The company's working capital cycle improved to 24 days as on March 31, 2025, from 37 days as on March 31, 2024, as the collection period improved from 41 days in FY24 to 29 days in FY25 (abridged), reflecting better recovery from distributors. The average inventory period stood at eight days in FY25 (PY: eight days) with average creditor days of 14 days in FY25 (PY: 12 days). Going forward, the company's ability to effectively manage working capital requirements will be pertinent from the credit perspective.

Key weaknesses**Highly competitive and cyclic industry**

The steel bars industry is highly competitive with the presence of organised and unorganised players, expanding applications of steel bars and low entry barriers. Margins continue to remain under pressure due to the industry's fragmented nature. The steel industry is sensitive to shifting business cycles, including changes in the general economy, geopolitical scenarios, interest rates, and seasonal changes in the demand and supply. Value addition in steel construction materials such as TMT bars, MS angles and channels, among others, is also low, resulting in low product differentiation in the market. Producers of steel construction materials are essentially price-takers in the market, which directly expose their cash flows and profitability to steel price volatility. However, Kamdhenu's long-standing position in the steel bars industry and its long-term association with reputed customers have enabled it withstand downtrend in steel cycles over the years.

Exposure to raw material price volatility

Major raw materials for Kamdhenu's products are steel ingots and billets, prices of which as a steel commodity, remain volatile. The company sources its raw materials from manufacturers and traders across Odisha, Karnataka, Chhattisgarh, and Uttar Pradesh, among others. Raw materials cost constituted ~70-75% of the company's TOI, exposing it to raw material price volatility, which has a bearing on its profitability margins. However, the company has been able to partially pass on raw material price volatility to customers. The company's franchise model has fixed margins (average royalty income of ₹390-410 per tonne) and contributes to a significant portion of the total PBILDT, which helps the company manage this risk.

Liquidity: Strong

The company has strong liquidity position marked by expected cash accruals of ~₹78 crore against nil debt repayment and negligible lease obligations of ₹0.79 crore in FY26, leaving a substantial buffer for future growth. Liquidity is further aided by cash and liquid investments held by the company to the tune of ₹235.71 crore as on April 30, 2025, majorly kept in the form of mutual funds, and bonds among others of ~₹200.94 crore, ~₹28.65 crore in fixed deposits and ~₹6.12 as cash & bank balance. The company is debt free; thus working capital needs will be met through internal accruals only, going forward. With nil debt outstanding, the company has sufficient headroom available to raise additional debt for future exigencies.

Environment, social, and governance (ESG) risks: Not applicable**Applicable criteria**[Policy on Default Recognition](#)[Financial Ratios – Non financial Sector](#)[Issuer Rating](#)[Liquidity Analysis of Non-financial sector entities](#)[Assigning 'Outlook' or 'Rating Watch' to Credit Ratings](#)

[Manufacturing Companies](#)
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About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital goods	Industrial products	Iron & steel products

Kamdhenu was incorporated in September 1994 and started commercial operations in October 1995. The company has its plant in Bhiwadi, Rajasthan, for manufacturing TMT bars with a capacity of 120,000 tonne per annum (TPA) and ingots of 22,500 TPA as on March 31, 2025. Kamdhenu also operates through a franchisee arrangement with steel rolling mills, providing mills the right to produce and sell TMT bars under the brand name of 'Kamdhenu'. The company also has two wind power plants with capacities of 1.25 MW and 0.6 MW at Jaisalmer, Rajasthan, as on March 31, 2025.

Particular	March 31, 2023 (A)	March 31, 2024 (A)	March 31, 2025 (Abridged)
Total operating income	732.08	724.71	747.49
PBILDT	60.01	59.25	75.84
PAT	41.02	50.13	60.87
Overall gearing (times)	0.02	0.01	0.00
Interest coverage (times)	31.43	132.41	362.51

A: Audited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Issuer Rating-Issuer Ratings		-	-	-	0.00	CARE A; Stable

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Non-fund-based - ST-BG/LC	ST	-	-	-	-	1)Withdrawn (02-Aug-23)	1)CARE A2+ (28-Nov-22) 2)CARE A2+ (01-Sep-22)
2	Fund-based - LT-Cash Credit	LT	-	-	-	-	1)Withdrawn (02-Aug-23)	1)CARE A- ; Stable (28-Nov-22) 2)CARE A- ; Stable (01-Sep-22)
3	Fund-based - LT-Term Loan	LT	-	-	-	-	1)Withdrawn (02-Aug-23)	1)CARE A- ; Stable (28-Nov-22) 2)CARE A- ; Stable (01-Sep-22)
4	Issuer Rating-Issuer Ratings	LT	0.00	CARE A; Stable	-	1)CARE A; Stable (03-Jul-24)	1)CARE A; Stable (02-Aug-23)	-

LT: Long term; ST: Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable**Annexure-4: Complexity level of instruments rated**

Attribute ID	Sr. No.	Name of the Instrument	Complexity Level
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Annexure-5: Lender detailsTo view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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