



KAMDHENU LIMITED

Financial Highlights for H1 FY20

Brand Turnover stood at Rs. 5,519 crores

Royalty Income up 26% Y-o-Y at Rs. 48 crores

Franchisee Sales Volumes up 17% Y-o-Y at 12.2 lakh MT

Profit Before Tax (Steel Business) up 8% Y-o-Y at Rs. 21 crores

Total Profit up 20% Y-o-Y at Rs. 13.3 crores*

Investor Release : 12th November 2019, New Delhi

Kamdhenu Limited, India's largest manufacturer and seller of branded TMT Bars, in the retail segment, has declared its Unaudited Financial Results for the Quarter and Half Year 30th September, 2019.

Particulars (Rs. Crores)	H1 FY20	H1 FY19	Y-o-Y
Royalty Income	47.7	37.9	+26.0%
Franchisee Volumes (in Lakh MT)	12.2	10.4	+17.3%
Profit Before Tax (PBT) – Steel Business	20.7	19.1	+8.3%
Profit After Tax – Steel Business	17.8	12.4	+43.4%
Total Profit After Tax*	13.3	11.1	+19.5%

* Excluding exceptional loss of Rs. 0.68 crores & includes deferred tax adjustment of 3.24 crores

- The Company has recouped its business strategy by reducing B2B Trading Sales and focus on improving efficiencies in Own Manufacturing and on franchisee-based business model which have led to increased Margins and Better efficiencies with Higher RoE and RoCE
- Steel Business contributed 81% of Revenues whereas 19% is from the Paint Division
- The Company has now started manufacturing in Emulsion Division at its Paint Factory, Chopanki, Alwar, Rajasthan where the manufacturing operations were disrupted due to fire incident

Update on the hive-off of the Paint Division

- Our Board has recommended a hive-off of the Paint Division through a de-merger into a separate mirror image shareholding company.
- This is expected to result in independent and better management focus on both the businesses, better operational efficiencies and unlocking value by listing both as different companies.
- The Company is working towards achieving the completion of the de-merger to happen before the end of this financial year



Commenting on the results and performance, **Mr. Satish Kumar Agarwal, Chairman & Managing Director** said:

“The Company has done well even during these challenging times. The steel sector has faced multiple headwinds with imports from China increasing to a large extent which has caused disruptions in the domestic market.

Our volumes has grown by over 17% on back of our great distribution network spread across the country. During the first half, the average prices of TMT bars have reduced by 14% which has led to lower profits in the steel business. However, we were able to grow our PBT in the steel business by 8%, mainly driven by our strong execution strategies and our brand pull, created through our large distribution and marketing strength.

The situation in the steel market is now improving, and we are seeing certain green shoots. Traction for TMT bars has improved significantly on account increase in government expenditure on the sector and retreat of monsoons.

Our Royalty Income grew by 23% to Rs. 23 crores for Q2 FY20 and it grew by 26% to Rs. 48 crores for H1 FY20. The company is on course to achieve its target of Rs. 100 crores as Royalty Income during this financial year. Along with this we also expect to reach the 5 million MT per annum capacity by FY22.

Our adjusted RoE of the steel business as on September 2019 stood 25.34%, an increase of 721 basis points from March 2019. Our RoCE stood at 25.95%, an increase of 151 basis points from March 2019. This has been on the back of a conscious decision on changing our business strategy by way of reducing B2B Trading Sales. The focus has been more on improving efficiencies in Own Manufacturing and on franchisee-based business model which have led to increased Margins and Better efficiencies.

Due to the fire at the Paint Factory, we had some disruption in that business. It had been decided on immediate basis to outsource production of the paint products from third party manufacturers at various locations. The Company has ensured the quality standards by deputing its own technical team at the manufacturer’s plant. The paint business have resumed normalcy.

In respect to the hive-off of the Paints Division, we are working on getting the necessary approvals and we expect the hive off to be completed by March 2020.”



About Kamdhenu Limited

Kamdhenu Group was founded in 1994 with a vision to provide Best Quality TMT Bars at Best Price. Today, led by Mr Satish Kumar Agarwal, the company is the market leader in branded TMT Bars and ‘Kamdhenu TMT Bar’ is the largest selling TMT Bar in India with brand sales turnover of ~Rs. 12,000 crores. Kamdhenu follows franchisee business model to bring more transparency and dynamism to the operations of the company. Kamdhenu has committed chain of over 11,500 dealers and distributors in India out of which 7,500 are exclusive for steel business. Kamdhenu being TMT expert has also launched earthquake resistant Kamdhenu SS 10000 TMT Bar and Kamdhenu Nxt TMT Bar. It has been conferred with India Power Brand 2016, Asia’s Most Promising Brand – 2016, World’s Best Brand 2015 and 2017-18 among Asia & GCC for Steel as well as Paints. ISO 9001:2015 certified company, it is listed on NSE & BSE.

Kamdhenu Paints, one of the leading Paint companies in India, is a division of Kamdhenu Limited. The company is credited for offering best-in-class paint products conforming to global standards. Its product portfolio under the brand KAMDHENU PAINTS-COLOUR DREAMZ includes Exterior Emulsions, Interior Emulsions, Acrylic Distempers, Enamel Paints, Cement Paints, Wall Primers & Putty, and Texture & Designer Finishes, Stainers, P.U. Wood Finishes and Metallic Finishes. Kamdhenu Paints has 4,000 dealers and distributors spread across the country

Safe Harbor Statement

Statements in this document relating to future status, events, or circumstances, including but not limited to statements about plans and objectives, the progress and results of research and development, potential project characteristics, project potential and target dates for project related issues are forward-looking statements based on estimates and the anticipated effects of future events on current and developing circumstances. Such statements are subject to numerous risks and uncertainties and are not necessarily predictive of future results. Actual results may differ materially from those anticipated in the forward-looking statements. The company assumes no obligation to update forward-looking statements to reflect actual results changed assumptions or other factors.

For further information, please contact

Company	Investor Relations Advisors	Public Relations
Kamdhenu Limited CIN: L27101DL1994PLC134282 Mr. Harish Kumar Agarwal hkagarwal@kamdhenulimited.com www.kamdhenulimited.com	Strategic Growth Advisors Pvt. Ltd. CIN: U74140MH2010PTC204285 Mr. Deven Dhruva / Mr. Rohan Adhiya deven.dhruva@sgapl.net / rohan.adhiya@sgapl.net +91 9833373300 / +91 9833219522 www.sgapl.net	Fortuna Public Relations Mr. Pankaj Tiwari pankaj@fortunapr.com + 91 8447595982