



KAMDHENU LIMITED

Financial Highlights for 9M FY20

Brand Turnover stood at Rs. 8,131 crores

Royalty Income up 19% Y-o-Y at Rs. 72 crores

Franchisee Sales Volumes up 11% Y-o-Y at 18.2 lakh MT

Profit Before Tax (Steel Business) up 10% Y-o-Y at Rs. 31 crores

Investor Release : 31st January 2020, 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 nine months ended 31st December 2019

Business Highlights for Q3 & 9M FY20

Particulars (Rs. Crores)	Q3 FY20	Q3 FY19	Y-o-Y	9M FY20	9M FY19	Y-o-Y
Royalty Income	24.3	22.4	+8%	72.0	60.3	+19%
Franchisee Volumes (in Lakh MT)	6.0	6.0	-	18.2	16.4	+11%
Profit Before Tax (PBT) – Steel Business	9.9	8.6	+15%	30.6	27.7	+10%

- 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
- For the nine months, Steel Business contributed 77% of Revenues whereas 23% 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 One time exceptional item of Rs. 24.39 crores

The Company has very old pending excise & service tax matters pertaining to the period from 2004 to 2012 under various stages of dispute totalling to ~ Rs.49 crores. In order to clear the old disputes and litigation, the Company had decided to settle all these pending matters by opting for this Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019. The Company has accounted for an amount of Rs.24.39 crores towards the settlement of various old excise and service tax dispute.

The decision to settle the pending matter will save management bandwidth and also substantial litigation expenses in future.



Update on Scheme of Amalgamation

The Company has acquired 100% shareholding stake at face value in Kamdhenu Ventures Limited, whereby Kamdhenu Ventures Limited has become wholly owned subsidiary company of the Company. Further, Kamdhenu Colour and Coatings Limited has become wholly owned subsidiary company of Kamdhenu Ventures Limited and accordingly, Kamdhenu Colour and Coatings Limited has become step down subsidiary of the Company. Presently both the company is not having business operations.

It is hereby pertinent to mention that Kamdhenu Ventures Limited and Kamdhenu Colour and Coatings Limited was incorporated by the promoters of the Company to give effect to the proposed Scheme of arrangement of multiple entities*. The Board of Directors of the Company in its meeting held on 31st January 2020 has approved this proposed Scheme of arrangement, subject to the requisite regulatory approvals

Rationale of the Proposed Amalgamation

- i. The proposed amalgamation will simplify and streamline the shareholding structure of the Transferee Company. The Scheme will enable to remove multiple layers of the holding companies in tune with the Government policy
- ii. The amalgamation will result in significant reduction in multiplicity of legal and regulatory compliances which at present is required to be made separately by the Transferor Companies and the Transferee Company

Rationale for the proposed De-merger of Paint Business of Kamdhenu Limited into Kamdhenu Colour and Coatings Limited are, inter alia, as follows:

- i. It will impart better management focus, will facilitate administrative convenience and will ensure optimum utilization of various resources by these Companies
- ii. The proposed de-merger will provide scope for independent expansion of these businesses. It will strengthen, consolidate and stabilize the business of these Companies and will facilitate further expansion and growth of their respective businesses
- iii. The proposed de-merger will enable the Transferee Company and the Resulting Companies to raise necessary funds, invite strategic investors, employ specialized manpower, etc., for the respective businesses.
- iv. Tremendous operational efficiencies will be achieved by operating these two businesses as independent entities.

* Multiple Entities include Kamdhenu Concast Ltd, Kamdhenu Overseas Ltd, Kamdhenu Paint Industries Ltd, Kamdhenu Infradevelopers Ltd, Kamdhenu Nutrients Pvt Ltd, Kay2 Steel Ltd, Tiptop Promoters Pvt Ltd



Launch of New TMT Bars

Kamdhenu Limited has once again presented innovative steel in the field of construction steel and has brought one of its own type of steel, Power Alloy Steel 10000 (PAS10000) in the country. PAS10000 presented with the qualities of metal alloy in the Indian market and is capable of giving unmatched strength and safety to the construction. Its unique design gives 360 degree locking with the concrete, which gives strength of upto 10,000 PSI with the concrete.

Kamdhenu Limited has done research in the field of Rebar and has presented Rebar with ultimate capability. The research of the company will take the Rebar Industry/ Steel Industries to the next level. Its alloy gives it better rust-proof qualities and gives this Rebar capability to bear 28% more weight. Along with that it also gives double earthquake prevention to the building.

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

“The steel sector has faced multiple headwinds with imports from China increasing to a large extent which has caused disruptions in the domestic market. Even during such difficult and challenging times, we are continually increasing our volume sales. During the first nine months, we have increased our volumes by 11% to 18.85 lakh tonnes.

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 of increase in government expenditure on the sector and retreat of monsoons.

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.

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.

At Kamdhenu, we always believe in improving cost efficiencies and are conscious of product development and we are fully committed for the same. We are also looking to penetrate further into markets where our presence is less and strengthen our footprints in existing geographies.”



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.

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