



## KAMDHENU LIMITED

### Financial Highlights for FY20

**Brand Turnover stood at Rs. 10,851 crores**

**Royalty Income up 12% Y-o-Y at Rs. 94 crores**

**Franchisee Sales Volumes up 5% Y-o-Y at 24 lakh MT**

**Profit Before Tax (Steel Business) stood at Rs. 37 crores**

*Investor Release : 29<sup>th</sup> June 2020, New Delhi*

**Kamdhenu Limited**, India's largest manufacturer and seller of branded TMT Bars, in the retail segment, has declared its Audited Financial Results for the Quarter and Full Year ended 31<sup>st</sup> March 2020.

Particulars (Rs. Crores)	Q4 FY20	Q4 FY19	Y-o-Y	FY20	FY19	Y-o-Y
Royalty Income	22.2	23.8	-6.8%	94.2	84.0	+12.0%
Franchisee Volumes (in Lakh MT)	5.8	6.4	-8.7%	24.0	22.8	+5.4%
Profit Before Tax (PBT) – Steel Business	6.7	11.3	-40.9%	37.3*	39.0	-4.4%

\* Excluding Exceptional Items

- The Board of Directors of the Company have recommended a dividend of Rs. 0.50 per share for face value of Rs.10 per share for FY19-FY20 (5% of Face Value of Rs. 10 each)
- 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 better efficiencies
- We have increased our sales from own manufacturing by 4% to Rs. 334.2 crores for FY20
- Steel Business contributed 77% of Revenues whereas 23% is from the Paint Business for FY20

#### Update on CoVID Situation

- The Company has restarted operations at Steel & Paint factory at Bhiwadi and Chopanki both located in Rajasthan post the unlock of CoVID pandemic lockdown
  - Supply has started as per the order booking and available workforce since May 2020
  - Company has resumed effective operation of more than 60% at steel TMT manufacturing units
  - Company is adhering to all safety precautions at all offices and manufacturing units in terms of social distancing, sanitization, wearing of hand gloves and thermal temperature checking of all employees at factories and offices



### **Update on Scheme of Arrangement**

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 being a wholly owned subsidiary company of Kamdhenu Ventures Limited, has become step down subsidiary of the Company.

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 31<sup>st</sup> January 2020 has approved this proposed Scheme of arrangement, subject to the requisite regulatory approvals. The Company has already filed application with the Stock Exchanges for their approval and observation on the said scheme of arrangement.

### **Rationale of the Proposed Arrangement**

- 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



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

*“ FY20 has been challenging year for the Indian Steel industry. The Industry faced challenges with slowdown in the economy, weak demand for steel, huge imports of steel and lastly the Covid-19 pandemic which led to shutdown of operations of all steel companies. Despite of these challenging business environment, we have increased our volumes by 6% to 24 lakh tonnes for FY20.*

*Our business has been impacted temporarily during nationwide lockdown in months of March, April and May and it will be reflected in the revenue and profitability of the Company to some extent. Our facilities have resumed operations and we are hopeful that the business environment improves in the 2<sup>nd</sup> quarter and we get back to normalcy in the second half of the year. We are currently working at 60% capacity and the ramp up is increasing on a daily basis.*

*Since this situation is exceptional and changing dynamically, the Company is not able to gauge with certainty, the future impact on its operations. However, the Company is confident about adapting to the changing business environment and respond suitably to fulfil the needs of its customers.*

*Our Company has managed to achieve Royalty income of Rs.94.2 crores during this Financial Year except the sales which did not happen in the last week of March 2020 due to nationwide lockdown. We have been able to leverage our Brand created through our large distribution and marketing strength.*

*Recently, the Government imposed anti-dumping duty on certain steel products imported from China, South Korea and Vietnam. This positive move shall boost the domestic steel manufacturers.*

*After a decline in FY2020, the demand for steel is likely to rebound with a double-digit growth in 2021. As stalled projects both in construction and infrastructure along with capital expenditure plans are coming back on track, demand for steel is likely to cover ground. Government spend in infrastructure and railways is a significant driver of demand. Affordable housing and rural development can improve construction activity further. Capex plans of manufacturers which are put on hold would come back on stream driving a robust demand of steel and its products.*

*Post the fire at the Paint Factory, we outsourced production from third party manufacturers and ensured the quality standards too. Currently, our paint plant is operational, and we expect normalcy to resume soon. For the year, the Company clocked revenues of Rs. 226 crores from the paint business.*

*We are constantly striving to improve our cost efficiencies and are conscious of product development and we are fully committed for the same. We believe in taking challenges heads on and prepared to adjust to these changing times as the business requires.”*



## 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. 10,800 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 PAS 10000 Steel 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**

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