



KAMDHENU LIMITED

Robust Financial Performance for Q1 FY20

Royalty Income up 29% Y-o-Y to Rs. 24.4 crores

Franchisee Sales (Volumes) up 20% Y-o-Y to 6.32 lakh MT

Profit after Tax (Steel Business) up 44% Y-o-Y to Rs. 9.5 crores

Total Profit* up 14% Y-o-Y to Rs. 6.8 crores

Investor Release : 14th August 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 ended 30th June 2019.

Business Highlights for Q1 FY20

Particulars (Rs. Crores)	Q1 FY20	Q1 FY19	Y-o-Y
Royalty Income	24.4	18.9	+29%
Franchisee Volumes (in Lakh MT)	6.32	5.26	+20%
Profit Before Tax (PBT) – Steel Business	12.8	10.2	+26%
Profit After Tax – Steel Business	9.5	6.6	+44%
Total Profit After Tax	6.8*	5.9	+14%

* Excluding exceptional loss of Rs. 0.68 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 **82%** of Revenues whereas **18%** is from the Paint Division
- Post the fire at our Paint Plant, we have started outsourcing of paints and the business have resumed normalcy.

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.
- Due to the fire at our Paint factory in April, the process of the hive off has been slightly delayed and we expect the hive-off to be completed by the end of this financial year which would result in independent and better management focus on both the businesses, better operational efficiencies and unlocking value by listing both as different companies.



Update on the Paint Plant

- During the quarter, a major fire broke out in the Paints factory of the Company due to which the inventory at the factory, property, plant & equipment got damaged substantially. There had been no human casualty in the said fire incident. The carrying amount as on date of fire of inventories, property, plant & equipment damaged in the fire was to the tune of Rs. 45.68 Crores.
- The inventory, property, plant & equipment so damaged in the fire were validly insured and insurance policies were effective as on the date of such fire. The company has filled insurance claim of Rs. 45 Crores with an Insurance company and the process of assessing the claim settlement has been initiated and is underway. The management of the company is confident that the amount claimed from the Insurance company is certain to be realized valid and subsisting insurance policies, accordingly the company has recognized insurance claim receivable as on 30th June 2019 amounting to Rs. 45 Crores (to the extent of amount claimed) in books of account. Any deficit/surplus in the amount of Insurance claim shall be recognized as expense/income upon final settlement of the claim.

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

“We have started FY20 on a strong note. Despite the slowdown in the steel industry, due to our business model we have been able to improve our overall sales volumes by ~20%. This was mainly driven by our strong execution strategies and our brand pull, created through our large distribution and marketing strength.

For the quarter, our Royalty Income grew by 29% to Rs. 24 crores. The company is on course to beat its target of Rs. 100 crores as Royalty Income during this financial year. Along with this we also expect to add more franchisee capacity going forward and reach the 5 million MT per annum capacity by FY22.

We have been able to improve our profitability significantly in the steel business and have reported a 44% growth to Rs. 9.5 Crores. 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 with Higher RoE and RoCE. It has also helped us to reduce our Working Capital requirements.

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.”



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

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