



**“Kamdhenu Limited
Q4 & FY2022 Earnings Conference Call”**

June 01, 2022

KAMDHENU LIMITED, MANAGEMENT:

MR. SATISH AGARWAL – CHAIRMAN & MANAGING DIRECTOR

MR. HARISH AGARWAL – CHIEF FINANCIAL OFFICER



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*Kamdhenu Limited
June 01, 2022*

Moderator: Ladies and gentlemen, good day and welcome to Q4 & FY2022 Earnings Conference Call of Kamdhenu Limited. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Satish Agarwal, Chairman & Managing Director. Thank you and over to you Sir!

Satish Agarwal: Good afternoon and a very warm welcome to everyone present on the call. Along with me, I have Mr. Harish Agarwal, Chief Financial Officer and Strategic Growth Advisors, our Investor Relation Advisors. I hope you all are safe and keeping well in these times. We have uploaded our results and investor presentation for the quarter on the stock exchanges and the company’s website. Hope you had a chance to go through the same.

FY2022 was marked by COVID wave, supply side issues and geopolitical tensions across the world. Despite the challenging environment, our company has achieved strong top line growth of 34% and PAT growth of 74% on back of increased construction activities and consumer preferences changing towards investing in refurbishing homes and many of its moving towards hybrid culture. We expect the growth momentum to continue in both the business, steel and paints.

Now first to touch upon the business highlights and performance in the paint business. We have achieved a strong top line growth of 19% in FY2022. Our paint plant at Chopanki, Rajasthan has started full-fledged operations during the year. This has enabled us to manufacture high value products from our own facility and cater to the demand. All large paint companies have been facing the issue of increased raw material prices and we are no exception to this. During the year, we have taken price increase of 8% to 10%. We have been able to partially pass on the raw material prices increase. The current environment amidst the geopolitical situation and supply side disruption, which we will closely monitor the raw material price situation. With our focus on increasing penetration in other regions in India, we are increasing our dealer network in tier three and tier four. Our focus continues to remain on premium products and reducing the manufacturing of low price products. We are outsourcing our low value products to other contract manufactures with quality assurance being in place. We are consistently manufacturing products which are environment friendly. With our collaboration with Preity Zinta; we have enhanced the brand recall. Our advertising expenses for paint brand and promotions stood at Rs.20 Crores for FY2022 and we expect to spend Rs.32 Crores in FY2023.

With reference to the fire incident at our paint plant, the company has written off Rs.5.83 Crores as exceptional items during FY2022. As we speak today, we have received a total Rs.25.65 Crores towards the claim.

Now I would like to update on a scheme of arrangement for demerger of paint business into a separate legal entity. The honorable NCLT has reserved the order on April 22, 2022 on the scheme of arrangements including the demerger of the paint business of the company in to a separate legal entity. The order is yet to be pronounced by the NCLT.

Now I will move on to give key updates on the steel business. We have clocked a revenue growth of 42% year-on-year to Rs.599 Crores in FY2022. Our revenue has grown majority due to increased price of steel. Demand for our steel products have also remained strong during the year on account of increased construction activities. Industry demand for quality TMT bars from housing sector in India is growing at exceptional rate. With our presence in this market with 38 lakh tonne metric tonne capacity, we shall benefit from the growing housing demand. Government focus on development of roads, railways, sports and logistic infrastructure and PM Awas Yojana shall also lead to demand creation for the steel. This shall drive the demand for our steel products. Our focus has been on increasing our TMT steel capacity through franchise route. We have increased our franchise units count to 81 units in FY2022. With the positive demand situation, we aim to clock brand sales turnover of Rs.22,000 Crores by FY2024.

To conclude, we expect with the business environment evolving we expect demand momentum to continue in both paint and steel business. With infrastructure development activities running at full pace, we are confident that the demand will remain strong, which shall drive the franchise sales. With the strong brand, asset light business model in steel business, large distribution network and huge product portfolio in paint business, we are well placed to tap opportunities in future and provide unique value proportion to the end consumers. Now I would like to hand over the line to Mr. Harish Agarwal to update on the financial performance of the company.

Harish Agarwal:

Thank you Sir. I will take you all through the standalone financials for Q4 and FY2022. First about the paint business, total sales from paint business for Q4 FY2022 stood at Rs.68 Crores as compared to Rs.67 Crores in Q4 FY2021. The paint business contributed 26.9% revenue in Q4 FY2022. Our overall volume from own manufacturing and outsourcing stood at 7,775 KL in Q4 FY2022 as compared to 9,580 KL for Q4 FY2021. Sales volume during the Q4 were impacted on account of demand disruption witnessed in January 2022 due to COVID related lockdowns across the country.

Now let me take you all through the full year numbers. Our paint business contributed 28.7% of total revenue in FY2022. For FY2022 total sales stood at Rs.241 Crores as compared to Rs.202 Crores in FY2021 a growth of 19% YoY. For FY2022 our volume stood at 30,358 KL as compared to 30,319 KL in FY2021. Water based products contributed 79%, powder base 11%, and solvent base contributed 10% of the total revenue of financial year FY2022. Our average selling price for a liter has increased from Rs.63 to Rs.76 in FY2022.

Coming to the steel business, the steel business contributed 73.1% of revenue in Q4 FY2022. For steel volume including franchise route have stood at 7.12 lakh metric tonne in Q4 FY2022 as compared to 7.26 lakh metric tonne in Q4 FY2021. Total brand turnover for Q4 FY2022 stood at

Rs.4,822 Crores as compared to Rs.4,061 Crores in Q4 FY2021 a growth of 19%. Royalty income through franchise stood at Rs.24 Crores in Q4 FY2022 as compared to Rs.27 Crores in Q4 FY2021. Revenue from own facility was up by 14% to Rs.146 Crores in Q4 FY2022 as compared to Rs.128 Crores in Q4 FY2021. Total sales from the steel business stood at Rs.185 Crores for Q4 FY2022 as compared to Rs.155 Crores for Q4 FY2021, a growth of 19%.

Now let me take you all through the full year numbers. The steel business contributed 71.3% of revenue in FY2022. For FY2022 our volume including franchise route stands at 25.5 lakh metric tonne as compared to 23.9 lakh metric tonne in FY2021, a growth of 7% year-on-year basis. Total brand turnover for FY2022 stood at around Rs.16,072 Crores as compared to Rs.12,031 Crores for FY2021, a growth of 34% year-on-year basis. Royalty income through franchise for FY2022 stood at Rs.92 Crores as compared to Rs.85 Crores in FY2021 a growth of 7% year-on-year basis. Revenue from own facility for FY2022 stood at Rs.473 Crores as compared to Rs.336 Crores in FY2021, a growth of 41% year-on-year basis. Total sales from steel business stood at Rs.599 Crores as compared to Rs.423 Crores in FY2021 a growth of 42% year-on-year basis. ROCE for steel business stood at 32.6% and ROE stood at 31.9% as on March 31, 2022.

For overall business, revenue for Q4 FY2022 stood at Rs.253 Crores as compared to Rs.222 Crores in Q4 FY2021, a growth of 14%. Our EBITDA stood at Rs.18 Crores in Q4 FY2022 as compared to Rs.20 Crores in Q4 FY2021. Our EBITDA margin for the quarter stood at 7.2%. Profit after tax stood at Rs.5.4 Crores for Q4 FY2022 as against Rs.3.9 Crores in Q4 FY2021, a growth of 37%.

Let me take you all through the full year numbers. For FY2022, our revenue stood at Rs.841 Crores as compared to Rs.625 Crores in FY2021 a growth of 34% YoY basis. For FY2022, EBITDA stood at Rs.58 Crores as compared to Rs.50 Crores in FY2021, a growth of 17% YoY. Margin stood at 6.9% for FY2022. For FY2022, profit after tax stood at Rs.26 Crores as against Rs.15 Crores for FY2021, a growth of 74% YoY basis. With our consistent effort towards improving our efficiencies in the business, our return ratios have been improved over the last year. Our ROE stood at 14.1% and ROCE stood at 16.7% as on March 31, 2022. Our debt equity ratio stood at 0.4x as on March 31, 2022. The Board of Directors has recommended the final dividend of Rs.1 per share that is 10% of the face value for the financial year FY2021-2022. With this, I would like to open the floor for question and answers.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Ashay Jain from Jain Capital. Please go ahead.

Ashay Jain: Good afternoon. Sir I have two questions starting with what are the current utilization levels at both the plants and what was the utilization in the quarter gone by? Have we faced any impact of third wave of COVID?

Harish Agarwal: Yes there was an impact of third wave on the business of steel as well as paint and our current utilization of the paint is around 50%.

- Ashay Jain:** Okay secondly can you throw some light on any capex plans in our paints as well as steel business for the upcoming year?
- Harish Agarwal:** We do not have major capex plan in our own plant however we are increasing our capacity in the steel business through the franchise route and we are increasing our capacity from 38 lakh metric tonne to 50 lakh metric tonne over the next two years and it will be done through the franchise route. Investment will be made by the franchise units.
- Ashay Jain:** Understood. Sir lastly as we have a Pan India presence, so has the company added any dealers and distributors in both the businesses? If yes then in which particular region, have we added?
- Harish Agarwal:** This exercise is being carried out at All India level and in the steel business we have added around 500 dealers during the financial year FY2022 and in the paint business we have also added around 200 dealers.
- Ashay Jain:** That is all from my side. Thank you.
- Moderator:** Thank you. The next question is from the line from Anjana Shah from Shah Investments. Please go ahead.
- Anjana Shah:** Thank you for this opportunity Sir so I had a couple of questions. First if you could share what is the breakup of our branding and promotion expenses for both paint and steel business for FY2022? Also what do you target for the coming year? Any target as a percentage of sales?
- Harish Agarwal:** During the FY2022, from steel actually overall we have spent around Rs.60 Crores on the branding and the promotion. So out of that, Rs.29 Crores is done by company and Rs.31 Crores is done by franchise unit. So overall Rs.60 Crores was spent on the Kamdhenu brand.
- Anjana Shah:** Sure. Sir what are the plans of the company to reduce cost and improve efficiencies in the system?
- Harish Agarwal:** You are talking about which cost, reducing in which cost.
- Anjana Shah:** Overall cost as a whole?
- Harish Agarwal:** Our focus is on increasing the revenue. Increase the royalty income, increase the paint business revenue so we are more of focusing on the revenue side and not on decreasing of the expenditure side. With this process, we want to increase our sales volume and our revenue.
- Anjana Shah:** Okay Sir and Sir if you could throw some light on the raw material aspect, like price of raw materials has been on an increasing trend in the paints business basically so has the company been able to pass through the price increase in the last quarter?

- Harish Agarwal:** No not in the last quarter but in the Q3 we have increased the price around 8% to 10%. In this quarter in the current quarter Q1 FY2023, we are also increasing the price. We have taken price hike, but not in the Q4.
- Anjana Shah:** Could you quantify the price hike Sir?
- Harish Agarwal:** It would be around 6% to 7% in this quarter.
- Anjana Shah:** So what we think on the trend going forward? What is your view on that?
- Harish Agarwal:** In fact the increased price is mainly done by the market peer like Asian, Berger, and Nerolac and thereafter Kamdhenu and other companies take the hike of pricing. Without increasing the price of peers, nobody can take the risk of increasing the selling price.
- Anjana Shah:** Sure Sir. Thank you. That is it from my side.
- Moderator:** Thank you. The next question is from line of Atul Kothari from Progwell Securities. Please go ahead.
- Atul Kothari:** Sir thank you for the opportunity. Sir I have a couple of questions. Sir my query is regarding our south market so our company is looking to increase the penetration in the South region for paints business, so any update on the same?
- Satish Agarwal:** Repeat the question. You are talking about entering the paint business in the Southern market.
- Atul Kothari:** Yes?
- Satish Agarwal:** You see as you understand that my existing facilities are situated in Rajasthan majorly so the costing towards the freight for sending the material to the Southern region of India, it is very difficult and very costly affair. The steel company is working hard and opening new depot at Vijayawada, Hyderabad and Kurnool apart from that Hubli and Bengaluru. We are trying to penetrate the southern markets. Once the market is established then we will look for any manufacturing facilities in the southern part of India or central part of India, but it is very difficult to cater to the requirements in paint business especially for the low price items like distemper and primers because the freight cost is too much due to the cost of primary and secondary freight, first from factory to depot and then depot to dealer. India is a big country, but still the company is trying to absorb some losses on this account of excessive freight, but ultimately we have to create the marketing network in entire part of the country and in the near future, we will be able to supply the material through other sources once we establish the demand in the Southern market also, but as you can see that our strong network is in Northern India as well as the Eastern India and we are just focusing in tier two, tier three and tier four cities. Because in the metros, they have the highest brand pull and though we are having the sales in metros also, but we are just focusing for a common man and the common products they are using

in the rural areas as well, so I think Kamdhenu is focusing on the value products for the common man and to help the reach into the rural areas especially across the country.

Atul Kothari: Sir have we been able to tie up with dealers in Southern area if you can throw some light on the same?

Satish Agarwal: Yes. Once we establish the demand. We have so many opportunities to tie up any outsourcing model from South India also. We have so many queries and so many options available with us but once the demand is created over there, dealer network is setup and then we will tie up with any supplier. You can see that in Southern region, we have a dealer split of 12% and the market share as a revenue 8% from the Southern market.

Atul Kothari: Sir coming back to the same paint business, so what schemes have you offered to our paint dealers in FY2022?

Satish Agarwal: Can you just repeat the question please.

Atul Kothari: Can you throw some light on the incentive schemes you have offered to your paint dealers in FY2022?

Satish Agarwal: You are talking about the incentive scheme.

Atul Kothari: Yes?

Satish Agarwal: You see till the brand is established all over the market and in the minds of the end consumer so till then ultimately painter and dealer, the two entities are the main key drivers to push the sales to the end consumer because the painters promote the products. The dealers also promote the products and normally if you go in the market. Once a dealer satisfies the customer that the product is good, the quality is good, the prices are lucrative and give some guarantee towards the performance of the products as we are writing on each and every packaging of the products. Some products have the guarantee of minimum five to seven years so once the end consumer uses the product so that is the process which we are adopting and now more than 20,000 painters are working with Kamdhenu and more than 4,000 dealers are working with Kamdhenu and I think the company is trying its best to reach each and every part of the country especially where the freights are reasonable and we can supply the material from our own plant and outsourcing from Udaipur so I think in North and East we can compete easily with any other company. We are just having through the incentive schemes. I think each and every company is giving the incentive scheme and we just want to bring you the Kamdhenu is getting net realization of 4% to 6% lesser than the Asian Paints. Other paint companies are getting realization to the extent less 2% to 3% from Asian Paints. Moreover, the retail price list and dealer price list are the same for each and every paint company Kamdhenu may be, it may be Berger, and it may be Asian.

Atul Kothari: Sir have you introduced any new products in the paint business in the last six months?

- Satish Agarwal:** Yes. Particularly I would like to bring to your notice that paint is such a commodity or such a product which needs every time R&D focus on the newer products during the last six month or you can say FY2021-2022, we have introduced new star range of health products for the medium consumer or low and medium consumers where the local companies were working and to have the market of local companies and where the premium products have not sold for those products we have developed our exterior emulsions, Weather Classic Star, Kamo Shield Star, in interior emulsion Kamo Silky Star, in distemper range, Kamo Star distemper, in primers range, Kamo Star exterior primer Kamo Star dual primer, Kamo Star interior primer and one new product especially for the Kamo Star water-proof wall putty and I think these products are now used. Earlier in the rural areas white washing or some cheaper products were used now since the labor cost is too high, everyone in the rural market or semi-rural market needs good shine, good life of the products, good physical appearance. So I think the company is working and all R&D work and launching new products for average middle class segment. Because middle class segment is a biggest market in India.
- Atul Kothari:** Coming on the waterproofing part which you just mentioned, now many paint companies are telling that as a default product with paints, so what is your outlook on our waterproofing product segment?
- Satish Agarwal:** Can you just repeat the question please?
- Atul Kothari:** How will you grow in the waterproofing product segment from here on, considering assuming that many paint companies are selling that as a default product along with paints?
- Satish Agarwal:** The composition of paints is such that every dealer starts with some putty, then primer. So every company wants to keep all the products and our dealers also want to sell all the products. So while products like putty or primer, some products are such that they are low price items and companies do not get big margins from them, but we have to as a default to sell it, but the coverage which they have from high end products company like texture paints, our emulsions, luxury emulsions are there and apart from this we have stainers, with tinting machines so I think there are a lot of products and every now and then there is an average composition. Like as mentioned before, our average selling price it has improved a lot from last year so that is the reason our high end products are also continuously growing. The average selling price last year was Rs.63 per liter, this year it is Rs.76, so there is 12%-13% growth on average selling price. The product mix we are trying to improve slowly because the high end products, people are buying now before they use average or middle ranges products and once they get confidence then they go for luxury and high end products of the companies. So in that way company are slowly growing and mix improvement is happening and profit is also improving.
- Atul Kothari:** Thank you very much.
- Moderator:** Thank you. The next question is from the line of Ananth from AS Capital. Please go ahead.

Ananth: Good afternoon Sir. Actually I want to understand about the franchise model in the steel business, so generally how much investment the franchise has to make and you mentioned that they do advertising also some amount they are spending and typically one franchise how much investment they make and how much they have to invest in working capital and what is the return on investment for them just want to understand the basic, how it works? Because this kind of franchise model is quite unique, we have not seen in rest companies in the steel business at least?

Harish Agarwal: You have gone through our asset light business model. In this model, I briefly explained you this model. We identify the units which are the existing under productions, selling their product in the market, but they are facing the problem of selling their products, they are under utilization of their capacity, they are not producing quality product, so we take the unit under the umbrella of Kamdhenu and we identify those units which have the potential to manufacture good quality products, their promoters are good, they have good market reputation, they are financially resourceful, but facing the problem. So what we do, we first upgrade their plant at their cost and depute our technical team to upgrade it and also depute 2 persons, one for monitoring the quality and other for operation. In this you want to know the investment, so they are already having investment in their plant, so with the association of Kamdhenu they do not require any heavy investment, they only require Rs.5 Crores, Rs.10 Crores investment to upgrade their plant only and the working capital also, they are also having the working capital, they were selling their product in the market, so with the association of Kamdhenu, they do not require any additional working capital or additional capex except minor investment. So this is about the investment required by the franchise. You want to know about the branding expenditure done by the franchise. We charge royalty from the franchise ranging from Rs.300 to Rs.500 per metric tonne depending on area to area, region to region and with the receipt of royalty we also put a clause in the agreement that you have to spend the expenditure of around Rs.125 per metric tonne on the local branding expenditure on the Kamdhenu brand. So last year around Rs.31 Crores has been spent by the franchise units on Kamdhenu brand. I think these are your questions?

Ananth: Very clear Sir. Thanks a lot. And next two years what is the plan to add the number of dealers in the Kamdhenu brand?

Harish Agarwal: This is a continuous process which we are doing and our target for FY2024 is to have brand turnover to Rs.22,000 Crores which is Rs.16,000 Crores at present.

Ananth: To reach there, how many dealers are required and which geographies are like good target for these?

Harish Agarwal: We are doing this exercise on all India basis and our presence has been all India in the franchise network of steel, we have across the country, we have the presence and we have around 8,000 dealers and around 250 distributors across the country which is increasing every year by 500 dealer or 1000 dealer every year it is increasing.

- Ananth:** My question was more from the franchise like you mentioned initially there are 81 franchisees currently, to reach this to Rs.22,000 Crores in FY2024, do we need significant increase in the franchise like 100 or 200?
- Harish Agarwal:** No, we are not increasing the number rather we are focusing on increasing the capacity by the existing unit, so we are increasing our capacity from 38 lakh metric tonne to 50 lakh metric tonne in next two years through the existing franchise only. Our existing franchisees have the capacity to increase in their plant, so we are not focusing on increasing the number of franchisee, we are focusing to increase the capacity in the existing units.
- Ananth:** So this increase in the capacity all the investment will be done by the franchise itself and we from Kamdhenu point of view, there is no investment required, is that correct?
- Harish Agarwal:** Yes, you are absolutely right.
- Ananth:** Thanks a lot. I will come back in the queue.
- Moderator:** Thank you. The next question is from the line of Ankit Agarwal from Arc Capital. Please go ahead.
- Ankit Agarwal:** Thanks for the opportunity. Sir, I have a couple of questions on the paint business. How was the demand for paint in this current quarter from tier-2 and tier-3 cities?
- Harish Agarwal:** Demand is good and Q1 always have less demand as compared to Q2 and Q3, so highest demand over the four quarters in Q3 followed Q2, Q4 and Q1.
- Ankit Agarwal:** But accordingly to the season the demand was good for the fourth quarter?
- Harish Agarwal:** Yes, if you compare with the last year FY2022 Q1, the demand is increased by 20% to 25% in Q1 FY2023.
- Ankit Agarwal:** Are there any particular products where we gained market share in the segment for the quarter or for the year itself?
- Harish Agarwal:** We are focusing our increase the market share of the water based product, water based emulsion, in the last year, we sold around 79% water based product, 11% solvent and 10% powder based product.
- Ankit Agarwal:** What was the average selling price?
- Harish Agarwal:** In FY2022, it was Rs.76, in F2021 it was Rs.63.

- Ankit Agarwal:** In terms of competitive intensity, Grasim recently announced to double its capex plans for paint business, so how do you view this increasing competition?
- Harish Agarwal:** It is a competitive business and the existing competition is also there, market share is also increasing and we need a very less portion of the market share and this year, we have Rs.240 Crores sales and in FY2026, we are targeting Rs.1000 Crores whereas the market is around Rs.75,000 Crores, in the next two, three years, it would be around Rs.1 lakh Crore, so we are seeking very less market share, so we are not seeing any difficulty to achieve the targets.
- Ankit Agarwal:** Got it. That is all from me.
- Moderator:** Thank you. The next question is from the line of Sachin Shah from SS Securities. Please go ahead.
- Sachin Shah:** Thank you for giving me an opportunity. My first question is by when will the demerger be completed and listing of Kamdhenu venture will happen?
- Harish Agarwal:** It will be completed in Q2, because our pleading and hearing has been completed and we are waiting for the order from NCLT and any day it can be announced. Thereafter we will effectuate the demerger process and go to the stock exchange for listing of shares.
- Sachin Shah:** Okay and my second question is how was the demand scenario for TMT bars in Q4 FY2022?
- Harish Agarwal:** Demand was good, but there was a price fluctuation, heavy price fluctuation in the Q4 FY2022, So in our own manufacturing Delhi NCR region, we managed but across India there was impact of COVID shutdown. There are some regions where the production of steel have been hampered in the Q4 that is why franchise royalty and franchise quantity was less whereas our own manufacturing was good during that Q4.
- Sachin Shah:** Okay and what was the split between the retail versus project?
- Satish Agarwal:** Most of our sale is in the retail segment, you can say around 80% to 90% sale is in the retail segment.
- Sachin Shah:** For the full year or for Q4?
- Satish Agarwal:** Yes, for the full year. In fact we are the largest TMT selling brand in India in the retail segment. We have sold around 25 lakh metric tonnes and mostly it was in the retail segment.
- Sachin Shah:** Thank you for giving me an opportunity.
- Moderator:** Thank you. The next question is from the line of Sandeep Goel from Davis Index. Please go ahead.

- Sandeep Goel:** Good afternoon Sir. Thanks for the opportunity. I just wanted to know what is the current utilization level in steel business?
- Harish Agarwal:** In the steel present capacity utilization is around 75% in our own plant.
- Sandeep Goel:** In franchise business?
- Harish Agarwal:** In franchise, in fact this is a continuous process presently we have around 68% to 70% capacity utilization.
- Sandeep Goel:** Thank you so much.
- Moderator:** Thank you. The next question is from the line of Raj Joshi from Ace Securities. Please go ahead.
- Raj Joshi:** Thank you Sir for the opportunity. I have two questions. Our company has plan to increase the TMT steel capacity through the franchise route, has the company found any other region where franchise capacity can be increased?
- Harish Agarwal:** You want to know in which region we are increasing our capacity? What is your exact question please repeat it?
- Raj Joshi:** Our company has plans to increase TMT steel capacity through the franchise route and the company found any other region where franchise capacity can be increased?
- Harish Agarwal:** Yes, because it require investment by the franchise itself, there is no capex on the part of company. Our business model is to create a company as a branding and marketing company that is why we are not investing in the capex and we are investing in the branding and marketing.
- Raj Joshi:** Okay, Sir what is the current market size of TMT bars in the retail segment?
- Harish Agarwal:** It is a very difficult question because this data is not available at any portal or any rating agency, so very difficult question I do not have the data.
- Raj Joshi:** Okay, Sir, any new players who have entered in this segment in a retail space ? How much would be the capacity?
- Harish Agarwal:** For TMT?
- Raj Joshi:** Yes.
- Harish Agarwal:** Already Tata Steel is in the retail segment and JSW is also in the market, but we are selling in the retail segment more than those players.
- Raj Joshi:** Apart from the JSW and Tata Steel?

- Harish Agarwal:** Other players are at the regional level, at the national level these are the two players, but the regional level somewhere you may have Ambal steel, Shyam Steel and some other Goel TMT, but they are at regional level, not at the national level.
- Raj Joshi:** Are you aware how much would be the capacity of that entire TMT bar segment on an industry level?
- Harish Agarwal:** This data is not available with the rating agency we have tried our best to get it, but right now we do not have the data of the industry.
- Raj Joshi:** Thank you.
- Moderator:** Thank you. The next question is from the line of Aditi Sawant from ADM Advisors. Please go ahead.
- Aditi Sawant:** Thank you so much for the opportunity. I have just two questions. First is, I would like to know why was the royalty income less in Q4 FY2022 as compared to Q4 FY2021 and second question is if you can just throw some light on what is the current price trend in steel segments? That is it.
- Harish Agarwal:** Due to COVID restrictions and COVID lockdown in some part of the country, we have given a special concession to the franchise units and we have given some discount on the royalty that is why it has been reduced otherwise the quantity was Q4 FY2021 and Q4 FY2022 are almost same, so we have given some discounts and if I would like to share the number then the average realization of the royalty in Q4 FY2022 was Rs.354 as against Rs.381 of Q4 FY2021, so you are seeing Rs.2.5 Crores less in this royalty account, because of the discount given to the franchise unit in view of our long term business relations and your second question was about, what was your second question?
- Aditi Sawant:** My second question was if you can just throw some light on the current price trend in steel business segment?
- Harish Agarwal:** Current price is around Rs.58,000 per metric tonne plus GST.
- Aditi Sawant:** Okay and how is the trend Sir has the prices are increasing, stable or how was the trend?
- Harish Agarwal:** There is a fluctuation in the price someday it increased by Rs.1000 and the other day it reduced like Rs.2000, this is a price fluctuation, it is a commodity market, so nobody can predict the pricing.
- Aditi Sawant:** No issue Sir. That was helpful and all the best for the upcoming quarters. Thank you so much.
- Moderator:** Thank you. As there are no further questions from the participants I now hand the conference over to Mr. Satish Agarwal for closing comments.



*Kamdhenu Limited
June 01, 2022*

Satish Agarwal: Thank you all. I take this opportunity. Thanks everyone for joining on the call. I hope we have been able to address all your queries. For any further information kindly get in touch with me or strategy growth advisors, our investor relation advisors. Thank you once again.

Moderator: Thank you. Ladies and gentlemen on behalf of Kamdhenu Limited that concludes this conference call. Thank you for joining us and you may now disconnect your lines.