



**KL/SEC/2024-25/21**

**Date: 11<sup>th</sup> May, 2024**

To,  
The Manager- Listing  
National Stock Exchange of India Limited,  
Exchange Plaza, Bandra Kurla Complex,  
Bandra (E), Mumbai-400 051  
**NSE Symbol: KAMDHENU**

To,  
The Manager- Listing  
BSE Limited,  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai- 400 001  
**BSE Scrip Code: 532741**

**Sub: Submission of Transcript of Earnings/Conference Call for Investors/ Analysts Meet for the 4<sup>th</sup> quarter and financial year ended on 31<sup>st</sup> March, 2024.**

Dear Sir/Madam,

In continuance to our earlier intimation vide Letter No. KL/SEC/2024-25/20 dated 8<sup>th</sup> May, 2024 and pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith Transcript of Earnings/ Conference Call for Investors/ Analysts Meet held on Wednesday, 8<sup>th</sup> May, 2024 for the 4<sup>th</sup> quarter and financial year ended on 31<sup>st</sup> March, 2024.

We request you to kindly take the same on records.

Thanking you,

Yours faithfully,  
**For Kamdhenu Limited**

**Khem Chand,**  
**Company Secretary & Compliance Officer**

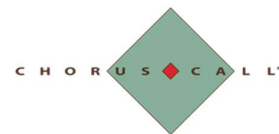
Encl.: as above.



“Kamdhenu Limited  
Q4 FY24 Earnings Conference Call”  
May 08, 2024

**MANAGEMENT:**

- Mr. Satish Kumar Agarwal – Chairman & Managing Director, Kamdhenu Limited  
Mr. Harish Agarwal – Group Chief Financial Officer, Kamdhenu Limited  
Mr. Saurabh Agarwal – Managing Director – Kamdhenu Ventures Limited



**Disclaimer:** E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on May 8, 2024 will prevail.



*Kamdhenu Limited  
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**Moderator:** Ladies and gentlemen, good day, and welcome to Q4 FY '24 Earnings Conference Call of Kamdhenu Group. This conference call may contain forward-looking statements about the company, which are based on 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 star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Satish Kumar Agarwal, Chairman and 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, Group CFO; Mr. Saurabh Agarwal, MD of Kamdhenu Ventures Limited; and Strategic Growth Advisors, our Investor Relations advisors. We have uploaded our results and investor presentation for the quarter on the stock exchanges and company's website. Hope everyone had a chance to go through the same. We have delivered robust performance for both the steel and paint business in Q4 and FY '24.

Coming to our steel business first. India witnessed 13% surge in domestic steel consumption in FY '24, totalling 136 million metric tonnes. This growth underscores a robust demand for steel across diverse sectors, highlighting the nations, economic resilience and industrial expansion.

Moving forward, sustained investment in infrastructure, urban development and manufacturing capacity are anticipated to uphold this momentum. With expanding industrial capabilities, coupled with the increased demand for the infrastructural and residential projects. India is positioned to become a key global player in the steel sector, thereby further driving economic growth.

For the quarter gone by, our revenue grew by 5% to INR176 crores. PBT grew by 54% to INR22 crores and PAT grew by 56% to INR17 crores. Despite the challenges we witnessed, including steel price volatility and fluctuating raw material cost, we continue to witness a strong volume growth. Total volumes, including franchisee sales volume have increased by 12% year-on-year in the quarter gone by and 9% for the full year. We have seen reduced realizations of TMT bar, which has led to lower revenues for the full year.

Over the last couple of months, we have seen prices improving, and we expect them to increase in the FY '25. Realization for the steel TMT bar are poised for improvement due to escalating infrastructure investments which is driving heightened demand for construction materials.

Technological advancement ensuring super quality and compliance with stringent regulations further elevate the value proposition of TMT bars. Sustainable construction practices fostered a



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growing preference for environmental-friendly materials further improving realization for TMT steel.

With a network of 8,500+ dealers and a strong presence through our large number of franchisees, our brand reach continues to expand significantly while being asset-light model. We have also a strong brand name when it comes to providing superior quality products, further emphasizing the company's commitment to excellence.

Given this backdrop, we continue to maintain a dominant market share in the organized steel segment. This is further cemented by a strong growth of 13% in our royalty income, which reached an all-time high of INR129 crores.

We continue to see large growth opportunities due to several industry tailwinds, including a strong government push for infrastructure, which includes the schemes like Housing for All initiative and INR11 lakh crore Capex outlay for FY '25 and lastly, a shift of consumer preference towards branded construction material.

Given the favorable dynamics within our country, coupled with our robust brand, unique asset-light model and high-quality product offerings, we are well positioned for sustained growth through going forward.

I would also like to mention that the company is raising INR100 crores through issue of convertible warrants on preferential basis over the next 18 months. Of this, we have already received INR24.27 crores.

Through the capital raise, the company will look to remodel the franchisee business by acquiring its stake strategically in some of the franchisee units, investing in the existing and new business ventures in India or overseas for diversification. Incurred CapEx in existing manufacturing unit or acquire and set up a new office premises and enhance the strengthened brand position and corporate image to leverage the overall brand premium.

We are excited about the opportunities that lie ahead and are grateful for the continued support and confidence from our stakeholders. Lastly, the Board of Directors have approved a dividend of INR2 per equity share, reaffirming our dedication to acknowledge and rewarding the trust placed in us by our shareholders.

To conclude, we have successfully navigated through short-term challenges by leveraging our capabilities while maintaining unwavering efficiency and we'll continue to do so going forward.

Now I would like to hand over the call to Mr. Saurabh Agarwal to give you an update on the paint business. Thank you.

**Saurabh Agarwal:**

Thank you, and good afternoon, everyone. I would like to give you a brief update on the paints business for the year gone by. The Indian paint industry is witnessing rapid growth driven by urbanization, rising disposable income and increased infrastructure projects. The industry is



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currently valued at INR75,000 crores and is expected to reach a size of INR125,000 crores by FY29 implying a CAGR of 9.4%.

With the growing demand for premium and ecofriendly products, our ability to provide a wide range of solutions which is ever evolving in nature should help us stay competitive and grab market share in the evolving landscape.

For the full year financial year '24, we have seen a strong turnaround in our performance. Revenue grew by 12% Y-o-Y and stood at INR292 crores. In terms of profitability, I'm pleased to share that our company has turned EBITDA positive compared to last year's EBITDA stood at INR22 crores.

In addition, we have exceeded expectation by achieving an EBITDA margin of 8%, surpassing our FY '25 target a year earlier. This can be attributed to achieving a strong economy of scale, coupled with operating leverage playing out. Profit after tax stood at INR14 crores, which was minus INR11 crores last year, a delta of INR25 crores.

Coming to way forward. For FY '25, we have aspired to grow our business by over 20% and further improve our EBITDA margin. This growth was driven by both value and volume. On the value side, we will continue to make effort when it comes to increasing our average selling price by improving our sales mix with a higher focus on value-added products.

On the volume front, we will further penetrate the regions where we have been building a strong dealer distribution network. We believe we can rapidly scale up due to us having a winning combination of our unique dealer-driven approach and our ability to deliver higher quality products at accessible prices.

At Kamdhenu Paints, our unwavering focus remains on catering to underserved smaller towns through our extensive distribution network, which stands at 4,300-plus dealers. With economy expanding and the strong government focus on rural development, we expect a surge in demand for paint-related products due to a rise in the infrastructure projects.

To conclude, as a mark of conclusion of our inaugural year as a separately listed entity, it's evident that we have embarked on a journey marked by numerous positive developments. These early successes has set a promising trajectory for our company and its brands, indicating the potential for substantial growth in the times ahead.

As we look to the future, we are acutely aware of the objectives yet to be achieved and the challenges that lie ahead. However, we are fortified by the unwavering support of our stakeholders whose dedication has been instrumental in our journey thus far.

With their continued backing and our commitment to excellence, we are confident in our ability to realize our objectives and propel our company and its brand to new heights of success going forward.



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With this, I would hand over the call to our group CFO, Mr. Harish Agarwal, for the financial update. Thank you, all.

**Harish Agarwal:**

Thank you, sir. First, I would like to take you through the financials of the steel business. First, highlight for Q4 FY '24. Our steel volume from franchisee route have stood at 8.96 lakh metric tonnes in Q4 FY '24, compared to 8.05 lakh metric tonne in Q4 FY '23, a year-on-year growth of 11%.

Royalty income through franchisee stood at INR35 crores in Q4 FY '24 as compared to INR30 crores in Q4 FY '23, a growth of 16% year-on-year. Total revenue stood at INR176 crores in Q4 FY '24 as compared to INR167 crores, registering a growth of 5% year-on-year.

Our profit before tax stood at INR22 crores in Q4 FY '24 as compared to INR14 crores in Q4 FY '23, a growth of 54% year-on-year. PBT margin stood at 12.6% for Q4 FY '24, which was 8.63% in Q4 FY '23. Profit after tax stood at INR17 crores for Q4 FY '24 as compared to INR11 crores in Q4 FY '23, a growth of 56% year-on-year.

Now I would like to share the highlights for whole year FY '24. Our steel volume from franchisee route stood at 32.56 lakh metric tonne in FY '24 as compared to 29.82 lakh metric tonne in FY '23 with year-on-year growth of 9%. Royalty income through franchisee stood at INR129 crores in FY '24 as compared to INR114 crores in FY '23, a growth of 13% year-on-year.

Total revenue stood at INR725 crores in FY '24, registering a marginal degrowth of 1% year-on-year. Our profit before tax stood at INR67 crores in FY '24 as compared to INR55 crore in FY '23, a growth of 22% year-on-year.

PBT margin stood at 9.2% for FY '24, which was 7.5% in FY '23. Profit after tax stood at INR50 crores for FY '24 as compared to INR41 crores in FY '23, a growth of 22% year-on-year. ROCE and ROE for FY '24 stood at 28.5% and 21.1%, respectively. We continue to remain debt free as on 31st March 2024.

Let us go through the numbers of Kamdhenu Ventures Limited, Paint Business now. Kamdhenu Paints reported strong performance during the fourth quarter and full year ended fiscal '24. First, to give you the highlights for Q4 FY '24, revenue for the quarter stood at INR85 crores as compared to INR71 crores in Q4 FY '23, a strong growth of 20% year-on-year.

EBITDA witnessed a multi-fold jump and stood at INR7 crores for Q4 FY '24 as compared to INR0.1 crore in Q4 FY '23. EBITDA margin stood at 8.5% for Q4 FY '24. We also turned PAT positive. Profit after tax for Q4 FY '24 stood at INR4 crores, which was minus INR3 crores last year, a delta of INR7 crores year-on-year.

Coming to the highlight for complete financial year 2024. Revenue for the FY '24 stood at INR292 crores as compared to INR260 crores in FY '23, a growth of 12% year-on-year. EBITDA stood at INR23 crores for FY '24 as compared to INR0.4 crores in FY '23, highlighting a strong turnaround in the business.

EBITDA margin stood at 7.7% for full year FY '24. Our PAT stood at INR14 crores, which was minus INR11 crores in FY '23. Average selling price per kg for FY '24 stood at INR90, higher by 14% compared to last year.

With this, I would like to open the floor for question and answer.

**Moderator:**

We have our first question from the line of Richa from Equitymaster.

**Richa:**

Sir, my question is regarding the volume, like you said that we have grown in the steel segment by 9% and the industry growth was 13%. So you just highlight what were the challenges because this was the performance was also lower than the guidance that you had shared at EBITDA level and did the revenue from the steel segment?

**Harish Agarwal:**

Actually, your voice is not clear. Your voice is blurred.

**Richa:**

Sir, is it better now? Am I audible now?

**Moderator:**

Yes, Ma'am can you please use your handset?

**Harish Agarwal:**

Richa, please repeat the question.

**Richa:**

Sir, my question was related to the volume growth. Like you said that we had 9% kind of growth as compared to industry growth of 13%. So, there was some kind of underperformance with regards to industry, as well as our own guidance that we had shared in terms of EBITDA terms. So if you could just talk about the performance, what were the challenges that we faced during this?

**Satish Agarwal:**

I have understood that your question is that, I had said that the industry growth is 13% and our volume growth is 9%.

**Richa:**

Yes, this is the question and EBITDA number which you shared in the guidance that was around INR80 crores, if I am not wrong, 80 crores in guidance. And at EBITDA level also we are lower. So if you could just highlight the challenges that we face during the year.

**Satish Agarwal:**

Okay. Ma'am, your question is correct. Normal industry growth is 11%. And in Kamdhenu, if we look at our own production, then in Kamdhenu's own manufacturing, we have had a 29% growth in our own manufacturing. And in the franchisee, the overall growth in the franchisee is definitely around 11%. There are 2-3 reasons for this. First, if you look at the whole NCR during October to December, there has been a complete ban on construction for 2, 2.5 months due to pollution. So, due to that, there is a dip in sales, particularly in North India. It has an effect on us.

And apart from this, this year, we have focused on how our royalties have increased. In volume, because margins, we have to maintain margins over the local best brands. So, this time, we have focused more on the recovery of royalties. And volume, continuously, we are increasing capacity

in this. Some units had to come in our production which was being expanded. Those units have now come in April onwards. And I understand that in the coming time, our growth, which we are planning, is 16%-17% growth because industrial growth, in our steel is almost 9%-10%. So, we are planning to grow above 16%-17%.

And this year, hopefully, we will be able to achieve that.

**Richa:** Okay. Okay, sir. Thank you for the detailed answer. I have one more question. Sir, if you could give us, give me an idea of how big is this TMT market, TMT bar market, retail TMT bar market. And if they organize, what would be the breakup between organized and unorganized? And over the years, do you see any kind of shift towards the organized players or is it more or less the same over the years?

**Satish Agarwal:** Look, ma'am, this TMT data, as such, a lot of data is not available in the market, with any steel plant. But I would like to explain this to you a little bit. Organized market, we are assuming that the people who are making branded products, in this, the main producers are Steel Authority of India's plant, Tata Steel, JSW and Kamdhenu.

So, in this, we think, apart from this, there are some other brands like Kamdhenu in the market. If we think about them, they are making branded products in the organized sector in a way. And apart from this, in the unorganized sector, unbranded products there are a lot of companies who cater to this space,

So as per our calculation that we have done the share of Kamdhenu in the branded organized market is around 22% to 23% in the in the retail segment, in this also, particularly in the retail segment, Kamdhenu dominates in this segment with the highest sales share of 22%. Apart from this, in the unorganized space, there are a lot of players.. We also have a lot of units, like this in the asset-light model, our model is that there are a lot of such good units, who have good capacity, good plants, but they are not able to sell their product. They are not able to control the quality of the product because Kamdhenu has a very big marketing network, it is a niche brand.

Today, with Kamdhenu brand, there is a concern in the mind of every end user, that if we have used Kamdhenu, then we can sleep peacefully, we are comfortable, our building is safe. So, that awareness or a mindset, we have been able to make a perception about Kamdhenu. So, we are getting its leverage, and a lot of units are coming from unbranded to Kamdhenu's umbrella.

Apart from this, as the demand is increasing, in the next five years, as we see the demand, we have sold about 32.5 lakh tons of TMT bar, and we have sold steel pipes and color-coded sheets. In the next five years, we will double this capacity through franchisee routes. The company is working on this, and in the coming time, as the requirement is increasing in the infrastructure sector, I think we will be able to achieve all these targets.

**Moderator:** We have the participant disconnected. We'll move on to the next participant. We have our next participant from the line of Mr. Pradeep Rawat from Yogya Capital.



**Pradeep Rawat:** Congratulations on good set of numbers. So I have a couple of questions. Can you share your outlook for the demand scenario in the steel business? And what is the trend for the raw material prices and your outlook for the same?

**Satish Agarwal:** The outlook for the steel segment in the future is 8% to 9%, which is the annual growth in the steel segment. And the raw material prices, you can see that the raw material prices are basically, in the steel industry, there is coking coal and iron ore, these are the two main ingredients on which our costing is based. So, normally, the prices of dollar or coking coal are increasing continuously. They have softened for some time in the middle. Apart from this, the prices of iron ore, which is controlled by NMDC or government agencies, the prices, as per demand and supply, there is a slight variation. Recently, we have seen that the prices have improved by INR600 to INR700 per tonne.

And our asset-light model of Kamdhenu, because all our franchises purchase semi-finished products and convert them to finished and sell them, the raw material prices do not have much impact on Kamdhenu or our franchisees in terms of profitability. Apart from this, the model of Kamdhenu, we do not take royalties on a percentage basis, but on a fixed rate, on a per-tonne basis, which varies between INR400 to INR450 per tonne.

So, the impact of price fluctuation on Kamdhenu is minimal. So, I think that if the prices go down or up in the coming time, then there is a very low possibility of having a lot of impact on Kamdhenu's working or profitability.

**Pradeep Rawat:** Okay. Okay. So what would be the sustainable margin given that the price fluctuation won't have much effect on our margins? So what would be the sustainable margins that you foresee?

**Satish Agarwal:** The existing trend is almost the same. We are maintaining the same trend in the future as well. You can understand that in the next 5 years, the normal industry growth will be 9-10% maximum. Kamdhenu is working on 16-17% annual growth. Only then we will be able to double our sales in the next 4-5 years. The overall margin depends on how much we can increase the royalty and how much volume we can grow? Ultimately, EBITDA was 8.74% last year. Our Brand expenses are not increasing proportionately. Therefore the EBITDA margin will increase and the PAT will also increase.

**Pradeep Rawat:** Okay. So my other question is regarding the EBITDA margin on our own facility as of now.

**Satish Agarwal:** The answer to this question is a bit typical. I basically use my own facility as an R&D unit. In the last 15-20 years, I have developed 7-8 new products. Apart from this, I also use my sub-franchisee staff, technical staff, commercial staff, and quality control staff as a training organization, a lot of costing is booked in my unit. And I sell my production in NCR because there are a lot of common staff in the office, it is difficult to analyze them as separate entities. So I have my own manufacturing unit and franchisee model. We have to look at it jointly.

**Moderator:** We have a follow-up question from the line of Richa from Equitymaster.

**Richa:** Sir, my question is that we have a franchisee model, which makes us asset light. I just wanted to get a sense of...

**Moderator:** Sorry to interrupt, Ms. Richa, but you are not audible. Your voice is breaking.

**Richa:** So my question is I just keep it short. I'm not sure there's some network issue. If somebody wants to set up a capacity, greenfield capacity of 1 lakh metric tonne of TMT bars, what kind of CapEx is required for that?

**Satish Agarwal:** Ma'am, if someone needs a capacity of 1 lakh metric tonnes per annum, though right now, this capacity is very much less, and it is not practically viable. At least you have to install a monthly capacity of 12,000 to 15,000 metric tonnes. That means at least you need to install a capacity of 2 lakhs metric tonnes annually. And for the installation of 2 lakh metric tonnes capacity unit, you need approximately INR70 crores to INR80 crores apart from the land because land is variable, wherever you want, the land is not included in this cost, but the entire plant and machinery requires at least INR70 to INR80 crores.

If land is INR20 crores, then the total CapEx would be INR100 crores. Apart from that, you need at least INR30 crores to INR40 crores of working capital also.

**Richa:** Okay. And, sir, our products are based on market demand. Is there any scope for premiumization? And if yes, what kind of work are we doing to move towards value-added products?

**Satish Agarwal:** We are making value-added products. I would like to tell you that the steel segment is a commodity. And in 1995, when we launched the Kamdhenu brand in the market, before that, it was sold as a commodity. Kamdhenu is the first unit to convert the commodity into a brand. Today, you will see that all the TMT bars that are being made in India, some celebrity, be it a cricket star or a film fraternity, everyone is promoting it. In the last 26 years, we have communicated with people that they have started to feel that if Kamdhenu or we are not using branded products, then we are risking our lives or my building is not secure.

In Kamdhenu, we were able to educate people that you can change the interior, you can change the paint, you can change the furniture, but you can't change your steel. So people understand and go for quality products. What is a brand? A brand is consistency and quality assurance. Kamdhenu was our dream that for a common man, who has a requirement of 1 ton, 5 tons or 10 tons to build his house, we were able to provide a quality product at a reasonable cost. I think we have fulfilled that requirement to a large extent.

Since many people are sitting in the metro, they may not be able to understand that people also build individual houses. In the metro, since it is a high-rise society and there is less land, all the builders are working there. But across India, single-storey, two-storey, three-storey houses are built. People build them themselves. I think our focus was on that. This year, we are focusing on

projects, through architects, builders, structural engineers, we are also focusing on projects. In the coming time, you will see that our project sales will also be added.

**Richa:** And sir, what are the factors that help us structure or get a royalty per tonne to increase from our franchisee players. So like you said, it varies INR400 to INR450. So how much time does a particular franchisee take to reach its optimum capacity? And over what period can we increase this royalty volume?

**Satish Agarwal:** The strength of my franchisee is that if the unit makes its own brand, then it can sell 30-40% of its capacity at a normal rate. Once they associate with Kamdhenu, they use my Kamdhenu brand, they use Kamdhenu's retail network across India then the premium is around INR2,500 per ton. Today, the average is out in the whole of India. It varies from INR1,000 to INR6,000 per ton. So, if you look at it this way, above INR30-32 lakh per ton, this INR2,500 per ton premium is generating a premium of around INR800 crores. Kamdhenu charges royalty, some premiums are charged by my distributor, who also infuses funds in some markets. It costs around INR400-450 per ton. Apart from this, INR700-800 per ton, is the margin of our retail outlet, and the rest of the margin is provided by my franchisee. So, the benefit of my franchisee is that if they make their own product and associate with Kamdhenu, they get a premium of INR700-800 per ton.

Secondly, their order book is always fully booked. All the capacity is being utilized almost 70-60%. Normally, in the steel segment, due to the single shift, there is not much capacity utilization. So, I understand that in this asset-light model, all our franchisees are in a win-win position and our biggest focus is the interest of the consumer, so that we can provide quality products to the consumer at a reasonable cost. In this model, we have not covered a lot of distance. We supply within 200-300 kilometer of the franchisee, so that the transportation cost is minimum.

**Richa:** So going forward, do you think that there would be a meaningful increase in that? Or some kind of indication if you can give on that front? Or is it likely to be in the same range?

**Satish Agarwal:** The premium is decided in which area you sell. If you see, I also have a range. Where the premium is less, I charge less royalty. Where the premium is more, I charge more royalty. And in the future, the demand and supply or the premium of the Kamdhenu brand, will decide how much premium or what royalty I can charge them?

As such, whenever there is a renewal of the agreement, we mutually understand and revise the royalties of each franchisee. And you can understand that the royalties. Right now, March '24 has ended, and the average royalty per tonne is INR395. And in the next 5 years, our target is to bring it to an average of INR500 per tonne. The company is working on this.

**Richa:** Okay. And sir, my last question is, if you could share any target for your dealer expansion in your dealer network as well as any kind of trajectory for branding expense? Will it be as a percentage of sales or volume, if you have any kind of budgeting -- if you can share any kind of budgeting on that front? Dealer network and branding expense, on these two fronts?

**Satish Agarwal:** Dealer expansion is a process which is continuously going on. And the one we are talking about, plus 8500 are my dealers. These are the dealers who are directly registered under any agreement with Kamdhenu. Apart from this, there are many sub-dealers in rural areas below these dealers. They are not directly registered with us, they work with our retail counter. And you will see that the brand expenses, in this continuously financial year, we have linked almost INR59 crores of branding expenses for franchising and Kamdhenu.

We have linked all these expenses for branding. So, our effort is that this year's royalty, or my quantity, my quantity is estimated to be around 37 lakh tonnes. And in the coming time, we are planning to increase it to 68 lakh tonnes by 2029. So, I understand that there is growth and conversely, there is growth all around. Now, in this, because our Kamdhenu pipe, the steel pipe, the demand for the pipe is increasing continuously. We are focusing on how to bring more growth in it. And apart from this, the colour-coded sheets that we get made by our franchisees, we are also focusing on the requirements in warehouses and industrial sets. There is a lot of potential in it. There are some limitations as well. Overall, this is how the company's growth is multifold and there is inorganic growth. Inorganic growth is normally not more than 8-9% in steel.

**Richa:** How many dealers are active out of the 8500 plus dealers? 8500 is registered. How many would be active?

**Satish Agarwal:** All of them are active and registered. And we keep appointing new dealers wherever we need them. Actually, Kamdhenu has a bit of a marketing USP that I don't make too many dealers. Otherwise, they all compete with each other. So, we appoint other dealers at a particular distance so that there is no internal competition between them. And everyone works at a reasonable cost and a reasonable margin. There should be no internal competition.

**Moderator:** We have a next question from the line of Payal Shah from Billion Securities.

**Payal Shah:** I have a few questions on our paint business. First would be, what will be our FY '25 and FY '26 revenue EBITDA margin outlook? Anything that you can give on FY '25 and FY '26? That would be helpful.

**Satish Agarwal:** Are you talking about paint or steel?

**Payal Shah:** No, sir. I am talking about the paint business?

**Satish Agarwal:** Harish ji?

**Harish Agarwal:** No, we are expecting a turnover of around INR380 crores in FY '25 as against INR292 crores in this year. And we are also expecting EBITDA of 9.5% against the 8% in this year. So we have the plan to achieve this target, and we have given this target to our team. And we are hopeful that we shall be.

- Payal Shah:** Okay. Sir, that's quite helpful. My second question is, what will be your target split between value and volume growth for the paint business going forward?
- Harish Agarwal:** Our main focus is on the value-added products, premium product, water-based emulsion products. So we are focusing on the top line with the target of having margins in that product. So we are not focusing on the quantity. We are focusing on the value-added product and which increase the top line and bottom line.
- Payal Shah:** Okay. Sure. And sir, my last question is, are you seeing any competitive pressures when it comes to pricing? And how do we plan to gain market share if such competition continues?
- Harish Agarwal:** We are focusing on the Tier 2, Tier 3 cities for the market expansion point of view. And with regard to cost control, we have innovative products where costing is less than their results. So we are focusing on the premium product with the help of our R&D team, and we are making cost control on those products.
- Moderator:** We have our next question from the line of Rajvi Shah from Bright Securities.
- Rajvi Shah:** I have a few questions on the paint business. The first one is, are we expecting raw material volatility for the paint business? And would we be able to easily absorb that in our GP, gross profit?
- Harish Agarwal:** So what is the second question? When is the raw material cost, then?
- Rajvi Shah:** Yes. So like do we expect like the raw materials volatility to be absorbed in our gross profit?
- Harish Agarwal:** Now prices are almost firmer and it was fluctuating in the past, but now prices are more or less firmer. And we are not seeing any much fluctuation in the raw material prices. In case this volatility increase, the raw material prices, then obviously, market will take a call and increase the selling price.
- Rajvi Shah:** Okay. So my next question was what are the active initiatives to gain more market share in decorative paint market?
- Harish Agarwal:** We are increasing our dealer network. We are introducing new products. We also have some value-added products, which will increase our market share.
- Rajvi Shah:** Okay. And I just had 1 more last question. There has been a slowdown in overall consumption. Has this affected our paint business?
- Harish Agarwal:** Can you repeat the question?
- Rajvi Shah:** Yes. There has been a slowdown in overall consumption. So has this also affected our paint business?

- Harish Agarwal:** Which slowdown you are talking? There is no slowdown in the economy. No slowdown in the market, real estate.
- Rajvi Shah:** Like on overall paint business.
- Harish Agarwal:** No, no, there is no slowdown in the paint business. Every year, it has a CAGR of around 8% to 9%. And we are also increasing our market share. So there is no slowdown in the paint market or real estate market, which have main consumption.
- Moderator:** We have our next question from the line of Ruchi Gupta from Value Consultancy.
- Ruchi Gupta:** I have...
- Moderator:** Sorry to interrupt, we are getting a lot of disturbance from your end.
- Ruchi Gupta:** So I have questions regarding the steel business. So just wanted to know when can we expect to deploy INR25 crores the cash that we received post our fundraise?
- Harish Agarwal:** Yes, we are expecting to deploy this fund in this quarter. In the Q1, we will deploy that. We are working on that.
- Ruchi Gupta:** Okay. Okay. My another question is what are the current and peak level realizations for TMT steel bars. And when can we expect it to reach the previous peak of realization?
- Harish Agarwal:** Yes, it is increasing. But right now, last year, average is around INR49,000. INR49,000 was the last year average price, which was INR52,000 in the FY '23.
- Moderator:** We have our next question from the line of Atul Daga from Opal Securities.
- Atul Daga:** So I have questions for the steel business. We haven't added many franchisees in the recent past. What would our goal when it comes to adding franchisees going forward?
- Harish Agarwal:** You are talking about the number of franchisees?
- Atul Daga:** Yes, yes.
- Harish Agarwal:** Yes. We are not focusing on increasing the number of franchisee. In fact, we are focusing on the increase of the capacity by units. So capacity has increased in the last 1 year, and we are also expecting to increase the existing level to 50 lakh metric tonnes in this financial year.
- So we are making a regiment for expansion of capacity within the existing unit. So we are giving more opportunities to our existing units rather than adding the new unit. If they are not able to increase their capacity due to any reason, so we are looking for increase of the new unit in that particular region. But our focus is on increasing capacity of existing units. That is why it has not increased.



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- Atul Daga:** Okay. Sir, coming to my next question. How much franchisee capacity would you be looking for FY '25?
- Harish Agarwal:** It would be increased to 50 lakh metric tonnes from the existing 40 lakh metric tonnes, 41 lakh metric tonnes to 50 lakh metric tonnes.
- Atul Daga:** 50 lakh metric tonnes, okay. So sir, what is your aspirational targets for revenue and PBT PAT going forward? Any guidance for the next couple of years?
- Harish Agarwal:** Yes. For steel business?
- Atul Daga:** Yes, yes.
- Harish Agarwal:** Yes. We are targeting double of the revenue in next 5 years. In this year, we achieved around 32.5 lakh metric tonne of steel through the franchisee route. In the next 5 years, we are targeting to make it 68 metric tonne through the franchisee route only.
- Moderator:** As there are no further questions, I would now like to hand the conference over to the management for closing comments. Over to you.
- Harish Agarwal:** I would like to thank you everyone, for being part of this call. We hope we have answered your questions. If you need any more information or clarification, please feel free to contact us or Mr. Deven Dhruva from SGA, our Investor Relations advisor. Thank you.
- Moderator:** Thank you. On behalf of Kamdhenu Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.