



KANSAI NEROLAC PAINTS LIMITED

Investor Presentation

H1 2017-18

November 2017

Disclaimer

This presentation may contain statements which reflect management's current views and estimates and could be construed as forward making statements. The future involves certain risks and uncertainties that could cause actual results to differ materially from the current views being expressed. Potential risks and uncertainties include such factors as general economic conditions, foreign exchange fluctuations, competitive product and pricing pressures and regulatory developments.

Agenda

Business Environment FY 17-18

Financial Performance FY 17-18

Business Review FY 17-18

Risks and future outlook

Business Environment 17-18

- ❑ Challenging business environment with implementation of GST, impacting the economy
- ❑ GDP growth on a downward trajectory in Q1
- ❑ Decorative demand picked in demand in Q2 after a largely good monsoon across different regions and early festive season
- ❑ Industrial production picked pace in Q2 but overall data points to slow recovery
- ❑ High inflationary trend for the last 2 quarters
- ❑ On Global Front
 - ❖ Tightening by US fed points to strengthening of markets
 - ❖ Uncertainty & Volatility due to geopolitical issues

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Risks and future outlook

Financials

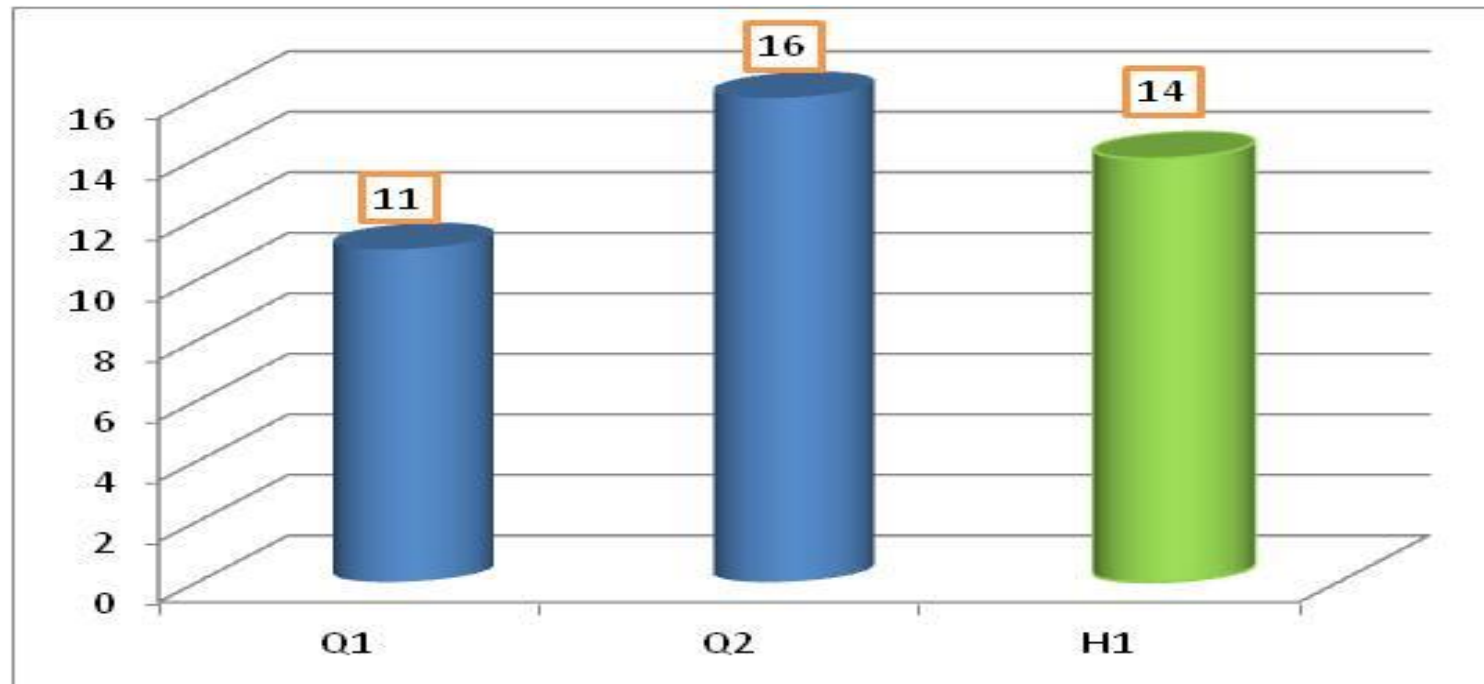
Q2 and H1

Rs. Million

Standalone	Q2 2017	Q2 2016	% Gr	H1 2017	H1 2016	% Gr
Gross Sales	12879	11012	17	25802	22586	14
Net Sales	11644	10021	16	23380	20491	14
PBDIT	2213	1983	12	4286	3850	11
PBDIT % of Net Sales	19.0	19.8		18.3	18.8	
PAT	1446	1393	4	2854	2658	7
PAT % of Net Sales	12.4	13.9		12.2	13.0	

Growth Trend – Net Sales

(over LY same period)



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Decorative H1 1718

- ❑ Decorative Paints business registered double digit volume and higher than market value growth
- ❑ Cumulative price increase around 2.7%
- ❑ Increase in Dealer Network
 - ❑ Completion of Yearly Target in 6 months
- ❑ Launch of Nerolac Colour guide
- ❑ Increased visibility of the Brand
 - ❑ Sponsoring of pre and post cricket match shows (Nerolac Cricket Live)
 - ❑ New TVC for Economy Range of Paints
 - ❑ Successful Marketing Campaigns with 2 IPL teams

Decorative H1 1718



Nerolac Cricket Live



Aggressive Campaign for Economy Range



IPL Marketing Campaigns



Nerolac Colour Guide

Industrial H1 1718

- ❑ Double digit and higher than market volume growth in automotive coatings
- ❑ Capture of New Business and New CED lines led to further increase in Market Share
- ❑ Auto- refinish continues to grow at accelerated pace and better than the market
- ❑ Revival in Industrial Liquid and Powder segments

International Operations H1 1718

□ Nepal

- Higher than Market Growth in Nepal leading to continued increase in Market Share

□ Lanka

- Sales and Operations Commenced
- More than 800 Dealers registered and billed

Other Areas H1 1718

- ❑ Received overall excellence award from Maruti
- ❑ Successful transition to GST
- ❑ Inflationary pressures accelerated the cost of raw materials
- ❑ Tight availability of key raw materials continued

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Risks and future outlook

Risk and Outlook

- ❑ Raw material prices continue have an upward trend
- ❑ Short Term
 - ❑ Decorative Growth in October will be under pressure due to early festive season. Demand is expected to be better in November and December
 - ❑ On the industrial front, current improvement in demand conditions would need further support from pick-up in industrial activity & infrastructure push from Govt
- ❑ Long Term
 - ❑ We expect improvement in conditions going forward
 - ❑ Good growth in the agriculture sector coupled with reduced interest rates in the economy should provide necessary impetus for growth
 - ❑ Over the long term, a “less-cash” economy and implementation of GST, would push the demand to the formal sector

Thank You