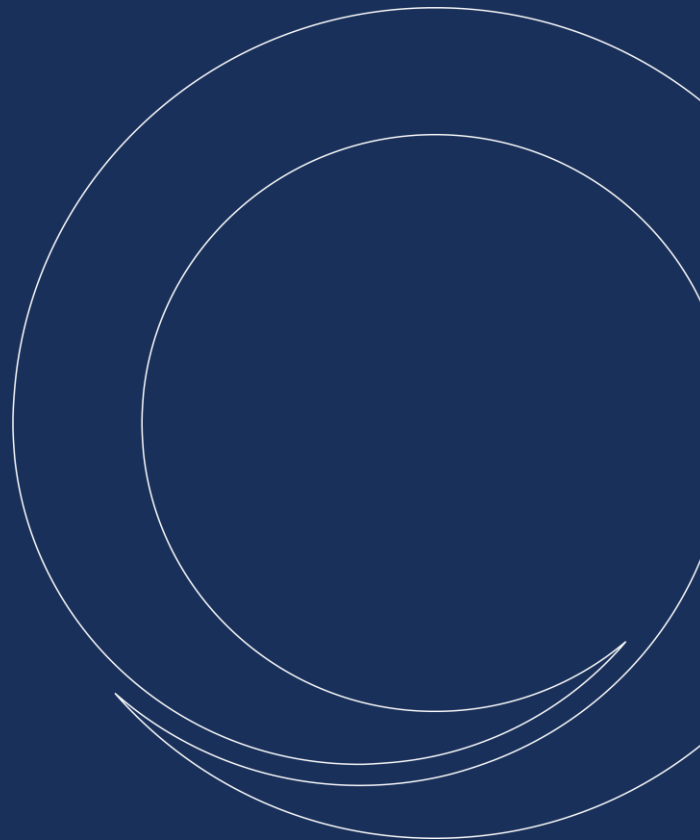


NEROLAC



Investor Presentation Q1 Update (FY21)



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 20-21*

Financial Performance FY 20-21*

Business Review FY 20-21*

Risks and future outlook

**The details in the presentation are for the period April – Jun 2020*

Business Environment 20-21

- ❑ Lockdown across country from 22nd March to 3rd May due to COVID - 19
- ❑ Intermittent lockdown in different states post 3rd May
- ❑ Demand wipeout in April
- ❑ Deco Demand improvement in May and June
- ❑ Slow Demand improvement in Industrial

Agenda

Business Environment FY 20-21*

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Risks and future outlook

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Financials

Standalone Q1

Rs. Crore

	Q1	Q1	Gr%
	2019-20	2020-21	
Revenue from operations (Net)	1463.5	598.1	-59.1
PBDIT (w/o other income)	249.0	80.5	-67.7
PBDIT as % of sale	17.0	13.5	
PAT	147.9	42.7	-71.1
PAT as % of sale	10.1	7.1	

Financial Analysis Q1 2021

Positive Factors

- Benign Raw Material price trend
- Strong control on cost and overheads

Negative Factors

- Volatile exchange rate
- High Fixed cost impact due to low production and sales

Agenda

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Risks and future outlook

**The details in the presentation are for the period April – Jun 2020*

Decorative

Nerolac launched its hygiene care range



“Covid Painter fund” created for helping Corona effected painters

Launched Campaign ‘Aaj careful to kal colourful’ on Environment day



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Investor Con call- 1st Quarter
August 2020

Market

- Growth of upcountry & rural markets was higher than local markets post opening of lock-down

Highlights

- Volume growth was led by Enamel, Putty& Primers.
- Soldier continued to do well
- Construction chemicals got good traction before monsoon
- New Product Launches
- “Covid Painter fund” created for helping Corona effected painters.
- First company to reimburse loyalty earnings to painters through direct bank transfers
- Conducted dealer training to operate in new environment
- Distributed PPE kits to approx. 1 Lac Painters

Industrial

Market

- Major OEMs operating on reduced manpower under restrictions of maintaining high level hygiene
- Many Ancillaries are facing challenges to deliver components to Auto OEMs
- Faster recovery in Tractor industry compared to other segments

Highlights

- Auto-refinish business was less impacted than Auto OEM business
- Aggressive focus on New Business
- Coil Coating has been less impacted by the slowdown and performed well in Q1

Subsidiary Performance

India

MARPOL

- April month was a washout- Nil sale
- Sales starting picking up from May and further in June.

PERMA

- April month was a washout.
- Sales started picking up in May and growth was shown in June.

NEROFIX

- Industrial sales took a major hit in Q1 due to lower demand.
- Nerofix Gold launched across Northern region

Subcontinent

NEPAL

- Lockdown continued from 24th March till 15th June.

LANKA

- The Market was closed for about 50 days since first week of march due to Covid-19
- Company posted growth

BANGLADESH

- Complete Lockdown was from 25th Mar'20 to 9th May'20. Markets were also closed from 21st May to 30th May due to EID

Operations Support

Operational

- Safe shutdown and start up of plants without any safety issue
- Compliance to all regulations and conditions imposed by the Government
- Sales team contacted / visited all customers to ensure connect with our customers
- Multiple Cost Reduction initiatives across all verticals which will give benefit in the coming quarters

Thrust on Digital

- 100% Adoption of Work from Home concept & collaboration tool
- Launch of Employee Engagement Mobile App : “IAMNEROLAC”
- Launch of Digital University for Learning & Development of Employees
- ML based app launched for sales team with Heat maps relating to live COVID-19 related tracking and support
- Advanced Analytics piloted for Decorative Business
- New App developed for Decorative Dealer for 24*7 connect. Launched in July

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Risks and future outlook

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Risks and Outlook

Risk

- The demand conditions have improved since May'20, however disturbances due to spurt in Covid cases leading to sporadic lockdowns in various states might hit demand
- Crude expected to firm up as demand revives and will impact input prices

Outlook

- Prediction of Normal Monsoons brings in good positivity for a good agricultural output
- Smaller towns and rural markets should do continue to do well
- Gradual Revival is expected in Tier 1
- Industrial demand should improve over Quarter 1



THANK YOU