

May 8, 2021

1. Corporate Relationship Department  
**BSE Limited,**  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai - 400001.
2. Manager – Listing  
**National Stock Exchange of India Ltd.**  
Exchange Plaza, C-1, Block G,  
Bandra Kurla Complex, Bandra (E),  
Mumbai - 400051.

**Sub.: Q4 FY 20-21 Financial Results Conference Call – Investor Presentation**

- Ref.: 1. Regulation 30(6) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015**  
**2. Scrip Codes : BSE - 500165, NSE - KANSAINER**

Dear Sirs,

Further to the intimation done by the Company on May 6, 2021, with respect to the Conference Call to be hosted by the Management of our Company on Monday, May 10, 2021 at 11 a.m. (IST) to discuss Q4 FY 2020-21 Financial Results of the Company, we are enclosing herewith an Investor Presentation.

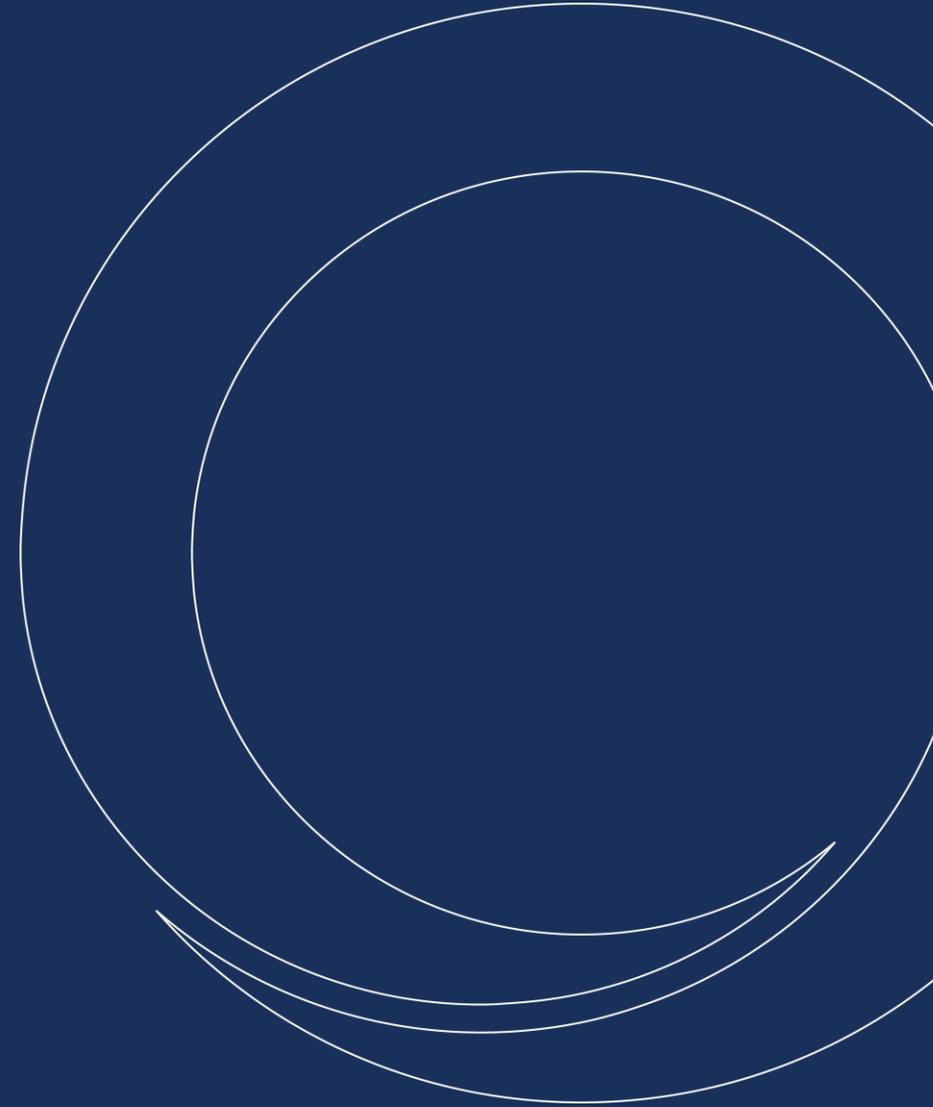
For **KANSAI NEROLAC PAINTS LIMITED**

**G. T. GOVINDARAJAN**  
**COMPANY SECRETARY**

# NEROLAC



# Investor Presentation (Q4 & Update FY 20-21)



# 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

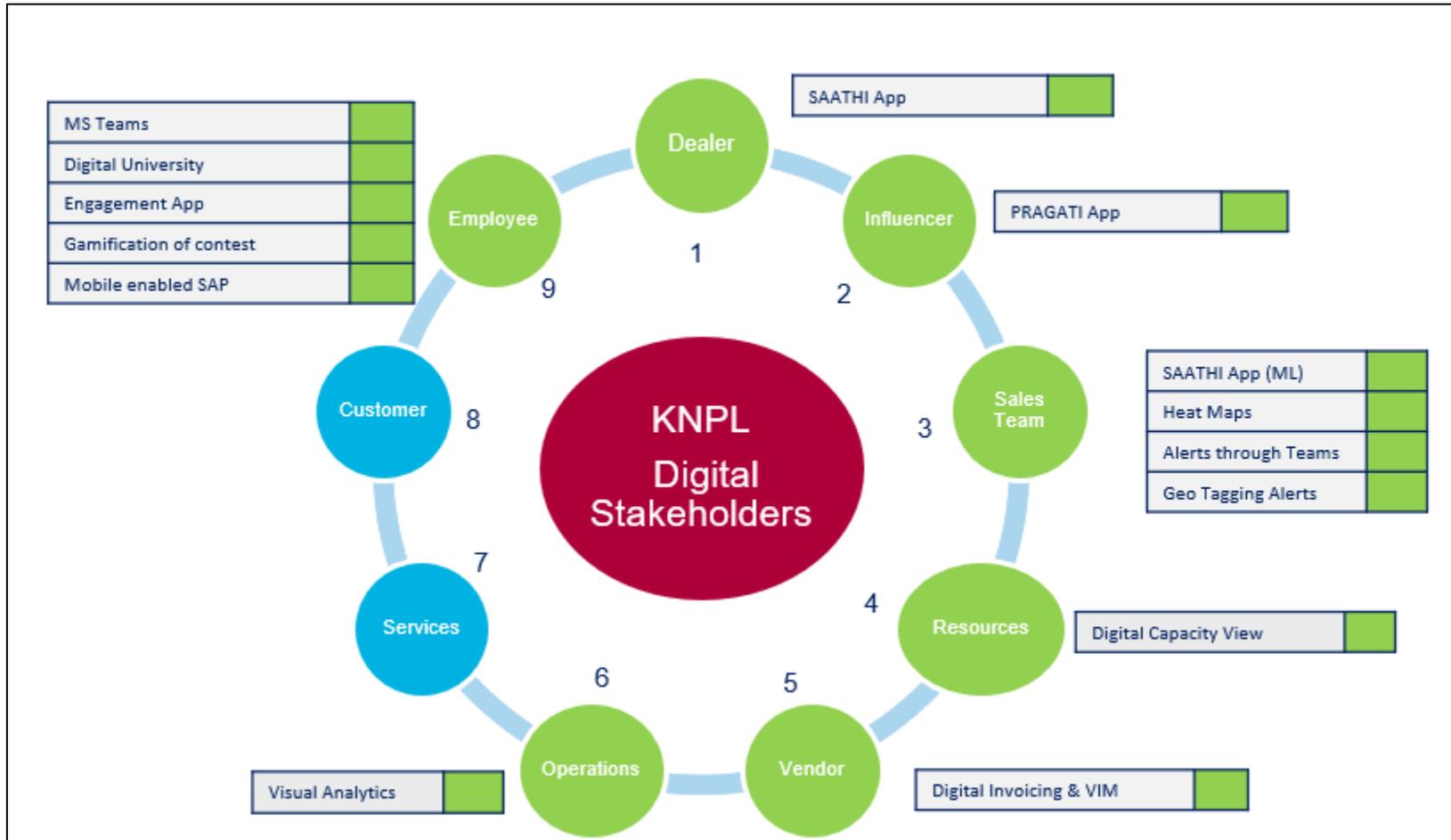
# Business Environment & Actions 2020-21

Environment	Actions/ Response
<p>COVID 19 and Lock-down</p> <p>Demand slowdown in Q1</p> <p>Liquidity crunch</p>	<ul style="list-style-type: none"> <li>• Priority was on maintaining liquidity</li> <li>• Recovery of money from the market – risk of delayed payments</li> <li>• Company adopted a conservative strategy</li> <li>• Conservation of cash</li> <li>• Focus on cutting costs</li> </ul>
<p>Supply Chain Disruption</p>	<ul style="list-style-type: none"> <li>• Huge delays in clearing of goods / Shipping line delays</li> <li>• Force majeure</li> <li>• Causing stress on supply chain</li> <li>• OEMs maintain inventory of 2-3 days / Focused on ensuring continued supplies</li> </ul>
<p>Gradual Rebound in Demand Deco – May; Industrial – H2</p>	<p>Company reverted to normal operations but kept tight control</p>
<p>Reduced Mobility &amp; F2F Contact</p>	<p>Digital Thrust</p>

# Key Outcomes (2020-21)

Outcome	Levers
MS Gain in Industrial	Technology Service
Good - will	Initiatives across stakeholders Customers, Dealers, Painters, Vendors, Employees & Society
Improvement in Profitability & Cash	Cost Reduction Overhead control Focus on collections

# Digital: A new way to connect (2020-21)



# Subsidiaries & Key outcomes (2020-21)

Subsidiaries	Issues	Outcome
<b>Domestic</b>		
Perma	Lockdowns impacted projects in Q1	Topline growth % at 4.2 EBITDA % increased to 13.3 from 9.7
Nerofix	JV operations started in Dec 19 Lockdowns had more impact on Retail segment	EBITDA% at 3.1 Expansion in Distribution
Marpol	Demand erosion in Auto segment	Topline Growth % at -1.9 EBITDA % at 9.8
<b>International</b>		
Nepal	Demand Erosion in Q1 & Q2 Liquidity issues	Topline Growth % at - 20 EBITDA % increased to 18 from 16.1
Bangladesh	Severe Impact of Covid in Q1 High Interest Costs	Sales bounced back from Q2; Topline Growth % at 15 EBITDA % improved to 6.1 from 2.9 Equity infusion in FY 20-21
Sri-Lanka	Working Capital Issues H1 also affected by Lockdowns Distribution Issues	Equity Infusion in FY 20-21 ; Topline growth % at 20; Losses reduced Shift to Distributor Model

# Financials – Standalone

## Q4 and FY 20-21

Rs. Millions	Q4				12M			
	2019-20	% to Net Revenue	2020-21	% to Net Revenue	2019-20	% to Net Revenue	2020-21	% to Net Revenue
Net Revenue	9880		13305		49432		46900	
Material Costs	6078	61.5	8728	65.6	30576	61.9	29114	62.1
Overheads	1918	19.4	1735	13.0	8248	16.7	6582	14.0
PBDIT	1278	12.9	2034	15.3	7816	15.8	8331	17.8
PAT	715	7.2	1279	9.6	5354	10.8	5311	11.3

**Growth Q4 : Net Revenue : 34.7% PBDIT : 59.2% PAT : 78.9%**  
**Growth FY 20-21 : Net Revenue : -5.1% PBDIT : 6.6% PAT : -0.8%**

# Financials – Consolidated

## Q4 and FY 20-21

Rs. Millions	Q4				12M			
	2019-20	% to Net Revenue	2020-21	% to Net Revenue	2019-20	% to Net Revenue	2020-21	% to Net Revenue
Net Revenue	10801		14596		52800		50743	
Material Costs	6593	61.0	9552	65.4	32586	61.7	31465	62.0
Overheads	2258	21.0	2053	14.1	9297	17.6	7620	15.0
PBDIT	1342	12.4	2135	14.6	8045	15.2	8633	17.0
PAT	654	6.1	1236	8.5	5158	9.8	5257	10.4

**Growth Q4 : Net Revenue : 35.1% PBDIT : 59.1% PAT : 89.0%**  
**Growth FY 20-21 : Net Revenue : -3.9% PBDIT : 7.3% PAT : 1.9%**

# Operating and Free Cash Flow

Particulars (Rs Millions)	2019-20	2020-21
Profit Before Tax	6836	7145
Add: Adjustment for Non-cash & non-operating items	1077	1335
<b>Operating Profit Before Working Capital Changes</b>	<b>7913</b>	<b>8480</b>
Changes in Working capital	(147)	(631)
Less : Direct tax paid	(1560)	(1463)
<b>Net Cash Flows generated from Operating Activities</b>	<b>6206</b>	<b>6386</b>
Less: Capital expenditure	(2170)	(965)
<b>Net cash (utilised) / generation</b>	<b>4036</b>	<b>5421</b>

# Cash Position

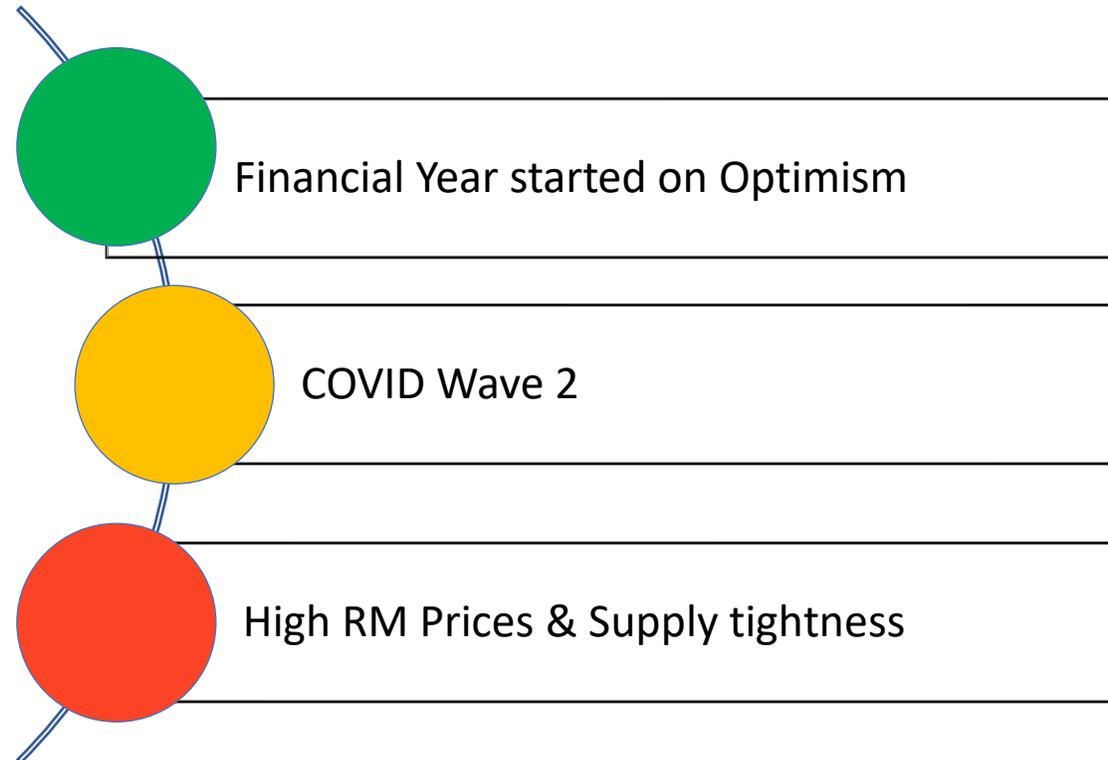
Element (Rs Million)	31 <sup>st</sup> Mar 2020	31 <sup>st</sup> Mar 2021
Cash & Bank (including FD)	1636	723
Treasury Investment	3051	6680
Total	4687	7403

# Dividend

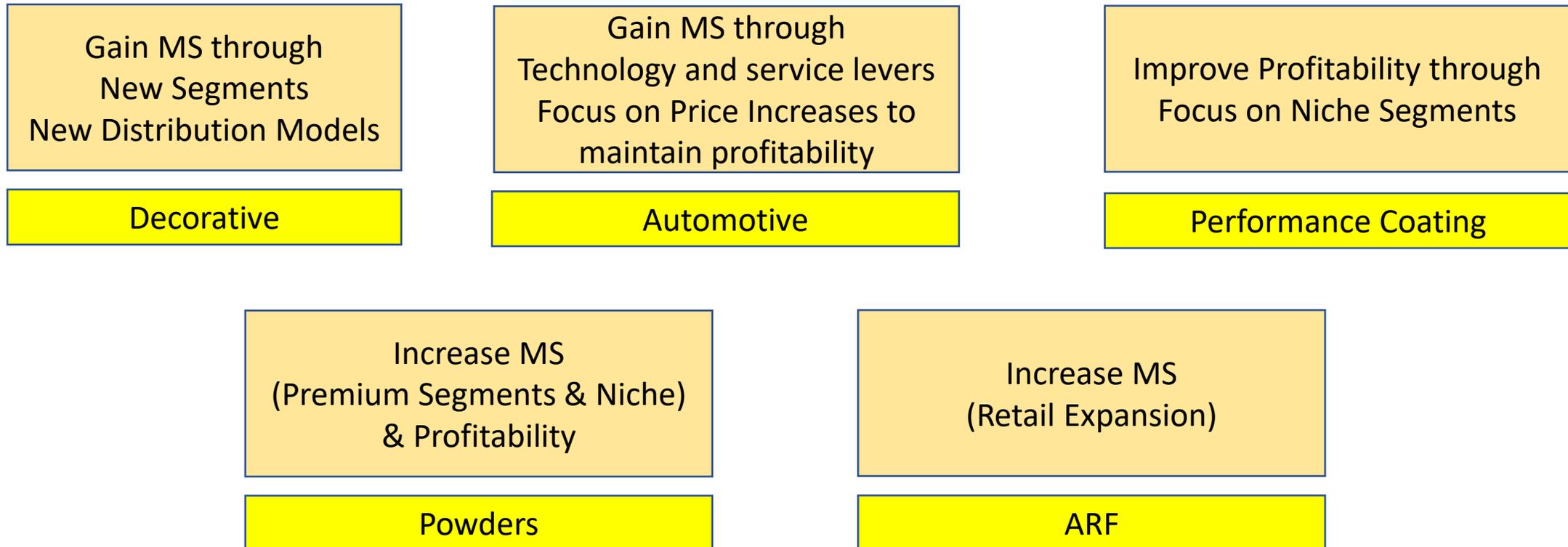
Financial Year	2018-19	2019-20	2020-21*
Dividend %	260	315	525

\*Interim dividend @ 125% and Final dividend @ 400% (including special dividend of 200%)

# Business Environment 21-22



# Business Focus



# Strategic Concentrated Investment

Objective: Increase in Market Share through			Key Thrust
	Decorative Growth Engines	Industrial Growth Engines	New Geographies
Existing	Differentiated products, New Distribution Models, Projects	Auto (Non-Japanese Approvals)	International Business
	Soldier	Non – Auto Technology based Niche Areas	
New Thrust Areas	Construction Chemicals	ARF	
	Adhesives	Coil Coatings	
	Premium Wood Finishes	Allied Business	
	Services		
Future	Explore New Opportunities (New Segments, New Geographies, Technology, Inorganic Opportunities)		

# Expansion of partnerships

## KNP and Kansai Japan

Technology / Approvals for  
European, American, Korean  
Car makers

Technology for EVs / Alternate  
surfaces

Global Automotive Customer  
Relationships

New / Breakthrough  
Automotive Technology

## KNP and KP Group

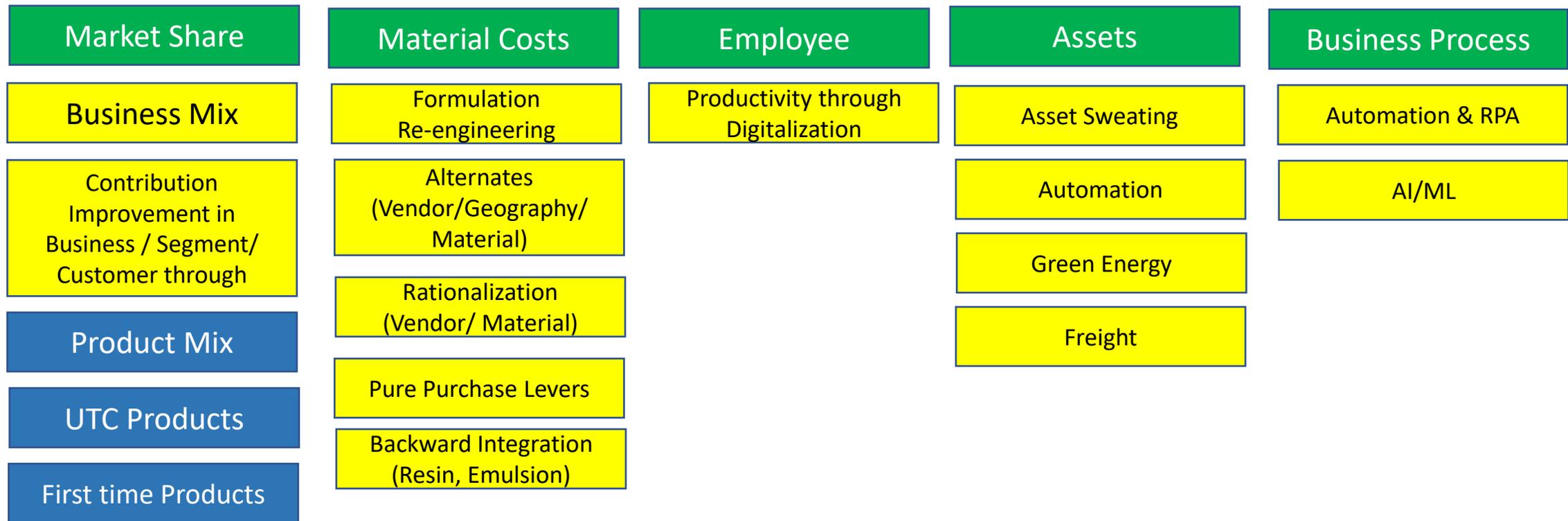
Global procurement  
benefits

Global technology  
collaboration

Approvals at European  
Global Majors in EPC,  
Transportation segments

# Thorough Improvement of Profitability

Drive Improvements across using the Levers of



# Talent Development

Objective: Agility, Fast Decision Making and Competent Future Leaders

Key concept 1: Flatten the organization

Key concept 2: Get Key positions manned by Next Gen Talent

Key concept 3: Talent Acquisition

Key concept 4: Business Heads with Profitability Objective

Key concept 5: Competency Assessment for all Managers

Key concept 6: Competence Enhancement (Digital University for Top 200 Managers)

Key concept 7: Training (Ivy League External Intervention)

# Strengthen Infrastructure – 1/3

Objective: World class infrastructure around Technology, Manufacturing, Brand

New R&D Set up with plant level R&D



Digital Factories / New technology  
Capacity: 547 M L

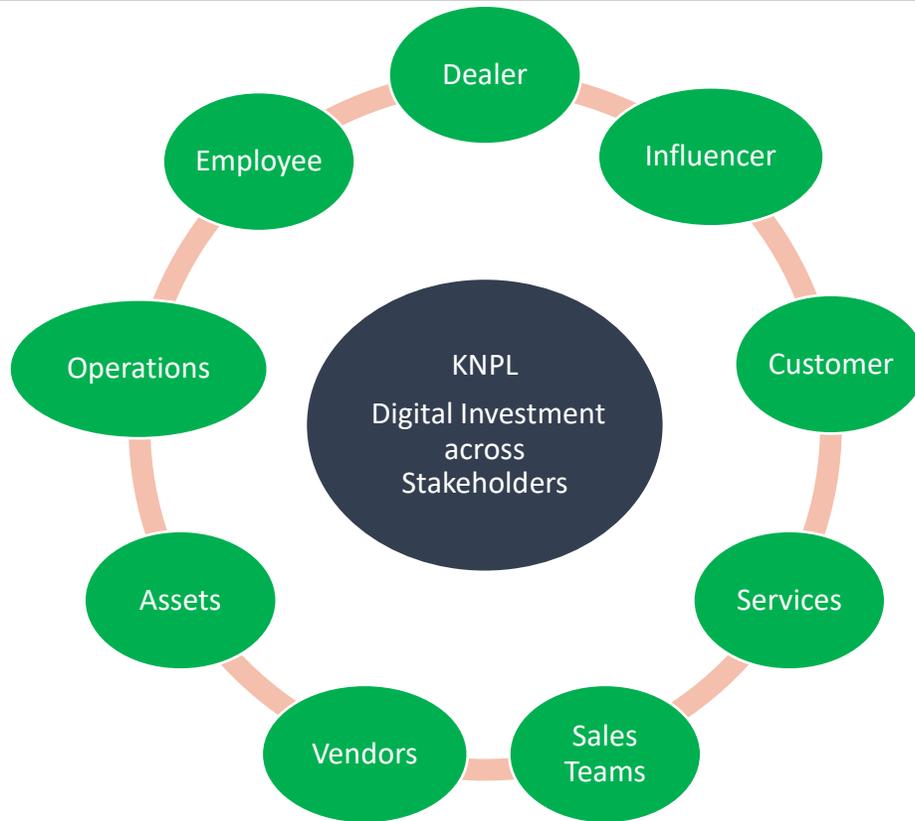


Investment in the Brand through Influencers and Consumers for long term  
success: Colors that Care



# Strengthen Infrastructure – 2 / 3

## Digital Thrust



A. Creation of Digital Assets  
(Non-Transactional)

B. Automation and Control  
(Automation of Transaction & Decisions)

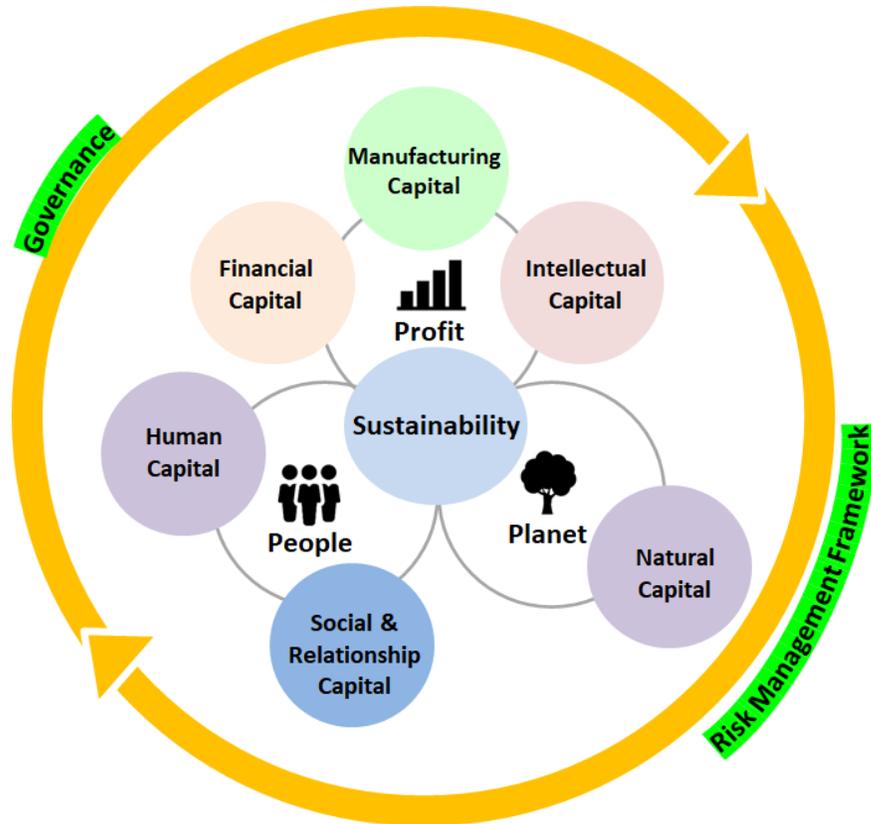
C. Intelligence Layer  
(Visual, Predictive, Outside – In)

D. Experience Layer  
(Digital experience for stakeholders)

E. Smart Enterprise  
(Industry 4.0)

# Strengthen Infrastructure - 3/3

## ESG Focus



Performance Goals under the six capitals as encompassed by the 3 Ps (Profit – Economic, Plant – Environment& People (Social)

Aspire to be in the Top quartile of global ESG Indices like MSCI, S&P and FTSE

# CAPEX

Rs Million	2020-21	2021-22
Projects	1053	1910
Normal	417	890
<b>Total</b>	<b>1470</b>	<b>2800</b>

**Thank You**

