

November 4, 2020

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.: Q2 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 November 3, 2020, with respect to the Conference Call to be hosted by the Management of our Company on Thursday, November 5, 2020 at 11 a.m. (IST) to discuss Q2 FY 20-21 Financial Results of the Company, we are enclosing herewith an Investor Presentation.

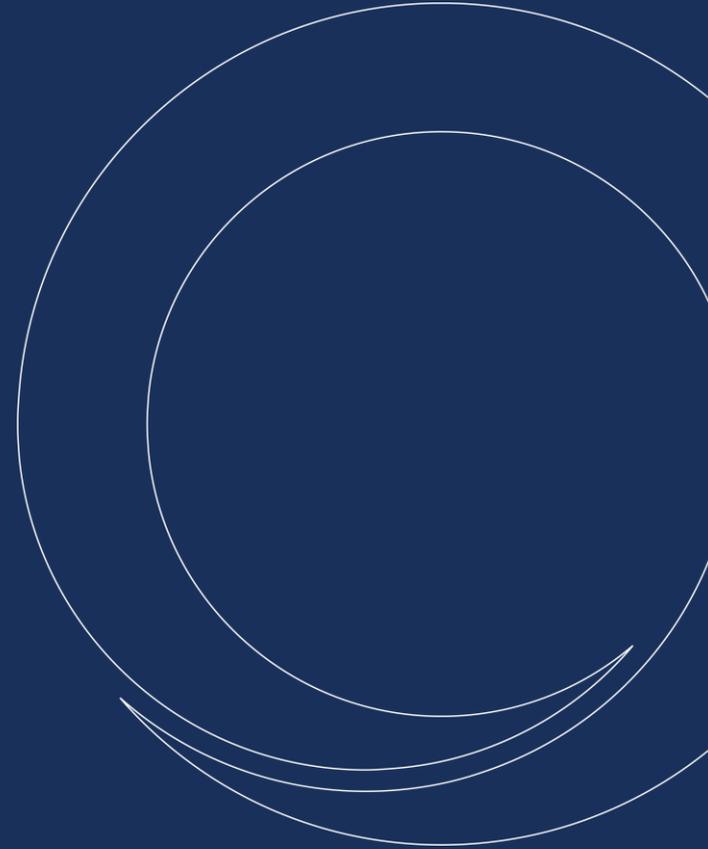
For **KANSAI NEROLAC PAINTS LIMITED**

G. T. GOVINDARAJAN
COMPANY SECRETARY

NEROLAC



Investor Presentation Q2 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.

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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 – Sep 2020*

Business Environment 20-21

- ❑ Lockdown eased during the 2nd Quarter though some metros like Mumbai continued to be affected
- ❑ Decorative demand was strong in Q2
- ❑ Demand started looking up in Industrial September onwards

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Financials

Standalone Q2

Rs. In Crores	Q2 2019-20	% to Net Sales	Q2 2020-21	% to Net Sales
Net Revenue	1243.5	100.0	1288.1	100.0
Contribution	404.1	32.5	427.9	33.2
Overhead	191.1	15.4	168.5	13.1
PBDIT	212.9	17.1	259.4	20.1
Other Income	3.9	0.3	4.3	0.3
PBT Before Exceptional item	187.0	15.0	229.6	17.8
Exceptional item (Impairment of Investment)	-	0.0	10.8	0.8
PBT After Exceptional item	187.0	15.0	218.8	17.0
PAT	193.4	15.6	158.5	12.3

Growth - Net Revenue : 3.6% PBDIT: 21.8%, PAT : -18.0%

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Financials

Standalone H1

Rs. In Crores	YTD Sept 2019-20	% to Net Sales	YTD Sept 2020-21	% to Net Sales
Net Revenue	2707.0	100.0	1886.1	100.0
Contribution	889.9	32.9	637.5	33.8
Overhead	427.9	15.8	297.7	15.8
PBDIT	462.0	17.1	339.9	18.0
Other Income	10.5	0.4	12.3	0.7
PBT Before Exceptional item	413.5	15.3	284.9	15.1
Exceptional item (Impairment of Investment)	-	-	10.8	0.6
PBT After Exceptional item	413.5	15.3	274.0	14.5
PAT	341.3	12.6	201.3	10.7

Growth - Net Revenue : -30.3% PBDIT: -26.4% , PAT : -41.0%

Financial Analysis Q2

Positive Factors

- Benign Raw Material price trend continued
- Judicious control on cost and overheads

Negative Factors

- Volatile exchange rate

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Decorative

Nerolac launched its hygiene care range



Nerolac launched 1st Anti Viral Paint “Virus Guard”



New Branding introduced in the market



Painter Training Program for Fumigation & Hygiene



Market

- Growth is higher from Tier-2 and Tier3 towns in comparison to Metro and Tier 1 towns

Highlights

- Demand for Emulsions also started picking up
- Company expanded its Construction Chemicals offering, which is well accepted by the market
- Launched First antiviral paint “Virus Guard” in September

Industrial

Market

- Auto industry has gradually picked up in September but for the quarter it was negative
- All segments of the Auto Industry are staging a recovery led by Tractor and Passenger Vehicle segment
- Ancillary production is also back on track

Highlights

- Gained Market Share in Automotive

Subsidiary Performance

India

MARPOL

- Recorded a good growth in Q2
- Shareholders approved the merger with KNP at the NCLT Meeting held on 20th Oct 2020

PERMA

- Recorded a good growth in Q2
- Shareholders approved the merger with KNP at the NCLT Meeting held on 20th Oct 2020

NEROFIX

- Business continued to be under pressure in Q2 due to slow offtake especially in the Industrial adhesives space

Subcontinent

NEPAL

- Impact of Covid Lockdown continued in Q2
- Demand was impacted.

LANKA

- Demand was affected due to COVID in Q2 as well

BANGLADESH

- Company recorded high double digit growth

Operations Support

Operational

- SOP (Standard Operating Procedure) being following for COVID-19 in all plants for safe working environment.
- Safety trainings were conducted across plants for the workers
- Support was provided to all Auto OEMs and Ancillaries for ramping up their productions
- Dealer App for the channel was launched

Business Environment FY 20-21***Financial Performance FY 20-21*****Business Review FY 20-21*****Risks and future outlook**

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Risks and Outlook

Risk

- While demand is improving overall, season outlook is positive, consumer sentiment post season is difficult to predict
- Crude expected to rise as demand revives and input prices are therefore likely to firm up

Outlook

- Growth is expected to be positive in both Decorative and Industrial
- Rural markets are expected to do well on the back of a good monsoon this season



THANK YOU