

2nd February, 2022

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.: Q3 FY 2021-22 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 1st February, 2022 with respect to the conference call to be hosted by the Management of our Company on Friday, 4th February, 2022 at 11:00 a.m. (IST) to discuss Q3 FY 2021-22 Financial Results of the Company, we are enclosing herewith an Investor Presentation.

For KANSAI NEROLAC PAINTS LIMITED



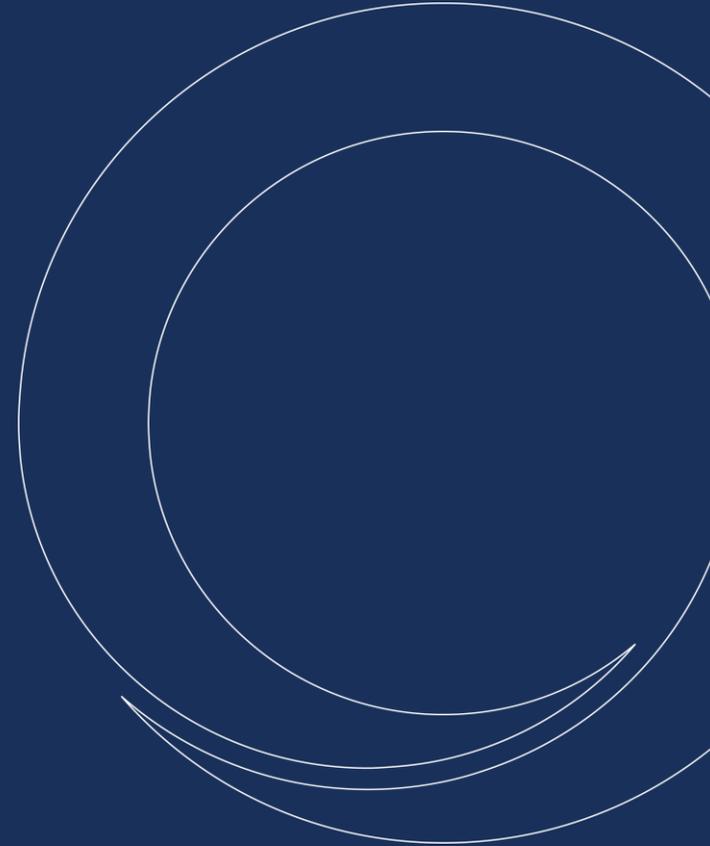
G. T. GOVINDARAJAN
COMPANY SECRETARY



NEROLAC



Investor Presentation Q3 Update (FY 21-22)



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 21-22*

Financial Performance FY 21-22*

Business Review FY 21-22*

Risks and Future Outlook

**The details in the presentation are for the period September - December 2021*

Business Environment FY 21-22 Q3

- ❑ With the onset of festive season and containment of the COVID spread, sentiment had remained positive, and demand was good.
- ❑ The shortage of semiconductor chips continued to impact automotive production.
- ❑ Raw material prices continued to rise, along with volatility in crude and forex.
- ❑ Supply disruptions continued across the globe.
- ❑ Significant rise in COVID omicron cases impacted demand in second half of December

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Standalone Q3 FY 21-22

Rs. In Crores	Q3 2020-21	% to Net Revenue	Q3 2021-22	% to Net Revenue
Net Revenue	1498.1	100.0	1693.7	100.0
Contribution	486.1	32.4	437.5	25.8
Overhead	192.4	12.8	227.6	13.4
PBDIT	293.7	19.6	210.0	12.4
Other Income	14.1	0.9	9.3	0.5
PBT	270.4	18.0	178.0	10.5
PAT	202.7	13.5	132.7	7.8

Growth - Net Revenue : 13.1% PBDIT: -28.5%, PAT : -34.7%

Standalone YTD Dec 2021

Rs. In Crores	YTD Dec 2020	% to Net Revenue	YTD Dec 2021	% to Net Revenue
Net Revenue	3415.1	100.0	4536.1	100.0
Contribution	1135.6	33.3	1167.4	25.7
Overhead	498.8	14.6	603.0	13.3
PBDIT	636.9	18.6	564.4	12.4
Other Income	26.4	0.8	25.2	0.6
PBT Before Exceptional item	552.9	16.2	467.7	10.3
Exceptional item	-10.8	-0.3	0.0	-
PBT After Exceptional item	542.1	15.9	467.7	10.3
PAT	402.1	11.8	349.8	7.7

Growth - Net Revenue : 32.8% PBDIT: -11.4%, PAT : -13.0%

Financial Analysis Q3 FY 21-22

☐ Positive Factors

- Demand momentum continued in Decorative
- Good growth witnessed in Construction Chemicals, Wood finishes and Project sales.
- 21 % price increase implemented in Decorative YTD
- Average Price increase of 18 % implemented in Industrial business
- Judicious Control on cost and overheads continued

☐ Negative Factors

- In Auto, demand was muted on account of the semi-conductor chips shortages
- Continued to witness inflationary pressures along with volatility in crude and forex.

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Decorative

New Products launched



**Nerolac Beauty
Ceiling Emulsion**
(Interior)



**Zinc Yellow
metal Primer**



**Nerolac Excel Mica
Marble Stretch &
Sheen** (Exterior)



Excel Texture



Nerofix Super
(Adhesive)



Rapid Set
(Construction
Chemical)

Market

- Growth of Metro and Tier 1 towns was higher than upcountry markets

Highlights

- Two price increases during the quarter
- Digital launch for upcoming range of new products
- REACH certification received for NC (Nitro – cellulose) Range
- Emulsion saliency increased led by higher growth in Super Premium
- Contribution of New Products launched in the last three years has further increased
- In Construction Chemicals and Premium wood finishes, range is well accepted and growing in line with market
- Projects business has picked up in Q3
- Distribution growth is in double digit

Industrial

Market

Automotive:

- Passenger Vehicle segment OEMs continue to face supply chain challenges on semiconductor front
- Commercial vehicle segment has seen some revival in terms of growth numbers due to low base.
- Two-wheeler demand remained subdued due to rising fuel prices and lower rural demand.
- Tractor segment was sluggish

Highlights

- Focus was on obtaining price increases to counter the unprecedented inflation
- Despite global supply chain challenges company maintained un-interrupted supplies to customers
- WRAS Certification received for products used in water pipes (Performance coatings range)

Highlights

- KNP rated in the Top Quartile of S&P ESG Index (Chemical Industry) in CSA 2021
- KNP rated in Top Quartile in Manufacturing Space and Rated No 1 in Paint Sector by CRISIL in ESG Compendium in 2021

Subsidiary Performance

NEROFIX

- Revenue of Nerofix grew by 60% in Q3 as compared to Q3 of 2020-21.

NEPAL

- Q3 Net sales have de-grown but YTD net sales grew by 36%

BANGLADESH

- Net sales grew by 22% for Q3

LANKA

- Net sales grew by 88% for Q3
- Issues faced with critical raw material imports due to severe forex crisis

Appropriate price increases taken at all subsidiaries

Business Environment FY 21-22***Financial Performance FY 21-22*****Business Review FY 21-22*****Risks and Future Outlook**

**The details in the presentation are for the period September - December 2021*

Risks and Outlook

□ Risk

- Inflationary trend likely to continue
- Supply shortages of semiconductors is expected to continue
- Impact of COVID likely to be for a limited period

□ Outlook

- Impact of COVID visible in first half of Q4 2021- 22 in Decorative
- Additional price increase required in industrial business to counter inflation.
- Good growth in infrastructure, core sector is likely to have a positive effect on demand.



THANK YOU