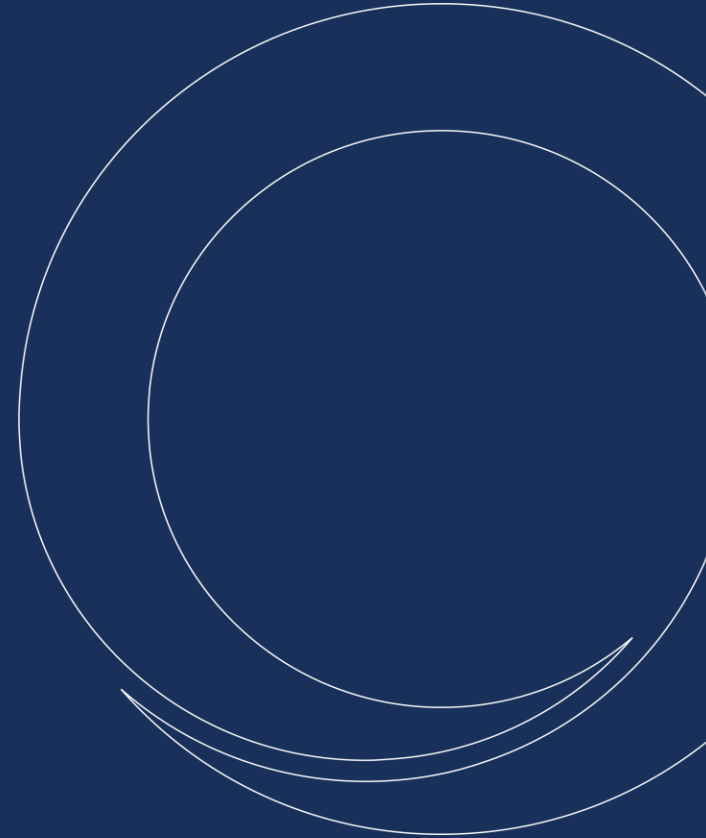


NEROLAC



Investor Presentation Q2 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 July – September 2021*

Business Environment FY 21-22 Q2

- ❑ With the progressive unlocking in Q2, sentiment remained positive, and demand has been healthy
- ❑ The shortage of semiconductor chips affected Automotive production
- ❑ Crude and chemical prices moved up significantly
- ❑ The quarter witnessed significant hardening of Raw material prices with Inflation reaching unprecedented levels
- ❑ Numerous force majeure across the globe created many supply-chain bottlenecks.

Agenda

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Financials

Standalone Q2 FY 21-22

Rs. In Crores	Q2 2020-21	% to Net Revenue	Q2 2021-22	% to Net Revenue
Net Revenue	1308.9	100.0	1520.7	100.0
Contribution	436.3	33.3	351.4	23.1
Overhead	173.2	13.2	186.7	12.3
PBDIT	262.8	20.1	164.7	10.8
Other Income	4.4	0.3	6.2	0.4
PBT	230.2	17.6	130.6	8.6
Exceptional item	10.8	0.8	-	-
PBT After Exceptional item	219.4	16.8	130.6	8.6
PAT	159.3	12.2	98.5	6.5

Growth - Net Revenue : 16.2% PBDIT: -37.3%, PAT : -38.1%

Financials

Standalone H1 FY 21-22

Rs. In Crores	YTD Sept 2020-21	% to Net Revenue	YTD Sept 2021-22	% to Net Revenue
Net Revenue	1917.1	100.0	2842.4	100.0
Contribution	649.5	33.9	729.8	25.7
Overhead	306.2	16.0	375.4	13.2
PBDIT	343.1	17.9	354.4	12.5
Other Income	12.3	0.6	15.9	0.6
PBT	282.5	14.7	289.6	10.2
Exceptional item	10.8	0.6	-	-
PBT After Exceptional item	271.7	14.2	289.6	10.2
PAT	199.4	10.4	217.4	7.6

Growth - Net Revenue : 48.3% PBDIT: 3.3%, PAT : 9.0%

Financial Analysis Q2 FY 21-22

Positive Factors

- Good Demand momentum witnessed
- Struck a balance between top line and bottom line
- Judicious Control on cost and Overheads continued
- Price increase taken, partially compensates inflation

Negative Factors

- Unprecedented inflationary pressures coupled with force majeure.
- Continued Volatility in Forex

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Decorative

Nerolac launched 2 new Products in Construction Chemicals Range

PERMA Damp Protect - Exterior and Interior



Market

- Demand was stronger in larger towns

Highlights

- New businesses – CC, Adhesives & Premium Wood contributed well.
- Focus on premium Emulsion paints
- Contribution from New Products improved significantly
- Price increase in line with Industry
- Digital connect with Dealers and Painters gained momentum.
- With integration of Perma Construction Aids Pvt. Ltd. Projects business has been strengthened.

Industrial

Market

- Production drop across various Passenger Vehicle (PV) OEMs for the month of Aug & Sept 21 due to chip shortage.
- Demand in 2 wheeler segment remained subdued during the quarter.
- Three wheeler segment performed well and witnessed a demand revival in the market.
- CV segment continues on revival path
- Tractor segment continued to show growth momentum in Q2.

Highlights

- Focus on new and competition business
- Price increase efforts are on to offset inflation

Subsidiary Performance

India

MARPOL

- Merged with Kansai Nerolac Paints Ltd.

PERMA

- Merged with Kansai Nerolac Paints Ltd.

NEROFIX

- Nerofix witnessed significant topline growth

Subcontinent

NEPAL

- Nepal had strong Sales growth despite demand being impacted in July & August due to continuous rains and sporadic COVID lockdowns

LANKA

- Lanka continues to be on a path of revival despite the longer lock down in Q2

BANGLADESH

- Growth was impacted in Q2 on account of COVID related strict lockdown, but remained healthy at H1 level

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Risks and Future Outlook

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Risks and Outlook

□ Risk

- Inflationary Trend likely to continue
- Supply shortages of semiconductors may continue longer

□ Outlook

- Factors like good monsoon, buoyancy of the economy on account of containment of COVID due to vaccination program should keep demand healthy.
- Good growth in infrastructure, core sector as well as automobile and real estate is likely to have a positive effect on the overall demand of paint for the industry in long run.



THANK YOU