

11th May, 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.: Q4 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 9th May, 2022, with respect to the Conference Call to be hosted by the Management of our Company on Thursday, 12th May, 2022 at 11:00 hrs India Time to discuss Q4 FY 2021-22 Financial Results of the Company, we are enclosing herewith an Investor Presentation.

For **KANSAI NEROLAC PAINTS LIMITED**

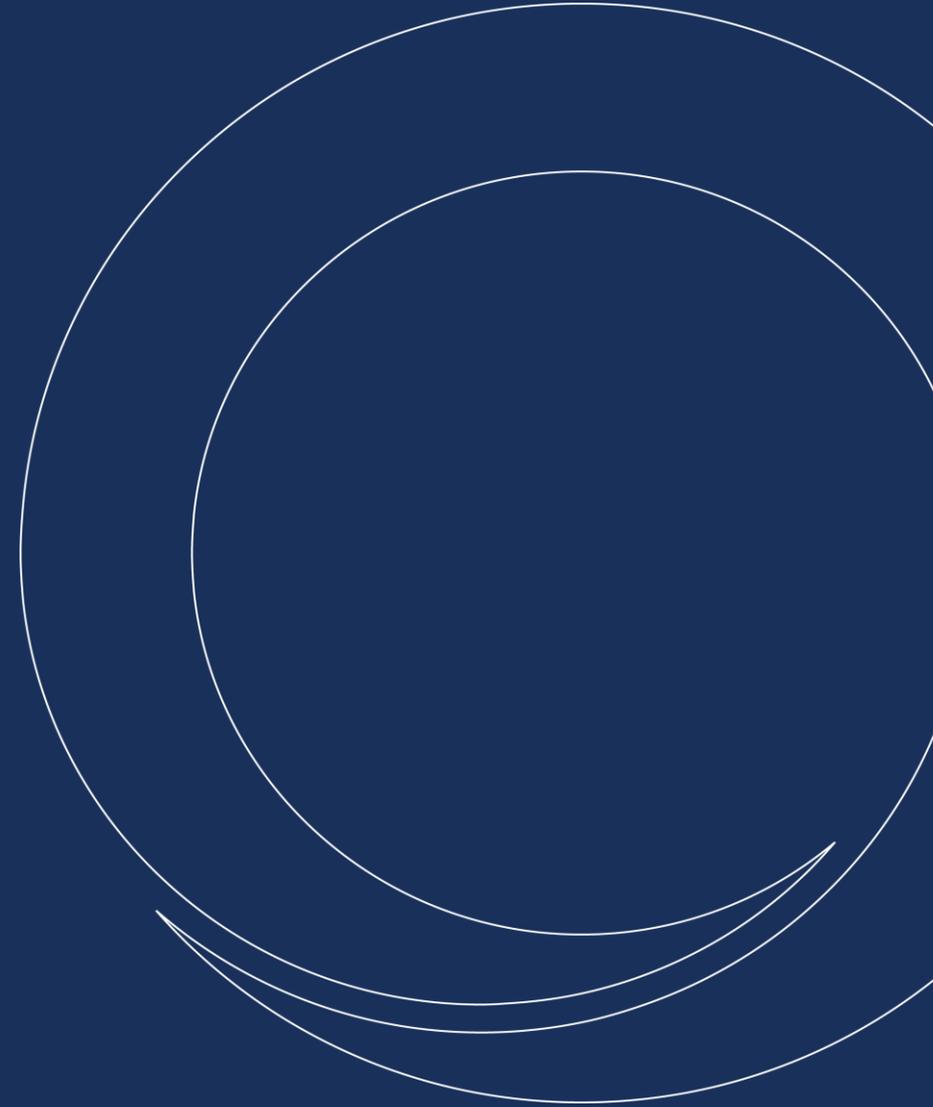


G. T. GOVINDARAJAN
COMPANY SECRETARY

NEROLAC



- **Investor Presentation
(Update 21-22)**



Disclaimer

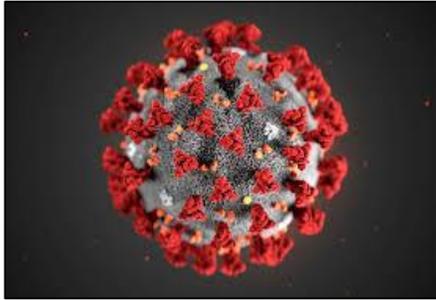
This presentation may contain statements which reflect management's current views and estimates and could be construed as forward making statements. The future involves certain risks and uncertainties that could cause actual results to differ materially from the current views being expressed. Potential risks and uncertainties include such factors as general economic conditions, foreign exchange fluctuations, competitive product and pricing pressures and regulatory developments

Agenda

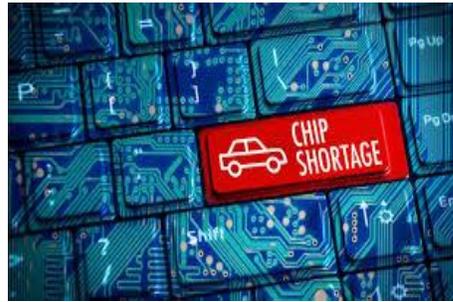
- **Business Environment FY 2021-22**



Recap of Business Environment 2021-22



COVID 2nd & 3rd wave



Semiconductor shortages



Geo political Challenges & Ukraine war



Currency appreciation



Crude oil price



Logistics challenges



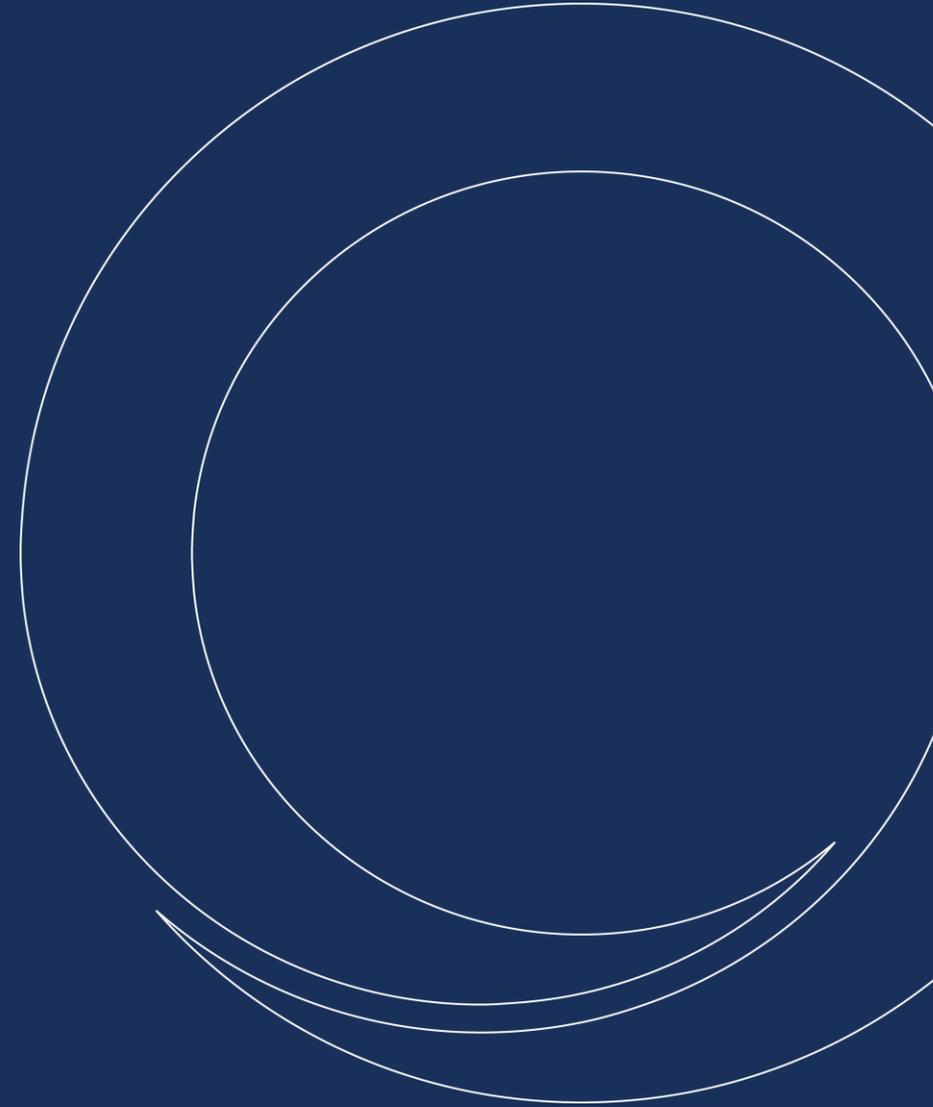
Rural demand slowdown



Force Majeure

Agenda

- **Business Review FY 2021-22**



Decorative Highlights

- **Product portfolio** expanded
- **Price increase** taken during the year ~21%
- Construction Chemicals range further expanded
- Premium Wood finishes have shown good traction
- Digitized the **influencer journey**
- Wood finish NC based product segment got **REACH** certified

NEROLAC PAINT+



Industrial Highlights

- Strengthen position in Automotive segment
- Witnessed High **material inflation** and partly compensated by **price increase**
- KNP is a key player in **Electric vehicle** segment
- **Best Supplier** Awards from major OEMs like Honda Motorcycles and Scooters and Isuzu Motors
- Gained traction in **Niche areas** of Performance coating divisions
- Privileged to paint **Mumbai trans- harbour bridge** with 5 coat technology.
- Received **WRAS** (M/s Water Regulations Approval Scheme Ltd, UK) certification for water pipeline coatings.
- Made further inroads in **Auto Refinish**



Manufacturing footprint

- **Capacity** in 583 mn ltr.
- Average **Capacity utilization** is 60%
- **Backward Integration**
 - New resin manufacturing facility commissioned at Sayaka plant
 - New emulsion manufacturing facility commissioned at Amritsar plant
- **New Wood-finish** facility commissioned at Jainpur plant
- Focus on **manufacturing excellence**.
- **Digitization** projects initiated in our manufacturing facilities



Supply Chain & Services

- Focused on improving **OTIF (On Time in Full)** service level for Industrial customers.
- For Decorative segment, we added 5 new **regional distribution centers** for improving customer service.
- Company is now **AEO certified** which will aid faster custom clearance



Human Capital

- Certified Great Place to Work for second time in 2021
- Focused on employee health and well being
- Employee participation in CSR activities
- Increase gender diversity



Celebrating the incredible
Women of Nerolac!



Great
Place
To
Work®

Certified

JUL 2021-JUL 2022

INDIA

™

Intellectual Capital

Our Edge - Decorative

- Product range expansion through unique features
- Complete range of products in construction chemicals, wood-finish and adhesives.
- Cater to all segments Premium, popular & economy.
- Continue on journey of Low VOC & Zero Heavy Metals platform

Our Edge - Industrial

- Best-in-class technical services and Value-added solutions
- Sustainable and Resource efficient products.
- Launched High performance Solid Monocoat for CV segment, Coating for Rotamould Nylon Petrol tank.
- Technology Differentiators like Medium high solids, low VOC products, Direct to Metal Anticorrosive Technologies, Low Bake Technology
- Partnerships with experts and customers to foster innovation and colour trends



ESG - Sustainability

Our Approach

- Follow a triple bottom line (3P – People, Planet and Profit) approach to judiciously manage the six capitals

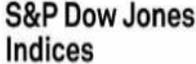
Our Materiality and Targets

- **Decarbonization**
 - Roadmap for Carbon Neutrality
 - RE 70 (70% Electricity from Renewable source)
 - Improved energy efficiency
- **Quality of Life**
 - ZERO violations/complaints for human rights
 - Touching maximum lives through CSR interventions
 - Move towards Zero incident-accident
- **Resource Use**
 - Being Water Positive by FY 24-25
 - Zero liquid discharge
 - Diversion of waste away from landfill
- **Diversity**
 - Achieve set targets on Gender diversity & Disabled workforce
- **Governance**
 - Board oversight on Sustainability
 - Enterprise Risk Management

Commitment

- Regular and transparent reporting of our progress on short/long-term goals on Environment, Social & Governance

Awards & Ratings

| | |
|---|--|
|  <p>A Division of S&P Global</p> | <p>S&P Featured in the Top Quartile of Global Chemical Industry S&P ESG Index in CSA 2021</p> |
|  <p>An S&P Global Company</p> | <p>CRISIL ESG Gauge Ranked in Top Quartile in Manufacturing space and rated #1 in Paint Sector</p> |
|  | <p>NSE 50 Featured in NSE 50 Companies evaluated for ESG footprint</p> |

Environment, Health and Safety – Key Highlights

Greenbelt Development

- Total of **53,811 trees** are planted inside factory premises across all locations of which **6,564 trees** were planted in FY 2021-22
- **6,760 trees** were planted outside factory premises through CSR activities



Certification

| | Bawal | Hosur | Jainpur | Lote | Sayaka | Goindwal Sahib | Perma, | Marpol |
|-----------------|-------|-------|---------|------|--------|----------------|--------|--------|
| ISO 14001: 2015 | Yes | Yes | Yes | Yes | Yes | Yes | Yes | No |
| ISO 45001: 2018 | Yes | Yes | Yes | Yes | Yes | Yes | Yes | No |



Health and Safety

Trainings

- Ensured over **90% coverage**.
- Initiated **Personal Level Risk Assessment** across all plants
- **External Safety trainings** through suppliers/ External agency ICC,CII

Others

- In- house **Safety Culture Survey**
- Intra-plant **Safety CAPA competitions to promote safety awareness**
- **Successfully completed** Global Safety and Quality standard audit by KPJ audit at Bawal

Society – CSR Initiatives



Rural development/Community development



Promoting Education



Preventive Health Care & Sanitation



Ensuring Environmental Sustainability (Rain Water Harvesting)

Governance

Internal Audit with Focus on
Control Efficiency Index (CEI)
Robust Control Index (RCI)

Governance

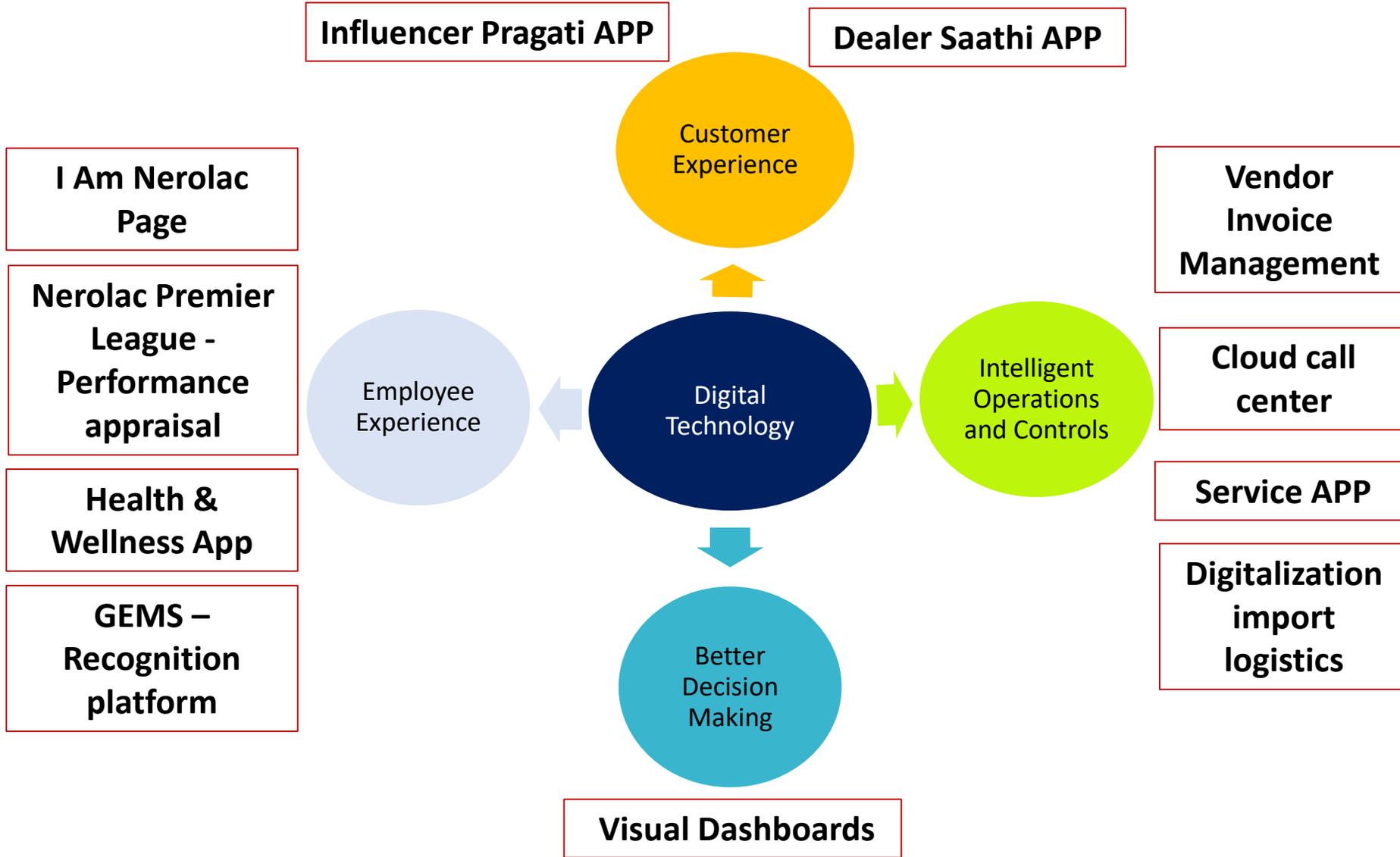
Online Compliance Tracking

Compliance

System enabled
Enterprise Risk Management

Risk

Digital Technologies



Financials – Standalone Q4 and FY 21-22

| Rs. Millions | Q4 | | | | | 12M | | | | |
|----------------|---------|---------------|---------|---------------|-------|---------|---------------|---------|---------------|-------|
| | 2020-21 | % to Net Sale | 2021-22 | % to Net Sale | Gr % | 2020-21 | % to Net Sale | 2021-22 | % to Net Sale | Gr % |
| Net Revenue | 13558 | | 14128 | | 4.2 | 47709 | | 59489 | | 24.7 |
| Material Costs | 8873 | 65.4 | 10177 | 72.0 | | 29574 | | 41293 | | |
| Overheads | 1802 | 13.3 | 2249 | 15.9 | | 6789 | 14.2 | 8279 | 13.9 | |
| PBDIT | 2067 | 15.2 | 829 | 5.9 | -59.9 | 8435 | 17.7 | 6473 | 10.9 | -23.3 |
| PAT | 1285 | 9.5 | 245 | 1.7 | -81.0 | 5306 | 11.1 | 3743 | 6.3 | -29.5 |

Financials – Consolidated

Q4 and FY 21-22

| Rs. Millions | Q4 | | | | | 12M | | | | |
|----------------|---------|---------------|---------|---------------|-------|---------|---------------|---------|---------------|-------|
| | 2020-21 | % to Net Sale | 2021-22 | % to Net Sale | Gr % | 2020-21 | % to Net Sale | 2021-22 | % to Net Sale | Gr % |
| Net Revenue | 14596 | | 15366 | | 5.3 | 50743 | | 63694 | | 25.5 |
| Material Costs | 9552 | 65.4 | 11074 | 72.1 | | 31465 | 62.0 | 44273 | 69.5 | |
| Overheads | 2053 | 14.1 | 2536 | 16.5 | | 7620 | 15.0 | 9326 | 14.6 | |
| PBDIT | 2135 | 14.6 | 839 | 5.5 | -60.7 | 8633 | 17.0 | 6494 | 10.2 | -24.7 |
| PAT | 1236 | 8.5 | 192 | 1.2 | -84.5 | 5257 | 10.4 | 3431 | 5.4 | -34.7 |

Working Capital

| Rs Million | FY 2020-2021 | | FY 2021-2022 | |
|-------------------------------------|--------------|-----|--------------|-----|
| | Value | NOD | Value | NOD |
| WORKING CAPITAL | | | | |
| Inventories | 11118 | 124 | 15315 | 135 |
| Debtors | 8465 | 50 | 9654 | 50 |
| Loans & Advances | 4438 | | 4177 | |
| Cash & Bank balances (Excluding FD) | 833 | | 806 | |
| Total | 24854 | | 29952 | |
| Less: Curr. Liab. & Prov. | 11612 | | 12248 | |
| NET WORKING CAPITAL | 13242 | | 17704 | |

Dividend

| Financial Year | 2019-20 | 2020-21 | 2021-22 |
|-----------------------|----------------|----------------|----------------|
| Dividend % | 315 | 525* | 225 |

** Includes special dividend of 200%*

CAPEX

| Rs Million | 2019-20 | 2020-21 | 2021-22 |
|------------|---------|---------|---------|
| Projects | 1430 | 1140 | 1415 |
| Normal | 740 | 600 | 875 |
| Total | 2170 | 1740 | 2290 |

Subsidiaries – International

Nepal

- YTD Net sales Growth : 22.5%
- Secondary sales were sluggish from Q4, due to slow rotation of money due to extended monsoon
- Liquidity crunch with Banks started in the last 4 months of this fiscal
- YTD Price increase taken around 13.5%

Bangladesh

- YTD Net Sales Growth: 41.2%
- Overall price increase of 18.5% across range
- Range of Construction chemical and Industrial was expanded

Sri Lanka

- YTD Net sales Growth: 68.3%
- Sales were affected due to Complete lockdown on island IN Q1 and Q2
- Sri Lanka, is going through a economic crisis which has impacted business activity as well as lives of people in general
- 4 Price increases rolled out across the range during the year; a consolidated price increase of ~58% taken during the year

Subsidiaries – Domestic

Nerofix (Adhesives)

- Sales growth was 57.8% for the year
- Profitability lower due to high inflation of 35%
- Total Price increase taken 18.5%
- Completed the product Portfolio by Launching NeroFix Super, NeroFix Smart, NeroFix AquaSmart



- **Thank you**