KANSAI NEROLAC PAINTS LIMITED

May 7, 2019

1. Corporate Relationship Department
BSE Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400 001

2. Manager – Listing
National Stock Exchange of India Ltd.
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex, Bandra (E),
Mumbai - 400 051

Sub.: Q4 FY 19/ FY19 financial results Conference Call – Investor Presentation 2018-19

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

Dear Sirs,

This is with reference to the intimation done by the Company yesterday on conference call to be hosted by the Company today, i.e. Tuesday, May 7, 2019 at 16.00 hrs (IST) to discuss Q4 FY 19 / FY19 financial results of the Company. Further to this, we are enclosing herewith an Investor Presentation.

Thanking you,

Yours Faithfully,

For **KANSAI NEROLAC PAINTS LIMITED**

G. T. Govindarajan

G.T.GOVINDARAJAN
COMPANY SECRETARY

KANSAI NEROLAC PAINTS LTD MUMBAI

Encl as above.

KANSAI NEROLAC PAINTS LIMITED

Investor Presentation
2018-19
May 2019

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 18-19*
- Financial Performance FY 18-19*
- Business Review FY 18-19*
- Risks and future outlook

**The details in the presentation are for the period April – March 2019*

Business Environment 18-19

- Reduction of GST rates from 28% to 18% is positive for the industry
- Demand was a concern in fourth quarter
- Automotive industry saw a downward trend from quarter 3
- High inflationary trend in the first half of the year followed by volatility in the second half
- Geo-political concerns at a global level

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Financials
Q4 and 18-19

Rs. Crore

Standalone	Q4 2018	Q4 2019	% Gr	1718	1819	% Gr
Net Sales	1098	1142	**4.0**	4570*	5139	**12.5**
EBITDA	169	150	**-11.4**	790	742	**-6.0**
EBITDA % of Net Sales	**15.4**	**13.1**		**17.3**	**14.4**	
PAT	106	93	**-12.3**	516	467	**-9.5**
PAT % of Net Sales	**9.6**	**8.0**		**11.3**	**9.0**	

* Net sales for FY 17-18 is net of excise duty

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Financial Analysis 1819

Positive Factors

- Increased saliency of Decorative
- Increased emulsion saliency
- Cost increase in decorative could be passed but with lag effect, and in industrial it was passed on partially
- Cost Reduction efforts across the company

Negative Factors

- Adverse impact of foreign exchange & Crude
- Only partial price increase in Industrial

Other Hallmarks

- All new capital projects funded through internal accruals
- Dividend maintained at 260%. Payout ratio is 36%

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Decorative 1819

- Double digit growth
- Cumulative price increase around 6.2% due to increase in input prices
- Continued increase in Dealer Network to above 24,000 with CCD Machine penetration of around 70%
- Increase in Emulsion salience consistently
- New products in Premium Category : Premium emulsions(Ultra HD & Ultra Fresh) and Premium Wood coating(Italia & Gloria) launched

Decorative 1819

- Soldier brand continued its high growth path
- Introduced paint application tools in select markets
- Entry into Adhesives and Construction Chemicals
- Growing Brand
  - Launch of marketing campaign “Little bit of Nerolac”, introducing Mr. Ranveer Singh as the new face of brand Nerolac
  - Continued marketing on sporting events (Nerolac 12^{th} Man & 3 IPL teams)
  - Launch of *Colour my Space* – a unique engagement Virtual Reality tool

Decorative 1819

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'Little Bit of Nerolac' Campaign with Ranveer Singh

Nerolac Website in seven different languages

IPL 12^{th} Man

Nerolac Colour Trails

Innovation

PRODUCTS
- Nerofix
- Gloria
- Impressions Ultra HD, Ultra Fresh
- TopGuard
- Excel Mica Marble

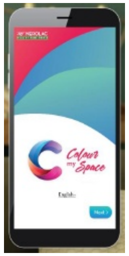
CONSUMERS
- Increased Reach
- Increased Engagement
- Inspiration marketing



INFLUENCERS
- Tech led Training
- Loyalty Programs


Technology Solutions
- VR & Chatbot
- Website in Regional Languages
- Visualiser



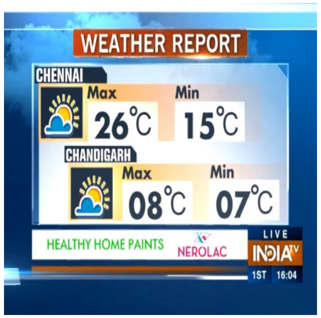



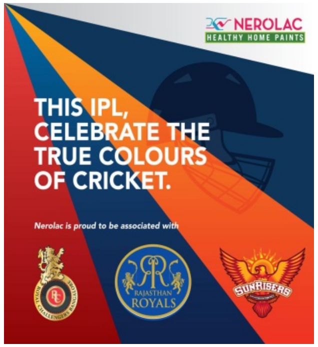
BRAND ASSETS
- Nerolac Anthem (8 languages)
- Brand Ambassador

Media Snapshot

Dominated News:
- High visibility sponsorships

Dominated Cricket:
- Innovations on air programing
- Astons, Jingle etc.





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Industrial 1819

- Automotive
  - Increase in Market share
  - Introduced new technologies for productivity improvement, process improvement and energy saving
  - Price Increase not in line with raw material inflation
  - Auto-refinish continues to grow at accelerated pace

- Performance Coating
  - Double digit growth in Liquid and Powder segments leading to gain in Market share
  - Improvement in Topline and Bottomline in Marpol
  - Major gains in Coil Coating
  - Entered new segments

International Operations 1819

- Nepal
  - Good growth in Topline and Bottomline
- Lanka
  - Good growth in sales
  - Break-even on a horizon of 2-3 years
- Bangladesh
  - Acquired RAK Paints Bangladesh with a diverse range of products in Decorative and Protective coating
  - Significant improvement in Topline and Bottomline

Operations 1819

- Procurement:
  - Rise in crude oil accelerated the cost of raw materials leading to Inflationary pressures
  - Tight availability of key raw materials continued
- New production facilities:
  - Sayakha (Gujarat) : Operations started
  - Goindwal Sahib (Punjab) : Advanced stage of commissioning

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Operations 1819

- Strengthening IT:
  - KNPL has forayed into Machine Learning technologies, becoming the first paint company in India to do so using the SAP Leonardo platform
  - Integration of Robotic Process Automation (RPA) to support key operations

- Driving Sustainability Agenda:
  - Increased usage of green energy resources
  - Dedicated webpage for Sustainability

Key Awards & Recognition 1819

- Certified as a Great Place to Work by GPTW
- Received Vendor excellence awards from Honda Motorcycles & Scooters India(HMSI) and Bharat Heavy Electricals Limited (BHEL)
- Economic Times recognized Kansai Nerolac Paints as one of the Best Brands 2018-19
- Kansai Nerolac Paints named as one of the most valuable Indian brands of 2019 by Interbrand

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Agenda

Business Environment FY 18-19*

Financial Performance FY 18-19*

Business Review FY 18-19*

Risks and future outlook

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Risks and Outlook

Risks:

- High volatility in Forex and Crude prices

Outlook:

- Improvement expected in automotive demand in second half of the year
- Prediction of near normal monsoon, growth in the agriculture sector and reduced interest rates in the economy should provide necessary impetus for growth

Thank You