



# KANSAI NEROLAC PAINTS LIMITED

Investor Presentation

Q3 2017-18

March 2018

## **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 17-18\***

**Financial Performance FY 17-18\***

**Business Review FY 17-18\***

**Risks and future outlook**

*\*The details in the presentation are for the period April – December 2017*

# Business Environment 17-18

- ❑ Recovery in business environment which was impacted due to demonetization and implementation of GST
- ❑ GDP growth on an upward trend in Q3
- ❑ Decorative demand picked up in past 2 quarters after a largely good monsoon across different regions
- ❑ Industrial production has also picked pace
- ❑ High inflationary trend for the last 3 quarters
- ❑ On Global Front
  - ❖ Growth across nations
  - ❖ Firming of commodity prices

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# Financials

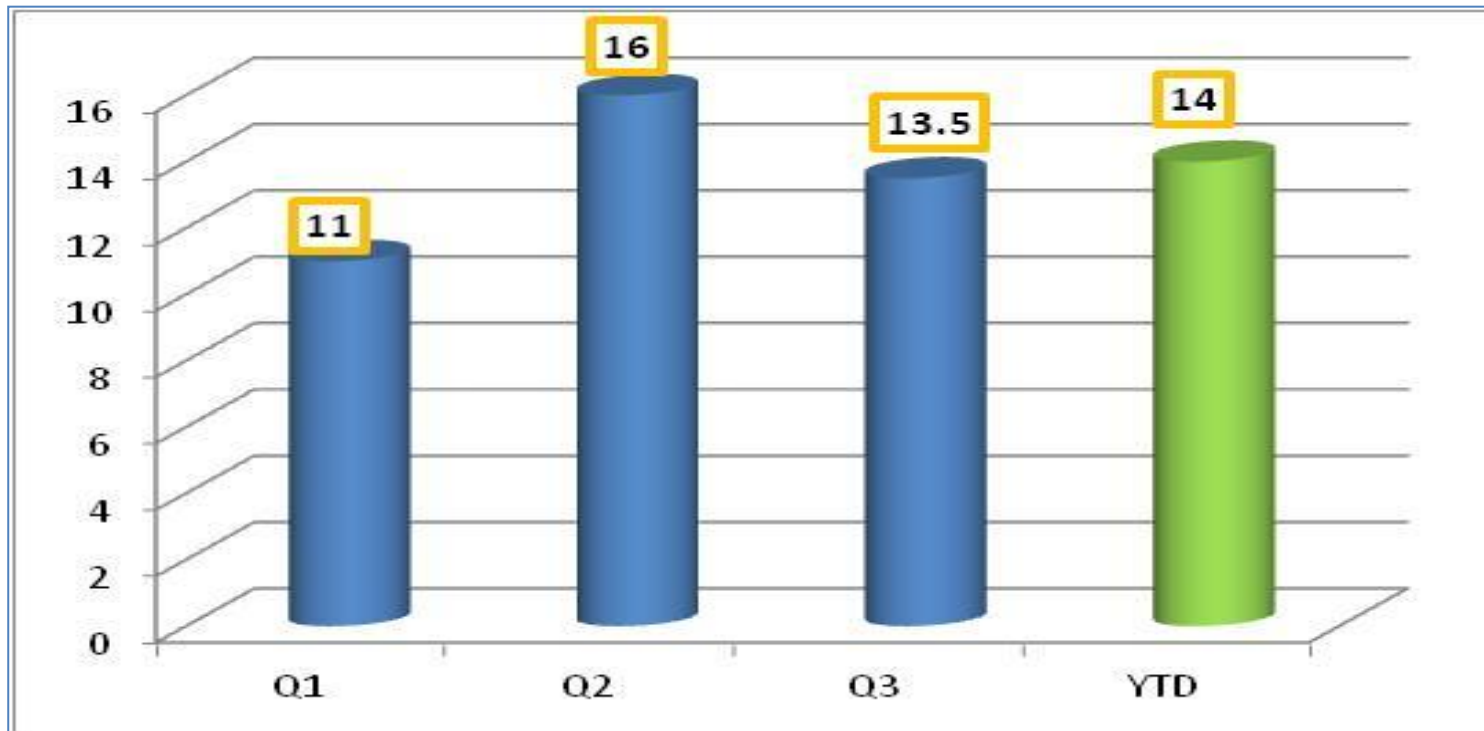
## Q3 and YTD

*Rs. Million*

<b>Standalone</b>	<b>Q3 2017</b>	<b>Q3 2016</b>	<b>% Gr</b>	<b>YTD 2017</b>	<b>YTD 2016</b>	<b>% Gr</b>
Gross Sales	12629	11105	13.7	38431	33691	14.1
Net Sales	11450	10085	13.5	34830	30576	13.9
PBDIT	1923	1815	6.0	6209	5666	9.6
<b>PBDIT % of Net Sales</b>	16.8	18.0		17.8	18.5	
PAT	1252	1240	1.0	4106	3898	5.3
<b>PAT % of Net Sales</b>	10.9	12.3		11.8	12.7	

# Growth Trend – Net Sales

(over LY same period)



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# Decorative 1718

- ❑ Decorative Paints business registered double digit volume and higher than market value growth
  
- ❑ No Price increase in Q3
  - ❑ Cumulative price increase around 2.7%
  
- ❑ Continued increase in Dealer Network
  
- ❑ Launch of Nerolac Colour guide
  
- ❑ Increased visibility of the Brand
  - ❑ Sponsoring of pre and post cricket match shows (Nerolac Cricket Live)
  - ❑ New TVC for Economy Range of Paints
  - ❑ Successful Marketing Campaigns with 2 IPL teams

# Decorative 1718



Nerolac Cricket Live



Aggressive Campaign for Economy Range



IPL Marketing Campaigns



Nerolac Colour Guide

# Industrial 1718

- ❑ Double digit and higher than market volume growth in automotive coatings
- ❑ Capture of New Business and New CED lines led to further increase in Market Share
- ❑ Auto- refinish continues to grow at accelerated pace and better than the market
- ❑ Revival in Industrial Liquid and Powder segments with double digit growth

# International Operations 1718

## Nepal

- Higher than Market Growth in Nepal leading to continued increase in Market Share

## Lanka

- Entire range introduced
- More than 1000 Dealers registered and billed

# Other Areas 1718

- ❑ Received overall excellence award from Maruti
- ❑ Received best vendor award from SML Isuzu in new product development
- ❑ Successful transition to GST
- ❑ Trial batches started at new plant, Saykha
- ❑ Rise in crude oil accelerated the cost of raw materials leading to Inflationary pressures
- ❑ Tight availability of key raw materials continued
- ❑ Purchase of SAP cloud platform license

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# Risk and Outlook

- ❑ Raw material prices continue have an upward trend and appropriate price revision expected
  
- ❑ Short Term
  - ❑ Signs of improvement and double digit growth is expected
  
- ❑ Long Term
  - ❑ Further improvement expected in conditions going forward
  - ❑ Good growth in the agriculture sector coupled with reduced interest rates in the economy should provide necessary impetus for growth

# Thank You