



2nd November, 2022

1. Corporate Relationship Department
BSE Limited,
PhirozeJeejeebhoy Towers,
Dalal Street,
Mumbai - 400001.
2. Manager – Listing
National Stock Exchange of India Ltd.
Exchange Plaza, C-1, Block G,
BandraKurla Complex, Bandra (E),
Mumbai - 400051.

Sub.: Q2 FY 2022-23 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 27th October, 2022 with respect to the conference call to be hosted by the Management of our Company on Thursday, 3rd November, 2022 at 11:00 hrs India Time to discuss Q2 FY 2022-23 Financial Results of the Company, we are enclosing herewith an Investor Presentation.

For **KANSAI NEROLAC PAINTS LIMITED**

G. T. GOVINDARAJAN
COMPANY SECRETARY

NEROLAC

Q2 FY22 Investor Presentation

3rd November 2022

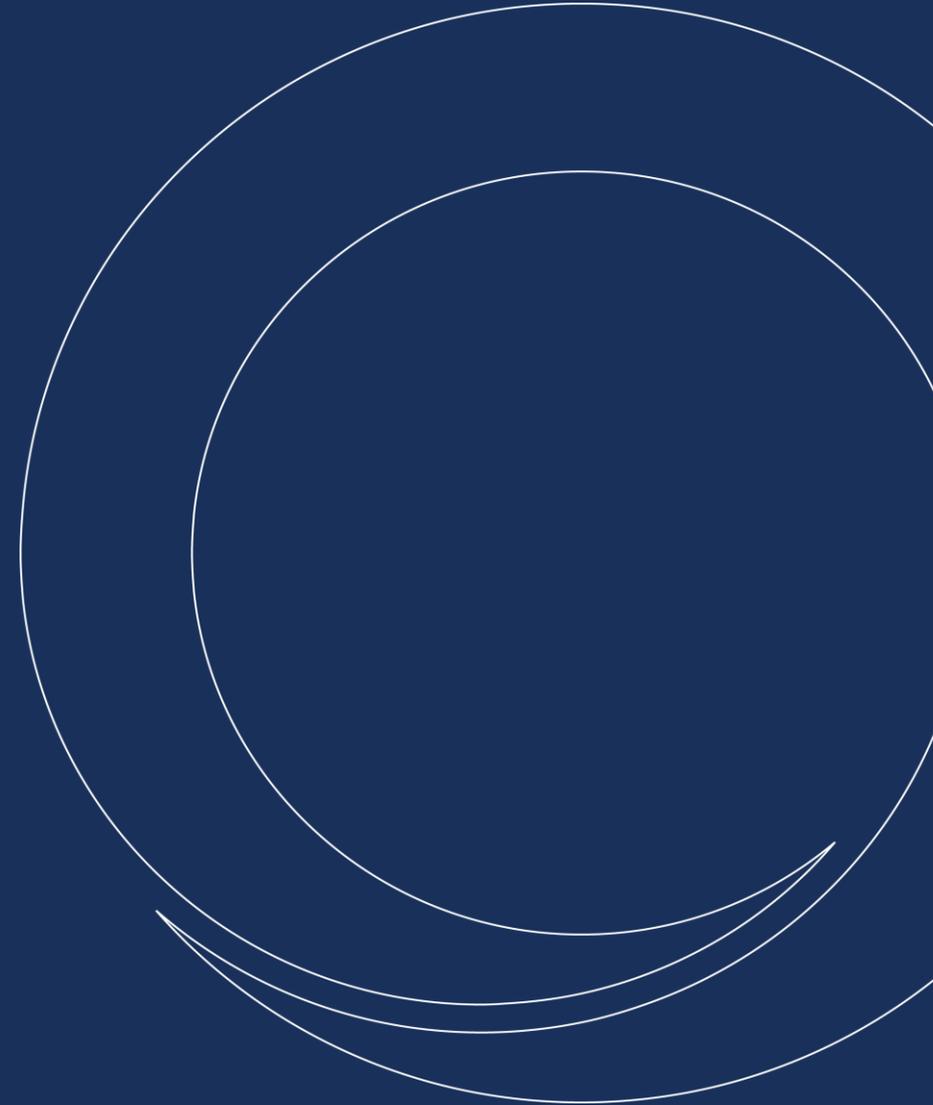


1 Business Environment

2 Business Update

3 ESG & CSR Initiatives

4 Financial Performance



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

1. Business Environment



Recap of Business Environment Q2 2022-23



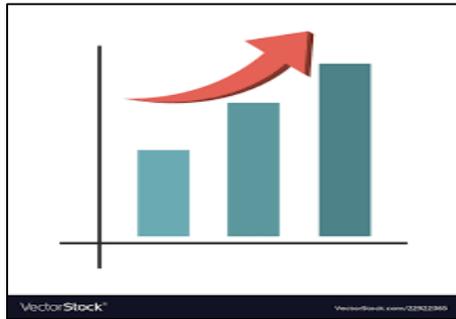
Geo political Challenges & Ukraine war



Crude oil price



Currency Depreciation



Good Demand in Automotive



Decorative-Extended Monsoon



Rural demand uptick

2. Business Update



Marketing and Media Campaigns

Social Media Communication



Associate Sponsor for Indian idol Season 22



Presence in popular News & Entertainment channels



TV Sponsorship



Nerolac Har Din Diwali Offer ! on Super Premium Products



Investor Presentation
3rd Nov 2022

Decorative Highlights

- **3 % Price increase** was taken in H1
- **New business:** Momentum maintained
- Emulsion Saliency continues to increase
- Introduction of new products has increased the growth in the Premium category
- Project business was impacted due to monsoon
- Rural / Upcountry markets grew better in Q2.



Next-gen shoppe

New Product Launched in H1

True sheen
Exterior Emulsion



Impressions
Kashmir



Epoxy Primer



Premium Primer Nxt- Range



Nerolac-TermiProtect



Nerolac-Perma-Tile Adhesive



Industrial Highlights

- Demand in the Auto industry continues to be on an upward trajectory
- Passenger Vehicle (PV) OEM segment is back on track
- Demand in Two wheeler & Tractor segment remained subdued
- Price increase was obtained from many Auto customers in H1 and is being pursued with the remaining



*Recognition of Overall Performance
by MSIL*

3. ESG & CSR Initiatives



ESG - Sustainability

Recognition

Sustainability & ESG Assessments

- Participated in S&P Global DJSI CSA 2022 (Corporate Sustainability Assessment)

Climate Change Management Action

- Task Force on Climate related Financial Disclosures (TCFD)** adopted for climate change
- Working towards commitment to **Science Based Target initiative (SBTi)**



An S&P Global Company

CRISIL ESG Compendium

Recognized KNPL in the “**Leadership**” Category by CRISIL in its Sustainability Yearbook 2022



FTSE4Good

Ranked KNPL in the **Top Quartile** of FTSE4Good Index Series June 2022 Review

S&P Dow Jones Indices

A Division of S&P Global

S&P

KNPL featured in the **Top Quartile** of Global Chemical Industry S&P ESG Index in CSA 2021

Environment, Health and Safety – Key Highlights

Greenbelt Development

- Conducted a tree planting activity in Jainpur Plant with a total of **2357 trees planted in a day**.



Certification

- Nerofix Private Limited, Dadra plant successfully achieved the certification of ISO 14001:2015



Health and Safety

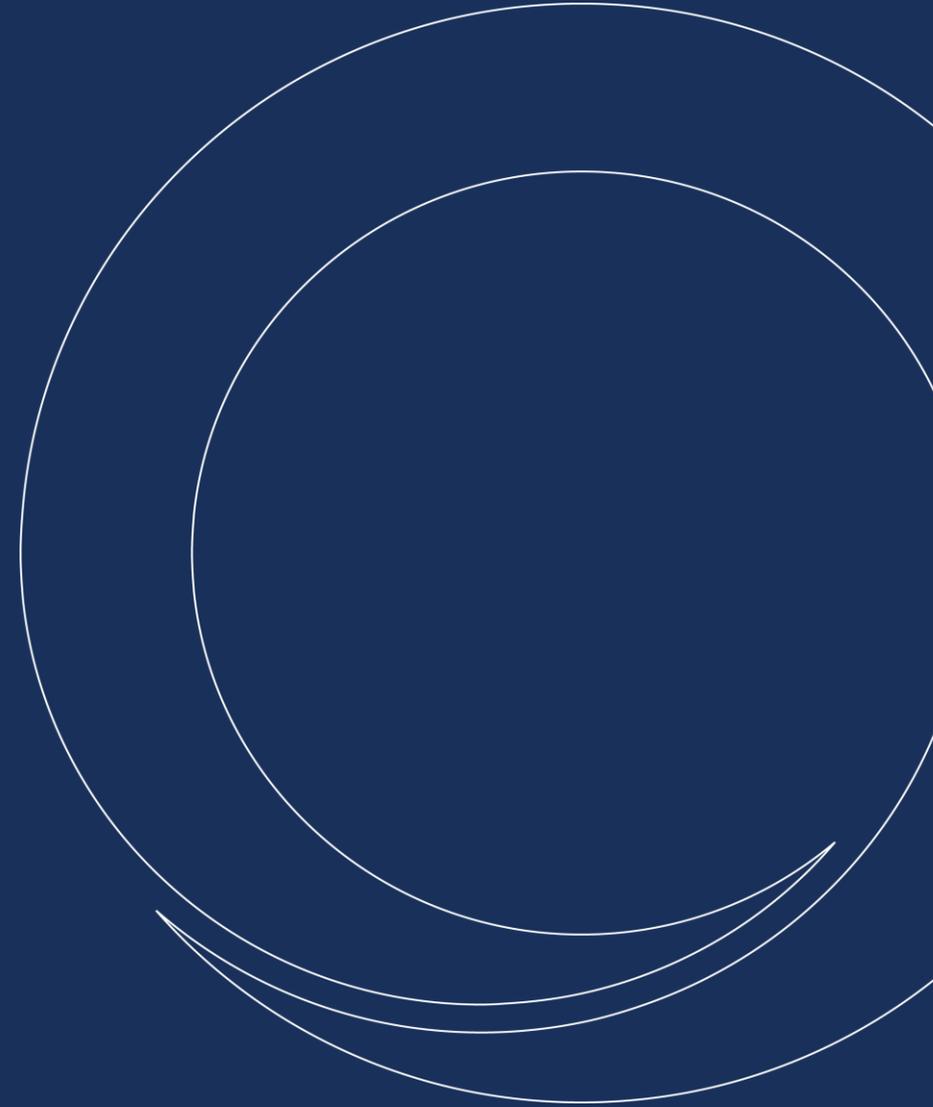
Trainings

- Conducted trainings** on Safety, Plastic Management, Quality circle across all plants

Others

- Lote Plant won SHRESHTHA SURAKSHA PURASKAR- (Silver Trophy) from **National Safety Council of India Safety Award-2021** in Manufacturing Sector

4. Financial Performance



Financials

Standalone Q2 & H1 FY 22-23

Rs. In Millions	Q2 2021-22	% to Net Sales	Q2 2022-23	% to Net Sales	H1 2021-22	% to Net Sales	H1 2022-23	% to Net Sales
Net Revenue	15,207	100.0	18,143	100.0	28,424	100.0	37,588	100.0
Contribution	3,514	23.1	4,269	23.5	7,299	25.7	9,133	24.3
Overhead	1,867	12.3	2,296	12.7	3,754	13.2	4,604	12.2
PBDIT	1,647	10.8	1,973	10.9	3,544	12.5	4,529	12.0
Other Income	62	0.4	35	0.2	159	0.6	79	0.2
PBT	1,306	8.6	1,572	8.7	2,896	10.2	3,756	10.0
PAT	985	6.5	1,173	6.5	2,174	7.6	2,802	7.5

Growth (Q2 2022) - Net Revenue : 19.3% PBDIT: 19.9%, PAT : 19.3%
 Growth (H1 2022) - Net Revenue : 32.2% PBDIT: 27.8%, PAT : 28.9%

Financials

Consolidated Q2 & H1 FY 22-23

Rs. In Millions	Q2 2021-22	% to Net Sales	Q2 2022-23	% to Net Sales	H1 2021-22	% to Net Sales	H1 2022-23	% to Net Sales
Net Revenue	16,196	100.0	19,309	100.0	30,224	100.0	39,823	100.0
Contribution	3,758	23.2	4,609	23.9	7,771	25.7	9,748	24.5
Overhead	2,130	13.2	2,615	13.5	4,238	14.0	5,204	13.1
PBDIT	1,628	10.1	1,994	10.3	3,533	11.7	4,544	11.4
Other Income	65	0.4	41	0.2	164	0.5	89	0.2
PBT	1,203	7.4	1,520	7.9	2,724	9.0	3,602	9.0
PAT	873	5.4	1,112	5.8	1,987	6.6	2,633	6.6

Growth (Q2 2022) - Net Revenue : 19.2% PBDIT: 22.5%, PAT : 27.4%
 Growth (H1 2022) - Net Revenue : 31.8% PBDIT: 28.6%, PAT : 32.5%

Financial Analysis Q2 & H1 FY 22-23

☐ Positive Factors

- Good Demand momentum witnessed in Auto
- Improvement in Industrial Profitability
- Operating cost control Initiatives continued
- Though Inflation Continues , raw materials prices easing off

☐ Negative Factors

- Severe Volatility in Forex
- Further Interest Rate hike expected

Subsidiaries – International

Nepal

- Net Sales grew by double digit for Q2
- Economy exterior primer launched in Q2
- Liquidity crunch non-disbursement loans and adverse foreign exchange situation affected growth

Bangladesh

- Net Sales grew by more than 20%
- Price increase taken on select range of Marine, Epoxy and decorative products

Sri Lanka

- Net Sales grew more than 50 %
- Margin Improvement Witnessed
- New Products Launched

Subsidiaries – Domestic

Nerofix (Adhesives)

- Net sales grew by more than 40 %
- Key raw materials prices showing downward trend from September22

Risk and Outlook

Risk

- Strengthening of USD
- Uncertain geopolitical conditions could be detrimental.

Outlook

- New business is expected to maintain momentum
- Project business is expected to gain from the recovery of construction activity as monsoon is now over
- Passenger Vehicle industry growth momentum is likely to sustain
- Two Wheeler segment demand, though expected to be better will remain below pre-Covid levels
- Commercial Vehicle is expected to continue to do well

Thank you