

2nd August, 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.: Q1 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 30th July, 2022 with respect to the conference call to be hosted by the Management of our Company on Wednesday, 3rd August, 2022 at 11:00 hrs India Time to discuss Q1 FY 2022-23 Financial Results of the Company, we are enclosing herewith an Investor Presentation.

For **KANSAI NEROLAC PAINTS LIMITED**



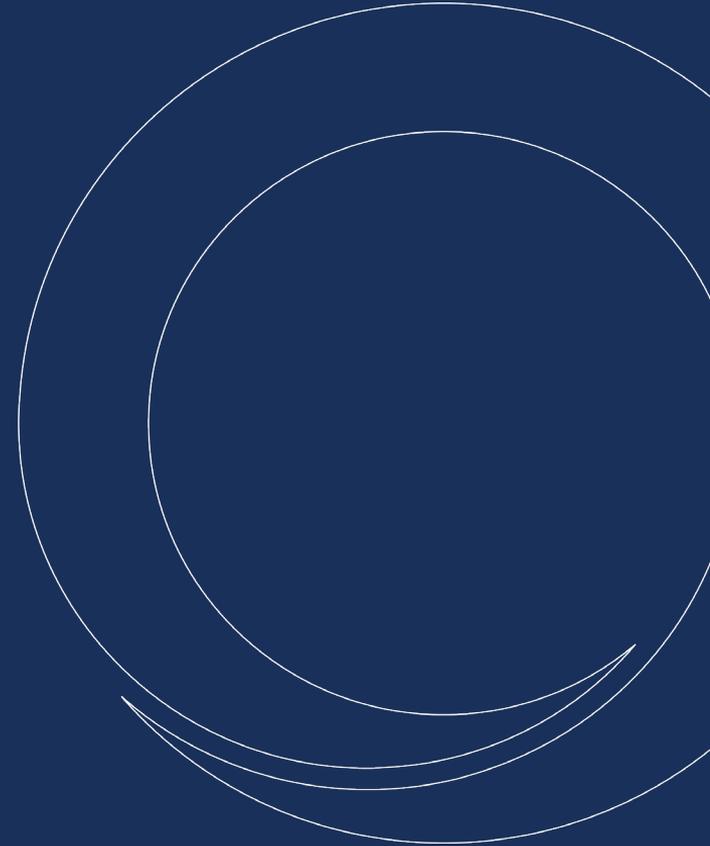
G. T. GOVINDARAJAN
COMPANY SECRETARY



NEROLAC



Investor Presentation Q1 Update (FY 22-23)



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 22-23*

Financial Performance FY 22-23*

Business Review FY 22-23*

Risks and Future Outlook

**The details in the presentation are for the period April – June 2022*

Business Environment FY 22-23 Q1

- ❑ Good demand for both Decorative and Industrial paints
- ❑ Industrial demand revival led by Automotive due to easing of chip shortages
- ❑ Increase in Crude oil prices
- ❑ Currency volatility

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Financials

Standalone Q1 FY 22-23

Rs. In Millions	Q1 2021-22	% to Net Sales	Q1 2022-23	% to Net Sales
Net Revenue	13216	100.0	19446	100.0
Material Cost	8679	65.7	13629	70.1
Overheads	1887	14.3	2308	11.9
PBDIT	1897	14.4	2556	13.1
PAT	1189	9.0	1629	8.4

Growth - Net Revenue : 47.1% PBDIT: 34.7% PAT : 37.0%

Financials

Consolidated Q1 FY 22-23

Rs. in Millions	Q1 2021-22	% to Net Sales	Q1 2022-23	% to Net Sales
Net Revenue	14027	100.0	20514	100.0
Material Cost	9230	65.8	14379	70.1
Overheads	2108	15.0	2589	12.6
PBDIT	1905	13.6	2550	12.4
PAT	1114	7.9	1521	7.4

Growth - Net Revenue : 46.2% PBDIT: 33.9% PAT : 36.5%

Financial Analysis Q1 FY 22-23

□ Positive Factors

- High Double digit volume growth witnessed
- Effect of Price Increases taken in earlier Quarters reflected in value growth
- Saliency of Premium products has been increased
- Judicious Control on cost and Overheads continued
- Slight softening of crude oil price witnessed towards Quarter end

□ Negative Factors

- Raw Material inflation continued in Q1
- Crude oil derivatives have not yet corrected
- Continued Volatility in Forex

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ESG PERFORMANCE

Recognition

**CRISIL**An **S&P Global** Company

CRISIL ESG Compendium

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



FTSE4Good

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

Marketing and Media campaigns

Associated Sponsor for IPL



Presence in popular News & Entertainment channels



Co-Sponsored BIGG BOSS Malayalam season 4



Dealer convention at Dubai



Dealer Event with Brand Ambassador Ranveer Singh



- Painter meet with Celebrity
- Painter training



Nerolac launched 5 new Products in Decorative

Impressions Kashmir



Epoxy Primer



Premium Nxt- Range



Nerolac -TermiProtect



Nerolac –Tile Adhesive



Market

- Demand was comparatively higher in Tier-1 and metros.

Highlights

- New Products introduced with Paint+ proposition are driving growth
- Demand generation team ramped up
- Paints (Ex-Putty) has registered good growth
- Project business has grown by more than 100%
- New businesses – CC & Premium Wood have registered significant growth
- Premium Emulsion delivered a high growth.
- 1.6% Price increase taken in line with market.
- Increased reach through digital platforms
- 5 day dust free Painting service launched

Technological Advancement in Industrial

Auto	New Generation CED	<ul style="list-style-type: none"> •Excellent edge corrosion property •Heavy Metal free (Tin)
Auto	Low Bake Products	<ul style="list-style-type: none"> •Reduced energy use •Lower GHG emissions
Performance Coating	Fluro polymer based coating system	<ul style="list-style-type: none"> •Superior Weather ability and exterior durability •Long term protection
Performance Coating	Insulation coating	<ul style="list-style-type: none"> •Excellent Electrical Insulation property

Industrial

Market

- Auto Industry witnessed good demand growth during the quarter both on YOY and sequential basis.
- In spite of supply chain bottlenecks PV segment did well on account of low base, good demand pull.
- Two-wheeler segment is witnessing slow but steady recovery.
- Commercial Vehicles continue to perform well on a very low base and increased spend on infrastructure projects.
- Tractor growth is reviving due to increase in MSP prices and a good monsoon forecast.
- Other industries also witnessed strong demand offtake

Highlights

- High growth by Indian and Japanese OEM's and continuous efforts to gain new Business, resulted into better growth than market in Automotive.
- Focus on premium segments of performance coatings
- Continued Price Increase efforts with customers

Subsidiary Performance

Highlights

- Despite a tough business environment, Nepal and Sri-Lanka witnessed a good top-line growth
- Growth in Bangladesh was Muted
- Nerofix delivered a growth of 100 % +

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Risks and Future Outlook

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Risks and Outlook

□ Risk

- Forex volatility continues
- Crude derivative prices continue to remain firm

□ Outlook

- Automotive sector showed positive sentiments as chip shortage issue is slowly easing out and expected to improve further .
- Over the next one year paint industry demand is projected to be positively impacted by strong expansion in the infrastructure, core sector, automotive, and real estate industries.



THANK YOU