



4th February, 2023

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.: Q3 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 31st January, 2023 with respect to the conference call to be hosted by the Management of our Company on Monday, 6th February, 2023 at 11:00 hrs India Time to discuss Q3 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

Q3 FY23 Investor Presentation

6th February 2023

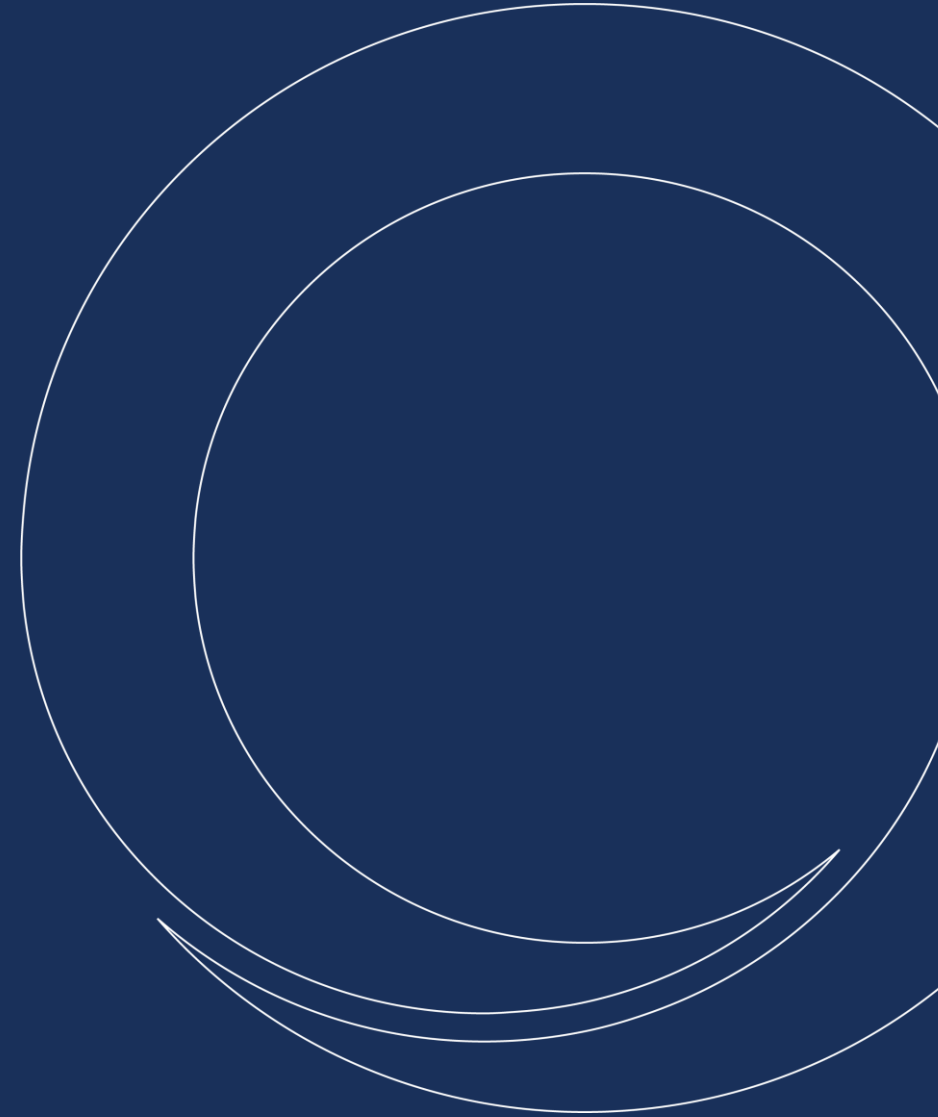


1 Business Environment

2 Business Update

3 ESG & CSR Initiatives

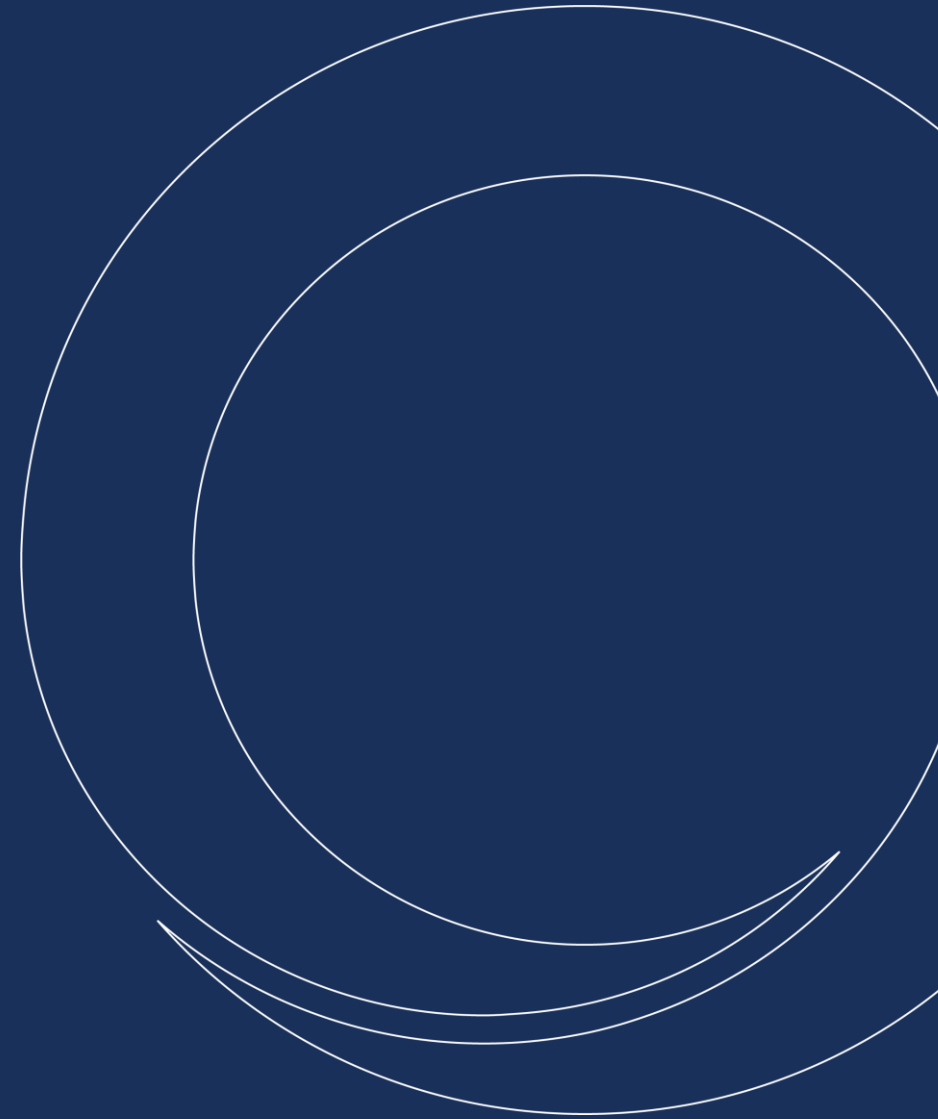
4 Financial Performance



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

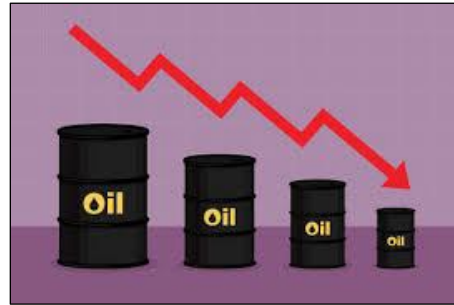
1. Business Environment



Recap of Business Environment Q3 2022-23



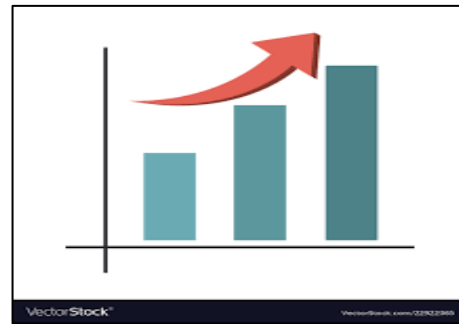
Geo political Challenges & Ukraine war



Crude oil price



Currency Depreciation

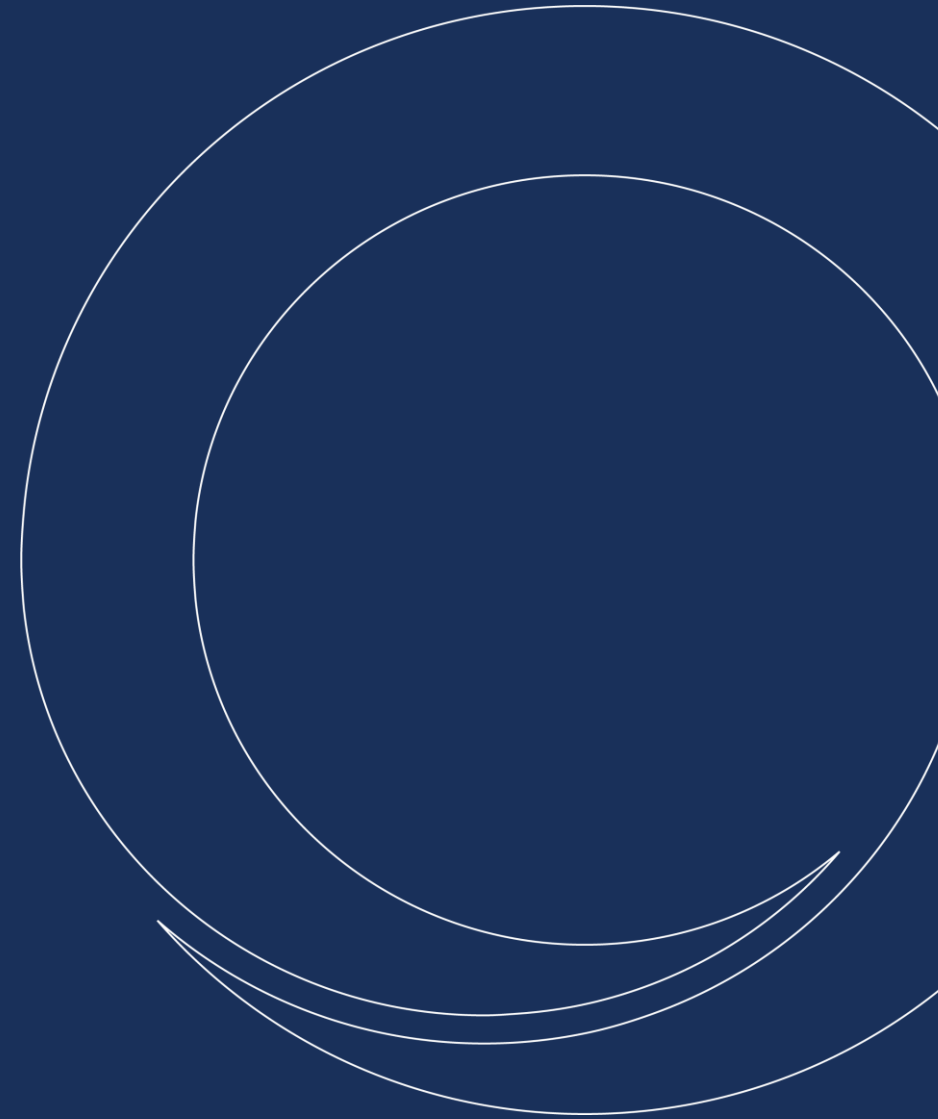


Good Demand in Automotive



Decorative-Extended Monsoon

2. Business Update



Marketing and Media Campaigns

Co-Associate Sponsor for Indian idol Season 22



Presence in popular News



Co-Presenting Sponsorship on Star Vijay's Prime Time show Bharati Kanama.



Presence in Entertainment channels



Investor Presentation

6th Feb 2023

Art Salute



Website Revamp



Decorative Highlights

- YTD 3 % Price increase was taken
- New business salience has improved quarter on quarter
- In Q3 growth was impacted due to effect of extended rains, early Diwali and channel stocking due to price increases in previous year
- Premiumisation of the portfolio continued with new launches
- Efforts towards improving Decorative performance in the form of feet on street, digital interventions, influencer & network expansion along with brand strengthening are now ready for scale up

New Product Launched in Q3

Nerolac Excel Everlast 12



Wonderwood -111 Thinner



Nerolac Perma Damp Lock



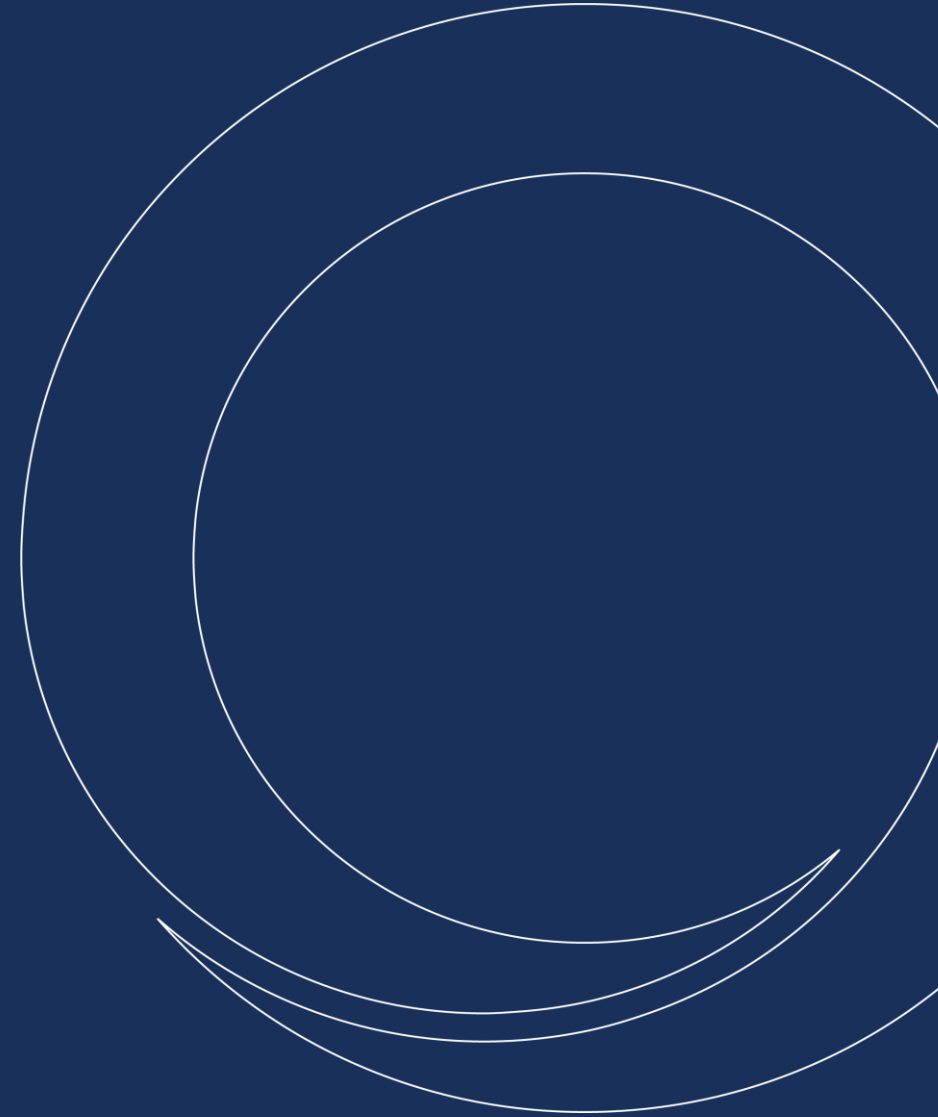
Nerolac Perma NoDamp+



Industrial Highlights

- Demand in the Auto industry continues to be on an upward trajectory
- Passenger Vehicle (PV) demand was good followed by Commercial vehicles and Tractors
- Semi-conductor demand challenge remains for high-end models
- Further price increase was obtained from Auto customers in Q3
- Premiumization of the performance coating portfolio gathering momentum

3. ESG & CSR Initiatives



ESG - Sustainability

Recognition

S&P Dow Jones Indices

A Division of **S&P Global**

S&P

KNPL has been rated in top 10% in the S&P Corporate sustainability Assessment 2022 in chemicals Category out of 400+ companies that were assessed

Climate Change Management Action

- Committed to science-based emission reduction (near-term) targets **(SBTi)**

Recognition and CSR – Key Highlights

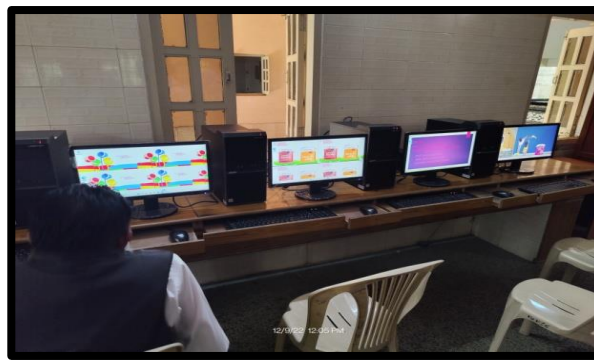
Awards



CSR



Ambulance donated to Civil Hospital Kapurthala, Goindwal



Computers donated to Dayadara School for "Promoting Education" Investor Presentation 6th Feb 2023

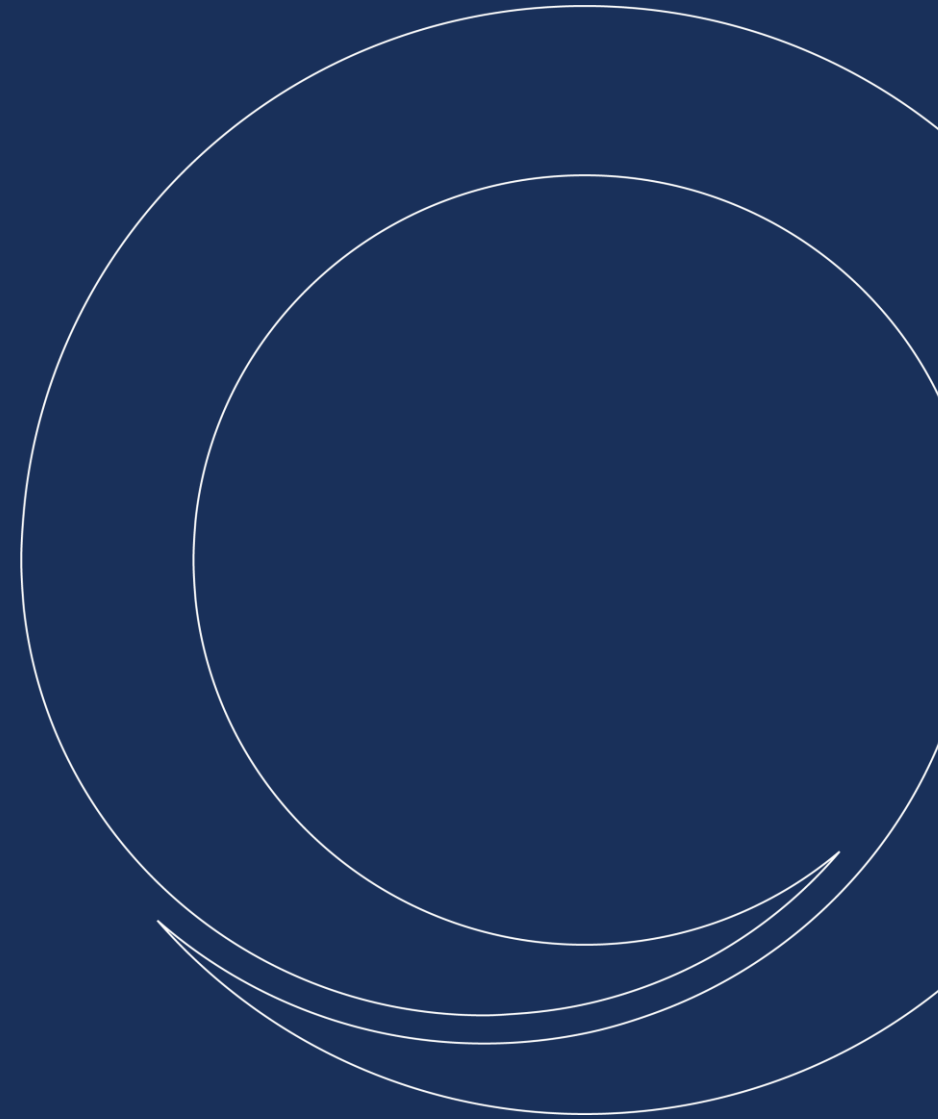


Schools Painted Under the theme of "School Rangrojan" of Rotary Club of Bharuch



LED TV donated to Ramvaradayani High School Nirbade, Chiplun

4. Financial Performance



Financials

Standalone Q3 & YTD FY 22-23

Rs. In Millions	Q3 2021-22	% to Net Sales	Q3 2022-23	% to Net Sales	YTD 2021-22	% to Net Sales	YTD 2022-23	% to Net Sales
Net Revenue	16,937	100.0	17,171	100.0	45,361	100.0	54,759	100.0
Contribution	4,375	25.8	4,228	24.6	11,674	25.7	13,360	24.4
Overhead	2,276	13.4	2,343	13.6	6,030	13.3	6,946	12.7
PBDIT	2,099	12.4	1,885	11.0	5,644	12.4	6,414	11.7
Other Income	93	0.5	86	0.5	252	0.6	165	0.3
PBT	1,781	10.5	1,525	8.9	4,677	10.3	5,281	9.6
PAT	1,324	7.8	1,123	6.5	3,498	7.7	3,924	7.2

- Growth (Q3 2022) - Net Revenue : 1.4% PBDIT: -10.2%, PBT: -14.3%, PAT : -15.2%
- Growth (Q3 2022)* - Net Revenue : 4.1% PBDIT: 14.1%, PBT: 14.4%, PAT : 13.2%
- Growth (YTD Dec 2022) - Net Revenue : 20.7% PBDIT: 13.6%, PAT : 12.2%

*Excluding write back of Trade deposits and accrual of indirect tax incentive aggregating to Rs. 44.8 crores included in Net revenue in Q3 2021

Financials

Consolidated Q3 & YTD FY 22-23

Rs. In Millions	Q3 2021-22	% to Net Sales	Q3 2022-23	% to Net Sales	YTD 2021-22	% to Net Sales	YTD 2022-23	% to Net Sales
Net Revenue	18,104	100.0	18,268	100.0	48,328	100.0	58,091	100.0
Contribution	4,673	25.8	4,555	24.9	12,444	25.7	14,303	24.6
Overhead	2,551	14.1	2,600	14.2	6,789	14.0	7,805	13.4
PBDIT	2,122	11.7	1,955	10.7	5,655	11.7	6,499	11.2
Other Income	100	0.6	74	0.4	264	0.5	163	0.3
PBT	1,719	9.5	1,495	8.2	4,443	9.2	5,097	8.8
PAT	1,253	6.9	1,089	6.0	3,240	6.7	3,722	6.4

Growth (Q3 2022) - Net Revenue : 0.9% PBDIT: -7.9% , PAT : -13.1%
Growth (YTD 2022) - Net Revenue : 20.2% PBDIT: 14.9%, PAT : 14.9%

Financial Analysis Q3 & YTD FY 22-23

☐ Positive Factors

- Price increases from key OEMs
- Good demand in Automotive coatings
- Raw material prices declining
- Judicious management of costs and overheads continued

☐ Negative Factors

- Demand in Decorative was impacted on account of early Diwali, extended monsoons
- Volatility in Forex continued

Subsidiaries – International

Nepal

- Net sales declined significantly
- Liquidity crunch, and adverse foreign exchange situation affected growth
- Economy is expected to revive due to policy decisions by new government

Bangladesh

- Net Sales grew in double digits
- Positive EBITDA recorded in Q3 22-23

Sri Lanka

- Gain in Market share
- Economic environment improving
- Launched economy Interior Emulsion

Subsidiaries – Domestic

Nerofix (Adhesives)

- YTD growth was strong
- Key raw materials prices showing downward trend

Risk and Outlook

Risk

- Strengthening of USD
- Uncertain geopolitical conditions could be detrimental.
- Recession must be closely monitored

Outlook

- Demand in Decorative expected to be healthy
- New business especially construction chemicals & projects are expected to grow well with fillip in new construction
- Passenger Vehicle industry likely to sustain the growth momentum
- Commercial Vehicle and tractors will continue to remain strong
- Pick up in 2 W demand expected
- Demand in Infrastructure segment is expected to remain strong

Thank you