



2nd November, 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.: Q2 FY 2023-24 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. BSE Scrip Code- 500165, NSE Symbol- KANSAINER**

Dear Sirs,

Further to the intimation done by the Company on 27th October, 2023 with respect to the conference call to be hosted by the Management of our Company on Friday, 3rd November, 2023 at 11:00 hrs India Time to discuss Q2 FY 2023-24 Financial Results of the Company, we are enclosing herewith an Investor Presentation.

For **KANSAI NEROLAC PAINTS LIMITED**

**G. T. GOVINDARAJAN**  
**COMPANY SECRETARY**

# NEROLAC

**Q2 2023-24 Investor Presentation**

**3<sup>rd</sup> November 2023**



## 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** Nerolac Story

**2** Business Environment

**3** Business Update

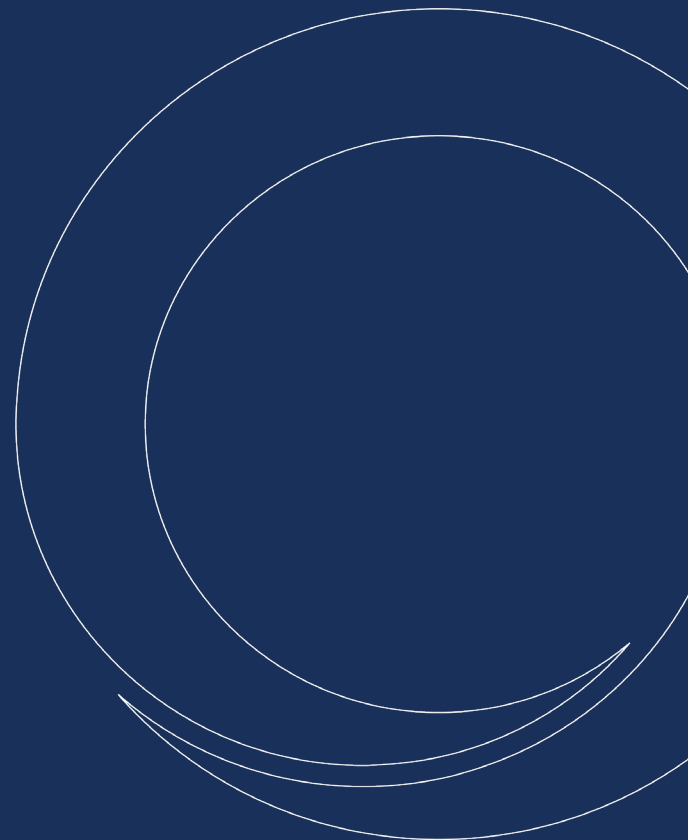
**4** Financial Performance

**5** Risk and outlook



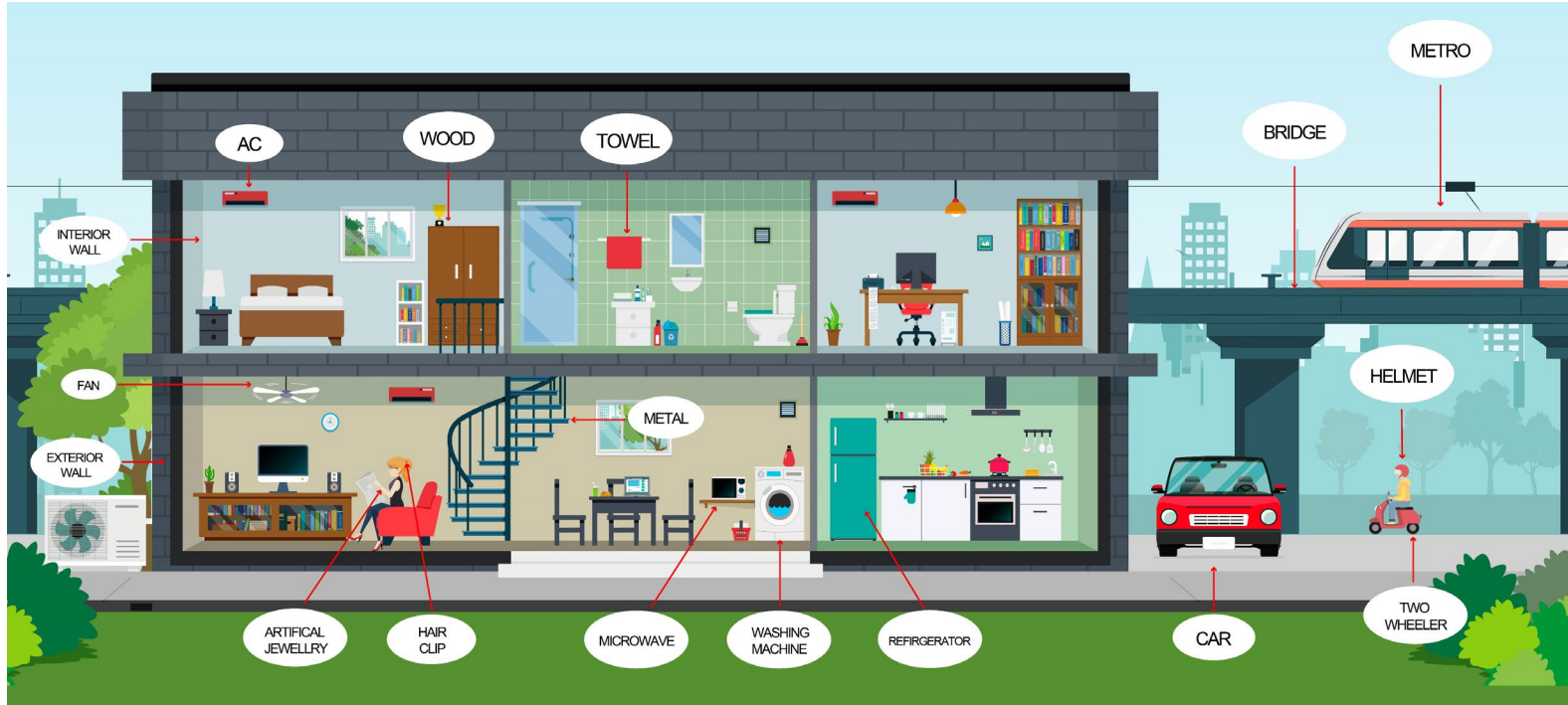
# 1. Nerolac Story

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**Purpose: Create environments for a healthy and beautiful future.**

**Vision: We design solutions that protect, inspire and touch lives everyday Beauty & Protection**



**ESG: Water Neutral, Emission reduction, Green energy**

## **BRAND NEROLAC:**

2<sup>nd</sup> STRONGEST BRAND  
THE NEROLAC JINGLE

## **INNOVATOR'S SPIRIT:**

JAPANESE TECHNOLOGY  
LEADERS IN INDUSTRIAL

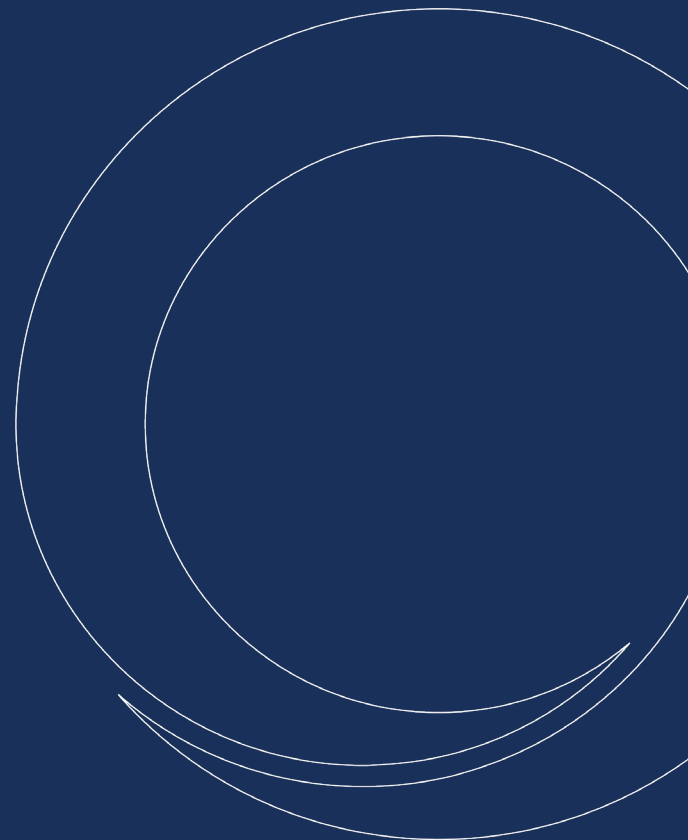
UNIQUE PRODUCTS:  
IMPRESSIONS KASHMIR  
EXCEL EVERLAST 12  
PERMA NODAMP+  
PERMA CRYSTALSEAL  
BEAUTY LITTLE MASTER SHEEN

## **EXPERTISE AND LEGACY:**



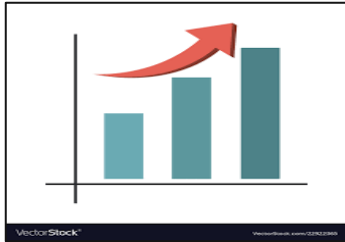
## 2. Business Environment

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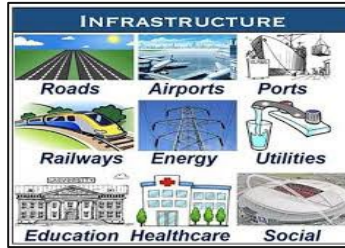




## Decent Demand in Automotive



## Infrastructure Growth



## Slower Rural Demand



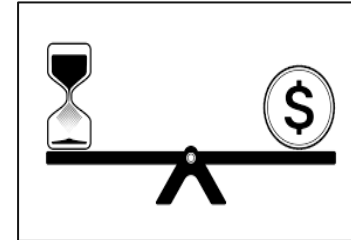
## Geopolitical Challenges



## Crude Oil Price Fluctuation

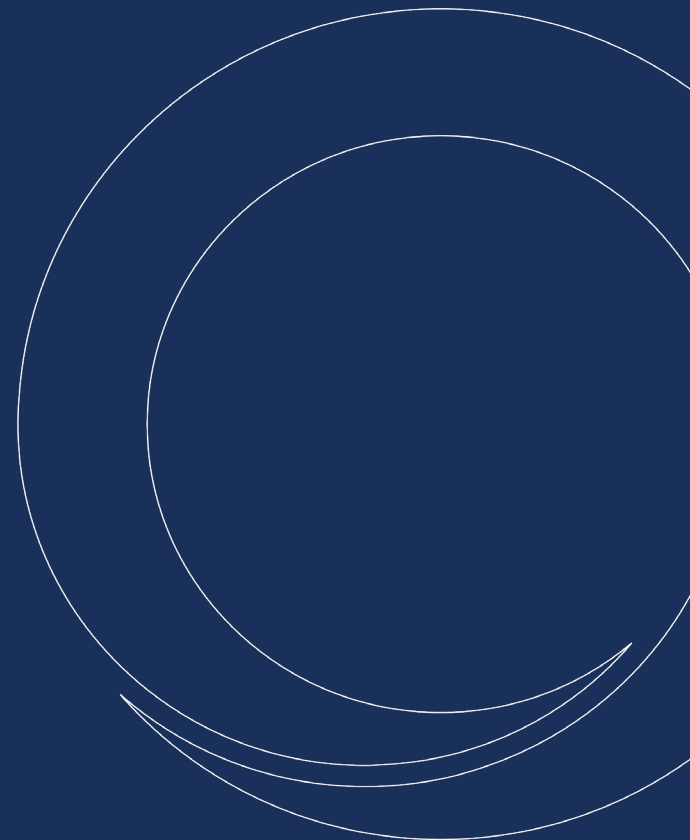


## Forex Volatility



## 3. Business Update

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# Marketing and Media Campaigns

## Television Commercials

**Ordinary paint**

**NEROLAC EXCEL MICA MARBLE STRETCH & SHEEN**

**UP TO 2X STRETCH**

Prevents cracks caused by extreme weather upto 0.5 mm when applied as per recommended application procedure. Stretches 2X compared to ordinary exterior paint, which does not extend such properties. Warranty is applicable when applied with Nerolac Perma No. 1 as basecoat. Terms & conditions apply.

**NEROLAC PAINT+**

**BADE GHAR KI CHAMAK AB KAM DAAM MEIN**

Pesh hai Japanese technology wala **PAINT+**

**NEROLAC BEAUTY LITTLE MASTER SHEEN**

**1st TIME IN INDIA**

**PAINT+ MATLAB**

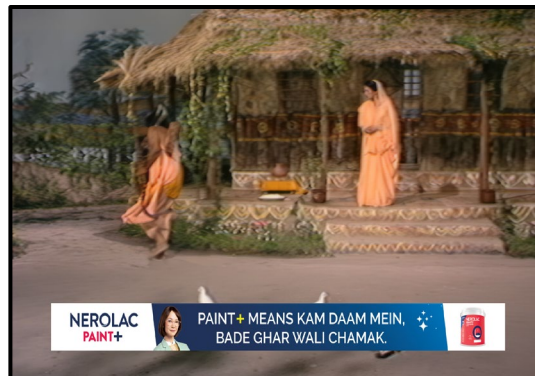
JAPANESE TECHNOLOGY | SHEEN FINISH | PLASTIC EMULSION

# Marketing and Media Campaigns

## Social Media Campaigns



## Co-Associate Sponsor and Presence in Entertainment Channel



- **New product** saliency on an uptick
  - ❖ First company to Launch a unique Product having good sheen in Economy range (**Beauty Little Master sheen**)
- Robust growth in **New Business**
- Overall **Mix Improved**
- Good Growth in **Project Business**
- Increase in saliency of **Paint+ Products.**
- Nxtgen Service present in 158 Cities
- Improved Brand Visibility
- Influencer connect and services gaining traction

## New Products Introduced in H1

Impressions Kashmir High Sheen



Impressions Kashmir Matt



Beauty Little Master Sheen



Excel Total PU Floor Coat



Super Sheen Interior Emulsion



Nerolac Perma Crystal seal



PU Slow Thinner



## Automotive

### Passenger Vehicle

- Single digit growth
- Demand Drivers : SUV Segment and New Models

### Two-Wheeler & 3-Wheeler

- Degrowth in 2 W
- Tin Free CED Technology extended to various customers lines

### Commercial Vehicle

- Notable Growth in M&HCV Segment

### Tractor

- Degrowth in tractor continues from Q1

## Auto Refinish

- Good trajectory in Premium segment
- Improved presence in A Class body shops
- Introduced Next Gen Waterborne paints

## Performance Coating

### Liquid

- Strong double-digit growth
- Started Supplies to : Vande Bharat coaches and steel structures on Bullet Train corridor

### Powder

- Subdued growth
- Received WRAS approval for fusion bonded epoxy powder for both hot & cold water

**Ensuring Environment Sustainability**

“Tree Plantation” Using “Miyawaki Technique” near Jainpur Plant.

**Preventive Health Care & Sanitation**

“Free Eye Checkup and Cataract Surgery” camp was organized near Goindwal

**Community Development**

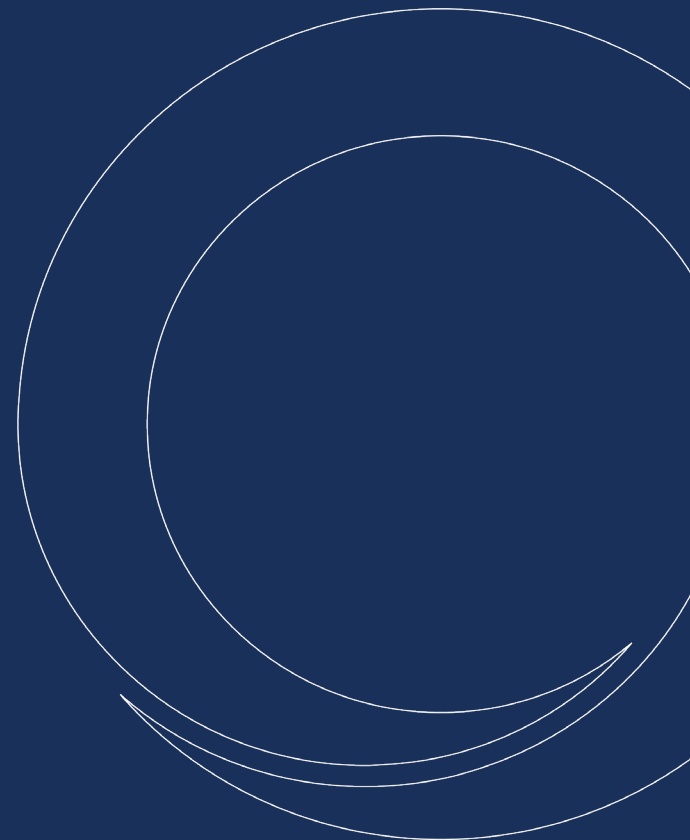
“Fencing and Maintenance work” was carried out at Garden near Goindwal Plant

**Promoting Education**

Paint material was provided to Educational Institute, near Hosur Plant

## 4. Financial Performance

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# Financials Standalone Q2 & H1 23-24

Rs. In Millions	Q2	% to	Q2	% to	H1	% to	H1	% to
	2022-23	Net Revenue	2023-24	Net Revenue	2022-23	Net Revenue	2023-24	Net Revenue
<b>Net Revenue</b>	<b>18,143</b>		<b>18,456</b>		<b>37,588</b>		<b>39,167</b>	
Material Cost	12,955	71.4	11,873	64.3	26,583	70.7	25,273	64.5
Operating Expenses	3,215	17.7	3,884	21.0	6,476	17.2	7,857	20.1
<b>PBDIT</b>	<b>1,973</b>	<b>10.9</b>	<b>2,699</b>	<b>14.6</b>	<b>4,529</b>	<b>12.0</b>	<b>6,038</b>	<b>15.4</b>
<b>PBT Before Exception Item</b>	<b>1,572</b>	<b>8.7</b>	<b>2,439</b>	<b>13.2</b>	<b>3,756</b>	<b>10.0</b>	<b>5,485</b>	<b>14.0</b>
Exception Item	-	-	-	-	-	-	6,613	16.9
<b>PBT After Exception Item</b>	<b>1,572</b>	<b>8.7</b>	<b>2,439</b>	<b>13.2</b>	<b>3,756</b>	<b>10.0</b>	<b>12,097</b>	<b>30.9</b>
<b>PAT</b>	<b>1,173</b>	<b>6.5</b>	<b>1,799</b>	<b>9.7</b>	<b>2,802</b>	<b>7.5</b>	<b>9,237</b>	<b>23.6</b>

Growth (Q2 2023) - Net Revenue : 1.7% PBDIT: 36.8%, PBT : 55.2%

Growth (H1 2023) - Net Revenue : 4.2% PBDIT: 33.3%, PBT (before Exception Item) : 46.0%

# Financials Consolidated Q2 & H1 23-24

Rs. In Millions	Q2	% to	Q2	% to	H1	% to	H1	% to
	2022-23	Net Revenue	2023-24	Net Revenue	2022-23	Net Revenue	2023-24	Net Revenue
<b>Net Revenue</b>	<b>19,310</b>		<b>19,565</b>		<b>39,823</b>		<b>41,133</b>	
Material Cost	13,744	71.2	12,600	64.4	28,123	70.6	26,561	64.6
Operating Expenses	3,572	18.5	4,233	21.6	7,156	18.0	8,525	20.7
<b>PBDIT</b>	<b>1,994</b>	<b>10.3</b>	<b>2,732</b>	<b>14.0</b>	<b>4,544</b>	<b>11.4</b>	<b>6,047</b>	<b>14.7</b>
<b>PBT Before Exception Item</b>	<b>1,520</b>	<b>7.9</b>	<b>2,403</b>	<b>12.3</b>	<b>3,602</b>	<b>9.0</b>	<b>5,352</b>	<b>13.0</b>
Exception Item	-	-	-	-	-	-	6,613	16.1
<b>PBT After Exception Item</b>	<b>1,520</b>	<b>7.9</b>	<b>2,403</b>	<b>12.3</b>	<b>3,602</b>	<b>9.0</b>	<b>11,964</b>	<b>29.1</b>
<b>PAT</b>	<b>1,112</b>	<b>5.8</b>	<b>1,755</b>	<b>9.0</b>	<b>2,633</b>	<b>6.6</b>	<b>9,095</b>	<b>22.1</b>

Growth (Q2 2023) - Net Revenue : 1.3% PBDIT: 37.1%, PBT : 58.1%

Growth (H1 2023) - Net Revenue : 3.3% PBDIT: 33.1%, PBT (before Exception Item) : 48.6%

## Nepal

- Degrowth in Net Sales in Q2
- High single digit EBITDA recorded in Q2 22-23
- Severe liquidity issues affected business activity across.

## Bangladesh

- Decent Net Sales growth in Q2
- Low single digit EBITDA recorded in Q2 22-23
- Increase in Network Expansion
- Macro-economic pressures are expected to continue.

## Sri Lanka

- Robust increase in Net Value and Volume sales leading to market share gains
- Launched Water-based Floor paint and Economy Water-proofing range.
- Exchange rates are getting stabilized, and inflation is on the decline.

## Nerofix

- Degrowth in Net Sales in Q2
- Low single digit EBITDA recorded in Q2 22-23
- Non-flammable, Eco friendly, water-based Coatings introduced in Q2 for HVACs.
- Significant growth in retail vertical

# Risks and Outlook

## Risk

- Fluctuations in the foreign exchange and crude oil markets
- To stay watchful about the changing geo-political situation and its impact
- Macroeconomic situation continues to be a significant concern in International Geographies

## Outlook

- Extended Festive Season: Positive for Season Demand for Decorative and Industrial Business
- Increase spend by Government on infrastructure would help growth

**Thank you**