

Kansai Nerolac Paints Ltd.

HOLD

Sector: Paints

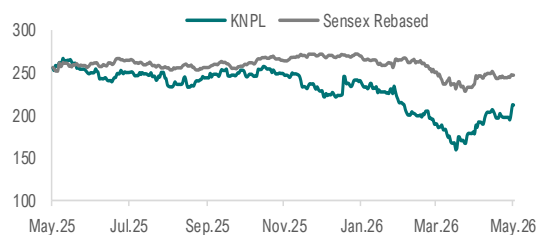
14th May 2026

Key Changes	Target ▼	Rating ●	Earnings ▼	Target	Rs.240
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame
Small Cap	KNPL:IN	74,609	KANSAINER	500165	12 Months
				CMP	Rs.219
				Return	+10%

Data as of: 13-05-2026 18:00hrs

Company Data			
Market Cap (Rs cr)	17,712		
52 Week High — Low (Rs.)	274-158		
Enterprise Value (cr)	15,159		
Outstanding Shares (Rs cr)	80.9		
Free Float (%)	25.0		
Dividend Yield (%)	1.1		
6m average volume (cr)	0.14		
Beta	1.03		
Face value (Rs)	1		
Shareholding (%)	Q2FY26	Q3FY26	Q4FY26
Promoters	75.0	75.0	75.0
FII's	5.6	5.2	3.6
MFs/Insti	10.0	10.4	11.9
Public	9.4	9.4	9.5
Total	100.0	100.0	100.0
Promoter Pledge (%)	Nil	Nil	Nil
Price Performance	3 Month	6 Month	1 Year
Absolute Return	2%	-11%	-14%
Absolute Sensex	-8%	-12%	-7%
Relative Return*	10%	1%	-7%

*over- or underperformance to benchmark index



Consolidated (Rs cr)	FY26A	FY27E	FY28E
Sales	8,052	8,857	9,566
Growth (%)	2.9	10.0	8.0
EBITDA	975	1,063	1,186
EBITDA Margin(%)	12.1	12.0	12.4
PAT Adj.	639	694	776
Growth (%)	33.2	8.7	11.8
Adj. EPS	7.9	8.6	9.6
Growth (%)	33.2	8.7	11.8
P/E	27.7	25.5	22.8
P/B	3.1	2.9	2.6
EV/EBITDA	15.6	14.3	12.4
ROE (%)	11.8	11.7	12.0
D/E	0.0	0.0	0.0

Author: Antu Eapan Thomas - Sr. Research Analyst

Volumes Improved; Input Price Inflation a Concern...

Kansai Nerolac Paints Ltd (KNPL) is the market leader in industrial paints and one of the largest decorative paint company in India.

- KNPL delivered a marginally better-than-estimated revenue growth of 7.5% YoY, led by mid-single-digit volume growth and a better product mix. This helped to narrow down the volume & value growth spread in Q4FY26.
- EBITDA margin improved by 196 bps YoY to 11.1% due to improved product mix in decorative and automotive segments. We expect margins to improve in FY27 in anticipation of a better product mix and a high, single-digit price hike in the last two months. However, a near-term gain may face pressure due to the West Asia crisis.
- The industrial/automotive segments are likely to sustain the double-digit growth led by strong demand and upcoming price hikes.
- We expect competition intensity is likely to persist in the short term, while stability in realization and margins remains a key catalyst to monitor. The management maintained its margin guidance of 13-14% for FY27.

Outlook & Valuation

The domestic paint industry continues to navigate a challenging macroeconomic environment, marked by sustained cost inflation driven by a sharp rise in crude oil prices. In response, KNPL has implemented calibrated price hikes to protect margins. While near-term headwinds persist, we believe the H2FY27 outlook remains constructive, underpinned by strategic volume expansion and a resilient premium product mix. **We maintain HOLD rating with a revised target price of Rs. 240, based on a P/E of 25x on FY28E EPS.**

Quarterly Financials Consol.

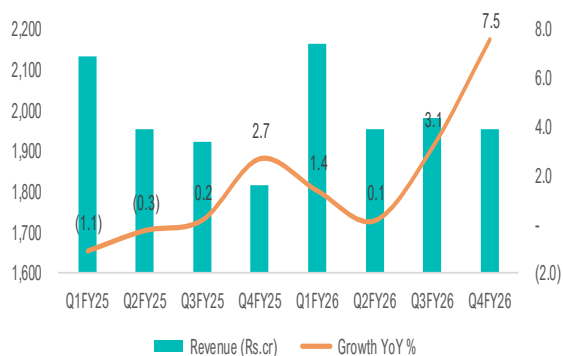
Rs. cr	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)	FY26	FY25	YoY (%)
Sales	1,954	1,817	7.5	1,982	-1.4	8,052	7,823	2.9
EBITDA	217	166	30.6	240	-9.7	975	942	3.4
Margin (%)	11.1	9.1	196bps	12.1	-101bps	12.1	12.0	6bps
EBIT	156	114	36.3	180	-13.4	746	741	0.8
PBT	158	144	10.4	161	-1.8	797	1,478	-46.1
Rep. PAT	110	102	7.3	117	-6.1	576	1,109	-48.1
Adj PAT	110	102	7.3	162	-32.1	531	480	10.7
EPS (Rs)	1.4	1.3	7.3	2.0	-32.1	7.7	5.9	10.7



Key Concall Highlights

- The company has implemented phased decorative segment price hikes — 2% in March and 5–6% in April/May — totaling a higher single-digit increase.
- Management's key focus in the decorative segment is on profitable growth with good margins, prioritizing select markets and a profitable mix over market share at any cost.
- New products, particularly in the emulsion category and super premium segments, contributed significantly to Q4 performance, leading to an overall better product mix.
- Automotive business growth was faster, led by the 2W and 3W segments. The management expects the passenger vehicle and 2-wheeler segments to continue the demand momentum.
- The company expects an EBITDA margin of 13-14% for FY27 on account of premiumization and stability in the demand.

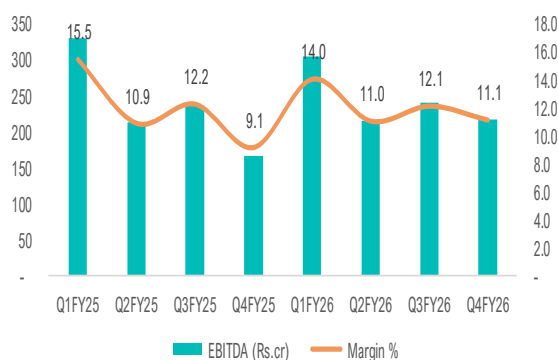
Revenue



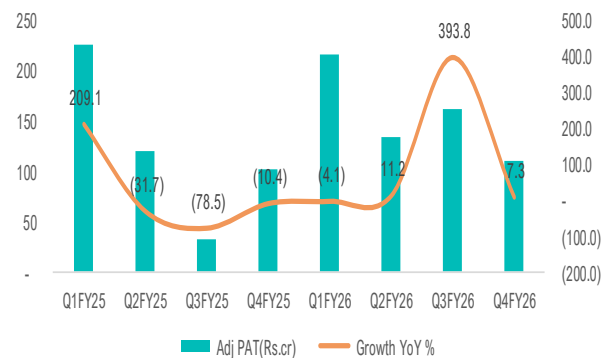
Volume Growth



EBITDA



PAT



Change in Estimates

Year / Rs cr	Old estimates		New estimates		Change (%)	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Revenue	8,881	0	8,857	9,566	-0.3	0.0
EBITDA	1,155	0	1,063	1,186	-8.0	0.0
Margins (%)	13.0	0.0	12.0	12.4	-101bps	0.00
Adj. PAT	789	0	694	776	-12.0	0.0
EPS	9.8	0.0	8.6	9.6	-12.0	0.0



Consolidated Financials

PROFIT & LOSS

Y.E March (Rs. cr)	FY24A	FY25A	FY26A	FY27E	FY28E
Revenue	7,801	7,823	8,052	8,857	9,566
% change	3.4	0.3	2.9	10.0	8.0
EBITDA	1,028	942	975	1,063	1,186
% change	25.6	-8.3	3.4	9.1	11.6
Depreciation	190	202	228	248	266
EBIT	837	741	746	815	920
Interest	29	31	32	23	27
Other Income	91.9	139.2	145.9	160.0	170.0
PBT	1,561	1,478	815	951	1,063
% change	145.9	-5.3	-44.8	16.7	11.8
Tax	385	369	221	257	287
Tax Rate (%)	25	25	27	27	27
Reported PAT	1,176	1,109	594	694	776
Adj*	661	630	45	0	0
Adj PAT	515	480	639	694	776
% change	9.8	-6.8	33.2	8.7	11.8
No. of shares (cr)	81	81	81	81	81
Adj EPS (Rs.)	6	6	8	9	10
% change	9.8	-6.8	33.2	8.7	11.8
DPS (Rs.)	2.1	2.1	2.1	2.1	2.1

CASH FLOW

Y.E March (Rs. cr)	FY24A	FY25A	FY26A	FY27E	FY28E
Net inc. + Depn.	1,366	1,311	822	943	1,042
Non-cash adj.	-37	-16	26	9	17
Changes in W.C	-103	-220	950	-709	-277
C.F. Operation	1227	1,075	1,797	243	782
Capital exp.	-90	-100	-174	-100	-100
Change in inv.	-200	-200	-1450	300	200
Other invest.CF	66	47	7	14	10
C.F – Investment	-224	-253	-1617	214	110
Issue of equity	0	0	0	0	0
Issue/repay debt	15	15	-106	15	15
Dividends paid	-169	-169	-169	-169	-169
Other finance.CF	-615	-661	12	-23	-27
C.F – Finance	-769	-815	-262	-177	-180
Chg. in cash	234	7	-82	280	711
Closing cash	361	369	286	567	1,278

BALANCE SHEET

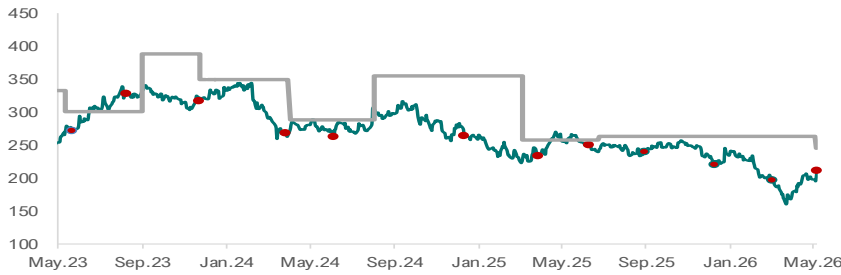
Y.E March (Rs. cr)	FY24A	FY25A	FY26A	FY27E	FY28E
Cash	361	369	286	567	1,278
Accounts Receivable	1,325	1,500	1,213	1,335	1,441
Inventories	1,727	1,736	1,566	2,066	2,225
Other Cur. Assets	224	225	11	12	13
Investments	702	902	2,352	2,052	1,852
Gross Fixed Assets	3,222	3,322	3,496	3,596	3,696
Net Fixed Assets	1,905	1,803	1,749	1,601	1,435
CWIP	100	100	100	100	100
Intangible Assets	40	40	40	40	40
Def. Tax (Net)	-	-	-	-	-
Other Assets	299	296	172	189	362
Total Assets	6,683	6,970	7,489	7,961	8,745
Current Liabilities	1,475	1,396	1,551	1,478	1,634
Provisions	-	-	-	-	-
Debt Funds	175	190	84	99	114
Other Liabilities	154	194	193	198	203
Equity Capital	81	81	81	81	81
Reserves & Surplus	4,799	5,110	5,580	6,106	6,713
Shareholder's Fund	4,880	5,191	5,661	6,186	6,794
Total Liabilities	6,683	6,970	7,489	7,961	8,745
BVPS (Rs.)	60	64	70	76	84

RATIOS

Y.E March	FY24A	FY25A	FY26A	FY27E	FY28E
Profitab. & Return					
EBITDA margin (%)	13.2	12.0	12.1	12.0	12.4
EBIT margin (%)	10.7	9.5	9.3	9.2	9.6
Net profit mgn.(%)	6.6	6.1	7.9	7.8	8.1
ROE (%)	10.9	9.5	11.8	11.7	12.0
ROCE (%)	8.4	7.3	8.8	8.7	8.9
W.C & Liquidity					
Receivables (days)	60.0	65.9	61.5	52.5	53.0
Inventory (days)	80.9	80.8	74.8	74.8	81.9
Payables (days)	70.5	71.7	73.0	66.3	61.6
Current ratio (x)	2.6	3.0	3.3	3.9	3.9
Quick ratio (x)	1.0	1.2	0.9	1.2	1.6
Turnover & Leverage					
Gross asset T.O (x)	2.5	2.4	2.4	2.5	2.6
Total asset T.O (x)	1.2	1.1	1.1	1.1	1.1
Int. coverage ratio (x)	28.7	23.7	23.1	35.0	34.6
Adj. debt/equity (x)	0.0	0.0	0.0	0.0	0.0
Valuation					
EV/Sales (x)	2.2	2.1	1.9	1.7	1.5
EV/EBITDA (x)	16.4	17.7	15.6	14.3	12.4
P/E (x)	34.4	36.9	27.7	25.5	22.8
P/BV (x)	3.6	3.4	3.1	2.9	2.6



Recommendation Summary (last 3 years)



Dates	Rating	Target
12-May-2023	Accumulate	301
31-Aug-2023	BUY	388
23-Nov-2023	Accumulate	359
01-Apr-2024	HOLD	288
02-Aug-2024	BUY	355
07-Mar-2025	HOLD	258
24-Jun-2025	HOLD	263
14-May-2026	HOLD	240

Investment rating criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%

Not rated/Neutral

Definition:

Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

Symbols definition:



Upgrade



No Change



Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

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