

# Kansai Nerolac Paints (KNPL IN)

**Q4FY26 Result  
Update**

May 06, 2026

Estimate Change |  Target |  Reco.

## Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	Accumulate		Accumulate	
Target Price	248		234	
Sales (INR mn)	85,695	91,233	82,098	87,409
% Chng.	4.4	4.4		
EBITDA (INR mn)	10,781	12,030	10,569	11,501
% Chng.	2.0	4.6		
EPS (INR)	8.9	9.9	8.7	9.5
% Chng.	2.3	4.2		

## Key Data

KANE.BO | KNPL IN

BSE Code	500165
NSE Code	KANSAINER
52-W High / Low	INR 272 / INR 157
Face Value	1
Sensex / Nifty	77,959 / 24,331
Market Cap	INR 164 bn / \$ 1,729 mn
Shares Outstanding	808.66 mn
3M Avg. Daily Value	INR 134.78 mn

## Shareholding Pattern (%)

Promoters	74.96
FII	3.61
MF	3.62
Banks and FIs	8.28
Public	9.53
Promoter's Pledge	-

## Stock Performance (%)

	1M	3M	6M	12M
Absolute	12.3	(5.6)	(18.5)	(19.8)
Relative	6.7	1.2	(12.9)	(17.0)

## Key Financials - Standalone

Y/e Mar	FY25	FY26	FY27E	FY28E
Sales (INR mn)	74,967	77,392	85,695	91,233
EBITDA (INR mn)	9,741	9,862	10,781	12,030
Margin (%)	13.0	12.7	12.6	13.2
PAT (INR mn)	6,647	6,653	7,272	8,031
EV (INR mn)	142,424	138,016	141,281	137,337
Total Debt (INR mn)	-	-	-	-
C&C Eq. (INR mn)	857	1,841	1,376	3,220
EPS (INR)	8.2	8.2	9.0	9.9
Gr. (%)	(3.0)	0.1	9.3	10.4
DPS (INR)	3.8	2.8	3.0	3.3
Yield (%)	1.9	1.4	1.5	1.6
RoE (%)	11.1	10.2	10.4	10.7
RoCE (%)	13.0	11.7	12.0	12.6
EV/Sales (x)	1.9	1.8	1.6	1.5
EV/EBITDA (x)	14.6	14.0	13.1	11.4
PE (x)	24.6	24.6	22.5	20.4
P/BV (x)	2.6	2.4	2.3	2.1

## Steady demand, frequent price hikes a concern

### Quick Pointers

- KNPL took price hike of low teens in decorative segment over April and May
- KNPL unlikely to take further price hike if Crude stabilizes below \$100
- EBITDA margin guidance sustained at 13-14% band range for FY27

We increase our FY27/FY28 EPS estimates by 2.3%/4.2% led by 1) high single digit overall price increase led by price hike of low teen in decorative segment. 2) Healthy demand outlook for auto with continued recovery in decorative segment and 3) Sustained EBITDA margin guidance of 13-14% despite macro headwinds.

However, we believe that frequent price hikes would have built up trade inventory, it has the potential to choke trade if there is meaningful decline in crude prices. We expect healthy volume growth in auto paints (30% of total sales) till 2Q27 due to carry over impact of GST rate cuts, unless we witness sharp increase in cost of ownership due to higher petrol/diesel prices.

We expect 7.3% volume CAGR growth and ~50bps margin expansion over FY26-28. We estimate a CAGR of 8.6% in sales and 10% EPS CAGR over FY26-28. We value the stock at 25xMar28 EPS and assign a target price of Rs248 (Rs234 earlier). While stock offers reasonable upside in near term, long term cautious view decorative Paints sustains. Retain Accumulate.

Revenues grew 7.6%; Volume growth ~7.6%:

- Revenues grew by 7.6% YoY to Rs18.7bn (PL: Rs18.50bn).
- Gross margins contracted by 3bps YoY to 34.6% (PL: 35.8%).
- EBITDA grew by 21% YoY to Rs2.2bn (PL:Rs2.07bn); Margins expanded by 127bps YoY to 11.5% (PL:11.2%).
- Adjusted PAT grew by 7.6% YoY to Rs1.3bn (PL:Rs1.35bn)
- Company announced a dividend of Rs. 2.50/ share

### Quarter Summary

Y/e Mar	Q4'26E	Q4'26A	% Var.	Q4'25A	YoY gr. (%)
Net Sales (INR mn)	18,504	18,734	1.0	17,404	8.0
EBITDA (INR mn)	2,072	2,151	4.0	1,778	21.0
Margin (%)	11.2	11.5	30 bps	10.2	130 bps
PAT (INR mn)	1,352	1,328	-2.0	1,235	8.0

Source: Company, PL

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## Concall Highlights:

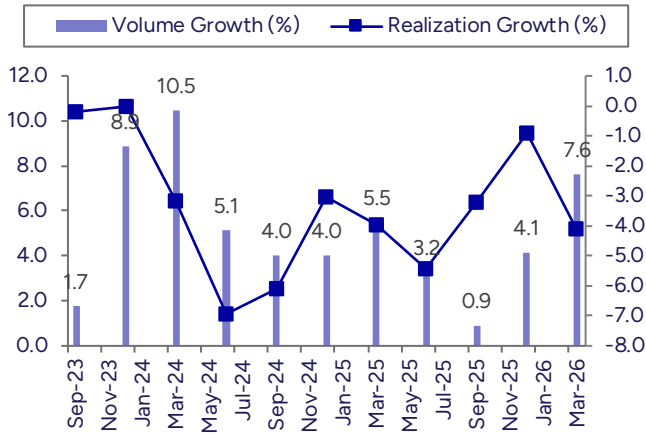
- Demand remained resilient through Q4, KNPL expects momentum to sustain in the near term led by healthy auto demand and sustained recovery in decorative
- Overall volume grew by high-single digits in Q4, auto segment saw double-digit growth, while powder coatings grew mid-single digits
- Competitive intensity continues to remain high with price hike being taken by all the players including regional ones
- KNPL gained overall market share, driven by stronger performance in Tier-2 & Tier-3 markets
- KNPL may undertake further price hikes in case of sustained crude-led inflationary pressures
- Decorative segment continues to witness recovery with healthy demand traction
- Project business contribution stood at ~10% of total revenue
- 2 Wheelers, 3 Wheelers, Commercial Vehicle & Tractors witnessed strong double-digit growth in 4QFY26
- Company reiterated EBITDA margin guidance of 13–14% over near to medium term
- Industrial segment capacity utilization remains at ~70–75%
- KNPL implemented staggered price hikes (low-teens) in the decorative segment during Q4 with 2/ 5-6/5-6/5-6% in March/April/May respectively
- In the industrial segment, price increases have been granted in auto, with negotiations being slightly delayed but new prices for channel sales were effective mid-April.
- New pricing in the industrial segment became effective from mid-April

Exhibit 1 : Sales grew 7.6% YoY; GM decreased by 3bps YoY while EBITDA Margin increased by 127bps YoY

Y/e March	Q4FY26	Q4FY25	YoY gr.(%)	4Q26E	Var %	Q3FY26	FY26	FY25	YoY gr.(%)
Total Revenue	18,734	17,404	7.6	18,504	1.2	19,074	77,392	74,967	3.2
Gross Profit	6,481	6,025	7.6	6,623	(2.2)	6,778	27,349	26,441	3.4
% of NS	34.6	34.6	(0.0)	35.8	(1.2)	35.5	35.3	35.3	0.1
Other Expenses	4,329	4,247	1.9	4,551	(4.9)	4,306	17,487	16,700	4.7
% of NS	23.1	24.4	(1.3)	24.6	(1.5)	22.6	22.6	22.3	0.3
<b>EBITDA</b>	<b>2,151</b>	<b>1,778</b>	<b>21.0</b>	<b>2,072</b>	<b>3.8</b>	<b>2,473</b>	<b>9,862</b>	<b>9,741</b>	<b>1.2</b>
Margins %	11.5	10.2	1.3	11.2	0.3	13.0	12.7	13.0	(0.3)
Depreciation	591	497	18.8	592	(0.2)	585	2,214	1,937	14.3
Interest	53	37	44.1	48	11.3	58	184	151	22.0
<b>PBT from operations</b>	<b>1,508</b>	<b>1,244</b>	<b>21.2</b>	<b>1,433</b>	<b>5.2</b>	<b>1,830</b>	<b>7,465</b>	<b>7,654</b>	<b>(2.5)</b>
Other Income	340	394	(13.8)	386	(12.0)	367	1,525	1,421	7.3
<b>PBT</b>	<b>1,847</b>	<b>1,638</b>	<b>12.8</b>	<b>1,819</b>	<b>1.6</b>	<b>2,197</b>	<b>8,989</b>	<b>9,074</b>	<b>(0.9)</b>
Tax	519	403	28.6	466	11.3	552	2,338	2,427	(3.7)
Tax rate %	28.1	24.6	3.5	25.6	2.5	25.1	26.0	26.8	(0.7)
<b>Adjusted PAT</b>	<b>1,328</b>	<b>1,235</b>	<b>7.6</b>	<b>1,352</b>	<b>(1.8)</b>	<b>1,645</b>	<b>6,652</b>	<b>6,647</b>	<b>0.1</b>

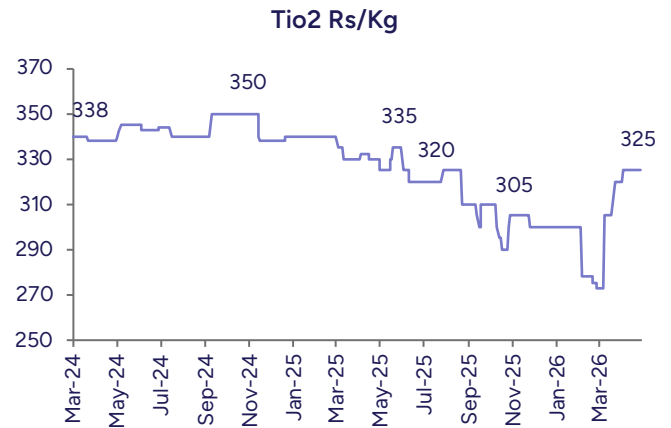
Source: Company, PL

Exhibit 2 : Volume up by ~7.6%



Source: Company, PL

Exhibit 3 : Tio2 prices are down by 2.1% QoQ



Source: Company, PL

Exhibit 4 : Branding & Media spends

### Social Media Outreach

### Focus markets Outreach

Source: Company, PL

## Financials

### Income Statement (INR mn)

Y/e Mar	FY25	FY26	FY27E	FY28E
<b>Net Revenues</b>	<b>74,967</b>	<b>77,392</b>	<b>85,695</b>	<b>91,233</b>
YoY gr. (%)	1.4	3.2	10.7	6.5
Cost of Goods Sold	48,526	50,043	55,804	58,903
Gross Profit	26,441	27,349	29,891	32,330
Margin (%)	35.3	35.3	34.9	35.4
Employee Cost	4,472	4,903	5,484	5,930
Other Expenses	7,332	7,245	7,884	8,348
<b>EBITDA</b>	<b>9,741</b>	<b>9,862</b>	<b>10,781</b>	<b>12,030</b>
YoY gr. (%)	(4.8)	1.2	9.3	11.6
Margin (%)	13.0	12.7	12.6	13.2
Depreciation and Amortization	1,937	2,214	2,415	2,592
<b>EBIT</b>	<b>7,805</b>	<b>7,648</b>	<b>8,365</b>	<b>9,439</b>
Margin (%)	10.4	9.9	9.8	10.3
Net Interest	151	184	228	296
Other Income	1,421	1,525	1,690	1,709
<b>Profit Before Tax</b>	<b>9,074</b>	<b>8,989</b>	<b>9,827</b>	<b>10,852</b>
Margin (%)	12.1	11.6	11.5	11.9
Total Tax	2,428	2,335	2,555	2,822
Effective Tax Rate (%)	26.8	26.0	26.0	26.0
<b>Profit After Tax</b>	<b>6,647</b>	<b>6,653</b>	<b>7,272</b>	<b>8,031</b>
Minority Interest	-	-	-	-
Share Profit from Associate	-	-	-	-
<b>Adjusted PAT</b>	<b>6,647</b>	<b>6,653</b>	<b>7,272</b>	<b>8,031</b>
YoY gr. (%)	(3.0)	0.1	9.3	10.4
Margin (%)	8.9	8.6	8.5	8.8
Extra Ord. Income / (Exp)	3,566	(455)	-	-
<b>Reported PAT</b>	<b>10,213</b>	<b>6,198</b>	<b>7,272</b>	<b>8,031</b>
YoY gr. (%)	(13.7)	(39.3)	17.3	10.4
Margin (%)	13.6	8.0	8.5	8.8
Other Comprehensive Income	(35)	67	-	-
Total Comprehensive Income	10,178	6,265	7,272	8,031
<b>Equity Shares O/s (mn)</b>	<b>808</b>	<b>809</b>	<b>809</b>	<b>809</b>
<b>EPS (INR)</b>	<b>8.2</b>	<b>8.2</b>	<b>9.0</b>	<b>9.9</b>

Source: Company, PL

### Balance Sheet (INR mn)

Y/e Mar	FY25	FY26	FY27E	FY28E
<b>Non-Current Assets</b>				
<b>Gross Block</b>	<b>35,077</b>	<b>38,172</b>	<b>41,507</b>	<b>44,217</b>
Tangibles	34,455	37,082	40,865	43,565
Intangibles	622	1,090	642	652
<b>Acc: Dep / Amortization</b>	<b>15,606</b>	<b>17,387</b>	<b>19,320</b>	<b>21,383</b>
Tangibles	15,097	16,821	18,697	20,701
Intangibles	509	566	623	682
<b>Net Fixed Assets</b>	<b>19,471</b>	<b>20,785</b>	<b>22,186</b>	<b>22,834</b>
Tangibles	19,358	20,261	22,168	22,864
Intangibles	113	524	19	(30)
Capital Work In Progress	2,210	1,693	1,200	1,200
Goodwill	2	-	-	-
Non-Current Investments	1,317	1,297	866	887
Net Deferred Tax Assets	(1,553)	(1,572)	(1,650)	(1,733)
Other Non-Current Assets	4,955	5,463	5,620	5,976
<b>Current Assets</b>				
Investments	18,460	23,614	20,814	22,914
Inventories	16,097	14,929	19,613	20,881
Trade Receivables	12,747	13,798	14,018	14,924
Cash & Bank Balance	2,602	1,921	1,456	3,300
Other Current Assets	1,603	1,697	2,100	2,235
<b>Total Assets</b>	<b>79,692</b>	<b>85,385</b>	<b>88,045</b>	<b>95,333</b>
<b>Equity</b>				
Equity Share Capital	808	809	809	809
Other Equity	62,854	66,149	71,616	77,019
<b>Total Network</b>	<b>63,662</b>	<b>66,958</b>	<b>72,425</b>	<b>77,827</b>
<b>Non-Current Liabilities</b>				
Long Term Borrowings	-	-	-	-
Provisions	210	169	186	205
Other Non Current Liabilities	-	-	-	-
<b>Current Liabilities</b>				
ST Debt / Current of LT Debt	-	-	-	-
Trade Payables	10,237	10,754	8,531	9,151
Other Current Liabilities	2,637	4,228	2,495	2,838
<b>Total Equity &amp; Liabilities</b>	<b>79,692</b>	<b>85,386</b>	<b>88,045</b>	<b>95,333</b>

Source: Company, PL

**Cash Flow (INR mn)**

Y/e Mar	FY25	FY26	FY27E	FY28E
PBT	9,074	8,989	9,827	10,852
Add. Depreciation	1,937	2,214	2,415	2,592
Add. Interest	151	184	228	296
Less Financial Other Income	1,421	1,525	1,690	1,709
Add. Other	4,701	(585)	1,421	546
Op. Profit before WC Changes	15,863	10,801	13,891	14,285
Net Changes-WC	(5,922)	(1,317)	(6,446)	(3,458)
Direct Tax	(3,654)	(2,335)	(2,555)	(2,822)
<b>Net Cash from Op. Activities</b>	<b>6,287</b>	<b>7,149</b>	<b>4,890</b>	<b>8,006</b>
Capital Expenditures	(3,540)	(3,010)	(3,322)	(3,239)
Interest / Dividend Income	-	-	-	-
Others	757	(1)	-	-
<b>Net Cash from Inv. Activities</b>	<b>(2,783)</b>	<b>(3,011)</b>	<b>(3,322)</b>	<b>(3,239)</b>
Issue of Share Cap. / Premium	(15)	(746)	622	-
Debt Changes	-	-	-	-
Dividend Paid	(3,031)	(2,224)	(2,426)	(2,628)
Interest Paid	(151)	(184)	(228)	(296)
Others	-	-	-	-
<b>Net Cash from Fin. Activities</b>	<b>(3,198)</b>	<b>(3,154)</b>	<b>(2,033)</b>	<b>(2,924)</b>
<b>Net Change in Cash</b>	<b>306</b>	<b>984</b>	<b>(465)</b>	<b>1,844</b>
Free Cash Flow	2,747	4,138	1,568	4,767

Source: Company, PL

**Quarterly Financials (INR mn)**

Y/e Mar	Q1FY26	Q2FY26	Q3FY26	Q4FY26
<b>Net Revenues</b>	<b>20,874</b>	<b>18,710</b>	<b>19,074</b>	<b>18,734</b>
YoY gr. (%)	1.8	0.4	3.5	7.6
Raw Material Expenses	13,336	12,158	12,295	12,254
Gross Profit	7,538	6,553	6,778	6,481
Margin (%)	36.1	35.0	35.5	34.6
<b>EBITDA</b>	<b>3,120</b>	<b>2,119</b>	<b>2,473</b>	<b>2,151</b>
YoY gr. (%)	(6.7)	(1.5)	0.2	21.0
Margin (%)	14.9	11.3	13.0	11.5
Depreciation / Depletion	512	525	585	591
<b>EBIT</b>	<b>2,608</b>	<b>1,593</b>	<b>1,888</b>	<b>1,561</b>
Margin (%)	12.5	8.5	9.9	8.3
Net Interest	36	38	58	53
Other Income	529	288	367	340
<b>Profit before Tax</b>	<b>3,101</b>	<b>1,844</b>	<b>2,197</b>	<b>1,847</b>
Margin (%)	14.9	9.9	11.5	9.9
Total Tax	792	475	552	519
Effective Tax Rate (%)	25.6	25.7	25.1	28.1
<b>Profit After Tax</b>	<b>2,309</b>	<b>1,369</b>	<b>1,645</b>	<b>1,328</b>
Minority Interest	-	-	-	-
Share Profit from Associate	-	-	-	-
<b>Adjusted PAT</b>	<b>2,309</b>	<b>1,369</b>	<b>1,645</b>	<b>1,328</b>
YoY gr. (%)	(4.3)	5.2	(3.2)	7.6
Margin (%)	11.1	7.3	8.6	7.1
Extra Ord. Income / (Exp)	-	-	(333)	(120)
<b>Reported PAT</b>	<b>2,309</b>	<b>1,369</b>	<b>1,312</b>	<b>1,209</b>
YoY gr. (%)	(4.3)	5.2	(75.1)	(2.1)
Margin (%)	11.1	7.3	6.9	6.5
Other Comprehensive Income	(5)	(7)	58	22
<b>Total Comprehensive Income</b>	<b>2,303</b>	<b>1,363</b>	<b>1,370</b>	<b>1,231</b>
Avg. Shares O/s (mn)	808	808	808	808
<b>EPS (INR)</b>	<b>2.9</b>	<b>1.7</b>	<b>2.0</b>	<b>1.6</b>

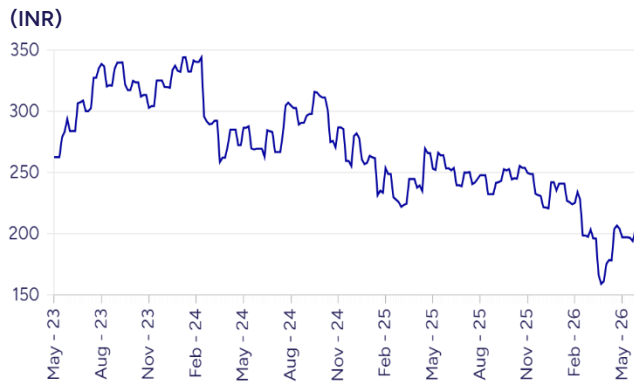
Source: Company, PL

**Key Financial Metrics**

Y/e Mar	FY25	FY26	FY27E	FY28E
<b>Per Share (INR)</b>				
EPS	8.2	8.2	9.0	9.9
CEPS	10.6	11.0	12.0	13.1
BVPS	78.8	82.8	89.6	96.2
FCF	3.4	5.1	1.9	5.9
DPS	3.8	2.8	3.0	3.3
<b>Return Ratio (%)</b>				
RoCE	13.0	11.7	12.0	12.6
ROIC	14.6	14.2	13.1	14.3
RoE	11.1	10.2	10.4	10.7
<b>Balance Sheet</b>				
Net Debt : Equity (x)	-	-	-	-
Net Working Capital (Days)	91	85	107	107
<b>Valuation (x)</b>				
PER	24.5	24.5	22.4	20.3
P/B	2.5	2.4	2.2	2.1
P/CEPS	19.0	18.4	16.8	15.3
EV/EBITDA	14.6	13.9	13.1	11.4
EV/Sales	1.8	1.7	1.6	1.5
Dividend Yield (%)	1.8	1.3	1.4	1.6
FCFF Yield (%)	1.6	2.5	0.9	2.9
PEG Ratio	(8.3)	399.2	2.4	1.9

Source: Company, PL

Price Chart



Recommendation History

No.	Date	Rating	TP (INR)	Share Price (INR)
1	09-Apr-26	Accumulate	234	186
2	26-Feb-26	Accumulate	248	200
3	04-Feb-26	Accumulate	248	222
4	08-Jan-26	Accumulate	255	238
5	04-Nov-25	Accumulate	265	250
6	08-Oct-25	Accumulate	272	246
7	05-Aug-25	Accumulate	277	244
8	09-Jul-25	Accumulate	284	251
9	07-May-25	Accumulate	284	255
10	21-Apr-25	Accumulate	288	258

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (INR)	Share Price (INR)
1	Kansai Nerolac Paints	Accumulate	234	186
2	Mold-tek Packaging	Accumulate	650	549

PL's Recommendation Nomenclature (Absolute Performance)

<b>BUY</b>	: > 15%
<b>Accumulate</b>	: 5% to 15%
<b>Hold</b>	: +5% to -5%
<b>Reduce</b>	: -5% to -15%
<b>Sell</b>	: < -15%
<b>Not Rated (NR)</b>	: No specific call on the stock
<b>Under Review (UR)</b>	: Rating likely to change shortly

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