

May 7, 2025

Q4FY25 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	ACCUMULATE		ACCUMULATE	
Target Price	284		288	
Sales (Rs. m)	79,768	85,351	79,714	85,293
% Chng.	0.1	0.1		
EBITDA (Rs. m)	10,947	12,001	11,116	12,182
% Chng.	(1.5)	(1.5)		
EPS (Rs.)	9.5	10.2	9.5	10.3
% Chng.	(0.6)	(1.4)		

Key Financials - Standalone

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. m)	73,933	74,970	79,768	85,351
EBITDA (Rs. m)	10,413	9,745	10,947	12,001
Margin (%)	14.1	13.0	13.7	14.1
PAT (Rs. m)	7,034	6,650	7,655	8,213
EPS (Rs.)	8.7	8.2	9.5	10.2
Gr. (%)	(6.7)	(5.5)	15.1	7.3
DPS (Rs.)	1.8	3.8	2.8	3.0
Yield (%)	0.7	1.5	1.1	1.2
RoE (%)	13.7	11.1	11.4	11.2
RoCE (%)	16.8	13.0	13.2	13.2
EV/Sales (x)	2.6	2.5	2.3	2.1
EV/EBITDA (x)	18.3	19.0	16.7	15.1
PE (x)	29.3	31.0	27.0	25.1
P/BV (x)	3.7	3.2	2.9	2.7

Key Data

KANE.BO | KNPL IN

52-W High / Low	Rs.321 / Rs.218
Sensex / Nifty	80,747 / 24,414
Market Cap	Rs.206bn / \$ 2,433m
Shares Outstanding	808m
3M Avg. Daily Value	Rs.84.43m

Shareholding Pattern (%)

Promoter's	74.99
Foreign	5.30
Domestic Institution	10.10
Public & Others	9.61
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	8.6	(8.7)	(9.6)
Relative	(1.6)	(10.1)	(17.7)

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Competitive intensity clouds positives

Quick Pointers:

- Strong growth in Paint+, Wood coatings, Projects and Industrial Paints enables Kansai to report ~5.5% volume growth in 4Q25
- EBITDA margin guidance of 13-14% for FY26, gradual recovery likely after that

KNPL has sustained 13-14% EBITDA margin guidance and amid competitive intensity in decorative paints in the near term. Industrial Paints outlook remains positive led by 2W in auto paints and General industrial segment led by infra and related segments.

KNPL plans to maintain its decorative market share led by 1) Paint + initiatives 2) distribution improvement in Nextgen Nerolac Shoppe 3) projects business 4) loyalty and influencer program and new innovations and launches. positive Outlook in non-auto industrials remains positive led by strong order pipeline across Infra, Railways, Powder coatings etc.

Competitive intensity remains intense in decorative segment as full impact of new players like Birla Opus, JK Maxx and JSW is yet to play out fully. However, margins are likely to improve in FY26 given benign input costs. We estimate a CAGR of 6.7% in sales and 11% IN PAT over FY25-27. We value the stock at 28xMar27 EPS (No change) and assign a target price of Rs284 (Rs288 earlier). Retain Accumulate but expect backended returns.

Revenues grew 4.7%; Volume growth ~5.5%: Revenues grew by 4.7% YoY to Rs17.4bn (PLe: Rs17.3bn). Gross margins contracted by 13bps YoY to 34.6% (PLe: 34.9%). EBITDA declined by 0.7% YoY to Rs1.8bn (PLe:Rs2.3bn); Margins contracted by 56bps YoY to 10.2% (PLe:11.8%). Adjusted PAT grew by 2.4% YoY to Rs1.2bn (PLe:Rs1.48bn). We estimate a volume growth of 5.5% for 4Q25.

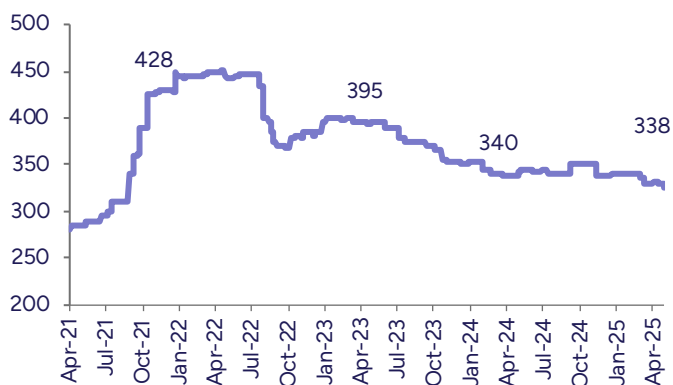
Concall Highlights: 1) Demand in decorative sees gradual recovery QoQ, although overall discretionary demand remains muted with higher competitive intensity. 2) Overall demand is expected to improve, led by robust rural demand and increased construction activity. 3) Paint+, Construction Chemicals, Wood finishes and Projects continued to do well 4) Automotive paints grew faster than market led by various initiatives, with passenger vehicles remaining subdued and 2-wheeler doing well 5) Performance Coatings continued to register strong growth on the basis of a strong order pipeline. 6) GM remains largely stable amidst benign RM costs; however, forex remains volatile. 7) forecast of a good monsoon builds a strong case for improved demand in paints industry. 8) Paint + has reached double digit sales contribution with improvement of 190bps in last year 10) EBITDA margin guidance for FY26 maintained at 13-14%, margins likely to improve post that once the competitive intensity stabilizes 11) Decorative volume likely to be in the mid-single digit range in medium term 12) KNPL is facing challenges in Sri-Lanka and Bangladesh while Nepal continues to perform well

Exhibit 1: Sales grew 4.7% YoY; GM contracts by 13bps YoY while EBITDAM slipped by 56bps YoY.

Y/e March	Q4FY25	Q4FY24	YoY gr. (%)	Q3FY25	FY25	FY24	YoY gr. (%)
Total Revenue	17,404	16,617	4.7	18,422	74,967	73,933	1.4
Gross Profit	6,025	5,775	4.3	6,502	26,441	26,236	0.8
% of NS	34.6	34.8	(0.1)	35.3	35.3	35.5	(0.2)
Other Expenses	4,247	3,983	6.6	4,033	16,700	16,007	4.3
% of NS	24.4	24.0	0.4	21.9	22.3	21.7	0.6
EBITDA	1,778	1,791	(0.7)	2,469	9,741	10,229	(4.8)
Margins %	10.2	10.8	(0.6)	13.4	13.0	13.8	(0.8)
Depreciation	497	458	8.7	515	1,937	1,800	7.6
Interest	37	32	16.5	48	151	125	21.1
PBT from operations	1,244	1,302	(4.5)	1,907	7,654	8,305	(7.8)
Other Income	394	320	23.0	374	1,421	931	52.6
PBT	1,638	1,623	1.0	2,281	9,074	9,236	(1.7)
Tax	403	417	(3.3)	582	2,427	2,386	1.7
Tax rate %	24.6	25.7	(1.1)	25.5	26.8	25.8	0.9
Adjusted PAT	1,235	1,205	2.4	1,699	6,647	6,850	(3.0)

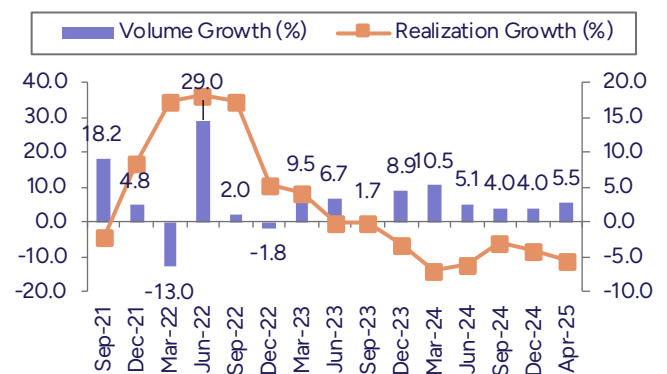
Source: Company, PL

Exhibit 2: TiO2 prices down 2.2% QoQ



Source: Company, PL

Exhibit 3: Volumes grow by ~5.5% in 4QFY25



Source: Company, PL

Exhibit 4: Presence in more than 240 towns and 120+ NXTGEN Shoppe.



Source: Company, PL

Exhibit 5: Launched 20+ New Products in FY 24-25.



Source: Company, PL

Exhibit 6: Branding, Marketing and Media Campaigns.



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Net Revenues	73,933	74,970	79,768	85,351
YoY gr. (%)	4.4	1.4	6.4	7.0
Cost of Goods Sold	47,697	48,525	51,312	54,914
Gross Profit	26,236	26,444	28,456	30,437
Margin (%)	35.5	35.3	35.7	35.7
Employee Cost	4,018	4,472	4,746	4,950
Other Expenses	6,774	6,822	7,099	7,554
EBITDA	10,413	9,745	10,947	12,001
YoY gr. (%)	28.6	(6.4)	12.3	9.6
Margin (%)	14.1	13.0	13.7	14.1
Depreciation and Amortization	1,800	1,938	2,133	2,347
EBIT	8,613	7,807	8,813	9,654
Margin (%)	11.6	10.4	11.0	11.3
Net Interest	125	151	187	242
Other Income	931	1,421	1,718	1,686
Profit Before Tax	9,420	9,077	10,344	11,098
Margin (%)	12.7	12.1	13.0	13.0
Total Tax	2,386	2,427	2,689	2,886
Effective tax rate (%)	25.3	26.7	26.0	26.0
Profit after tax	7,034	6,650	7,655	8,213
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	7,034	6,650	7,655	8,213
YoY gr. (%)	40.0	(5.5)	15.1	7.3
Margin (%)	9.5	8.9	9.6	9.6
Extra Ord. Income / (Exp)	4,979	4,792	-	-
Reported PAT	12,013	11,442	7,655	8,213
YoY gr. (%)	139.1	(4.8)	(33.1)	7.3
Margin (%)	16.2	15.3	9.6	9.6
Other Comprehensive Income	(38)	(35)	-	-
Total Comprehensive Income	11,975	11,407	7,655	8,213
Equity Shares O/s (m)	808	808	808	808
EPS (Rs)	8.7	8.2	9.5	10.2

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Non-Current Assets				
Gross Block	32,882	35,106	38,826	41,536
Tangibles	32,297	34,455	38,165	40,865
Intangibles	586	651	661	671
Acc: Dep / Amortization	14,108	15,635	17,291	19,089
Tangibles	13,629	15,097	16,693	18,431
Intangibles	479	538	597	658
Net fixed assets	18,774	19,471	21,535	22,447
Tangibles	18,667	19,358	21,471	22,433
Intangibles	107	113	64	13
Capital Work In Progress	1,481	2,210	1,200	1,200
Goodwill	2	2	-	-
Non-Current Investments	1,563	1,317	1,373	1,435
Net Deferred tax assets	(1,171)	(1,553)	(1,630)	(1,712)
Other Non-Current Assets	4,647	4,955	5,717	6,136
Current Assets				
Investments	13,229	18,460	19,460	19,960
Inventories	16,160	16,097	18,458	19,535
Trade receivables	12,153	12,747	13,268	13,962
Cash & Bank Balance	2,296	2,602	3,581	4,824
Other Current Assets	1,317	1,603	1,994	2,134
Total Assets	72,248	79,693	86,745	91,802
Equity				
Equity Share Capital	808	808	808	808
Other Equity	55,723	62,854	69,371	75,159
Total Network	56,531	63,662	70,179	75,967
Non-Current Liabilities				
Long Term borrowings	-	-	-	-
Provisions	206	210	230	253
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	10,242	10,237	9,792	7,804
Other current liabilities	2,903	2,637	2,397	2,733
Total Equity & Liabilities	72,248	79,692	86,744	91,802

Source: Company Data, PL Research



Cash Flow (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	9,236	9,077	10,344	11,098
Add. Depreciation	1,800	1,938	2,133	2,347
Add. Interest	125	151	187	242
Less Financial Other Income	931	1,421	1,718	1,686
Add. Other	4,998	4,523	401	441
Op. profit before WC changes	16,158	15,688	13,066	14,128
Net Changes-WC	(8,172)	(6,995)	(4,888)	(4,073)
Direct tax	(2,386)	(2,427)	(2,689)	(2,886)
Net cash from Op. activities	5,600	6,267	5,488	7,169
Capital expenditures	(2,977)	(3,364)	(3,185)	(3,259)
Interest / Dividend Income	-	-	-	-
Others	185	757	-	-
Net Cash from Inv. activities	(2,792)	(2,607)	(3,185)	(3,259)
Issue of share cap. / premium	121	(1,244)	1,086	-
Debt changes	-	-	-	-
Dividend paid	(1,455)	(3,031)	(2,223)	(2,425)
Interest paid	(125)	(151)	(187)	(242)
Others	-	-	-	-
Net cash from Fin. activities	(1,458)	(4,426)	(1,325)	(2,667)
Net change in cash	1,349	(767)	978	1,243
Free Cash Flow	2,622	2,902	2,303	3,910

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Net Revenue	20,504	18,638	18,422	17,404
YoY gr. (%)	(1.0)	1.0	1.5	4.7
Raw Material Expenses	12,918	12,310	11,919	11,379
Gross Profit	7,586	6,328	6,502	6,025
Margin (%)	37.0	34.0	35.3	34.6
EBITDA	3,344	2,150	2,469	1,778
YoY gr. (%)	0.2	(20.3)	2.9	(0.7)
Margin (%)	16.3	11.5	13.4	10.2
Depreciation / Depletion	460	465	515	497
EBIT	2,884	1,685	1,954	1,281
Margin (%)	14.1	9.0	10.6	7.4
Net Interest	34	33	48	37
Other Income	384	269	374	394
Profit before Tax	3,234	1,921	2,281	1,638
Margin (%)	15.8	10.3	12.4	9.4
Total Tax	823	619	582	403
Effective tax rate (%)	25.5	32.2	25.5	24.6
Profit after Tax	2,411	1,302	1,699	1,235
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	2,411	1,302	1,699	1,235
YoY gr. (%)	6.3	(27.6)	7.8	2.4
Margin (%)	11.8	7.0	9.2	7.1
Extra Ord. Income / (Exp)	-	-	3,566	-
Reported PAT	2,411	1,302	5,265	1,235
YoY gr. (%)	(67.6)	(27.6)	234.0	21.6
Margin (%)	11.8	7.0	28.6	7.1
Other Comprehensive Income	(5)	(5)	-	(19)
Total Comprehensive Income	2,406	1,297	5,265	1,216
Avg. Shares O/s (m)	808	808	808	808
EPS (Rs)	3.0	1.6	2.1	1.5

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Per Share(Rs)				
EPS	8.7	8.2	9.5	10.2
CEPS	10.9	10.6	12.1	13.1
BVPS	69.9	78.8	86.8	94.0
FCF	3.2	3.6	2.8	4.8
DPS	1.8	3.8	2.8	3.0
Return Ratio(%)				
RoCE	16.8	13.0	13.2	13.2
ROIC	18.0	14.7	14.9	14.8
RoE	13.7	11.1	11.4	11.2
Balance Sheet				
Net Debt : Equity (x)	(0.3)	(0.3)	(0.3)	(0.3)
Net Working Capital (Days)	89	91	100	110
Valuation(x)				
PER	29.3	31.0	27.0	25.1
P/B	3.7	3.2	2.9	2.7
P/CEPS	10.9	10.6	12.1	13.1
EV/EBITDA	18.3	19.0	16.7	15.1
EV/Sales	2.6	2.5	2.3	2.1
Dividend Yield (%)	0.7	1.5	1.1	1.2

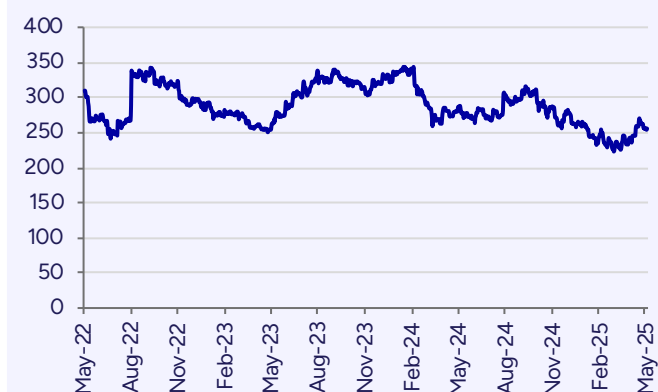
Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Volume Gr %	7.0	4.8	9.5	9.5
Gross Margins %	35.5	35.3	35.7	35.7

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	21-Apr-25	Accumulate	288	258
2	09-Apr-25	Hold	278	244
3	07-Feb-25	Hold	278	249
4	08-Jan-25	Reduce	274	257
5	08-Nov-24	Reduce	269	271
6	07-Oct-24	Reduce	286	292
7	31-Jul-24	Reduce	284	307
8	09-Jul-24	Reduce	266	267

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Asian Paints	Reduce	2,094	2,394
2	Avenue Supermarts	Hold	3,975	4,059
3	Britannia Industries	BUY	5,881	5,179
4	Colgate Palmolive	Hold	2,650	2,440
5	Dabur India	Hold	494	459
6	Emami	Accumulate	709	584
7	Hindustan Unilever	Accumulate	2,601	2,325
8	ITC	Accumulate	524	413
9	Jubilant FoodWorks	Hold	678	682
10	Kansai Nerolac Paints	Accumulate	288	258
11	Marico	Accumulate	718	699
12	Metro Brands	Hold	1,162	1,046
13	Mold-tec Packaging	Accumulate	621	470
14	Nestle India	Accumulate	2,559	2,433
15	Pidilite Industries	Accumulate	3,318	2,931
16	Restaurant Brands Asia	Accumulate	74	67
17	Titan Company	BUY	3,695	3,122
18	Westlife Foodworld	Hold	777	706

PL's Recommendation Nomenclature (Absolute Performance)

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

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