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Kansai Nerolac Paints Ltd – Not Rated

Subdued demand coupled with increased competitive intensity hurt FY25 performance

We analysed Kansai Nerolac Paints' (KNPL's) FY25 Annual Report. Key takeaways:

- The decorative segment witnessed muted demand during FY25, while business segments such as wood coating and construction chemicals showcased strong growth. The project business also witnessed robust growth trajectory, supported by expansion into new towns and geographies. The Industrial business registered good demand growth, led by the automotive and performance coating businesses.
- In FY25, the Indian paints industry demonstrated resilience in the face of subdued demand and intensifying competitive pressures. Rural demand remained muted for much of the year, with signs of recovery emerging towards 3Q25. However, the entry of new players into the market further intensified competition, prompting more aggressive pricing strategies. Additionally, an extended monsoon season impacted demand during 2Q25, affecting both retail and project sales.
- Mgmt. believes that unorganized segment in paints has seen some shrinkage in recent years as organized paint players have expanded into rural areas via distributors and many other means.

Key observations:

- Consolidated revenues stood at Rs 78.2bn (flattish yoy) while EBITDA declined by 8.3%, and PBT before exceptional items decreased by 5.7% yoy. In FY25, company introduced 10 new products within the Paint+ category, contributing to a total of 28 offerings.
- Company's International subsidiaries in Bangladesh and Sri Lanka faced multiple challenges due to the adverse macroeconomic conditions prevailing in those countries. Revenue and profitability of these subsidiaries were significantly impacted during the year. In Nepal, despite a subdued demand environment, the subsidiary achieved revenue growth and sustained profitability. Company's domestic subsidiary, Nerofix, also faced a challenging market landscape, and focussed efforts are underway to address these headwinds and strengthen performance.
- During FY25, company's Atchutapuram (Vizag) manufacturing unit commenced commercial production. Company's installed capacity stood at 664mn litres in FY25 vs. 611mn litres in FY24. Capex spending during FY25 stood at Rs 3.5bn vs. Rs 2.4bn in FY24. Capacity projects are in pipeline for finished products as well as intermediates at Jainpur, Sayakha, Hosur, Goindwal Sahib, and Atchutapuram (Vizag) sites.
- As per mgmt., Indian paints industry is anticipated to experience modest growth in FY26, driven by favourable macroeconomic conditions, rising urbanisation, and increased construction and infrastructure development activities, with decent demand in both – decorative and industrial segments.
- **Company's future strategy** – a) Focus on Paint+, New Products, and Premiumisation, b) Influencer Strategy – targeting engagement with architects and interior designers, c) Broaden product range and improve distribution network under new businesses of Construction Chemicals, Wood Finish, and Adhesives, d) Expand geographical reach for project business, e) Provide superior retail experience via expanding shop network.
- Consolidated cash conversion cycle improved to 90 days of sales in FY25 vs 92 in FY24.
- Consolidated OCF stood at Rs 6.7bn in FY25 vs. Rs 9bn in FY24. This was on account of unfavourable changes in W.C., incl. increase in trade & other receivables and a lower increase in trade payables/other financial liabilities/provisions in FY25 vs FY24.
- Consolidated other expenses grew 2% yoy to Rs 13.1bn in FY25 (~17% of sales). 3/5-year CAGR came in at 12%/8%.

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Key Highlights from FY25

- In FY25, company's standalone topline stood at Rs 75bn (up 1.4% yoy) while EBITDA declined by 4.8%, and PBT before exceptional items decreased by 1.7% yoy. Consolidated topline stood at Rs 78.2bn (flattish yoy) while EBITDA declined by 8.3%, and PBT before exceptional items decreased by 5.7% yoy.
- **As per mgmt., the decorative segment witnessed muted demand during FY25, while business segments such as wood coating and construction chemicals showcased strong growth. The project business also witnessed robust growth trajectory, supported by expansion into new towns and geographies.**
- The Industrial business registered good demand growth, led by the automotive and performance coating businesses. In the automotive segment, growth was primarily driven by the performance of the passenger vehicles segment. In the performance coatings segment, infrastructure-led momentum, including the development of roads, bridges, and railway networks, served as key growth drivers. The High-Performance coatings business also saw good growth momentum, while the Powder Coating business registered marginal gains. In the Auto Refinish category, company witnessed good growth in premium products.
- **Company has 9 plants (2 in Gujarat and 1 each in Punjab, U.P, Haryana, Maharashtra, Goa, Andhra Pradesh and Tamilnadu), 1 centralized R&D unit at Navi Mumba, 5 Satellite R&D units (2 at Lote 1 each at Hosur, Bawal and Sayakha) and 1 Colur. It has 114 pan India Depots and 7 Regional Distribution Centres. It also has 4 Subsidiaries with manufacturing facilities - 1 Domestic (India) and 3 International (Bangladesh, Nepal, Sri Lanka).**
- **In FY25, company introduced 10 new products within the Paint+ category, contributing to a total of 28 offerings. Company had increased its presence to 120+ Nerolac NextGen Shoppe and 230+ Shop-in-Shop outlets across the country. Additionally, company's NxtGen painting services is now present in over 250 cities (servicing 25,000 customers).**
- Decorative segment units are located at Hosur, Jainpur, Lote, Goindwal, Sahib, Sarigam and Atchutapuram (Vizag). Industrial segment units are Bawal, Sayakha, Lote, Hosur, Jainpur, and Marpol.
- Painters (Pragati Program) - 1 Lac+ Painters associated with Pragati (Scanning) program. There was increase in throughput value per painter.
- **As per the mgmt., company's presence is strong in North and East followed by Western India. In South, Andhra and Telangana are 2 good markets for the company.**
- Company's Wood Coating portfolio now features a new series of PU products (Sealer, Clear, Matt, Glossy) offered at competitive price points. To strengthen its project business, company expanded its presence to 80+ towns nationwide and developed a robust pipeline of project leads.
- The company continues to lead the automotive and powder coating segments and commands a significant market share in performance coatings backed by deep technical expertise and longstanding industry partnerships. In the decorative segment, KNPL is recognised as the 3rd largest paint manufacturer in India.
- In the performance coating segment, company concentrated on high-tech premium products, including coatings for bridges, windmills, appliances, construction equipment, and helmets.
- In the Auto Refinish business, company continued to increase its presence in A-class body shops and introduced a customised, performance-oriented product range for the commercial segment.

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- Company's International subsidiaries in Bangladesh and Sri Lanka faced multiple challenges due to the adverse macroeconomic conditions prevailing in those countries. Revenue and profitability of these subsidiaries were significantly impacted during the year. In Nepal, despite a subdued demand environment, the subsidiary achieved revenue growth and sustained profitability.
- Company's domestic subsidiary, Nerofix, also faced a challenging market landscape, and focussed efforts are underway to address these headwinds and strengthen performance.
- During FY25, company's Atchutapuram (Vizag) manufacturing unit commenced commercial production. Company is also undertaking capacity augmentation at its Sayakha Plant in FY26 to service the growth in the automotive industry.
- Kansai onboarded 8,000+ architects through the 'Illuminati' programme launched in 45+ cities and scaling up.
- Company paid a royalty of Rs 309mn in FY25 vs. Rs 272mn in FY24.
- Capacity: 664mn litres in FY25 vs. 611mn litres in FY24. Capacity was up 8.8% yoy. Jainpur W.B. capacity augmentation project is under commissioning while Vizag Phase 1 got commissioned & production started in FY25. Company is also planning Auto Paints capacity augmentation.
- Capex spending during FY25 stood at Rs 3.5bn vs. Rs 2.4bn in FY24. Capacity projects are in pipeline for finished products as well as intermediates at Jainpur, Sayakha, Hosur, Goindwal Sahib, and Atchutapuram (Vizag) sites.
- During FY25, the company has:
  a) Completed greenfield manufacturing project at Atchutapuram, A.P. (Vizag plant).
  b) Started capacity enhancement of industrial Alkyd and Polyester Resin at Sayakha plant and of Acrylic Resin at Bawal plant, to meet the increased automotive paint demand.
  c) Commenced automotive paint capacity addition project at Sayakha Plant, to meet the future demand of OEMs.
  d) Completed captive wind turbine project for Sayakha plant.
  e) Initiated offsite solar power plant project for Bawal plant to optimise power costs.
- While average crude oil prices declined compared to FY24, the impact was partially offset by currency depreciation during FY25. As a result, overall raw material prices remained largely stable throughout the year.
- Standalone other income rose to Rs 1.4bn in FY25 vs. Rs 931mn in FY24. During FY25, the company sold its factory land and building at Lower Parel, Mumbai and recorded a net gain of Rs 6.65bn (Gross sale proceeds of Rs 7.3bn). However, due to the continued losses incurred by company's subsidiaries in Sri Lanka and Bangladesh, it had to also recognise an impairment loss of Rs 1.86bn during FY25. The net amount of Rs 4.79bn was shown as an exceptional item.
- Company has started focussing heavily on digital mktg. and is carrying out targeted advertising rather than mass advertisements.
- Wood Finish: In FY25, the wood coating business delivered good growth for KNPL, notably outperforming broader market trends. This expansion was driven by several key factors, including its strategic partnership with ICRO which allows it to bring the latest trend in this segment from Italy. Company has also seen significant increase in demand for economical polyurethane (PU) finishes. New product introductions specific to key markets of Jammu & Kashmir as well as expanding its retail footprint across the country have been the key drivers for gains in this segment.

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- **Construction Chemicals:** In FY25, company entered the high-performance waterproofing segment of membranes and new technologies through tie-ups. The groundwork to build core waterproofing segment across industries based on specifications and approvals is gaining momentum. Furthermore, its existing product range, including Nerolac Perma No Damp and Nerolac Perma No Damp+ gained significant share across markets.
- **Projects:** Company's business strategy during FY25 centred on expanding geographical reach, strengthening its presence in the builder segment (fresh painting), and accelerating growth in the housing society repainting segment, alongside deepening engagement with the government sector.
- **Industrial business:** The powder coating segment experienced steady growth, primarily driven by demand from the white goods and electrical appliances sectors. The liquid coatings market saw significant expansion, fuelled by the increasing adoption of high-performance coatings that cater to specialised industrial applications. The industrial paints business caters to a large variety of industrial customers like automotive OEMs, auto refinish body shops, general industrial customers and high-performance coatings users such as oil and gas, chemical plants, power plants, and infrastructure companies.
- **Automotive business:** Building on an already substantial presence in the automotive segment, company successfully gained additional market share and maintained its position as the dominant leader in this category during FY25. The passenger vehicles and 2-wheelers segment witnessed good growth during the festive season while the commercial vehicles segment witnessed a subdued demand. For 2-wheelers, company has prioritised solutions that deliver a superior gloss finish. Its special PU clear product is engineered to provide an exceptional finish and anti-stain properties. In Auto Refinish, company had a high single digit growth, and it maintained the momentum of the previous year. It introduced new technology in the form of water-based solutions, low VOC paints and implemented some digital solutions for the paint shops.
- **Powder Coating**: In FY25, the company achieved modest growth in the powder coating segment, due to the demand from white goods and electrical appliances. The segment continues to cater to diverse industries, including rebar, pipe coating, alloy wheels, and construction equipment, with a focus on delivering premium solutions. Customers are also transitioning from liquid paints to environmentally friendly (zero VOC) powder coatings. The liquid coatings segment sustained its growth momentum in FY25, supported by strong performance in high-performance coatings, driven by increased infrastructure activity and rising demand for durable, high-quality solutions. Company witnessed strong growth in the premium segment driven by demand from oil & gas and heavy engineering segments. It has strengthened the portfolio in both the coil coating, thermal range and the Nerothane PO range.
- **As per mgmt., Indian paints industry is anticipated to experience modest growth in FY26, driven by favourable macroeconomic conditions, rising urbanisation, and increased construction and infrastructure development activities, with decent demand in both – decorative and industrial segments.**
- In the decorative segment, growth will be supported by higher disposable incomes, premiumisation trends, a rising consumer preference for eco-friendly products, and government initiatives such as the Housing for All programme and the Smart Cities Mission. The industrial segment is also expected to maintain healthy momentum, led by automotive production and significant infrastructure expansion.
- Competition within the industry is intensifying, with the entry of new players challenging the market share of established companies. This is paving the way for increased investment, innovation, and enhanced distribution networks. While the sector may continue to face challenges related to raw material price fluctuations and margin pressures, companies are expected to mitigate these risks through product innovation, digitalisation, and focus on sustainability.

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Company's future strategy:

i. **Paint+, New Products, and Premiumisation:** a) launch differentiated, unique products under Paint+; b) facilitate growth in the premium segment, while sustaining and growing in the economy and popular segments.

ii. **Influencer Strategy – targeting Painters, Architects and Interior Designers:** a) Enhance NxtGen painting services; b) Expand reach, nurture deeper, connections and offer loyalty programmes for painters; c) Engage with architects and interior designers.

iii. **New Businesses of Construction Chemicals, Wood Finish, and Adhesives:** a) offer a comprehensive product range; b) improve distribution network; c) Increase contractor participation.

iv. **Project Business:** a) expand geographical reach; b) develop a pipeline of project sites; c) increase contractor reach; d) separate range of products.

v. **Retail Experience:** a) provide superior retail experience; b) expand the NxtGen Shoppe network; c) Increase shop-in-shop network.

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Exhibit 1: Product Portfolio (New Launches)

Source: Company Data, Equirus

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Exhibit 2: Industrial (New Launches)

Industrial (New Launches)

Automotive

4-Wheelers

- **Stoving Primer and Topcoat:** Introduced new primer and topcoat designed for superior chip resistance and high solid content, working seamlessly with the 3C1B process.
- **Advanced Appearance Coat:** Enhanced line workability reduces sagging and popping for a smoother finish.
- **Innovative Clear Coat:** Launched a unique clear coat with a refined matting effect, built to resist harsh weather and alkali exposure for long-term durability and elegance.

2-Wheelers

- **Vibrant Two-Coat Shade:** Developed a rich two-coat system for Monocoat that performs exceptionally well on black primers and elevates the design appeal of modern bikes.
- **Versatile Low-Bake Product:** Introduced a new low-bake solution compatible with both plastic and metal surfaces, broadening usage across different parts.
- **Special PU Clear Product:** Launched a Special PU clear product that achieves an exceptional finish at lower dry film thickness and provides superior sagging resistance even at high thicknesses.

Commercial Vehicles

- **Casting Sealer:** Launched a high-end casting sealer with excellent corrosion resistance, ideal for durability in harsh environments.
- **PU Solid Superior Product:** Introduced a PU solid product with superior non-yellowing properties, maintaining long-lasting aesthetics and functionality.
- **Unique Heat-Resistant Product:** Developed a textured finish coating with exceptional heat resistance, enhancing both durability and appearance.
- **Low-Bake Epoxy CED:** Launched low-bake epoxy CED, reducing bake time from 160°C for 10 minutes to 160°C for just 5 minutes, improving efficiency and sustainability.

Performance Coating

General Industrial (GI)

- **Matt Anti-Dust Lacquer:** Developed for electrical appliances, this coating features easy-to-clean properties, reducing maintenance efforts and ensuring a dust-free appearance.
- **Monocoat Paint:** Designed innovative paint, specifically formulated for direct application on oily substrates.

High Performance Coatings (HPC)

- **High-Build Epoxy Glass Flake Coating:** Launched a coating to meet the demands of industrial applications, this coating offers enhanced durability and resistance.
- **Special High-Build Epoxy Paint:** Tailored for use in highly humid areas and jetties in tidal zones.

Powder Coating

- **Anti-Static Coating:** Designed specifically for ESD (Electrostatic Discharge) applications.
- **Monocoat Metallic:** Developed for auto ancillary applications, this coating boasts better abrasion resistance, maintaining its appearance and functionality over time.

Refinish

- **Economy Range Product for Auto Refinish (ARF)** Crafted as an affordable alternative for the automotive refinish segment, delivering consistent results where cost-efficiency matters.

Source: Company Data, Equirus

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Industry:

- In FY25, the Indian paints industry demonstrated resilience in the face of subdued demand and intensifying competitive pressures.
- Rural demand remained muted for much of the year, with signs of recovery emerging towards 3Q25. However, the entry of new players into the market further intensified competition, prompting more aggressive pricing strategies.
- Additionally, an extended monsoon season impacted demand during 2Q25, affecting both retail and project sales.
- The automotive coatings segment recorded healthy growth, driven largely by the launch of new passenger vehicle models.
- Mgmt. believes that unorganized segment in paints has seen some shrinkage in recent years as organized paint players have expanded into rural areas via distributors and many other means. Solvent based paint segment has seen higher shrinkage for unorganized players.
- Industrial coatings experienced stable demand, supported by ongoing infrastructure development and government-led stimulus measures. Demand in the performance coatings segment was primarily driven by strong growth in high-performance protective coatings, particularly within the oil and gas sector.
- Powder coatings saw subdued demand while general industrial paints registered healthy traction, especially in applications related to pre-engineered buildings and other industrial products.

Other Highlights:

- R&D expenses: Rs 519mn in FY25 vs. Rs 425mn in FY24.
- Electricity Consumption through Renewable sources (manufacturing facilities): 39% in FY25 vs. 38% in FY24.
- Energy Consumption through Renewable sources (Organisation Wide - Manufacturing Facilities, R&D, Depots, Offices): 45% in FY25 vs. 49% in FY24.
- **Total Emissions** (Scope 1 + Scope 2) (KNPL India, including subsidiaries - MTCO2e): 50,470 in FY25 vs. 58,241 in FY19 (Baseline). Also achieved 11% reduction in Scope 3 intensity from the baseline of FY19.
- Standalone OCF stood at Rs 6.5bn in FY25 vs. Rs 9bn in FY24. Consolidated OCF stood at Rs 6.7bn in FY25 vs. 9bn in FY24.
- New products launched (Decorative + Industrial) – 75+.
- Company is targeting to a) reduce Scope 1 & 2 emissions by 46.2% by 2030, from the baseline of FY19, b) minimise Scope 3 intensity by 55% by 2030, from the baseline FY19 and c) achieve 70% renewable electricity (RE70) by 2030.
- During FY25, company commissioned a) a captive wind turbine of 2.1 MW in the state of Gujarat, b) a PNG system in factories at Lote and Sayakha.
- In FY25, 65%+ of materials were sourced by the company from suppliers with formal sustainability initiatives.
- During FY25, company carried out supplier audits for 28 suppliers.
- ROCE (excluding exceptional items) for FY25 stood at 13.8% in FY25 vs. 15.8% in FY24. ROE stood at 17% in FY25 vs. 23% in FY24.
- Company launched 22 new products in the decorative segment and 10 new products in the Paint+ category. It also introduced the Wow Whites range (Whitest of White), across both interior and exterior emulsions that provides whiteness along with 15% more coverage. To strengthen its exterior product portfolio, company launched Excel No Dust, an acrylic emulsion paint designed to deliver superior performance. In the Interior Range, it launched the Nerolac Beauty Gold Washable NXT and Impressions Sheen Emulsion, which provides a radiant sheen and smooth finish.

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- During FY25, ~20% of company's input materials were sourced from MSMEs and 75% of the input material was sourced from within India.
- During FY25, the company allotted 65,300 Equity Shares of Re. 1 each pursuant to exercise of Restricted Stock Units granted under the Kansai Nerolac Paints Limited – Restricted Stock Unit Plan, 2022. Further, after 31st March, 2025, the Company allotted 45,799 Equity Shares of Re. 1 each pursuant to exercise of RSUs granted under the RSU Plan 2022.
- CSR spending for FY25 stood at Rs 135mn.
- FX earnings stood at Rs 94mn in FY25 vs. Rs 86mn in FY24 while FX outgo stood at Rs 11bn vs. Rs 11.9bn in FY24.
- At end of FY25, company's B.O.D. had 8 Directors. The Board comprises of Executive and Non-Executive Directors. The Managing Director and the Whole-time Director were 2 Executive Directors while 6 were Non-Executive Directors, of which 3 directors including the Chairman were Independent Directors. The Board also consists of 1-woman Independent Director.
- Exports contributed 0.13% to company's standalone turnover and 3.1% to consolidated turnover in FY25.
- % of inputs which were sourced sustainably in FY25 – 65%.
- Energy intensity per rupee of turnover (Total energy consumed/Revenue from operations) – 73 GJ/Rs Crores in FY25 vs. 71 GJ/Rs Crores in FY24.
- Total Scope 1 and Scope 2 emission intensity per rupee of turnover (Total Scope 1 and Scope 2 GHG emissions/Revenue from operations) – 6.8 TCO2e/Rs Crores in FY25 vs. 6.6 TCO2e/Rs Crores in FY24.
- During FY25, the company had renewed loan granted to a subsidiary company of Rs 530mn to Kansai Nerolac Paints (Bangladesh) Limited, which had fallen due during the year.
- During FY25, in terms of branding, marketing and media campaigns, company's visibility in the TV media has been slightly lesser. The focus was on digital platforms which was reflected in both, increase in organic traffic as well as in organic leads.
- Company controlled its inventories in FY25 which helped it to improve its cash conversion cycle.

Performance of Subsidiaries in FY25:

- **Nerofix Pvt. Ltd.:** Company's turnover stood at Rs 1.25bn vs. Rs 1.33bn in FY24. Net loss came at Rs 153mn vs. Rs 27.4mn in FY24. Strategic initiatives have also been taken to revamp the business. *KNPL holds 100% stake in Nerofix as of FY25-end (same as FY24-end).*
- **Nepal business:** Turnover for KNP Japan Private Limited (Nepal subsidiary) stood at Rs 694.3mn vs. Rs 659.2mn in FY24. PAT stood at Rs 59.7mn vs. Rs 54.9mn in FY24. *KNPL holds 68% stake in KNP Japan Pvt Ltd as of FY25-end (same as FY24-end).*
- **Bangladesh business:** Turnover for Kansai Nerolac Paints (Bangladesh) Limited (Bangladesh subsidiary) stood at Rs 1.4bn vs. Rs 2bn in FY24. Loss stood at Rs 309.5mn vs. Rs 175mn in FY24. *KNPL holds 55% stake in Kansai Nerolac Paints (Bangladesh) Ltd as of FY25-end (same as FY24-end).*
- **Sri Lanka business:** Turnover for Kansai Lanka Paints (Private) Limited (Srilanka subsidiary) stood at Rs 20mn vs. Rs 342.5mn in FY24. Loss stood at Rs 198.9mn vs. Rs 72mn in FY24. *KNPL holds 60% stake in Kansai Lanka Paints (Private) Ltd as of FY25-end (same as FY24-end).*

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Takeaways from Financials:

Standalone:

- Revenue from operations stood at Rs 75bn vs. Rs 73.9bn in FY24, up 1.4% yoy. EBITDA for FY25 stood at Rs 9.7bn vs. Rs 10.2bn in FY24, down 4.8% yoy.
- Manufacturing: Trading sales mix stood at 92%:8% in FY25, similar to FY24. Manufacturing sales largely comprised of domestic sales.
- Cash conversion cycle stood at 91 days of sales in FY25, similar to FY24.
- The total dividend for FY25 amounts to Rs 3.75/share (incl. special dividend of Rs 1.25/share) and would involve a total outflow of Rs 3.03bn.
- It also has 4 subsidiaries with manufacturing facilities – 1 Domestic (India) and 3 International (Bangladesh, Nepal, Sri Lanka).
- As on March 31, 2025, outstanding contingent liability stood at Rs 1.1bn vs. Rs 2.7bn as on March 31, 2024.
- Standalone OCF stood at Rs 6.5bn in FY25 vs. Rs 9bn in FY24. This was on account of a lower PBT coupled with unfavourable changes in WC (especially increase in trade and other receivables).
- Under Cash flow breakup:
  a) Profit on sale of investment property stood at Rs 6.65bn in FY25 vs. Rs 6.61bn in FY24.
  b) Impairment of long-term investment/loan/receivables and financial guarantees stood at Rs 1.86bn in FY25 vs. Rs 190mn in FY24.
  c) **Standalone gross capex was Rs 3.2bn in FY25 vs Rs 2.3bn in FY24, while cash flow used in investing activities fell from Rs 6.4bn in FY24 to Rs 3.7bn in FY25 as company recorded higher proceeds from sale/redemption of current investments of Rs 49.6bn in FY25 vs Rs 44bn in FY24.**
  d) Cash flow used in financing activities increased from Rs 1.9bn in FY24 to Rs 3.5bn in FY25 on account of increase in dividend outflow.
- Gross assets stood at Rs 34.4bn in FY25 vs Rs 32.3bn in FY24. Addition in GFA was mainly led by Rs 816mn increase in plant and machinery and Rs 780mn increase in CCD machines and others.
- CWIP stood at Rs 2.2bn in FY25 vs. Rs 1.5bn in FY24.
- Capital advances decreased from Rs 411mn in FY24 to Rs 128mn in FY25.
- Inventories stood flattish in FY25 at Rs 16.1bn.
- Current investments (in mutual funds) increased from Rs 13.1bn in FY24 to Rs 18.4bn in FY25.
- Trade receivables grew 5% yoy to Rs 12.7bn in FY25, largely including receivables that are not yet due.
- Other current financial assets increased from Rs 96mn in FY24 to Rs 229mn in FY25 on back of increase in other receivables from Rs 48mn in FY24 to Rs 205mn in FY25.
- Total other current assets increased from Rs 1.3bn in FY24 to Rs 1.6bn in FY25 led by increase in balances with indirect tax authorities.
- On a standalone basis, company stood debt free as of Mar'25.
- Non-current lease liabilities stood at Rs 1.4bn in FY25 vs Rs 1.2bn in FY24.
- Under other current financial liabilities, company has recorded allowance for financial guarantees of Rs 314mn pertaining to provision for impairment in subsidiaries with respect to its long-term investment, loan, receivables and financial guarantees

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- Other income rose to Rs 1.4bn in FY25 vs. Rs 931mn in FY24. During FY25, the company sold its factory land and building at Lower Parel, Mumbai and recorded a gain of Rs 6.65bn. However, due to the continued losses incurred by company's subsidiaries in Sri Lanka and Bangladesh, it had to also recognise an impairment loss of Rs 1.86bn during FY25. The net amount of Rs 4.79bn was shown as an exceptional item.
- PBT (before exceptional items) came at Rs 9.1bn vs. Rs 9.2bn in FY24, a decline of 1.7%. PAT declined to Rs 10.2bn in FY25 vs. Rs 11.8bn in FY24, a decline of 13.7%.
- Employee costs grew 11% yoy and as a % of sales stood at 6% vs. 5.4% in FY24.
- Traded goods stood largely flattish at Rs 4.9bn in FY25.
- Other expenses (ex of other manufacturing expenses) increased from Rs 12bn in FY24 to Rs 12.2bn in FY25. Key components include:
  a) A&P spends fell 5% yoy to Rs 3.4bn and stood at 4.5% of sales vs. 4.8%/5% in FY24/FY20.
  b) Freight and forwarding charges grew 4% yoy to Rs 4.2bn and stood at 5.6% of sales vs. 5.4%/5.4% in FY24/FY20.
- During FY25, Rs 27.4mn (P.Y. Rs 44.8mn) has been charged to P&L towards employer's contribution to defined benefit contribution plans.
- Present value of funded defined benefit obligation stood at Rs 556mn in FY25 vs Rs 515mn in FY24 while fair value of plan assets stood at Rs 563mn in FY25 vs Rs 524mn in FY24.
- Under standalone related party disclosures, transfer under license agreements (royalty expense) stood at Rs 286mn in FY25 vs Rs 255mn in FY24. Corporate guarantees to related parties stood at Rs 167mn in FY25 vs Rs 803mn in FY24.
- CSR spending for FY25 was Rs 135mn, as required.

Consolidated:

- Revenue from operations stood at Rs 78.2bn vs. Rs 78bn in FY24, flattish yoy. EBITDA for FY25 stood at Rs 9.4bn vs. Rs 10.3bn in FY24, down 8.3% yoy.
- Manufacturing: Trading sales mix stood at 92%:8% in FY25 vs 93%:7% in FY24. Domestic: Export manufacturing sales mix stood at 97%:3% in FY25 vs 96%:4% in FY24.
- Cash conversion cycle stood at 90 days of sales in FY25 vs. 92 days in FY24.
- As on March 31, 2025, outstanding contingent liability stood at Rs 1.3bn vs. Rs 3bn as on March 31, 2024. This reduction was on account of a decrease in corporate guarantees towards subsidiaries.
- Consolidated OCF stood at Rs 6.7bn in FY25 vs. Rs 9bn in FY24. This was on account of unfavourable changes in W.C., incl. increase in trade & other receivables and a lower increase in trade payables/other financial liabilities/ provisions in FY25 compared to FY24.
- Under Cash flow breakup:
  e) Profit on sale of investment property stood at Rs 6.65bn in FY25 vs. Rs 6.61bn in FY24.
  f) Consolidated gross capex was Rs 3.3bn in FY25 vs Rs 2.4bn in FY24, while cash flow used in investing activities fell from Rs 5.9bn in FY24 to Rs 3.8bn in FY25 as company recorded higher proceeds from sale/redemption of current investments of Rs 49.6bn in FY25 vs Rs 44bn in FY24.
  g) Cash flow used in financing activities increased from Rs 2.5bn in FY24 to Rs 3.7bn in FY25 on account of increase in dividend outflow.

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- Gross assets stood at Rs 35.6bn in FY25 vs Rs 33.5bn in FY24. Addition in GFA was mainly led by Rs 821mn increase in plant and machinery and Rs 780mn increase in CCD machines and others.
- CWIP stood at Rs 2.2bn in FY25 vs. Rs 1.5bn in FY24.
- Capital advances decreased from Rs 411mn in FY24 to Rs 128mn in FY25.
- Inventories stood largely flattish in FY25 at Rs 16.7bn.
- Current investments (in mutual funds) increased from Rs 13.1bn in FY24 to Rs 18.4bn in FY25.
- Trade receivables grew 2% yoy to Rs 13.6bn in FY25, largely including receivables that are not yet due.
- Other current financial assets increased from Rs 78mn in FY24 to Rs 205mn in FY25 on back of increase in other receivables from Rs 30mn in FY24 to Rs 153mn in FY25.
- Total other current assets increased from Rs 1.4bn in FY24 to Rs 1.7bn in FY25 led by increase in balances with indirect tax authorities.
- On a consolidated basis, company's total borrowings fell 2% to Rs 1.18bn.
- Non-current lease liabilities stood at Rs 1.5bn in FY25 vs Rs 1.3bn in FY24.
- Other income rose to Rs 1.4bn in FY25 vs. Rs 919mn in FY24. During FY25, the company sold its factory land and building at Lower Parel, Mumbai and recorded a gain of Rs 6.65bn. However, due to the continued losses incurred by company's subsidiaries in Sri Lanka and Bangladesh, it had to also recognise an impairment loss of Rs 359mn during FY25. The net amount of Rs 6.3bn was shown as an exceptional item.
- PBT (before exceptional items) came at Rs 8.5bn vs. Rs 9bn in FY24, a decline of 5.7%. PAT declined to Rs 11.1bn in FY25 vs. Rs 11.8bn in FY24, a decline of 5.7%.
- Employee costs grew 12% yoy and as a % of sales stood at 6.4% vs. 5.8% in FY24.
- Traded goods stood largely flattish at Rs 4.9bn in FY25.
- Other expenses (ex of other manufacturing expenses) increased from Rs 12.8bn in FY24 to Rs 13.1bn in FY25. Key components include:
    c) A&P spends fell 5% yoy to Rs 3.7bn and stood at 4.7% of sales vs. 4.9%/5.2% in FY24/FY20.
    d) Freight and forwarding charges grew 4% yoy to Rs 4.3bn and stood at 5.5% of sales vs. 5.3%/5.2% in FY24/FY20.
- Under consolidated related party disclosures, transfer under license agreements (royalty expense) stood at Rs 286mn in FY25 vs Rs 255mn in FY24.

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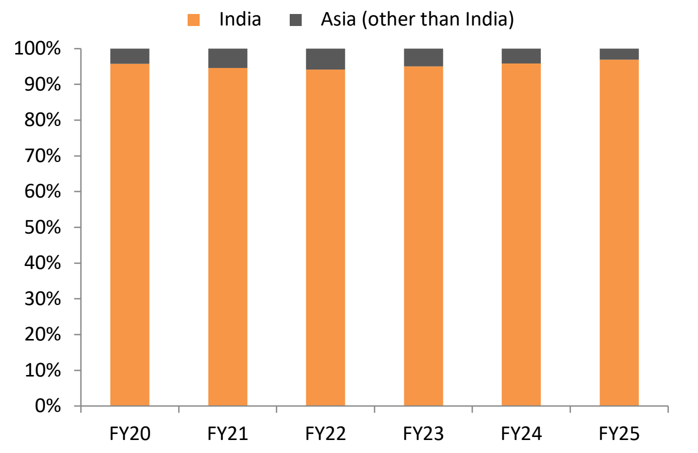
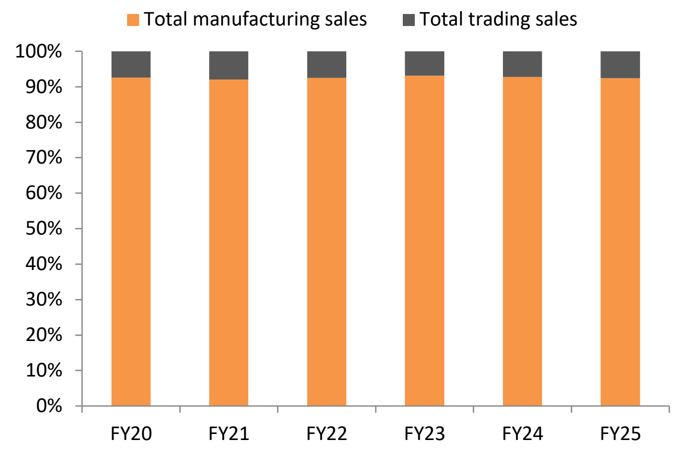
Exhibit 3: Geographical revenue mix (%) – Domestic business continues to remain the mainstay of KNPL's consolidated revenues



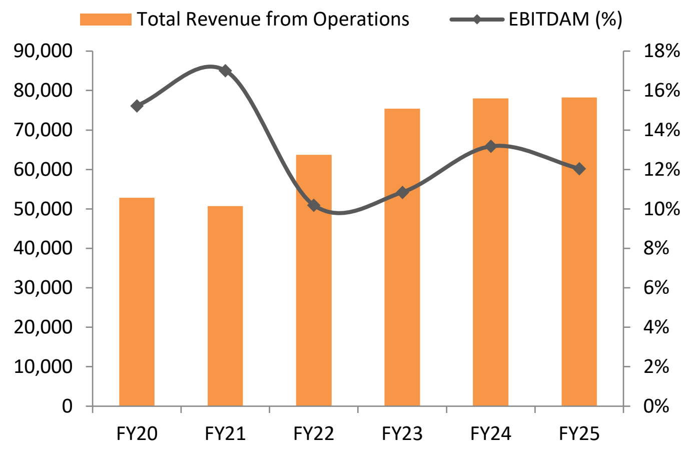
Source: Equirus, Company Data

Exhibit 4: Manufacturing: Trading revenue mix (%) – Manufacturing revenues consistently at >90% of revenues over past 6 years



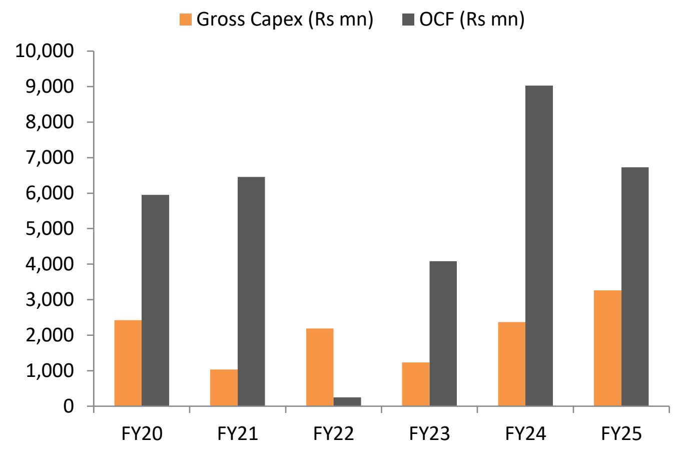
Source: Equirus, Company Data

Exhibit 5: Consolidated net sales (Rs mn) and EBITDAM (%) trend



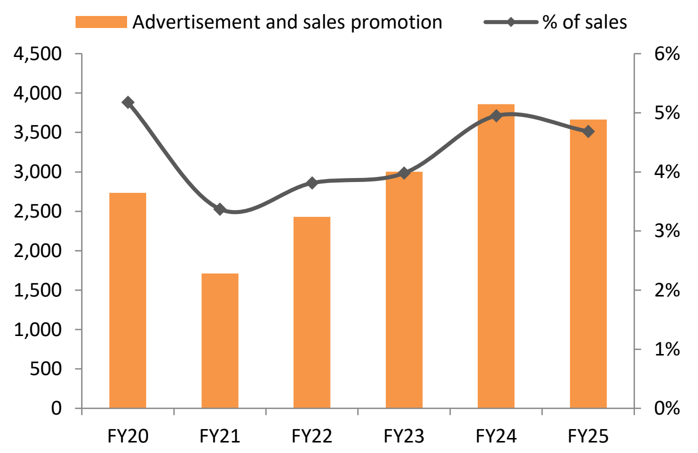
Source: Equirus, Company Data

Exhibit 6: Consolidated OCF and capex trend (Rs mn)



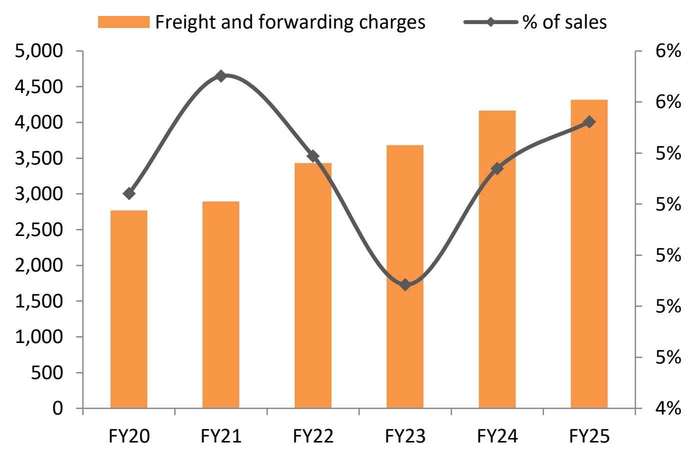
Source: Equirus, Company Data

Exhibit 7: Consolidated advt. spends (Rs mn) fell 5% yoy in FY25, now at 4.7% of sales vs 4.9% in FY24



Source: Equirus, Company Data

Exhibit 8: Consolidated freight charges (Rs mn) grew 4% yoy in FY25, now at 5.5% of sales vs 5.3% in FY24



Source: Equirus, Company Data

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Exhibit 9: Operational Details

Particulars	FY20	FY21	FY22	FY23	FY24	FY25
No. of Plants	6	6	8	8	8	9
Plant Capacity (Mn litres)	518	547	583	606	610	664
% change in capacity		*6%*	*7%*	*4%*	*1%*	*9%*
New Products Launched (Decorative + Industrial)	33	40	46	64	15+	75+
Total R&D Units (incl. centralized unit at Mumbai)	N.A.	N.A.	6	6	6	6
PAN-India Depots (nos.)	104	99	99	103	112	114
RDCs (nos.)	3	3	7	7	7	7
% of Local Sourcing	62%	70%	65%	70%	72%	75%
New RM manufacturers added (nos.)	20+	8	7	12	12	12
Electricity from Renewable Sources (%)	23%	30%	31%	29%	38%	39%
Specific Fuel Cons. - (LT/ MT of Resin)	46	48	49	47	54	49
ROE (%)	14.8%	13.5%	9.1%	11.1%	23.1%	17.0%
ROCE (%)	17.5%	17.2%	12.1%	13.7%	15.8%	13.8%
Capex (Rs Mn)	2,170	1,470	2,290	1,396	2,372	3,504
R&D (Rs Mn)	305	306	330	404	425	519
Royalty (Rs Mn)	139	131	169	239	272	309
RM Supplier Base (Nos.)	500+	500+	500+	500+	500+	500+
Suppliers Audited (Nos.)	37	7	13	16	15+	28
Permanent Employees	2,992	2,889	3,105	3,379	3,784	3,859

Source: Company, Equirus Research

Exhibit 10: FX Spending

Particulars (Rs Mn)	FY20	FY21	FY22	FY23	FY24	FY25
Earnings	96	94	116	106	86	94
Outgo	7,697	7,631	11,064	13,151	11,899	10,998

Source: Company, Equirus Research

Exhibit 11: GHG Emission (MT CO2e)

Particulars	FY20	FY21	FY22	FY23	FY24	FY25
Scope 1	3,441	3,086	5,103	6,635	7,886	8,750
% change	*-47%*	*-10%*	*65%*	*30%*	*19%*	*11%*
Scope 2	45,891	33,647	41,890	41,290	43,051	41,720
% change	*-11%*	*-27%*	*24%*	*-1%*	*4%*	*-3%*
Scope 3	8,00,604	8,12,922	9,26,046	9,36,012	10,36,073	9,73,658
% change	*-6%*	*2%*	*14%*	*1%*	*11%*	*-6%*

Source: Company, Equirus Research

Exhibit 12: Remuneration of KMP

Particulars (Rs Mn) *Salary + Commission*		FY20	FY21	FY22	FY23	FY24	FY25
Bhaskar Bhat*	Chairman	-	-	-	-	3.1	5.0
Anuj Jain	M.D.	21.6	18.8	22.9	32.7	51.7	88.6
Sonia Singh	Non-executive & Independent director	0.2	2.3	3.5	4.0	4.6	5.1
Hirokazu Kotera**	E.D.	-	-	-	-	-	4.9
Uday Bhansali#	Non-executive & Independent director	-	-	-	-	-	0.2
P. D. Pai	CFO	11.3	10.7	13.1	16.0	19.9	23.4
G.T. Govindarajan	CS	8.5	6.1	6.5	8.5	10.0	10.6

Source: Company, Equirus Research
**w.e.f. 30th January, 2025*
***w.e.f. 1st August, 2025*
#w.e.f. 6th November, 2025

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Exhibit 13: Open-ness of business

Concentration of Purchases	FY23	FY24	FY25
Purchases from trading houses as % of total purchases	11%	11%	10%
Number of trading houses where purchases are made from	106	116	111
Purchases from top 10 trading houses as % of total purchases from trading houses	81%	80%	79%
Concentration of sales			
Sales to dealer/distributors as % of total sales	57%	55%	51%
Number of dealers/distributors to whom sales are made	32,000+	33,000+	32,500+
Sales to top 10 dealers/distributors as % of total sales to dealer/distributors	3%	3%	3%

Source: Company, Equirus Research

Exhibit 14: % of recycled or reused input material to total material (by value) used in production

Particulars	FY22	FY23	FY24	FY25
TiO2 Dust (in MT)	18	16	12	13
Reclaimed solvent (in MT)	370	344	427	408
Powder fines (in MT)	251	169	136	194
Water base sludge (in MT)	127	113	135	164

Source: Company, Equirus Research

Exhibit 15: Consolidated revenue from operations and EBITDAM (%) trend

Particulars (Rs Mn)	FY20	FY21	FY22	FY23	FY24	FY25
Sale of Products						
Sales	58,629	57,227	71,265	84,832	87,241	87,373
Less: Discounts and rebates	6,125	6,813	8,442	9,780	9,556	9,503
Total Sale of Products	**52,504**	**50,414**	**62,824**	**75,052**	**77,685**	**77,870**
Other Operating Income						
Sale of scrap	162	167	230	281	276	286
Others*	134	162	640	94	54	74
Total Other Operating Income	**296**	**329**	**870**	**375**	**330**	**359**
Total Revenue from Operations	**52,800**	**50,743**	**63,694**	**75,427**	**78,014**	**78,230**
EBITDA	**8,045**	**8,633**	**6,494**	**8,180**	**10,278**	**9,423**
EBITDAM (%)	**15%**	**17%**	**10%**	**11%**	**13%**	**12%**

Source: Company, Equirus Research

Exhibit 16: Breakup of consolidated revenue from operations – Sales via manufacturing trends trading sales, while domestic sales continues to remain the mainstay of company's operations

Particulars (Rs Mn)	FY20	FY21	FY22	FY23	FY24	FY25
1) Sale of products						
Manufacturing						
India	46,549	43,873	54,692	66,465	69,041	69,784
% of manufacturing sales	*95.7%*	*94.6%*	*94.1%*	*95.1%*	*95.8%*	*96.9%*
Asia (other than India)	2,085	2,527	3,410	3,455	3,027	2,200
% of manufacturing sales	*4.3%*	*5.4%*	*5.9%*	*4.9%*	*4.2%*	*3.1%*
Total manufacturing sales	**48,634**	**46,400**	**58,102**	**69,920**	**72,068**	**71,983**
% of total sales	*92.1%*	*91.4%*	*91.2%*	*92.7%*	*92.4%*	*92.0%*
Trading						
India	3,784	3,986	4,653	5,036	5,557	5,856
% of trading sales	*97.8%*	*99.3%*	*98.5%*	*98.1%*	*98.9%*	*99.5%*
Asia (other than India)	87	28	69	97	60	31
% of trading sales	*2.2%*	*0.7%*	*1.5%*	*1.9%*	*1.1%*	*0.5%*
Total trading sales	**3,871**	**4,014**	**4,721**	**5,133**	**5,617**	**5,887**
% of total sales	*7.3%*	*7.9%*	*7.4%*	*6.8%*	*7.2%*	*7.5%*

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Particulars (Rs Mn)	FY20	FY21	FY22	FY23	FY24	FY25
Total sale of products	52,504	50,414	62,824	75,052	77,685	77,870
2) Other operating revenue						
Sale of scrap	162	167	230	281	276	286
Others	134	162	640	94	54	74
Total other op. revenue	296	329	870	375	330	359
% of total sales	*0.6%*	*0.6%*	*1.4%*	*0.5%*	*0.4%*	*0.5%*
Total revenue	52,800	50,743	63,694	75,427	78,014	78,230
Main product lines						
Paint	52,504	50,414	62,824	75,052	77,685	77,870
	52,504	50,414	62,824	75,052	77,685	77,870
Sales by performance obligations						
Upon delivery	52,504	50,414	62,824	75,052	77,685	77,870
	52,504	50,414	62,824	75,052	77,685	77,870

Source: Company, Equirus Research

Exhibit 17: Breakup of consolidated other income – Increase in FY25 was on account of higher net profit on sale of current investments coupled with fair value gain on financial instruments recognized through FVTPL

Particulars (Rs Mn)	FY20	FY21	FY22	FY23	FY24	FY25
Interest income	26	62	26	28	45	94
Dividend income	-	0	0	0	0	0
Net gain on sale/redemption	194	144	143	139	656	1,141
Other non-operating income	36	176	85	92	218	156
Total other income	255	382	254	260	919	1,392

Source: Company, Equirus Research

Exhibit 18: Breakup of Consolidated Other Expenses – Advt. expenses slid 5% in FY25, while freight costs surged 4% yoy

Particulars (Rs Mn)	FY20	FY21	FY22	FY23	FY24	FY25
Consumption of stores and spare parts	292	238	296	331	371	374
y/y growth		*-19%*	*25%*	*12%*	*12%*	*1%*
% of sales	*1%*	*0%*	*0%*	*0%*	*0%*	*0%*
Power and fuel	736	644	712	896	978	965
y/y growth		*-13%*	*11%*	*26%*	*9%*	*-1%*
% of sales	*1%*	*1%*	*1%*	*1%*	*1%*	*1%*
Repairs	158	128	150	170	192	227
y/y growth		*-19%*	*17%*	*13%*	*13%*	*18%*
% of sales	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*
Freight and forwarding charges	2,768	2,893	3,432	3,684	4,166	4,320
y/y growth		*5%*	*19%*	*7%*	*13%*	*4%*
% of sales	*5%*	*6%*	*5%*	*5%*	*5%*	*6%*
Advertisement and sales promotion	2,733	1,711	2,428	3,002	3,861	3,666
y/y growth		*-37%*	*42%*	*24%*	*29%*	*-5%*
% of sales	*5%*	*3%*	*4%*	*4%*	*5%*	*5%*
Rent	321	173	153	178	205	213
y/y growth		*-46%*	*-11%*	*16%*	*15%*	*4%*
% of sales	*1%*	*0%*	*0%*	*0%*	*0%*	*0%*
Rates and taxes	26	23	32	29	30	35
y/y growth		*-13%*	*41%*	*-9%*	*3%*	*19%*
% of sales	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*
Insurance	102	119	128	150	134	119
y/y growth		*16%*	*8%*	*17%*	*-10%*	*-11%*
% of sales	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*

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Particulars (Rs Mn)	FY20	FY21	FY22	FY23	FY24	FY25
Miscellaneous expenses	1,930	1,669	2,040	2,394	2,874	3,174
y/y growth		*-14%*	*22%*	*17%*	*20%*	*10%*
% of sales	*4%*	*3%*	*3%*	*3%*	*4%*	*4%*
Total other expenses	**9,065**	**7,598**	**9,371**	**10,834**	**12,810**	**13,094**
y/y growth		*-16%*	*23%*	*16%*	*18%*	*2%*
% of sales	*17%*	*15%*	*15%*	*14%*	*16%*	*17%*

Source: Company, Equirus Research

Exhibit 19: Breakup of Consolidated Gross Fixed Assets – Plant & machinery and CCD machines contributed the most towards incremental GFA addition during FY25 (in absolute terms)

Particulars (Rs Mn)	FY20	FY21	FY22	FY23	FY24	FY25
Freehold land	1,207	1,207	1,209	1,223	1,223	1,228
Buildings	7,726	7,953	9,019	9,855	10,314	10,711
Plant & machinery	12,254	12,811	13,386	14,487	15,242	16,062
Furniture & Fixtures	225	238	248	254	287	317
Vehicles	74	77	64	62	63	65
Office equipments	170	175	191	199	233	267
Computers	506	525	537	601	766	835
Assets for scientific research	764	783	789	796	802	825
CCD machines and others	3,377	3,518	3,760	4,100	4,501	5,281
Colourant Machine	4	7	11	8	8	8
Tools and Appliances	6	9	13	13	13	12
Total	**26,312**	**27,304**	**29,225**	**31,598**	**33,452**	**35,610**

Source: Company, Equirus Research

Exhibit 20: Breakup of Consolidated Inventories – Inventories growth remained largely flattish in FY25

Particulars (Rs Mn)	FY20	FY21	FY22	FY23	FY24	FY25
Raw materials	3,175	3,942	5,270	5,312	4,904	4,782
Packing materials	136	189	229	226	204	197
Work-in-progress	886	1,006	1,427	1,433	1,572	1,522
Finished goods	5,165	6,151	8,491	9,291	9,033	9,175
Stock-in-trade	621	580	747	889	1,000	797
Stores and spares	101	112	131	141	162	178
Total	**10,084**	**11,979**	**16,296**	**17,291**	**16,875**	**16,651**
y/y growth (%)		***19%***	***36%***	***6%***	***-2%***	***-1%***
Inventory days	*70*	*86*	*93*	*84*	*79*	*78*
R.M. as % of total Inventories	*31%*	*33%*	*32%*	*31%*	*29%*	*29%*
F.G. as % of Total Inventories	*51%*	*51%*	*52%*	*54%*	*54%*	*55%*

Source: Company, Equirus Research

Exhibit 21: Breakup of Consolidated Trade Receivables – Receivables grew 2% yoy in FY25

Particulars (Rs Mn)	FY20	FY21	FY22	FY23	FY24	FY25
Secured, considered good	-	-	-	-	-	-
Unsecured, considered good	7,870	9,564	10,933	12,379	13,349	13,567
Significant increase in Credit Risk	-	-	-	-	-	-
Credit Impaired	347	466	494	518	567	921
Total	**8,217**	**10,029**	**11,427**	**12,897**	**13,916**	**14,488**
Less: Loss Allowance	347	466	494	518	567	921
Total trade receivables	**7,870**	**9,564**	**10,933**	**12,379**	**13,349**	**13,567**
y/y growth (%)		***22%***	***14%***	***13%***	***8%***	***2%***
Receivable days	*54*	*69*	*63*	*60*	*62*	*63*

Source: Company, Equirus Research

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Exhibit 22: Receivables Ageing – These largely include receivables that are not yet due

Particulars (Rs Mn)	FY21	FY22	FY23	FY24	FY25
Not due	7,421	8,362	9,526	10,505	11,237
< 6 months	1,813	2,093	2,315	1,872	1,796
6 months - 1 year	184	233	312	615	373
1 - 2 years	200	243	321	351	393
2 - 3 years	186	212	118	228	267
> 3 years	227	285	306	344	423
Gross Amount	**10,029**	**11,427**	**12,897**	**13,916**	**14,488**
Less: Expected Credit Loss	466	494	518	567	921
Total Receivables	**9,564**	**10,933**	**12,379**	**13,349**	**13,567**

Source: Company, Equirus Research

Exhibit 23: Consolidated Cash Conversion Cycle – Company controlled its inventories in FY25 which helped it to improve its cash conversion cycle

Particulars (Rs Mn)	FY20	FY21	FY22	FY23	FY24	FY25
Account Receivable	7,870	9,564	10,933	12,379	13,349	13,567
no. of days	54	69	63	60	62	63
Inventory	10,084	11,979	16,296	17,291	16,875	16,651
no. of days	70	86	93	84	79	78
Account Payable	5,954	9,068	9,806	10,156	10,517	11,008
no. of days	41	65	56	49	49	51
Working Capital	**11,999**	**12,475**	**17,422**	**19,515**	**19,706**	**19,210**
no. of days	**83**	**90**	**100**	**94**	**92**	**90**

Source: Company, Equirus Research

Exhibit 24: Consolidated Cash Flows – Lower OCF in FY25 was on account of unfavourable changes in W.C., incl. increase in trade & other receivables and a lower increase in trade payables/other financial liabilities/provisions in FY25 compared to FY24

Particulars (Rs Mn)	FY20	FY21	FY22	FY23	FY24	FY25
Operating Cash flows before Working capital Changes	8,176	8,819	6,123	8,306	10,624	9,706
Changes in working Capital	-570	-788	-4,258	-2,358	827	-406
Taxes Paid	1,655	1,571	1,618	1,866	2,421	2,576
Operating Cash Flow	**5,951**	**6,459**	**248**	**4,083**	**9,030**	**6,724**
Capex	-2,388	-1,009	-2,179	-1,215	-2,366	-3,250
Others	-1,374	-3,520	4,675	-1,054	-3,532	-536
Investing Cash Flow	**-3,762**	**-4,528**	**2,495**	**-2,269**	**-5,898**	**-3,786**
Financing Cash Flow	**-1,407**	**-2,742**	**-3,093**	**-1,326**	**-2,488**	**-3,661**

Source: Company, Equirus Research

Exhibit 25: Consolidated Non-Current Borrowings trend

Particulars (Rs Mn)	FY20	FY21	FY22	FY23	FY24	FY25
Secured						
Term Loan from Banks	234	172	109	47	150	300
Total	**234**	**172**	**109**	**47**	**150**	**300**

Source: Company, Equirus Research

Exhibit 26: Consolidated Current Borrowings trend

Particulars (Rs Mn)	FY20	FY21	FY22	FY23	FY24	FY25
Secured						
Term loans from bank	620	658	959	820	308	234
Overdraft	753	838	882	670	703	644
Others	125	1	17	-	-	-
Total	**1,498**	**1,497**	**1,858**	**1,491**	**1,010**	**878**
Add: Current maturities of long term borrowings	-	63	63	63	47	-
Total	**1,498**	**1,559**	**1,921**	**1,553**	**1,057**	**878**

Source: Company, Equirus Research

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Exhibit 27: Consolidated Related Party Disclosures

Particulars (Rs Mn)	FY20	FY21	FY22	FY23	FY24	FY25
Sale of finished goods/intermediaries						
Marpol Private Limited	-	-	-	-	-	-
Kansai Paints Lanka (Private) Limited	-	-	-	-	-	-
Kansai Nerolac Paints (Bangladesh) Limited	-	-	-	-	-	-
Nerofix Private Limited	-	-	-	-	-	-
Kansai Paint Philippines Inc	24	8	29	28	44	54
Helios RUS LLC	-	-	-	-	4	6
PT Kansai Prakarsa Coating	-	-	-	-	0	3
Kansai Plascon Kenya Ltd	17	15	11	-	-	0
Total sale of finished goods/intermediaries	**40**	**23**	**40**	**28**	**48**	**62**
Purchase of goods						
Marpol Private Limited	-	-	-	-	-	-
Nerofix Private Limited	-	-	-	-	-	-
Helios Tovarna Barv, Lako	-	-	-	-	0	-
Perma Construction Aids Private Limited	-	-	-	-	-	-
Total purchase of goods	**-**	**-**	**-**	**-**	**0**	**-**
Dividend paid						
Kansai Paint Co., Ltd., Japan	1,051	1,778	2,122	404	1,091	2,273
Total dividend paid	**1,051**	**1,778**	**2,122**	**404**	**1,091**	**2,273**
Transfer under license agreements Royalty Expense						
Kansai Paint Co., Ltd., Japan	119	121	153	223	255	286
Total transfer under license agreements Royalty Expense	**119**	**121**	**153**	**223**	**255**	**286**

Source: Company, Equirus Research

Exhibit 28: Disclosure in Terms of schedule III of Companies Act

Particulars	FY24		FY24		FY25		FY25	
	Net Assets		Share in P&L		Net Assets		Share in P&L	
	% of consol. Assets	Rs mn	% of consol. P/L	Rs mn	% of consol. Assets	Rs mn	% of consol. P/L	Rs mn
Holding Company								
Kansai Nerolac Paints Limited	101%	56,531	101%	11,829	99%	63,662	92%	10,212
Subsidiaries								
Indian								
Nerofix Private Limited	0%	93	0%	-27	0%	-60	-1%	-153
Foreign								
KNP Japan Private Limited	1%	632	0%	55	1%	655	1%	60
Kansai Paints Lanka Private Limited	0%	137	-1%	-72	0%	-64	-2%	-199
Kansai Nerolac Paints (Bangladesh) Limited (formerly known as RAK Paints Limited)	-1%	-410	-2%	-188	-1%	-662	-3%	-310
Total eliminations/adjustments	-2%	-996	1%	162	1%	514	13%	1,482
Exhange differences on translation of foreign operations	0%	0	0%	0	0%	0	0%	0
Total	**100%**	**55,986**	**100%**	**11,759**	**100%**	**64,045**	**100%**	**11,093**

Source: Company, Equirus Research

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Exhibit 29: Key Subsidiaries Financials

Particulars (Rs Mn)	FY20	FY21	FY22	FY23	FY24	FY25
KNP Japan Pvt. Ltd.						
Share Capital	82	82	82	82	82	82
Reserves	351	427	479	511	550	573
Total Assets	709	933	890	889	901	949
Total Liabilities	275	424	329	296	270	294
Investments	0	0	0	0	0	0
Turnover	854	696	840	812	659	694
PBT	138	132	119	96	70	78
Tax	35	29	28	26	15	18
PAT	103	102	91	70	55	60
Proposed Dividend	32	32	36	40	16	40
% holding	68%	68%	68%	68%	68%	68%
Kansai Lanka Paints Pvt. Ltd.						
Share Capital	394	594	594	777	777	777
Reserves	-313	-402	-555	-574	-640	-841
Total Assets	426	407	344	447	531	300
Total Liabilities	346	216	306	245	394	364
Investments	0	0	0	0	0	0
Turnover	122	152	237	267	343	20
PBT	-100	-77	-176	-35	-72	-199
Tax	0	0	0	0	0	0
PAT	-100	-77	-176	-35	-72	-199
Proposed Dividend	0	0	0	0	0	0
% holding	60%	60%	60%	60%	60%	60%
Kansai Nerolac Paints (Bangladesh) Ltd.						
Share Capital	519	779	779	1,032	1,032	1,032
Reserves	-900	-958	-1,196	-1,246	-1,442	-1,694
Total Assets	1,136	1,451	1,700	1,557	1,529	1,166
Total Liabilities	1,517	1,629	2,116	1,771	1,939	1,827
Investments	0	0	0	0	0	0
Turnover	1,358	1,640	2,305	2,395	2,023	1,432
PBT	-83	-49	-210	-118	-175	-295
Tax	10	12	14	15	13	15
PAT	-93	-61	-224	-133	-188	-310
Proposed Dividend	0	0	0	0	0	0
% holding	55%	55%	55%	55%	55%	55%
Nerofix Pvt. Ltd.						
Share Capital	200	200	200	200	200	200
Reserves	-9	-46	-83	-82	-107	-260
Total Assets	635	716	739	777	703	700
Total Liabilities	444	561	622	659	611	761
Investments	0	0	0	0	0	0
Turnover	229	700	1,104	1,468	1,328	1,252

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Particulars (Rs Mn)	FY20	FY21	FY22	FY23	FY24	FY25
PBT	-9	-37	-37	1	-27	-153
Tax	0	0	0	0	0	0
PAT	-9	-37	-37	1	-27	-153
Proposed Dividend	0	0	0	0	0	0
% holding	60%	60%	60%	100%	100%	100%

Source: Company, Equirus Research

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Absolute Rating • LONG : Over the investment horizon, ATR >= Ke for companies with Free Float market cap >Rs 5 billion and ATR >= 20% for rest of the companies • ADD: ATR >= 5% but less than Ke over investment horizon • REDUCE: ATR >= negative 10% but <5% over investment horizon • SHORT: ATR < negative 10% over investment horizon **Relative Rating** • OVERWEIGHT: Likely to outperform the benchmark by at least 5% over investment horizon • BENCHMARK: likely to perform in line with the benchmark • UNDERWEIGHT: likely to under-perform the benchmark by at least 5% over investment horizon **Investment Horizon** Investment Horizon is set at a minimum 3 months to maximum 18 months with target date falling on last day of a calendar quarter	Equirus Securities Private Limited Unit No. A2102B, 21st Floor, A Wing, Marathon Futurex, N M Joshi Marg, Lower Parel, Mumbai-400013. Tel. No: +91 – (0)22 – 4332 0600 Fax No: +91- (0)22 – 4332 0601 **Corporate Office:** 3rd floor, House No. 9, Magnet Corporate Park, Near Zydus Hospital, B/H Intas Sola Bridge, S.G. Highway Ahmedabad-380054 Gujarat Tel. No: +91 (0)79 - 6190 9550 Fax No: +91 (0)79 – 6190 9560

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