

November 4, 2025

Q2FY26 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	ACCUMULATE		ACCUMULATE	
Target Price	265		272	
Sales (Rs. m)	83,204	89,313	83,515	89,645
% Chng.	(0.4)	(0.4)		
EBITDA (Rs. m)	11,290	12,500	11,691	12,933
% Chng.	(3.4)	(3.4)		
EPS (Rs.)	9.5	10.6	9.9	10.9
% Chng.	(3.7)	(3.6)		

Key Financials - Standalone

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. m)	74,967	78,075	83,204	89,313
EBITDA (Rs. m)	9,741	10,375	11,290	12,500
Margin (%)	13.0	13.3	13.6	14.0
PAT (Rs. m)	6,647	7,290	7,709	8,533
EPS (Rs.)	8.2	9.0	9.5	10.6
Gr. (%)	(3.0)	9.7	5.8	10.7
DPS (Rs.)	3.8	2.8	3.0	3.3
Yield (%)	1.5	1.1	1.2	1.3
RoE (%)	11.1	11.0	10.8	11.1
RoCE (%)	13.0	12.5	12.7	13.1
EV/Sales (x)	2.4	2.3	2.1	2.0
EV/EBITDA (x)	18.6	17.3	15.8	14.0
PE (x)	30.4	27.7	26.2	23.7
P/BV (x)	3.2	2.9	2.7	2.5

Key Data

KANE.BO | KNPL IN

52-W High / Low	Rs.288 / Rs.217
Sensex / Nifty	83,978 / 25,763
Market Cap	Rs.202bn/ \$ 2,276m
Shares Outstanding	809m
3M Avg. Daily Value	Rs.140.39m

Shareholding Pattern (%)

Promoter's	74.98
Foreign	5.60
Domestic Institution	10.04
Public & Others	9.38
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(1.0)	(1.4)	(12.5)
Relative	(4.2)	(5.5)	(16.9)

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Deco paints revival key to re-rating

Quick Pointers:

- 3Q/4Q to see better deco demand, auto/non-auto industrial to see mid-high single digit value growth in 2HFY26
- EBITDA margin guidance maintained at 13-14% for FY26

Kansai has cautiously optimistic outlook in near term given 1) strong growth in industrial paints, both automotive and general industrial (45% of its sales, highest contribution in Industry) 2) likely pick up in 3Q/4Q decorative volumes due to wedding and festive season and sustained gains from paint+ innovations and 3) sustained margin guidance of 13-14% led by better product mix and improving demand scenario in a favorable macro environment.

KNPL plans to maintain its decorative market share led by 1) Innovations and new launches under Paint + initiatives (10% of sales) 2) distribution improvement in Nextgen Nerolac Shoppe 3) rising scale and focus on projects business and 4) customer loyalty and influencer program. Outlook in non-auto industrials remains positive led by strong infra investments (Infra, Railways, marine etc.) and Powder coatings (positive outlook for durables).

We expect 8/9% volume growth and 70bps margin expansion over FY26-28. We estimate a CAGR of 7% in sales and 8.2% in PAT over FY26-28. We value the stock at 26xSep27 EPS (No change) and assign a target price of Rs265 (Rs272 earlier). Retain Accumulate.

Revenues grew 0.4%; Volume growth ~0.4%: Revenues grew by 0.4% YoY to Rs18.7bn (PLe: Rs19.2bn). Gross margins expanded by 107bps YoY to 35% (PLe: 35.6%). EBITDA declined by 1.5% YoY to Rs2.1bn (PLe:Rs2.46bn); Margins contracted by 21bps YoY to 11.3% (PLe:12.8%). Other income increased by 7.3% YoY while it declined by 46% QoQ despite much higher cash balance. Adjusted PAT grew by 5.2% YoY to Rs1.4bn (PLe:Rs1.69bn). Decorative business witnessed slight negative volume growth amidst extended rains and elevated competitive intensity.

Concall Highlights: 1) Demand in decorative business was affected in Q2 amidst heavy and extended monsoon while the company is doing well in Construction chemicals, waterproofing, wood finishes and projects with double digit growth 2) A shorter Diwali season and continued monsoons to impact growth in October, though Q4 to be better than Q3 led by favorable macro environment. 3) Raw material prices remained benign though considerable volatility was witnessed in the forex markets along with Geopolitical uncertainty. Going ahead Tariff & rupee depreciation possess risk to RM prices in near term 4) Company added 2500 dealers in Q2 5) Industrial & automotive growth was in low single digit however GST cut to push demand in near to medium term. 6) powder segment witnessed strong dealer sales while remaining affected due to lower AC sales. 7) Services continue to grow and contribute 5% to decorative business 8) Total of 4 New Products were Launched in H1 & New product now contribute ~10% of Decorative

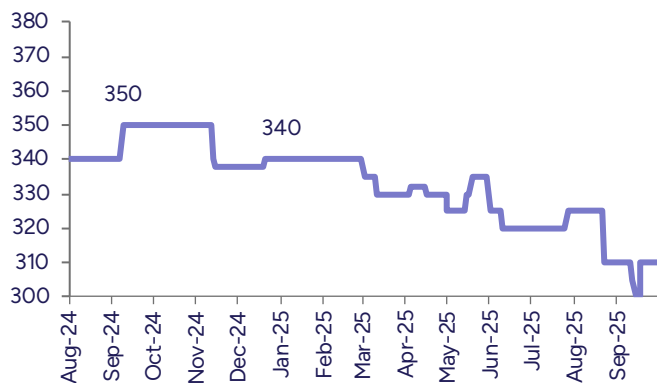
Business. 9) Competitive intensity in decorative segment continues to remain at elevated levels. 10) Urban did better than rural & region wise East performed very well with west was stable and north remained impacted due to heavy rain. 11) Nepal remains impacted due to geopolitical issue, while things are stabilizing there however Bangladesh market remain challenging. 12) Auto to show mid-high single digit value growth for 2HFY26 led by GST push

Exhibit 1: Sales grew 0.4% YoY; GM increased by 107bps YoY while EBITDAM slipped by 21bps YoY.

Y/e March	Q2FY26	Q2FY25	YoY gr.(%)	Q1FY26	1HFY26	1HFY25	YoY gr.(%)
Total Revenue	18,710	18,638	0.4	20,874	39,584	39,141	1.1
Gross Profit	6,553	6,328	3.6	7,538	14,091	13,914	1.3
% of NS	35.0	34.0	1.1	36.1	35.6	35.5	0.0
Other Expenses	4,434	4,178	6.1	4,418	8,852	8,419	5.1
% of NS	23.7	22.4	1.3	21.2	22.4	21.5	0.9
EBITDA	2,119	2,150	(1.5)	3,120	5,238	5,494	(4.7)
Margins %	11.3	11.5	(0.2)	14.9	13.2	14.0	(0.8)
Depreciation	525	465	13.0	512	1,038	925	12.2
Interest	38	33	13.9	36	74	67	10.2
PBT from operations	1,556	1,652	(5.8)	2,572	4,127	4,503	(8.3)
Other Income	288	269	7.3	529	818	652	25.3
PBT	1,844	1,921	(4.0)	3,101	4,945	5,155	(4.1)
Tax	475	619	(23.4)	792	1,267	1,442	(12.2)
Tax rate %	25.7	32.2	(6.5)	25.6	25.6	28.0	(2.4)
Adjusted PAT	1,369	1,302	5.2	2,309	3,678	3,713	(0.9)

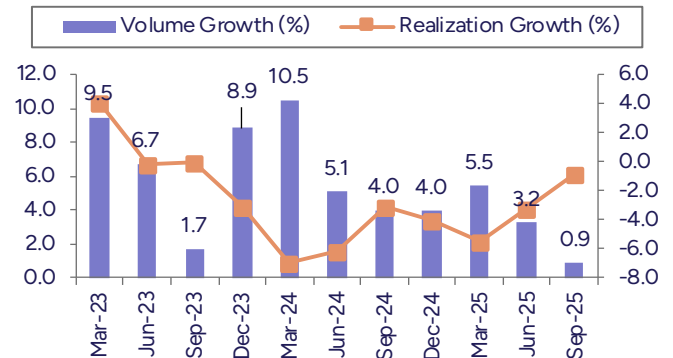
Source: Company, PL

Exhibit 2: TiO2 prices down 3.3% QoQ and 7.7% YoY



Source: Company, PL

Exhibit 3: Volumes grew by ~0.9% in 2QFY26



Source: Company, PL

Exhibit 4: KNPL's continued investments in Branding and Marketing



Source: Company, PL

Exhibit 5: Branding, Marketing and Media Campaigns



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Revenues	74,967	78,075	83,204	89,313
YoY gr. (%)	1.4	4.1	6.6	7.3
Cost of Goods Sold	48,526	50,212	53,318	57,075
Gross Profit	26,441	27,864	29,886	32,238
Margin (%)	35.3	35.7	35.9	36.1
Employee Cost	4,472	4,645	4,951	5,180
Other Expenses	7,332	7,183	7,655	8,217
EBITDA	9,741	10,375	11,290	12,500
YoY gr. (%)	(4.8)	6.5	8.8	10.7
Margin (%)	13.0	13.3	13.6	14.0
Depreciation and Amortization	1,937	2,088	2,277	2,444
EBIT	7,805	8,287	9,013	10,056
Margin (%)	10.4	10.6	10.8	11.3
Net Interest	151	145	193	249
Other Income	1,421	1,710	1,669	1,803
Profit Before Tax	9,074	9,851	10,489	11,610
Margin (%)	12.1	12.6	12.6	13.0
Total Tax	2,428	2,561	2,780	3,077
Effective tax rate (%)	26.8	26.0	26.5	26.5
Profit after tax	6,647	7,290	7,709	8,533
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	6,647	7,290	7,709	8,533
YoY gr. (%)	(3.0)	9.7	5.8	10.7
Margin (%)	8.9	9.3	9.3	9.6
Extra Ord. Income / (Exp)	3,566	-	-	-
Reported PAT	10,213	7,290	7,709	8,533
YoY gr. (%)	(13.7)	(28.6)	5.8	10.7
Margin (%)	13.6	9.3	9.3	9.6
Other Comprehensive Income	(35)	-	-	-
Total Comprehensive Income	10,178	7,290	7,709	8,533
Equity Shares O/s (m)	808	808	808	808
EPS (Rs)	8.2	9.0	9.5	10.6

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Non-Current Assets				
Gross Block	35,077	38,797	41,507	44,217
Tangibles	34,455	38,165	40,865	43,565
Intangibles	622	632	642	652
Acc: Dep / Amortization	15,606	17,260	19,055	20,970
Tangibles	15,097	16,694	18,432	20,288
Intangibles	509	566	623	682
Net fixed assets	19,471	21,537	22,452	23,246
Tangibles	19,358	21,471	22,433	23,277
Intangibles	113	66	19	(30)
Capital Work In Progress	2,210	1,200	1,200	1,200
Goodwill	2	-	-	-
Non-Current Investments	1,317	1,373	1,435	1,501
Net Deferred tax assets	(1,553)	(1,630)	(1,712)	(1,797)
Other Non-Current Assets	4,955	5,298	5,789	6,168
Current Assets				
Investments	18,460	19,460	19,960	22,960
Inventories	16,097	18,066	19,043	20,441
Trade receivables	12,747	12,986	13,610	14,610
Cash & Bank Balance	2,602	2,705	3,349	4,442
Other Current Assets	1,603	1,913	2,039	2,188
Total Assets	79,692	84,695	89,043	96,934
Equity				
Equity Share Capital	808	808	808	808
Other Equity	62,854	67,796	73,080	78,986
Total Network	63,662	68,604	73,889	79,794
Non-Current Liabilities				
Long Term borrowings	-	-	-	-
Provisions	210	230	253	279
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	10,237	10,085	8,034	8,785
Other current liabilities	2,637	2,156	2,457	2,796
Total Equity & Liabilities	79,692	84,695	89,043	96,935

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	9,074	9,851	10,489	11,610
Add. Depreciation	1,937	2,088	2,277	2,444
Add. Interest	151	145	193	249
Less Financial Other Income	1,421	1,710	1,669	1,803
Add. Other	4,701	293	263	450
Op. profit before WC changes	15,863	12,377	13,222	14,753
Net Changes-WC	(5,922)	(4,078)	(3,988)	(4,469)
Direct tax	(3,654)	(2,561)	(2,780)	(3,077)
Net cash from Op. activities	6,287	5,738	6,455	7,207
Capital expenditures	(3,540)	(3,142)	(3,191)	(3,239)
Interest / Dividend Income	-	-	-	-
Others	757	-	-	-
Net Cash from Inv. activities	(2,783)	(3,142)	(3,191)	(3,239)
Issue of share cap. / premium	(15)	(125)	-	-
Debt changes	-	-	-	-
Dividend paid	(3,031)	(2,223)	(2,425)	(2,627)
Interest paid	(151)	(145)	(193)	(249)
Others	-	-	-	-
Net cash from Fin. activities	(3,198)	(2,493)	(2,619)	(2,876)
Net change in cash	306	102	645	1,092
Free Cash Flow	2,747	2,596	3,263	3,968

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Per Share(Rs)				
EPS	8.2	9.0	9.5	10.6
CEPS	10.6	11.6	12.4	13.6
BVPS	78.8	84.9	91.4	98.7
FCF	3.4	3.2	4.0	4.9
DPS	3.8	2.8	3.0	3.3
Return Ratio(%)				
RoCE	13.0	12.5	12.7	13.1
ROIC	14.6	13.9	13.8	14.9
RoE	11.1	11.0	10.8	11.1
Balance Sheet				
Net Debt : Equity (x)	(0.3)	(0.3)	(0.3)	(0.3)
Net Working Capital (Days)	91	98	108	107
Valuation(x)				
PER	30.4	27.7	26.2	23.7
P/B	3.2	2.9	2.7	2.5
P/CEPS	10.6	11.6	12.4	13.6
EV/EBITDA	18.6	17.3	15.8	14.0
EV/Sales	2.4	2.3	2.1	2.0
Dividend Yield (%)	1.5	1.1	1.2	1.3

Source: Company Data, PL Research

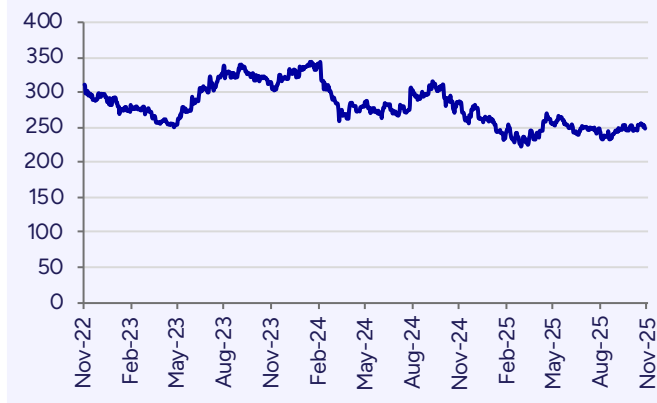
Quarterly Financials (Rs m)

Y/e Mar	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Net Revenue	18,422	17,404	20,874	18,710
YoY gr. (%)	1.5	4.7	1.8	0.4
Raw Material Expenses	11,919	11,379	13,336	12,158
Gross Profit	6,502	6,025	7,538	6,553
Margin (%)	35.3	34.6	36.1	35.0
EBITDA	2,469	1,778	3,120	2,119
YoY gr. (%)	2.9	(0.7)	(6.7)	(1.5)
Margin (%)	13.4	10.2	14.9	11.3
Depreciation / Depletion	515	497	512	525
EBIT	1,954	1,281	2,608	1,593
Margin (%)	10.6	7.4	12.5	8.5
Net Interest	48	37	36	38
Other Income	374	394	529	288
Profit before Tax	2,281	1,638	3,101	1,844
Margin (%)	12.4	9.4	14.9	9.9
Total Tax	582	403	792	475
Effective tax rate (%)	25.5	24.6	25.6	25.7
Profit after Tax	1,699	1,235	2,309	1,369
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	1,699	1,235	2,309	1,369
YoY gr. (%)	7.8	2.4	(4.3)	5.2
Margin (%)	9.2	7.1	11.1	7.3
Extra Ord. Income / (Exp)	3,566	-	-	-
Reported PAT	5,265	1,235	2,309	1,369
YoY gr. (%)	234.0	21.6	(4.3)	5.2
Margin (%)	28.6	7.1	11.1	7.3
Other Comprehensive Income	-	(19)	(5)	(7)
Total Comprehensive Income	5,265	1,216	2,303	1,363
Avg. Shares O/s (m)	808	808	808	808
EPS (Rs)	2.1	1.5	2.9	1.7

Source: Company Data, PL Research



Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Oct-25	Accumulate	272	246
2	05-Aug-25	Accumulate	277	244
3	09-Jul-25	Accumulate	284	251
4	07-May-25	Accumulate	284	255
5	21-Apr-25	Accumulate	288	258
6	09-Apr-25	Hold	278	244
7	07-Feb-25	Hold	278	249
8	08-Jan-25	Reduce	274	257
9	08-Nov-24	Reduce	269	271

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Mold-tek Packaging	Accumulate	782	733

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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