

5th March, 2026

1. Corporate Relationship Department
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400001
2. Manager – Listing
National Stock Exchange of India Ltd.
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex, Bandra (E),
Mumbai - 400051

Sub.: Transcript - Analyst / Institutional investors meet by Kansai Paint Co., Ltd., Japan, Promoter of our Company

- Ref.: 1. Regulation 30(6) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015**
2. BSE Scrip Code - 500165, NSE Symbol - KANSAINER

Dear Sirs,

This is further to the intimations done by the Company on 20th February, 2026, 24th February, 2026 and 26th February, 2026 with respect to the Conference Call hosted by Kansai Paint Co., Ltd., Japan, Promoter of our Company on Thursday, 26th February, 2026 at 4 p.m. (Japan Standard Time) i.e. 12.30 p.m. (Indian Standard Time) to discuss business strategy briefing on India operations. The Conference Call was in the nature of a group call.

We are enclosing herewith the transcript of the Conference Call for your information and reference.

For **KANSAI NEROLAC PAINTS LIMITED**

G. T. GOVINDARAJAN
COMPANY SECRETARY

Encl.: As above

260226 India Business Strategy Briefing

Attendee :

(Kansai Nerolac Paints Ltd.)

Pravin Chaudhari, Yash Ahuja, Amrit Rekhi, Ram Mehrotra

(Kansai Paint Co., Ltd.)

Takashi Tomioka, Makoto Ozawa

SMBCNikko Mr. Shintani: I would like to ask about the outlook for the competitive environment in the Deco and industrial segments. In the Deco segment, there was previously a new entry by Grasim. Kansai Paint had indicated that the competitive environment has come full circle in 3Q FY2026. On the other hand, another competitor completed the business acquisition in December, and the competitor obtained not only a deco portfolio but also an industrial portfolio. They have expressed ambitions to aim for second or third place in India. Given this, I think competition in the industrial segment may also become more intense, as it has in the Deco segment.

Pravin: As far as the competition forecast is concerned, the competitive intensity in the short term will remain strong. However, the pace at which it was increasing is not happening now. In that sense, the competitive intensity remains elevated, but it has now stabilized and is not increasing further.

In terms of growth rates, the paint industry as a whole is growing. However, a part of that growth is being captured by smaller players who have recently entered the market, and that is why we see listed companies reporting slightly lower growth rates. That does not mean the paint industry itself is not growing. The industry is growing, and as I mentioned earlier, now that the competitive intensity has stabilized, and we are entering the next phase, we expect to start seeing a recovery in growth. In fact, some recovery has already been visible since last October. That covers competition in the decorative segment.

With respect to industrial coatings, I believe you are referring to JSW's acquisition of Akzo and the part of the industrial business that has moved to JSW, if my

understanding is correct. Indeed, whenever a growth story and growth opportunity emerge, competition naturally follows. However, in industrial coatings, success is not only about having a ready-made business. It also requires a complete supply chain and value chain setup, strong technology offerings for customers, continuous line support, constant market presence, and proven global track records, but all of this takes time. This is not a business that can be entered easily, as it is performance-driven rather than purely price-driven. This is an area where Kansai is particularly strong. We have eight manufacturing locations and more than 200–300 technically competent people deployed on customer lines and field operations. At the speed at which our customers are operating, we have not faced situations where customers have suffered due to Nerolac's supply or quality issues. That is a strong credential that helps protect our business. We are not unprepared for competition. Competition will come and go, but with a strong foundation, Kansai is fully prepared to offer best-in-class products going forward.

In industrial coatings, there are many segments. While we are No.1 or No.3 in some segments, there are still several segments with strong growth potential that we have not yet fully explored. Through our global network, we are now realizing that there are additional production technologies we can offer these segments as well. This will result in further expansion across segments.

Therefore, our strategy is twofold: to strengthen and extract more value from our existing segments, and to expand into new segments. Together, these actions will ensure continued growth.

Construction Chemicals is a growing area. A survey indicates that only three out of ten homes, institutions, or buildings currently use construction chemicals, which implies nearly three times growth potential. As awareness increases, we see construction chemicals being used more frequently in new construction projects.

Another important area is repair and maintenance. India, being a tropical country with harsh weather conditions such as heavy rainfall and temperature variations, often faces structural deterioration and leakage issues. As a result, the repair segment is also expanding rapidly. Even with more players entering the market, there is sufficient opportunity for each participant to benefit from this growth.

In this space, we have made two acquisitions: one is Nerofix, and the other is Perma. Both have an excellent range of construction chemical products and technologies.

These capabilities are what we now intend to bring to the table as we work to grow in this segment.

CLSA Mr. Zhang : About the Indian automotive market, the effects of GST have begun to materialize since last October, and growth of around 20% year on year has continued. However, demand driven by GST will not continue to sustain 20% growth indefinitely, and growth should slow from the latter half of this year. In addition, some demand that had been held back prior to GST appears to have shifted into October. What do you see as the medium- to long-term growth rate for the automotive market—around 10%, or closer to 5%?

Pravin: You are right. After the GST changes in October, production has picked up, and this increase in production is reflected in our paint sales. If you look at the sales on the OEM side as well, they are quite healthy, and we are seeing this momentum being sustained in the current quarter too. As we move into the second half of next year, there will obviously be a base effect. The push or support that we received due to the GST changes may not continue. However, the automobile association is still predicting robust growth for next year.

Another supporting factor is that automotive companies in India are investing heavily in capacity expansion. In fact, based on our projections, they are expected to double their production capacity by 2030. If this is the trajectory, then over the next five years, even adding another 50% capacity would imply a fairly strong growth rate. This is the second key support.

In terms of sustained growth levels, the numbers may vary—8%, 10%, or 11%—depending on the overall situation. However, the indication we have is that growth will remain healthy.

The third supporting factor relates to the paintable surface area. Ultimately, it is the number of vehicles that get produced, but the size of the vehicle also determines paint consumption. In India, small cars used to dominate the market until about three to four years ago. Today, however, SUVs and larger vehicles, including five- and seven-seaters, are increasingly popular.

As a result, the share of larger vehicles in our customers' sales mix is increasing, which means there is a larger paintable surface area per vehicle. Therefore, I would not be surprised if our growth is slightly higher than overall automotive production

growth. This is the third supporting factor for auto.

The fourth factor is exports. India is increasingly becoming an export hub, with major OEMs now using India as a base for exports. We are seeing a rising share of sales coming from exports, which provides us with additional opportunities.

Taken together, these four factors suggest that while quarterly or year-on-year numbers may fluctuate, the long-term growth outlook remains positive.

CLSA Mr. Zhang : I understand the medium/long-term export situation of each company and the trend toward larger vehicles. Recently, it has been said that Grasim's strategy has changed. What is the background behind this strategic shift? Although this concerns another company, Grasim has recently been expanding into areas such as electric cables—does this mean that it is reducing investment in paints? Or is it the case that Grasim's margins are not performing well, leading to a natural erosion of its share? I would like to understand the background of the easing of competition.

Pravin: You're referring to the nature of competition in India and whether companies are focusing on growth versus market share versus profitability.

If I were to give just one answer, it would not do justice to all the segments in which we operate. Competition in the Indian paint industry is largely coming from the decorative segment, mainly due to the recent entry of a large conglomerate that is investing heavily with the expectation of making returns over time.

If you look at how we compete in the market, their approach is not very different from what we have been doing for many years. The strategy is broadly similar. In a growing market, with significant capital being deployed, it is natural that some market share can be captured. The key question is whether following a similar approach—essentially doing more of the same—is sufficient, or whether true differentiation exists.

This is a topic that will continue to be debated, and the answer will only become clear a few years down the line when we look back and assess what actually happened in the decorative segment. For now, it appears that the same strategy is being pursued, but at a higher cost, and it remains to be seen whether this will bear fruit over time.

As far as the industrial segment is concerned, it is important to recognize that there

are players operating at the bottom of the pyramid, where margin pressure is clearly higher. For multinational players like us, the strategy is focused on premiumization—moving up the value chain, offering more to customers, and targeting higher-value and more profitable segments.

Across all our businesses—industrial, automotive, and decorative—we aim to be selective and differentiated, creating niches that are large enough for us to manage effectively and serve well. As a multinational company with strong technology capabilities, this is how we define our approach to competing in the market.

Accordingly, we will face whatever competition emerges. However, in the industrial segment, we remain confident that it will take a long time before competition poses a serious threat to our position.

UBS Mr. Omura: I would like to ask about the room for cost reductions. Nerolac has been viewed as having a strong growth story and is often described as being sophisticated, second only to Japan. However, profit margins in India are several percentage points lower to Japan, and even from a global perspective, they still lag behind Asia. It feels as though profit improvement from past efforts has stalled. Aside from growing the top line, are there any initiatives to improve profitability? And how much room for improvement remains?

Pravin: I think gross margin is also a function of mix. Historically, if you compare Indian businesses, you will see higher gross margins because they have a higher share of decorative business. The investments required for the decorative business, which come below the gross margin line, are very high. As far as our overall mix is concerned, we are now more than 50% industrial and about 45% to 50% decorative. That is why you will find our gross margin to be quite different and not directly comparable to other Indian businesses.

If you look at our efforts to improve gross margin as well as overall profitability, as already stated in our mid-term plan, it is our endeavor to increase margins by another 200 basis points going forward. This will come through two levers.

The first lever is improvement in operational efficiency, along with premiumization, entry into new segments, and faster growth in those areas. The second lever is optimizing our sales and SG&A expenses and ensuring that our spending is more effective.

Together, these two levers—growing into niche, premium segments while tightly managing and optimizing our expenditures—should help us deliver higher margins over the course of this mid-term plan.

UBS Mr. Omura: Is it correct to understand that performance is tracking in line with the medium-term plan?

Pravin: Yes.

Nomura Mr. Okazaki: Regarding slide 23, could you give an indication of the current revenue mix within architectural coatings?

Pravin: I would say it should be closer to about 15% at this point, as far as these segments are concerned. In fact, across all three areas, we were slightly delayed in terms of our investments, which we have now ramped up over the last three to four years. And I think it is going to be about 50 percent as a whole across these segments.

Nomura Mr. Okazaki: Is each architectural sub-segment roughly 15%, making about 45% in total for architectural coatings?

Pravin: No, —so out of our decorative business, this is 15%, and roughly 45% is the total decorative business out of our total company.

Nomura Mr. Okazaki: As a follow-up, for the remaining 85%, while the impact from Graco has eased, Akzo and Asian Paints are also stepping up their offensive, so the competitive environment should remain severe. What kinds of measures are being taken in these segments where competition is intensifying?

Pravin: If you look at the structure of our industry, all players have very different percentage mixes across each of these businesses. Everyone is present in projects, wood finishes, and construction chemicals, but with different degrees of focus. The same applies to retail, because everyone has to play that part—reaching out directly to dealers to sell products. That is common across all players. The competition that entered the market over the last year or so is clearly penetrating across all areas. As far as we are concerned, it is very important for us

to recognize that in India, while we are overall No.3, there are specific areas—shown in our segmentation matrix—where we are very strong. In some zones and towns, we are No.1 or No.2. This means it is important for us to focus on these areas with a complete 360-degree approach. We look at all influencers, consumer activations, and dealer management—both improving extraction and expanding our network. While these actions are taken on an all-India basis, we clearly over-index in markets where we are already strong.

Fortunately, in India, every state and every zone is growing, so there is no inherent disadvantage of one zone versus another. Where we are strong, it makes sense for us to grow further, as brand awareness and brand loyalty are very strong.

Accordingly, our investments are clearly directed toward these areas where we are over-indexing and investing heavily. These investments are not limited to just one aspect but span the entire decorative business ecosystem.

We believe this strategy is already showing results. As I mentioned earlier, competitive intensity is now settling, and the initial aggressive actions across the market are reaching a more stable phase. We are beginning to see the real picture emerge, with growth starting to return. In fact, since October, we have already seen a change compared to the past, and we hope this trajectory will continue going forward.

Macquarie Mr. Mehta: First, on the margin front. Now as a concept, your mix is moving towards industrial and automotive in the mid-term-plan. In that industrial growth you will also need to expand into new categories that you need investments. I wanted to understand; how do you balance the equation because our belief or understanding is that industrial and automotive are lower margin businesses versus decorative. How do you see margin expansion despite the mix-related headwinds and the need for investments?

Pravin: As far as industrial margin is concerned, that was the story in the past. While we cannot disclose segment information because of the nature of the business, I think it is quite healthy now. And as we move forward, I think you will see the real picture emerging, maybe over some time.

As far as investments are concerned, you talked about how we invest as well as show better margins. We are choosing segments where we are offering global

solutions, which call for pricing that is not what is being offered right now at the bottom-of-the-pyramid or low-end level. The team is extremely conscious about this mix, and that is the way we would like to maintain and grow the business.

As far as industry is concerned, and as far as auto is concerned, with our leadership coming in, our extraction is far better, and the recovery of overheads is also far better there.

As this growth story continues, that will further improve as we go forward, particularly in terms of overhead recovery.

On the investment part, in the short term, I don't see any need for large capital investments in this area. We have sufficient capacity. There may be some brownfield expansion required, which will be taken care of through normal CAPEX. There is nothing significant in terms of investment required for industrial capital.

On the manpower front, a large part of the deployment has already happened this year.

Despite heavy competition across the industry, you are seeing our EBITDA margin sustaining at about 30 percent. This shows that we have been quite good at managing our overheads, and we have always looked at spend and outcomes very carefully. This is the same approach we intend to take as we move forward.

So, having made these investments, with no major CAPEX required, our premiumization strategy, careful segment selection, and an improving industrial mix in terms of profitability give us confidence that, in the near term, we will see this trajectory changing.

The belief that industry will also move into a better margin area is strengthening, and the team is really perfecting it.

Macquarie Mr. Mehta: On the decorative side, this chart is extremely useful for the state wise. It does suggest that you are choosing battles largely in North and East India. Is that understanding correct that is where you will be largely focused on the decorative side? And any thoughts on how you look at this? Now that the competition is stabilized, say 2 years down the line, how does this still fit in the Kansai model, and how do you see that kind of panning out?

Pravin: Yes, this is showing the current picture, but this does not mean at all that we are giving up on the bottom two zones: West and South.

I think this story is at the zone level. When you go down to the state level and then to towns, the story is very different as you move down the ladder. When we did this analysis, it was actually a surprise to see some of the town-level data, even in zones that are overall weaker markets, where our position is quite strong.

That is the area we would like to explore, and that is where investments will go. I would say this is probably a 2-3 year strategy. I don't think we will take this approach beyond that.

Once competition settles, I think it will again become pan-India, similar to what we were doing a couple of years back. But right now, it is very important for us to stabilize, secure those towns, and grow within those towns. There is a lot of learning that comes from operating in a particular zone or state, and that learning can be horizontally deployed quite easily across similar markets.

Primarily, this chart might suggest that we are over-indexing on certain zones or certain states. That is generally true. However, we have done fairly detailed town-level work, and we are investing at the town level. This obviously cannot be presented here, because there are more than 5,000 towns.

So that is the approach going forward. We are selective, we are very focused, and we are investing where results are relatively easier to achieve for us. That is our mid-term approach.

Post that, as we define our next mid-term plan, strategies may change depending on the situation at that time.

Nomura Mr. Shah: Congratulations on a fantastic performance in the auto and industrial segments.

About the auto and industrial segments, you have shared the breakup of your market share for the two-wheeler and three-wheeler segments. If you could also share some insights on your market share across players in the four-wheeler segment, that would be helpful. That is the first part of my question.

Within auto, you highlighted that SUVs are seeing a higher growth rate and that your paintable area is increasing, which will drive further volume growth for you. Given this, how should we think about your average selling prices for automotive paints? As cars are becoming much more premium, will this also drive higher ASPs for you? How has this trend been shaping in the recent past? Some insights on that

would be helpful.

Pravin: As far as two-wheelers are concerned, what we shared earlier applies.

For four-wheelers, while we can't give exact numbers, when we say we have a leading position, it is quite sizeable. Overall, I would say we are at 50% plus as far as auto is concerned. From there, you can do some arithmetic to arrive at a reasonable estimate.

As far as the ASP point is concerned, the mix is changing.

Surface area obviously gives us volume, but in terms of paint quality, while white steel still dominates, the premiumness of metallic shades is improving. Obviously, pricing for those shades is also quite sizeable and better than what it was earlier.

Another important aspect is the amount of value engineering work we do for our customers, which I would say is unmatched in terms of quality and competitive advantage. With our technical capability, we help our customers perform better on the line through higher transfer efficiency and by optimizing their energy consumption, etc.

So as far as the volume-value gap is concerned, it is fairly stable. It is improving, though not at the rate of inflation—slightly below inflation—but definitely we are seeing ASPs improving because of the mix change that is happening.

Nomura Mr. Shah: My second question is about the industrial segment. This segment, as outlined in your mid-term plan, seems to be showing the highest growth rate. I wanted to understand the strategy here in a little more depth.

Which segments are you thinking of expanding into? How are you planning to improve your No.3 position in liquid coatings or performance coatings? We know that you are already No.1 in powder coatings.

How do you plan to drive your market share higher and eventually become No.1 in these segments as well? Some insights on this would be very useful.

Pravin: I will answer this in two parts. As you know, our industrial business is divided into two parts: powder and liquid.

On the powder side, we have been a leader for more than two decades, with strong leadership in this segment. What is helping us is the fact that there is good growth in the focus segments we operate in. You can see that furniture is doing very well in the country, electrical goods are doing very well, and consumer equipment is also

performing well. In addition, a significant amount of powder coatings is now going into automotive applications.

All of this is helping us maintain our leadership position as well as grow better than the market in powder. So that is the first focus area—to build on our strength in powder.

The second part is the liquid segment, where the bulk of our focus currently lies. This presents a very big opportunity for us, given the huge spending by the government on infrastructure, which has a direct correlation with increased paint consumption.

Here, as you can also see in the slide, we have identified pre-engineered buildings, which are seeing very good traction. Railways are another key area, as the entire network is being upgraded. Coil coating is also seeing a lot of traction. In addition, there are several other segments such as bridges and airports, etc.

We have built a focused team around these key segments, which gives us a very good opportunity to grow in the specific areas we have identified.

There is clear consolidation in powder and clear aggressive growth planned on the liquid side.

Mr. Gorthy: My question is for both the members of the parent company and the management team of Kansai Nerolac.

Given that you are looking to stabilize the decorative business and treat it as a cash cow, have you considered divesting this segment and focusing all management bandwidth on what appears to be the more exciting part of the business?

Considering your view that car and vehicle production in India is expected to double, and that you are absolutely dominant in that segment, I just wanted to hear your thoughts on whether such options are discussed and evaluated.

Pravin: I think we regularly conduct strategy sessions where we carefully look at each segment, each business segment, as well as the sub-segments, in terms of attractiveness and our company's strengths.

If you look at Nerolac's decorative strength, it is a brand that has been around for six to seven decades now. Even amidst intense competition, where competitors are spending huge amounts of money, our brand recall is still No.2.

That recall and the strength of the established brand give us enough opportunity

even today. We believe that if certain basic things are done well, further enhanced, and more sharply focused, there is still meaningful potential. Over the last five to six months, what we have seen gives us confidence that our direction is right.

I think it is just a matter of this whole situation settling down, and the real picture will emerge once true numbers are on the table—for everyone, not just for four or five listed companies, but for the entire market. That is when the full picture will become clear.

Internally, we do have some unofficial data, and based on that, I believe there is no reason at this point to consider any of these options seriously.

As far as industrial is concerned, and specifically auto, it is a very established business with very focused teams, and they operate largely autonomously. In terms of technology deployment, this is a model that I believe is running well and has been refined over time. Obviously, every year there are incremental improvements required to stay ahead, and as a leader, we are absolutely doing that.

As far as management bandwidth is concerned, there is currently a very high requirement on the decorative side because of intense competitive pressure. Accordingly, resources are deployed there to absorb and manage that intensity. At the same time, other resources are deployed in the industrial segment, where there are clear growth aspirations.

Overall, when you look at our strategy of maintaining a balanced portfolio—because every business is cyclical—we believe we are in a unique position to be present across all three areas. The confidence that comes from our network reach, brand strength, dealer influence, on-ground connectivity, and the feedback we receive reinforces our belief that decorative remains a business we want to stay in.

Importantly, there is no significant incremental investment required in terms of brand awareness at least for some time. In the current environment, where there is a lot of noise and “shouting” in the market, we believe it is better to stay focused and try to extract maximum value, rather than attempting a carpet-bombing approach.

So evaluations are ongoing, but as of now, my belief is that this is not a call we would like to take.