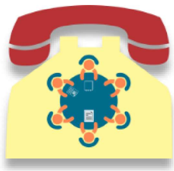
RESULTS
FLASH

8 August 2025
1QFY26 Results Flash | Sector: Consumer

Indigo Paints

BSE SENSEX	S&P CNX
80,623	24,596

Conference Call Details



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Financials & Valuations (INR b)

Y/E March	2025	2026E	2027E
Sales	13.4	14.7	16.8
Sales Gr. (%)	2.6	10.0	14.0
EBITDA	2.3	2.6	3.0
EBITDA mrg. (%)	17.4	17.6	18.1
Adj. PAT	1.4	1.6	1.9
Adj. EPS (INR)	29.8	34.0	39.5
EPS Gr. (%)	-3.8	13.9	16.2
BV/Sh.(INR)	216.6	242.7	282.2
Ratios			
RoE (%)	14.7	14.8	15.0
RoCE (%)	13.8	14.5	14.8
Valuation			
P/E (x)	39.6	34.8	29.9
P/BV (x)	5.5	4.9	4.2
EV/EBITDA (x)	23.0	20.4	17.1
Div. Yield (%)	0.3	0.7	0.7

CMP: INR1,210

Weak performance continues; all eyes on recovery in festive period

- Indigo Paints' net sales declined 1% YoY to INR3,089m (est. INR3,234m).
- Industry demand continued to remain muted in the quarter. Revenue growth was further impacted by an early onset of monsoon.
- Gross margin contracted 70bp YoY to 45.9% (est. 46.8%). Raw material prices were largely stable with a downward bias, barring Titanium Dioxide, which was affected by import duty.
- Employee expenses rose 3% YoY, while other expenses declined 1% YoY.
- EBITDA margin contracted 90bp YoY to 14.3% (est. 15.4%). The company highlighted that EBITDA margin is historically low during 1Q and 2Q and hits a peak during 4Q. This is due to product mix changes during the year.
- EBITDA declined 6% YoY to INR443m (est. INR499m).
- PBT declined 3% YoY to INR348m (est. INR386m).
- APAT down 1% YoY to INR259m (est. INR288m).

Outlook: According to management, the company has seen a gradual demand improvement in July and expects the same to continue through 2Q. With benign RM, margins are expected to improve. The premium segment is expected to perform better. EBITDA margin should also see an improvement.

Other key highlights

- The A&P expense as a % of revenue reduced to 6.8% in 1QFY26, compared to 7.2% in 1QFY25. The company maintained its spending on IPL, which ensured strong visibility and enhanced outreach through digital channels.
- Putty & cement paint's value and volume declined 1.5% and 4%, respectively. Emulsions saw a 5.4% volume decline and 0.9% value decline. Enamel and wood coatings' volume/value grew 6.8%/11.5% YoY. Primer and distempers posted volume growth of 1.8% and value growth of 6.3% in 1QFY26.

Consolidated Quarterly Performance

(INR m)

Y/E March	FY25				FY26E				FY25	FY26E	FY26E	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	(%)
Net Sales	**3,110**	**2,995**	**3,426**	**3,876**	**3,089**	**3,295**	**3,872**	**4,492**	**13,407**	**14,747**	**3,234**	**-4.5%**
Change (%)	7.8	7.4	-3.2	0.7	-0.7	10.0	13.0	15.9	2.6	10.0	4.0	
Raw Material/PM	1,661	1,686	1,829	2,061	1,671	1,845	2,060	2,329	7,237	7,905	1,720	
Gross Profit	**1,449**	**1,309**	**1,597**	**1,815**	**1,418**	**1,450**	**1,812**	**2,164**	**6,170**	**6,843**	**1,514**	**-6.4%**
Gross Margin (%)	46.6	43.7	46.6	46.8	45.9	44.0	46.8	48.2	46.0	46.4	46.8	
EBITDA	**474**	**415**	**572**	**874**	**443**	**465**	**643**	**1,046**	**2,335**	**2,596**	**499**	**-11.2%**
Margin (%)	15.2	13.9	16.7	22.6	14.3	14.1	16.6	23.3	17.4	17.6	15.4	
Change (%)	-3.5	-1.5	-8.1	3.3	-6.5	11.9	12.4	19.6	-1.9	11.2	5.3	
Interest	6	7	6	15	7	18	10	10	35	45	8	
Depreciation	152	154	147	132	148	150	150	137	585	586	150	
Other Income	42	51	31	60	60	55	45	38	185	198	45	
PBT	**357**	**306**	**450**	**787**	**348**	**352**	**528**	**937**	**1,900**	**2,164**	**386**	**-9.9%**
Tax	90	83	92	213	87	89	133	236	478	544	97	
Effective Tax Rate (%)	25.3	27.2	20.4	27.0	25.0	25.2	25.2	25.2	25.2	25.2	25.2	
Minority Interest	5	-4	-2	5	1	1	1	1	4	4	1	
Adjusted PAT	**262**	**226**	**360**	**569**	**259**	**262**	**394**	**700**	**1,418**	**1,615**	**288**	**-9.9%**
Change (%)	-15.6	-10.6	-3.3	6.0	-1.0	15.7	9.3	23.1	-3.8	13.9	9.8	

E: MOFSL Estimates