02 November 2026
2QFY27 Results Update | Sector: Consumer

Indigo Paints

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	INDIGOPN IN
Equity Shares (m)	48
M.Cap.(INRb)/(USDb)	41.5 / 0.4
52-Week Range (INR)	1346 / 702
1, 6, 12 Rel. Per (%)	-22/3/-4
12M Avg Val (INR M)	154

Financials & Valuations (INR b)

Y/E March	2026	2027E	2028E
Sales	14.1	16.6	18.5
Sales Gr. (%)	4.8	18.3	11.3
EBITDA	2.5	2.8	3.3
EBIT Margin (%)	18.1	16.9	17.9
Adj. PAT	1.5	1.8	2.2
Adj. EPS (INR)	31.8	37.8	45.7
EPS Gr. (%)	6.8	18.7	21.0
BV/Sh.(INR)	242.6	280.5	321.4
Ratios			
RoE (%)	13.9	14.5	15.2
RoCE (%)	13.5	14.1	14.9
Valuation			
P/E (x)	27.3	23.0	19.0
P/BV (x)	3.6	3.1	2.7
EV/EBITDA (x)	15.0	12.9	10.5

Shareholding pattern (%)

As On	Sep-26	Jun-26	Sep-25
Promoter	53.8	53.9	53.9
DII	24.9	25.2	19.7
FII	5.7	5.7	11.8
Others	15.6	15.2	14.6

FII Includes depository receipts

CMP: INR870 TP: INR1,150 (+32%) Buy

Healthy demand; weak margin delivery

- Indigo Paints (INDIGOPN) reported standalone revenue growth of 14% YoY (in line with the industry), led by pricing growth. Management indicated healthy demand momentum in Oct'26. A late Diwali is likely to support the Oct demand, while Nov-Dec demand would be sensitive to macro stability (geopolitically driven). The company aims to grow ahead of the industry (1.5-2x), supported by premiumization, a deeper distribution, and a focus on premium wood coatings. Apple Chemie reported strong revenue growth of 35% YoY. Consolidated revenue grew 15% YoY to INR3.6b (est. INR3.7b).
- Gross margin contracted sharply by 640bp YoY to 38.3%, at an all-time low, hit by an unfavorable product mix (200-250bp impact) and high-cost raw material carried from last quarter. EBITDA margin contracted 630bps YoY to 8.6% (est. 14.3%). Management indicated that most high-cost inventory was consumed in 2Q and expects sequential margin recovery from 3Q onward. We model an EBITDA margin of 16.9%/17.9% for FY27/FY28.
- INDIGOPN continues to prioritize accelerated revenue growth, even at a marginal cost to profit growth, through influencer-led BTL activities and deeper engagement with dealers and painters. With no major capex planned until FY29, improving capacity availability and operating leverage should support growth and cash generation going forward. We reiterate our BUY rating with a TP of INR1,150 (based on 25x Sep'28E EPS).

A sharp miss on margins hurts 2Q performance

Consolidated performance

- **Healthy revenue growth:** Indigo Paints reported consolidated revenue growth of 15% YoY (base +4%) to INR3,588m (est. INR3,674m). Gross revenue grew 19%, but an unfavorable product mix led to higher discounts, restricting net revenue growth to 15%.
- **Segmental performance:** In 2QFY27, Primers, distempers, and others led with 29% value growth and 9% volume growth. Putty & cement paint posted 13% value and flat volume growth. Emulsions saw a recovery and delivered 13% value and 10% volume growth. Enamels and wood coatings delivered 18% value and 8% volume growth.
- **Margins below our estimate**: Gross margin contracted 640bp YoY to 38.3% (est. 43%), hit by an unfavorable product mix and high-cost raw material inventory carried over from 1QFY27. Employee expenses grew 18% YoY, and other expenses rose 12% YoY. A&P expenses were 5.4% of revenue (vs 5.3% in 2QFY26). EBITDA margin dipped 630bp YoY to 8.6% (est. 14.3%), hurt by gross margin compression and higher A&P spending. EBITDA fell 33% YoY to INR310m (est. INR524m).
- **Weak profitability growth:** Other income declined YoY as adverse bond yield movements weighed on treasury returns. PBT decreased 51% YoY to INR167m (est. INR411m), while APAT decreased 47% YoY to INR133m (est. INR306m).

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MotilalOswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Highlights from the management commentary

- Management expects to grow at 1.5-2x the industry growth rate, rather than the previously perceived 2-3x.
- The industry has announced two price hikes in 3Q, with one already implemented and the second anticipated in the third week of Nov'26.
- The company highlighted that the industry leader is gaining disproportionately during price hikes, as dealers tend to stock up more on leading brands. However, the leader's recent growth also reflects recovery from two years of negative growth and the rebuilding of its dealer network.
- INDIGOPN's new water-based plant at Jodhpur, with an annual capacity of 90,000 KL, commenced trial production in Sep'26. Full operations are expected by the end of Nov'26.

Valuation and view

- We cut our EPS estimates by 8% for FY27 and 5% for FY28 as the margins saw a sharp contraction. However, management indicated that most high-cost inventory was used up by August, and margins started recovering from September. Margins may remain under pressure in the near term, but the impact is expected to be less severe.
- INDIGOPN's strategic shift toward focusing on non-metro towns and increasing investments in distribution and influencers as part of its Strategy 2.0 is proving to be a successful endeavor. That said, the company continues to focus on the premium and emulsion segments, with a deliberate shift away from the economy segment.
- INDIGOPN continues to prioritize accelerated topline growth, even at a marginal cost to bottom-line growth, through influencer-led BTL activities and deeper engagement with dealers and painters. With no major capex planned until FY29, improving capacity availability and operating leverage should support growth and cash generation going forward. **We reiterate our BUY rating with a TP of INR1,150 (based on 25x Sep'28E EPS).**

Consolidated Quarterly Performance **(INR m)**

Y/E March	FY26				FY27E				FY26	FY27E	FY27E 2QE	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Net Sales	**3,089**	**3,121**	**3,588**	**4,253**	**3,697**	**3,588**	**4,399**	**4,945**	**14,050**	**16,628**	**3,674**	-2.3%
Change (%)	-0.7	4.2	4.7	9.7	19.7	15.0	22.6	16.3	4.8	18.3	17.7	
Raw Material/PM	1,671	1,723	1,910	2,210	2,049	2,212	2,463	2,587	7,514	9,312	2,094	
Gross Profit	**1,418**	**1,397**	**1,677**	**2,044**	**1,647**	**1,375**	**1,936**	**2,358**	**6,536**	**7,316**	**1,580**	-12.9%
Gross Margin (%)	45.9	44.8	46.8	48.0	44.6	38.3	44.0	47.7	46.5	44.0	43.0	
EBITDA	**443**	**465**	**683**	**956**	**620**	**310**	**776**	**1,101**	**2,548**	**2,806**	**524**	-40.9%
Margin (%)	14.3	14.9	19.0	22.5	16.8	8.6	17.6	22.3	18.1	16.9	14.3	
Change (%)	-6.5	12.1	19.5	9.3	40.0	-33.5	13.5	15.2	9.1	10.2	12.5	
Interest	7	7	6	9	6	7	8	9	29	30	8	
Depreciation	148	151	150	153	156	157	155	152	602	621	155	
Other Income	60	30	37	3	102	22	50	76	130	250	50	
PBT	**348**	**338**	**565**	**796**	**560**	**167**	**663**	**1,016**	**2,046**	**2,406**	**411**	-59.4%
Tax	87	85	132	204	143	33	167	261	509	604	103	
Effective Tax Rate (%)	25.0	25.2	23.4	25.7	25.6	19.6	25.2	25.7	24.9	25.1	25.2	
Adjusted PAT	**259**	**251**	**425**	**577**	**417**	**133**	**495**	**752**	**1,514**	**1,798**	**306**	-56.5%
Change (%)	-1.0	10.9	18.0	1.4	61.0	-47.0	16.4	30.4	6.8	18.7	21.9	

E: MOFSL Estimates



Highlights from the management commentary

Performance and outlook

- INDIGOPN delivered 15% revenue growth, in line with industry growth.
- The company's several initiatives to accelerate growth are underway, with benefits expected to emerge in the coming quarters.
- New initiatives include innovative engagement programs for painters and contractors (influencer community) and newer incentive structures for the sales force.
- Management expects to grow at 1.5-2x the industry growth rate, rather than the previously perceived 2-3x.
- October performance was strong supported by late Diwali, although management believes the entire industry benefited from improved demand. However, 3Q performance will depend on the geopolitical conditions.
- **The industry has announced two price hikes in 3Q, with one is already implemented and the second expected in the third week of November.**
- The industry has taken cumulative price hikes of 16-17% over FY27, following a period of largely stable prices over the preceding 2-3 years.
- The company highlighted that the industry leader is gaining disproportionately during price hikes, as dealers tend to stock up more on leading brands. However, the leader's recent growth also reflects recovery from two years of negative growth and the rebuilding of its dealer network.
- All four product categories reported value growth in 2QFY27, with healthy volume growth across most categories. Primary distempers and others led with 29% value growth, followed by enamels and wood coatings at 18%, emulsions at 13% and putty and cement paints at 13%.
- Emulsions, the largest category, delivered 10.4% volume growth, although the mix was skewed towards lower-end emulsions (normally in 2Q).

Cost and margins

- The GP margin down 640bp YoY, impacted due to high-cost raw material inventory purchased during March-April and an unfavorable product mix.
- Product mix accounted for an estimated 200-250bp of the 650bp decline in 2QFY27 gross margins, while the balance was largely attributable to high-cost raw material inventory flowing through the P&L.
- **High-cost inventory was largely expensed by August, with gross and EBITDA margins recovering to near-normal levels from September. Management does not anticipate a similar profitability shock in 3QFY27 onwards.**

Distribution network

- Active dealer count increased to over 19,730 as of Sep 2026.
- The company had about 12,718 tinting machines and 56 depots across all 28 states.
- The company opened a new depot in Bikaner, Rajasthan, taking the state's depot count to four. Management plans to open another 2-3 depots in 3Q and 4Q to improve service efficiency.

- Indigo Color Canvas stores have expanded to 19 across the country, supporting deeper engagement with customers and the painter community.

Apple Chemie

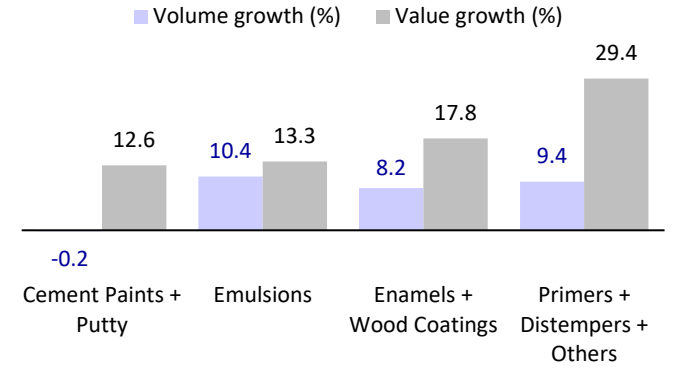
- Apple Chemie delivered a strong 2QFY27 revenue growth of 35% YoY to INR184m.
- The profitability is impacted by margin headwinds from rising RM costs and promotional expenses.
- Apple Chemie expects growth momentum to sustain, with gross margins likely to improve by 3QFY27 and expansion into new territories supporting growth.

Capex and cash flows

- The new water-based plant at Jodhpur, with an annual capacity of 90,000 KL, commenced trial production in Sep'26. Full operations are expected by the end of Nov'26.
- The new plant is expected to provide incremental capacity for premium water-based products across North, East and Central India, while improving supply-chain responsiveness.
- The solvent-based plant and expanded putty plant at Jodhpur had commenced production in FY26.
- Installed solar capacity stands at 350 KW across Pune and Cochin. An additional 1,200 KW solar capacity is being commissioned at Jodhpur and is expected to be completed by December 2026, taking total capacity to over 1,500 KW.
- The company expects no major capex required for the next two years.

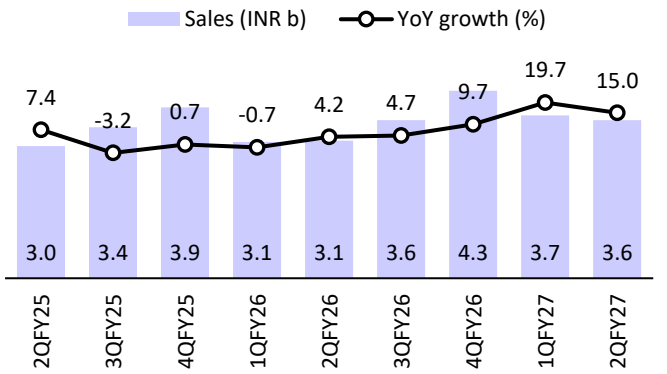
Key exhibits

Exhibit 1: Volume and value expand across categories



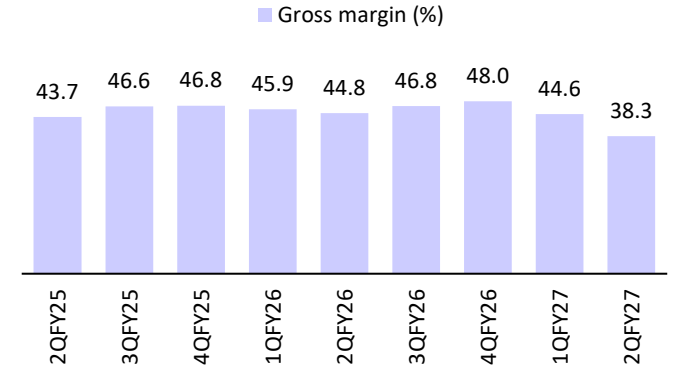
Source: Company, MOFSL

Exhibit 2: Sales up 15% YoY to INR3.6b in 2QFY27



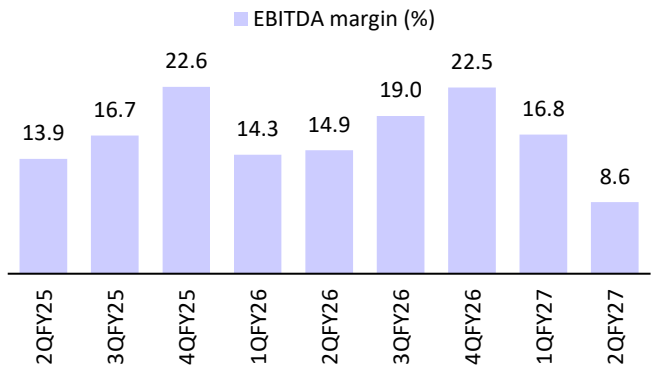
Source: Company, MOFSL

Exhibit 3: Gross margin down 640bp YoY to 38.3% in 2QFY26



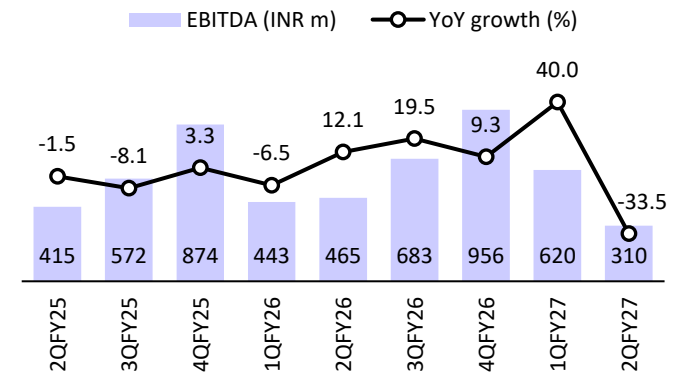
Source: Company, MOFSL

Exhibit 4: EBITDA margin dipped 630bp YoY to 8.6%



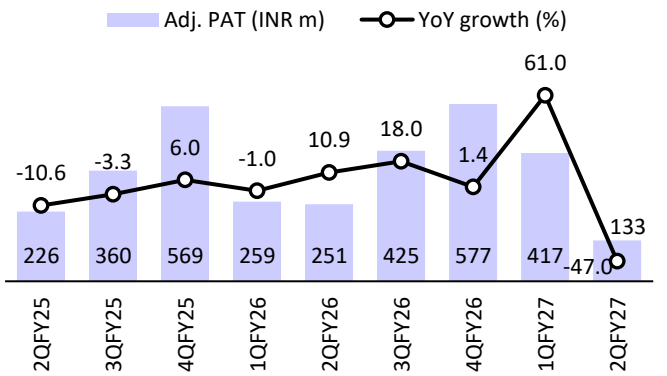
Source: Company, MOFSL

Exhibit 5: EBITDA down 34% YoY to INR310m in 2QFY27



Source: Company, MOFSL

Exhibit 6: PAT down 47% YoY to INR133m in 2QFY27



Source: Company, MOFSL

Valuation and view

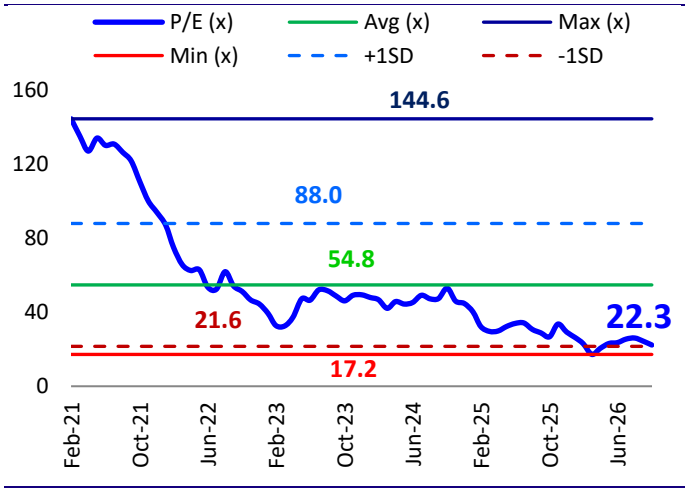
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- INDIGOPN's strategic shift toward focusing on non-metro towns and increasing investments in distribution and influencers as part of its Strategy 2.0 is proving to be a successful endeavor. That said, the company continues to focus on the premium and emulsion segments, with a deliberate shift away from the economy segment.
- INDIGOPN continues to prioritize accelerated topline growth, even at a marginal cost to bottom-line growth, through influencer-led BTL activities and deeper engagement with dealers and painters. With no major capex planned until FY29, improving capacity availability and operating leverage should support growth and cash generation going forward. **We reiterate our BUY rating with a TP of INR1,150 (based on 25x Sep'28E EPS).**

Exhibit 7: We cut our EPS estimates by 8% for FY27 and 5% for FY28

	New		Old		Change (%)	
INR m	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Sales	16,628	18,503	16,587	18,642	0.2	-0.7
EBITDA	2,806	3,317	3,032	3,473	-7.4	-4.5
PAT	1,798	2,175	1,967	2,292	-8.6	-5.1

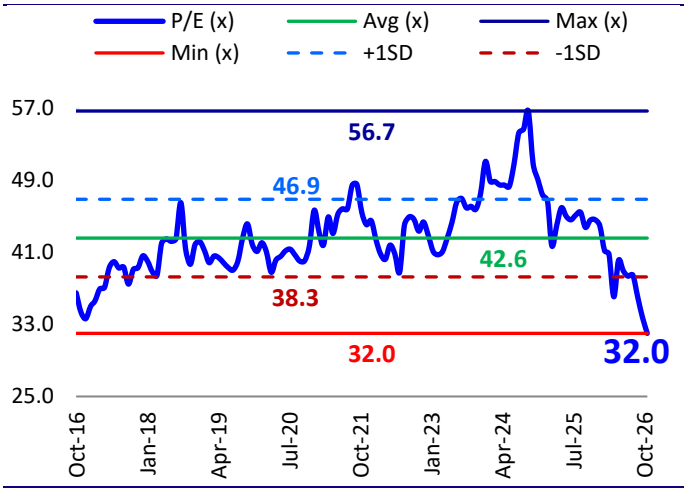
Source: Company, MOFSL

Exhibit 8: P/E ratio (x) for INDIGOPN



Source: MOFSL, Company, Bloomberg

Exhibit 9: Consumer sector's P/E ratio



Source: MOFSL, Company, Bloomberg

Financials and valuations

Income Statement consol. (INR m)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Net Sales	**6,248**	**7,233**	**9,060**	**10,733**	**13,061**	**13,407**	**14,050**	**16,628**	**18,503**	**20,588**
Change (%)	16.6	15.8	25.3	18.5	21.7	2.6	4.8	18.3	11.3	11.3
Raw Materials	3,220	3,765	5,135	5,952	6,839	7,237	7,514	9,312	10,177	11,261
Gross Profit	**3,028**	**3,468**	**3,925**	**4,781**	**6,222**	**6,170**	**6,536**	**7,316**	**8,326**	**9,326**
Margin (%)	48.5	47.9	43.3	44.5	47.6	46.0	46.5	44.0	45.0	45.3
Operating Expenses	2,118	2,243	2,565	2,965	3,841	3,835	3,988	4,510	5,009	5,594
EBITDA	**910**	**1,225**	**1,360**	**1,815**	**2,381**	**2,335**	**2,548**	**2,806**	**3,317**	**3,732**
Change (%)	68.2	34.7	11.0	33.5	31.1	-1.9	9.1	10.2	18.2	12.5
Margin (%)	14.6	16.9	15.0	16.9	18.2	17.4	18.1	16.9	17.9	18.1
Depreciation	196	244	313	343	516	585	602	621	665	709
Int. and Fin. Charges	56	38	13	14	21	35	29	30	30	30
Other Income	16	36	109	101	142	185	130	250	288	331
Profit before Taxes	**674**	**979**	**1,143**	**1,559**	**1,986**	**1,900**	**2,046**	**2,406**	**2,910**	**3,323**
Change (%)	98.2	45.2	16.7	36.4	27.4	-4.3	7.7	17.6	21.0	14.2
Margin (%)	10.8	13.5	12.6	14.5	15.2	14.2	14.6	14.5	15.7	16.1
Tax	147	256	288	418	435	478	509	604	730	834
Tax Rate (%)	29.1	27.6	26.5	25.8	25.0	27.6	25.8	25.1	25.1	25.1
PAT Before Minority	**478**	**709**	**840**	**1,157**	**1,489**	**1,422**	**1,518**	**1,802**	**2,179**	**2,489**
Minority Interest					15	4	4	4	4	4
Adjusted PAT	**478**	**709**	**840**	**1,157**	**1,474**	**1,418**	**1,514**	**1,798**	**2,175**	**2,485**
Change (%)	76.0	48.2	18.6	37.6	27.4	-3.8	6.8	18.7	21.0	14.2
Margin (%)	7.7	9.8	9.3	10.8	11.3	10.6	10.8	10.8	11.8	12.1
Reported PAT	**478**	**709**	**840**	**1,320**	**1,474**	**1,418**	**1,515**	**1,798**	**2,175**	**2,485**

Balance Sheet (INR m)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Share Capital	290	476	476	476	476	476	477	477	477	477
Reserves	1,680	5,159	6,023	7,285	8,545	9,829	11,063	12,865	14,812	17,069
Net Worth	**1,971**	**5,635**	**6,499**	**7,761**	**9,021**	**10,306**	**11,540**	**13,341**	**15,289**	**17,546**
Loans	392	0	0	0	31	64	19	0	0	0
Other Liability	132	157	209	188	380	446	449	449	449	449
Capital Employed	**2,495**	**5,792**	**6,708**	**7,949**	**9,432**	**10,815**	**12,008**	**13,791**	**15,738**	**17,995**
Gross Block	1,669	2,339	2,612	2,785	6,316	6,559	6,806	7,306	7,806	8,306
Less: Accum. Depn.	245	452	716	987	1,421	1,917	1,917	2,412	2,941	3,505
Net Fixed Assets	**1,424**	**1,887**	**1,896**	**1,798**	**4,896**	**4,641**	**4,889**	**4,894**	**4,865**	**4,801**
Capital WIP	11	31	510	2,509	174	1,358	2,202	2,202	2,202	2,202
Right to Use Assets	278	301	332	543	616	637	614	788	952	1,106
Investments	**208**	**497**	**1,731**	**1,317**	**1,667**	**2,261**	**2,998**	**3,498**	**3,998**	**4,498**
Curr. Assets, L&A	**1,967**	**4,983**	**4,288**	**3,996**	**4,950**	**4,806**	**5,188**	**7,073**	**8,719**	**10,757**
Inventory	768	947	1,177	1,177	1,706	1,536	1,782	2,050	2,281	2,538
Account Receivables	1,045	1,212	1,717	2,001	2,231	2,439	2,855	3,098	3,447	3,835
Cash and Bank Balance	57	2,583	996	488	329	371	321	1,650	2,661	3,987
Others	97	241	398	330	684	460	229	275	330	397
Curr. Liab. and Prov.	**1,698**	**2,212**	**2,354**	**2,520**	**3,275**	**3,286**	**4,281**	**5,063**	**5,397**	**5,768**
Account Payables	1,386	1,856	2,014	2,106	2,290	1,767	2,180	2,961	3,295	3,666
Other Liabilities	289	315	270	318	920	1,502	2,040	2,040	2,040	2,040
Provisions	24	42	70	96	65	17	61	61	61	61
Net Current Assets	**269**	**2,771**	**1,934**	**1,476**	**1,675**	**1,519**	**907**	**2,010**	**3,322**	**4,989**
Goodwill on Cons.	306	306	306	306	399	399	399	399	399	399
Application of Funds	**2,495**	**5,792**	**6,708**	**7,950**	**9,427**	**10,815**	**12,008**	**13,791**	**15,738**	**17,995**

E: MOSL Estimates

Financials and valuations

Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Basic (INR)										
EPS	**16.5**	**14.9**	**17.7**	**24.3**	**31.0**	**29.8**	**31.8**	**37.8**	**45.7**	**52.2**
Cash EPS	14.2	20.0	24.2	31.5	41.8	42.1	44.5	50.8	59.7	67.2
BV/Share	41.4	118.5	136.6	163.2	189.6	216.6	242.6	280.5	321.4	368.8
DPS	0.0	0.0	3.0	3.5	3.5	3.5	5.0	8.0	8.0	8.0
Payout %	0.0	0.0	17.0	14.4	11.3	11.7	15.7	21.2	17.5	15.3
Valuation (x)										
P/E	52.8	58.4	49.2	35.8	28.1	29.2	27.3	23.0	19.0	16.7
Cash P/E	61.4	43.5	35.9	27.6	20.8	20.7	19.6	17.1	14.6	13.0
EV/Sales	4.1	5.3	4.3	3.7	3.0	2.9	2.7	2.2	1.9	1.6
EV/EBITDA	27.9	31.3	28.4	21.8	16.6	16.6	15.0	12.9	10.5	8.8
P/BV	21.0	7.3	6.4	5.3	4.6	4.0	3.6	3.1	2.7	2.4
Dividend Yield (%)	0.0	0.0	0.3	0.4	0.4	0.4	0.6	0.9	0.9	0.9
Return Ratios (%)										
RoE	27.8	18.6	13.9	16.2	17.6	14.7	13.9	14.5	15.2	15.1
RoCE	22.5	17.8	13.6	15.9	17.3	13.8	13.5	14.1	14.9	14.9
RoIC	23.3	25.3	18.4	21.5	20.1	14.1	15.5	16.9	19.1	20.0
Working Capital Ratios										
Debtor (Days)	61	61	69	68	62	66	74	68	68	68
Asset Turnover (x)	2.5	1.2	1.4	1.4	1.4	1.2	1.2	1.2	1.2	1.1
Leverage Ratio										
Debt/Equity (x)	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Cash Flow Statement

(INR m)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
OP/(loss) before Tax	674	979	1,143	1,559	1,986	1,900	1,985	2,406	2,910	3,323
Depreciation	196	244	313	343	515	585	602	621	665	709
Net interest	54	22	-47	3	19	32	28	-220	-258	-301
Others	-8	-5	-19	4	-41	-114	-54	0	0	0
Direct Taxes Paid	-124	-164	-258	-244	-593	-308	-577	-604	-730	-834
(Incr)/Decr in WC	-69	137	-479	-505	-377	-39	241	225	-302	-340
CF from Operations	**723**	**1,214**	**652**	**1,161**	**1,510**	**2,056**	**2,226**	**2,428**	**2,285**	**2,558**
Incr in FA	-613	-660	-1,208	-1,970	-1,041	-1,355	-1,349	-500	-500	-500
Free Cash Flow	**110**	**553**	**-556**	**-809**	**469**	**701**	**876**	**1,928**	**1,785**	**2,058**
Pur of Investments	0	-2,522	460	1,100	-478	-423	-612	-500	-500	-500
Others	-21	2,138	-1,438	-599	83	3	1	-50	-12	31
CF from Invest.	**-634**	**-1,044**	**-2,186**	**-1,469**	**-1,436**	**-1,775**	**-1,960**	**-1,050**	**-1,012**	**-969**
Issue of Shares	18	2,932	0	0	0	0	0	0	0	0
Incr in Debt	-143	-500	0	0	13	33	-45	-19	0	0
Dividend Paid	0	0	0	-143	-167	-167	-167	0	-232	-232
Net interest Paid	-47	-33	-2	0	-2	-32	-25	-30	-30	-30
Others	0	-41	-50	-58	-77	-74	-78	0	0	0
CF from Fin. Activity	**-172**	**2,357**	**-53**	**-201**	**-233**	**-239**	**-315**	**-49**	**-263**	**-263**
Incr/Decr of Cash	**-83**	**2,526**	**-1,587**	**-508**	**-159**	**41**	**-50**	**1,329**	**1,011**	**1,326**
Add: Opening Balance	140	57	2,583	996	488	329	371	321	1,650	2,660
Closing Balance	**57**	**2,583**	**996**	**488**	**329**	**371**	**321**	**1,650**	**2,660**	**3,986**

E: MOSL Estimates

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BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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