motilal oswal
Financial Services

14 August 2026
1QFY27 Results Update | Sector: Consumer

Indigo Paints

Estimate change	↑
TP change	↑
Rating change	↔

Bloomberg	INDIGOPN IN
Equity Shares (m)	48
M.Cap.(INRb)/(USDb)	54.5 / 0.6
52-Week Range (INR)	1346 / 702
1, 6, 12 Rel. Per (%)	9/22/4
12M Avg Val (INR M)	137

Financials & Valuations (INR b)

Y/E March	2026	2027E	2028E
Sales	14.1	16.5	18.5
Sales Gr. (%)	4.8	17.5	12.4
EBITDA	2.5	3.0	3.5
EBIT Margin (%)	18.1	18.3	18.6
Adj. PAT	1.5	2.0	2.3
Adj. EPS (INR)	31.8	41.1	47.9
EPS Gr. (%)	6.8	29.1	16.5
BV/Sh.(INR)	242.6	283.8	326.9
Ratios			
RoE (%)	13.9	15.6	15.7
RoCE (%)	13.5	15.3	15.4
Valuation			
P/E (x)	35.8	27.7	23.8
P/BV (x)	4.7	4.0	3.5
EV/EBITDA (x)	20.0	16.3	13.7

Shareholding pattern (%)

As On	Jun-26	Mar-26	Jun-25
Promoter	53.9	53.9	53.9
DII	25.2	23.0	19.3
FII	5.7	7.4	11.7
Others	15.2	15.7	15.1

FII Includes depository receipts

CMP: INR1,143 TP: INR1,450 (+27%) Buy

Growth accelerates; operating leverage drives margins

- Indigo Paints (INDIGOPN) reported standalone revenue growth of 19% YoY (on a flat base), with double-digit value and volume growth. Management indicated that the strong demand momentum of 4QFY26 continued in 1QFY27, with Jul demand being better than Jun. INDIGOPN did not see any material change in trade inventory as secondary growth was equally healthy. The company remains focused on growing significantly ahead of the industry, supported by premiumization, deeper distribution and a renewed focus on high-end wood coatings. Apple Chemie reported strong revenue growth of 40% YoY. Consolidated revenue grew 20% YoY (base of -0.7%) to INR3.7b (est. INR3.9b).
- Gross margin contracted 130bp YoY to 44.6%, as RM prices, despite cooling from peak levels, remained elevated YoY. However, lower A&P spending (4.3% vs 6.8% in 1QFY26) and operating leverage drove EBITDA margin expansion of 240bp YoY to 16.8% (beat). INDIGOPN highlighted that 2Q GM could remain weak due to product mix deterioration and high-cost inventory.
- Management continues to prioritize accelerated revenue growth, even at a marginal cost to profit, through influencer-led BTL activities and deeper engagement with dealers and painters. Premium emulsions continue to gain share, while the company plans to strengthen its presence in high-end wood coatings with new products slated for phased launches in Sep-Oct. With no major capex planned until FY29, improving capacity availability and operating leverage should support growth and cash generation going forward.
- We model a CAGR of 15%/17% in revenue/EBITDA over FY26-28E. We model an EBITDA margin of 18.3%/18.6% for FY27/FY28. **We reiterate our BUY rating with a TP of INR1,450 (based on 30x FY28E EPS),** considering its growth outperformance, synergies with Apple Chemie, consistent capacity growth and distribution expansion, and its favorable valuation multiples vs. peers.

Strong growth delivery; margin above our estimate

Consolidated performance

- **Strong revenue growth, volume momentum sustains:** INDIGOPN reported consolidated revenue growth of 20% YoY (base of -0.7%) to INR3,697m (est. INR3,876m), with both value and volume growth in double digits. Apple Chemie revenue grew 40% YoY to INR196m.
- **Segmental performance:** In 1QFY27, Primers, distempers, and others led with 30% value and 18% volume growth. Putty & cement paint posted 21% value and 12% volume growth. Emulsions saw a recovery and delivered 17% value and 12% volume growth. Enamels and wood coatings delivered 18% value and 10% volume growth.

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- **Margin beat despite elevated RM costs:** Gross margin contracted 130bp YoY to 44.6% (est. 44.5%), as RM prices, though off their recent peaks, remained elevated and volatile. Employee expenses increased 17% YoY, while other expenses remained broadly flat. A&P expenses as % of revenue declined to 4.3% from 6.8% in 1QFY26, partially due to a strategic pause during IPL, with spending redirected towards influencer-led BTL activities and engagements with painters/ contractors. EBITDA margin expanded 240bp YoY to 16.8% (est. 15%), aided by operating leverage and cost optimization. EBITDA grew 40% YoY to INR620m (est. INR581m).
- **Strong profitability growth, aided by higher other income:** Other income jumped 71% YoY to INR102m from INR60m, partly driven by MTM gains on treasury investments. PBT increased 61% YoY to INR560m (est. INR449m), while APAT grew 61% YoY to INR417m (est. INR335m).

Highlights from the management commentary

- INDIGOPN experienced double-digit revenue growth for the first time in two years. The volume growth also stood at double digits despite price hikes.
- **The company aspires to grow significantly ahead of industry growth.**
- Its 2QFY27 gross margin may remain volatile due to high-cost inventory, but management expects industry margins to normalize over time.
- **The company will increase its focus on wood coatings.** It expects to launch new products in the market during September and October in a phased manner.
- Management stated that no major capex is planned until FY29 as the heavy investment cycle is now largely complete.

Valuation and view

- We raise our EPS estimates by 4-5% for FY27 and FY28.
- INDIGOPN's strategic shift toward focusing on non-metro towns and increased 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.
- We model a CAGR of 15%/17% in revenue/EBITDA over FY26-28E. We model an EBITDA margin of 18.3%/18.6% for FY27/FY28. **We reiterate our BUY rating with a TP of INR1,450 (based on 30x FY28E EPS),** considering its growth outperformance, synergies with Apple Chemie, consistent capacity growth and distribution expansion, and its favorable valuation multiples vs. peers.

Consolidated Quarterly Performance **(INR m)**

Y/E March	FY26				FY27E				FY26	FY27E	FY27E	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	(%)
Net Sales	**3,089**	**3,121**	**3,588**	**4,253**	**3,697**	**3,674**	**4,321**	**4,812**	**14,050**	**16,503**	**3,876**	**-4.6%**
Change (%)	-0.7	4.2	4.7	9.7	19.7	17.7	20.4	13.1	4.8	17.5	25.5	
Raw Material/PM	1,671	1,723	1,910	2,210	2,049	2,076	2,377	2,526	7,514	9,027	2,151	
Gross Profit	**1,418**	**1,397**	**1,677**	**2,044**	**1,647**	**1,598**	**1,944**	**2,286**	**6,536**	**7,476**	**1,725**	**-4.5%**
Gross Margin (%)	45.9	44.8	46.8	48.0	44.6	43.5	45.0	47.5	46.5	45.3	44.5	
EBITDA	**443**	**465**	**683**	**956**	**620**	**545**	**788**	**1,063**	**2,548**	**3,016**	**581**	**6.7%**
Margin (%)	14.3	14.9	19.0	22.5	16.8	14.8	18.2	22.1	18.1	18.3	15.0	
Change (%)	-6.5	12.1	19.5	9.3	40.0	17.1	15.3	11.3	9.1	18.4	31.1	
Interest	7	7	6	9	6	8	8	8	29	30	12	
Depreciation	148	151	150	153	156	155	155	155	602	621	165	
Other Income	60	30	37	3	102	50	50	48	130	250	45	
PBT	**348**	**338**	**565**	**796**	**560**	**432**	**675**	**949**	**2,046**	**2,616**	**449**	**24.8%**
Tax	87	85	132	204	143	109	170	234	509	657	113	
Effective Tax Rate (%)	25.0	25.2	23.4	25.7	25.6	25.2	25.2	24.7	24.9	25.1	25.2	
Adjusted PAT	**259**	**251**	**425**	**577**	**417**	**322**	**504**	**712**	**1,514**	**1,955**	**335**	**24.7%**
Change (%)	-1.0	10.9	18.0	1.4	61.0	28.3	18.5	23.4	6.8	29.1	29.2	

E: MOFSL Estimates

CONFERENCE CALL

Highlights from the management commentary

Performance and outlook

- The strong demand momentum of 4QFY26 continued in 1QFY27. July demand has been better than June.
- INDIGOPN experienced double-digit revenue growth for the first time in two years. The volume growth also stood at double digits despite price hikes.
- The Iran war led to severe supply chain disruptions and unprecedented inflation in raw material prices.
- RM prices have cooled off from peak level but continue to stay elevated YoY. The company continues to closely monitor the RM prices movement.
- Indigo Paints have not seen any channel inventory filling in 1Q.
- Because of product mix deterioration, 2Q margins are generally the lowest. Moreover, given high inventory cost coming in 2Q, the margins can see further pressure.
- The company continues to invest heavily in influencer-led BTL activities to strengthen market penetration and premium product adoption.
- Premium emulsions continue to gain share within Indigo's portfolio, helping improve profitability and brand positioning.
- Indigo operates dealer, contractor, and painter loyalty programs entirely in-house. Strong engagement with contractors and painters has played a key role in driving premium emulsion growth.
- **The company will increase its focus on wood coatings.** It has been present in the low-end range but will now focus on high-end wood coatings where there is a healthy demand.
- It has recruited a team for select parts of India, which are large wood coating markets. Moreover, they have developed in-house products. It expects to launch these products in the market during September and October in a phased manner.
- **Management remains focus on achieving accelerated revenue growth, even at a marginal cost to the bottom-line growth.**
- **The company aspires to grow significantly ahead of industry growth.**

- Company said that despite JSW’s acquisition of Akzo Nobel, both entities continue to operate independently with no visible change in competitive behavior on the ground.
- Since the company's IPO five years ago, differentiated products have increased their share of the total sales basket from 25-26% to ~29.5%. Because these higher-margin products are growing faster than standard "Me Too" products, the company remains satisfied maintaining their contribution within a stable 28-30% band, especially given the lack of recent additions to that specific product group.

Guidance

- The strong EBITDA growth was on the back of operating leverage with continued cost optimization.
- In 1Q, Advertising and promotion expenses decreased to 4.3% of revenue from 6.8% in the base. This shift reflects a strategic pause in advertising during the IPL season, with funds redirected instead toward influencer partnerships and deeper painter and contractor engagement.
- The strong PAT growth was partly aided by mark to market gain in their treasury income.
- 2QFY27 gross margins may remain volatile due to high-cost inventory, but management expects industry margins to normalize over time.

Distribution network

- INDIGOPN added 266 tinting machines in 1QFY27, bringing the total count to 12,395.
- As of Jun’26, the number of active dealers stood at 19,382, reflecting a QoQ increase of 30.
- Indigo continues to deepen presence in Tier-3 and Tier-4 markets while simultaneously expanding in Tier-1 and Tier-2 cities.
- Management stated that dealer additions remain strong because differentiated products already enjoy strong awareness through advertising and word-of-mouth.

Apple Chemie

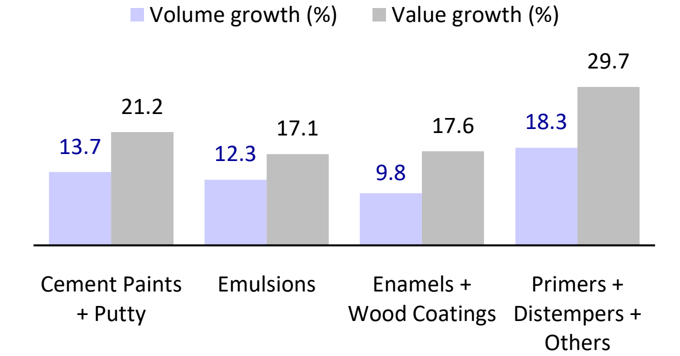
- Apple Chemie delivered strong 1QFY27 revenue growth of 40% YoY to INR197m.
- Profitability was compressed due to sharp increases in input costs from supply disruptions, which Apple (predominantly a B2B business) had limited immediate ability to pass on to customers. Additionally, the company was heavily impacted by purchasing significant high-cost inventory at elevated prices during the peak of those disruptions. However, management expects this to be transitory in nature and margins to recover gradually.
- Indigo has proposed to acquire a further 11% stake taking Indigo Paints aggregate holding in alchemy up to 62%.

Capex and cash flows

- The new water-based paint plant at Jodhpur with annual capacity of 90,000 KL is in final stages of commissioning and expected to begin trial production in Aug'26.
- Indigo's ability to serve demand across northern, eastern and central India to improve materially, both in terms of lead times and in freight economics from this plant.
- The solvent-based plant and expanded putty plant at Jodhpur have already commenced production in FY26.
- **Management stated that no major capex is planned until FY29 as the heavy investment cycle is now largely complete.** This is expected to significantly improve free cash flow generation from FY27 onwards.
- The company believes operating leverage and absence of large capex commitments will drive stronger cash generation over the next three years.

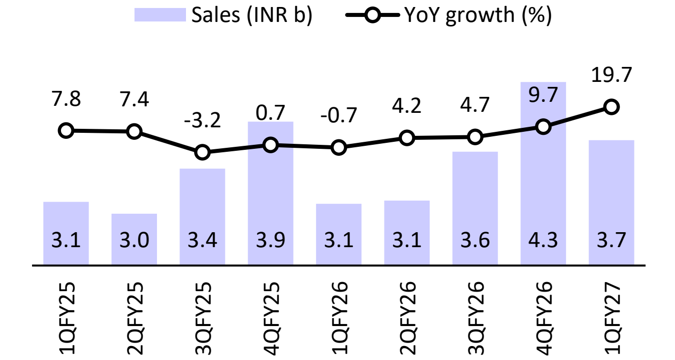
Key exhibits

Exhibit 1: Volume and value expansion across categories



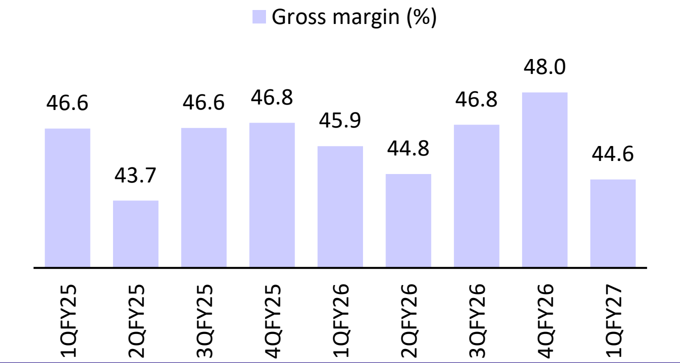
Source: Company, MOFSL

Exhibit 2: Sales up 20% YoY to INR3.7b in 1QFY27



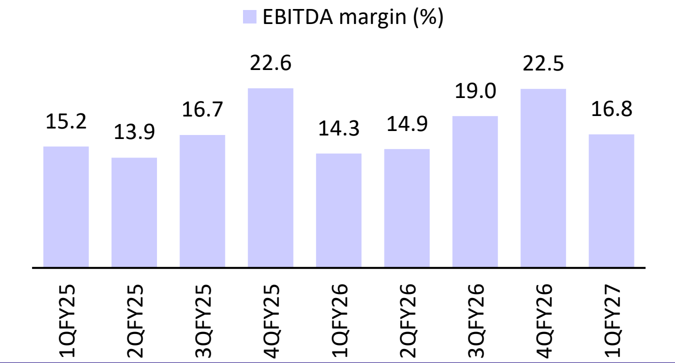
Source: Company, MOFSL

Exhibit 3: Gross margin up 20bp YoY to 46.8% in 3QFY26



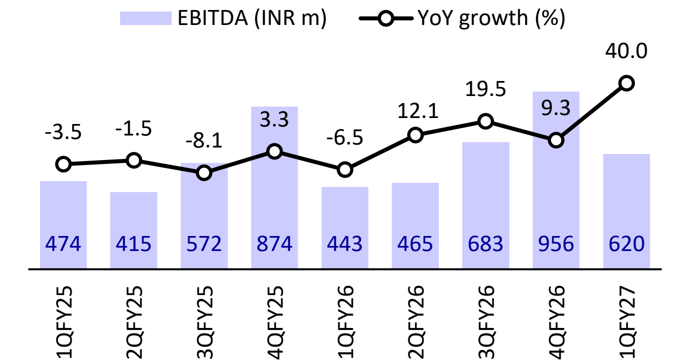
Source: Company, MOFSL

Exhibit 4: EBITDA margin expanded 230bp YoY to 19.0%



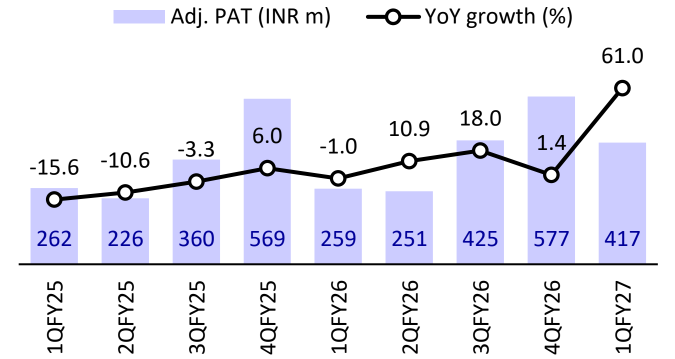
Source: Company, MOFSL

Exhibit 5: EBITDA up 40% YoY to INR620m in 1QFY27



Source: Company, MOFSL

Exhibit 6: PAT up 61% YoY to INR417m in 1QFY27



Source: Company, MOFSL

Valuation and view

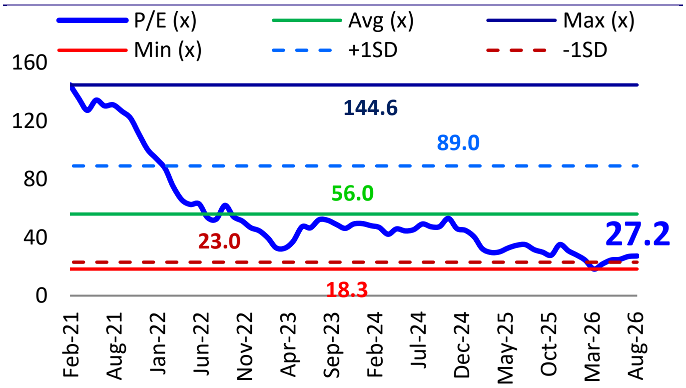
- We raise our EPS estimates by 4-5% for FY27 and FY28.
- INDIGOPN's strategic shift toward focusing on non-metro towns and increased investments in distribution and influencers as part of its Strategy 2.0 is proving to be a successful endeavor. That said, the company continues to focus on the premium and emulsion segments, with a deliberate shift away from the economy segment.
- We model a CAGR of 15%/17% in revenue/EBITDA over FY26-28E. We model an EBITDA margin of 18.3%/18.6% for FY27/FY28. **We reiterate our BUY rating with a TP of INR1,450 (based on 30x FY28E EPS),** considering its growth outperformance, synergies with Apple Chemie, consistent capacity growth and distribution expansion, and its favorable valuation multiples vs. peers.

Exhibit 7: We raise our EPS estimates by 4-5% for FY27 and FY28

	New		Old		Change (%)	
INR m	**FY27E**	**FY28E**	**FY27E**	**FY28E**	**FY27E**	**FY28E**
Sales	16,503	18,548	16,912	19,005	-2.4	-2.4
EBITDA	3,016	3,455	2,990	3,474	0.9	-0.5
PAT	1,955	2,278	1,855	2,200	5.4	3.6

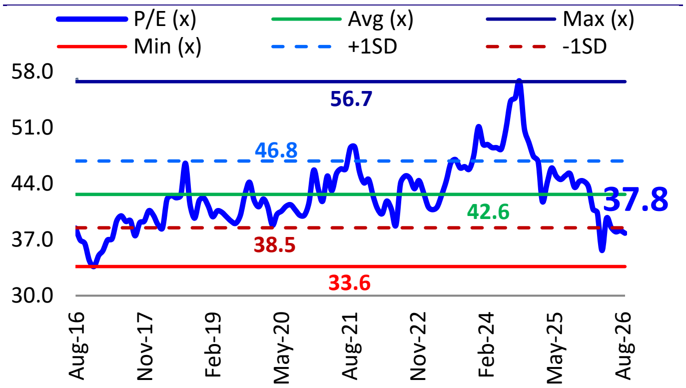
Source: Company, MOFSL

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
Net Sales	**6,248**	**7,233**	**9,060**	**10,733**	**13,061**	**13,407**	**14,050**	**16,503**	**18,548**
Change (%)	16.6	15.8	25.3	18.5	21.7	2.6	4.8	17.5	12.4
Raw Materials	3,220	3,765	5,135	5,952	6,839	7,237	7,514	9,027	10,053
Gross Profit	**3,028**	**3,468**	**3,925**	**4,781**	**6,222**	**6,170**	**6,536**	**7,476**	**8,495**
Margin (%)	48.5	47.9	43.3	44.5	47.6	46.0	46.5	45.3	45.8
Operating Expenses	2,118	2,243	2,565	2,965	3,841	3,835	3,988	4,460	5,040
EBITDA	**910**	**1,225**	**1,360**	**1,815**	**2,381**	**2,335**	**2,548**	**3,016**	**3,455**
Change (%)	68.2	34.7	11.0	33.5	31.1	-1.9	9.1	18.4	14.5
Margin (%)	14.6	16.9	15.0	16.9	18.2	17.4	18.1	18.3	18.6
Depreciation	196	244	313	343	516	585	602	621	665
Int. and Fin. Charges	56	38	13	14	21	35	29	30	30
Other Income	16	36	109	101	142	185	130	250	288
Profit before Taxes	**674**	**979**	**1,143**	**1,559**	**1,986**	**1,900**	**2,046**	**2,616**	**3,047**
Change (%)	98.2	45.2	16.7	36.4	27.4	-4.3	7.7	27.8	16.5
Margin (%)	10.8	13.5	12.6	14.5	15.2	14.2	14.6	15.8	16.4
Tax	147	256	288	418	435	478	509	657	765
Tax Rate (%)	29.1	27.6	26.5	25.8	25.0	27.6	25.8	25.1	25.1
PAT Before Minority	**478**	**709**	**840**	**1,157**	**1,489**	**1,422**	**1,518**	**1,959**	**2,283**
Minority Interest					15	4	4	4	4
Adjusted PAT	**478**	**709**	**840**	**1,157**	**1,474**	**1,418**	**1,514**	**1,955**	**2,278**
Change (%)	76.0	48.2	18.6	37.6	27.4	-3.8	6.8	29.1	16.5
Margin (%)	7.7	9.8	9.3	10.8	11.3	10.6	10.8	11.8	12.3
Reported PAT	**478**	**709**	**840**	**1,320**	**1,474**	**1,418**	**1,515**	**1,955**	**2,278**

Balance Sheet (INR m)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Share Capital	290	476	476	476	476	476	477	477	477
Reserves	1,680	5,159	6,023	7,285	8,545	9,829	11,063	13,022	15,072
Net Worth	**1,971**	**5,635**	**6,499**	**7,761**	**9,021**	**10,306**	**11,540**	**13,499**	**15,549**
Loans	392	0	0	0	31	64	19	0	0
Other Liability	132	157	209	188	380	446	449	449	449
Capital Employed	**2,495**	**5,792**	**6,708**	**7,949**	**9,432**	**10,815**	**12,008**	**13,948**	**15,999**
Gross Block	1,669	2,339	2,612	2,785	6,316	6,559	6,806	7,306	7,806
Less: Accum. Depn.	245	452	716	987	1,421	1,917	1,917	2,412	2,941
Net Fixed Assets	**1,424**	**1,887**	**1,896**	**1,798**	**4,896**	**4,641**	**4,889**	**4,894**	**4,865**
Capital WIP	11	31	510	2,509	174	1,358	2,202	2,202	2,202
Right to Use Assets	278	301	332	543	616	637	614	788	952
Investments	**208**	**497**	**1,731**	**1,317**	**1,667**	**2,261**	**2,998**	**3,498**	**3,998**
Curr. Assets, L&A	**1,967**	**4,983**	**4,288**	**3,996**	**4,950**	**4,806**	**5,188**	**7,208**	**8,988**
Inventory	768	947	1,177	1,177	1,706	1,536	1,782	2,035	2,287
Account Receivables	1,045	1,212	1,717	2,001	2,231	2,439	2,855	3,075	3,455
Cash and Bank Balance	57	2,583	996	488	329	371	321	1,824	2,915
Others	97	241	398	330	684	460	229	275	330
Curr. Liab. and Prov.	**1,698**	**2,212**	**2,354**	**2,520**	**3,275**	**3,286**	**4,281**	**5,041**	**5,405**
Account Payables	1,386	1,856	2,014	2,106	2,290	1,767	2,180	2,939	3,303
Other Liabilities	289	315	270	318	920	1,502	2,040	2,040	2,040
Provisions	24	42	70	96	65	17	61	61	61
Net Current Assets	**269**	**2,771**	**1,934**	**1,476**	**1,675**	**1,519**	**907**	**2,168**	**3,583**
Goodwill on Cons.	306	306	306	306	399	399	399	399	399
Application of Funds	**2,495**	**5,792**	**6,708**	**7,950**	**9,427**	**10,815**	**12,008**	**13,948**	**15,999**

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Basic (INR)									
EPS	**16.5**	**14.9**	**17.7**	**24.3**	**31.0**	**29.8**	**31.8**	**41.1**	**47.9**
Cash EPS	14.2	20.0	24.2	31.5	41.8	42.1	44.5	54.2	61.9
BV/Share	41.4	118.5	136.6	163.2	189.6	216.6	242.6	283.8	326.9
DPS	0.0	0.0	3.0	3.5	3.5	3.5	5.0	8.0	8.0
Payout %	0.0	0.0	17.0	14.4	11.3	11.7	15.7	19.5	16.7
Valuation (x)									
P/E	69.2	76.5	64.5	46.9	36.8	38.3	35.8	27.7	23.8
Cash P/E	80.4	56.9	47.0	36.2	27.3	27.1	25.6	21.1	18.4
EV/Sales	5.3	7.1	5.7	4.9	4.0	3.9	3.6	3.0	2.6
EV/EBITDA	36.5	41.7	37.9	28.9	22.0	22.2	20.0	16.3	13.7
P/BV	27.5	9.6	8.3	7.0	6.0	5.3	4.7	4.0	3.5
Dividend Yield (%)	0.0	0.0	0.3	0.3	0.3	0.3	0.4	0.7	0.7
Return Ratios (%)									
RoE	27.8	18.6	13.9	16.2	17.6	14.7	13.9	15.6	15.7
RoCE	22.5	17.8	13.6	15.9	17.3	13.8	13.5	15.3	15.4
RoIC	23.3	25.3	18.4	21.5	20.1	14.1	15.5	18.5	20.1
Working Capital Ratios									
Debtor (Days)	61	61	69	68	62	66	74	68	68
Asset Turnover (x)	2.5	1.2	1.4	1.4	1.4	1.2	1.2	1.2	1.2
Leverage Ratio									
Debt/Equity (x)	0.2	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
OP/(loss) before Tax	674	979	1,143	1,559	1,986	1,900	1,985	2,616	3,047
Depreciation	196	244	313	343	515	585	602	621	665
Net interest	54	22	-47	3	19	32	28	-220	-258
Others	-8	-5	-19	4	-41	-114	-54	0	0
Direct Taxes Paid	-124	-164	-258	-244	-593	-308	-577	-657	-765
(Incr)/Decr in WC	-69	137	-479	-505	-377	-39	241	242	-324
CF from Operations	**723**	**1,214**	**652**	**1,161**	**1,510**	**2,056**	**2,226**	**2,601**	**2,366**
Incr in FA	-613	-660	-1,208	-1,970	-1,041	-1,355	-1,349	-500	-500
Free Cash Flow	**110**	**553**	**-556**	**-809**	**469**	**701**	**876**	**2,101**	**1,866**
Pur of Investments	0	-2,522	460	1,100	-478	-423	-612	-500	-500
Others	-21	2,138	-1,438	-599	83	3	1	-50	-12
CF from Invest.	**-634**	**-1,044**	**-2,186**	**-1,469**	**-1,436**	**-1,775**	**-1,960**	**-1,050**	**-1,012**
Issue of Shares	18	2,932	0	0	0	0	0	0	0
Incr in Debt	-143	-500	0	0	13	33	-45	-19	0
Dividend Paid	0	0	0	-143	-167	-167	-167	0	-232
Net interest Paid	-47	-33	-2	0	-2	-32	-25	-30	-30
Others	0	-41	-50	-58	-77	-74	-78	0	0
CF from Fin. Activity	**-172**	**2,357**	**-53**	**-201**	**-233**	**-239**	**-315**	**-49**	**-263**
Incr/Decr of Cash	**-83**	**2,526**	**-1,587**	**-508**	**-159**	**41**	**-50**	**1,502**	**1,092**
Add: Opening Balance	140	57	2,583	996	488	329	371	321	1,823
Closing Balance	**57**	**2,583**	**996**	**488**	**329**	**371**	**321**	**1,823**	**2,915**

E: MOFSL Estimates

Explanation of Investment Rating	
Investment Rating	**Expected return (over 12-month)**
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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