02nd July, 2026

Indigo Paints Ltd.

BSE: 543258 | NSE: INDIGOPNTS | Mkt Cap: Rs 5,156 cr

Recommendation	Time Period	Current Price	Target Price	Potential Upside
BUY	**12 months**	**1,081.0/-**	**1,250.0/-**	**15.6%**

Indigo Paints Ltd. is one of India’s leading decorative paints companies, engaged in the manufacture, marketing, and distribution of paints and allied products. Founded in 2000 and headquartered in Pune, the company offers a broad portfolio of interior and exterior emulsions, enamels, primers, putties, distempers, wood coatings, and cement paints. It has also expanded into waterproofing solutions and construction chemicals through its own product range and its subsidiary, Apple Chemie India Pvt. Ltd.

Key Investment Rationale:

- **Strong differentiated product portfolio aids superior margins:** Indigo Paints has built its brand around innovative and differentiated products across decorative paints, premium emulsions, waterproofing solutions and construction chemicals. The company derives roughly 30% of its revenue from differentiated products which continue to support superior pricing power and industry-leading gross margins. Management highlighted that the growing contribution from these products helped mitigate raw material inflation and sustain profitability during 4QFY26.
- **Expanding market reach to drive future growth:** The company continues to deepen its market presence by expanding its dealer network, tinting machine installations and reach in Tier I and Tier II cities while retaining a strong foothold in Tier III and Tier IV markets. Indigo Paints ended FY26 with 19,352 active dealers and 12,217 tinting machines.
- **Upcoming capacities to support sustainable growth:** Indigo Paints is completing a major expansion cycle at its Jodhpur facility. The company has already commenced production at the new solvent-based paint plant (12,000 KLPA) and the expanded putty facility, while the 90,000 KLPA water-based paint plant is in the final stages of commissioning. Once operational, these facilities will significantly enhance the company’s ability to cater to demand across Northern, Eastern and Central India, while supporting growth in both premium and economy paint categories. There will be no major capex till FY29 which gives visibility of stronger operating leverage and free cash flow generation from FY27.
- **Decent 4QFY26 performance:** Indigo Paints delivered decent performance in 4QFY26 with consolidated Revenue/EBITDA/PAT growing 9.7%/10.3%/3.1% YoY to Rs 425 cr/Rs 96 cr/Rs 59 cr respectively. The growth was broad-based across all product categories and continued premiumization of portfolio. Despite significant raw material inflation, gross margin of the company improved 112 bps YoY to 48.0% supported by a higher contribution from differentiated products. Its subsidiary company Apple Chemie posted robust 34.7% YoY revenue growth at Rs 27.5 cr, highlighting the increasing contribution from the construction chemicals and waterproofing business. The FY27 gross margins are expected to be stable as the management will focus on accelerating market-share gains and top-line growth.
- **Reasonable Valuation:** At CMP of Rs 1,081, the stock trades at FY27E/FY28E Bloomberg consensus PE of 30.3x/26.1x respectively which looks reasonable.

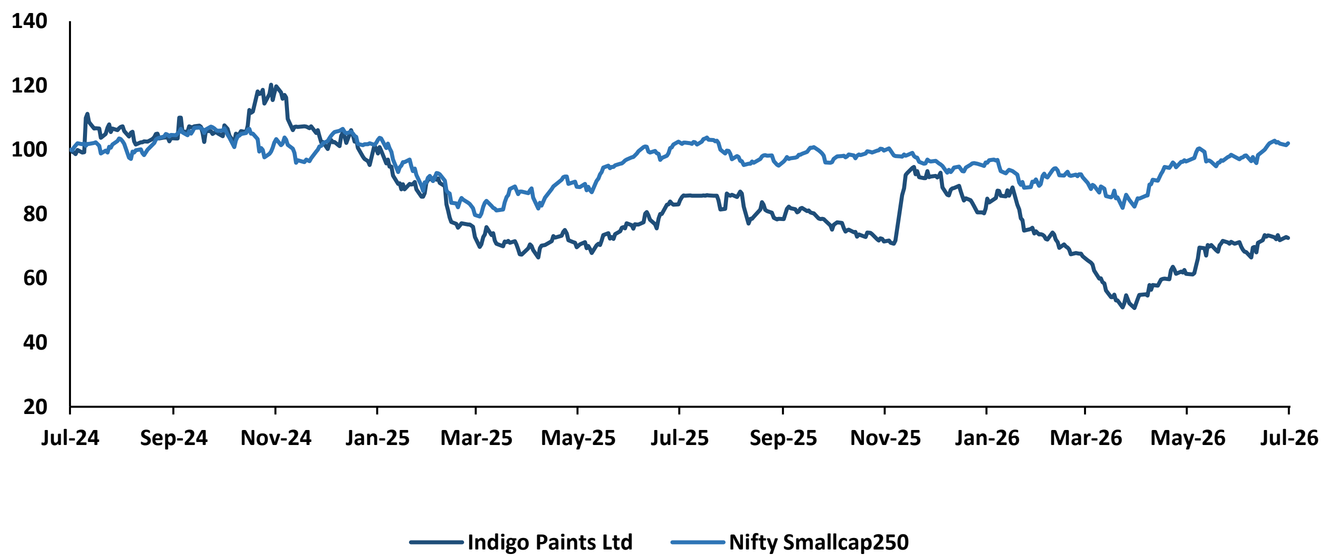
Key Risks: High Competition; Volatility in key raw material prices; Demand slowdown

Financial Summary

Particulars (Rs cr)	FY25A	FY26A	FY27E	FY28E
Net Sales	1,341	1,405	1,644	1,818
EBITDA	234	254	283	325
Net Profit	142	145	170	197
EBITDA Margin (%)	17.4	18.1	17.2	17.9
RoE (%)	13.8	12.6	13.0	13.3
EPS (Rs)	29.7	30.4	35.7	41.3
P/E (x)	36.4	35.6	30.3	26.1
EV/EBITDA (x)	22.1	20.3	18.2	15.9

Source: AceEquity, Bloomberg, SSL Research

Stock Performance (2-Yr) – Indexed to 100



Source: ACE Equity, SSL Research

Recommendation History

Date	Stock Price	Target Price	Recommendation	Status
NA	NA	NA	NA	NA

Disclaimer

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