

INDIGO PAINTS

RESULT UPDATE

KEY DATA

| | |
|---|------------------|
| Rating | BUY |
| Sector relative | Neutral |
| Price (INR) | 1,050 |
| 12 month price target (INR) | 1,625 |
| 52 Week High/Low | 1,720/900 |
| Market cap (INR bn/USD bn) | 49/0.6 |
| Free float (%) | 51.7 |
| Avg. daily value traded (INR mn) | 114.1 |

SHAREHOLDING PATTERN

| | Mar-25 | Dec-24 | Sep-24 |
|----------|--------|--------|--------|
| Promoter | 53.92% | 53.92% | 53.92% |
| FII | 12.41% | 12.50% | 12.31% |
| DII | 16.74% | 17.06% | 16.13% |
| Pledge | 0% | 0% | 0% |

FINANCIALS

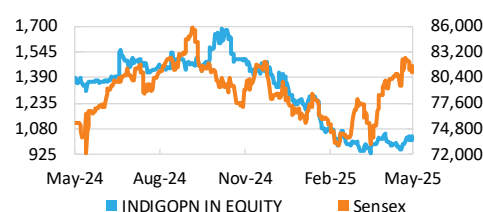
(INR mn)

| Year to March | FY24A | FY25A | FY26E | FY27E |
|--------------------|--------|--------|--------|--------|
| Revenue | 13,175 | 13,523 | 14,673 | 16,674 |
| EBITDA | 2,495 | 2,451 | 2,612 | 3,085 |
| Adjusted profit | 1,602 | 1,538 | 1,625 | 1,992 |
| Diluted EPS (INR) | 33.7 | 32.3 | 34.2 | 41.9 |
| EPS growth (%) | 21.4 | (4.0) | 5.7 | 22.6 |
| RoAE (%) | 19.1 | 15.9 | 14.7 | 15.8 |
| P/E (x) | 31.2 | 32.5 | 30.7 | 25.1 |
| EV/EBITDA (x) | 28.2 | 28.7 | 26.3 | 21.8 |
| Dividend yield (%) | 0.3 | 0.3 | 0.4 | 0.4 |

CHANGE IN ESTIMATES

| | Revised estimates | | % Revision | |
|-------------------|-------------------|--------|------------|-------|
| Year to March | FY26E | FY27E | FY26E | FY27E |
| Revenue | 15,843 | 18,507 | -7% | -10% |
| EBITDA | 2,773 | 3,368 | -6% | -8% |
| Adjusted profit | 1,703 | 2,714 | -5% | -8% |
| Diluted EPS (INR) | 35.8 | 45.7 | -5% | -8% |

PRICE PERFORMANCE



Improved momentum for H2FY26

Indigo Paints reported Q4FY25 revenue of INR3.9bn (flat YoY) and EBITDA of INR874mn (up 3.3% YoY). Putty and cement volume declined 10.3% YoY and Emulsions volume fell 2.5% YoY, whereas Enamel and Primer/Distemper registered volume growth of 7.9%/2.2% YoY. Gross margin at 46.8% contracted 204bp YoY, but remained flat QoQ. EBITDA margin at 22.6% expanded 58bp YoY/587bp QoQ. A&P spends came in at 5% of revenue in Q4FY25.

Factoring in a mild uptick in demand seen in Q4FY25, but mindful that recovery remains uneven across regions, we are cutting FY26E/27E EPS by 5%/8%. This yields a revised target price of INR1,625 (earlier INR1,725); maintain 'BUY'.

Steady progress with proactive strategies

What we like: Indigo Paints expects to return to double-digit value growth from Q2FY26. We also like its focus on premiumisation and strong gross margin (46.8% versus industry average of 42.5%). Expansion of the direct sales force, digital marketing efforts and steady progress in adjacencies such as waterproofing and construction chemicals (now 5% of revenue) reflect a proactive strategy. Efficient working capital management with reduced inventory and payable days is notable.

What we do not like: Regional demand recovery remains uneven, with markets like Kerala still underperforming. The decline in active dealer count and slowed adoption of tinting machines are concerning. The putty and cement paints and Emulsions product categories continue to face intense price competition, posting negative growth. Apple Chemie's margin pressure due to an unfavourable product mix is a drag.

Q4FY25 highlights: The company witnessed gradual improvement in demand in Q4FY25, with expectations of double-digit value growth from Q2FY26 and better EBITDA margins driven by softening raw material prices and a stronger product mix. While Q3FY25 had been weak, a mild recovery began in Q4FY25, though regional disparities persist—with Kerala still challenging. Strategic focus includes expanding the direct sales force, growing the premium emulsion segment, and enhancing digital outreach to drive secondary sales. Despite a slight dip in dealer activity and tinting machine adoption, efforts are underway to strengthen distribution. Emulsion and wood coatings performed moderately, whereas putty and cement paints saw declines. Capex projects are on track, including major plant expansions. Apple Chemie showed revenue growth, but faced margin pressure. Two weeks ago, anti-dumping duties was imposed on titanium dioxide. Additionally, macro factors such as border tensions in northern states have temporarily disrupted demand.

Financials

| Year to March | Q4FY25 | Q4FY24 | % Change | Q3FY25 | % Change |
|-------------------|--------|--------|----------|--------|----------|
| Net Revenue | 3,876 | 3,849 | 0.7 | 3,426 | 13.1 |
| EBITDA | 874 | 846 | 3.3 | 572 | 52.9 |
| Adjusted Profit | 574 | 544 | 5.4 | 358 | 60.1 |
| Diluted EPS (INR) | 12.1 | 11.4 | 5.4 | 7.5 | 60.1 |

Financial Statements

Income Statement (INR mn)

| Year to March | FY24A | FY25A | FY26E | FY27E |
|------------------------|--------|--------|--------|--------|
| Total operating income | 13,175 | 13,523 | 14,673 | 16,674 |
| Gross profit | 6,336 | 6,286 | 6,823 | 7,803 |
| Employee costs | 995 | 1,137 | 1,291 | 1,451 |
| Other expenses | 675 | 470 | 704 | 750 |
| EBITDA | 2,495 | 2,451 | 2,612 | 3,085 |
| Depreciation | 516 | 585 | 610 | 630 |
| Less: Interest expense | 21 | 35 | 40 | 17 |
| Add: Other income | 142 | 185 | 211 | 226 |
| Profit before tax | 2,100 | 2,016 | 2,173 | 2,663 |
| Prov for tax | 498 | 478 | 548 | 671 |
| Less: Other adj | (13) | (13) | (13) | (13) |
| Reported profit | 1,589 | 1,525 | 1,612 | 1,979 |
| Less: Excp.item (net) | (13) | (13) | (13) | (13) |
| Adjusted profit | 1,602 | 1,538 | 1,625 | 1,992 |
| Diluted shares o/s | 48 | 48 | 48 | 48 |
| Adjusted diluted EPS | 33.7 | 32.3 | 34.2 | 41.9 |
| DPS (INR) | 3.5 | 3.3 | 3.8 | 4.6 |
| Tax rate (%) | 23.7 | 23.7 | 25.2 | 25.2 |

Important Ratios (%)

| Year to March | FY24A | FY25A | FY26E | FY27E |
|------------------------|-------|-------|-------|-------|
| Gross margin (%) | 48.1 | 46.5 | 46.5 | 46.8 |
| Staff cost (% of rev) | 7.6 | 8.5 | 8.8 | 8.7 |
| A&P as % of sales | 7.1 | 7.1 | 6.6 | 6.6 |
| EBITDA margin (%) | 18.9 | 18.1 | 17.8 | 18.5 |
| Net profit margin (%) | 12.2 | 11.4 | 11.1 | 11.9 |
| Revenue growth (% YoY) | 22.8 | 2.6 | 8.5 | 13.7 |
| EBITDA growth (% YoY) | 37.4 | (1.8) | 6.6 | 18.1 |
| Adj. profit growth (%) | 21.4 | (4.0) | 5.7 | 22.6 |

Assumptions (%)

| Year to March | FY24A | FY25A | FY26E | FY27E |
|----------------------|-------|-------|-------|-------|
| GDP (YoY %) | 7.0 | 7.0 | 7.0 | 7.0 |
| Repo rate (%) | 5.3 | 5.3 | 5.3 | 5.3 |
| USD/INR (average) | 85.0 | 87.0 | 90.0 | 90.0 |
| Vol growth-Emulsions | 15.4 | 1.2 | 7.0 | 12.0 |
| Vol growth-Primers | 33.0 | 6.0 | 5.0 | 11.0 |
| Vol growth-Enamels | 15.8 | 0.9 | 10.0 | 14.0 |
| Vol growth-Putty | 35.5 | (2.5) | 8.0 | 15.0 |
| COGS % of consol rev | 52.4 | 54.0 | 53.5 | 53.2 |
| Other exp (% of rev) | 14.5 | 12.9 | 13.3 | 13.0 |

Valuation Metrics

| Year to March | FY24A | FY25A | FY26E | FY27E |
|--------------------|-------|-------|-------|-------|
| Diluted P/E (x) | 31.2 | 32.5 | 30.7 | 25.1 |
| Price/BV (x) | 5.5 | 4.8 | 4.3 | 3.7 |
| EV/EBITDA (x) | 28.2 | 28.7 | 26.3 | 21.8 |
| Dividend yield (%) | 0.3 | 0.3 | 0.4 | 0.4 |

Source: Company and Nuvama estimates

Balance Sheet (INR mn)

| Year to March | FY24A | FY25A | FY26E | FY27E |
|----------------------|--------|--------|--------|--------|
| Share capital | 476 | 476 | 476 | 476 |
| Reserves | 8,545 | 9,829 | 11,276 | 13,049 |
| Shareholders funds | 9,021 | 10,306 | 11,752 | 13,525 |
| Minority interest | 0 | 0 | 0 | 0 |
| Borrowings | 31 | 64 | 64 | 64 |
| Trade payables | 2,290 | 1,767 | 2,581 | 2,916 |
| Other liabs & prov | 756 | 1,302 | 1,302 | 1,302 |
| Total liabilities | 12,704 | 14,102 | 16,362 | 18,470 |
| Net block | 5,298 | 5,090 | 5,188 | 5,264 |
| Intangible assets | 613 | 587 | 562 | 539 |
| Capital WIP | 174 | 1,358 | 1,358 | 1,358 |
| Total fixed assets | 6,085 | 7,035 | 7,108 | 7,160 |
| Non current inv | 0 | 0 | 0 | 0 |
| Cash/cash equivalent | 329 | 371 | 1,998 | 3,447 |
| Sundry debtors | 2,231 | 2,439 | 2,814 | 3,198 |
| Loans & advances | 0 | 0 | 0 | 0 |
| Other assets | 3,686 | 4,040 | 4,225 | 4,449 |
| Total assets | 12,704 | 14,102 | 16,362 | 18,470 |

Free Cash Flow (INR mn)

| Year to March | FY24A | FY25A | FY26E | FY27E |
|-----------------------|---------|-------|-------|-------|
| Reported profit | 1,589 | 1,525 | 1,612 | 1,979 |
| Add: Depreciation | 516 | 585 | 610 | 630 |
| Interest (net of tax) | 21 | 35 | 40 | 17 |
| Others | 551 | 259 | 350 | 458 |
| Less: Changes in WC | (575) | (39) | 254 | (272) |
| Operating cash flow | 1,510 | 2,057 | 2,318 | 2,142 |
| Less: Capex | (3,662) | (352) | (683) | (683) |
| Free cash flow | (2,152) | 1,705 | 1,635 | 1,459 |

Key Ratios

| Year to March | FY24A | FY25A | FY26E | FY27E |
|-----------------------|-------|-------|-------|-------|
| RoE (%) | 19.1 | 15.9 | 14.7 | 15.8 |
| RoCE (%) | 25.2 | 21.1 | 19.9 | 21.1 |
| Inventory days | 77 | 82 | 76 | 75 |
| Receivable days | 59 | 63 | 65 | 66 |
| Payable days | 117 | 102 | 101 | 113 |
| Working cap (% sales) | 23.4 | 27.1 | 23.2 | 22.1 |
| Gross debt/equity (x) | 0 | 0 | 0 | 0 |
| Net debt/equity (x) | 0 | 0 | (0.2) | (0.3) |
| Interest coverage (x) | 93.3 | 53.3 | 50.1 | 144.4 |

Valuation Drivers

| Year to March | FY24A | FY25A | FY26E | FY27E |
|-------------------|-------|-------|-------|-------|
| EPS growth (%) | 21.4 | (4.0) | 5.7 | 22.6 |
| RoE (%) | 19.1 | 15.9 | 14.7 | 15.8 |
| EBITDA growth (%) | 37.4 | (1.8) | 6.6 | 18.1 |
| Payout ratio (%) | 10.5 | 10.4 | 11.1 | 11.1 |

Exhibit 1: Trends at a glance

| | Q4FY23 | Q1FY24 | Q2FY24 | Q3FY24 | Q4FY24 | Q1FY25 | Q2FY25 | Q3FY25 | Q4FY25 |
|-----------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Revenue (INR mn) | 3,255 | 2,884 | 2,790 | 3,538 | 3,849 | 3,110 | 2,995 | 3,426 | 3,876 |
| EBITDA (INR mn) | 717 | 491 | 421 | 622 | 846 | 474 | 415 | 572 | 874 |
| PAT (INR mn) | 487 | 315 | 253 | 376 | 544 | 267 | 223 | 358 | 574 |
| Revenue growth %, YoY | 12.9 | 28.8 | 15.0 | 25.8 | 18.3 | 7.8 | 7.4 | -3.2 | 0.7 |
| EBITDA growth %, YoY | 33.4 | 39.2 | 24.8 | 53.4 | 17.9 | -3.5 | -1.5 | -8.1 | 3.3 |
| Gross margin % | 46.8 | 47.3 | 45.6 | 48.2 | 48.9 | 46.6 | -12.0 | 46.6 | 46.8 |
| EBITDA margin % | 22.0 | 17.0 | 15.1 | 17.6 | 22.0 | 15.2 | 13.9 | 16.7 | 22.6 |
| Value growth %, YoY | | | | | | | | | |
| Cement + Putty | 45.1 | 65.8 | 47.9 | 25.2 | 21.4 | 8.9 | 3.0 | -5.3 | -8.4 |
| Emulsions | 9.4 | 17.8 | 15.4 | 18.2 | 9.1 | -3.1 | 7.5 | 2.8 | 1.3 |
| Enamels + wood coating | 27.3 | 36.6 | 3.0 | 25.2 | -1.0 | -1.0 | 3.6 | -11.5 | 11.4 |
| Primer + distemper | 23.2 | 43.6 | 26.6 | 34.7 | 27.6 | 28.6 | 13.7 | -0.6 | 6.3 |
| Volume growth %, YoY | | | | | | | | | |
| Cement + Putty | 42.0 | 64.6 | 50.6 | 24.2 | 20.2 | 8.2 | 2.8 | -7.2 | -10.3 |
| Emulsions | 5.2 | 13.1 | 20.0 | 14.3 | 13.7 | 0.4 | 7.2 | 1.7 | -2.5 |
| Enamels + wood coating | 24.8 | 35.3 | 5.4 | 27.3 | 3.4 | 5.0 | 4.3 | -12.6 | 7.9 |
| Primer + distemper | 37.6 | 52.4 | 28.8 | 37.7 | 22.0 | 24.4 | 7.1 | -6.0 | 2.2 |
| Network size | | | | | | | | | |
| Dealer count | 16,496 | 16,693 | 17,148 | 17,745 | 18,105 | 18,500 | 18,718 | 18,598 | 18,371 |
| Tinting machine count | 8,273 | 8,657 | 9,114 | 9,510 | 9,842 | 10,210 | 10,555 | 10,772 | 11,000 |
| No of Depots | 47 | 49 | 51 | 53 | 53 | 53 | 54 | 54 | 54 |

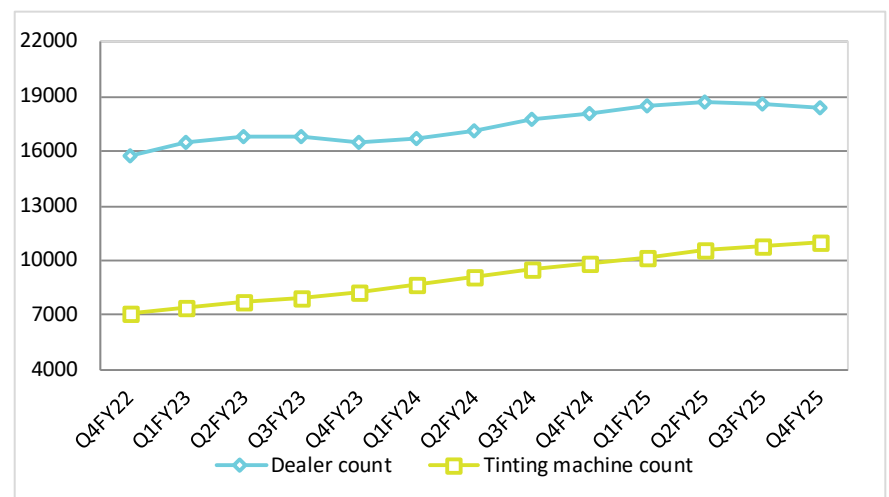
Source: Company, Nuvama Research

Exhibit 2: CAGR trends

| Particulars | Q4FY21 | Q4FY22 | Q4FY23 | Q4FY24 | Q4FY25 | 2-year | 3-year | 4-year |
|------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| Revenue (INR mn) | 2,543 | 2,884 | 3,255 | 3,849 | 3,876 | 9.1 | 10.4 | 11.1 |
| EBITDA (INR mn) | 429 | 538 | 717 | 846 | 874 | 10.4 | 17.6 | 19.4 |
| PAT (INR mn) | 249 | 346 | 487 | 544 | 574 | 8.6 | 18.4 | 23.3 |

Source: Company, Nuvama Research

Exhibit 3: Dealer and tinting machine count



Source: Company, Nuvama Research

Q4FY25 conference call takeaways

Detailed takeaways

Outlook

- A gradual improvement in demand sentiment was visible in Q4FY25, and a further improvement in Q1FY26.
- The company expects to return to double-digit value growth Q2FY26 onwards.
- EBITDA margin for FY26 is expected to move up with improvement in demand, softening raw material prices and better product mix.
- Margin uptick is anticipated in Apple Chemie with improving product mix and focus on select geographies.
- The company is focusing on digital outreach and BTL marketing to drive secondary sales. Efforts are being intensified to engage customers more effectively through digital channels.

Demand and competitive intensity

- The market is showing signs of a gradual recovery, with Q3FY25 being the weakest quarter.
- A mild demand uptick was seen in Q4FY25, though recovery remains uneven across regions. Q1 and Q2 of FY25 performed better in comparison with H2FY25.
- Growth in Kerala is still challenging. Most paint companies saw a decline, but Indigo held steady in that arena.
- Berger Paints, dominant in Eastern India, is benefiting from a faster recovery in that market.

New strategies

- The company is aiming to grow at 2–3x industry growth rate by implementing proactive strategies.
- A key focus area is strengthening the sales infrastructure through the expansion of the direct sales force and the addition of Business Development Officers to drive secondary sales from retail paint counters.
- Within the product mix, the premium emulsion segment is showing faster growth than the economy range, indicating a shift in consumer preference.
- Additionally, freight expenses have improved supported by the premiumisation of the product portfolio.
- Although there has been a slight decline in active dealer counters due to a general market slowdown, the company is working on expanding the dealer network.
- The adoption of tinting machines had slowed over the last two quarters.
- Increasing the number of tinting machines and active dealers, along with boosting secondary sales activities, remains a core part of the company's growth plan.

Business segment

Putty + Cement Paints

- The segment recorded -8.4% value growth and -10.3% volume growth in Q4FY25.
- In FY25 the segment recorded -1.3% and -2.5% value and volume growth respectively.
- Continue to face intense price competition from competitors.

Emulsion

- Emulsion recorded 1.3% sales growth with 2.5% volume decline in Q4FY25.
- For FY25, the segment recorded 1.9% value growth with 1.2% volume growth.
- Steady premiumisation of product portfolio.

Enamels and Wood Coatings

- The segment recorded 11.4% sales growth with 7.9% volume growth in Q4FY25.
- For FY25, value and volume growth were both flat YoY.

Primers + Distempers + Others

- The segment recorded 6.3% value growth and 2.2% volume growth in Q4FY25.
- In FY25, the segment recorded 11.1% value growth and 6% volume growth.

Apple Chemie

- Revenue for Q4FY25 and FY25 stood at INR200mn (up 8.3% YoY) and INR637mn (up 23.2% YoY), respectively.
- Margins were impacted due to an adverse product mix.

Capex – Plant at Jodhpur

- Erection work progressing in full pace at the Water based plant with capacity of 90,000 KLPA. It expects commissioning by Q3FY26.
- Installation work progressing at the solvent-based plant with capacity of 12,000 KLPA. Commissioning expected by Q1/Q2FY26.
- Commissioning of brownfield expansion of the Putty plant by Q1/Q2FY26.

Distribution

- Total tinting machines as on Q4FY25 stood at 11,000 versus 10,772 in Q3FY25.
- Total active dealer count stood at 18,371 in Q4FY25 versus 18,598 in Q3FY25.

Materials' cost

- Two weeks ago, anti-dumping duty was imposed on titanium dioxide imports from China.
- A related court case has concluded its final hearing, with the judgment expected in about three weeks, which is anticipated to be favourable.
- Domestic production of titanium dioxide currently meets only 5–7% of the country's demand.

Working capital cycle

- The company maintained its outstanding days at 32 days in FY25, unchanged from FY24.
- Inventory levels have marginally improved, with finished goods days reducing from 60 days in FY24 to 57 days in FY25 and raw material days dropping from 36 days in FY24 to 29 days in FY25.
- Payable days decreased from 60 days in FY24 to 55 days in FY25.

Adjacencies

- The company has entered adjacent industrial paint segments, such as waterproofing and construction chemicals—contributing about 5% to overall revenue.
- Industrial paints comprising primers and enamels for lower end remains a low-margin area that the company is not actively pursuing.
- Auto paints represent a separate sector involving OEM and auto refinish segment with different technologies from decorative paints. Due to low margins and strong buyer power, company is not considering as an attractive adjacency.

Financial highlights

- The company has outperformed industry growth, which stood at -0.7%.
- The company's gross margin stood at 46.8%, which is above paints companies' average of 42.5%.
- A&P spends (standalone basis) is 6.4% of revenue in FY25 (down 7.4% YoY).
- The revenue share of the differentiated products is largely flat at 28.2% in FY25 versus 28.4% in FY24.

Others

- Due to border tension in northern states like J&K, Haryana, Delhi, Himachal Pradesh, and northern parts of Rajasthan, migrant labourers have temporarily returned to their villages, causing a slowdown in those regions over the past 15 days.

Exhibit 4: Consolidated financial snapshot (INR mn)

| Year to March | Q4FY25 | Q4FY24 | % change | Q3FY25 | % change |
|--------------------------------|--------|--------|----------|--------|----------|
| Total Income | 3,876 | 3,849 | 0.7 | 3,426 | 13.1 |
| Cost of goods sold | 2,061 | 1,968 | 4.7 | 1,829 | 12.7 |
| Gross profit | 1,815 | 1,881 | (3.5) | 1,597 | 13.6 |
| Staff costs | 256 | 234 | 9.7 | 281 | (8.9) |
| Other expenditure | 684 | 801 | (14.6) | 744 | (8.0) |
| EBITDA | 874 | 846 | 3.3 | 572 | 52.9 |
| Depreciation | 132 | 156 | (15.1) | 147 | (9.9) |
| EBIT | 742 | 690 | 7.5 | 425 | 74.5 |
| Other income | 60 | 42 | 44.9 | 31 | 91.4 |
| Interest and financial charges | 15 | 5 | 237.5 | 6 | 156.1 |
| PBT | 787 | 727 | 8.2 | 450 | 74.6 |
| Provision for taxation | 213 | 183 | 16.4 | 92 | 131.1 |
| Core Profit | 574 | 544 | 5.4 | 358 | 60.1 |
| Exceptional | - | - | NM | - | NM |
| Reported PAT | 574 | 544 | 5.4 | 358 | 60.1 |
| Adjusted PAT | 574 | 544 | 5.4 | 358 | 60.1 |
| Number of shares | 48 | 48 | 0.0 | 48 | 0.0 |
| EPS | 12.1 | 11.4 | 5.4 | 7.5 | 60.1 |
| as % of net sales | | | | | |
| COGS | 53.2 | 51.1 | 204 | 53.4 | (21) |
| Staff costs | 6.6 | 6.1 | 54 | 8.2 | (160) |
| Other expenditure | 17.7 | 20.8 | (316) | 21.7 | (406) |
| EBITDA | 22.6 | 22.0 | 58 | 16.7 | 587 |
| EBIT | 19.1 | 17.9 | 121 | 12.4 | 674 |
| PBT | 20.3 | 18.9 | 141 | 13.1 | 715 |
| Net profit | 14.8 | 14.1 | 67 | 10.5 | 435 |
| Tax rate | 27.0 | 25.1 | 190 | 20.4 | 661 |

Source: Company, Nuvama Research

Company Description

Indigo Paints was founded in 2000 and is the fifth-largest firm in India's paints sector. Emulsions, enamels, wood coatings, distempers, primers, putties, and cement paints are among the company's offerings. The company overcame the Indian paint industry's high-entry barriers with a patient and multi-pronged strategy that included introducing differentiated products, purposefully building a distribution network in rural and tier-II & III markets, building brand equity through high advertisement spending, driving the rapid penetration of tinting machines, and engaging with influencers (painters/contractors) to build trust. The company has been able to establish a significant presence in the market despite being a late entrant with high-entry barriers, thanks to its multi-pronged strategy of introducing differentiated products, incurring high advertisement spends (as a percentage of sales), focusing on rural markets, and increasing the penetration of tinting machines.

Investment Theme

As a relatively new entrant in the market, Indigo first focused on dealers in Tier 3 and 4 cities and rural areas, wherein brand penetration is easier and dealers have greater ability to influence customer purchase decisions. This helped the company engage with a larger base of dealers across tier 3 and 4 cities and rural areas. Indigo's manufacturing facilities are strategically located in proximity to its raw material sources, which reduces inward freight costs and results in lower cost of raw material. This boosts gross margin. Considering the oligopolistic nature of the organised Indian paints market, Indigo needed differentiated value-added products to make a mark. The company was the first to introduce certain category-creator products and value-added products such as metallic emulsions, tile coat emulsions, bright ceiling coat emulsions and floor coat emulsions. This helped the company set the pricing terms for such products and reap higher margins—due to first-mover advantage as well as niche nature of such products that attract less intense competition from large players.

Key Risks

- A slowdown in the economy is the biggest risk for the paints industry, as about 75% of demand for decorative paints arises from repainting, which, in turn, depends heavily on the country's economic condition.
- Steep increase in competitive pressure between existing players and announcement of new entrants in the paint business is one of the key risks.

Additional Data

Management

| | |
|-------------|---|
| MD | Mr. Hemant Jalan |
| CFO | Mr. Chetan Humane |
| COO | Mr. T Suresh Babu |
| Ex Director | Mr. Narayan Kutty |
| Auditor | S R B C & CO LLP & Price Waterhouse Chartered Accountants LLP |

Holdings – Top 10*

| | % Holding | | % Holding |
|-----------------|-----------|-----------------|-----------|
| Nippon Life Ind | 8.61 | Peak XV Partner | 1.53 |
| HDFC Asset Mana | 4.71 | Emirate of Abu | 1.39 |
| Arisaig Asia Fu | 2.98 | Marsh & McLenna | 1.20 |
| DSP Investment | 1.88 | Grandeur Peak G | 1.18 |
| Peak XV Partner | 1.65 | Ashoka India Eq | 0.49 |

*Latest public data

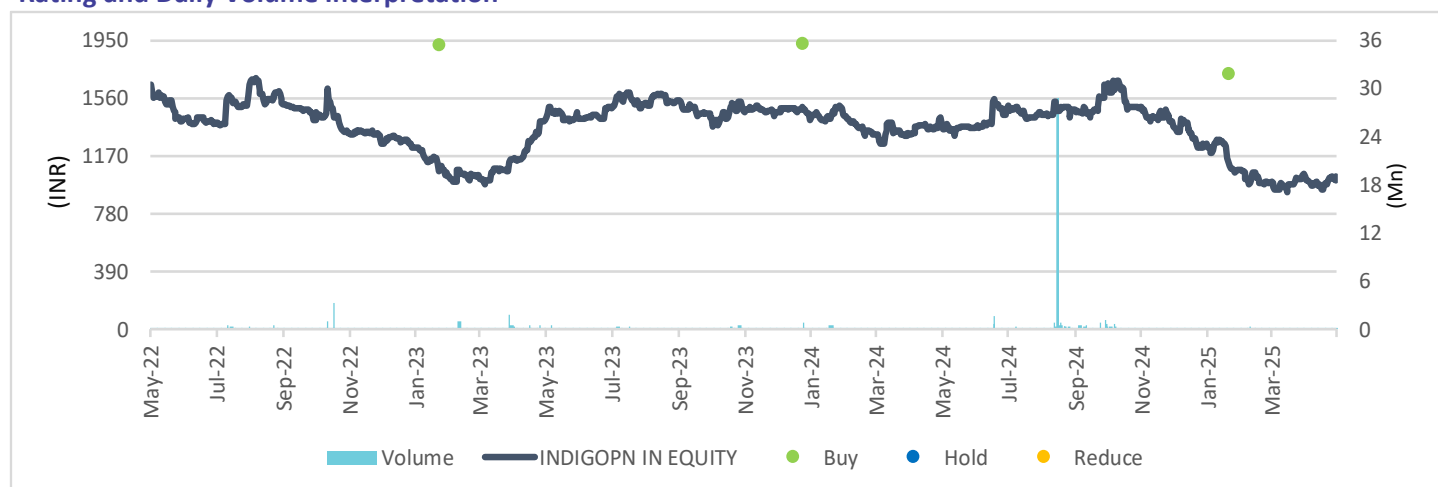
Recent Company Research

| Date | Title | Price | Reco |
|-----------|---|-------|------|
| 22-May-25 | Muted performance; <i>Oven fresh</i> | 1,038 | Buy |
| 11-Feb-25 | Margins under pressure; <i>Result Update</i> | 1,162 | Buy |
| 08-Nov-24 | H2FY25 outlook remains positive; <i>Result Update</i> | 1,534 | Buy |

Recent Sector Research

| Date | Name of Co./Sector | Title |
|-----------|--------------------|---|
| 23-May-25 | United Spirits | New MD gets a strong ship; <i>Result Update</i> |
| 20-May-25 | United Spirits | Closing FY25 on a high note; <i>Oven fresh</i> |
| 14-May-25 | Berger Paints | Painting a strong show; <i>Result Update</i> |

Rating and Daily Volume Interpretation



Source: Bloomberg, Nuvama research

Rating Rationale & Distribution: Nuvama Research

| Rating | Expected absolute returns over 12 months | Rating Distribution |
|--------|--|---------------------|
| Buy | 15% | 204 |
| Hold | <15% and >-5% | 63 |
| Reduce | <-5% | 34 |

DISCLAIMER

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