



Date: February 11, 2022

To, BSE Limited Corporate Relationship Department 25 th Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001 Scrip Code: 543258	To National Stock Exchange of India Limited Exchange Plaza, Plot No. C-1, Block G, Bandra Kurla Complex, Bandra (East) Mumbai - 400051 NSE SYMBOL: INDIGOPNTS
---	--

Dear Sir/Madam,

Sub: Intimation under Regulation 30 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 for Investor Presentation.

Pursuant to the Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith a copy of the presentation for the Investors/Analysts on Unaudited Financial Results of the Company for the quarter and nine month ended December 31, 2021.

You are requested to take note of the same.

Thanking you,

For Indigo Paints Limited
(formerly known as Indigo Paints Private Limited)

Sujoy Sudipta Bose
Company Secretary & Compliance Officer



Encl: As above



INDIGO Paints Ltd

Investor Presentation (Q3 FY 22)



Disclaimer

Certain statements and opinions with respect to the anticipated future performance of Indigo Paints Ltd (“Indigo”) in the presentation (“forward-looking statements”), which reflect various assumptions concerning the strategies, objectives and anticipated results may or may not prove to be correct. Such forward-looking statements involve a number of risks, uncertainties and assumptions which could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements. These include, among other factors, changes in economic, political, regulatory, business or other market conditions. Such forward-looking statements only speak as at the date the presentation is provided to the recipient and Indigo is not under any obligation to update or revise such forward-looking statements to reflect new events or circumstances. No representation or warranty (whether express or implied) is given in respect of any information in this presentation or that this presentation is suitable for the recipient’s purposes. The delivery of this presentation does not imply that the information herein is correct as at any time subsequent to the date hereof and Indigo has no obligation whatsoever to update any of the information or the conclusions contained herein or to correct any inaccuracies which may become apparent subsequent to the date hereof. Certain figures may have been rounded off to the nearest decimal.



Agenda for discussion



Quarterly Financials (Q3 FY22)

Introduction

- There was a negative sentiment in some geographies due to the Omicron wave; however, the impact on sales was not very significant
- Large price hikes undertaken in mid/late Q3, in line with the industry to mitigate the sharp escalation in raw material prices
- Witnessed good sales growth in both Kerala and Rest of India. Sales impacted in few states due to delayed withdrawal of monsoon rains
- Company continued its advertising spends (including during the IPL in October) as part of its long term Brand building strategy.
- Launched new advertisement campaign “Jaisa performance waisi price” in January 2022, to position ourselves as a Premium Brand.
- Company making good progress in expansion of its manufacturing facility in Tamil Nadu; expect to complete it in Q2 of next fiscal.



Indigo Paints | Q3 FY 22 financials

Statement of unaudited financial results for the quarter and nine months ended December 31, 2021				
(All amounts in rupees lakhs, unless otherwise stated)				
Sr. No	Particulars	Quarter ended		
		Dec 31, 2021 (Unaudited)	Sep 30, 2021 (Unaudited)	Dec 31, 2020 (Unaudited)
1	Income:			
	Revenue from operations	26,546.24	19,611.00	20,963.74
	Other income	231.49	304.92	119.33
	Total Income	26,777.73	19,915.92	21,083.07
2	Expenses:			
	Material Related Expense	15,161.53	11,428.32	10,568.62
	Employee benefits expense	1,455.71	1,384.53	1,260.75
	Finance cost	28.73	25.66	90.24
	Depreciation and amortisation expense	787.00	770.34	620.45
	Other expenses	6,061.39	4,460.50	5,985.39
	Total Expenses	23,494.36	18,069.35	18,525.45
3	Profit before tax	3,283.37	1,846.57	2,557.62
4	Total tax expense	852.88	491.76	679.14
5	Net Profit for the period	2,430.49	1,354.81	1,878.48
6	Total Other comprehensive income for the period	(2.72)	(2.72)	(0.57)
7	Total Comprehensive Income for the period	2,427.77	1,352.09	1,877.92



Indigo Paints | 9M FY 22 financials

Statement of unaudited financial results for the quarter and nine months ended December 31, 2021				
(All amounts in rupees lakhs, unless otherwise stated)				
Sr. No	Particulars	Nine months ended		Year ended
		Dec 31, 2021 (Unaudited)	Dec 31, 2020 (Unaudited)	Mar 31, 2021 (Audited)
1	Income:			
	Revenue from operations	61,759.66	46,905.65	72,332.47
	Other income	838.65	201.67	359.37
	Total Income	62,598.31	47,107.32	72,691.84
2	Expenses:			
	Material Related Expense	35,089.88	24,089.31	37,651.70
	Employee benefits expense	4,199.28	3,465.01	4,831.28
	Finance cost	79.66	337.50	381.31
	Depreciation and amortisation expense	2,292.70	1,741.96	2,438.95
	Other expenses	14,248.85	11,393.43	17,597.88
	Total Expenses	55,910.37	41,027.21	62,901.12
3	Profit before tax	6,687.94	6,080.12	9,790.72
4	Total tax expense	1,741.89	1,481.13	2,705.71
5	Net Profit for the period	4,946.05	4,598.99	7,085.01
6	Total Other comprehensive income for the period	(8.16)	(1.70)	(10.87)
7	Total Comprehensive Income for the period	4,937.89	4,597.29	7,074.14



Indigo Paints | Q3FY22 financial analysis

Quarterly Financial Highlight

RS. Cr

Particulars (Rs. Crs)	Quarterly		Q3 FY 22	% Change Q3 FY 22 vs Q3 FY21
	Q3 FY 21	Q2 FY 22		
Operational Income	209.64	196.11	265.46	26.63%
Other Income	1.19	3.05	2.31	
Total	210.83	199.16	267.78	
Gross Profit	103.95	81.82	113.85	
Gross Margin %	49.59%	41.72%	42.89%	
A&P	30.40	15.77	29.56	-2.76%
EBITDA	31.49	23.38	38.68	22.83%
EBITDA %	15.02%	11.92%	14.57%	
PBT	25.58	18.47	32.83	28.34%
PAT	18.78	13.55	24.30	29.39%
PAT%	8.91%	6.80%	9.08%	



Indigo Paints | 9MFY22 financial analysis

9 months Financial Highlight

Particulars (Rs. Crs)	9 Months Ended		RS. Cr
	9M	9M	% Change
	FY 21	FY 22	9M FY 22 vs 9M FY21
Operational Income	469.06	617.60	31.67%
Other Income	2.02	8.39	
Total	471.07	625.98	
Gross Profit	228.16	266.70	
Gross Margin %	48.64%	43.18%	
A&P	46.16	61.03	32.21%
EBITDA	79.58	82.22	3.32%
EBITDA %	16.97%	13.31%	
PBT	60.80	66.88	10.00%
PAT	45.99	49.46	7.55%
PAT%	9.76%	7.90%	



Analysis

- Q3 FY 22 Operational Income has expanded by **26.63%** over Q3 FY 21
- Good sales traction in Kerala and growth continues in strong double digits
- Gross Margins have dropped from **49.59%** in Q3 FY 21 to **42.89%** in Q3 FY 22. However, on a sequential basis, the gross margins have improved from **41.72%** (Q2 FY 22) to a industry leading **42.89%** due to large price increases in middle of Q3
- Even during the tough inflationary environment, A & P spends in Q3 have been flat at **Rs 29.56 cr** compared to **Rs. 30.40 cr** in Q3 of FY 21, as the Company continues to invest in long term brand building
- EBITDA and PAT have expanded by **22.83%** and **29.39%** respectively over Q3 FY21, despite the reduction in Gross Margin %; only company in paint industry to report y-o-y growth in EBITDA and PAT
- EBITDA margin expanded to **14.57%** sequentially from **11.92%** in Q2 FY22 and PAT margin expanded to **9.08%** from **6.80%** in Q2 FY22



Analysis

- 9M FY 22 Operational Income has expanded by **31.67%** over 9M FY 21
- Gross Margins have dropped from **48.64%** in 9M FY 21 to **43.18%** in 9M FY 22, due to sharp escalation in raw material prices. However, prices of raw materials are stable now, and with the sharp price increases effected in Q3, the Gross Margin % is expected to improve substantially in Q4
- A & P spends in 9M FY 22 have been higher by **Rs 14.87 cr** compared to 9M of FY 21, as the markets opened and the Company continues to invest in Brand Equity.
- EBITDA and PAT have expanded by **3.32%** and **7.55%** respectively over 9M FY 21 despite lower Gross Margins and higher A&P spends; only paint company to report positive change here
- The EBITDA Margin at **13.31%** was lower than **16.97%** compared to 9M FY21, predominantly due to reduction in the Gross Margins.
- PAT Margin at **7.90%** was lower than **9.76%** (9M FY 21) due to lower Gross Margins and significant reversal of deferred tax credit availed in Q2 of FY 21



Analysis

- The unprecedented escalation of raw material prices across all categories in recent months has been matched with unprecedented price hikes by the industry in Q3 FY 22
- Prices of most of raw materials have stabilized, albeit at higher levels, and in fact are showing slightly downward trend during the last two months. With the price hikes undertaken, the profitability is expected to improve sharply in Q4 FY 22
- Traditionally, Q4 has been the strongest quarter in terms of sales for our Company. Also, our higher Gross Margin contributing differentiated products have always had a disproportionately high share of revenue in Q4. Hence, we expect a very strong boost in top line, Gross Margins, EBITDA and PAT numbers in Q4



Value / Volume Growth (Q3 FY 22 vs Q3 FY 21)

Product Category	Value Growth	Volume Growth
Cement Paints + Putty	3.7%	0.1%
Emulsions	35.4%	15.9%
Enamels + Wood Coatings	8.9%	-4.5%
Primers + Distempers + Others	18.5%	-3.6%



Analysis (Value/Volume growth)

- Analysis of Volume growth and Value growth across broad categories of decorative paints are shown, as we feel that overall volume growth numbers do not reveal much
- Due to several rounds of price increases, the value growth in each category is higher than volume growth
- Witnessing higher volume growth in Emulsions segment (by far the largest contributor to overall value sales), and Premium Emulsion category in particular



Network expansion

	31.3.21	30.6.21	30.9.21	31.12.21
No. of Depots	44	44	44	45
Active Dealers	13,214	13,884	14,716	15,242
Tinting m/c nos.	5,472	5,800	6,383	6,749

- A depot at Hubli (Karnataka) was opened in October 2021
- Expect to open a depot each at Himachal Pradesh & Delhi in Q4
- Above expansion expected to further accelerate in current and future Quarters, as Covid restrictions ease
- Major thrust in Q4 for network expansion, and enlisting wholesalers of paints



Future guidance

- Have launched an innovative “Anti-Odour” paint in Q3, intended to absorb unpleasant odour in Kitchens and Bathrooms.
- Some innovative category-creator products being readied for launch in Q1 FY 23
- Will attempt to take Active dealer count to 17,000 by year-end, and Tinting machine population to 7,200
- Continue to increase advertising spends going forward in line with our long term strategy



Thank You

