



INDIGO

Be surprised!

Date: May 14, 2021

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
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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 Audited Financial Results of the Company for the quarter and year ended March 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

Investor Presentation (Update - Q3, Q4 & FY 21)

May 14, 2021



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Disclaimer



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Analyst Presentation FY 21



1. Corporate



CORPORATE :

IPO completion

- Company completed a successful IPO in Jan 21, and was listed on Feb 2, 21; issue subscribed 117 times; IPO quantum **Rs 1169 cr**
 - Institutional investors : 190 times
 - H N I investors : 263 times
 - Retail investors : 16 times
- Huge participation from marquee investors globally
- Primary capital raised during IPO was ~**Rs 300 cr**
- As per *Objects of Issue*, Company repaid ~Rs 25 cr of debt following IPO, and is now completely debt-free



CORPORATE :

Covid impact

- Severe impact in Apr 20 due to nationwide lockdown; manufacturing facilities resumed operations in end-Apr
- Excellent bounce-back in sales from May 20, as smaller towns were less impacted by Covid
- No impact on cash-flows of company
- No layoffs of any employee; increments effected from Jun 20; all bonuses and variable pays met on schedule
- Complete support to all employees and workmen during Covid times
- Have given annual increments again in Apr 21



CORPORATE :

Infrastructure

- Capacity of Putty plant at Jodhpur was doubled in FY 21; some expansion in water-based paint capacity also effected
- Capacity of water-based paint capacity at Kochi was also augmented in FY 21
- About 17 acres of additional land was acquired at Tamil Nadu plant, for setting up a large water-based plant, as per stated Objects of IPO

Analyst Presentation FY 21



1. Corporate
2. **Financials for Q3 and Q4**

Financials for Q3 and Q4



FINANCIALS FOR Q3 and Q4 :

(INR Cr)

Particulars	H1 FY21	Q3 FY21	Q4 FY21
Net Revenues from Operations	259.4	209.6	254.3
Y-o-Y growth for period	-4.8%	22.2%	40.8%
Gross Margin %	47.9%	49.6%	46.7%
EBITDA %	18.5%	15.0%	16.9%
PAT Margin %	10.5%	8.9%	9.7%

- Q3 EBITDA was lower due to heavy advertising in festive season & IPL
- Q4 Gross Margins were lower due to raw material price increases



FINANCIALS FOR Q3 and Q4 :

- Sales growth, which was negative in first half (due to April lockdowns), picked up to >22% growth in Q3, and 41% in Q4
- There was an unprecedented increase in RM prices during Q3 and Q4; we increased prices of paints in tranches between Nov-Mar to partially offset the effect.
- Q3 gross margins managed to hold itself, but a decline was visible in GM in Q4, due to continued spiraling of RM prices
- EBITDA margins were unusually high in first half, due to negligible advertising during lockdown months; Q3 EBITDA was lower due to heavy advertising in festive season & IPL, followed by a more sustainable EBITDA margin in Q4

Analyst Presentation FY 21



1. Corporate
2. Financials for Q3 and Q4
3. **Financials for FY 21**

Value/Volume growth in FY 21



VALUE / VOLUME GROWTH :

Product Category	Value Growth	Volume Growth	Volume Contribution	Value Contribution
Cement Paints + Putty	26.4%	19.6%	56.0%	15.3%
Emulsions	11.7%	8.7%	17.4%	42.8%
Enamels + Wood Coatings	22.9%	15.4%	5.0%	18.1%
Primers + Distempers + Others	22.0%	20.3%	21.6%	23.7%



SALIENT FEATURES :

- Our portfolio of differentiated products accounted for **29.5%** of Revenues in FY 21, compared to **28.6%** of Revenues in FY 20
- Due to our large presence in Kerala, our growth rate in Kerala is always much lower than in other States. Kerala's share of Revenue declined from **~35%** in FY 20 to **~30%** in FY 21. We expect this trend to continue.



NETWORK EXPANSION :

- Company launched aggressive campaign from Dec 20 to accelerate expansion of Dealer network ; our active Dealer count increased from ~**11,200** at end of FY 20 to ~**13,200** at end of FY 21
- Our population of Tinting machines increased from ~**4,300** to ~**5,500** during FY 21
- **8** new depots were opened in FY 21 at Jammu, Dehradun, Purnea, Silchar, Sambalpur, Bhopal, Aurangabad, and Kadappa (Total number of depots now **44**)



ADVERTISING :

- Despite headwinds of Covid and rising RM costs, our Company elected to continue to invest in Brand-building activities during FY 21
- Media advertising spends of Company increased from Rs 61.52 cr (FY 20) to **Rs 63.35 cr** (FY 21), despite zero advertising from Apr-July 2020
- However, Total Advertising & Sales Promotion exp declined from Rs 79.05 cr (FY 20) to **Rs 77.06 cr** (FY 21) due to reduced promotional activities (other than media advertising) during lockdown months

Key Financials FY 21



KEY FINANCIALS FOR FY 21:

(INR Cr)

Particulars	FY 20	FY 21	% Change
Gross Revenues	688.9	813.5	18.1%
Net Revenues	624.8	723.3	15.8%
Gross Margin	48.5%	47.9%	
EBITDA	90.99	122.5	34.7%
EBITDA Margin	14.6%	16.9%	
PAT	47.8	70.9*	48.2%
PAT Margin	7.6%	9.7%	
Net Worth	197.1	563.5	

* PAT impacted by Rs 4.05 cr due to change in IT act regarding deduction of Goodwill

Key Metrics FY 21



KEY METRICS FOR FY 21:

Particulars	FY 20	FY 21
Freight expense (% of Net Revenue)	10.5%	9.9%
Advertising & promotional expense (% of Net Revenue)	12.7%	10.7%
Employee cost (% of Net Revenue)	6.7%	6.7%
Other Operating expense (% of Net Revenue)	4.0%	3.7%
Return on Equity (RoE %)	24.3%	12.6% (~26.7%*)
Return on Capital employed (RoCE%)	27.5%	17.1%(~34.1%*)

* Adj for issue proceeds ;

•The RoCE considered here is pre-tax

Comments on Financials of FY 21



- Our company continues to outperform the paint industry growth parameters, by registering **15.8%** topline growth in covid-impacted year
- Volume growth has been healthy across all product categories
- Managed to maintain Gross margins with marginal **0.5% drop**, despite unprecedented RM increase in Q3 and Q4
- EBITDA increased by **34.7%** to **Rs 122.52 cr**; EBITDA margins increased to **16.94%** (from 14.56%)
- PAT increased by **48.2%** to **Rs 70.85 cr**, despite a Rs 4.05 cr impact due to change in IT act on deduction of goodwill
- Company increased media advertising spends, although Advertising & Promotion exp as % of Revenues declined from **12.7%** to **10.7%**
- Maintained tight control on costs, evidenced by decline in Freight expenses and Overhead expenses (Other Operating exp)

Future Outlook



- Sales outlook is very uncertain in near-term; however, confident of sharp recovery once lockdowns are lifted. Expect to continue to outperform industry growth figures
- Will accelerate expansion of Dealer network and tinting machines
- RM prices have started moderating in Q1, and another round of price increase has been effected from 1st May; expect Gross margins to improve soon
- Company will continue to increase media advertising spends, although Advertising & Promotion expense as % of Revenues can be expected to continue to decline, having positive impact on EBITDA margins
- As in past, company will continue to keep tight control on costs

Thank you

