



INDIGO

Be surprised!

Date: October 29, 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 Unaudited Financial Results of the Company for the quarter and half year ended September 30, 2021.

The above information will also be made available on the website of the company www.indigopaints.com/investors

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 (Q2 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 (Q2 FY22)

Introduction

- Gradual easing of Covid restrictions in Q2
- In Kerala, where we have a large exposure, the easing of restrictions started in August; sales were subdued till July, but bounced back sharply in August & September
- Good sales growth throughout the country; could have been better, but for extremely delayed monsoon withdrawal, which has inhibited painting activities
- Extremely high inflation in raw material prices have resulted in lower profitability
- Company making good progress in expansion of its manufacturing facility in Tamil Nadu; expect to complete it in Q2 of next fiscal
- Company continues to spend aggressively on consumer advertising, with extensive campaigns run on TV during August & September, including IPL



Indigo Paints Q2 FY 22 financials

Statement of unaudited financial results for the quarter and six months ended September 30, 2021				
(All amounts in rupees lakhs, unless otherwise stated)				
Sr. No	Particulars	Quarter ended		
		Sep 30, 2021 (Unaudited)	Jun 30, 2021 (Unaudited)	Sep 30, 2020 (Unaudited)
1	Income:			
	Revenue from operations	19,611.00	15,602.42	15,483.88
	Other income	304.92	302.24	64.12
	Total Income	19,915.92	15,904.66	15,548.00
2	Expenses:			
	Material Related Expense	11,428.32	8,500.03	7,712.88
	Employee benefits expense	1,384.53	1,359.04	1,195.01
	Finance cost	25.66	25.27	105.10
	Depreciation and amortisation expense	770.34	735.36	566.51
	Other expenses	4,460.50	3,726.96	3,667.53
	Total Expenses	18,069.35	14,346.66	13,247.03
3	Profit before exceptional items and tax	1,846.57	1,558.00	2,300.97
4	Profit before tax	1,846.57	1,558.00	2,300.97
5	Total tax expense	491.76	397.25	420.38
6	Net Profit for the period	1,354.81	1,160.75	1,880.59
7	Total Other comprehensive income for the period	(2.72)	(2.72)	(1.13)
8	Total Comprehensive Income for the period	1,352.09	1,158.03	1,879.46



Indigo Paints H1 FY 22 financials

Statement of unaudited financial results for the quarter and six months ended September 30, 2021				
(All amounts in rupees lakhs, unless otherwise stated)				
Sr. No	Particulars	Six months ended		Year ended
		Sep 30, 2021 (Unaudited)	Sep 30, 2020 (Audited)	Mar 31, 2021 (Audited)
1	Income:			
	Revenue from operations	35,213.42	25,941.91	72,332.47
	Other income	607.16	82.34	359.37
	Total Income	35,820.58	26,024.25	72,691.84
2	Expenses:			
	Material Related Expense	19,928.35	13,520.69	37,651.70
	Employee benefits expense	2,743.57	2,204.26	4,831.28
	Finance cost	50.93	247.26	381.31
	Depreciation and amortisation expense	1,505.70	1,121.51	2,438.95
	Other expenses	8,187.46	5,408.04	17,597.88
	Total Expenses	32,416.01	22,501.76	62,901.12
3	Profit before exceptional items and tax	3,404.57	3,522.49	9,790.72
4	Profit before tax	3,404.57	3,522.49	9,790.72
5	Total tax expense	889.01	801.99	2,705.71
6	Net Profit for the period	2,515.56	2,720.50	7,085.01
7	Total Other comprehensive income for the period	(5.44)	(1.13)	(10.87)
8	Total Comprehensive Income for the period	2,510.12	2,719.37	7,074.14



Indigo Paints Q2FY22 financial analysis

Quarterly Financial Highlight

RS. Cr

Particulars (Rs. Crs)	Quarterly			Q2 FY 22	% Change	
	Q2 FY 20	Q2 FY 21	Q1 FY 22		Q2 FY 22 vs Q2 FY21	Q2 FY 22 vs Q2 FY20
Operational Income	128.71	154.84	156.02	196.11	26.65%	52.37%
Other Income		0.64	3.02	3.05		
Total		155.48	159.05	199.16		
Gross Profit		77.71	71.02	81.82		
Gross Margin %		50.19%	45.52%	41.72%		
A&P		13.21	15.70	15.77	19.41%	
EBITDA		29.08	20.16	23.38	-19.61%	
EBITDA %		18.78%	12.92%	11.92%		
PBT		23.01	15.58	18.47	-19.73%	
PAT		18.81	11.61	13.55	-27.95%	
PAT%		12.10%	7.30%	6.80%		



Indigo Paints H1FY22 financial analysis

Half-Yearly Financial Highlight

RS. Cr

Particulars (Rs. Crs)	Six Months Ended			% Change	
	H1 FY 20	H1 FY 21	H1 FY 22	H1 FY 22 vs H1 FY21	H1 FY 22 vs H1 FY20
Operational Income	272.64	259.42	352.13	35.74%	29.16%
Other Income		0.82	6.07		
Total		260.24	358.20		
Gross Profit		124.21	152.85		
Gross Margin %		47.88%	43.41%		
A&P		15.77	31.47	99.64%	
EBITDA		48.09	43.53	-9.47%	
EBITDA %		18.54%	12.36%		
PBT		35.22	34.05	-3.36%	
PAT		27.21	25.16	-7.52%	
PAT%		10.45%	7.02%		



Analysis

- Q2 FY 22 Revenue from Operations has expanded by **26.65%** over Q2 FY 21; however, more relevant to look at 2-year topline growth (to remove covid effect), and our top line grew by **52.37%** compared to Q2 of FY 20, perhaps the highest in paint industry.
- Gross Margins have dropped from **45.52%** in Q1 to **41.72%** in Q2, due to sharp escalation in raw material prices.
- A & P spends in Q2 have been higher by **Rs 2.56 cr** compared to Q2 of FY 21, due to change in advertising patterns, as markets opened up
- EBITDA and PBT have contracted by **19.6%** and **19.7%** respectively over Q2 FY 21, primarily due to Gross margin reduction, and partly due to increased A&P spends. PAT has contracted by **27.95%** over same period, due to deferred tax adjustments in Q2 of FY 21.



Analysis

- H1 FY 22 Revenue from Operations has expanded by **35.74%** over H1 FY 21; however, our 2-year topline grew by **29.16%** compared to H1 of FY 20, perhaps the highest in paint industry.
- Gross Margins have dropped from **47.88%** in H1 FY 21 to **43.41%** in H1 FY 22, due to sharp escalation in raw material prices.
- A & P spends in H1 have been higher by **Rs 15.70 cr** compared to H1 of FY 21, due to change in advertising patterns, as markets opened up
- EBITDA and PBT have contracted by **9.47%** and **3.36%** respectively over H1 FY 21, due to Gross margin reduction, and huge increase in A&P spends. PAT has contracted by **7.52%** over same period, due to deferred tax adjustments in H1 of FY 21.



Analysis

- There has been unprecedented escalation of raw material prices across all categories in recent months. Despite repeated price hikes during last 10 months, it has not been able to match the increase in RM prices.
- Raw material price escalation is partly due to global shortages of some materials, and partly due to a global shipping crisis, where international freight rates have risen to astronomical levels, coupled with complete uncertainty in global shipping schedules
- Industry has announced a steep price increase effective from 12th November; we shall be effecting a similar price increase from the same date.
- Outlook on RM price inflation remains extremely uncertain, because of which it is difficult to predict future trends in pricing and profitability; it is expected that Gross Margins will steadily improve in future months



Value / Volume Growth (Q2 FY 22 vs Q2 FY 21)

Product Category	Value Growth	Volume Growth
Cement Paints + Putty	11.5%	9.2%
Emulsions	40.6%	24.2%
Enamels + Wood Coatings	20.3%	10.2%
Primers + Distempers + Others	43.3%%	31.1%



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 premium sections of Emulsions



Network expansion

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

- We have recently opened one new Depot in October 2021, taking our count to 45
- Above expansion expected to further accelerate in current and future Quarters, as Covid restrictions ease
- We have so far not experienced any significant disruptions in the procurement of Tinting Machines due to chip shortages.



Future guidance

- Expect to see continued good growth in topline in Q3, with improving profitability margins
- Some innovative category-creator products being readied for launch in November
- Will attempt to take Active dealer count to 17,000 by year-end, and Tinting machine population to 8000
- Will increase Advertising spends in FY 22 over FY 21, to further promote brand equity; however, need to balance increased A&P spends with current pressure on margins



Thank You

