



**INDIGO**

Be surprised!

Date: May 14, 2021

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

# Comments on Q3 and Q4



## **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
<b>Freight expense</b> (% of Net Revenue)	10.5%	9.9%
<b>Advertising &amp; promotional expense</b> (% of Net Revenue)	12.7%	10.7%
<b>Employee cost</b> (% of Net Revenue)	6.7%	6.7%
<b>Other Operating expense</b> (% of Net Revenue)	4.0%	3.7%
<b>Return on Equity (RoE %)</b>	24.3%	12.6% (~26.7%*)
<b>Return on Capital employed</b> (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)



- 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 1<sup>st</sup> 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

