INDIGO Paints Ltd

Investor Presentation (Q4 & FY 23)

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

Corporate Update

Financials (Q4 FY23) / FY 23

Agenda for discussion

Corporate Update

Corporate Update

- Indigo Paints has crossed the milestone of Rs. 1,000 Cr for the FY 2022-23 and closed the year with a net revenue of Rs. 1,073.33 Cr.
- Sales growth largely in line with the industry. However, as guided, the product mix was favorable which propelled the gross margins and profitability further.
- Company continued its advertising spends as part of its long term brand building strategy.
- The new plant in Tamil Nadu is in the trial phase and will commence commercial production shortly.
- Company has recently acquired a 51% stake in Apple Chemie, which has given us the required expertise in the waterproofing & construction chemicals product range.
- Apple Chemie will soon expand its foot print pan India and continue its focus on B2B segment, while Indigo Paints will target the retail consumers for the waterproofing and construction range.
- Board of Directors have recommended a dividend of Rs. 3.50 per share.

Agenda for discussion

Financials (Q4 FY23) / FY 23

Indigo Paints | Q4 FY 23 financials

Statement of audited financial results for the quarter and year ended March 31, 2023				
(All amounts in rupees lakhs, unless otherwise stated)				
Sl. No	**Particulars**	**Quarter ended**		
		Mar 31, 2023 (Audited)	**Dec 31, 2022 (Unaudited)**	**Mar 31, 2022 (Audited)**
1	**Income:**			
	Revenue from operations	32,547.00	28,126.51	28,837.82
	Other income	281.34	377.75	250.67
	Total Income	**32,828.34**	**28,504.26**	**29,088.49**
2	**Expenses:**			
	Material Related Expense	17,308.04	15,800.43	16,262.58
	Employee benefits expense	1,873.87	2,024.16	1,433.63
	Finance cost	38.90	29.69	53.38
	Depreciation and amortisation expense	871.77	871.15	832.38
	Other expenses	6,192.31	6,246.21	5,764.89
	Total Expenses	**26,284.89**	**24,971.64**	**24,346.86**
3	**Profit before exceptional items and tax**	**6,543.45**	**3,532.62**	**4,741.63**
4	**Profit before tax**	**6,543.45**	**3,532.62**	**4,741.63**
5	**Total tax expense**	**1,675.73**	**906.30**	**1,282.88**
6	**Net Profit for the period**	**4,867.72**	**2,626.32**	**3,458.75**
7	**Total Other comprehensive income for the period**	**(12.38)**	**3.34**	**21.52**
8	**Total Comprehensive Income for the period**	**4,855.34**	**2,629.66**	**3,480.27**

Indigo Paints | FY 23 financials

Statement of audited financial results for the quarter and year ended March 31, 2023			
(All amounts in rupees lakhs, unless otherwise stated)			
Sl. No	**Particulars**	**Year ended**	
		Mar 31, 2023 (Audited)	**Mar 31, 2022 (Audited)**
1	**Income:**		
	Revenue from operations	1,07,333.43	90,597.48
	Other income	1,006.75	1,089.32
	Total Income	**1,08,340.18**	**91,686.80**
2	**Expenses:**		
	Material Related Expense	59,524.93	51,352.46
	Employee benefits expense	7,310.08	5,632.91
	Finance cost	137.59	133.04
	Depreciation and amortisation expense	3,434.66	3,125.08
	Other expenses	22,345.18	20,013.74
	Total Expenses	**92,752.44**	**80,257.23**
3	**Profit before exceptional items and tax**	**15,587.74**	**11,429.57**
4	**Profit before tax**	**15,587.74**	**11,429.57**
5	**Total tax expense**	**2,393.80**	**3,024.77**
6	**Net Profit for the period**	**13,193.94**	**8,404.80**
7	**Total Other comprehensive income for the period**	**(2.35)**	**13.36**
8	**Total Comprehensive Income for the period**	**13,191.59**	**8,418.16**

Indigo Paints | Q4 FY 23 financial Analysis

Quarterly Financial Highlight

RS. Cr

	Quarterly			% Change
Particulars	**Q4**	**Q3**	**Q4**	
(Rs. Crs)	**FY 23**	**FY 23**	**FY 22**	
Operational Income	325.47	281.27	288.38	12.86%
Other Income	2.81	3.78	2.51	
Total	**328.28**	**285.04**	**290.88**	
Gross Profit	152.39	123.26	125.75	
Gross Margin %	46.82%	43.82%	43.61%	
EBITDA	71.73	40.56	53.77	33.40%
EBITDA %	22.04%	14.42%	18.64%	
PBT	65.43	35.33	47.42	38.00%
PAT	48.68	26.26	34.59	40.74%
PAT%	14.83%	9.21%	11.89%	

Analysis | Q4 FY23

- Q4 FY 23 Operational Income has expanded by 12.86% over Q4 FY 22 from Rs. 288.38 Cr to Rs.325.47 Cr

- Gross Margins expanded to 46.82% in Q4 FY23 over 43.61% in Q4 FY22 and 43.82% in Q3FY23

- EBITDA and PAT have expanded by 33.40 % and 40.74% respectively over Q4 FY22

- EBITDA margin expanded significantly to 22.04% from 18.64% in Q4 FY22

- PAT margin also expanded significantly to 14.83% compared to 11.89% in Q4 FY22.

Analysis | Q4 FY23

- Growth in Net revenue for the quarter largely in line with the industry.

- Gross margin at 46.82% is the highest in the industry and with stabilized raw material prices, expect the same trend to continue barring any black swan events.

- Company had clocked the highest EBITDA margin of 22.04% in the last two years primarily driven by favorable product mix and prudent cost control measures.

Indigo Paints | FY 23 financial Analysis

Annual Financial Highlight

RS. Cr

Year Ended			% Change
Particulars	**FY 23**	**FY 22**	
(Rs. Crs)			
Operational Income	1,073.33	905.97	18.47%
Other Income	10.07	10.89	
Total	**1,083.40**	**916.87**	
Gross Profit	478.09	392.45	
Gross Margin %	44.54%	43.32%	
EBITDA	181.53	135.98	33.50%
EBITDA %	16.91%	15.01%	
PBT	155.88	114.30	36.38%
PAT	131.94	84.05	56.98%
PAT%	12.18%	9.17%	

Analysis | FY 23

- FY 23 Operational Income has expanded by 18.47% to Rs. 1,073.33 Cr from Rs. 905.97 Cr clocked in FY22.
- Gross Margins improved to 44.54% y-o-y from 43.32% in FY22
- Healthy growth in EBITDA and PAT by 33.50% and 56.98% respectively over FY22
- EBITDA margin expanded to 16.91% from 15.01% in FY22
- PAT margin expanded to 12.18% compared to 9.17% in FY22.

Analysis | FY 23

- Growth in Net revenue for the FY 23 was 18.47% which was in line with the industry trend.

- Gross margin at 44.54% is the highest in the industry despite the strategy to pass on some benefits in the gross margins for a higher growth. Margins primarily driven by better product mix and prudent material purchase policy.

- EBITDA margin was at 16.91%, a sharp increase from previous year; A&P cost reduced from 9.72% (FY 22) to 7.70% (FY23), although absolute amounts of A&P were largely unchanged.

- PAT margin continues to be healthy at 12.18%.

Value / Volume Growth (Q4 FY 23 vs Q4 FY 22)

Product Category	Value Growth	Volume Growth
Cement Paints + Putty	45.1%	42.0%
Emulsions	9.4%	5.2%
Enamels + Wood Coatings	27.3%	24.8%
Primers + Distempers + Others	23.2%	37.6%

Value / Volume Growth (FY 23 vs FY 22)

Product Category	Value Growth	Volume Growth
Cement Paints + Putty	33.2%	25.5%
Emulsions	18.2%	5.9%
Enamels + Wood Coatings	30.3%	18.5%
Primers + Distempers + Others	18.9%	13.8%

Network expansion

	31.03.21	30.06.21	30.09.21	31.12.21	31.03.22	30.06.22	30.09.22	31.12.22	31.03.23
No. of Depots	44	44	44	45	47	47	47	47	47
Active Dealers	13,214	13,884	14,716	15,242	15,787	16,526	16,758	16,785	16,496
Tinting m/c	5,472	5,800	6,383	6,749	7,101	7,435	7,716	7,978	8,273

Salient Features FY 23

- Our portfolio of differentiated products accounted for 31.2% of Revenues in FY 23, compared to 29.6% of Revenues in FY 22

- Kerala’s share of Revenue was largely unchanged from 28.01% in FY 22 to 27.84% in FY 23

Key Metrics for FY 23

Particulars	FY 20	FY 21	FY 22	FY 23
Freight expense (% of Net Revenue)	10.5%	9.9%	8.9%	9.0%
Advertising & promotional expense (% of Net Revenue)	12.7%	10.7%	9.7%	7.7%
Employee cost (% of Net Revenue)	6.7%	6.7%	6.2%	6.8%
Other expenses (overheads) (% of Net Revenue)	4.0%	3.7%	3.5%	4.2%
Return on Equity	24.3%	12.6%	12.9%	17.0%

Future guidance

- During the year while the revenue grew by 18.47%, the EBITDA and PAT grew at a faster pace of 33.50% and 56.98% respectively. In the upcoming year, on the strength of several initiatives taken by the company, April 23 has been an exceptionally good month for the Company in top line growth, and May 23 is looking good as well.

- Sales growth in Tier-1,2 almost double that of Tier-3,4, rural and expect the trend to accelerate. Renewed focus is also on throughput per Tinting Machine.

- Company has launched a range of water proofing products which has started hitting the shelves of the dealers across India. This should contribute significantly to the growth of the Company.

- Company is planning a new water based paint plant at Jodhpur of 90,000 KLPA capacity.

Thank You

INDIGO
Be surprised!