

INDIGO Paints Ltd

Investor Presentation (Q2FY 24)



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Agenda for discussion



Corporate Update

Standalone Financials (Q2/H1 FY24)

Consolidated Financials (Q2/H1 FY24)

KPI - Distribution Network

Agenda for discussion



Corporate Update



Corporate Update

- Sales grew at more than 3x-4x the industry growth rate for two quarters in a row indicating significant market share gain
- Sales growth at Tier 1,2 cities continues to outstrip the growth at Tier 3,4 cities and rural areas. Installation of Tinting Machine rising sharply, leading to higher throughput
- Company has recently launched a new advertisement campaign using MS Dhoni & Mohan Lal together (in Kerala) to promote our most premium emulsion: Dirt & Waterproof Exterior Paint
- Commercial production of water based paint products commenced at the new plant in Tamil Nadu on September 18, 2023. Work has started on new water based plant (90,000 KLPA) at Jodhpur, and a solvent based plant (12,000 KLPA) at Jodhpur.



New Water Based Plant | Pudukkottai, Tamil Nadu



Agenda for discussion



Standalone Financials (Q2/H1 FY24)



Indigo Paints | Q2 & H1FY 24 financials (Standalone)

Statement of unaudited standalone financial results for the quarter and six months ended September 30, 2023							
(All amounts in rupees lakhs, unless otherwise stated)							
Sl. No	Particulars	Quarter ended			Six months ended		Year ended
		Sep 30, 2023	Jun 30, 2023	Sep 30, 2022	Sep 30, 2023	Sep 30, 2022	Mar 31, 2023
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Income:						
	Revenue from operations	27,045.67	27,702.03	24,260.71	54,747.70	46,659.92	1,07,333.43
	Other income	297.42	352.22	319.04	649.64	367.46	1,006.75
	Total Income	27,343.09	28,054.25	24,579.75	55,397.34	47,027.38	1,08,340.18
2	Expenses:						
	Material Related Expense	14,681.70	14,522.15	14,139.37	29,203.85	26,416.46	59,524.93
	Employee benefits expense	2,345.36	2,258.64	1,752.11	4,604.00	3,412.05	7,310.08
	Finance cost	46.89	42.16	26.53	89.05	69.00	137.59
	Depreciation and amortisation expense	999.09	880.11	848.92	1,879.20	1,691.74	3,434.66
	Other expenses	5,840.41	6,148.18	4,992.11	11,988.59	9,926.46	22,345.18
	Total Expenses	23,913.45	23,851.24	21,759.04	47,764.69	41,515.71	92,752.44
3	Profit before exceptional items and tax	3,429.64	4,203.01	2,820.71	7,632.65	5,511.67	15,587.74
4	Profit before tax	3,429.64	4,203.01	2,820.71	7,632.65	5,511.67	15,587.74
5	Total tax expense	815.84	1,073.99	(888.06)	1,889.83	(188.23)	2,393.80
6	Net Profit for the period	2,613.80	3,129.02	3,708.77	5,742.82	5,699.90	13,193.94
7	Total Other comprehensive income for the period	(0.58)	(0.59)	3.35	(1.17)	6.69	(2.35)
9	Total Comprehensive Income for the period	2,613.22	3,128.43	3,712.12	5,741.65	5,706.59	13,191.59

Note: During the period ended September 30, 2022, the company had reversed excess income tax provision of Rs. 1,632.99 Lakhs pertaining to earlier years



Indigo Paints | Q2 FY 24 financial Analysis

Quarterly Financial Highlight (Standalone)

Particulars (Rs. Crs)	Quarterly			RS. Cr
	Q2	Q1	Q2	% Change
	FY 24	FY 24	FY 23	
Operational Income	270.46	277.02	242.61	11.48%
Other Income	2.97	3.52	3.19	
Total	273.43	280.54	245.80	
Gross Profit	123.64	131.80	101.21	
Gross Margin %	45.72%	47.58%	41.72%	
A&P	15.79	21.05	14.64	7.79%
A&P (% of Revenue)	5.84%	7.60%	6.04%	
EBITDA	41.78	47.73	33.77	23.72%
EBITDA %	15.45%	17.23%	13.92%	
PBT	34.30	42.03	28.21	21.59%
PAT	26.14	31.29	20.76*	25.92%
PAT%	9.56%	11.15%	8.45%	

* Adjusted for reversal of Rs.16.33 Cr excess tax provision in Q2 FY23



Analysis | Q2 FY24 (Standalone)

- Q2 FY 24 Operational Income has expanded by **11.48%** at Rs. 270.46 Cr from Rs. 242.61 Cr of Q2 FY 23
- Gross Margins expanded to **45.72%** in Q2 FY24 compared to **41.72%** in Q2 FY23
- EBITDA increased by **23.72%** to Rs. 41.78 Cr compared to Rs. 33.77 Cr in Q2 FY23, while the EBITDA margin expanded to **15.45%** from **13.92%** in Q2 FY23
- After adjusting for the one time gain of Rs. 16.33 Cr in Q2 FY23 due to tax reversal, PAT increased by **25.92%** to Rs. 26.14 Cr compared to Rs. 20.76 Cr clocked in Q2 FY23. The PAT margin expanded to **9.56%** compared to **8.45%** in Q2 FY23



Analysis | Q2 FY24 (Standalone)

- Growth in Net revenue for the quarter was significantly higher than the industry, indicating market share gain by the Company.
- Gross margin continues to be the highest in the industry at **45.72%**. Raw material prices continues to remain stable aiding the company to maintain the leadership position .
- The A&P expense increased by **7.79%**. However, A&P as a % of Revenue has decreased
- The depreciation was higher by **17.69%** largely due to the commissioning of the new plant at Tamil Nadu which went on-stream on September 18, 2023.



Indigo Paints | H1 FY 24 financial Analysis (Standalone)

Half Yearly Financial Highlight (Standalone)

RS. Cr

Particulars (Rs. Crs)	Half Yearly		% Change
	H1 FY 24	H1 FY 23	
Operational Income	547.48	466.60	17.33%
Other Income	6.50	3.67	
Total	553.97	470.27	
Gross Profit	255.44	202.43	
Gross Margin %	46.66%	43.39%	
A&P	36.83	35.74	3.06%
A&P (% of Revenue)	6.73%	7.66%	
EBITDA	89.51	69.05	29.64%
EBITDA %	16.35%	14.80%	
PBT	76.33	55.12	38.48%
PAT	57.43	40.67*	41.21%
PAT%	10.37%	8.65%	

* Adjusted for reversal of Rs.16.33 Cr excess tax provision in H1 FY23 12



Analysis | H1 FY24 (Standalone)

- H1 FY24 Operational Income increased by **17.33%** to Rs. 547.48 Cr from Rs. 466.60 Cr in H1 FY23
- Gross Margins expanded to **46.66%** in H1 FY24 from **43.39%** in H1 FY23
- EBITDA increased by **29.64%** to Rs. 89.51 Cr compared to Rs. 69.05 Cr in H1 FY23, while the EBITDA margin expanded to **16.35%** from **14.80%** in H1 FY23
- After adjusting for the one time gain of Rs. 16.33 Cr in H1 FY23 due to tax reversal, PAT increased by **41.21%** to Rs. 57.43 Cr compared to Rs. 40.67 Cr clocked in H1 FY23. PAT margin expanded to **10.37%** from **8.65%** in H1 FY23.



Analysis | H1 FY24 (Standalone)

- Growth in Net revenue for the 6 months ending Sep' 23 was 3x-5x of that of the industry growth rate.
- Gross margin continues to be the highest in the industry at **46.66%**. Expecting the gross margins to inch up further in the H2 FY24 as the product mix becomes more favorable
- The A&P cost is slightly higher by **~3%** compared to the H1 FY23 but A&P is declining as a % of revenue. This saving along with gross margin expansion has aided in the EBITDA margin expansion by more than **1.5%** when compared to H1 FY23



Agenda for discussion



Consolidated Financials (Q2/H1 FY24)



Indigo Paints | Q2 & H1FY 24 financials (Consolidated)

Statement of unaudited financial results for the quarter and six months ended September 30, 2023							
(All amounts in rupees lakhs, unless otherwise stated)							
Sl. No	Particulars	Consolidated					
		Quarter ended			Six months ended		Year ended
		Sep 30, 2023	Jun 30, 2023	Sep 30, 2022	Sep 30, 2023	Sep 30, 2022	Mar 31, 2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	
1	Income:						
	Revenue from operations	27,901.60	28,842.33	24,260.71	56,743.93	46,659.92	1,07,333.43
	Other income	317.18	381.91	319.04	699.09	367.46	1,006.75
	Total Income	28,218.78	29,224.24	24,579.75	57,443.02	47,027.38	1,08,340.18
2	Expenses:						
	Material Related Expense	15,188.07	15,191.96	14,139.37	30,380.03	26,416.46	59,524.93
	Employee benefits expense	2,549.81	2,427.49	1,752.11	4,977.30	3,412.05	7,310.08
	Finance cost	55.31	48.71	26.53	104.02	69.00	137.59
	Depreciation and amortisation expense	1,129.27	1,009.39	848.92	2,138.66	1,691.74	3,434.66
	Other expenses	5,950.48	6,312.20	4,992.11	12,262.68	9,926.46	22,345.18
	Total Expenses	24,872.94	24,989.75	21,759.04	49,862.69	41,515.71	92,752.44
3	Profit before exceptional items and tax	3,345.84	4,234.49	2,820.71	7,580.33	5,511.67	15,587.74
4	Profit before tax	3,345.84	4,234.49	2,820.71	7,580.33	5,511.67	15,587.74
5	Total tax expense	813.76	1,082.79	(888.06)	1,896.55	(188.23)	2,393.80
6	Net Profit for the period	2,532.08	3,151.70	3,708.77	5,683.78	5,699.90	13,193.94
7	Total Other comprehensive income for the period	(5.21)	(0.59)	3.35	(5.80)	6.69	(2.35)
8	Total Comprehensive Income for the period	2,526.87	3,151.11	3,712.12	5,677.98	5,706.59	13,191.59
9	Net profit attributable to:						
	- Equity holders	2,534.03	3,104.05	3,708.77	5,638.08	5,699.90	13,193.94
	- Non controlling interest	(1.95)	47.65	-	45.70	-	-

Note: During the period ended September 30, 2022, the company had reversed excess income tax provision of Rs. 1,632.99 Lakhs pertaining to earlier years



Indigo Paints | Q2 FY 24 financial Analysis (Consolidated)

Quarterly Financial Highlight (Consolidated)

Particulars (Rs. Crs)	Quarterly			RS. Cr
	Q2	Q1	Q2	% Change
	FY 24	FY 24	FY 23	
Operational Income	279.02	288.42	242.61	15.01%
Other Income	3.17	3.82	3.19	
Total	282.19	292.24	245.80	
Gross Profit	127.14	136.50	101.21	
Gross Margin %	45.57%	47.33%	41.72%	
A&P	15.78	21.06	14.65	7.74%
A&P (% of Revenue)	5.65%	7.30%	6.04%	
EBITDA	42.13	49.11	33.77	24.76%
EBITDA %	15.10%	17.03%	13.92%	
PBT	33.46	42.34	28.21	18.62%
PAT	25.32	31.52	20.76*	21.98%
PAT%	8.97%	10.78%	8.45%	

* Adjusted for reversal of Rs.16.33 cr excess tax provision in Q2 FY23



Analysis | Q2 FY24 (Consolidated)

- Sales growth was **15.01%** on y-o-y basis.
- Gross Margin expanded to **45.57%** from **41.72%** in Q2 FY23
- EBITDA increased by **24.76%** to Rs. 42.13 Cr compared to Rs. 33.77 Cr in Q2 FY23, while the EBITDA margin expanded to **15.10%** from **13.92%** in Q2 FY23.
- After adjusting for the one time gain of Rs. 16.33 Cr in Q2 FY23 due to tax reversal, PAT increased by **21.98%** to Rs. 25.32 Cr compared to Rs. 20.76 Cr clocked in Q2 FY23. PAT margin expanded to **8.97%** compared to **8.45%** in Q2 FY23



Indigo Paints | H1 FY 24 financial Analysis (Consolidated)

Half Yearly Financial Highlight (Consolidated)

RS. Cr

Particulars (Rs. Crs)	Half Yearly		% Change
	H1 FY 24	H1 FY 23	
Operational Income	567.44	466.60	21.61%
Other Income	6.99	3.67	
Total	574.43	470.27	
Gross Profit	263.64	202.43	
Gross Margin %	46.46%	43.39%	
A&P	36.83	35.74	3.06%
A&P (% of Revenue)	6.49%	7.66%	
EBITDA	91.24	69.05	32.14%
EBITDA %	16.08%	14.80%	
PBT	75.80	55.12	37.53%
PAT	56.84	40.67*	39.76%
PAT%	9.89%	8.65%	

* Adjusted for reversal of Rs. 16.33 cr excess tax provision in H1 FY23



Analysis | H1 FY24 (Consolidated)

- H1 FY24 Operational Income increased by **21.61%** over H1 FY23
- Gross Margins expanded to **46.46%** in H1 FY24 from **43.39%** in H1 FY23
- EBITDA increased by **32.14%** to Rs. 91.24 Cr compared to Rs. 69.05 Cr in H1 FY23, while the EBITDA margin expanded to **16.08%** from **14.80%** in H1 FY23
- After adjusting for the one time gain of Rs. 16.33 Cr in H1 FY23 due to tax reversal, PAT increased by **39.76%** to Rs. 56.84 Cr compared to Rs. 40.67 Cr clocked in H1 FY23. PAT margin expanded to **9.89%** compared to **8.65%** in H1 FY23



Agenda for discussion

KPI – Product Mix, Distribution Network



Value / Volume Growth (Q2 FY 24 vs Q2 FY 23)

Product Category	Value Growth	Volume Growth
Cement Paints + Putty	47.9%	50.6%
Emulsions	15.4%	20.0%
Enamels + Wood Coatings	3.0%	5.4%
Primers + Distempers + Others	26.6%	28.8%



Network expansion

	30.09.21	31.12.21	31.03.22	30.06.22	30.09.22	31.12.22	31.03.23	30.06.23	30.09.23
No. of Depots	44	45	47	47	47	47	47	49	51
Active Dealers	14,716	15,242	15,787	16,526	16,758	16,785	16,496	16,693	17,148
Tinting m/c	6,383	6,749	7,101	7,435	7,716	7,978	8,273	8,657	9,114

- Added two more depots (one each in West India & East India) to improve the distribution efficiency
- Tinting Machines population increased by 457 nos. in Q2 FY24 compared to 384 nos. in Q1 FY24 and 295 nos. in Q4 FY23



Future guidance

- Company is building a team for entering Project sales in several states. Separate team for construction chemicals & water proofing also being setup in all depots.
- Witnessed exceptionally good sales in Oct'23, with timely monsoon withdrawal and long festive season.
- On B2B front, Apple Chemie has sharply increased its sales manpower in various parts of India, which is expected to yield significant growth in sales in the upcoming quarters.
- Civil works started for the proposed new water based paint plant at Jodhpur which is expected to commence operation by end of FY 25



Thank You

