

INDIGO Paints Ltd

Analyst/Broker Meet: 14 January 2021



Disclaimer

The information contained in this presentation is for information purposes only and does not constitute an offer or invitation to sell or the solicitation of an offer, recommendation, or invitation to purchase any securities (“Securities”) of Indigo Paints Limited (the “Company”) in India, the United States or any other jurisdiction. This presentation should not, nor should anything contained in it, form the basis of, or be relied upon in any connection with any contract or commitment whatsoever. This presentation is not intended to be a prospectus (as defined under the Companies Act, 2013, as amended) statement in lieu of prospectus, an offering circular, offering document, information memorandum, an invitation or advertisement, or a draft offer document / an offer document under the under the Companies Act, 2013, together with the rules thereunder, each as amended, Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended, or any other applicable law in India..

This presentation is confidential and is intended only for the exclusive use of the recipients thereof, subject to the provisions stated herein, and may not be reproduced (in whole or in part), retransmitted, summarized or distributed by them to any other persons without the Company’s prior written permission. By receiving these materials, you are agreeing to be bound by the foregoing and below restrictions. Any failure to comply with these restrictions may constitute a violation of applicable securities laws.

This presentation may contain forward-looking statements that involve risks and uncertainties. Forward-looking statements are based on certain assumptions and expectations of future events. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Although the Company believes that such forward-looking statements are based on reasonable assumptions, forward looking statements contained in this presentation regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. There is no obligation to update or revise any forward looking statements, whether as a result of new information, future events or otherwise. Representative examples of factors that could affect the accuracy of forward-looking statements include (without limitation) the condition of and changes in India’s political and economic status, government policies, applicable laws, the Indian paint sector, and international and domestic events having a bearing on the Company’s business, and such other factors beyond the control of the Company. It should be understood that subsequent developments may affect the information contained in this presentation, which neither the Company nor its affiliates, advisors or representatives are under an obligation to update, revise or affirm such information. You are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of the Company’s management on future events.

The opinion expressed herein with respect to the Company is based on a number of assumptions, and is subject to a number of known and unknown risks, which may cause the Company’s actual results or performance to differ materially from any projected future results or performance expressed or implied by such statements. The information contained in this presentation should be considered in the context of the circumstances prevailing at the time and has not been, and will not be, updated to reflect material developments, which may occur after the date of the presentation. The information set out herein may be subject to updating, completion, revision, verification and amendment and such information may change materially. This presentation is based on the economic, regulatory, market and other conditions as in effect on the date hereof. You acknowledge and agree that the Company and/or its affiliates and/or their respective employees and/or agents have no responsibility or liability (express or implied) whatsoever and howsoever arising (including, without limitation for any claim, proceedings, action, suits, losses, expenses, damages or costs) which may be brought against or suffered by any person as a result of acting in reliance upon the whole or any part of the contents of this presentation and neither the Company, its affiliates nor their respective employees or agents accepts any liability for any error, omission or misstatement, negligent or otherwise, in this presentation and any liability in respect of this presentation or any inaccuracy therein or omission therefrom which might otherwise arise is hereby expressly disclaimed.

This presentation has been prepared by the Company solely, and not by the book running lead managers appointed in relation to the issue (“BRLMs”). This document is a summary only and does not purport to contain all of the information that may be required to evaluate any potential transaction and any recipient hereof should conduct its own independent analysis of the Company and its business, including the consulting of independent legal, business, tax and financial advisers. The information in this presentation has not been independently verified. No representation, warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information and opinions in this presentation. None of the Company, the BRLMs or any of their respective directors, officers, employees, agents or advisers, or any of their respective affiliates, advisers or representatives, undertake to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise and none of them shall have any liability (in negligence or otherwise) for any loss howsoever arising from any use of this presentation or its contents or otherwise arising in connection with this presentation. Further, nothing in this document should be construed as constituting legal, business, tax or financial advice.



Disclaimer

Information in this presentation is from publicly available information as well as industry publications, and the report titled “*Independent Market Report for Paints Sector in India*” dated November 9, 2020 (the “F&S Report”) prepared and issued by Frost & Sullivan India Private Limited which includes the following disclaimer:

“This study has been undertaken through extensive primary and secondary research, which involves discussing the status of the industry with leading market participants and experts, and compiling inputs from publicly available sources, including official publications and research reports. Estimates provided by Frost & Sullivan (India) Private Limited (“Frost & Sullivan”) and its assumptions are based on varying levels of quantitative and qualitative analyses, including industry journals, company reports and information in the public domain.

Frost & Sullivan has prepared the report in an independent and objective manner, and it has taken all reasonable care to ensure its accuracy and completeness. We believe that the report presents a true and fair view of the industry within the limitations of, among others, secondary statistics and primary research, but it does not purport to be exhaustive. The results that can be or are derived from these findings are based on certain assumptions and parameters/conditions. As such, a blanket, generic use of the derived results or the methodology is not encouraged.

Forecasts, estimates, predictions, and other forward-looking statements contained in the report are inherently uncertain because of changes in factors underlying their assumptions, or events or combinations of events that cannot be reasonably foreseen. Actual results and future events could differ materially from such forecasts, estimates, predictions, or such statements.

In making any decision regarding the Offer, potential investors should conduct their own investigation and analysis of all facts and information contained in the offer documents in which extracts, in full or part, of the Report are included and must rely on their own examination of the Company and the terms of the Offer. Potential investors should not construe any of the contents of the Report as advice relating to business, financial, legal, taxation or investment matters and are advised to consult their own business, financial, legal, taxation, and other advisors concerning the Offer.”

The BRLMs directly and/or through their affiliates, are acting for the Company and not the recipient of this document and the receipt of this document by any recipient is not to be taken as the giving of investment advice by the BRLMs or their affiliates to that recipient, nor to constitute such person a customer or client of the BRLMs or their affiliates. Accordingly, none of the BRLMs or any of their respective affiliates, advisors, any person acting on any of their behalf will be responsible in any manner whatsoever to the recipient for, including but not limited to, providing protections afforded to their customers or clients or advising the recipient in relation to any potential transaction. None of the BRLMs or any of their respective affiliates, advisors, any person acting on any of their behalf shall have any liability whatsoever for loss however arising, directly or indirectly, from the use of the information communicated in or in relation to this presentation and they make no representation or warranty, express or implied, that the information in this document is accurate, complete or up to date. You will be solely responsible for your own assessment of the market and the market position of the Company and you will conduct your own analysis and be solely responsible for forming your own view of the potential future performance of the business of the Company. The BRLMs, directly and/or through their affiliates may act as market maker or assume an underwriting commitment in the securities of any companies discussed in these materials, may sell them to or buy them from clients on a principal or discretionary basis and may also perform or seek to perform banking or underwriting services for or relating to those companies, and may, from time to time, perform or solicit banking, financial or other services for or from any company mentioned herein, and these activities may give rise to a conflict of interest, which the recipient hereby acknowledges.

By attending or viewing all or part of this presentation, you (A) acknowledge and agree to be bound by the limitations and restrictions described herein, (B) agree to maintain confidentiality regarding the information disclosed in this presentation, and (C) agree to maintain confidentiality of the existence and scope of this presentation and of all conversations regarding this potential investment opportunity, (D) represent that you are lawfully able to receive this presentation under the laws of the jurisdiction in which you are located or other applicable laws.



Disclaimer

This presentation is not an offer of securities for sale in the United States or elsewhere. This presentation has been prepared for publication in India and is not for publication or distribution, directly or indirectly, in or into the United States. Any securities referred to herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “U.S. Securities Act”) or any state securities laws in the United States, and unless so registered may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Any securities referred to herein may be offered and sold within the United States only to “qualified institutional buyers” (as defined in Rule 144A under the U.S. Securities Act) in reliance on Rule 144A or another available exemption from registration under the U.S. Securities Act and outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales are made. There will be no public offering of any securities referred to herein in the United States. This presentation is not intended to be a prospectus (as defined under the Companies Act 2013, to the extent notified and in force) or an Offer document under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018, as amended.

It may be unlawful to distribute these materials in certain jurisdictions. These materials are not for publication or distribution, directly or indirectly, in or into Australia, Canada or Japan. The information contained in these materials does not constitute an offer of securities for sale in Australia, Canada or Japan. By accepting this presentation, the recipient acknowledges and agrees that (1) it will hold in confidence the information contained herein; (2) it will not distribute or reproduce this presentation, in whole or in part; (3) the recipient is (a) located outside the United States, (b) is accustomed to receiving the type of information contained in this presentation and (c) is a person into whose possession this presentation may be lawfully delivered in accordance with the laws of the jurisdiction in which it is located.

The information contained in this presentation is not to be taken as any recommendation made by the Company, the BRLMs or any of their advisors or any other person to enter into any agreement with regard to any investment.

The presentation is not to be emailed or distributed. All copies of this presentation will be collected following the presentation.

The Company is proposing, subject to applicable statutory and regulatory requirements, receipt of requisite approvals, market conditions and other considerations, to make an initial public offering of its equity shares (the “Equity Shares”) and has filed a draft red herring prospectus dated November 11, 2020 (the “DRHP”) with the Securities and Exchange Board of India (“SEBI”). The DRHP is available on the website of the SEBI at www.sebi.gov.in, BSE Limited at www.bseindia.com, National Stock Exchange of India Limited at www.nseindia.com and on the websites of the BRLMs at <http://www.investmentbank.kotak.com>, <http://www.edelweissfin.com>, and <http://www.icicisecurities.com>. Any potential investor should note that investment in Equity Shares involves a high degree of risk and for details relating to the same, see the section titled “Risk Factors” on page 23 of the DRHP. Potential investors should not rely on the DRHP for any investment decision.



Offering Summary (1/2)

Company	Indigo Paints Limited
Transaction Type	Initial Public Offer of equity shares of face value of INR 10 each Fresh Issuance of equity shares aggregating to INR 3,000 mn Offer for sale of up to 5,840,000 equity shares
Key Dates	Issue Opens: January 20, 2021; Issue Closes: January 22, 2021
Price Band	INR 1,488 – 1,490 per equity share
Bid Lot	10 equity shares
Percentage of Offer Size Available for Allocation	<ul style="list-style-type: none">• QIB Tranche: Not more than 50% of the Net Offer (Upto 60% for Anchor Investors)• Non-Institutional Investors Tranche: Not less than 15% of the Net Offer• Retail Individual Investor Tranche: Not less than 35% of the Net Offer• Employee Reservation portion of up to 70,000 equity shares



Offering Summary (2/2)

Total Offer Size	INR 11,691.24¹ mn
Payment Mechanism	<ul style="list-style-type: none">• QIB and HNI – ASBA; Retail - ASBA / UPI
Distribution	<ul style="list-style-type: none">• 144A
Use of Net Proceeds	(i) Funding capital expenditure for expansion of its existing manufacturing facility at Pudukkottai, Tamil Nadu; (ii) Purchase of tinting machines and gyroshakers; (iii) Repayment of all or certain of Company's borrowings; and (iv) General corporate purposes.
Listing	<ul style="list-style-type: none">• On or about February 02, 2021
Book Running Lead Managers	<ul style="list-style-type: none">• Kotak Mahindra Capital Company Limited; Edelweiss Financial Services Limited; and ICICI Securities Limited

1) Calculation based on upper price band and including Employee reservation portion



Glossary

Unless otherwise indicated, the following terms used in this presentation shall have the meaning ascribed to them in the table below:

Term	Description
Active Dealer	Dealers that have issued at least two invoices in two different months in the 12 preceding months and that have not been cancelled
Adjusted Material Cost	Adjusted Material Cost is calculated as cost of raw material and components consumed plus purchase of traded goods, decrease/ (increase) in inventories of finished goods and traded goods, excise duty on sale of goods, and freight and forwarding charges.
Capital Employed	Capital employed is calculated as total assets less current liabilities, plus borrowings under current liabilities, current maturities of long-term debts and lease liabilities under current liabilities
EBITDA	EBITDA is calculated as restated profit for the year/ period, plus total tax expenses, exceptional items, finance costs and depreciation and amortization expenses, less other income.
EBITDA Margin	EBITDA Margin is the percentage of EBITDA divided by revenue from operations.
F&S Report	The report titled “Independent Market Report for Paints Sector in India” dated November 9, 2020, prepared and issued by Frost & Sullivan India Private Limited
Gross Margin	Gross Margin is calculated as revenue from operations less Material Cost.
Differentiated Products	Metallic Emulsions, Tile Coat Emulsions, Bright Ceiling Coat Emulsions, Floor Coat Emulsions, Dirtproof & Waterproof Exterior Laminate, Exterior and Interior Acrylic Laminate, and PU Super Gloss Enamel
Material Cost	Material Cost is calculated as cost of raw material and components consumed plus purchase of traded goods, decrease/ (increase) in inventories of finished goods and traded goods, and excise duty on sale of goods.
Media Advertising Spend	Media advertising spend comprises payments incurred towards (i) the media agency engaged by us for securing advertisement slots from media channels, (ii) digital media activities; (iii) media houses, (iv) BARC, (v) provisions for other expenses, and (vi) media advertising expenses.
Other Operating Expenses	Other operating expenses is calculated as other expenses less freight and forwarding charges and advertisement and sales promotion expenses.
PAT Margin	PAT Margin is calculated as restated profit for the year/ period divided by total income, represented as a percentage.
ROCE	Return on Capital Employed is calculated as EBIT divided by Capital Employed.
ROE	Return on equity is calculated as restated profit for the year/ period divided by total equity.

Note: All the financial numbers mentioned for peers are on standalone basis



Agenda for discussion



Corporate overview

Our strategy

Financial performance

Agenda for discussion



Corporate overview



Our industry

- Indian decorative paint industry valued at Rs 403 bn in FY 19
- Grown at 11.5% CAGR from FY 14 - FY 19; to grow at 13% CAGR (FY 19 – FY 24)
- Oligopoly by 4 large players, who have ~66% market share
- Strong barriers to entry in this industry
- 78% of demand from repainting; reduction in repainting cycle
- Tier 2 – Tier 4 cities and rural areas account for 50% of demand

Source: F&S Report, and pertain to FY 19 unless stated otherwise



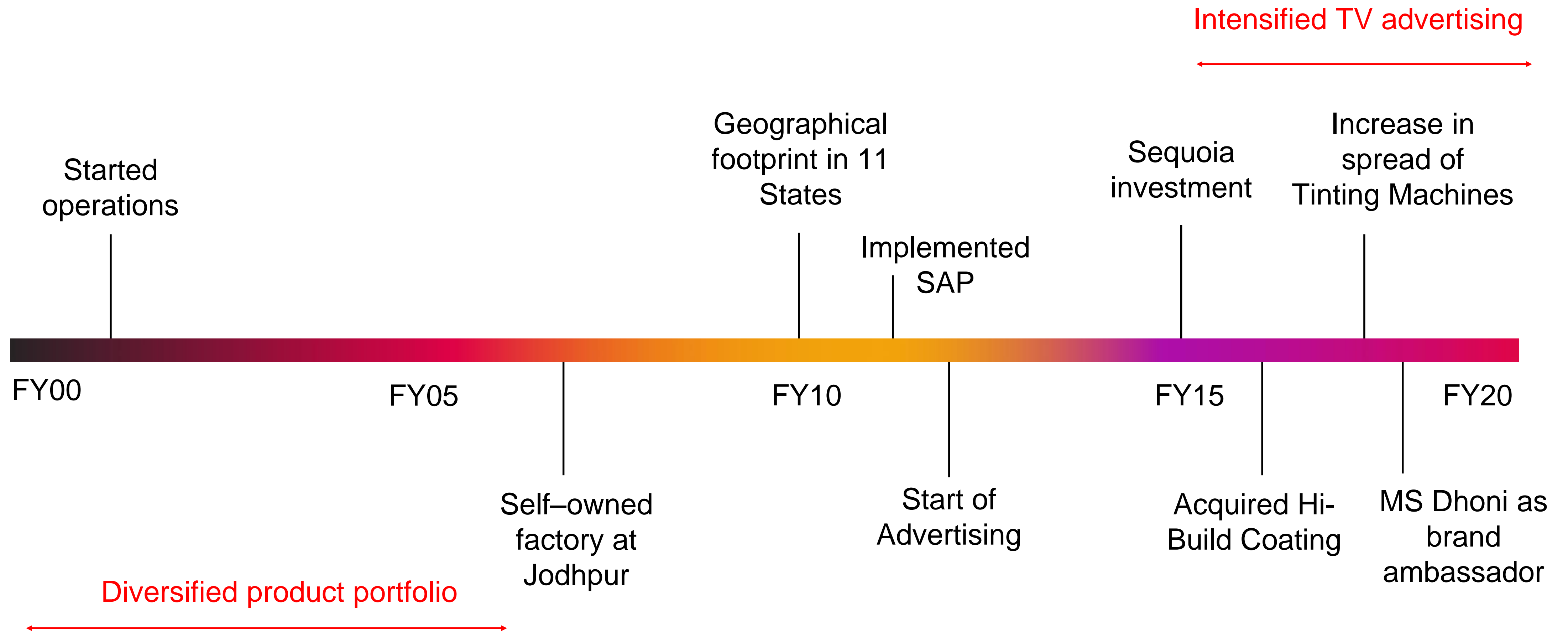
As we are today

- 5th largest decorative paint manufacturer in India
- Fastest growing amongst top 5 paint producers
- Present in 27 States (of 28) and 7 UTs (of 8) in India as of September 30, 2020
- ~28% of revenues from highly Differentiated Products in FY 2020
- Extensive presence in small towns; expanding fast into larger cities
- Fast growing advertising spends leading to high brand salience
- Leveraging brand equity to increase tinting machine population
- 3 manufacturing locations, in close proximity to raw materials

Source: F&S Report, and pertain to FY 19 unless stated otherwise



Journey milestones



- CAGR in Revenue of ~42% from FY 10 to FY 19
- Revenue growth >16% in covid-impacted FY 20; Net revenues of Rs. 6,248 mn; fast rising profitability

Source: F&S Report



Board of Directors

Executive Directors:

1. Mr Hemant Jalan B.Tech (IIT-K), M.S. (Stanford U), M.B.A. (Univ of Chicago)
2. Mr K V N Kutty B.S. Mech Engg (Univ of Kerala), PGDBM (IIM-Calcutta)
3. Mrs Anita Jalan

Sequoia Nominee Director:

4. Ms Sakshi Chopra M.B.A. (Asian Inst of Mgmt)

Independent Directors:

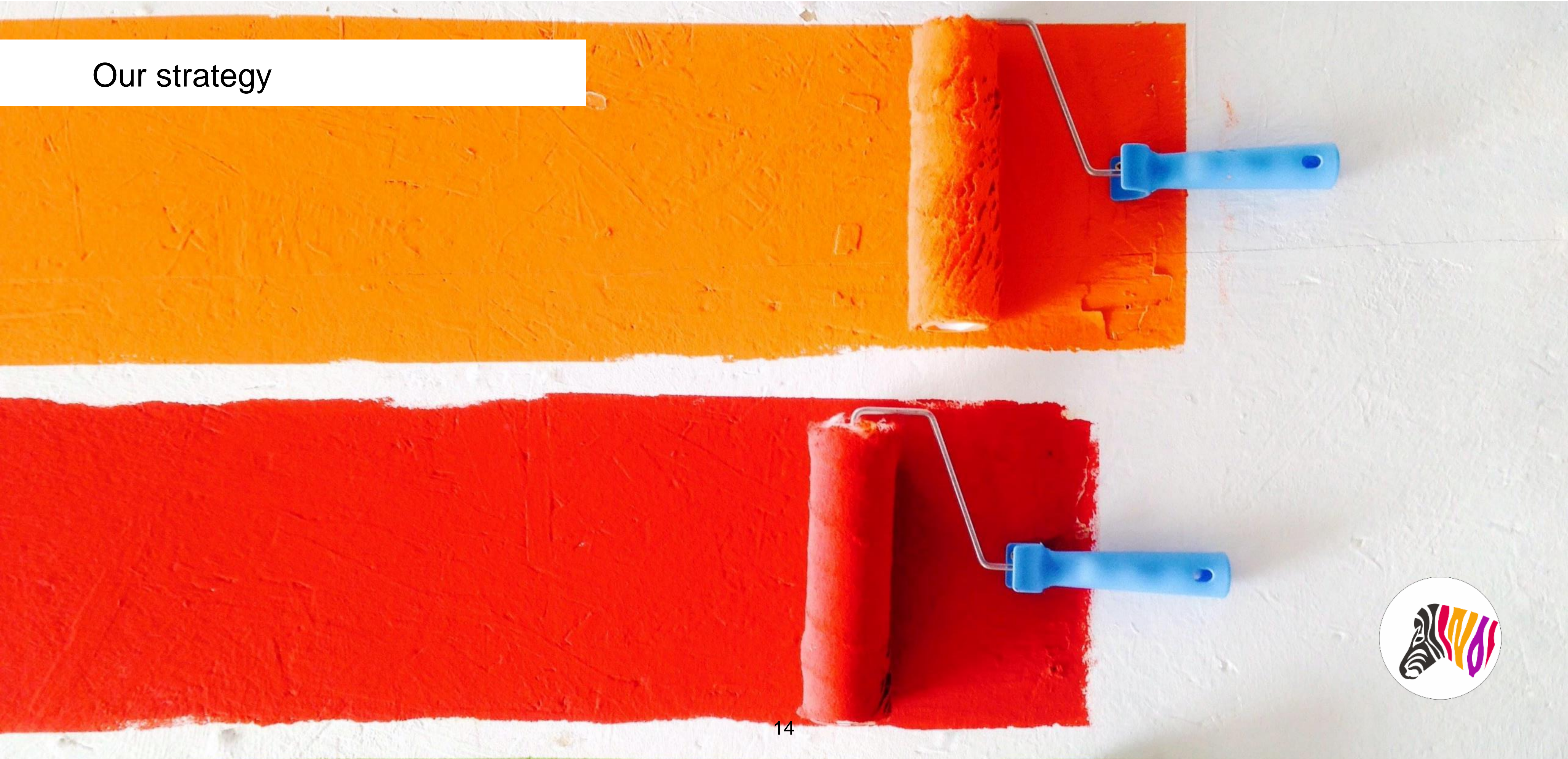
5. Mr Sunil Goyal Chartered Accountant
6. Mr Praveen Tripathi B.Tech (IIT-K), PGDBM (IIM-Ahmedabad)
7. Mr Ravi Nigam PGDRM (IRMA), Mgmt Prog (Harvard)
8. Ms Nupur Garg Chartered Accountant, M.B.A. (Sloan School – MIT)

High standards of corporate governance, with Sequoia Capital as investor and E&Y as auditor for over 6 years.



Agenda for discussion

Our strategy



Barriers to entry

Strong entry barriers by 4 Large players:

- Difficulty in establishing wide distribution network
- Long entrenched players with significant Brand equity
- Large existing population of Tinting machines

Source: F&S Report, and pertain to FY 19 unless stated otherwise



Barriers to entry

Barrier #1: Distribution Network

- Need to establish direct “creditworthy” relationship with 15,000 – 30,000 retail outlets (all multi-brand)
- Need to penetrate Tier-4 towns and rural areas
- Start from small towns and work up, not reverse
- Requires years of patience

Source: F&S Report



Barriers to entry

Barrier #2: Building Brand equity

- Heavily advertised category, entrenched players
- Existing brands are household names
- Huge clutter in media for Paint brands
- Need differentiated approach
- Need sustained heavy spends to be noticed

Source: F&S Report, and pertain to FY 19 unless stated otherwise



Barriers to entry

Barrier #3: Populating Tinting machines

- Tinting machines are capital intensive
- Severe lack of space in Retail outlets
- Large players have populated Retail network with Tinting machines
- Dealers unwilling to install Tinting m/c unless strong brand salience

Source: F&S Report, and pertain to FY 19 unless stated otherwise



Strategy #1: Differentiated products

Range of differentiated products:

1. Category creator products:

- Metallic Emulsion: metallic finish paint for walls
- Tile Coat Emulsion: high gloss paint for external roof tiles
- Bright Ceiling Coat: special paint for interior ceilings
- Floor Coat Emulsion: glossy durable paint for driveways

2. Unique products in existing categories:

- Dirtproof & Waterproof Exterior Laminate: unique paint with double protection
- Acrylic Laminate: high sheen paint for exteriors & interiors
- PU Enamels: unique enamel paint with very high gloss and finish



Strategy #1: Differentiated products

Advantages of differentiated products:

- Almost 28% of our value sales from Differentiated Products in FY 2020
- These yield higher gross margins than others, as we set pricing terms
- First to introduce, making it easier to expand distribution network

Source: F&S Report



Strategy # 2: Building distribution network

Our approach over last 20 years:

- Gradual patient approach to building distribution network
- Start with Tier-3 and Tier-4 cities and rural areas, and slowly work into larger cities
- Use differentiated products to get foot in the door; then expand presence at retail counter

Source: F&S Report



Strategy # 2: Building distribution network

Present position:

- Footprint in 27 out of 28 States and 7 UTs in India as of September 30, 2020
- Significant presence in Tier-3 & Tier-4 towns and rural areas
- Large scope for dealer network expansion in recently entered States like Telangana, Gujarat, Maharashtra, Karnataka and Tamil Nadu
- Strengthening network in North India, in Punjab, Uttarakhand, J&K
- Huge untapped potential in large cities, where we are fast expanding, e.g. Kochi, Thiruvananthapuram, Kanpur, Patna, Ranchi
- Present active dealer count of >11,000, compared to 15,000 - 70,000 of other large players



Strategy #3: Advertising

Advertising approach:

- Difficult for new entrant to create brand equity in highly advertised category
- Initially advertised our differentiated products, to avoid clutter
- Use of single brand INDIGO, reaped benefit across all products
- Appointed M S Dhoni as brand ambassador, having pan-India appeal
- Leveraging growing brand salience to advertise other products too



Strategy #3: Advertising



The advertisement features a man in a yellow shirt and grey pants crouching on a floor made of red, yellow, and black interlocking tiles. A zebra is jumping joyfully on the floor. In the foreground, a bucket of Indigo Floor Paint is shown. The bucket is brown with a white lid and a colorful logo. The text on the bucket reads "INDIGO Be surprised! FLOOR COAT EMULSION PLATINUM SERIES".

Not out... for years!

INDIGO
Floor Paint



Strategy #3: Advertising



**If it's got the
best shine,
it has to be**

**INDIGO
PU Enamel**



Strategy #3: Advertising



**Gives your walls the best shine.
Inside and outside.**



INDIGO
Exterior & Interior
Acrylic Laminate



Strategy #3: Advertising

Media spends:

- Our Advertisement & Sales Promotion spends are 12.7% of Revenue from operations, compared to 3.3% - 5.0% of other large players (FY 20)

Media Advertising Expense (FY 2020)*				
Asian Paints	Berger Paints	Kansai Nerolac	Akzo Nobel	Indigo Paints
Rs 2884 mn	Rs 740 mn	Rs 631 mn	Rs 355 mn	Rs 615 mn

*(Approximate numbers)

- Reached parity with large players in media spends; need not increase much in future
- Our Media spends as % of Revenues to drop in future years, to drive profitability

Source: F&S Report



Strategy #4: Populating Tinting machines

Problem statement:

- Tinting machines at Dealers prerequisite to selling Emulsions
- Tinting m/c costs ~Rs 0.13 mn ; further investment in computer required to run it
- Problem is more of space rather than finance
- Dealer unwilling to install machine, without brand salience

Source: F&S Report



Strategy #4: Populating Tinting machines

Our Strategy:

- Leveraged growing brand equity to install Tinting machines
- Developed machine with built-in computer
- Started with smaller towns, and expanding population in larger cities
- Installed ~4600 tinting machines up to Sep 30, 2020
- Have been adding ~1250 Tinting m/c every year since FY 2018
- Huge headroom to take count to 17,000 - 20,000



Other strengths

Strategically located manufacturing plants:

- Operate 3 manufacturing plants, in Rajasthan, Kerala & Tamil Nadu
- All plants located in close proximity to raw materials
- Reduces input costs of materials and increases Gross margins
- Although Outward freight costs are higher, Adjusted Material Cost remain competitive compared to others
- Periodically expanded capacities at all locations



Other strengths

Human Resources:

- Highly qualified/experienced base of key management personnel
- Flat and lean organisation, manned with young professionals
- Low manpower attrition
- High incentivization and grant of ESOPs
- Helps control Other Operating Expenses

Source: F&S Report



Salient features

Key Performance Indicators:

	31.3.18	31.3.19	31.3.20
No. of Depots	33	33	36
Active Dealers	9,210	10,246	11,230
Diff.prod. share of Rev.	26.7%	27.6%	28.6%
Tinting m/c nos.	1808	3143	4296



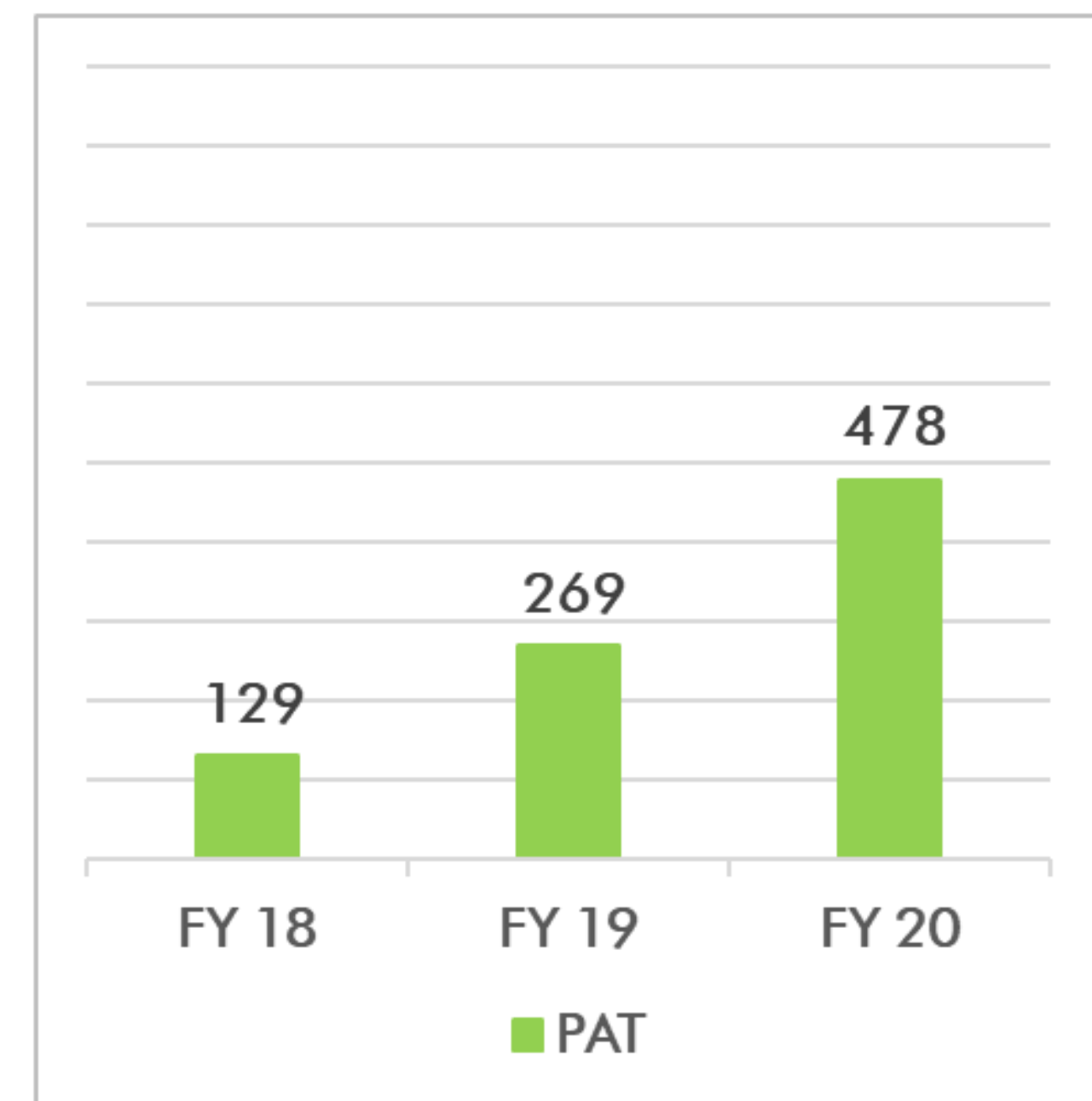
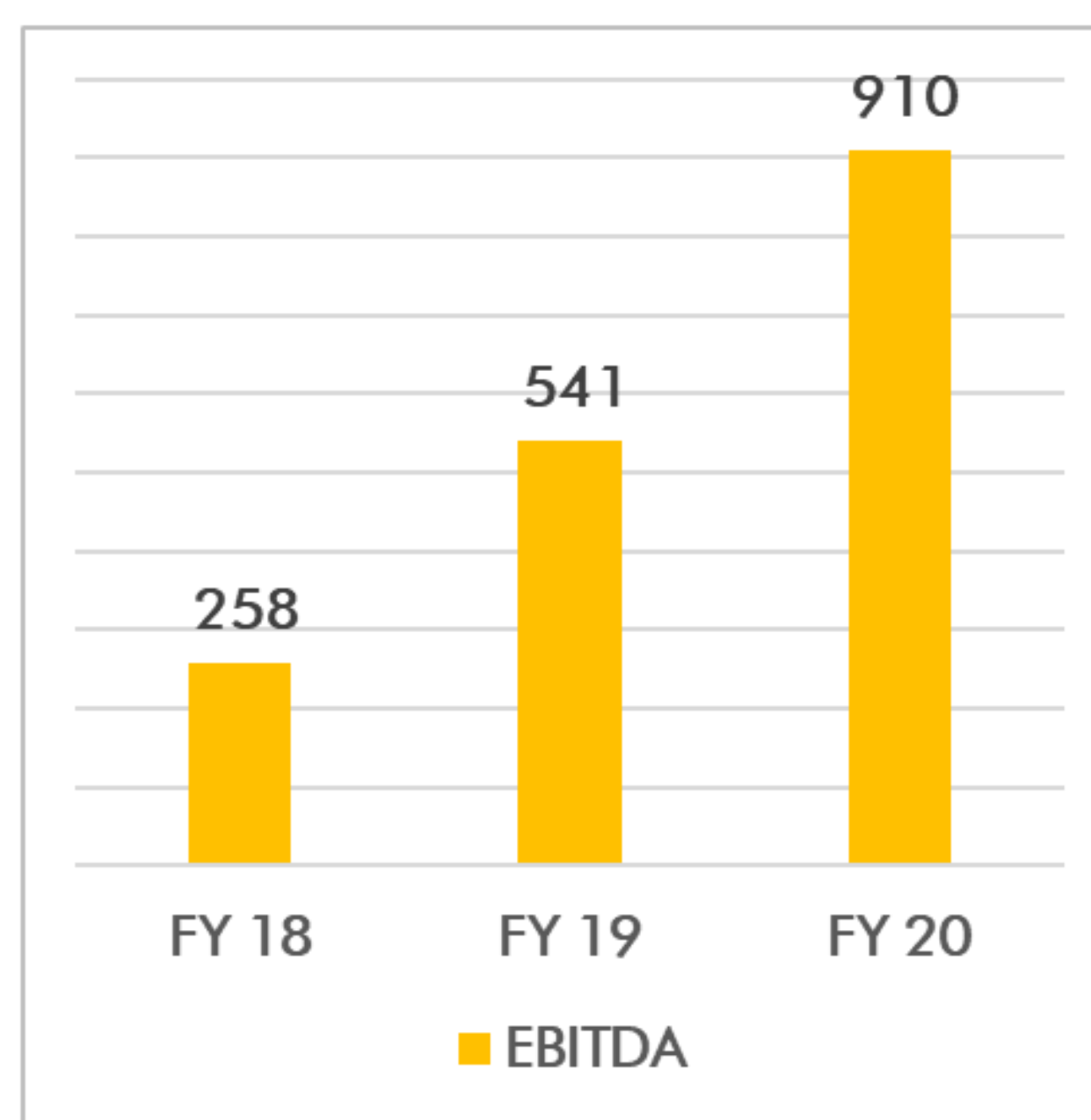
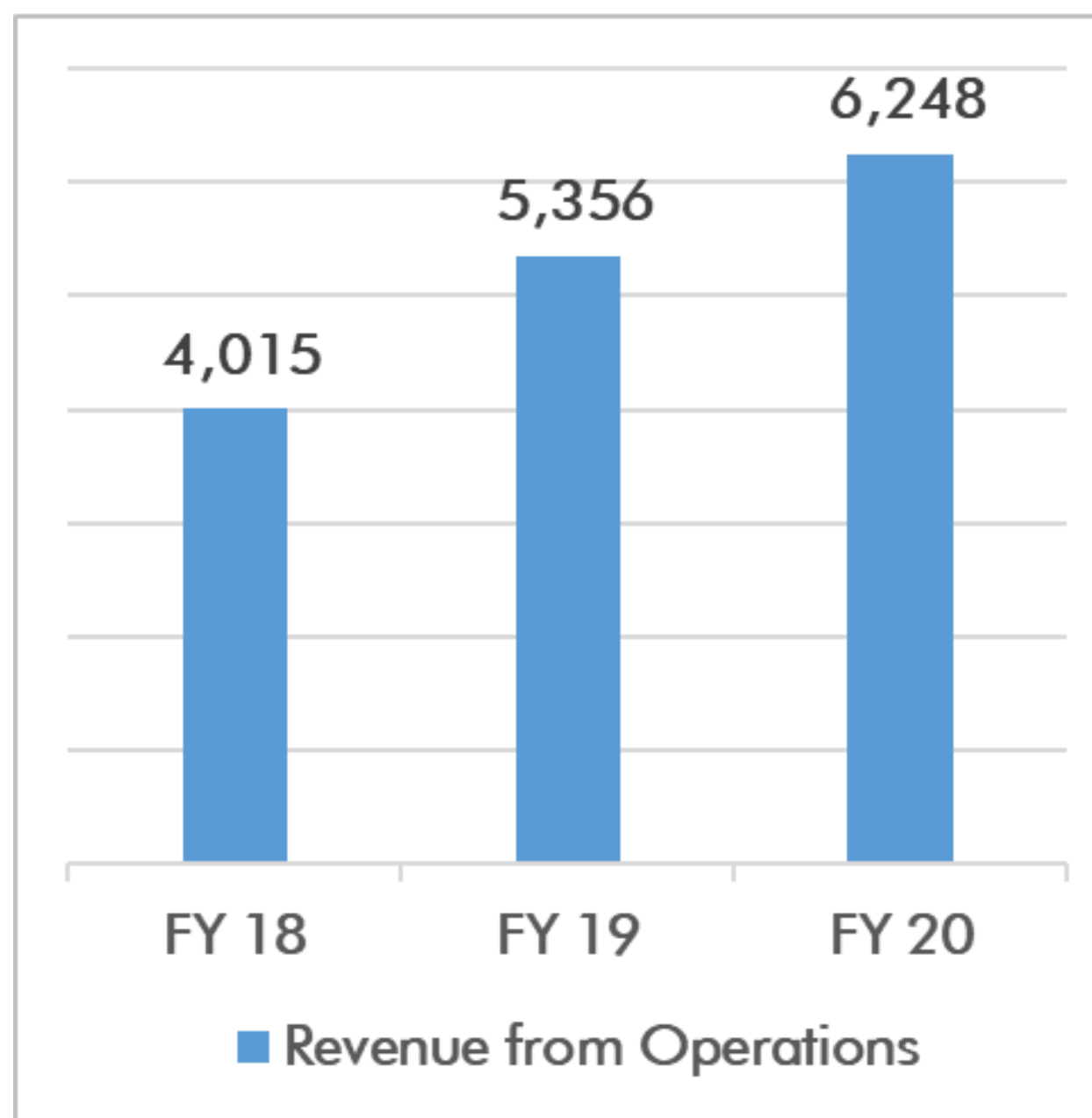
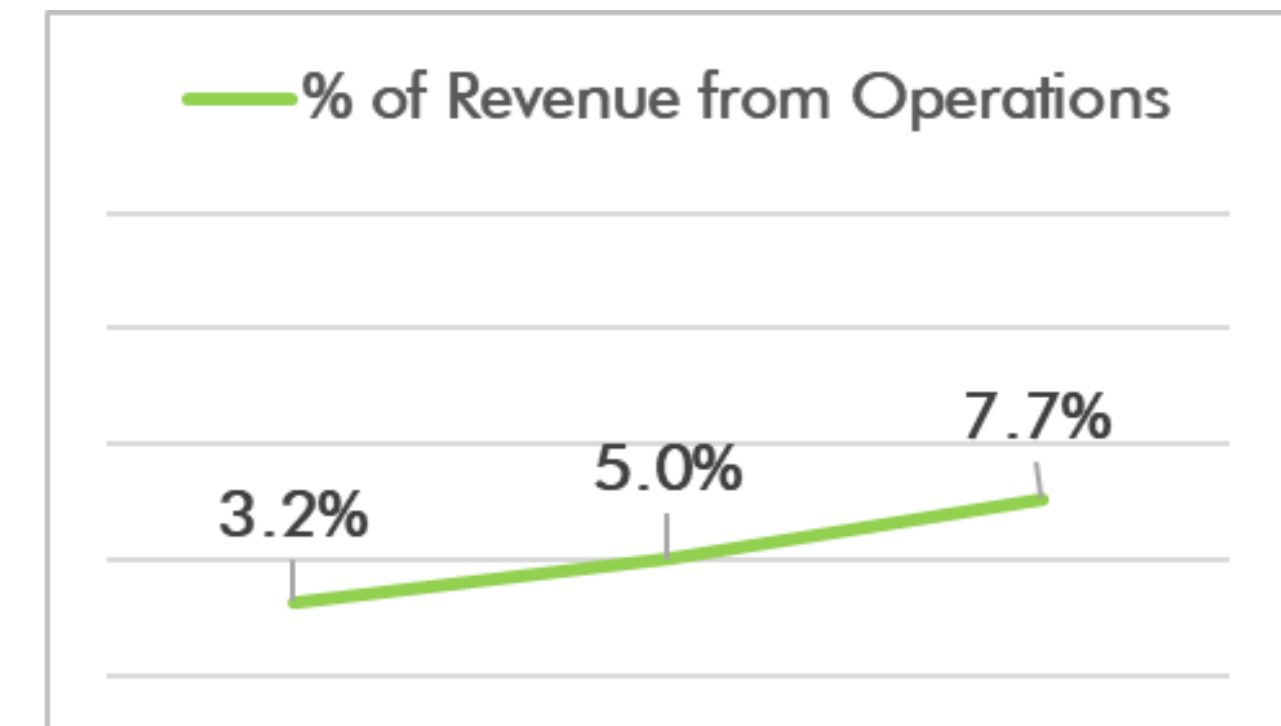
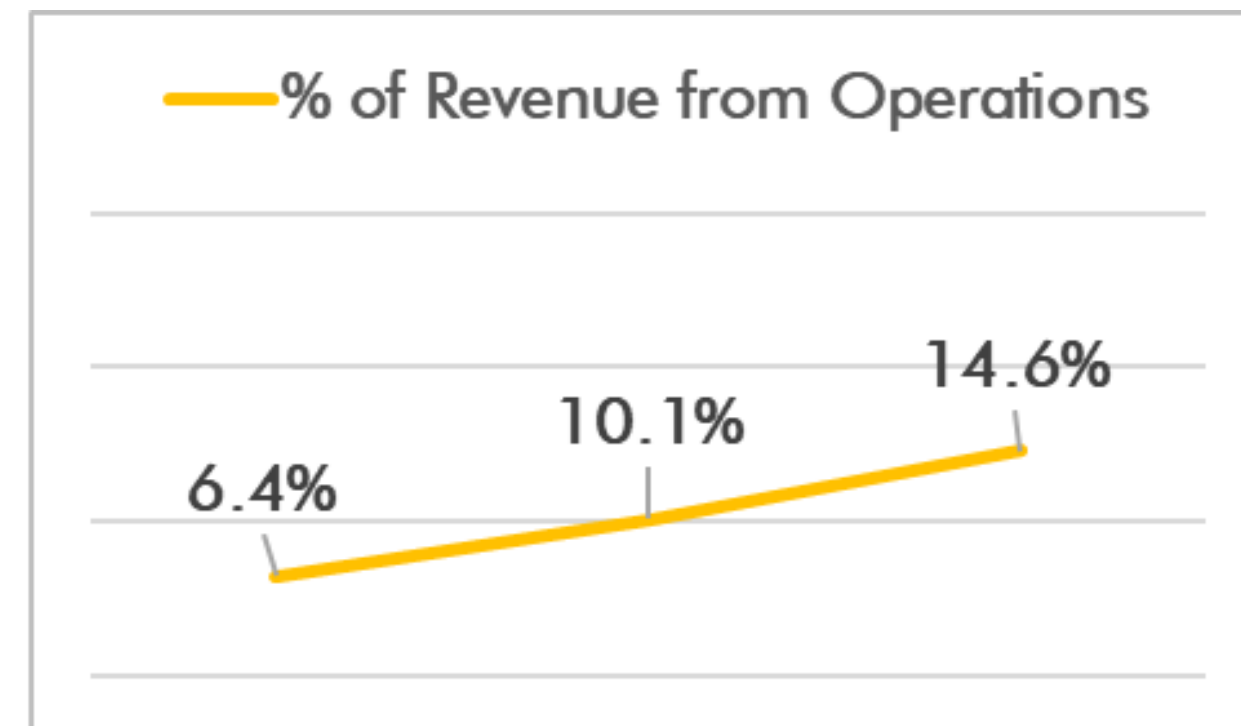
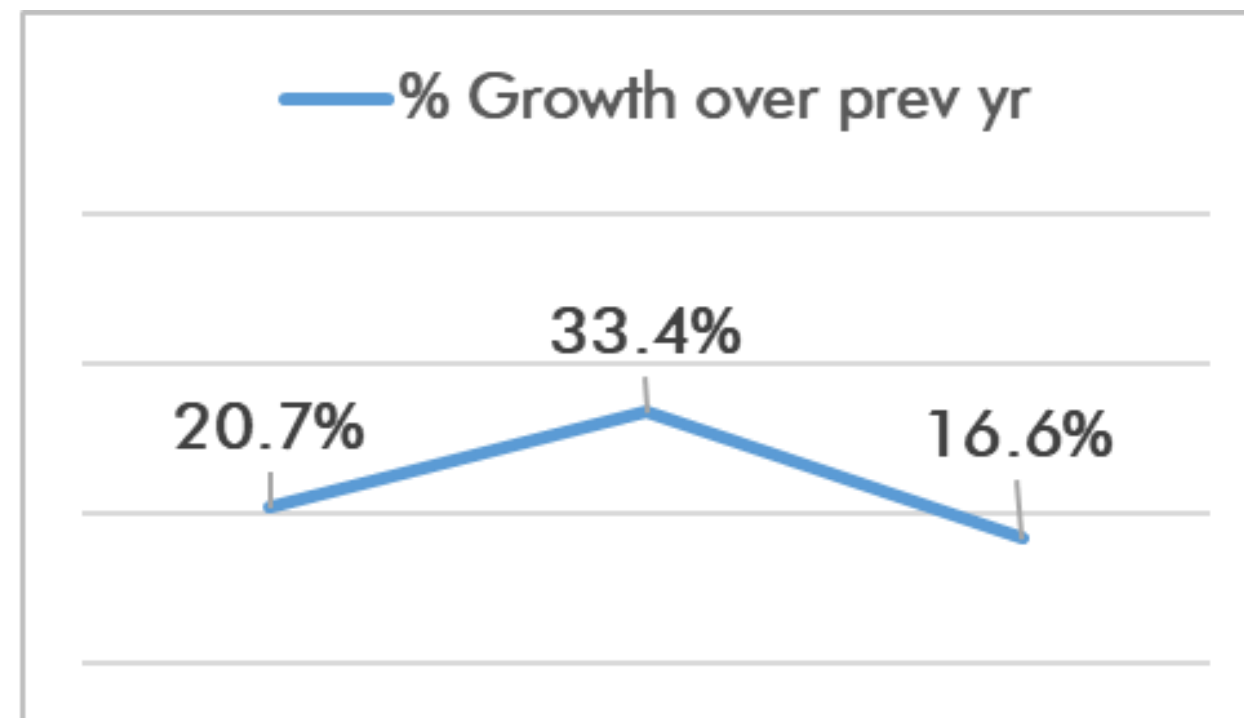
Agenda for discussion

Financial Performance



Financial snapshot of Indigo Paints

INR Mn

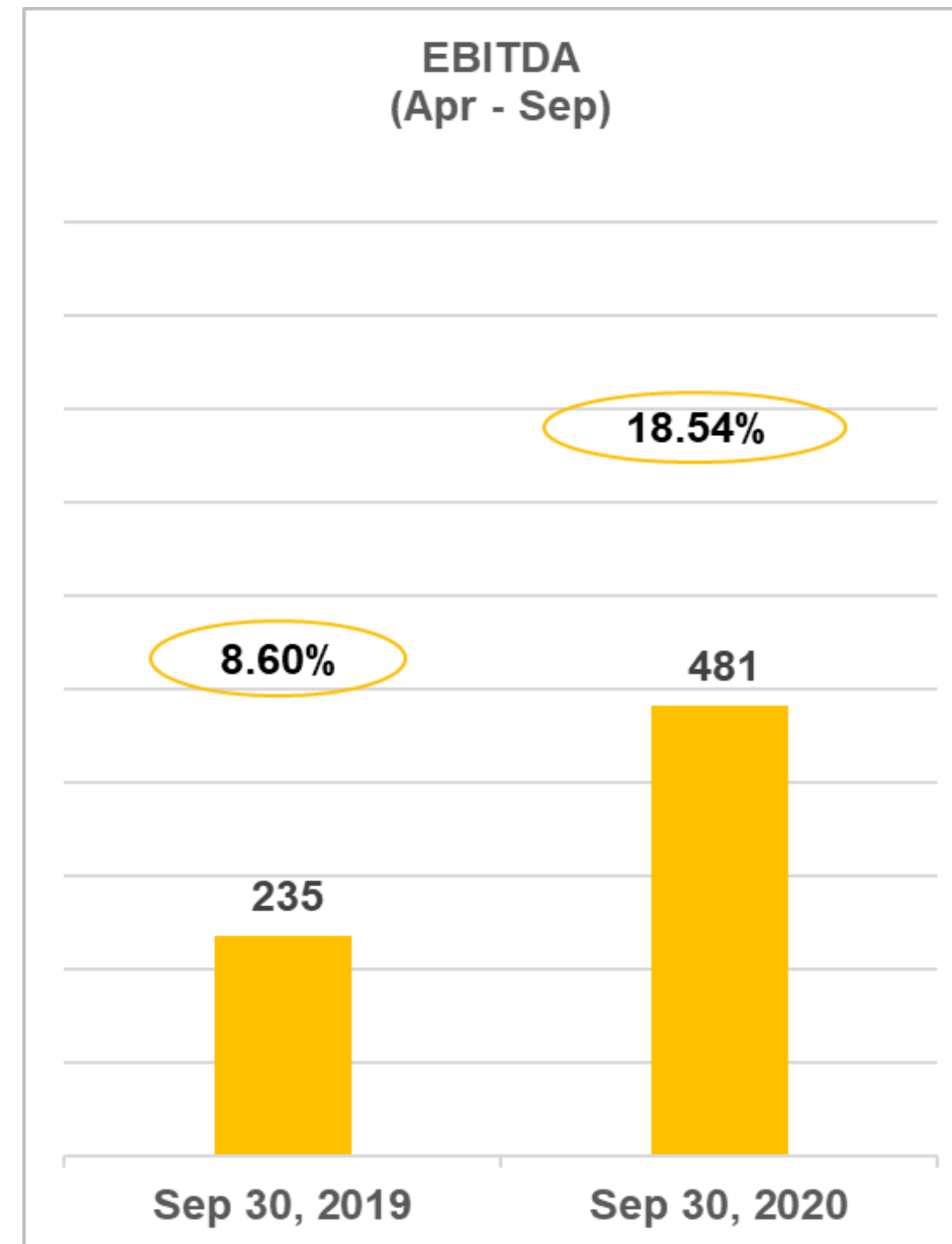
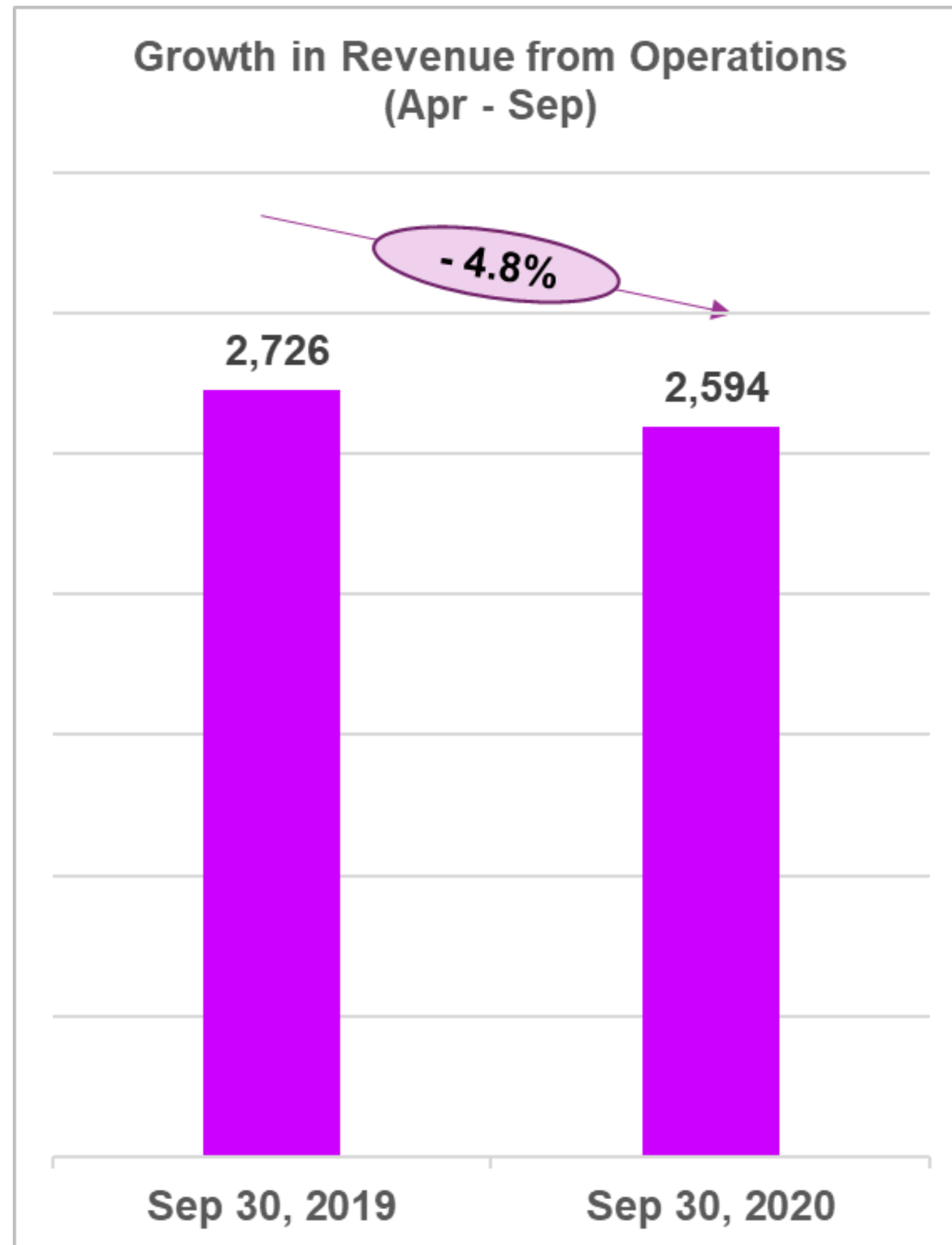


Source: Restated Financial Statement of Indigo Paints Limited



Financial snapshot of Indigo Paints

INR Mn



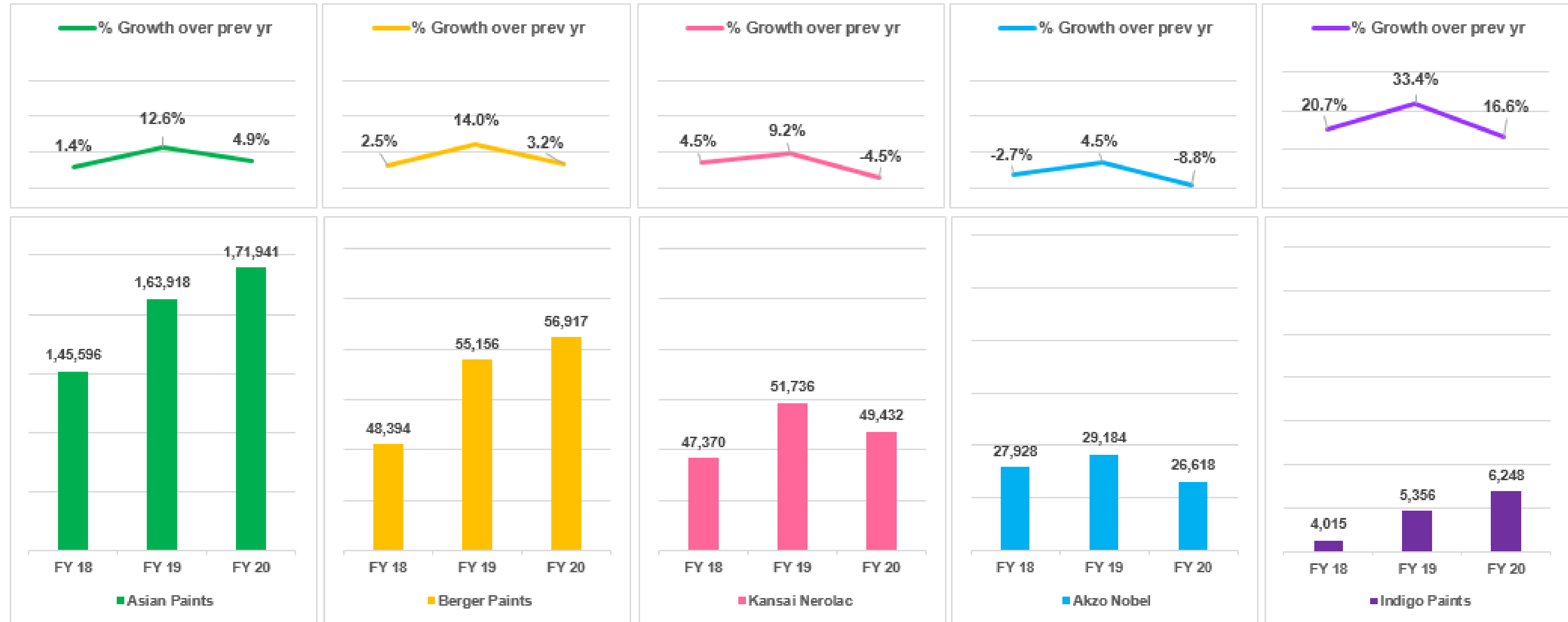
Source: Restated Financial Statement of Indigo Paints Limited



Comparison with peers

Revenue from Operations:

INR Mn



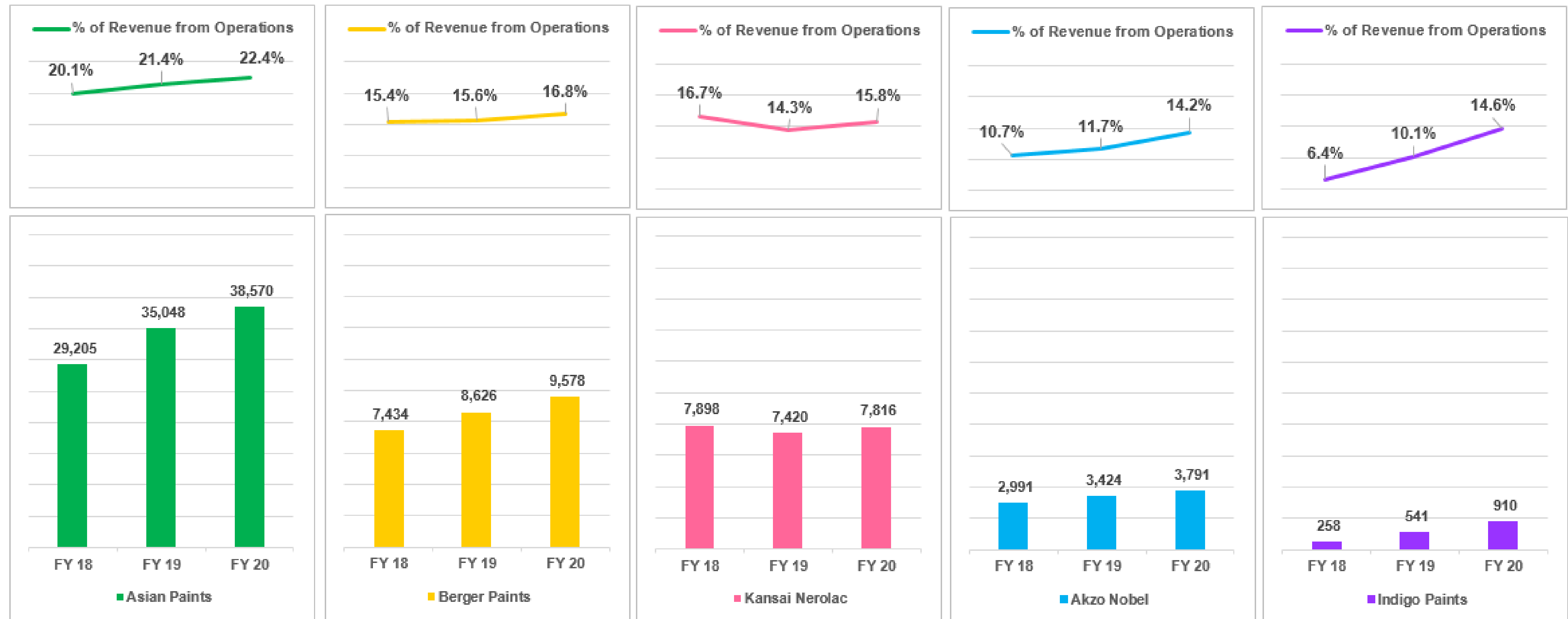
All peer data are standalone numbers from F&S Report; Indigo data from Restated Financial Statements



Comparison with peers

EBITDA:

INR Mn

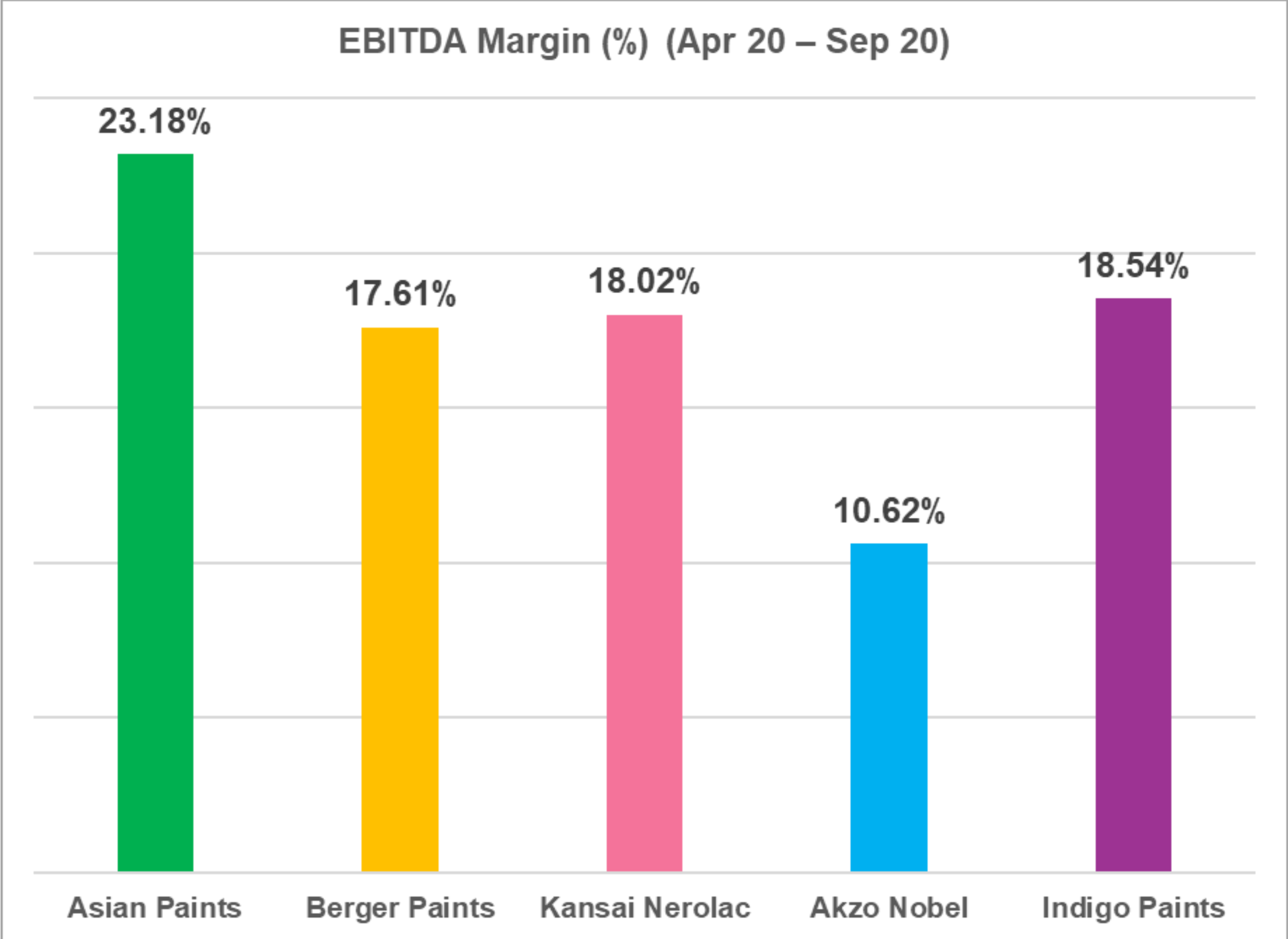
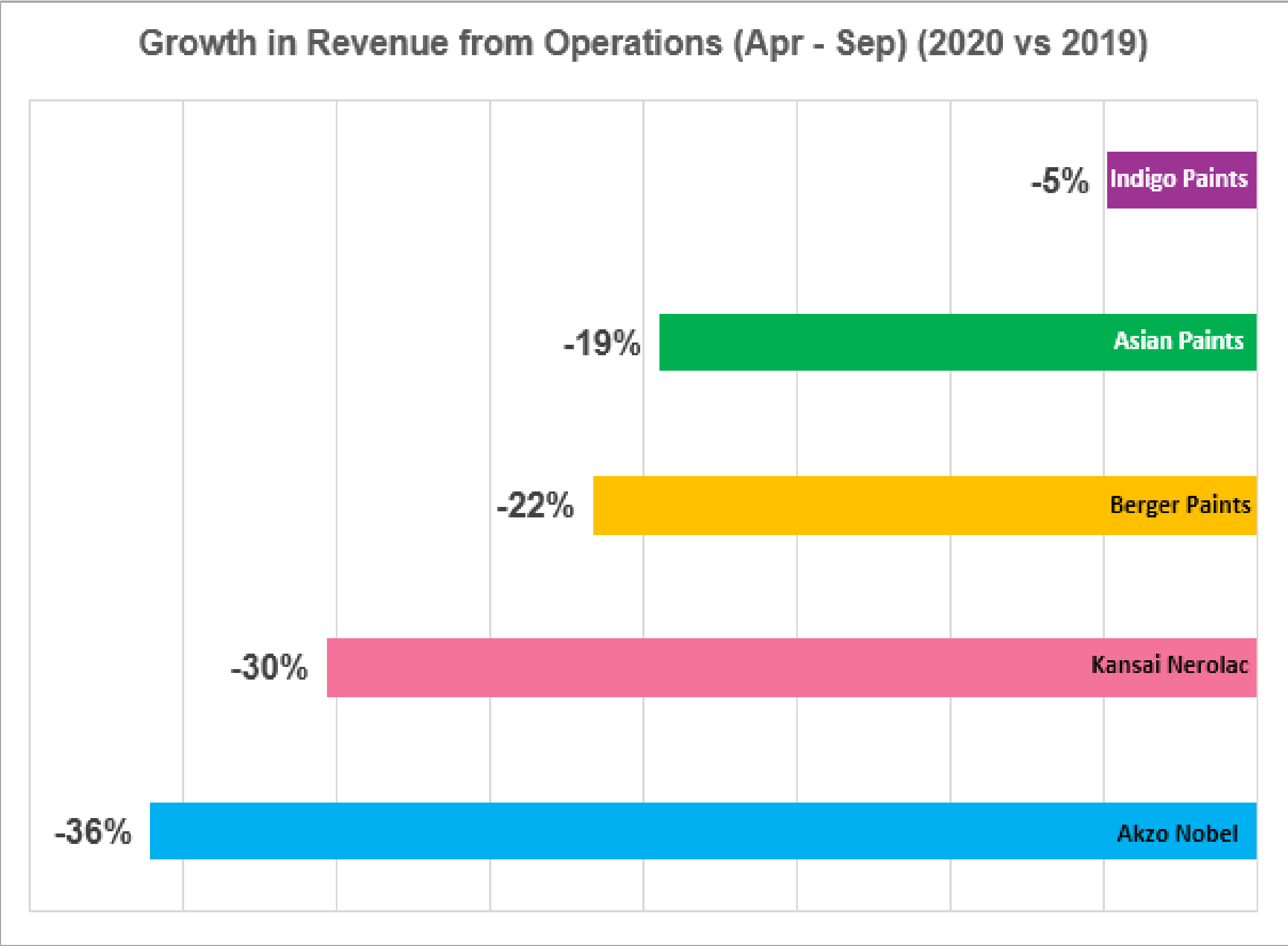


All peer data are standalone numbers from F&S Report; Indigo data from Restated Financial Statements



Covid-19 Impact (Apr-Sep 2020)

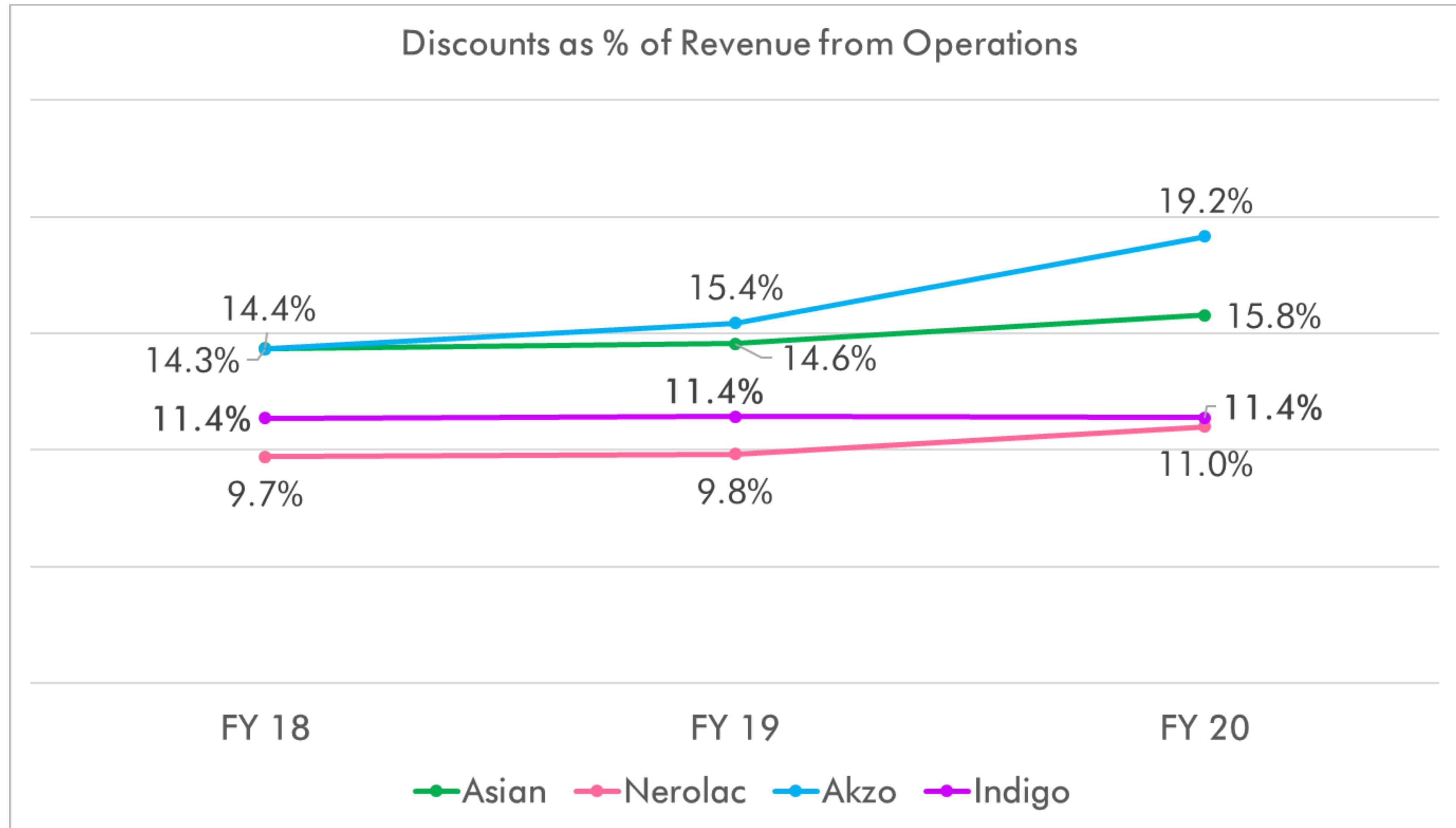
INR Mn



All peer data are standalone numbers from F&S Report; Indigo data from Restated Financial Statements



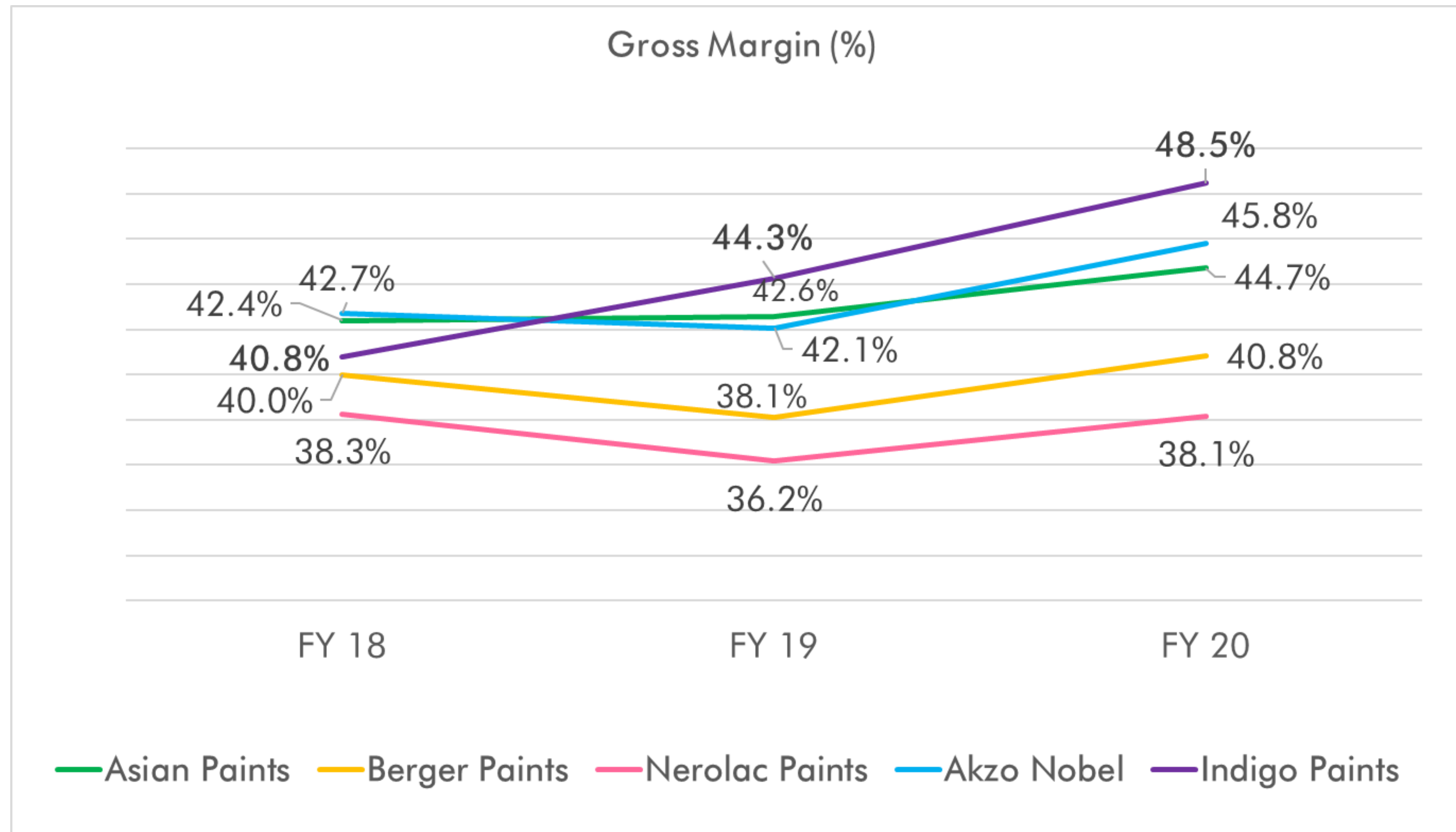
Analysis of Differences



All peer data are standalone numbers from F&S Report; Indigo data from Restated Financial Statements



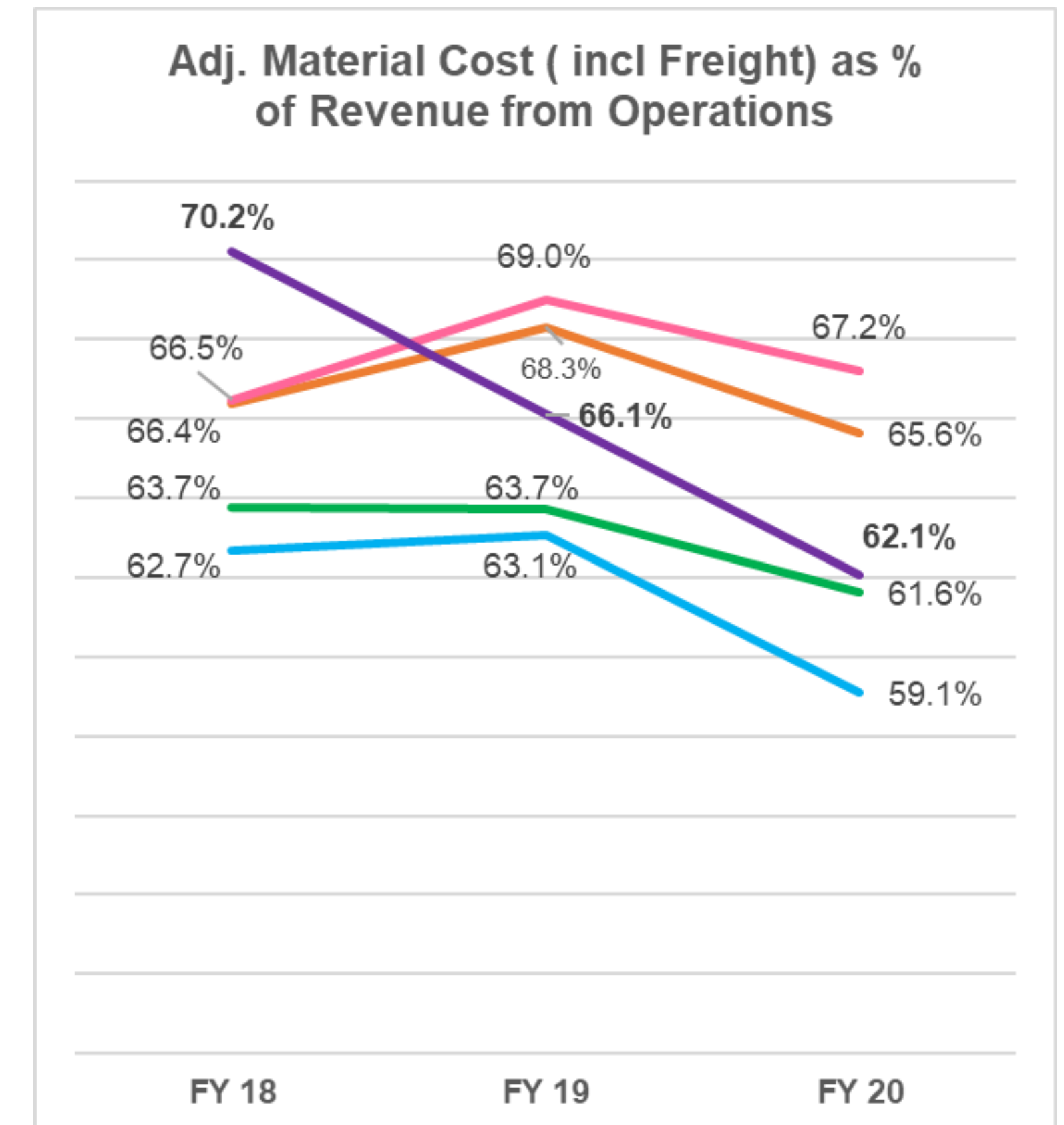
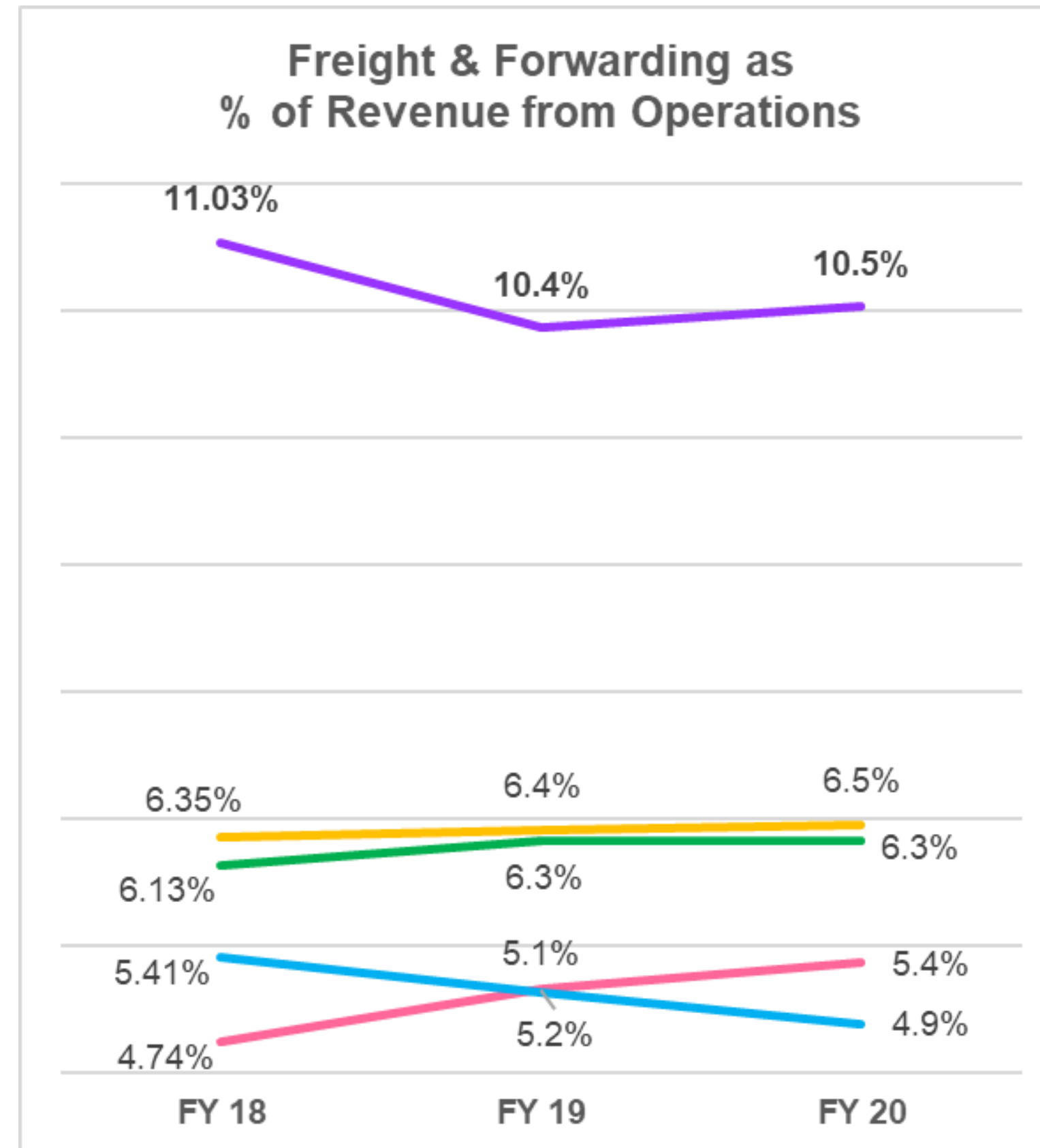
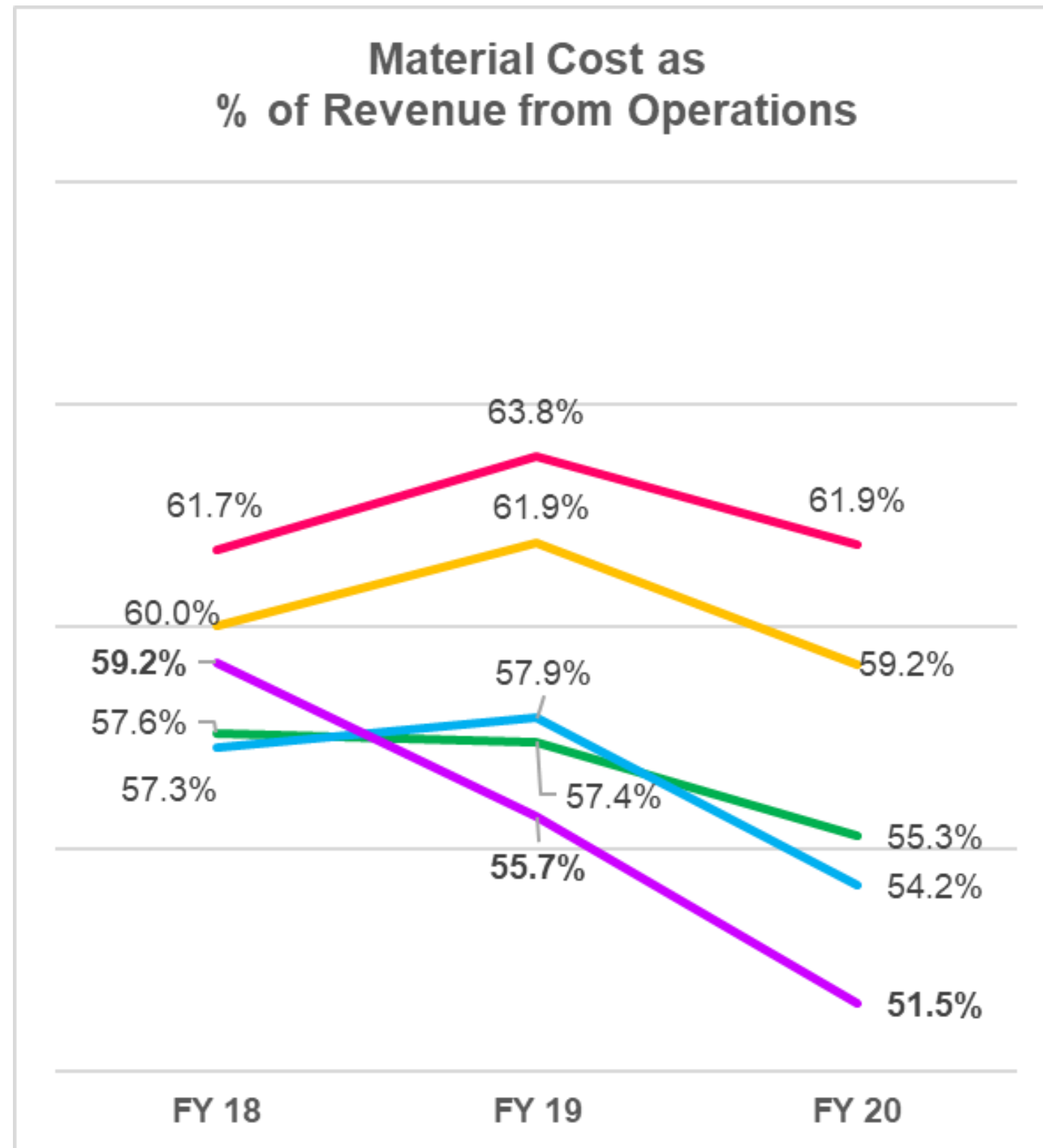
Analysis of Differences



All peer data are standalone numbers from F&S Report; Indigo data from Restated Financial Statements



Analysis of Differences

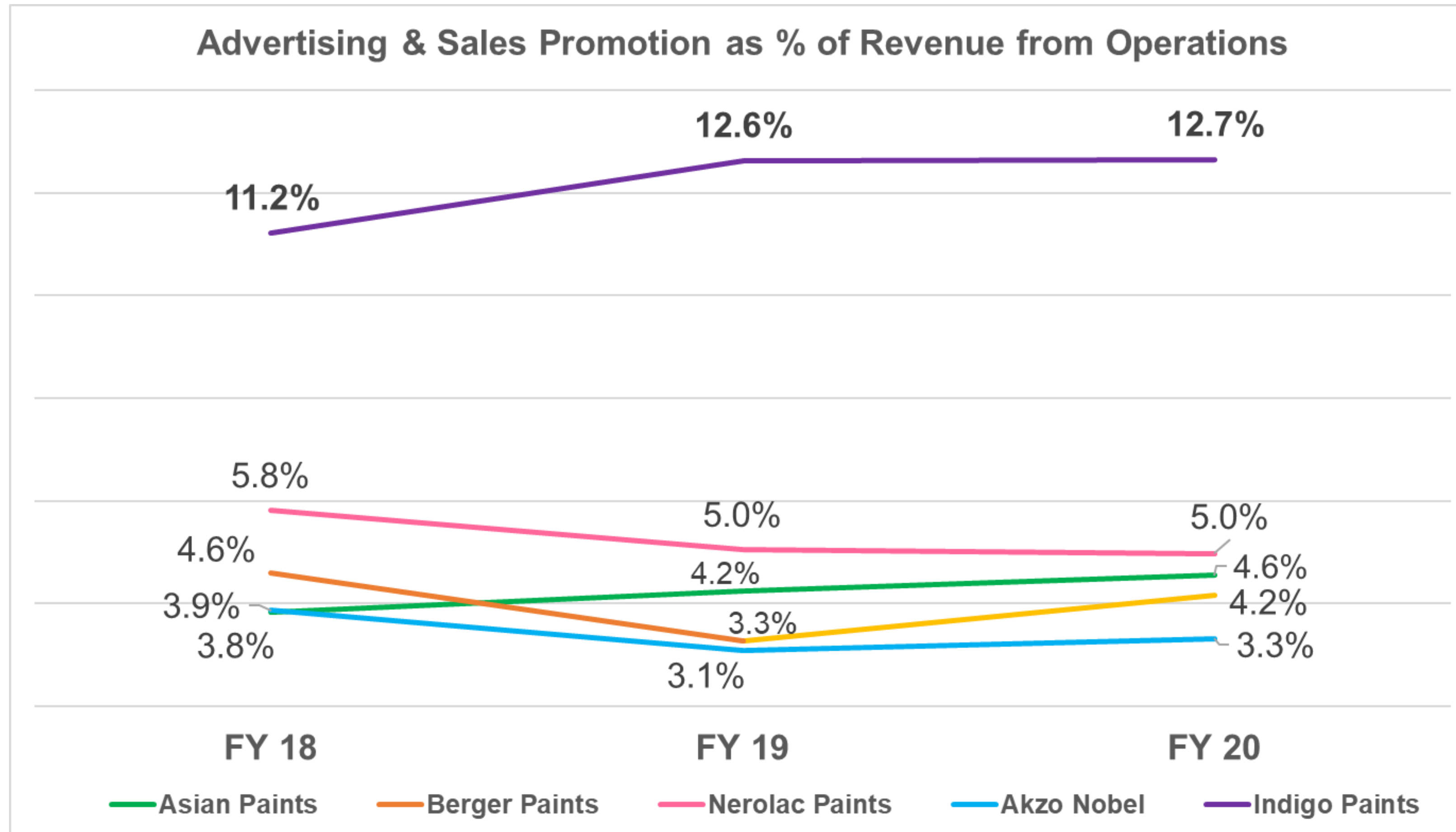


— Asian Paints — Berger Paints — Nerolac Paints — Akzo Nobel — Indigo Paints

All peer data are standalone numbers from F&S Report; Indigo data from Restated Financial Statements



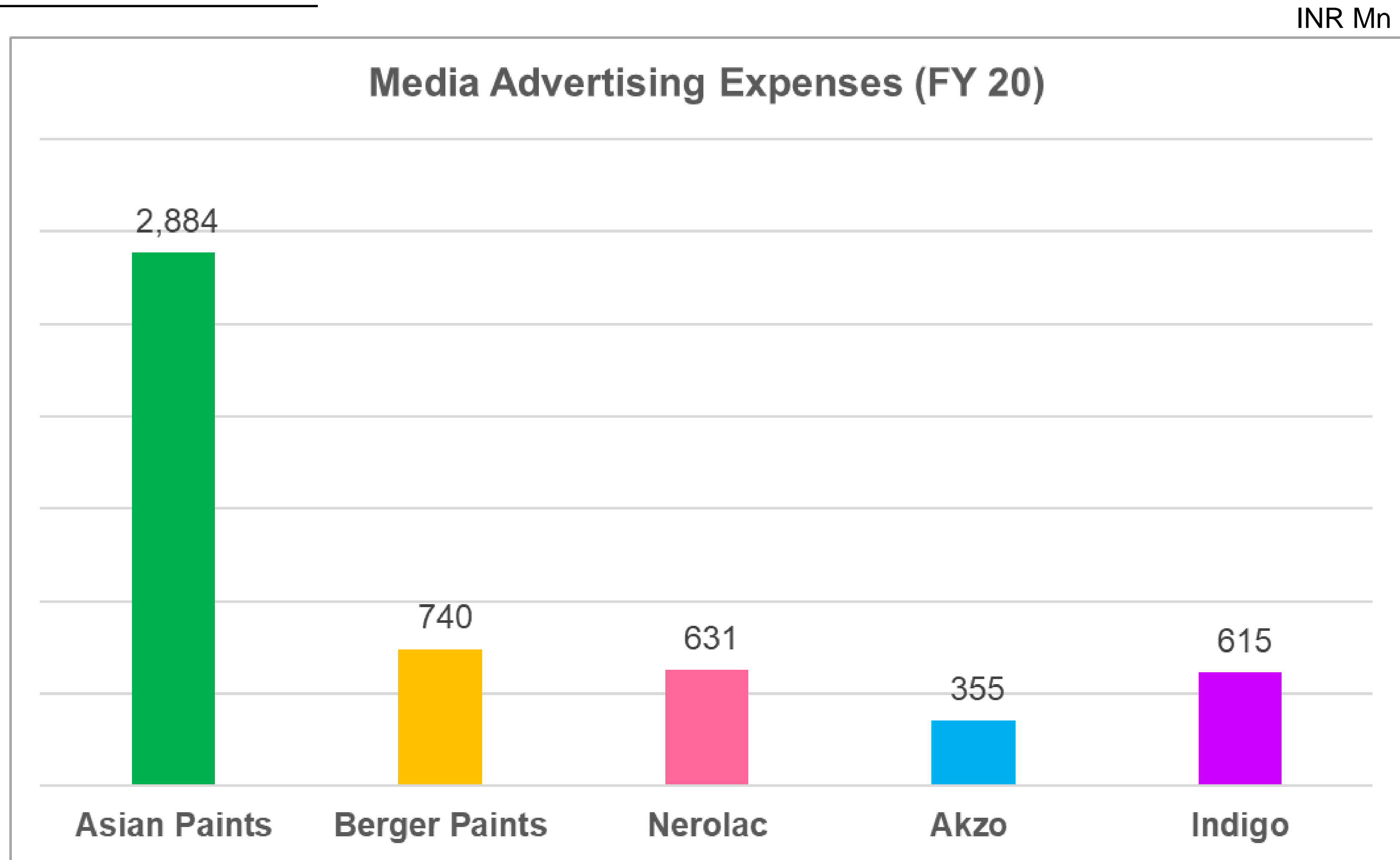
Analysis of Differences



All peer data are standalone numbers from F&S Report; Indigo data from Restated Financial Statements



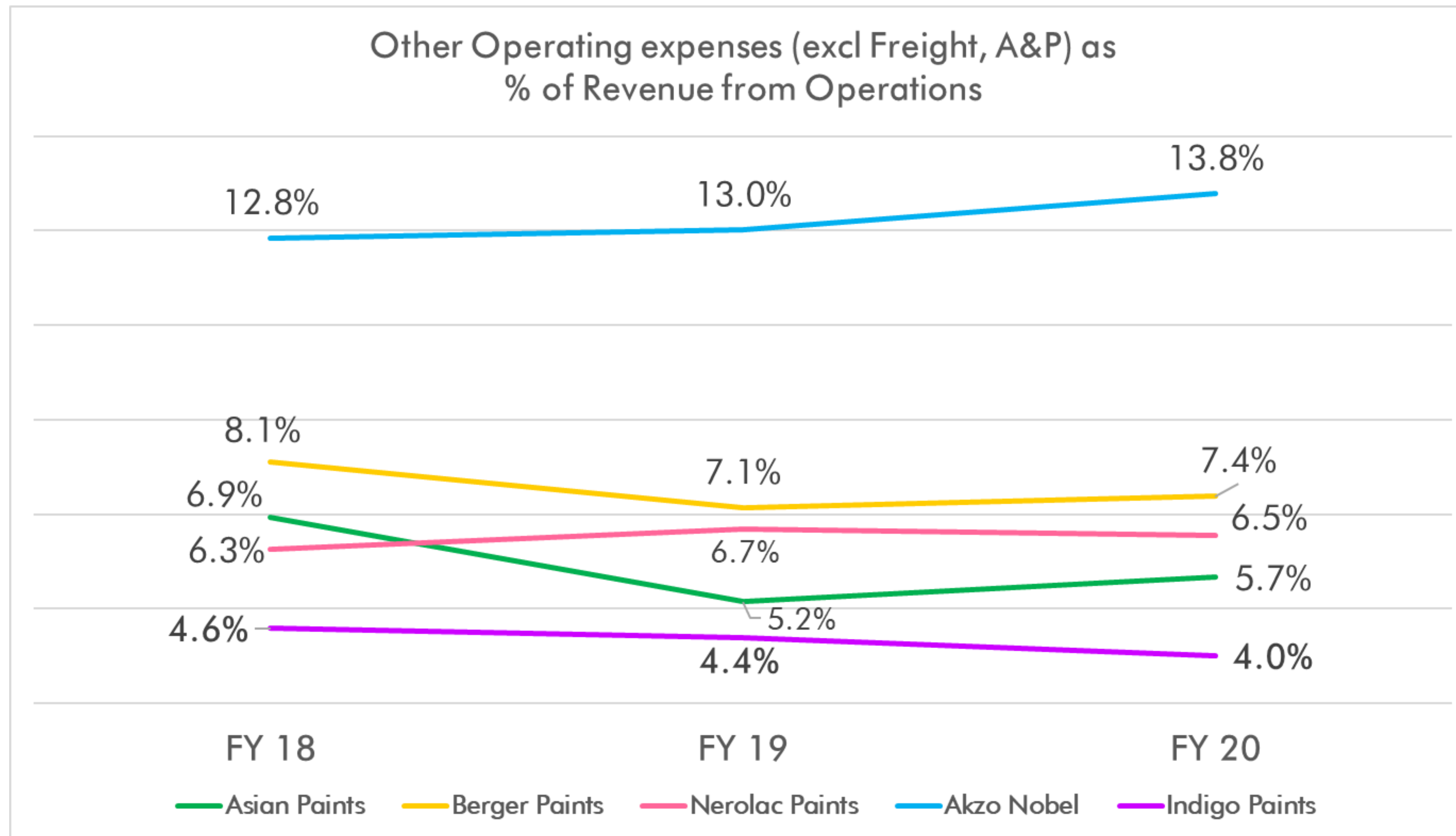
Analysis of Differences



All peer data are standalone numbers from F&S Report; Indigo data from Restated Financial Statements



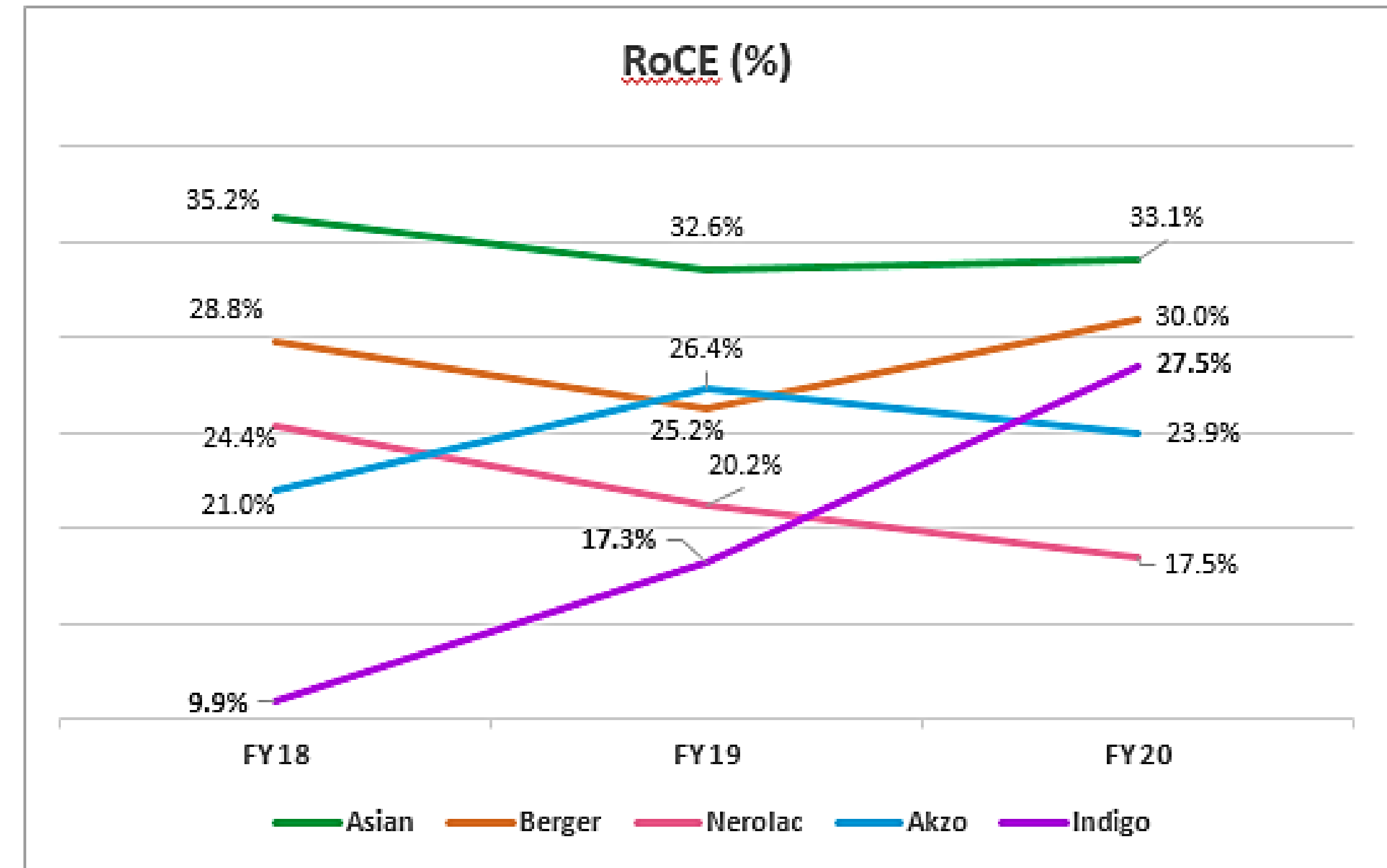
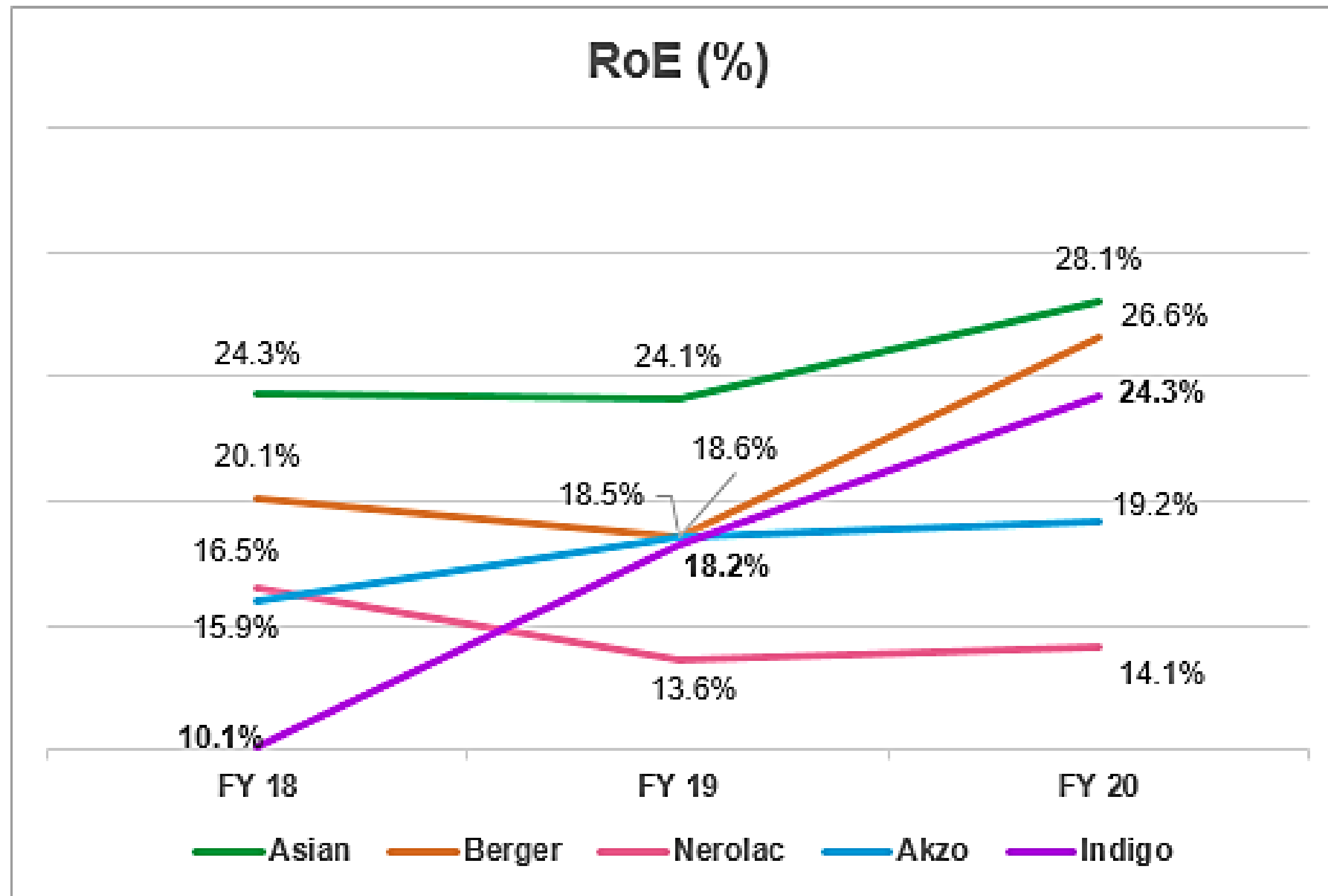
Analysis of Differences



All peer data are standalone numbers from F&S Report; Indigo data from Restated Financial Statements



Analysis of Differences



All peer data are standalone numbers from F&S Report; Indigo data from Restated Financial Statements



Analysis of Differences

Notable differences of Indigo vs peers:

- Significant **lower discounts** on gross sales vs peers:
high share of differentiated products, requiring low discounts
- Significant **lower cost of materials (incl. freight)** vs peers:
 - differentiated products have higher gross margins
 - manufacturing units strategically located in proximity to raw m/t
- Considerably **higher Advertisement & Sales Promotion** vs peers:
 - need to spend much more on media advertising
 - sustainable due to other cost advantages
- Considerably **lower other operating expenses (excl. freight, A&P)** vs peers:
fewer manufacturing locations, lower overheads, low infrastructure costs



Offer Structure

Proposed Offering:

- Fresh issue of Rs 3000 mn :

Expansion of Tamil Nadu factory : Rs 1,500 mn

Purchase of Tinting m/c & Gyroshakers : Rs 500 mn

Pre/Repayment of loans : Rs 250 mn

General Corporate Purposes & Issue exp : Rs 750 mn

Rs 3,000 mn

- Offer for Sale of 4,170,000 shares by Investing shareholders (Sequoia)
- Offer for Sale of 1,670,000 shares by Promoter shareholder



Future Strategy

Our strategy for next 5 years:

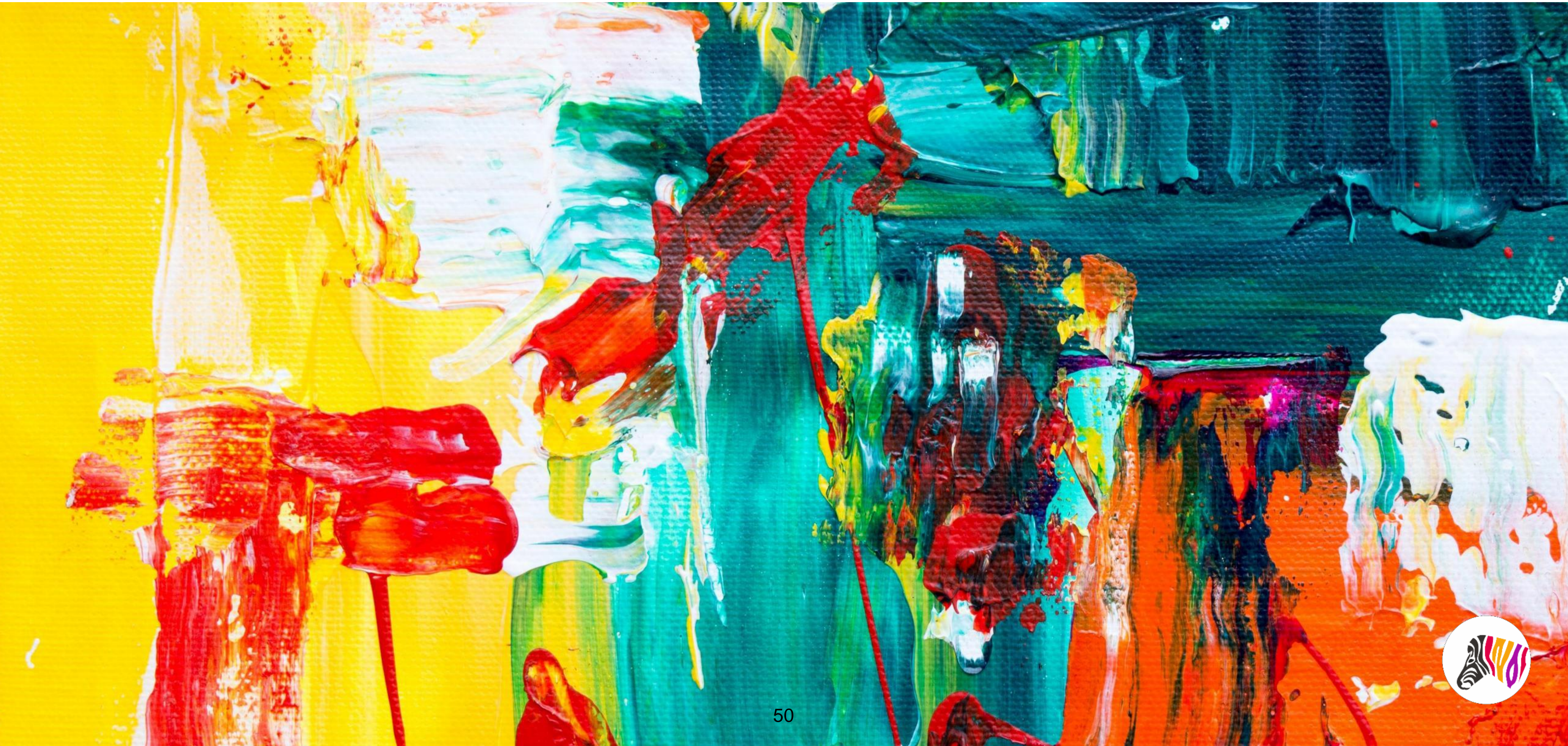
- Continue with past strategy which has yielded good results :
 - expanding portfolio of differentiated products
 - adding to dealer network in small towns and large cities
 - continuous addition of Tinting machines
 - sustained advertising to further strengthen the brand
- Draw level with some larger paint manufacturers in dealer network, tinting m/c population, and brand salience
- Target significantly improved profitability parameters



Thank You



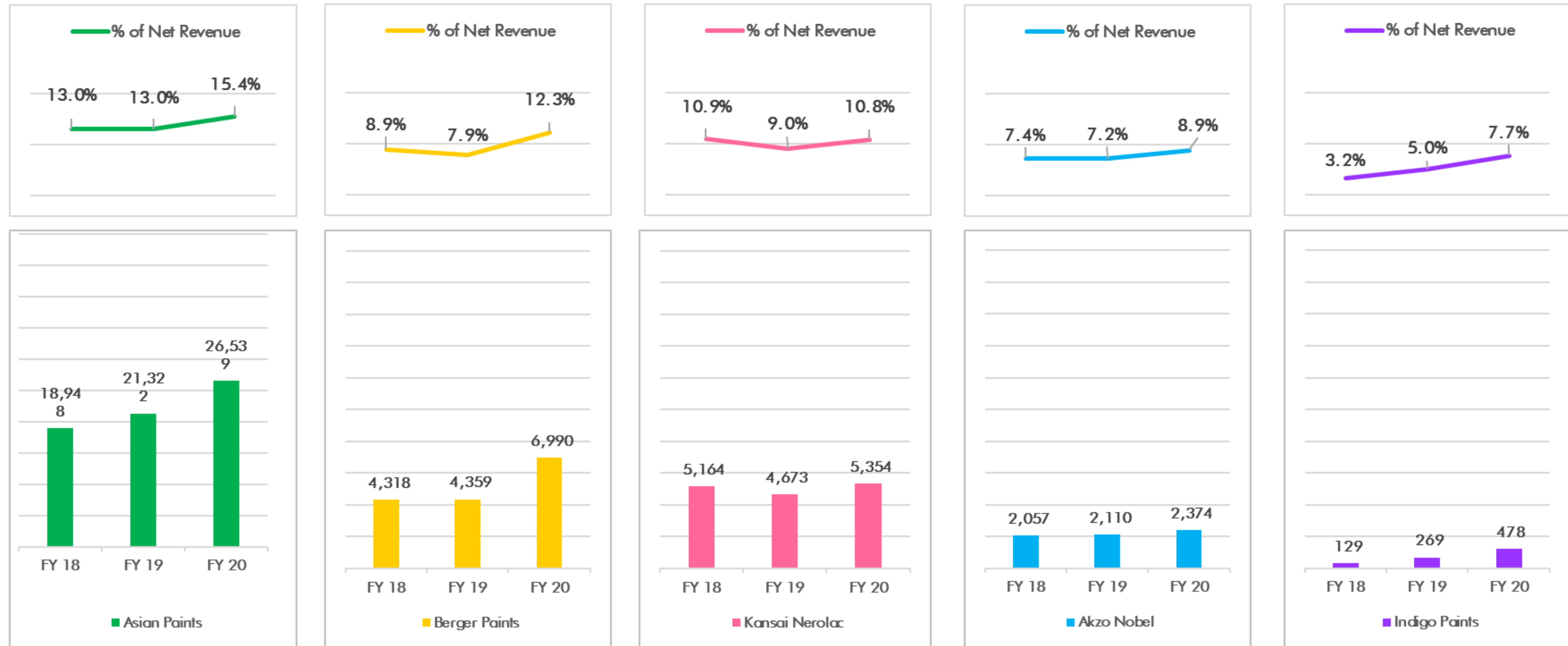
Annexures



Comparison with peers

INR Mn

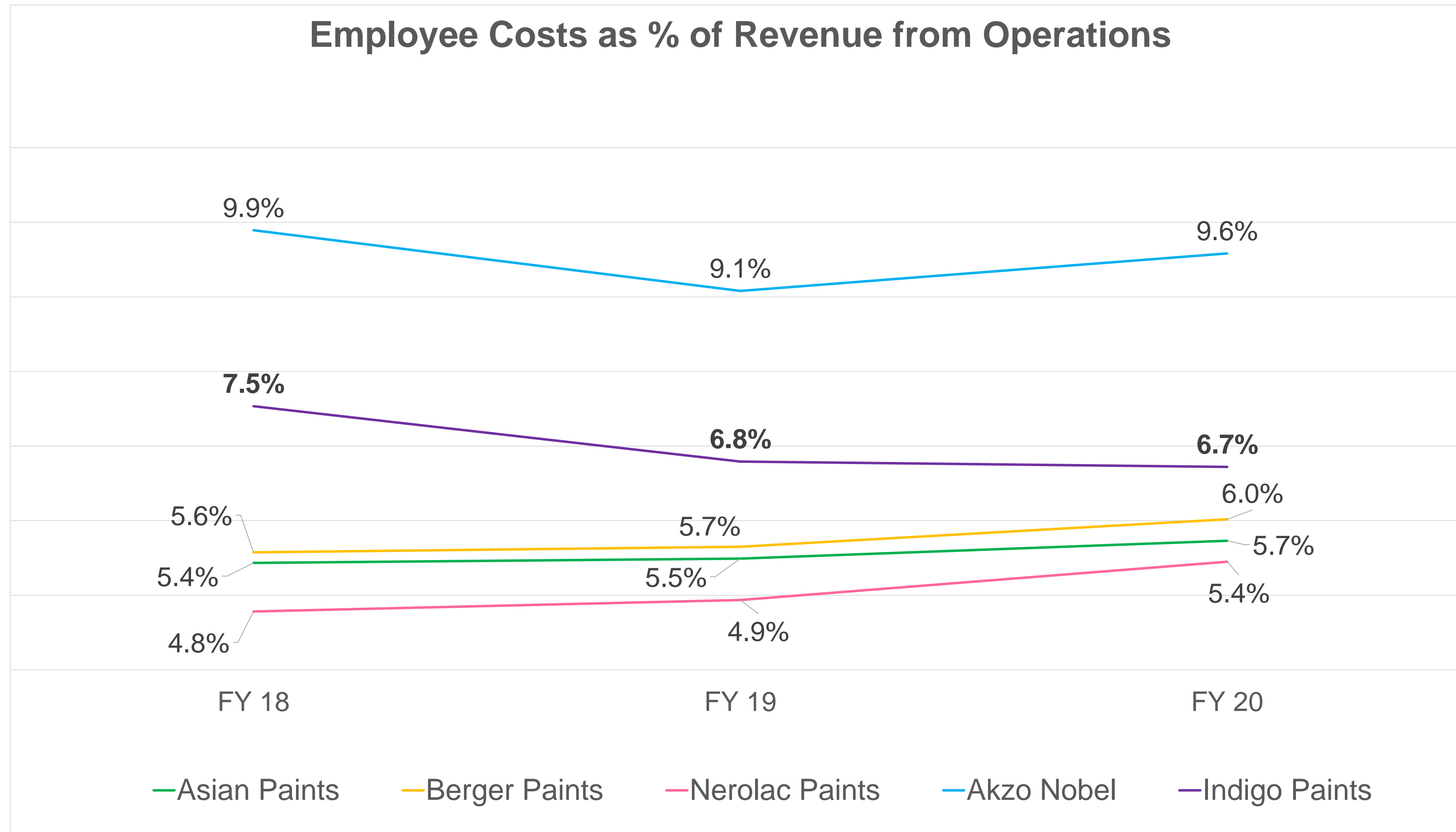
PAT



All peer data are standalone numbers from F&S Report; Indigo data from Restated Financial Statements



Analysis of Differences



All peer data are standalone numbers from F&S Report; Indigo data from Restated Financial Statements

