



INDIGO PAINTS LIMITED - IPO Note

IPO Recommendation – Subscribe to the issue

About the Company:

Indigo Paints Ltd. is the fastest growing amongst top five paint companies in India in-terms of revenue. It started out with the manufacture of lower-end Cement paints and gradually expanded its range to cover most segments of water-based paints like Exterior Emulsions, Interior Emulsions, Distempers, Primers, etc. Company has spread its business footprints across the country. Today the Company stands out as one of the strongest contenders in the Indian paint industry, being rated as an innovative paint manufacturer, which keeps coming out with unique products like never before offered in the country. The company initially targeted Tier 3 and Tier 4 cities and rural area for its market penetration and is now entering Tier 1 and Tier 2 cities and Metros.

Company Promoters:

Hemant Jalan, Anita Jalan, Parag Jalan, Kamala Prasad Jalan, Tara Devi Jalan and Halogen Chemicals Private Limited are the promoters of the company.

Indigo Paints Ltd IPO Snapshot:

Open Date	Jan 20, 2021
Close Date	Jan 22, 2021
Face Value	₹ 10 per equity share
Lot Size	10 Shares
Issue Price	₹ 1488 to ₹ 1490 per equity share
Issue Size	₹ 1,176.00 Cr
Listing At	BSE, NSE
Listing Date	Feb 2, 2021 (Tentative)

Objects of the Issue:

The net proceed from the issue will be used by the company for the following objectives;

- To meet the capital expenditure requirements for manufacturing facility expansion at Pudukkottai, Tamil Nadu.
- To purchase tinting machines and gyro shakers.
- To repay all or certain existing borrowings.
- To meet general corporate purposes.

Products offered:

- Metallic Emulsions.
- Bright Ceiling Coat Emulsions.
- Tile Coat Emulsions.
- Wood coatings.
- Dirt proof & Waterproof Exterior Laminate.
- Floor Coat Emulsions.
- Exterior and Interior Acrylic Laminate.
- PU Super Gloss Enamel.
- Putties and cement paints.

Risk factors to be considered:

- Company operates in a highly competitive business segment.
- Ability to retain effective distribution channel, dealer network and maintaining relationship with painting community.
- Ongoing pandemic if it continues, can adversely affect business.
- Delay in implementing proposed expansion plans.
- Almost 50% of company's sales is derived out of southern market and major contributor being state of Kerala.
- Fluctuation in the prices of crude oil prices.

Financials:

Particulars (All amounts in millions of INR)	30-Sep-20	31-Mar-20	31-Mar-19	31-Mar-18
Total Assets	4,112.91	4,219.59	3,731.83	2,973.94
Total Revenue	2,602.43	6,264.36	5,372.62	4,031.05
Profit After Tax	272.05	478.15	268.70	128.62

Reasons to invest/ subscribe for the issue:

- Superior revenue growth when compared with peers in the segment.
- Growing market share in smaller cities.
- Improvement and growth in net profit margin.
- Recovery in real estate and affordable housing space.

Investment rationale:

Indigo paints is one of the fastest-growing paint companies in India in terms of revenue. Company has presence in smaller cities and looking to expand its presence to larger cities and metros. Over the few years company is able to deliver steady growth in profit margins. With real estate sector showing signs of recovery and with government schemes such as Pradhan Mantri Awas Yojana, demand for affordable housing is set to improve which can aide revenue growth for the company going forward. Taking into account all these factors, investors can consider investing in this IPO.

Information sources:

Information gathered in this document are from company's Draft Red Herring Prospectus (DHRP) filed by the company with SEBI and from other freely accessible web sources.

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