



Date: September 03, 2022

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

Sub: Transcript of 22nd Annual General Meeting ('AGM')

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached the transcript of the proceedings of the 22nd Annual General Meeting ('AGM') of the Company held on September 02, 2022.

The said transcript is also uploaded on the Company website and can be accessed from the link: www.indigopaints.com/investors

You are requested to take note of the same.

Thanking you,

For Indigo Paints Limited

Sujoy Sudipta Bose
Company Secretary & Compliance Officer

Encl: As Above



**22nd Annual General Meeting
(September 02, 2022)
Transcript**

Indigo Paints Limited

Hemant Jalan [Chairperson]: Good Morning everyone. I extend a warm welcome to one and all who have joined us for the 22nd Annual General Meeting of Indigo Paints Ltd. The financial year FY 21-22 has been marred by several challenges including second wave of Covid, unprecedented spike in the price of raw materials, matched with unprecedented price hikes of the finished goods. However, Indigo Paints with great agility has emerged stronger and ready to scale up to greater heights. This was made possible by all the stakeholders including the employees, vendors and customers who had supported us through the difficult times. I take this opportunity to express my pride and gratitude for their efforts.

The AGM has been convened and is being conducting in accordance with the relevant circulars issued by the Ministry of Corporate Affairs and SEBI. I have been informed that the requisite quorum for the meeting is present and I call this meeting to order.

Before we start the formal proceedings of the meeting, I would like to introduce my fellow directors on the Board and the auditors present.

- a) Mrs. Anita Jalan. She is an executive director on the Board. She is also the Member of the CSR Committee. She is attending this meeting from Pune.
- b) Mr. Narayan Kuttu. He is an executive director on the Board. He is the Chairperson of the Risk Management Committee. He is also the member of the Stakeholder's Relationship Committee. He is attending this meeting from Kochi.
- c) Mrs. Nupur Garg. She is a Non-Executive Independent Director on the Board. She is the Chairperson of the Stakeholder's Relationship Committee. She is also the member of the Audit Committee and Nomination and the Remuneration Committee. She is attending this meeting from Gurgaon.
- d) Mr. Sunil Goyal. He is a Non-Executive Independent Director on the Board. He is the Chairperson of the Audit Committee. He is also the Member of the Nomination and Remuneration Committee. He is attending this meeting from Mumbai
- e) Mr. Praveen Tripathi. He is a Non-Executive Independent Director on the Board. He is the Member of the Audit Committee, the Nomination and Remuneration Committee, the CSR Committee and the Risk Management Committee. He is attending this meeting from Mumbai.
- f) Mrs. Sakshi Chopra. She is a nominee director on the Board on behalf of Sequoia. She is the Member of the Audit Committee. She is attending this meeting from Mumbai.
- g) And lastly I am Hemant Jalan, the Chairperson and Managing Director of the Company. I am the Chairperson of the CSR Committee. I am also the Member of the Audit Committee, Stakeholder's Relationship Committee and the Risk Management Committee. I am attending this meeting from Pune.

We also have Mr. Sandesh Agrawal, Manager at SRBC&Co. LLP, Statutory Auditors of the Company and Mr. Sushant Kulkarni, Partner at ARKS and Associates, Secretarial Auditors of the Company, both attending this meeting from Pune. Due to some personal last minute

emergency Mr. Ravi Nigam, who is a non-executive independent director on the board, is not able to join this AGM.

Now I would request Mr. Sujoy Bose, Company Secretary to provide the general instructions for the AGM

Sujoy Bose (Company Secretary): Thank You. A warm welcome to all the members and attendees of the 22nd Annual General Meeting of Indigo Paints Limited. I would like to inform you about the general instructions for the AGM.

- a) The Company has made available the facility to participate in the AGM through Video Conference and Other Audio Video Means in terms of circulars issued by the MCA and SEBI.
- b) We have partnered with CDSL to provide the facility for voting through remote e-voting, e-voting during AGM and participation through VC or Other Audio Video Means facility.
- c) The registers of directors and KMP, the registers of Contracts or Arrangements has been made available electronically for inspection by members during the AGM and the members can inspect them by login in to CDSL E-voting system.
- d) Since the AGM is held through the Video Conference, the facility for appointment of proxies by the members was not applicable and hence the register of proxy is not available for inspection.
- e) In case of any technical issues faced by the members while attending the AGM, they may contact the helpline number mentioned in the Notice of the AGM.
- f) The company has received request from shareholders to register as speaker shareholders during the meeting. The floor of the meeting will be open for such members to ask questions or express their views.
- g) The name of the speaker shareholders will be announced and the moderator of the meeting would then unmute the mic for such shareholder to speak at the AGM. The speaker shareholders are requested to limit their questions or views to a maximum of 4 minutes.
- h) The remote e-Voting period had commenced on Tuesday, 30th August, 2022 at 9.00 a.m. and ended on Thursday, 01st September, 2022 at 5.00 p.m.
- i) In accordance with the provisions and rules framed under the Companies Act, 2013 and applicable regulations under the SEBI (Listing Obligation Disclosure Requirements) Regulations, 2015, the Company has appointed Ms. Ashwini Inamdar, Partner, M/s. Mehta & Mehta, Practicing Company Secretaries (M. No- F 9409 and COP No- 11226), as the scrutinizer for scrutinising the votes cast through the remote e-Voting platform and electronic voting at the AGM.
- j) The Company had provided the facility to cast the votes electronically, on all resolutions mentioned in the Notice. The shareholders who have not cast their votes and are participating in this meeting will get a chance to cast their votes during the meeting through the E-voting system provided by CDSL. The e-voting facility will remain open for 15 minutes after the proceedings of the meeting.

The results of the remote e-voting and e-voting conducted at the AGM, together with the report of the Scrutinizers thereon, will be disclosed to the Stock Exchanges and displayed on the website of the Company.

Thank you. I would now request Mr. Hemant Jalan, Chairperson and Managing Director of the Company to address the Shareholders.

Hemant Jalan [Chairperson]:

The financial year FY 21-22 was marked by several challenges such as supply chain disruptions, repeated waves of the Covid pandemic and high inflation, fuelling rise in input costs and putting the pressure on margins. Despite the challenges, your Company reported double-digit growth in revenue and profitability. This was possible as the Company focused more on engaging with the customers, dealers, influencers and supporting our teams to remain undeterred by challenges and emerge stronger.

You are aware of the unusual rise in input costs in the last 18-20 months, which has compelled all industry players to take a series of price hikes. The management team focused on enhancing the operational efficiency in order to optimise the costs to the extent possible. What is heartening to note that despite escalation in input costs, the company was able to contain the reduction in gross margins, and Indigo Paints closed the year with a gross margin of 43.42%, which is perhaps the highest in the industry. This was possible due to the higher contribution from the differentiated products, prudent sourcing and cost measures undertaken by the Company. The sudden surge in crude prices did not hurt our margins significantly, because oil-based paints are a relatively small portion of our portfolio.

- a) Coming to the financial numbers for the full fiscal FY2022, the net sales from operations during the year Rs. 906 Cr was 25.3% higher than FY2021. Now it should be noted that this increase is on a more robust base level of FY2021, because Indigo Paints had not been as severely impacted by the first COVID wave as other paint companies and had shown a much higher top line growth in FY2021 compared to others. Therefore, this growth of 25.3% comes from a relatively robust base for the Company. EBITDA margin for the full year FY2022 has been 15% and PAT margin has been 9.2%, both of which are marginally lower than the corresponding figures for FY2021, due to steep raw material inflation. However, the contraction in both these margins is not as severe as for other industry players. On absolute terms, EBITDA and PAT have expanded by 11% and 18.63% over FY2021, despite lower gross margins and higher advertising and promotion spends than the preceding year.
- b) As you are aware, one of the key strengths of the Company is its product differentiation. The revenue contribution from the higher margin differentiated products continued to increase and stands at 29.6% of the revenue from operations. During the financial year FY 21-22, we had added two products to the arsenal

- Anti Odour Paint targeted at Kitchens and Bathrooms. The product Transform your walls with deodorizing power while imparting a germ free environment.
 - Rustic Texture Finish Putty – Gives beautiful fine grain textured look to your walls
- c) Another key strength of the company is the distribution network. In the FY 2022, the Company had opened three more depots including one each in Delhi and Himachal Pradesh. With this expansion, we now have 47 depots and it gives me immense pleasure to highlight that Indigo Paints has a direct presence in all the states of the Country.

Enhancing the distribution network and deploying more tinting machines through the dealer base is pivotal to your Company's growth strategy. In line with this priority, Indigo Paints have added over 2,500 active dealers and over 1,600 Tinting Machines despite disruptions due to Covid and global chip shortage. These investments will ensure that your Company is best positioned to access growth opportunities in the fast-growing Indian decorative paints industry.

- d) Your Company's strategy of having a unified brand across segments and categories has created a strong brand salience. Brand salience particularly plays an important role in the Indian Paint Industry. Recognizing this, the Company has been steadily building its brand equity through aggressive advertising and marketing, particularly by increasing the share of voice in media advertising. During the year under review, the Company has launched a new campaign "Jaisa performance waisi price" to put emphasis on enhanced quality of products.
- e) Coming to the capacity enhancements, the Company had raised Rs. 287.11 Cr through IPO for the following objects
- 1) 150 Cr for funding the new water based plant at Pudukkottai, Tamil Nadu
 - 2) 50 Cr. Towards Purchase of tinting machine and Gyro shakers
 - 3) 25 Cr. For repayment of loan
 - 4) 62.1 Cr for General corporate purpose

During the FY 2022, the Company had completely utilized the proceeds intended for the repayment of loans and GCP and is in the process of deploying the funds for the new plant and purchase of Tinting Machines. The construction of the water based plant is progressing well and is expected to be commissioned by Q3 FY 23

- f) The Company's growth over the years has been stellar, but we believe in order to sustain that momentum, we need to expand to Tier 1 and Tier 2 cities, without diluting our focus on the smaller towns and cities from where we derive our strength. In most states of India, our network of dealers in these small towns is excellent and an

attempt to further increase our network would be counterproductive. Our share of counter revenue in these cities is also fairly high. Although there is considerable scope for further improvement, we believe it will happen gradually. Therefore, it has now been decided to focus on the next level of towns or cities in India. The management team have identified 750 such cities in India, which are big cities of the country by population, where we will now be looking to deepen our penetration. Key targets will be to

- Enhance output per dealer in the 750 cities in focus
- Increase engagement with the influencer community to drive sales
- Strengthen differentiation and command price premium
- Invest in brand building, with an eye on reducing our total A&P spends as a percentage of total revenue

Focus on these will help the company to revert to the earlier growth trajectory of 2x industry growth.

- g) We are growing a responsible business, with the support and encouragement of all stakeholders. We are committed to extending support to the disadvantaged sections of society as a part of our corporate citizenship initiative. Continuous support is being extended to girls from low socio economic backgrounds through our Educare Scholarship program and we intend to expand the outreach to more such candidates in the future. During the FY 2021-22, the Company has extended its CSR activities towards empowerment of Women belonging to the marginalized sections of the society. Towards this initiative, Indigo Paints have tied up with “CORO”, an NGO dedicated towards empowering of women. Our CSR initiatives have positively impacted over 600 beneficiaries.
- h) During the FY 2021-22, Indigo Paints had embarked on a formal ESG journey. The Company had undertaken a materiality assessment through engagement with the various stakeholders and has set out the ESG vision for 2030. The Company has identified 9 focus areas towards achieving this vision. The KPIs include water management, Health & Safety of the employees, Code of conduct, Risk Management, Energy Management, GHG emissions, community welfare, Board structure & Governance and waste management. I would also like to reiterate that Indigo Paints is balancing growth with environmental sustainability.

Entering FY 2023, Indigo Paints has embarked on a new strategy to attempt to revert to twice the industry growth rate. Your Company remains geared towards not only expanding its presence in Tier -1 and Tier-2 cities but also fortifying its presence in the Tier-3 & 4 cities. With the cloud of uncertainties like Covid, raw material price shock behind us, we are upbeat that Indigo Paints will be able to increase the market share by growing twice at the industry growth rate. With that, I end my formal address to the shareholders.

The notice to the AGM has been circulated to all the members and hence I take the notice convening the AGM as read. I also take the resolutions from serial number 1 to serial number 6 as read. As informed earlier, the members who have not cast their vote, can cast them during the proceedings of the AGM.

I would further like to inform our shareholders that the Statutory Audit Report and the Secretarial Audit Report do not have any qualifications or adverse observations for the financial year ended March 31, 2022.

Now, we request the moderator to unmute the mic of the speaker shareholders as we call out their names.

Moderator: Mr. Ramesh Golla not joins sir.

Hemant Jalan [Chairperson]: Mr. Ramish Golla has not joined, so we'll pass over and move to the other person who had registered for speaking. And that is Mr. Ankur Chanda.

Moderator: Mr. Ankur

Hemant Jalan [Chairperson]: Mr. Ankur Can you make your comments please?

Moderator: Uh, Mr. Ankur Left, the meeting sir.

Hemant Jalan [Chairperson]: Oh, Mr. Ankur has also left the meeting, so we don't have any other registered speakers, for today's AGM. So, I would like to thank all our employees once again, for their commitment. I would also like to express my appreciation to my fellow Directors for the constant support and guidance. Finally, I offer my thanks to our consumers, business partners, suppliers, shareholders, and all other stakeholders for their continued trust in the Company. At Indigo paints, as a young brand, your company is energized about its potential and is driven to script a powerful story. I look forward to the years ahead as we work towards building an inspiring company that benefits all stakeholders. Thank you very much.