

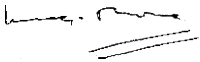
of postal ballot and the bonus shares have been allotted. The Board has recommended a final dividend of ₹ 1/- per equity share, which, together with the interim dividend of ₹ 0.65 paid earlier, makes a total dividend of ₹ 1.65 or 165% per equity share of ₹ 1 each. The bonus shares rank pari passu with the existing equity shares in terms of law and are eligible for the final dividend.

Several times in the past, I have stressed on the need to turn the focus on infrastructure investment in India for the purpose of achieving the desired objectives of growth and development. This will have to embrace the broad areas of physical, agricultural and social aspects including environment, electricity, oil and gas, road, rail, water transport, health and sanitation, education, irrigation, agricultural technology and research and development, cold storage and post-harvest management and distribution.

While on this subject, one cannot underplay the importance of environment and sustainability. India is the world's fourth-largest emitter of greenhouse gases. These emissions were responsible for making the last year the hottest on record. Air pollution is said to be contributing to more than 600,000 early deaths a year, affecting the poor the most. There are several reasons for this terrible problem including cooking at home other than by use of LPG, which the Government is tackling and increased use of air conditioning. Air conditioning is a vicious cycle – the more it gets hot, the more people use air conditioners and the more it contributes to pollution and heat outside. Air conditioners are energy guzzlers. Heating of buildings in cold climate area also consumes enormous energy. In Germany and other European countries, there are strict regulations as to energy efficiency of buildings. The measures mandating high benchmarks of energy efficiency in buildings which are prescribed in these countries, have resulted in lowering of up to 35-40% of energy consumption and therefore reduced energy costs in buildings. Less consumption of energy also results in reducing pollution, more so if energy is being produced by fossil fuels. India, too, needs such measures for reducing energy costs in temperature controlled buildings and curbing pollution. This assumes greater significance in the wake of the Smart Cities Mission and the prize of adopting these, in terms of reduced energy consumption, can be significant.

The fact that the investment in infrastructure has to be carried out in an equitable manner across all regions and economic strata makes the task even more challenging. Some estimate that the funds required are to the tune of USD 1 trillion which may be made by way of public, private and public-private partnerships. Your Company is well prepared to be a partner in this path of progress.

Thanking you.



Kuldip Singh Dhingra  
Chairman

Place: Kolkata

Date: 3<sup>rd</sup> August, 2016

**BERGER PAINTS INDIA LIMITED**

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## Chairman's Speech

# 92<sup>nd</sup> Annual General Meeting

**BERGER PAINTS INDIA LIMITED**

Dear Shareholders,

I welcome you to the 92<sup>nd</sup> Annual General Meeting of Berger Paints India Limited.

I trust all of you have received your copies of the annual report. You have observed that this year, the Company's profit before tax, on a consolidated basis, has increased by 39% to ₹ 561 crores. The profit after tax grew by 40% to ₹ 370 crores. The Company's sales, in terms of both value and volume, registered healthy growths. The Company's turnover crossed ₹ 5,000 crore mark to reach ₹ 5,112 crores. The Company has been one of the most steady performers in not only the paint sector but in the Indian industry as well. This year too, your Company had the strongest growth in the decorative paint business. It was the best among all paint producers. This is more commendable when seen in the light of the growth in consumer goods Index of Industrial Production during the same period – which is estimated at 3%. I am sure that you will be happy to note that over the last five years, both net operating revenue and operating profit have more than doubled, and join me in congratulating the management team members for their performance.

Those who have continued as shareholders of the Company for a long time will know that this year marks 25 years of my family's association with this Company. It also marks 25 years of the momentous event of liberalization in India, which created a deep impact and released unprecedented energy. In 1991, Berger was a small paint company. Since then, it has evolved to become one of the most respected companies in India. We grew in tandem with the country over these 25 years. The stock prices are up from around ₹ 50 in 2011 to ₹ 330 at the time of this writing, taking into account the split and issue of bonus shares, which is a rise of 6.5 times. If a person had invested ₹ 1,000 in Berger shares in 2011, he would get more than ₹ 6,500 today, in five years. This has required unflinching focus on key issues of expansion of markets, both in terms of geography and depth, partnering with customers, dealers, painters and identification of their needs, tailoring new products as per their requirements and constantly bettering service levels. Simultaneously, the Company has been enhancing its production, distribution and logistics strengths – which are fundamental to growth, while keeping a close watch on all aspects of costs including those relating to production, raw materials, overheads and working capital management. It is a perpetual, 24 hour task and I am sure that the management will continue to fulfill this duty in the future.

During the previous year, the Company had launched Express Painting services. The Company recognizes that the hassle and the time involved in carrying out painting of houses are among the major reasons for Indian families to defer this work. Yet, it is essential. It protects the house and the walls and makes a lifestyle statement. It is as important as a mobile phone for communication or a packet of detergent for the purpose of washing clothes. Hence, the Company offers a solution which, at the same cost, will remove hassles and brighten up the walls in at least 40% less time and at the same cost. Moreover, this a much cleaner option which takes care of the dirt and dust generated and the resultant health issues such as allergic reaction. The Express Painting services have been welcomed by the customers and are being progressively spread out to all areas. Express Painting is now backed up by XP Advance, a specially formulated series of paints, suitable for using with Express Painting equipment for providing better coverage, smoothness and lustre.

The Company, as a matter of principle, never compromises on the quality of its products. This is acknowledged by the Company's customers, who happen to be its biggest ambassadors. All the Company's flagship brands such as Silk,

Weathercoat All Guard, Easy Clean and the others such as Bison, Butterfly, Walmasta, Luxol – carry a distinctive and unique signature in terms of utility, position and texture. The Company is careful that these carry the hallmark of Berger quality and offer value for price. Many such other products are under development and you will observe them hitting the market soon.

I am also happy to announce that all the Businesses of the Company i.e. General Industrial and Automotive, Protective Coatings and Powder Coatings recorded decent growth in 2015-16 and contributed to the Company's profit margin. The Company believes that there are enough opportunities in the Industrial sector and that this segment will become even more significant as India outpaces all other countries in terms of growth. The Company is therefore continuously fortifying its product offerings and taking them to prospective as well as existing customers. The Company's Industrial Business personnel are supported by dedicated technical service staff for the purpose of providing the necessary technical assurance and comfort to the customers.

The Company has transferred its paints division relating to 4 wheeler passenger cars and SUV, three wheelers and related ancillaries to BNB Coatings India Private Limited with effect from the close of business hours on 30<sup>th</sup> June, 2016. BNB is a joint venture company where Nippon Paint Automotive Co. Limited of Japan or NPAU holds 51% and the Company holds 49% of the paid-up capital. NPAU and the Company will closely co-operate with each other in various respects, reinforcing BNB's business and portfolio through technology, sales, service and manufacturing, for making BNB a player to reckon with, in the field of automotive paints and thus enhancing the footprint of both the joint venture partners in automotive coatings panorama of the country.

Such that there is no roadblock insofar as manufacturing capacity is concerned, the Company is steadily enhancing its production and product service capabilities. These include an integrated paint plant at Naltoli in Nagaon District of Assam, a paint and putty plant for the British Paints Division in Nalbari near Guwahati, an industrial paint plant and added powder manufacturing capacity at Jejuri near Pune and enhancement and upgrading of warehousing capacities at Howrah, Rishra, Jammu, Goa and Vallabh Vidyanagar as well as manufacturing capacities in all the plants.

During the year, the performance of Berger Jenson & Nicholson (Nepal) Private Limited and Bolix S.A. of Poland fulfilled expectations. The business of BBN Paints India Limited recorded profit for the first time. Performances of the Company's joint ventures – the Indo-Swedish JV, Berger Becker Coatings Private Limited and the Indo-Japanese JV, BNB Coatings India Private Limited – continue to be encouraging.

In recognition of the Company's achievements, Berger was identified as one of the top seven listed companies in India in terms of 5 year CAGR of market capitalization by Forbes India magazine in their 27<sup>th</sup> May, 2016 edition. The article mentions and I quote – "The relentless focus on the business, costs and non-interference has created a powerful cocktail to propel Berger Paints to where it is today." The Company's rank also moved from 138 to 120 in Business Today's list of 500 India's most valuable companies of the year, published in its 8<sup>th</sup> November, 2015 issue.

There had been requests from the Members at the past Annual General Meetings for issue of bonus shares. At its meeting held on 30<sup>th</sup> May, 2016, the Board had recommended issue of bonus shares in the proportion of two bonus shares for every five existing fully paid up equity shares held by them as on the record date of 18<sup>th</sup> July, 2016. The issue was approved by the Members by way