

The Company's factory at Jejuri near Pune has a number of locational advantages. The phase II expansion of the automotive and general industrial and protective coatings plant at Jejuri at Maharashtra has commenced. The plant will have an estimated capacity of 27,000 KL of paints per annum and 12,000 MT of resin per annum. This is likely to be completed in the year 2019-20. Jejuri also has a powder coating plant and the fourth line of the powder coating plant at Jejuri with an estimated capacity of 325 MT/month is expected to be installed during the year. The Company's superfine texture coating manufacturing capability was enhanced by 4,200 MT/annum at the factory of the British Paints Division at Gollapuram in Hindupur.

The Company will soon commence work for installation of water and solvent based decorative, industrial and protective coatings, resin, putty, emulsion and construction chemical manufacturing facility at an estimated investment of ₹ 200 crore at Sandila Industrial Area in Uttar Pradesh. Subject to the Company obtaining all required consents and approvals in time, the Project is likely to be completed in the year 2021.

In two years from 20th July, 2016 to 20th July, 2018, the Company's share prices have risen by more than 30%. In the last five years, it has increased by 350%. But as I have always maintained, share price is just one of the indicators of the Company's performance and the Company has been helped by the growth in the country's economy and demand for paints in this respect. The main point is whether the Company has been able to add value to the economy and the industry. To that extent, I, on behalf of all shareholders, will urge upon the management to be on the top of advancements in technology, manufacturing, selling, distribution, logistics and human resources and always provide the leading light to the industry for ultimate benefit of all its stakeholders.

Thank you.



Kuldip Singh Dhingra

Chairman

Place: Kolkata

Date: 3rd August, 2018

BERGER PAINTS INDIA LIMITED

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94TH ANNUAL GENERAL MEETING

3rd August, 2018

Address by

Mr Kuldip Singh Dhingra
Chairman

BERGER PAINTS INDIA LIMITED

Dear Shareholders,

I welcome you to the 94th Annual General Meeting of Berger Paints India Limited.

I trust that you have received your copies of the Annual Report. You may have noticed that the Company's progress continues unabated and during the year 2017-18, the consolidated revenue from operations registered a growth of 13% at more than ₹ 5,100 crore, excluding GST and excise duty, as applicable. The Company's profit before exceptional items, depreciation, interest and tax or EBIDTA, which was more than ₹ 850 crore on a consolidated basis, grew above 10%. However, the net profit for the year ended 31st March, 2018 is not comparable with that of the previous year since in the previous year, there were exceptional items of profit on transfer of the Company's Paint Segment relating to Passenger Cars, SUV's, 3 wheelers and related ancillaries.

The Company had acquired 100% of the paid up equity share capital of Saboo Coatings Private Limited ("SCPL") after close of business hours on 5th June, 2017 at a total cash consideration of ₹ 82.85 crore. Accordingly, the consolidated financial results incorporate the results of SCPL for the relevant period. SCPL is engaged in the business of manufacturing specialty liquid coatings in the segments of agricultural and construction equipment, fans, electronics, general industrial, elevators, handicrafts and home furnishing, hardware, automotive parts and clear coatings used by industrial dealers for substrates such as metal, glass and fibre-reinforced plastic (FRP). SCPL's expertise lies in manufacturing and supplying tailor made, superior quality products for a wide variety of uses as per the requirements of the customers. It is well known in the industrial circles for its capabilities and quick turnaround time and is a valuable addition to the Company's assets, thus significantly supplementing the Company's industrial coatings business.

I am happy to inform you that during the year 2017-18, all the Businesses of the Company had performed well. There were temporary disruptions in the beginning of the year owing to introduction of GST but the Businesses adjusted themselves to the new indirect tax regime and set out to explore more customers and uncharted regions with newer products and service offerings.

A heartening development is that the GST rate on paints has been brought down from 28% to 18%. The Company, as well as Indian Paint Association, had been representing about the matter. You will find that we have dealt with the subject in this year's Directors' Report also. This is because of the hard fact that paint is actually an essential item for households, industries, infrastructure and all other items and equipment from the point of protecting personal and national assets. We live in an age when it has become even more vital to extend the life of man-made assets – not only for the sake of obvious economical and financial benefit but also for the consequent conservation of environment. Paint actually protects assets by prolonging their life span by avoiding and/or postponing significantly the otherwise extremely expensive replacement costs of assets; beauty is just an aesthetic complementary bonus. Corrosion losses in India are estimated at over 3% of India's GDP annually on Steel/Iron structures alone. By using suitable coatings systems periodically, corrosion can be prevented. Similarly, wood coatings protect wood used in buildings, etc. so that durability of wood is considerably enhanced. The life of buildings in respect of concrete, plaster and bricks, etc. is substantially extended by suitable coatings systems, in addition to the health benefits for residents, due to, for instance, the prevention of fungal growth inside and outside of buildings. Losses related to replacement costs which are approximately well over ₹ 3 lakh crore annually in India on a conservative basis, due to corrosion, rusting and wear and tear of surfaces of buildings, infrastructure and other constructions, can be mitigated very significantly by using suitable paints systems on buildings, wood and steel.

We are passing on the benefit of reduced GST completely to customers and expect this to increase consumption.

You may have already seen in the media that the Company has entered into a Shareholders' Agreement with Rock Paint Co., Ltd. of Japan ("Rock Paint") for the purpose of forming a joint venture company for sale of superior automotive refinish paints in India and Nepal. The joint venture company is proposed to be named as "Berger Rock Paints Private Limited". Berger will hold 51% and Rock Paint will hold 49% in the share capital of the joint venture company. Rock Paint is the market leader of automotive refinish coatings systems in Japan and is well known in the industry for the quality and utility of its products. Rock Paint offers a wide range of high quality, easy-to-use coatings suited to the diverse needs of today's auto-refinish market.

Earlier in 2017, Berger and Rock Paint had entered into a memorandum of understanding and had carried out trial sales of automotive refinish paints in India. The results of the trial sales have been encouraging and the alliance has now culminated in signing the agreement. The JV company is in the process of formation and once ready, will deliver an array of international quality auto refinish paints to the Indian consumers. I am optimistic that the high quality automotive refinish paints will have considerable demand in the ₹ 2,000 crore automotive refinish market in India.

You will be happy to learn that the global ranking of the Coatings World magazine, the uniformly recognized resource for the global coatings industry, puts the Company at number 14 position in the world among the paint companies all over the world. It has come up by one notch in the list since the previous year. I, like you, am delighted to be a part of this august company of top 14 names and, at the same time, recognize that it will need intense and dedicated effort in the future to not only hold on to this position but improve upon the same. I would like to assure you that the Company and its management will ensure that all necessary actions are taken for product development and, improvement of the quality of products and services in order to achieve this goal. Your Company's products are used for prestigious projects in India including in sectors of oil and gas refineries, power projects, airports, prestigious railway bridges, irrigation, etc. Now, the Company's wholly owned subsidiary in Russia has taken this one step further by supplying paints to 3 FIFA World Cup 2018 stadiums, namely Rostov On Don, Volgograd and Kaliningrad. The Company used special grade silicone based paint for the purpose. Moreover, paints from our Berger Paints Russia, were also used in two airports, namely, Rostov On Don and Volgograd for new airport and renovation respectively, for FIFA World Cup 2018. So your Company has scored 5 colourful goals in FIFA World Cup 2018, from Kolkata! I think "Bend it like Berger", is perhaps a fitting catch line from the view point of all of us at Berger. I am sure that you will be proud of this achievement as this speaks volumes about the Company's technical capabilities and quality of its paints. These, to me, are the most important factors for the long term sustainability of the Company. I must also underscore the fact that all these high performance coatings technologies have been developed by the Company in India at its own R & D Centre located here – in West Bengal.

In order to cater to the future needs arising out of higher demand – both in terms of volume and variety – and to make the Company more self-reliant, the Company completed installation of the facility for production of colorants, an essential ingredient for manufacturing paints, at Rishra, West Bengal. Emulsions are important intermediaries in water based coatings. So far, the Company had emulsion manufacturing facility in Gujarat only. In May, 2018, it completed the first phase of the emulsion plant with a final capacity of 44,160 MT per annum, also at Rishra.