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**Berger Paints India Limited**  
Earnings Update Call, Q4 FY23  
May 15, 2023



# FY23 Performance





**1923 - 2023**



## FY23 : Delivering results



Company recorded a strong performance in the year

- ❑ Consolidated Topline crossed Rs 10000 crs
- ❑ India Operations Topline almost touched Rs 10000 crs
- ❑ Company gained Market Share in FY23.
- ❑ Standalone Turnover growth : 22.3%
- ❑ Consolidated Turnover growth : 20.6%

**Standalone Company recorded the highest growth in the industry for FY23**



1923 - 2023

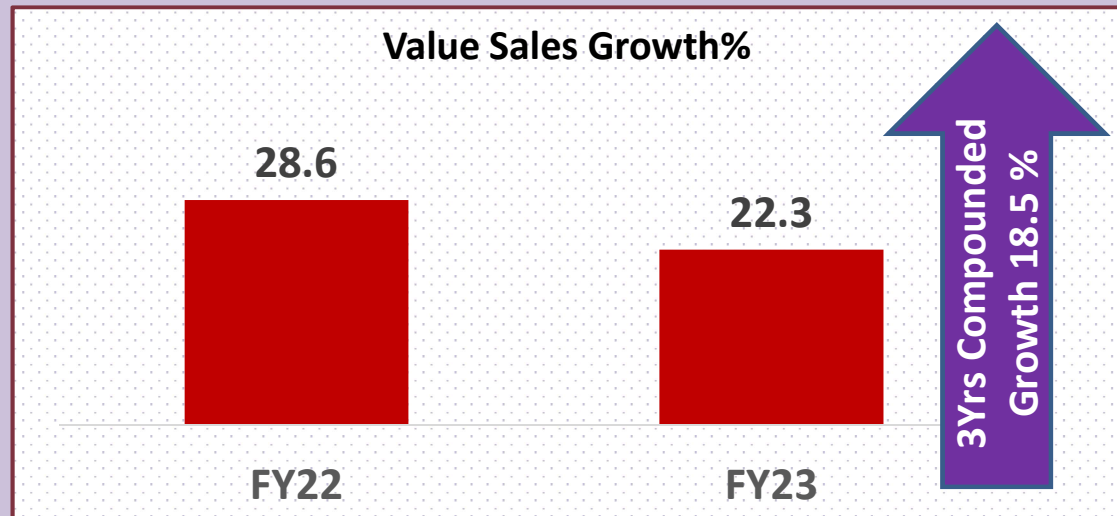
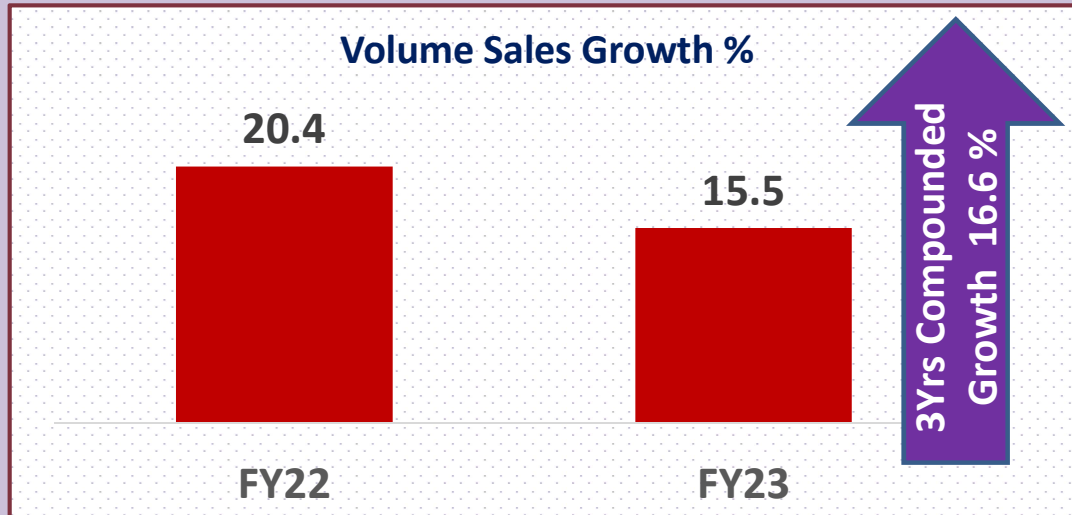


## FY23 : Delivering results

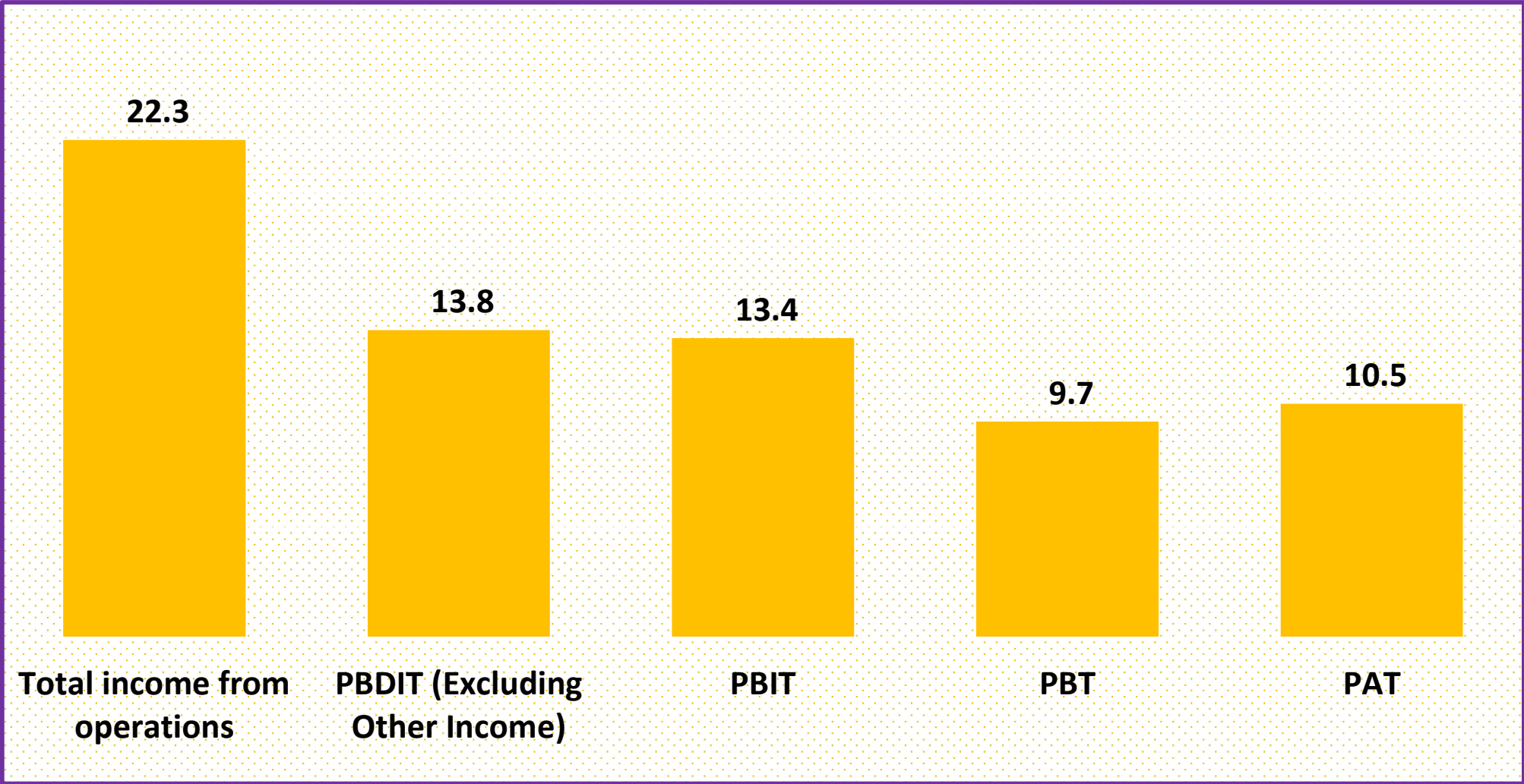


- ❑ **Double digit operating profit growth : 13.8% in Standalone & 11.7% on Consolidated business**
- ❑ **Company added around 8000+ retail touchpoints in FY23  
Installed 5200+ Colorbank machines**
- ❑ **Protective Coatings business itself crossed Rs 1000 cr - We are market leader in this segment**
- ❑ **Non-Auto India industrial business also recorded market leadership with top-line of above Rs 1450 cr**
- ❑ **All industrial business lines showed improved profitability at operating margin level**
- ❑ **Company successfully set up its biggest manufacturing facility in Sandila, Uttar Pradesh of 33000 MT capacity with an investment of Rs 1037 cr**

# Consistent Growth



# GROWTH (%) - Standalone FY23



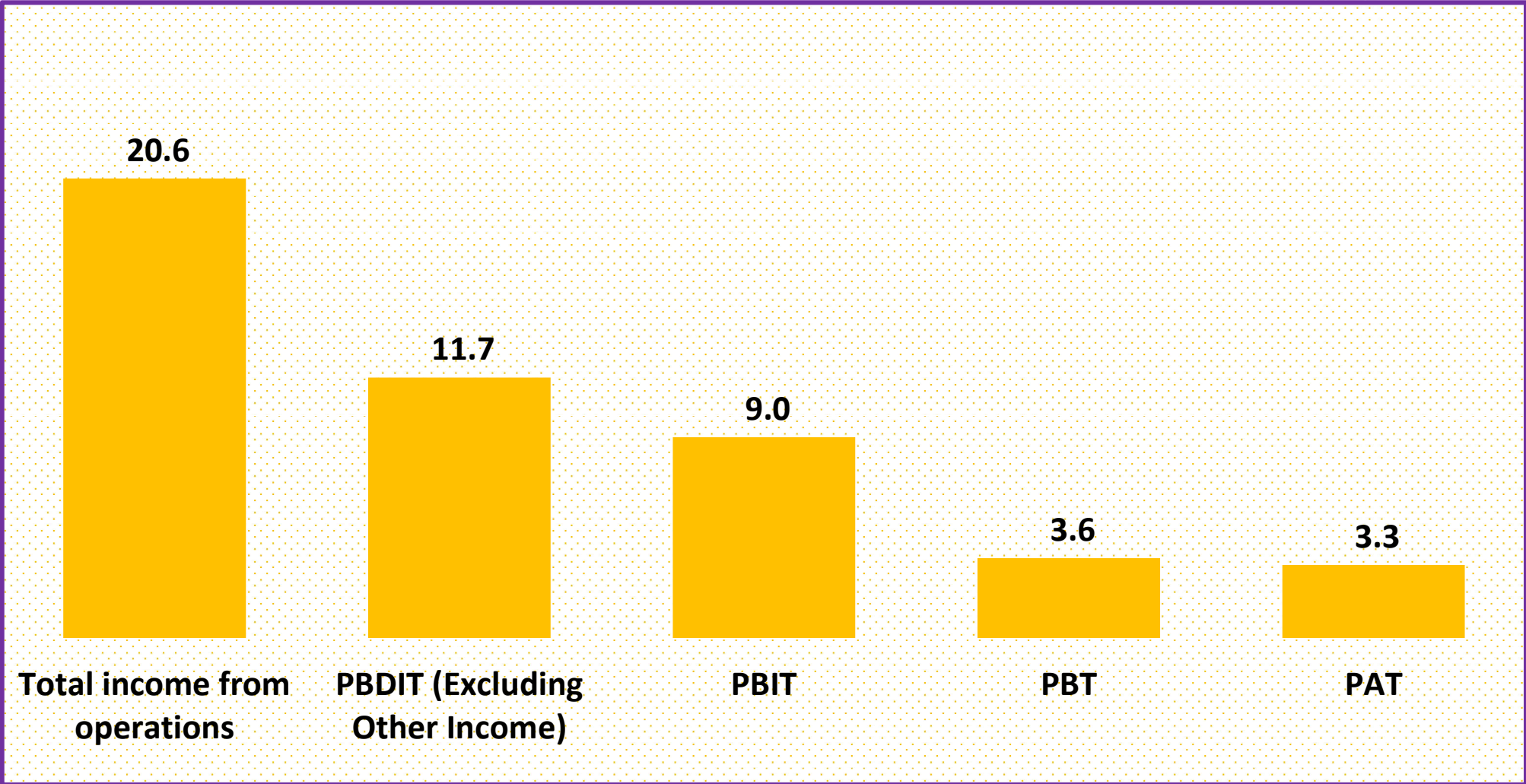
## Financial Results – Standalone FY23



Rs Crores

	YTD FY 22	% to Total Income	YTD FY 23	% to Total Income	Growth %
<b>Total income from operations</b>	<b>7,740.93</b>		<b>9,470.62</b>		<b>22.3</b>
Material Cost	4,846.09	62.6	6,087.12	64.3	
Employee Cost	400.58	5.2	458.12	4.8	
Other expenses	1,311.73	16.9	1,579.53	16.7	
<b>PBDIT (Excluding Other Income)</b>	<b>1,182.53</b>	<b>15.3</b>	<b>1,345.85</b>	<b>14.2</b>	<b>13.8</b>
Depreciation	197.53	2.6	234.00	2.5	
<b>Profit from operation before interest</b>	<b>985.00</b>	<b>12.7</b>	<b>1,111.85</b>	<b>11.7</b>	<b>12.9</b>
Other Income	63.12	0.8	77.15	0.8	
<b>PBIT</b>	<b>1,048.12</b>	<b>13.5</b>	<b>1,189.00</b>	<b>12.6</b>	<b>13.4</b>
Finance Cost	42.93	0.6	86.28	0.9	
<b>PBT</b>	<b>1,005.19</b>	<b>13.0</b>	<b>1,102.72</b>	<b>11.6</b>	<b>9.7</b>
Taxes	255.33	3.3	274.33	2.9	
<b>PAT</b>	<b>749.86</b>	<b>9.7</b>	<b>828.39</b>	<b>8.7</b>	<b>10.5</b>
Other comprehensive income, net of income tax	0.82	0.0	(0.55)	(0.0)	
<b>Total comprehensive income for the period</b>	<b>750.68</b>		<b>827.84</b>		

# GROWTH (%) - Consolidated FY23





# Financial Results- Consolidated: FY23



Rs Crores

	YTD FY 22	% to Total Income	YTD FY 23	% to Total Income	Growth %
<b>Total income from operations</b>	<b>8,761.78</b>		<b>10,567.84</b>		<b>20.6</b>
Material Cost	5,429.07	62.0	6,730.52	63.7	
Employee Cost	543.12	6.2	609.19	5.8	
Other expenses	1,458.52	16.6	1,740.93	16.5	
<b>PBDIT (Excluding Other Income)</b>	<b>1,331.07</b>	<b>15.2</b>	<b>1,487.20</b>	<b>14.1</b>	<b>11.7</b>
Depreciation	226.51	2.6	264.03	2.5	
<b>Profit from operation before interest</b>	<b>1,104.56</b>	<b>12.6</b>	<b>1,223.17</b>	<b>11.6</b>	<b>10.7</b>
Other Income	64.59	0.7	51.57	0.5	
<b>PBIT</b>	<b>1,169.15</b>	<b>13.3</b>	<b>1,274.74</b>	<b>12.1</b>	<b>9.0</b>
Finance Cost	50.72	0.6	99.23	0.9	
<b>PBT before share of joint ventures</b>	<b>1,118.43</b>	<b>12.8</b>	<b>1,175.51</b>	<b>11.1</b>	<b>5.1</b>
Share of Profit / (loss) of associates and joint ventures	3.86	0.0	(13.17)	(0.1)	
<b>PBT</b>	<b>1,122.29</b>	<b>12.8</b>	<b>1,162.34</b>	<b>11.0</b>	<b>3.6</b>
Taxes	289.34	3.3	301.94	2.9	
<b>PAT</b>	<b>832.95</b>	<b>9.5</b>	<b>860.40</b>	<b>8.1</b>	<b>3.3</b>
Other comprehensive income, net of income tax	(15.50)	(0.2)	4.36	0.0	
<b>Total comprehensive income for the period</b>	<b>817.45</b>	<b>9.3</b>	<b>864.76</b>	<b>8.2</b>	



## Scaling up for success

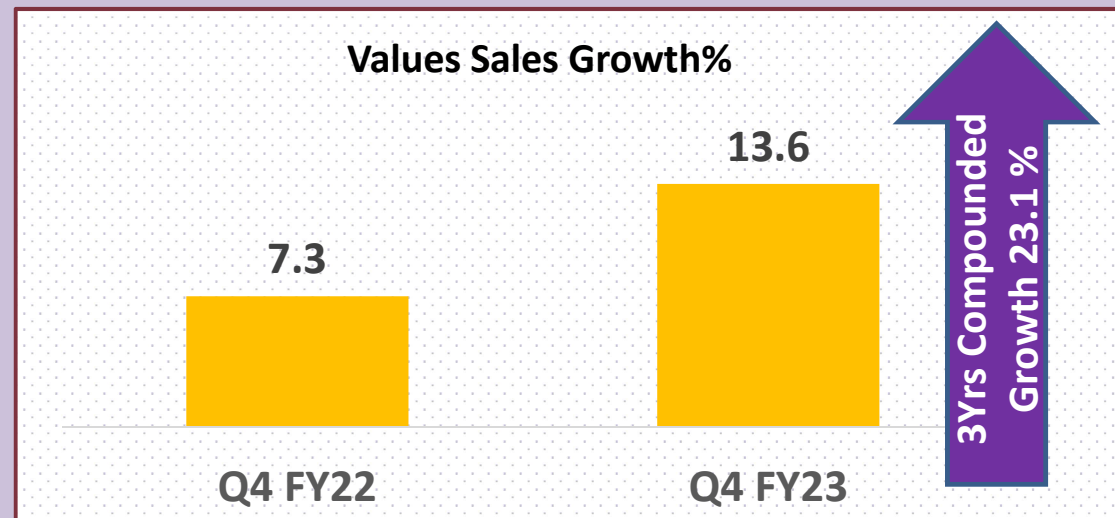
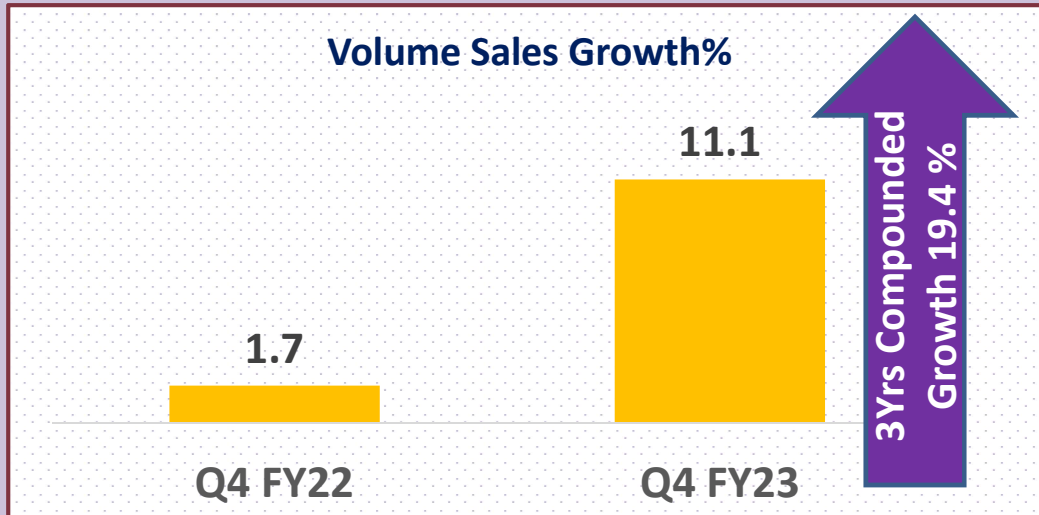
- Present capacity - 95000 MT
- Biggest Plant went on commercial production in February 2023 (33000 MT)
  - will manufacture products across all categories
  - Presently capacity utilization between 40% to 50%
- Some capacity additions in existing plants but no further green field projects in FY24
- New plant to be commissioned in Panagarh, West Bengal by March 2025 - to produce Industrial paints & construction chemicals



# Q4 FY23 Performance



# Quarterly Growth



# Decorative Business



1

Decorative business showed healthy double digit volume and value growth both in excess of 14% for the quarter in spite of an inflationary environment aided by some mix improvement

2

Construction Chemical segment also recorded a robust growth for the quarter

3

Several new products were launched in the quarter



# Innovating for success : New Product launches





Trendz Filament Finish



Trendz Metallic Finishes

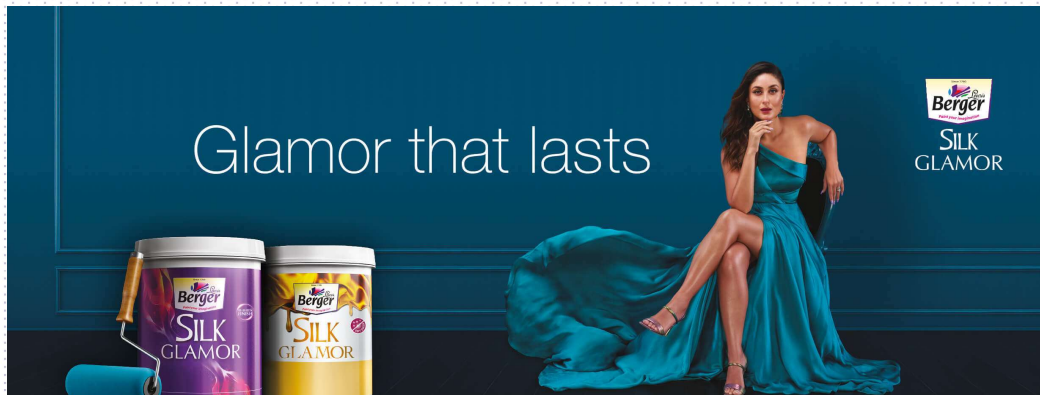


Trendz Hammered Pearl Finish





# Media Campaign



# Industrial Business : Q4FY23

**Automotive business had another quarter of good growth aided by increased price realization.**

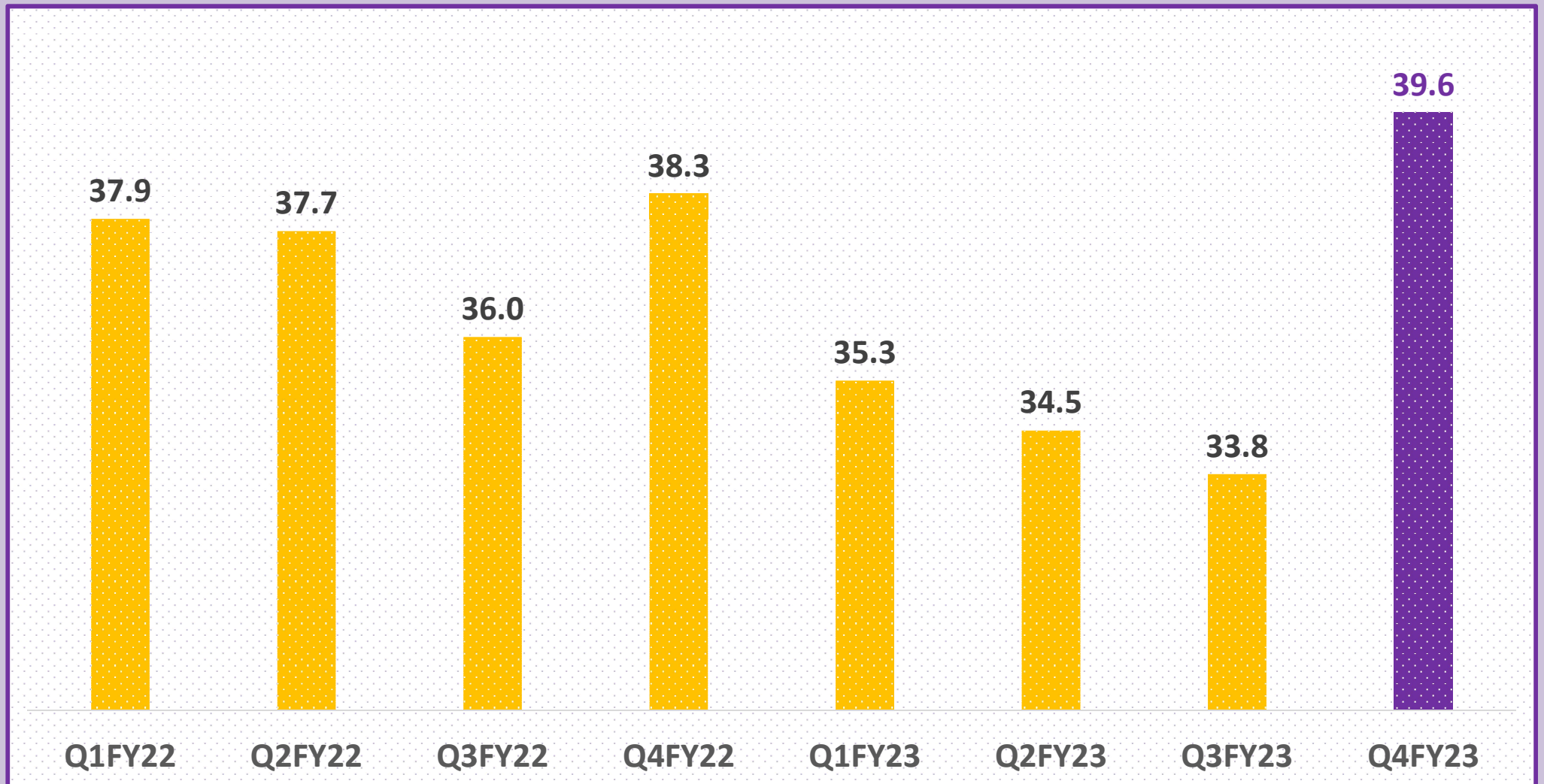
**General Industrial business also recorded a double digit growth for the quarter.**

**Protective and infrastructure business had another quarter of steady growth aided by new business opportunities.**

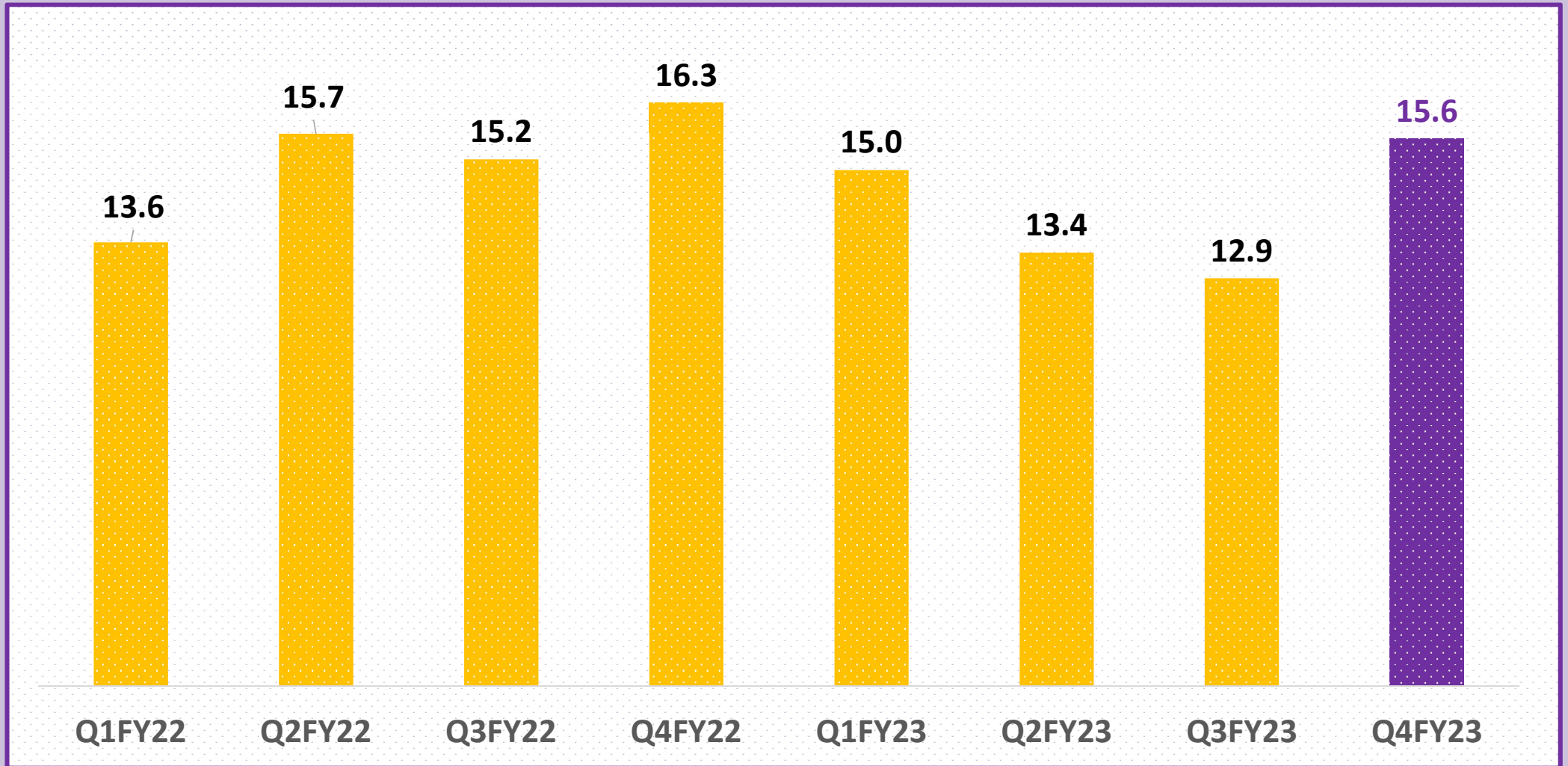
**Powder Coatings business line had significant degrowth on account of downturn in the Fan industry.**



## On the rise : Gross Margin (%) - Standalone



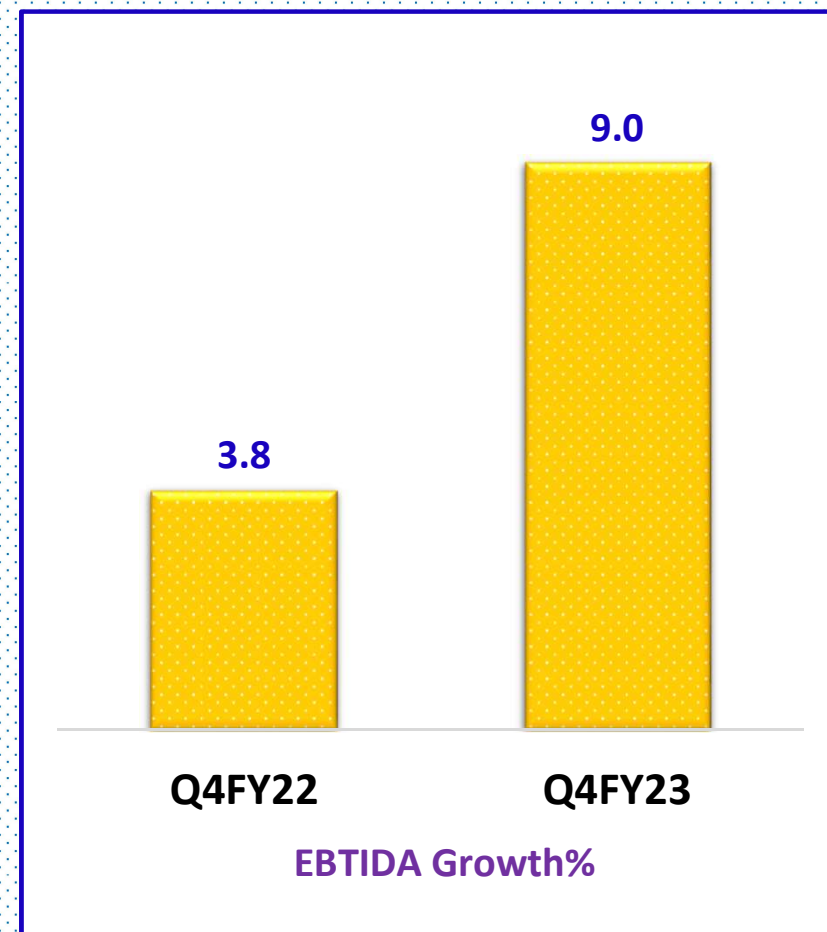
## Making progress : PBDIT (%) - Standalone



## Profitability Analysis : Q4FY23



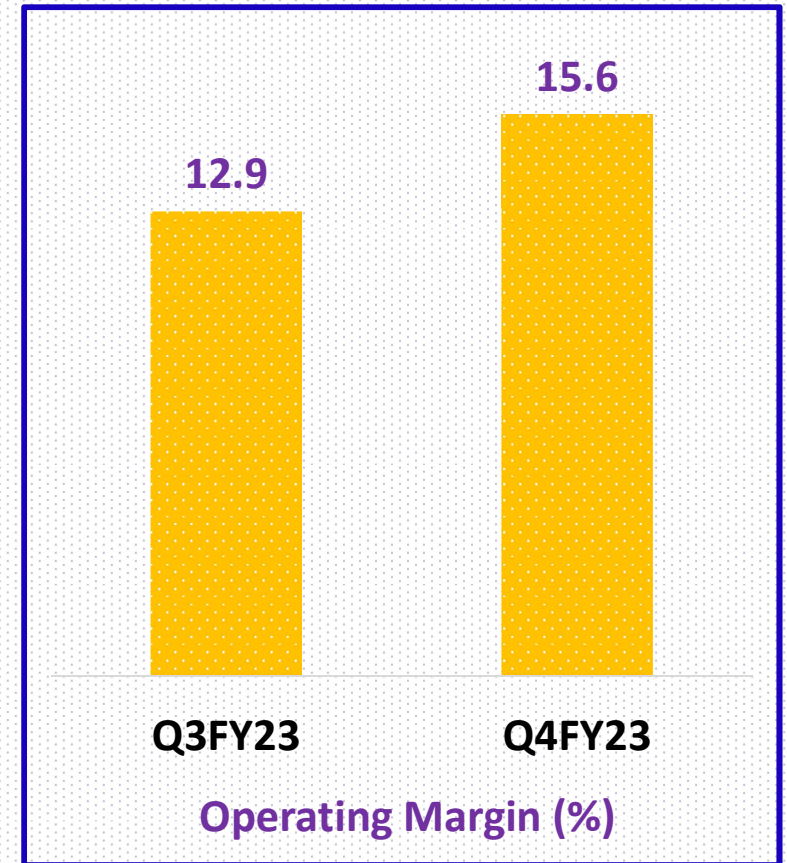
- Gross margins showed improvement over corresponding quarter last year and sequentially on the back of lower raw material prices
- Operating margin percentage over corresponding quarter last year were impacted by -
  - Higher Advertisement expenses
  - Overhead and pre-operating expenses on account of Sandila project
  - Provision for expected credit delay of receivables in Andhra Pradesh Government project which we expect to realise subsequently



## Profitability Analysis : Q4FY23

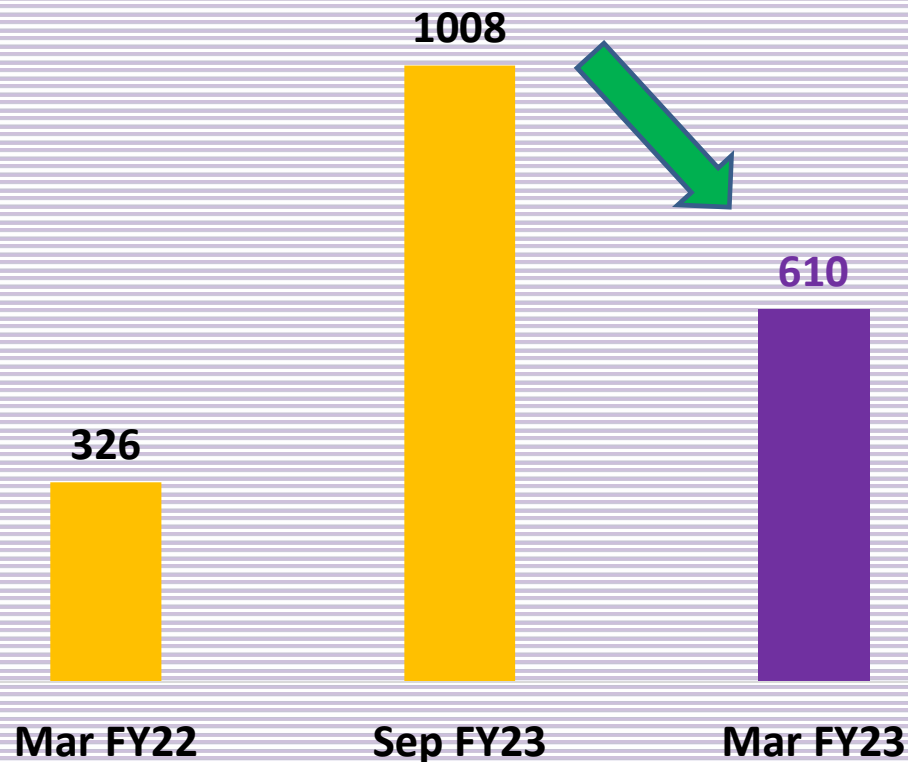


- Operating margin excluding other income however showed an improvement of 270 bps sequentially
- We expect gross margin to hold at the same level going forward
- Operating margins are expected to improve in Q1FY24
- PAT has been lower over corresponding quarter last year on account of higher depreciation and finance cost on Sandila project which will be normalised in the coming quarters



## Improving financial health : Debt Position

### Net debt (Rs Crs)

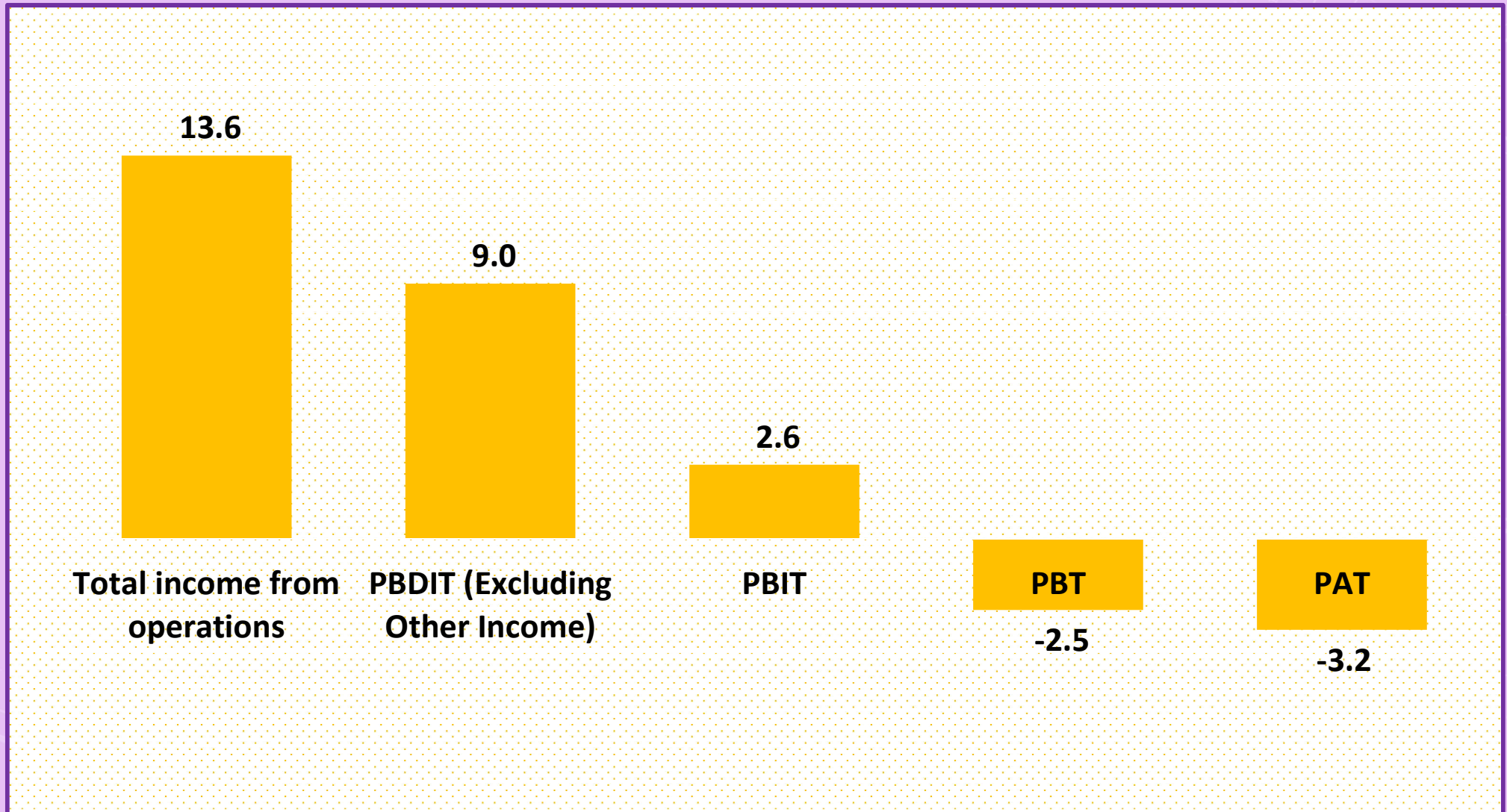


Net debt went up significantly during the year primarily on account of

- Large Capital expenditure for capacity expansion
- High stock holding in a rising cost scenario
- However substantial reduction of Net debt was seen in the quarter
- We expect to get net cash positive by end of FY24

Company presently has the shortest receivable collection days in the industry

## GROWTH (%) - Standalone Q4 FY23





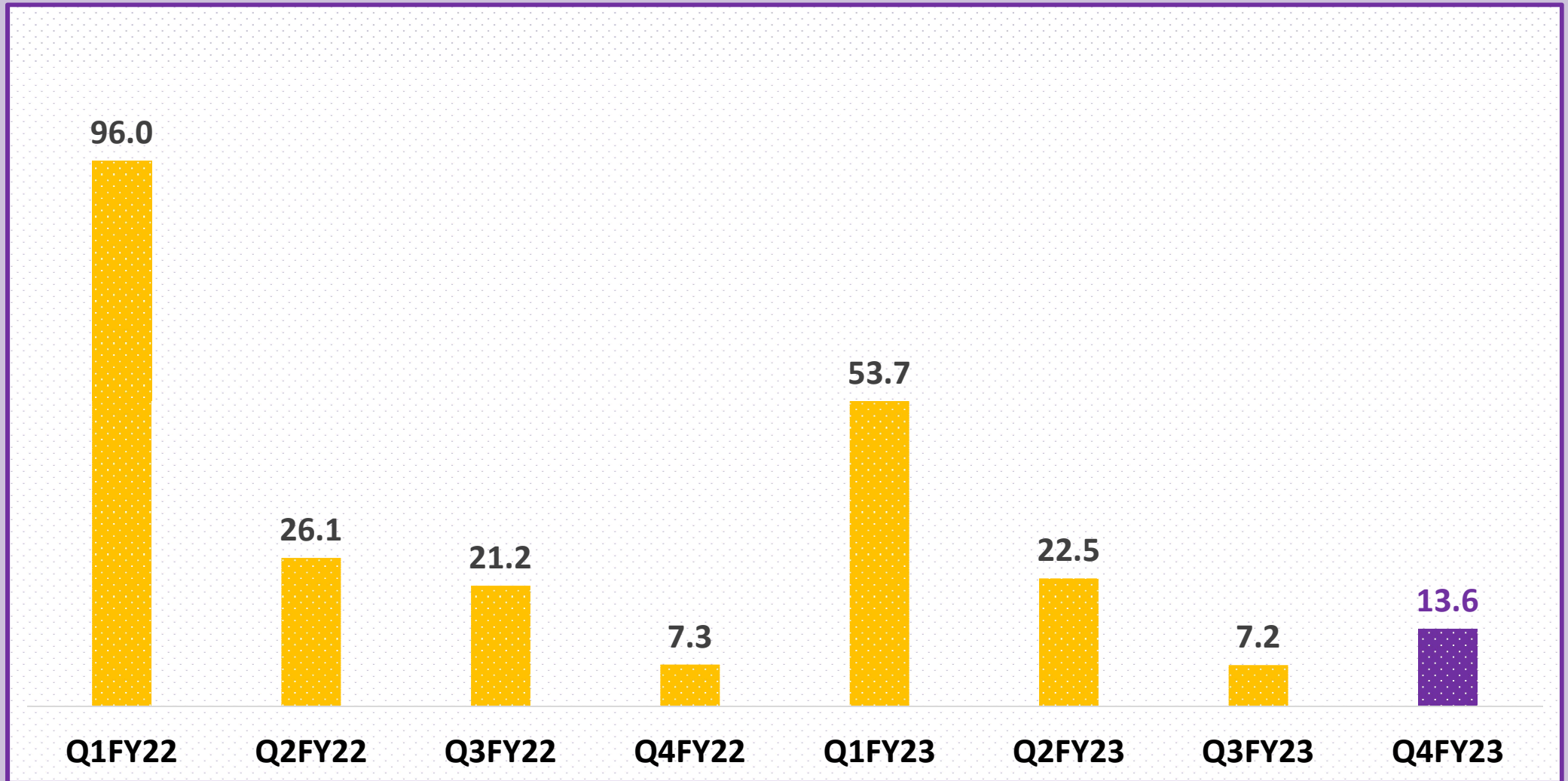
## Financial Results – Standalone Q4 FY23



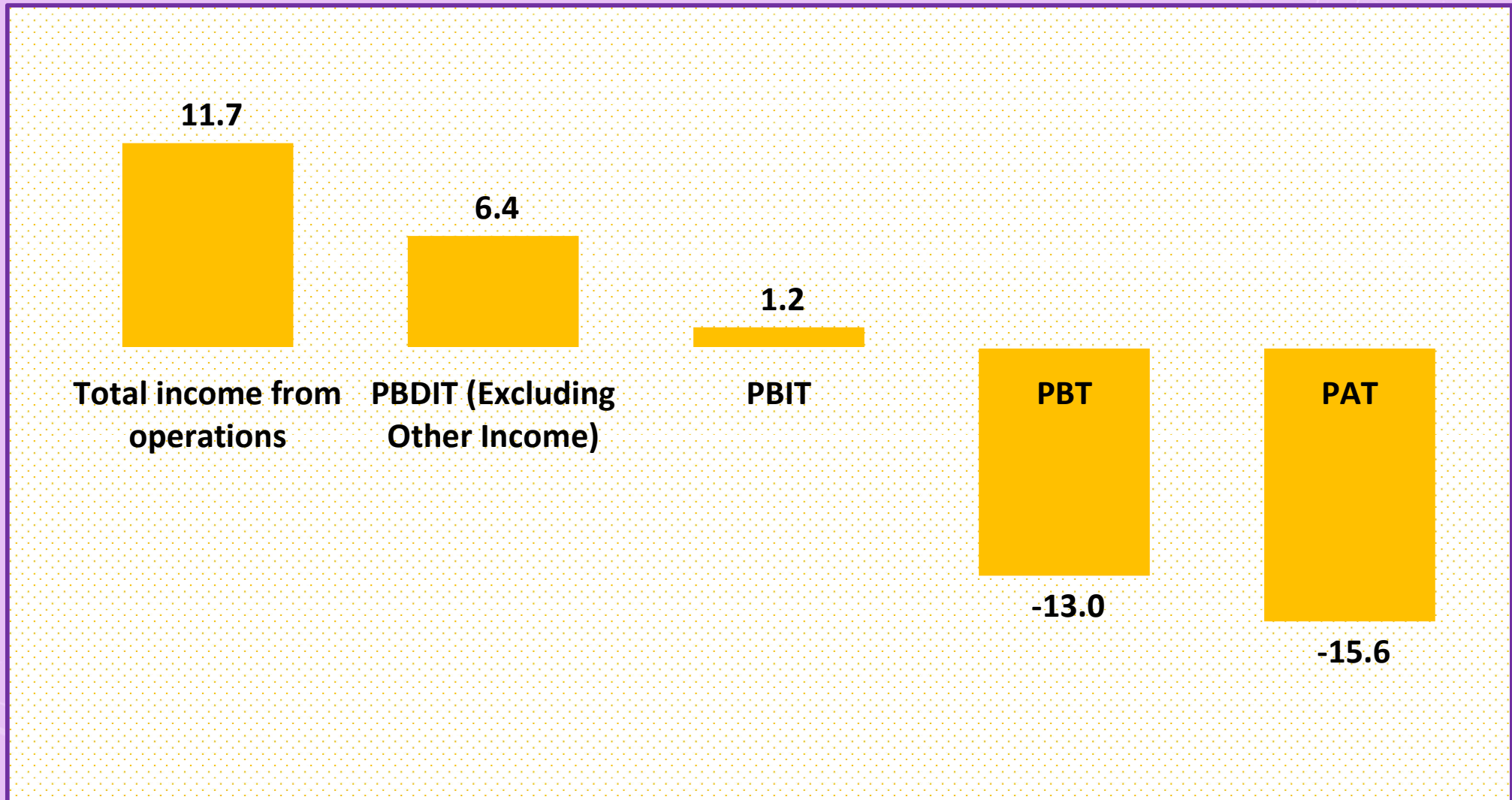
Rs Crores

	Q4 FY 22	% to Total Income	Q4 FY 23	% to Total Income	Growth %
<b>Total income from operations</b>	<b>1927.83</b>		<b>2,189.29</b>		<b>13.6</b>
Material Cost	1,190.26	61.7	1,321.30	60.4	
Employee Cost	98.32	5.1	115.40	5.3	
Other expenses	325.09	16.9	410.05	18.7	
<b>PBDIT (Excluding Other Income)</b>	<b>314.16</b>	<b>16.3</b>	<b>342.54</b>	<b>15.6</b>	<b>9.0</b>
Depreciation	51.76	2.7	66.58	3.0	
<b>Profit from operation before interest</b>	<b>262.40</b>	<b>13.6</b>	<b>275.96</b>	<b>12.6</b>	<b>5.2</b>
Other Income	18.97	1.0	12.80	0.6	
<b>PBIT</b>	<b>281.37</b>	<b>14.6</b>	<b>288.76</b>	<b>13.2</b>	<b>2.6</b>
Finance Cost	11.74	0.6	25.90	1.2	
<b>PBT</b>	<b>269.63</b>	<b>14.0</b>	<b>262.86</b>	<b>12.0</b>	<b>(2.5)</b>
Taxes	66.94	3.5	66.65	3.0	
<b>PAT</b>	<b>202.69</b>	<b>10.5</b>	<b>196.21</b>	<b>9.0</b>	<b>(3.2)</b>
Other comprehensive income, net of income tax	1.18	0.1	(2.31)	(0.1)	
<b>Total comprehensive income for the period</b>	<b>203.87</b>		<b>193.90</b>		

## Income from operations Growth Trend – Standalone (%)



# GROWTH (%) - Consolidated Q4 FY23



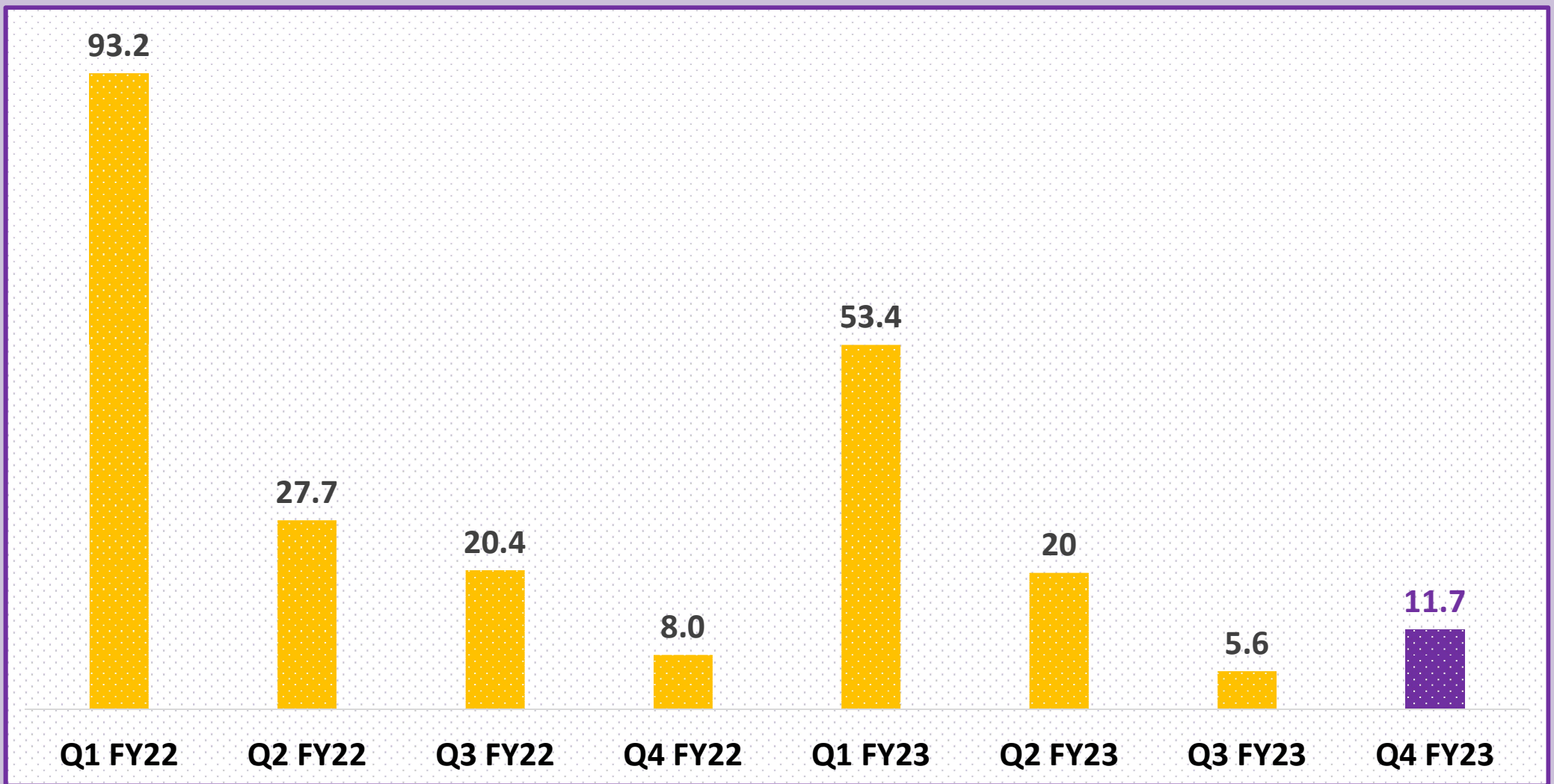
# Financial Results- Consolidated: Q4 FY23



Rs Crores

	Q4 FY 22	% to Total Income	Q4 FY 23	% to Total Income	Growth %
<b>Total income from operations</b>	<b>2,187.51</b>		<b>2,443.63</b>		<b>11.7</b>
Material Cost	1,336.40	61.1	1,470.18	60.2	
Employee Cost	134.13	6.1	154.69	6.3	
Other expenses	370.54	16.9	450.00	18.4	
<b>PBDIT (Excluding Other Income)</b>	<b>346.44</b>	<b>15.8</b>	<b>368.76</b>	<b>15.1</b>	<b>6.4</b>
Depreciation	59.75	2.7	74.41	3.0	
<b>Profit from operation before interest</b>	<b>286.69</b>	<b>13.1</b>	<b>294.35</b>	<b>12.0</b>	<b>2.7</b>
Other Income	19.12	0.9	15.07	0.6	
<b>PBIT</b>	<b>305.81</b>	<b>14.0</b>	<b>309.42</b>	<b>12.7</b>	<b>1.2</b>
Finance Cost	14.61	0.7	29.30	1.2	
<b>PBT before share of joint ventures</b>	<b>291.20</b>	<b>13.3</b>	<b>280.12</b>	<b>11.5</b>	<b>(3.8)</b>
Share of Profit / (loss) of associates and joint ventures	5.24	0.2	(22.19)	(0.9)	
<b>PBT</b>	<b>296.44</b>	<b>13.6</b>	<b>257.93</b>	<b>10.6</b>	<b>(13.0)</b>
Taxes	76.15	3.5	71.92	2.9	
<b>PAT</b>	<b>220.29</b>	<b>10.1</b>	<b>186.01</b>	<b>7.6</b>	<b>(15.6)</b>
Other comprehensive income, net of income tax	0.64	0.0	(4.26)	(0.2)	
<b>Total comprehensive income for the period</b>	<b>220.93</b>	<b>10.1</b>	<b>181.75</b>	<b>7.4</b>	

# Income from operations Growth Trend – Consolidated (%)



## Performance - Consolidated: Q4 FY23



- **Company's subsidiary, STP Ltd showed robust top line and profitability growth aided by higher gross margin and reduction in overheads**
- **SBL Specialty Coatings Ltd even though had a marginal degrowth in the topline, showed improvement in profitability**
- **Company's overseas subsidiaries, BJN Nepal had a degrowth in topline and profitability on account of steep inflation and cash crunch in the economy, whereby company decided to holdback on extended credit**
- **Company's overseas subsidiaries, Bolix S.A, Poland also had a degrowth in topline and profitability on account of Ukraine war and inflationary environment. UK operations were also impacted by high inflation**
- **Company's Joint venture Berger Nippon Paint Automotive Coatings Pvt. Ltd. had a strong quarter of topline and profitability growth aided by growth in Auto sector**
- **Company's Joint venture Berger Becker Coatings financial performance was negatively impacted on account of a fire loss in one of its factories in the quarter. An amount of Rs 25.35cr has been provided for the same. Claims are being processed.**

# FY24 : Strategising for growth



## ❖ Network Expansion

- Build on existing strength & work on fundamentals
  - Company has approximately 40000 retailers
- - Plan to add 8000 retail touchpoints in FY24

## ❖ Product Innovation

- Several innovative products introduced over the years and some more in pipeline

## ❖ Increased spend on Branding and Trade Promotion

- Focus on digital side of advertising

## • Influencer Outreach

- Company has 1.3 lakhs contractors/painters with regular offtake of company products
- Plan to scale up significantly

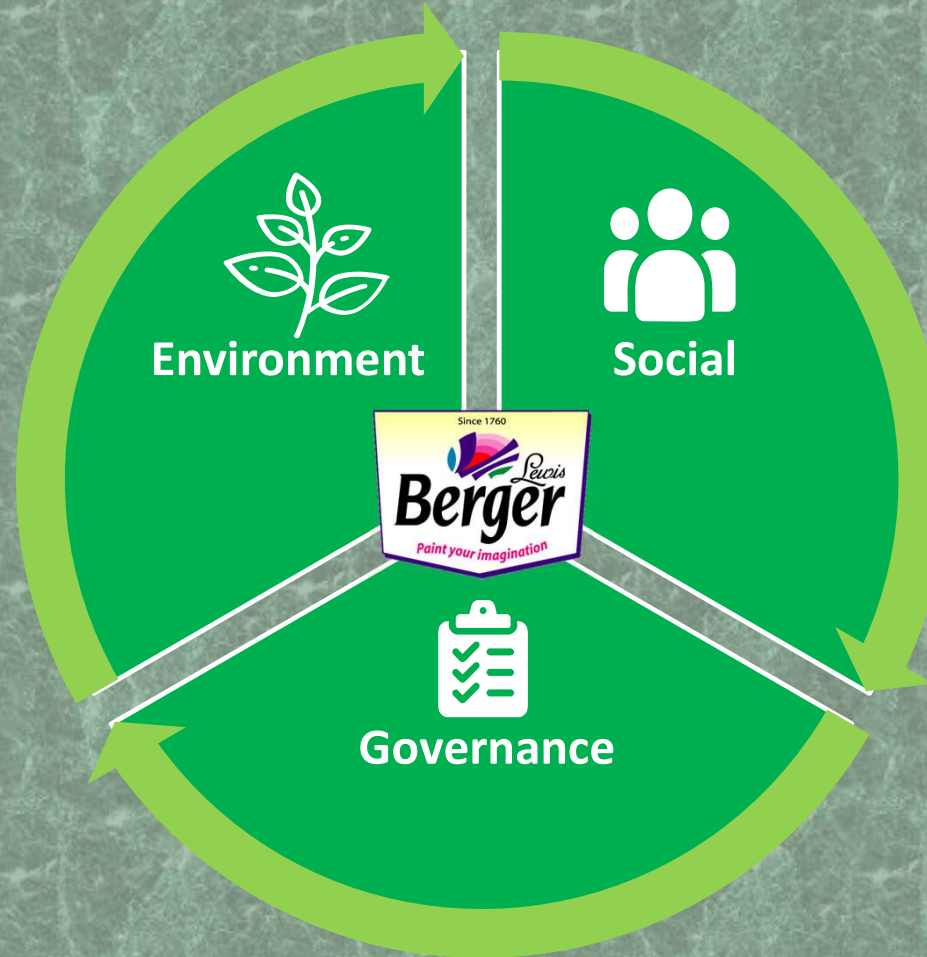
## • Cost restructuring

- Working with R & D to find more cost-effective alternatives and Formulation efficiencies
- Improvement in manufacturing efficiencies through automation
- Overhead reduction



## Investing in a sustainable future : ESG Initiative

- Adoption of green technology – Low VOC
- Reduction of Carbon footprint – Solar/Biofuels
- Waste reduction & recycling
- Rainwater harvesting
- Adoption of 4R policy – Reduce, Re-use, Recycle and Recreate
- Greenbelt development



- Workplace health and safety
- Employee wellness initiatives
- Workmen compensation policy
- Encouraging local employment
- Community development
- Gender equality

- Safety initiatives and training
- Dedicated safety team
- Risk assessment audit
- Adherence to labour laws
- Ethical business practices



## Confident outlook for the business



- **Company expects to continue its double digit growth in decorative business in the coming quarter as the demand outlook remains good in view of lower inflation and prediction of normal monsoon**
- **Industrial sales outlook remain strong on the back of upturn in auto and infrastructure sector**
- **Raw material prices other than any exchange fluctuation, appears benign**
- **Profitability expected to improve in Q1FY24 on the back of improvement in operating margin**
- **Company confident to have a strong performance in its 100<sup>th</sup> year of operation.**

## Disclaimer



*This presentation has been prepared by Berger Paints India Limited for information purposes only.*

*The forward looking statements, if any, involve risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the statements.*