



**Berger Paints India Limited
Earnings Update Call, Q3 FY23
February 2, 2023**



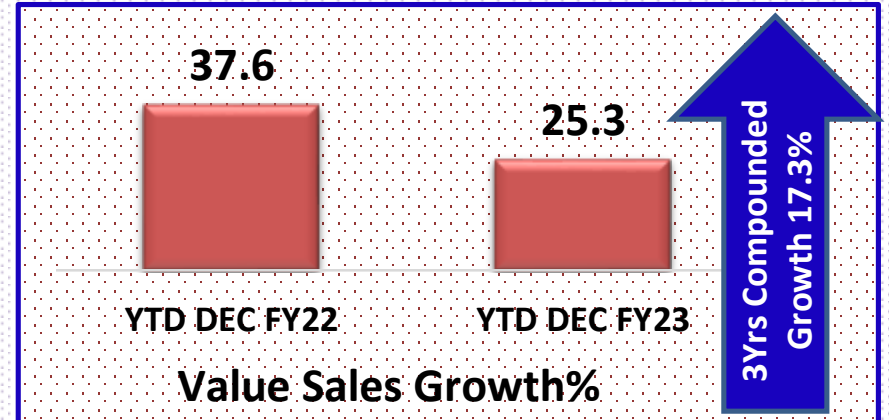
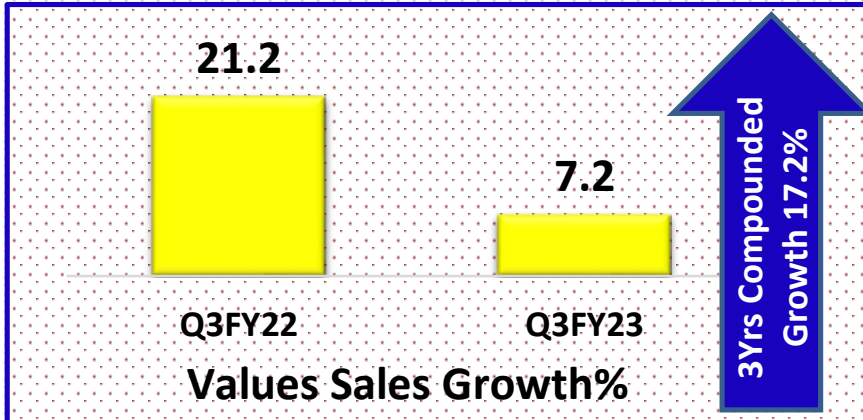
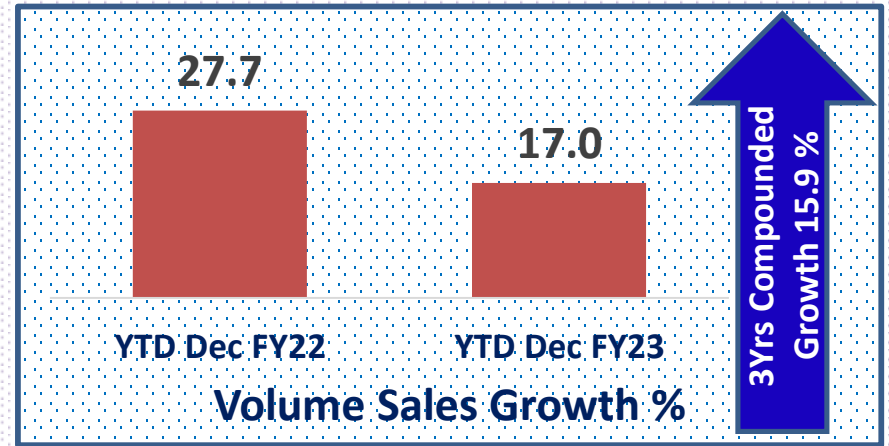
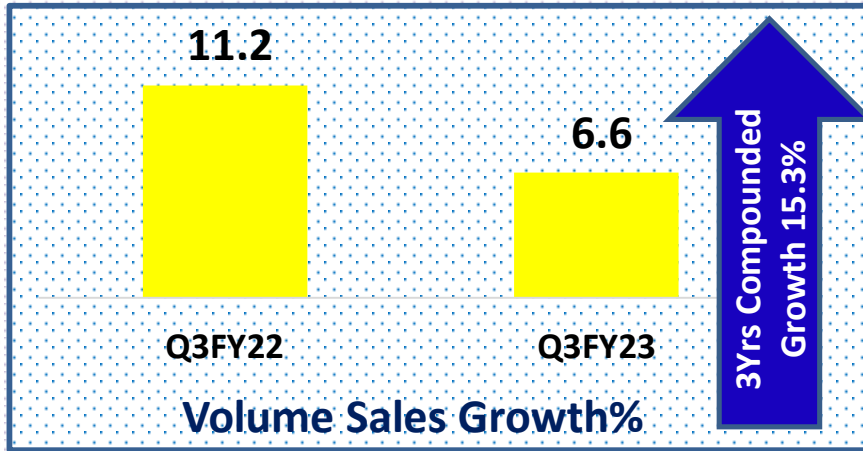
Q3 FY23 Performance





- **Decorative business showed decent growth in the quarter in spite of**
 - extended monsoon
 - very high base effect
 - short festive season compared to the corresponding quarter last year.
- **However, growth progressively improved with a double digit growth in December.**
- **Some mix impact on account of higher stocking of premium products by retailers on the back of steep price increases in corresponding period last year and lower sale of exterior emulsion due to extended monsoon.**
- **On a YTD performance, Decorative business continued its healthy growth.**

Growth Rates



- **Strong network expansion for the business.**
 - Added around 8000 retail Sales points in YTD Dec FY23
- **Around 4300 Colorbank Machines installed in YTD Dec23**
- **Construction chemicals segment registered very strong growth in the quarter**
- **Expect to gain market share going by the industry growth trend**

**Coal-tar based
solution for rising
dampness in new
construction**



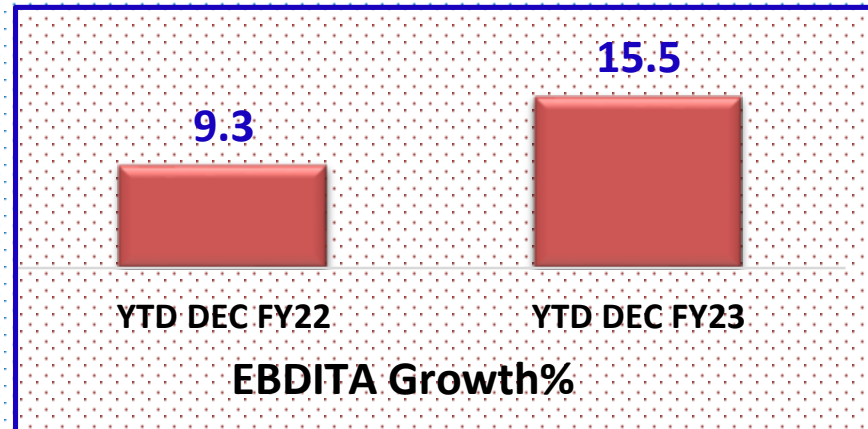
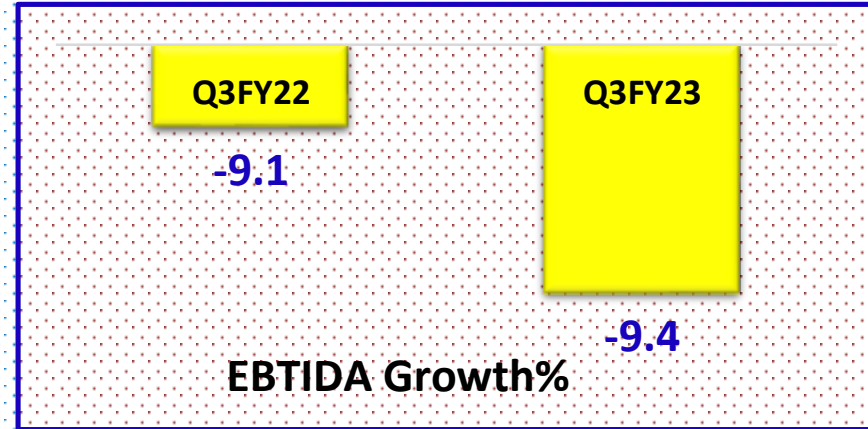
**Comes with 15 year
warranty**

- **GI and Auto business showed good growth in the quarter.**
- **Protective and infrastructure business continued its double-digit growth aided by infrastructure spending.**
- **Further price increases were realised in the quarter.**
- **Powder Coatings business line had significant degrowth on account of lower sales to the Fan industry.**

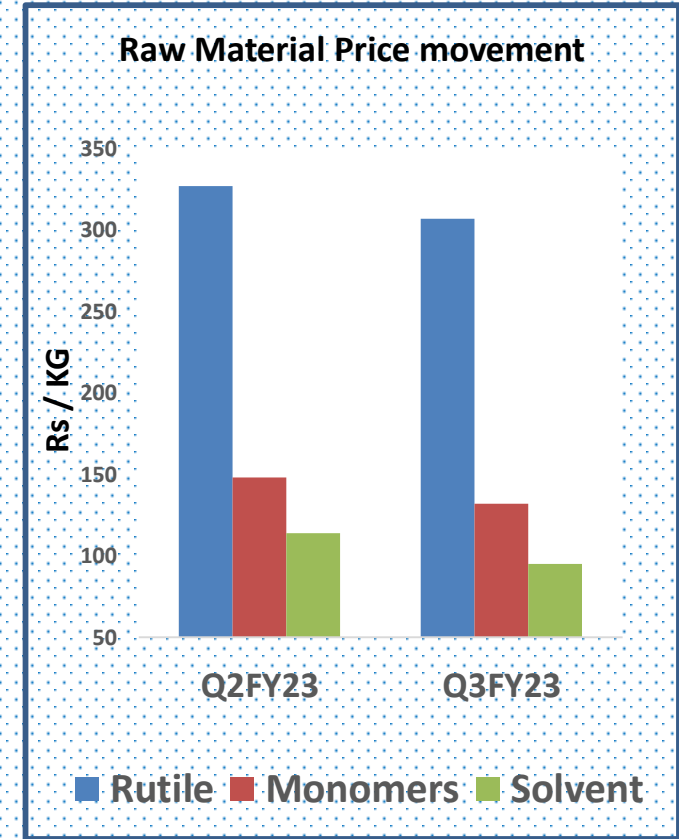


Profitability decline in the quarter mainly on account of –

- Due to capacity constraints the company had to build up inventory in anticipation of festive season - the inventory lasted throughout the period & hence the benefit of lower RM prices could not be realized which impacted gross margin
- Mix impact on account of lower sales of Exterior Emulsions due to extended monsoon
- Scale impact on overheads due to lower than anticipated growth in sales
- Mark to market impact of exchange depreciation



- Further softening of Rutile, Monomer and Solvent prices are likely to lead to profitability improvement going forward.
- Commencement of commercial production in Sandila plant will also lead to lower inventory holding and working capital improvement.
- Mix improvement likely in Q4 on the back of increased sales of exterior wall coatings and waterproofing items which has high gross margins



Capacity Expansion



**Commercial
Production
starts from
February
2023**



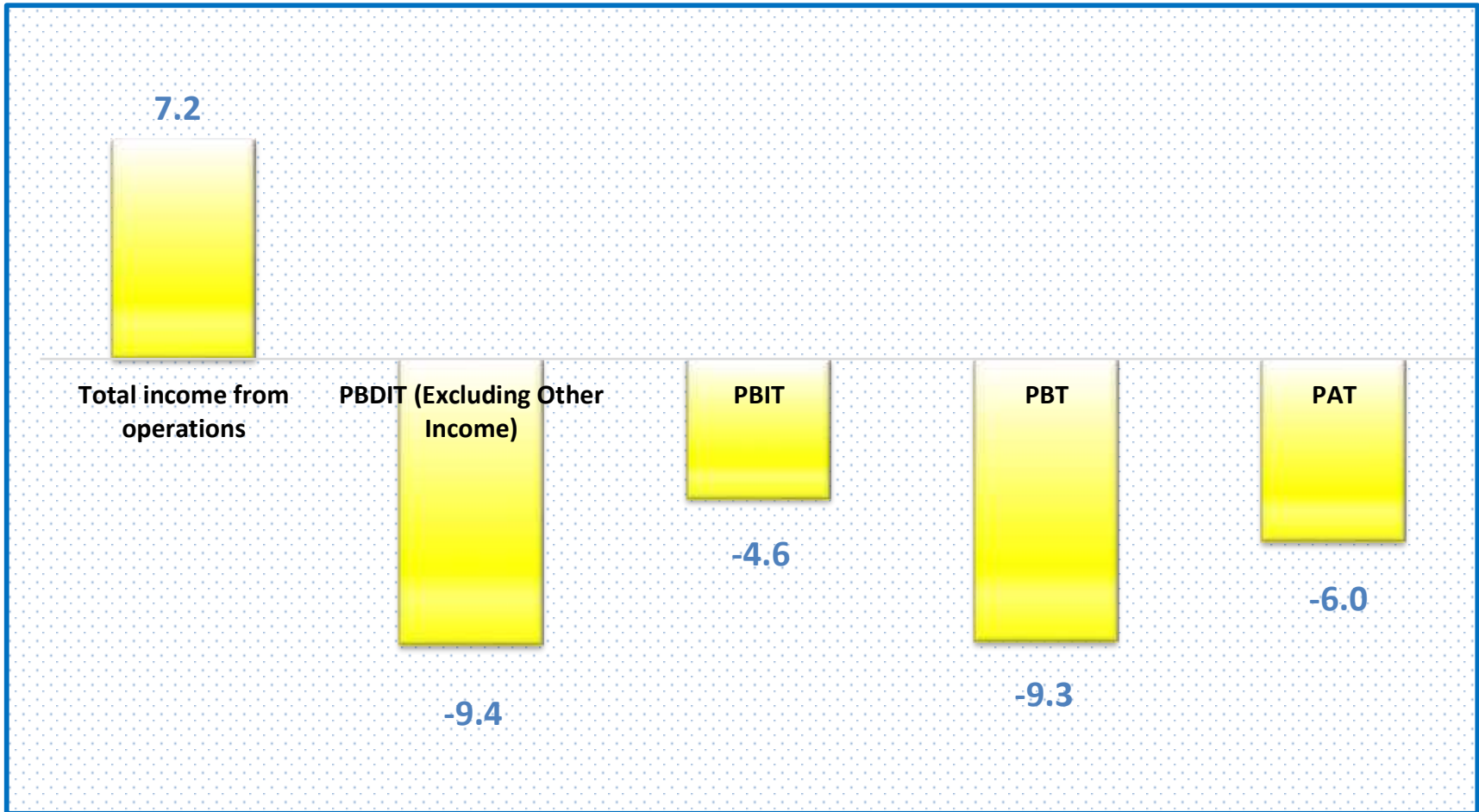
**New manufacturing facility at Sandila, Uttar Pradesh
Estimated outlay 1000+ Crores ; Installed capacity of 33000 KL/MT (per month)**



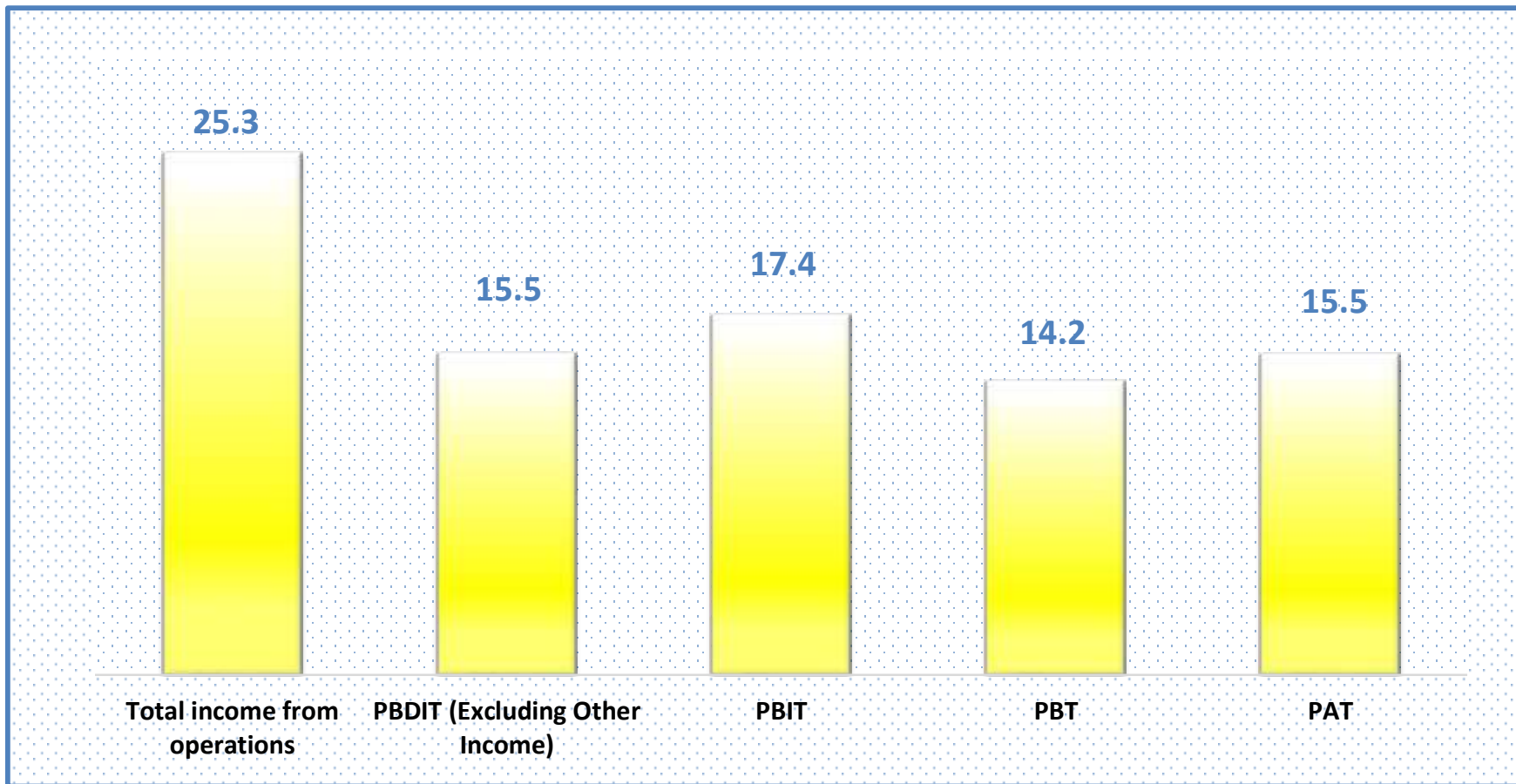
Financial Performance



GROWTH (%) - Standalone Q3 FY23



GROWTH (%) - Standalone YTD Dec FY23



Financial Results – Standalone Q3 FY23



Rs Crores

	Q3 FY 22	% to Total Income	Q3 FY 23	% to Total Income	Growth %
Total income from operations	2,256.24		2,418.91		7.2
Material Cost	1,443.69	63.99	1,600.91	66.18	
Employee Cost	98.34	4.36	111.48	4.61	
Other expenses	370.58	16.42	395.22	16.34	
PBDIT (Excluding Other Income)	343.63	15.23	311.30	12.87	-9.4
Depreciation	49.39	2.19	56.85	2.35	
Profit from operation before interest	294.24	13.04	254.45	10.52	
Other Income	13.98	0.62	39.51	1.63	
PBIT	308.22	13.66	293.96	12.15	-4.6
Finance Cost	12.32	0.55	25.59	1.06	
PBT	295.90	13.11	268.37	11.09	-9.3
Taxes	75.61	3.35	61.27	2.53	
PAT	220.29	9.76	207.10	8.56	-6.0
Other comprehensive income, net of income tax	0.45	0.02	1.82	0.08	
Total comprehensive income for the period	220.74		208.92		

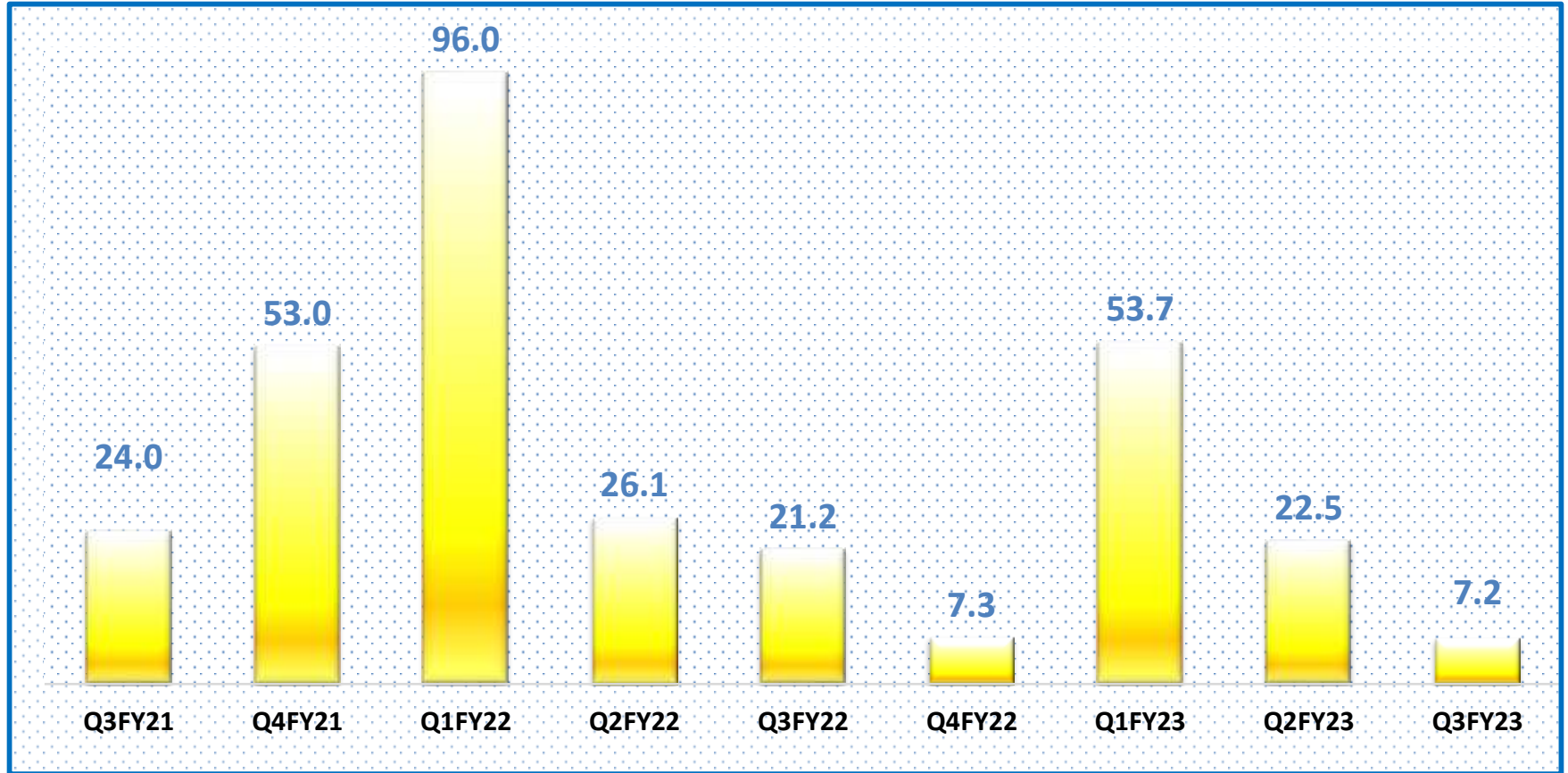
Financial Results – Standalone YTD Dec FY23



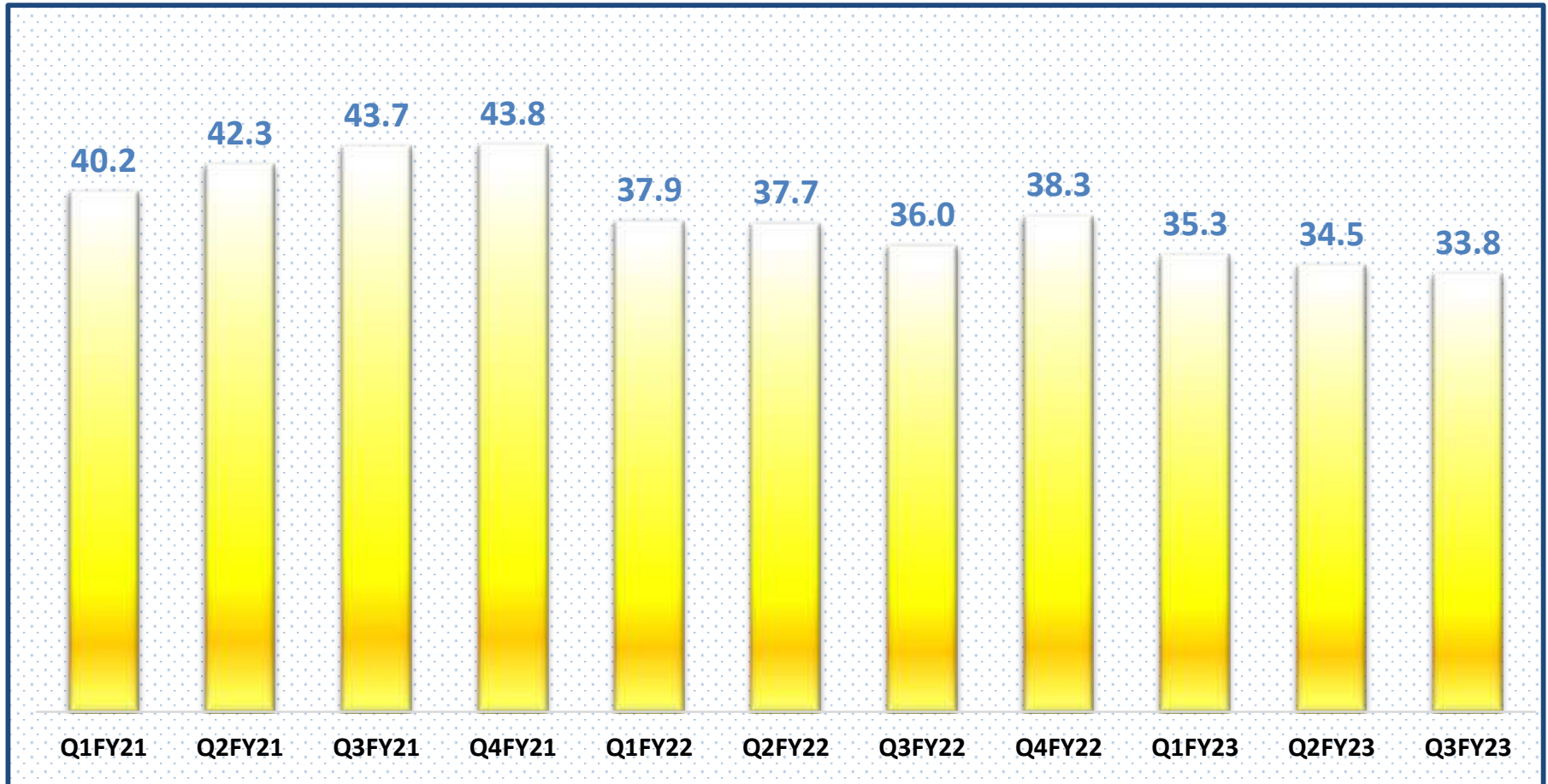
Rs Crores

	YTD DEC FY 22	% to Total Income	YTD DEC FY 23	% to Total Income	Growth %
Total income from operations	5,813.10		7,281.33		25.3
Material Cost	3,655.83	62.89	4,765.82	65.45	
Employee Cost	302.26	5.20	342.72	4.71	
Other expenses	986.64	16.97	1,169.48	16.06	
PBDIT (Excluding Other Income)	868.37	14.94	1,003.31	13.78	15.5
Depreciation	145.77	2.51	167.42	2.30	
Profit from operation before interest	722.60	12.43	835.89	11.48	
Other Income	44.15	0.76	64.35	0.88	
PBIT	766.75	13.19	900.24	12.36	17.4
Finance Cost	31.19	0.54	60.38	0.83	
PBT	735.56	12.65	839.86	11.53	14.2
Taxes	188.39	3.24	207.68	2.85	
PAT	547.17	9.41	632.18	8.68	15.5
Other comprehensive income, net of income tax	-0.36	-0.01	1.76	0.02	
Total comprehensive income for the period	546.81		633.94		

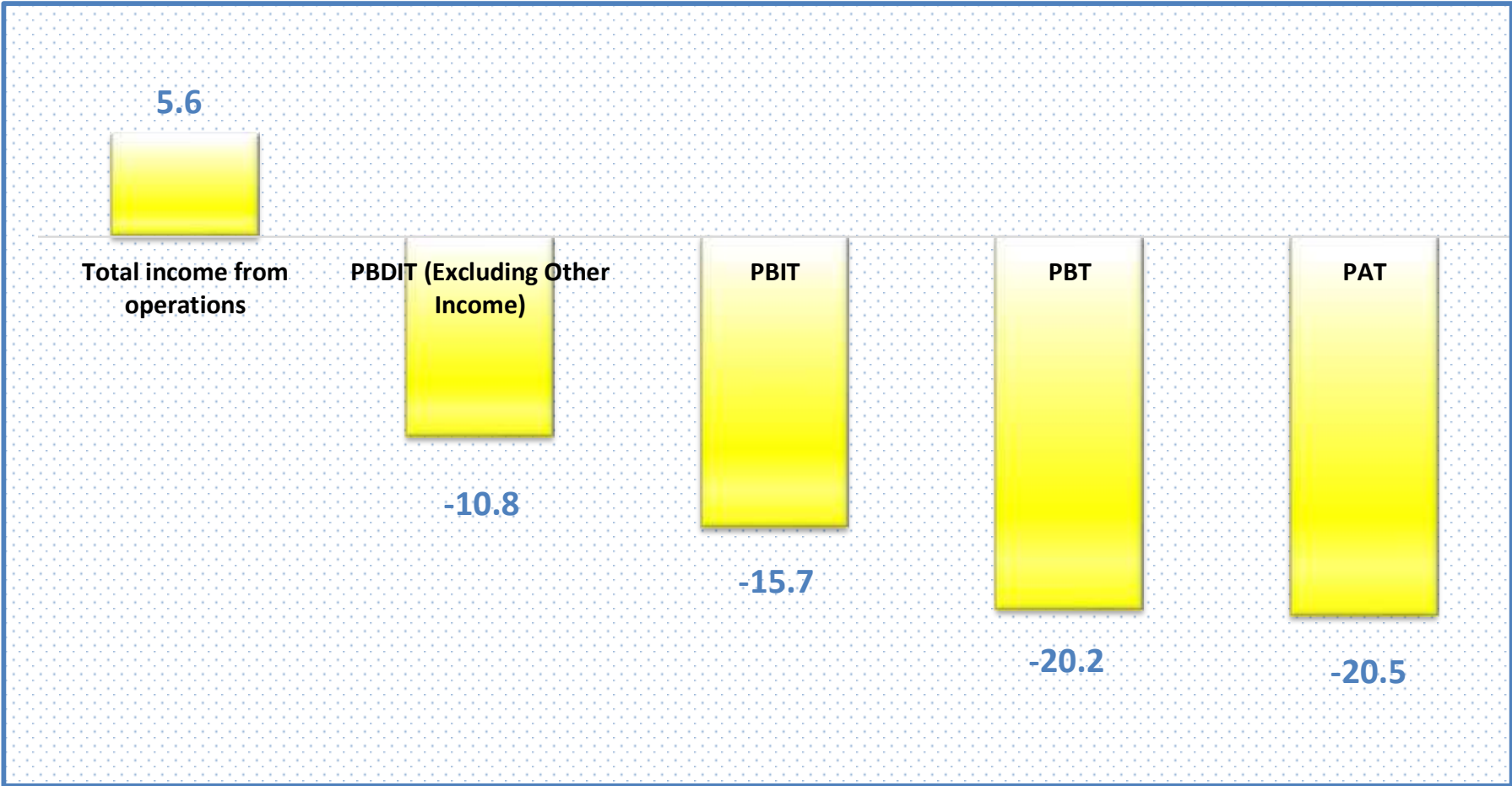
Income from operations Growth % - Standalone



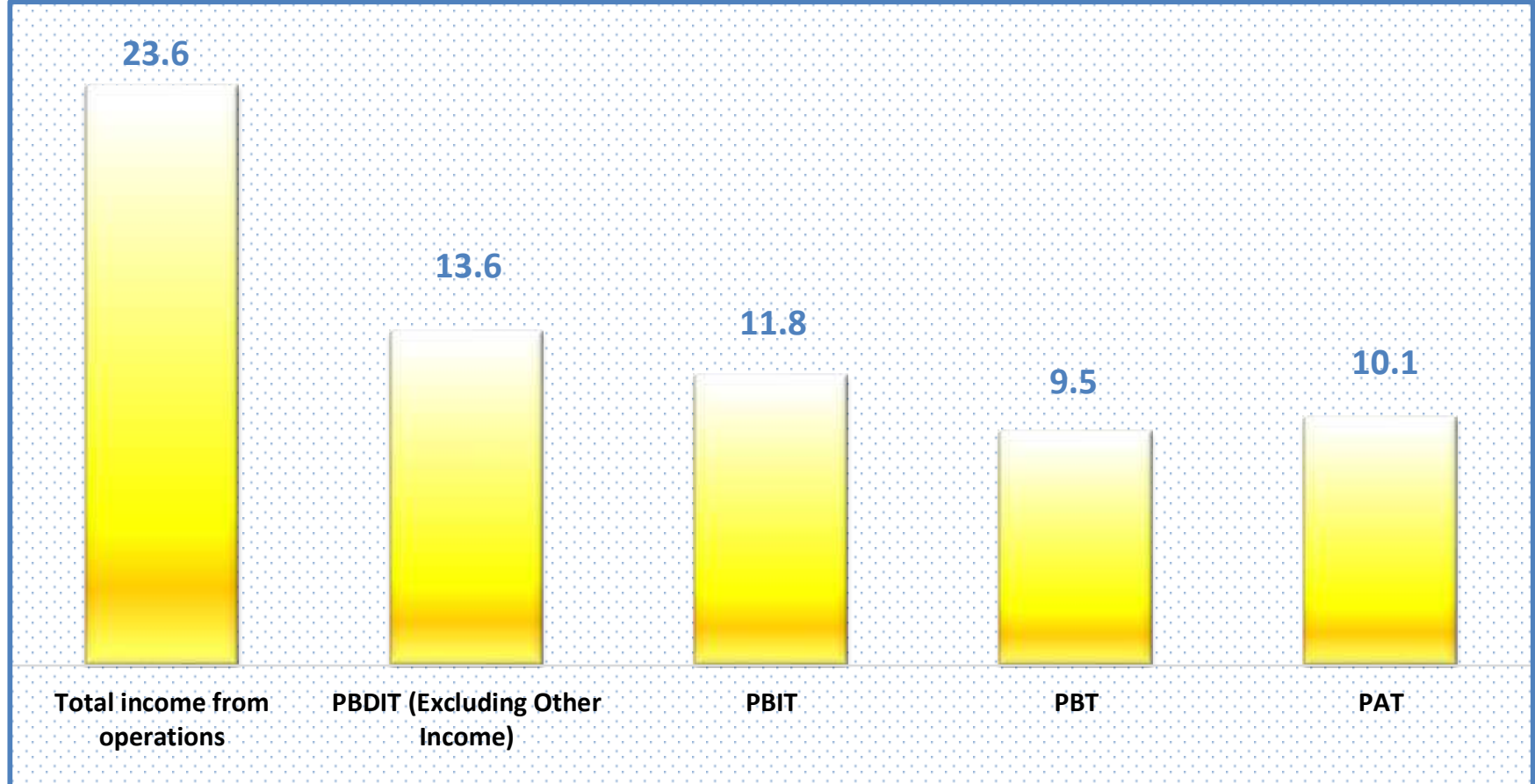
Gross Margin Trend (%) - Standalone



Consolidated Q3 FY23- Growth (%)



Consolidated YTD Dec FY23- Growth (%)



Financial Results- Consolidated: Q3 FY23



Rs Crores

	Q3 FY 22	% to Total Income	Q3 FY 23	% to Total Income	Growth %
Total income from operations	2,550.77		2,693.59		5.6
Material Cost	1,615.26	63.32	1,759.13	65.31	
Employee Cost	136.03	5.33	148.10	5.50	
Other expenses	407.37	15.97	436.71	16.21	
PBDIT (Excluding Other Income)	392.11	15.37	349.65	12.98	-10.8
Depreciation	56.05	2.20	64.35	2.39	
Profit from operation before interest	336.06	13.17	285.30	10.59	
Other Income	15.45	0.61	10.88	0.40	
PBIT	351.51	13.78	296.18	11.00	-15.7
Finance Cost	13.85	0.54	29.55	1.10	
PBT before share of joint ventures	337.66	13.24	266.63	9.90	-21.0
Share of Profit / (loss) of associates and joint ventures	-0.52	-0.02	2.49	0.09	
PBT	337.14	13.22	269.12	9.99	-20.2
Taxes	84.17	3.30	67.95	2.52	
PAT	252.97	9.92	201.17	7.47	-20.5
Other comprehensive income, net of income tax	-10.56		8.89		
Total comprehensive income for the period	242.41		210.06		

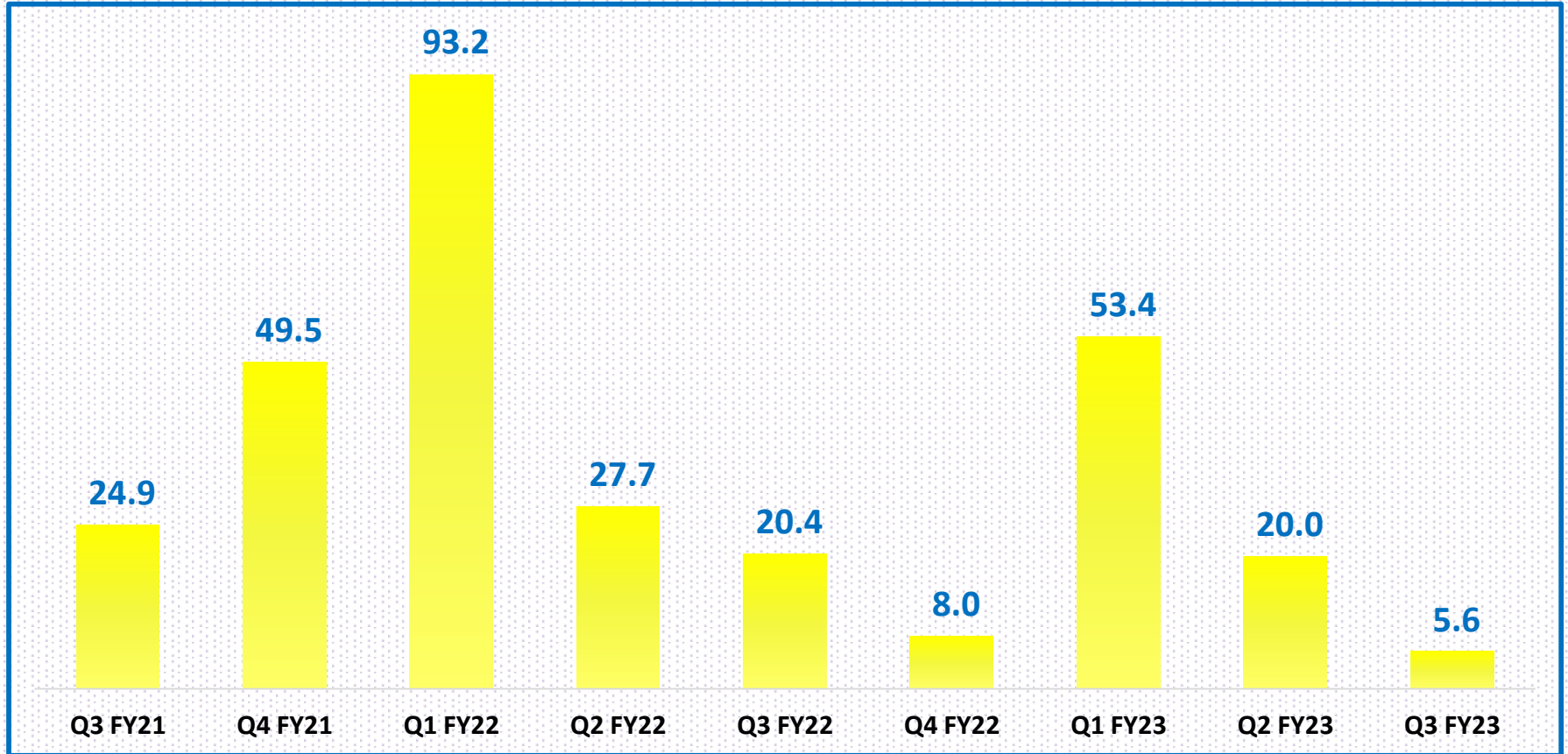
Financial Results- Consolidated: YTD Dec FY23



Rs Crores

	YTD Dec FY 22	% to Total Income	YTD Dec FY 23	% to Total Income	Growth %
Total income from operations	6,574.27		8,124.21		23.6
Material Cost	4,092.67	62.25	5,260.34	64.75	
Employee Cost	408.99	6.22	454.50	5.59	
Other expenses	1,087.98	16.55	1,290.93	15.89	
PBDIT (Excluding Other Income)	984.63	14.98	1,118.44	13.77	13.6
Depreciation	166.76	2.54	189.62	2.33	
Profit from operation before interest	817.87	12.44	928.82	11.43	
Other Income	45.47	0.69	36.50	0.45	
PBIT	863.34	13.13	965.32	11.88	11.8
Finance Cost	36.11	0.55	69.93	0.86	
PBT before share of joint ventures	827.23	12.58	895.39	11.02	8.2
Share of Profit / (loss) of associates and joint ventures	-1.38	-0.02	9.02	0.11	
PBT	825.85	12.56	904.41	11.13	9.5
Taxes	213.19	3.24	230.02	2.83	
PAT	612.66	9.32	674.39	8.30	10.1
Other comprehensive income, net of income tax	-16.14		8.62		
Total comprehensive income for the period	596.52		683.01		

Income from operations Growth % - Consolidated



- **Company's subsidiary, STP Ltd showed strong growth on sales and profits aided by improvement in gross margin on the back of lower RM prices.**
- **SBL Specialty Coatings Ltd even though had a marginal degrowth in the topline, profitability improved on account of higher price realization and softening RM cost.**
- **BJN Nepal had a large degrowth on the topline and profitability on account of extended monsoon and very steep inflation environment, whereby the company decided not to go for extended credit**
- **Company's Polish subsidiary Bolix S.A had degrowth both in topline and profitability impacted by Ukraine war and high inflation negatively impacting the consolidated numbers**
- **Company's Joint venture Berger Nippon Paint Automotive Coatings Pvt. Ltd. had a strong improvement on topline and profitability aided by growth in Auto sector and cost improvements.**
- **Company's Joint venture Berger Becker Coatings had a degrowth in topline and profitability**

- Demand outlook expected to be good in the coming quarter
- Mix improvement likely in the coming quarters supported by increased sale of exterior coatings
- Industrial sales outlook remain strong on the back of upturn in auto sector and government spending in infrastructure.
- However, exchange depreciation on account of strong USD may be a concern

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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.