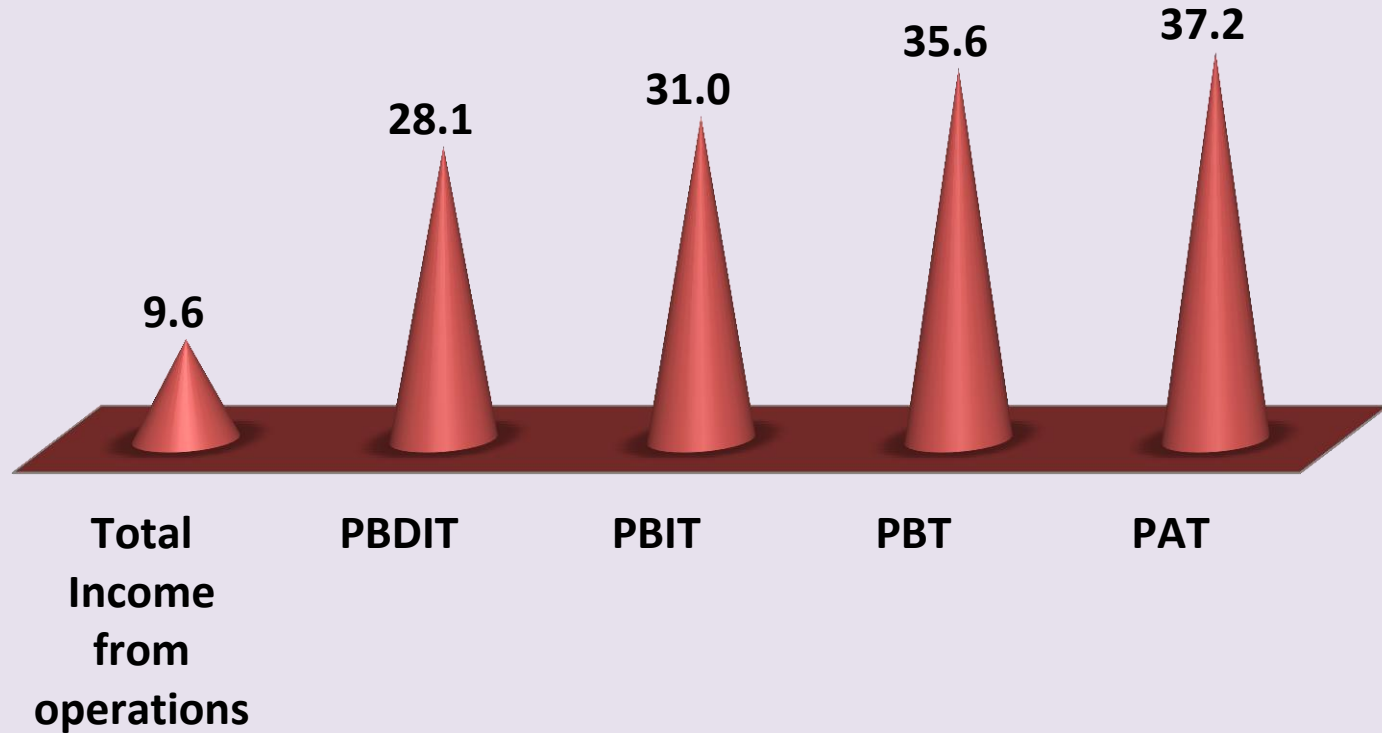




**Berger Paints India Limited**  
**Earnings Update Call Q1 FY17**  
**August 05 , 2016**

# Q1 FY17 Performance

## GROWTH (%) -Standalone Q1 FY17



## Financial Results – Standalone Q1 FY17

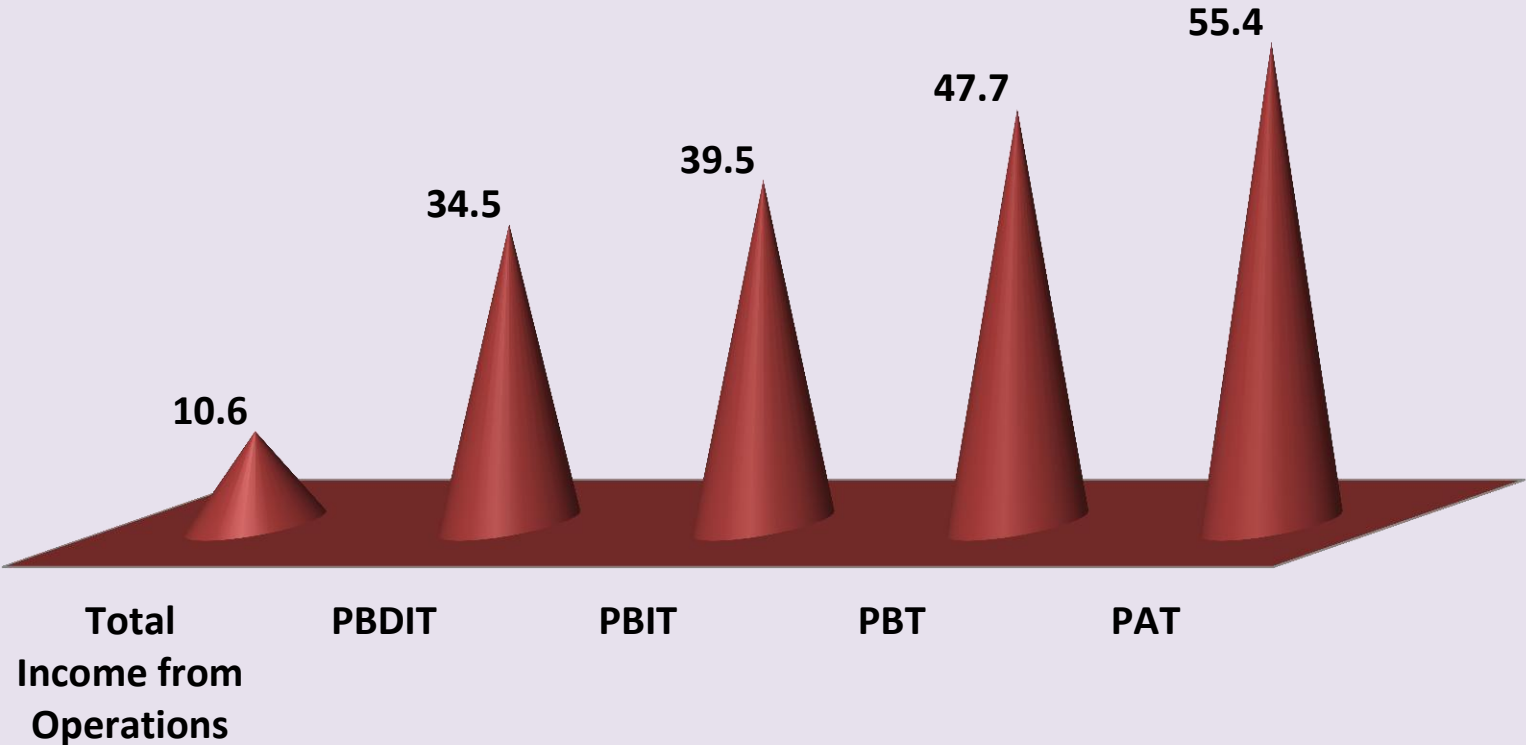
- Decorative business showed a modest improvement over trailing quarter and a healthy growth over Q1 FY16
- Decorative business value growth reflects the effect of price decrease in Q4 FY16
- General Industrial / Automotive business line registered strong growth
- Protective Coating business continue to underperform other business lines in sales growth
- Sustained improvement in material cost % was mainly on account of raw material price reduction and improvement in product/ business line mix

## Financial Results – Standalone Q1 FY17

Rs Crores

	Q1 FY 17	% to sales	Q1 FY 16	% to sales	Growth %
<b>Total income from operations</b>	1160.4		1058.7		<b>9.6</b>
Material Cost	580.6	50.0	581.8	54.9	
Excise Duty	124.7	10.7	111.2	10.5	
Employee Cost	57.5	5.0	50.3	4.8	
Other expenses	211.0	18.2	169.8	16.0	
<b>PBDIT</b>	<b>186.6</b>	<b>16.1</b>	<b>145.6</b>	<b>13.8</b>	<b>28.1</b>
Depreciation	23.1	2.0	21.1	2.0	
<b>Profit from operation before interest</b>	163.5	14.1	124.5	11.8	
Other Income	9.1	0.8	7.3	0.7	
<b>PBIT</b>	<b>172.6</b>	<b>14.9</b>	<b>131.8</b>	<b>12.5</b>	<b>31.0</b>
Finance Cost	0.7	0.1	5.0	0.5	
<b>PBT</b>	<b>171.9</b>	<b>14.8</b>	<b>126.8</b>	<b>12.0</b>	<b>35.6</b>
Taxes	57.7	5.0	43.5	4.1	
<b>PAT</b>	<b>114.2</b>	<b>9.8</b>	<b>83.3</b>	<b>7.9</b>	<b>37.2</b>
Other Comprehensive Income (net of income tax)	-0.2	0.0	-0.2	0.0	
<b>Total comprehensive income for the period</b>	<b>114.0</b>		<b>83.1</b>		

# Consolidated Q1 FY17- Growth (%)



# Financial Results- Consolidated: Q1 FY17

Rs Crores

	Q1 FY 17	% to sales	Q1 FY 16	% to sales	Growth %
Total Income from Operations	1246.1		1126.3		<b>10.6</b>
Material Cost	621.5	49.9	616.1	54.7	
Excise Duty	127.9	10.3	114.4	10.2	
Employee Cost	74.8	6.0	66.2	5.9	
Other expenses	226.8	18.2	184.6	16.4	
<b>PBDIT</b>	<b>195.1</b>	<b>15.6</b>	<b>145.0</b>	<b>12.9</b>	<b>34.5</b>
Depreciation	26.1	2.1	23.9	2.1	
<b>Profit from operation before interest</b>	<b>169.0</b>	<b>13.5</b>	<b>121.1</b>	<b>10.8</b>	
Other Income	10.1	0.8	7.2	0.6	
<b>PBIT</b>	<b>179.1</b>	<b>14.3</b>	<b>128.3</b>	<b>11.4</b>	<b>39.5</b>
Finance Cost	2.8	0.2	9.0	0.8	
<b>PBT</b>	<b>176.3</b>	<b>14.1</b>	<b>119.3</b>	<b>10.6</b>	<b>47.7</b>
Taxes	59.5		44.1		
<b>PAT</b>	<b>116.8</b>	<b>9.4</b>	<b>75.2</b>	<b>6.7</b>	<b>55.4</b>
Share of Profit / (loss) of associates and joint ventures	3.5		2.7		
<b>Net Profit</b>	<b>120.3</b>	<b>9.6</b>	<b>77.9</b>	<b>6.9</b>	<b>54.5</b>
Other comprehensive income, net of income tax	-0.3		-0.3		
<b>Total comprehensive income for the period</b>	<b>120.0</b>		<b>77.6</b>		

## Financial Results – Consolidated Q1 FY17

- Company's wholly owned subsidiary BJN Nepal showed robust performance on the back of recovery -
  - post-earthquake
  - from lifting of transport blockade
- Company's Polish subsidiary BOLIX S.A showed improved performance on both top line and profitability. Currency impact was negligible in this quarter
  - BOLIX has recently opened a new subsidiary, SOLTHERM UK, to distribute ETICS (External Thermal Insulation & Composite Systems) products in the UK
- The topline number excludes JVs Berger Becker Coatings Private Limited & BNB Coatings India Private Limited, which were earlier included on a proportionate consolidation basis. All comparable numbers in the published results have been revised accordingly



## Industry Outlook

- Decorative paint demand looks encouraging as a result of better rainfall this year as compared to past two years as well as the expected impact of seventh pay commission payout
- General Industrial and Automotive segment expected to sustain recovery
- Volatility in crude prices and USD/INR rates remain a concern

# **Key Line Items impacted in Financials as a result of IND-AS implementation**

**(Statement of Profit and Loss and Other Comprehensive Income for  
the year  
ended 31st March, 2016)**

## Revenue Recognition – IND AS 18

Excise duty is not reduced from Revenue in the Statement of Profit and Loss but is considered as part of expenses, the impact of which is as follows -

For the year ended 31st March, 2016

Rs. in crores

Head	Impact	Standalone	Consolidated
Revenue from Operations	Increase	448.10	460.75
Expenses – separate line item	Increase	448.10	460.75

For the quarter ended 30<sup>th</sup> June, 2016

Rs. in crores

Head	Impact	Standalone	Consolidated
Revenue from Operations	Increase	124.73	127.86
Expenses – separate line item	Increase	124.73	127.86

## Revenue Recognition – IND AS 18

Revenue is recorded at fair value of consideration received after deduction of any trade/cash discounts and volume/promotional rebates given by the Company to its dealers.

Deductions:

- Cash discounts
- Sales promotional spends

For the year ended 31st March, 2016 Rs. in crores

Head	Impact	Standalone	Consolidated
Revenue from Operations	Decrease	279.36	289.57
Expenses	Decrease	279.36	289.57

For the quarter ended 30<sup>th</sup> June, 2016 Rs. in crores

Head	Impact	Standalone	Consolidated
Revenue from Operations	Decrease	78.67	80.77
Expenses	Decrease	78.67	80.77

## Financial Instruments: Investments – IND AS 109

- The Company has opted to carry its investments in subsidiaries and JV's at cost.
- All other investments have been recognized at fair value by accounting for the fair value gain/loss in the Statement of Profit and Loss.

For the year ended 31st March, 2016

Rs. in crores

Head	Impact	Standalone	Consolidated
Other Income (Net fair valuation gain)	Increase	1.23	1.23

For the quarter ended 30<sup>th</sup> June, 2016

Rs. in crores

Head	Impact	Standalone	Consolidated
Other Income (Net fair valuation gain)	Increase	0.15	0.15

## Employee Benefits – IND AS 19

- The cost of re-measurement of the net defined benefit liability (gratuity) arising out of change in actuarial assumptions is recognised in Other Comprehensive Income (OCI).
- Under the previous GAAP (Generally Accepted Accounting Principles), the same was recorded in the Statement of Profit Loss.

For the year ended 31st March, 2016

Rs. in crores

Head	Impact	Standalone	Consolidated
Employee benefits expense	Decrease	1.30	1.70
OCI (net of tax)	Decrease	0.85	1.12

For the quarter ended 30<sup>th</sup> June, 2016

Rs. in crores

Head	Impact	Standalone	Consolidated
Employee benefits expense	Decrease	0.36	0.41
OCI (net of tax)	Decrease	0.23	0.27

## Consolidated Financial Statements – IND AS 110

BPIL has the following two joint ventures with Nippon Paints Automotive Coatings Ltd, Japan and Becker Industrifarg, Sweden, namely

1. BNB Coatings India Private Limited (BNB)
2. Berger Becker Coatings Private Limited (Berger Becker)

Under I GAAP, the above joint ventures (JV) were consolidated as per the proportionate consolidation method

Under IND AS, the accounting treatment for consolidating the above two entities is as follows:

JV	I GAAP	IND AS
BNB	Consolidated as JV (proportionate consolidation)	Accounted as Associate (only share in profits will be added to Group's profit after tax)
Berger Becker		

For the year ended 31st March, 2016

Rs. in crores

Area	Impact	Consolidated
Net Sales/ Income from Operations	Net Decrease	136.21

## Disclaimer

*The information presented herein includes the IND AS compliant financial results (unaudited) based on the principles/interpretations and regulations known to date*

*The key takeaways of IND AS has been detailed in the earlier slides so as to provide a clarity on the transition impact*

*This may further be affected by changes to IND AS or the interpretation thereof published/notified hereafter.*

*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.*