



Investor Presentation FY 2008 – Annual Results

May 9, 2008



Presentation structure



- **Results : Q4 – FY 2008**
- Results : FY 2008
- Outlook : FY 2009

Highlights : Q4 – FY2008

- Consolidated Net sales and operating income increased by 18.2% to Rs. 1133 crores
- Net Profit has risen by 41.9 % to Rs. 95 crores
 - Good performance by all business units
- Operating margins have improved due to lower material cost vis-à-vis last year

Consolidated P&L – Q4 FY08

(Rs. In crores)	Q4 07-08	Q4 06-07	Gr %
Sales & Op Income	1,133	959	18.2%
Other Income	13	14	-1.9%
Total Income	1,146	973	17.9%
PBDIT	169	131	29.5%
Interest	4	4	-8.3%
Depreciation	15	17	-10.8%
PBT	150	101	48.1%
PAT	102	61	66.7%
PAT after Minority interest	95	67	41.9%

Standalone P&L – Q4 FY08

(Rs. In crores)	Q4 07-08	Q4 06-07	Gr %
Sales & Op Income	869	727	19.5%
Other Income	11	13	-15.4%
Total Income	880	740	18.8%
PBDIT	144	120	19.9%
Interest	1	2	-15.7%
Depreciation	11	12	-3.0%
PBT	131	106	23.0%
PAT	85	71	19.2%

Presentation structure

- Results : Q4 – FY 2008
- **Results : FY 2008**
- Outlook : FY 2009

Highlights - Consolidated results –FY2008

- Paint volumes for the year (including international) increased by 18.7% to 571,911 KL
- Value Sales have grown by 20.0 % driven by
 - Good growth registered by Paints-India business and the Middle East region
- Material costs as a percentage to sales has shown reduction on account of benign material cost and rupee appreciation
- Employee costs have risen by 17.0 % to Rs. 306.7 crores
- Operating margins have improved primarily on account of reduced material cost

Consolidated P&L –FY 2008

(Rs. In crores)	12M 07-08	12M 06-07	Gr %
Sales & Op Income	4,404	3,670	20.0%
Other Income	62	37	66.3%
Total Income	4,466	3,707	20.5%
PBDIT	720	515	39.9%
Interest	21	19	11.9%
Depreciation	59	61	-3.2%
PBT	633	427	48.2%
PAT	430	280	53.2%
PAT after Minority interest	409	281	45.6%

Consolidated Sales breakup : FY 2008

	FY'2008	FY'2007	Growth	% to Total Sales	
				FY 2008	FY 2007
APL - Paints	3,305.59	2,722.51	21.42%	75.1%	74.2%
Chemicals	104.29	92.70	12.50%	2.4%	2.5%
APPG* + APICL	257.12	197.60	30.12%	5.8%	5.4%
International	737.33	657.16	12.20%	16.7%	17.9%
Total	4,404.33	3,669.97	20.01%		

* 50 % of Asian PPG Industries sales are included

Asian Paints Consolidated Results FY2008



- **Asian Paints Standalone Results**
- Decorative Business – India
- Industrial Operations – India
- International Operations

Asian Paints - Standalone P&L : FY2008

(Rs. In crores)	12M 07-08	12M 06-07	Gr %
Sales & Op Income	3,416	2,821	21.1%
Other Income	63	40	54.7%
Total Income	3,479	2,862	21.6%
PBDIT	617	462	33.4%
Interest	8	7	20.4%
Depreciation	44	45	-3.6%
PBT	565	410	37.7%
PAT	375	272	37.9%

Asian Paints - Standalone P&L : FY2008

- Net Sales grew by 21.1% while paint volumes grew by 17.5%
- Strong growth in all segments of the paints business
- Net profit has increased by 37.9% to Rs. 375 Crs
- Chemicals business registered revenue growth of 12.5 % to Rs.104 Crs. (adjusting for inter segment revenue)
 - PBIT for this business increased by 5.8 % to Rs. 26 Crs

Environment – FY2008

- **India**
- GDP growth at 8.7 % for FY08
 - Driven by 2.6% growth in agriculture, 8.6% in manufacturing and 10.6% in services
- Crude oil prices reached unprecedented levels
- The sub-prime crisis impacted liquidity, major banking institutions, and the stock markets
- Inflation and interest rates - a cause for concern
- However, the Indian paint industry in a growth trajectory due to
 - Rising income levels
 - Growth in construction and manufacturing activities

Paint Industry – India : FY 2008

- Paints industry estimated around Rs. 13,500 crores for FY'2008
 - Value growth is estimated at around 19% and volume growth of around 15% in FY2008
- Decorative paints estimated to be over 75% of the overall market, estimated to have grown around 19 % in value
- Value growth higher than the volume growth largely on account of improved mix
- Demand conditions have been good in most segments of the paint industry
- Input costs were soft compared to previous year, specially in the first half

Asian Paints Consolidated Results FY2008

- Asian Paints Standalone Results
- **Decorative Business – India**
- Industrial Operations – India
- International Operations

Paints : Decoratives India

- Demand for decorative paints was good throughout the year and in most parts of the country
 - Diwali was good all over Northern and Western India
 - Robust growth continued after Diwali as well
- Interior and Exterior Emulsions continued their impressive growth
- Prices were kept competitive and were reduced whenever possible to aggressively pursue the opportunities in the market
- 10,000 Colour Worlds now installed in the country
 - Providing wide range of shades to consumers in small towns as well

Paints : Decoratives India

- **Weighted average price changes in FY 2008**
 - Decrease of around 1 % in Aug'07. Primarily in water based products
 - Decrease of 0.80 % in Dec'07. Primarily in water based products
 - Increase of around 1.2 % in Feb'08. Primarily in solvent products
 - All price increases have been absorbed well by the market
- **New Products**
 - Range was strengthened with the addition of Royale Metallics and variants of products
- **Colour Next 2008 launched**
 - Investment in the development of capability in the area of colour
 - Several Colour Guides and Décor booklets are now available to consumers at our dealers' shops .

Paints : Decoratives India

- **Asian Paints Home Solutions**
 - Added Chandigarh during the year
 - APHS is now present in 13 cities in the country
- **Manufacturing facilities**
 - Polymer plant in Sriperumbudur commissioned in Q1 of 2007-08
 - Further expansion of the Sriperumbudur plant will increase its capacity to 100,000 KL and will be commissioned in Q1 of FY 2009
 - Secured a plot of 130 acres at Rohtak in Haryana for setting up a paint plant with a first phase capacity of 150,000 KL by Jan. 2010; MOEF clearance obtained
- **Environment**
 - Eliminated Lead, Hexavalent Chromium and their salts in all decorative products meant for use in homes and commercial establishments with effect from 1st April 2008

Paints : Decoratives India

	2006-2007 Base = 100	
	Q4 FY08	FY2008
Raw Materials	103.53	99.83
Packing Materials	101.68	102.18
RM+PM	103.21	100.24

- Rutile & solvent prices were lower than last year
- Solvent and oil prices increased sharply in the last quarter
- Overall prices are in line with last year inspite of increase in oil prices

Asian Paints Consolidated Results FY2008

- Asian Paints Standalone Results
- Decorative Business – India
- **Industrial Operations – India**
- International Operations

Industrial Operations

- Sales for automotive JV (APPG) increased by 31.9% to Rs. 392 crs
 - The advanced refinish business acquired from ICI India, successfully integrated
 - APPG will be receiving Rs 20.8 Cr from ICI India over a period of 19 months from Jan '08 to July '09 due to the “change in control” clause in the “Agreement for Purchase of 2K Business”
 - Has recommended a dividend of 14% subject to shareholders approval at its AGM
 - Manufacturing facility for APPG commissioned in March 2008 at Chennai with an installed capacity of 3,200 KL

Industrial Operations

- Sales for powder coatings business (APICL) increased by 23.1 % to Rs. 58.7 crs
 - Installed new production lines at Sarigam plant (Gujarat)
- The other industrial coatings business which is part of the standalone company also achieved significant growth
 - Good business generated from Industrial Projects,
 - Improvement in the product-mix and selling prices compared to the previous year

Asian Paints Consolidated Results FY2008

- Asian Paints Standalone Results
- Decorative Business – India
- Industrial Operations – India
- **International Operations**

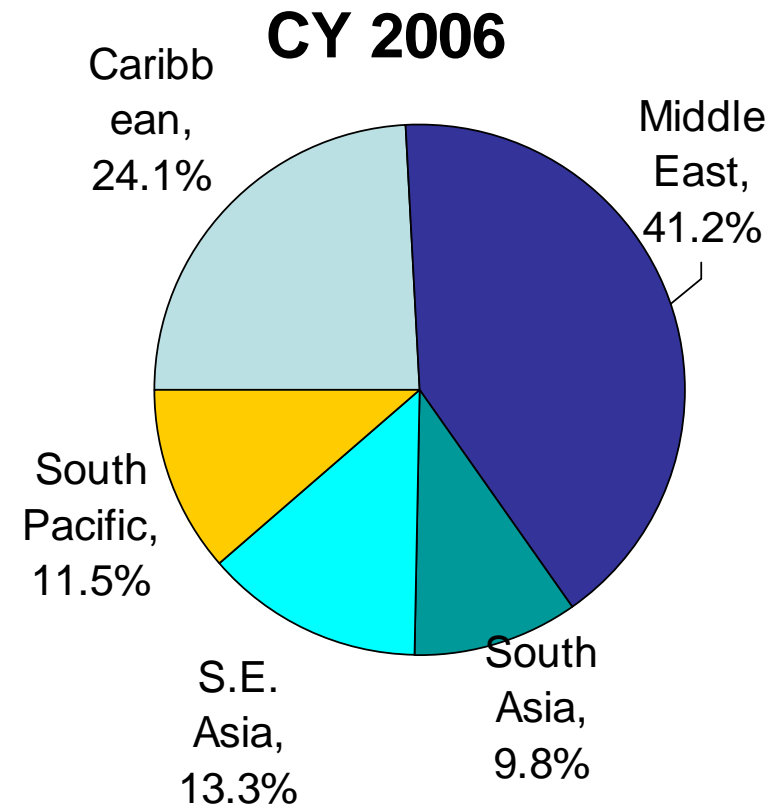
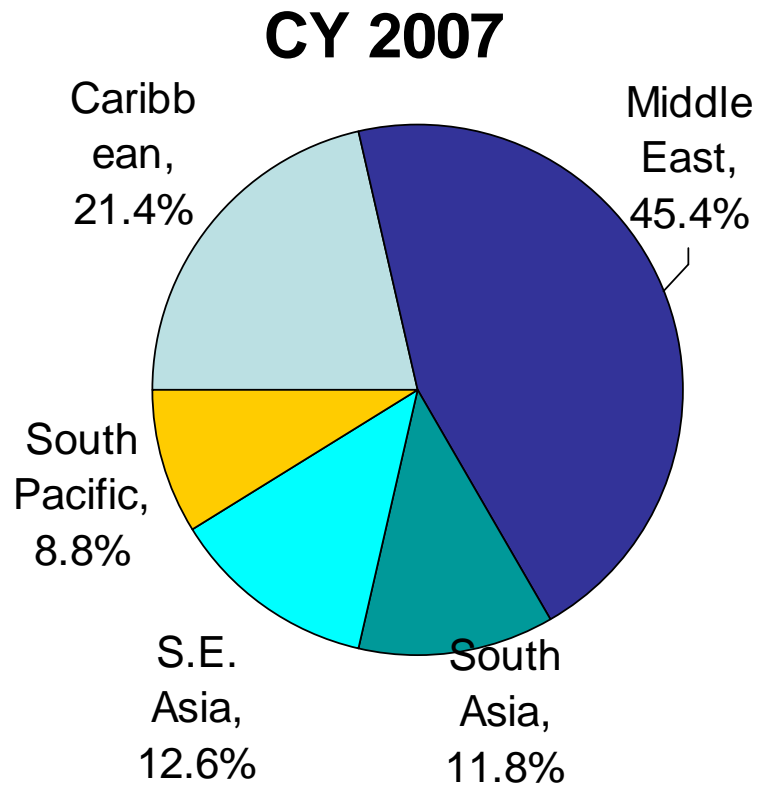
International Operations : FY2008

- Paint Volumes increased by 23.4 % to 116,200 KL
- Paint value sales increased by 12% to Rs. 699 crores
 - Adjusted for the exchange rate impact, paint value sales has grown by 18.1%
- PAT (before EOI and minority interest) for International operations increased to Rs 40.86 crores from Rs 9.80 crores in the previous year
 - PAT margin is 5.5 %
- Input prices went up marginally
- Strict control on overheads and capital employed

International Operations : FY2008

- During the year, the group divested its stake in Asian Paints (Queensland) Ltd., Australia
- The profitability of international operations was impacted by the following exceptional items
 - Loss of Rs 7 Cr arising from the disposal of the group's stake in its subsidiary in Australia.
 - Gain of Rs 2.5 Cr on sale of land/property in Trinidad, Egypt and China
 - Prior year tax write back of Rs 1.2 crores in BIL.
- New products constituted 7 % of sales turnover
- Over 875 dealer tinting systems are in operation at overseas units

Region wise Sales Breakup



Region wise – Sales & EBIT

In INR Crores

Value Sales	CY 2007	CY 2006	Growth
Caribbean	150	152	-1%
Middle East	319	261	23%
South Asia	83	62	33%
South East Asia	89	84	5%
South Pacific	62	73	-15%
Total	703	632	11%

EBIT	CY 2007	CY 2006	Growth
Caribbean	7	4	81%
Middle East	42	27	56%
South Asia	6	2	210%
South East Asia	-4	-14	
South Pacific	7	5	30%
Total	58	24	145%

Asian Paints Standalone - Cash Flow FY 2008

Particulars (Rs. In crores)	FY 2008	FY 2007
Operating profit before WC changes	584.59	447.99
Working capital	47.92	12.85
Income tax paid (net of refund)	(175.23)	(148.59)
Operating cash flow	457.29	312.25
Purchase of Fixed assets	(258.28)	(67.73)
Sale of Fixed Assets	1.57	2.09
Loans to subsidiaries (net)	(16.32)	(0.40)
Sale /(Purchase) of Investments	(87.53)	(59.47)
Dividend & Dividend tax	(87.27)	(214.88)
Financing activities	(39.25)	27.65
Dividend and Interest received	28.66	14.58
Increase/(Decrease) in cash	(1.14)	14.10

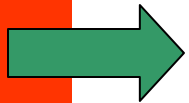
- Operating cash flow is higher by 46.5%
 - Improvements in working capital
- Capital expenditure for FY'08 was Rs 258 Crs
 - Estimated capex for FY08 was Rs. 275 Crs
- Estimated Capex for FY09 is around Rs. 300 Crs

Key Ratios

	Standalone		Consolidated	
	FY 2008	FY 2007	FY 2008	FY 2007
Mat cost/Net Sales	57.3%	58.9%	58.5%	59.9%
PBDIT/ Net Sales	18.1%	16.4%	16.4%	14.0%
PBT before EOI/ Net Sales	16.5%	14.6%	14.4%	11.6%
PAT before EOI/ Net Sales	11.0%	9.6%	9.3%	7.7%

Presentation structure

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- **Results : FY 2008**
- Outlook : FY 2009



Outlook– FY2009

India

- The overall outlook for 2008-09 appears to be positive but challenging
 - Global financial turmoil could have an adverse impact
 - Impact due to the recent measures to curb inflation
 - Rising commodity prices including crude oil prices
 - Government not willing to increase prices of regulated products
 - Products like FO, MTO, ATF bearing the brunt of increased prices
 - Price of MTO increased from Rs. 34.40 on 1st Jan '08 to Rs 45.40 per litre today
 - Steep price increase announced for Solvent Based products effective 1st Jun'08
- Recent policy initiatives expected to provide support to consumer demand
 - Increasing the income tax exemption slabs
 - Implementation of Sixth Pay Commission
 - The farmer loan waiver scheme
- In Decorative paints our emphasis would continue to be to drive top-line growth
- Demand for industrial coatings will continue to be buoyant

Outlook– FY2009

- **International**
- The focus for the international business is to grow top-line and sustain profitability
 - The Caribbean, Middle East, South Asia and South Pacific regions should continue to perform well
 - In the South East Asia region, efforts to reduce losses will continue



Thank you...