Citigroup India Investor Conference

Mumbai

June 24, 2009

The Asian Paints Group

- India’s largest paint company for four decades
- Operates in 20 countries with 28 paint manufacturing facilities
- Group revenue of Rs. 5463 crores in FY 09

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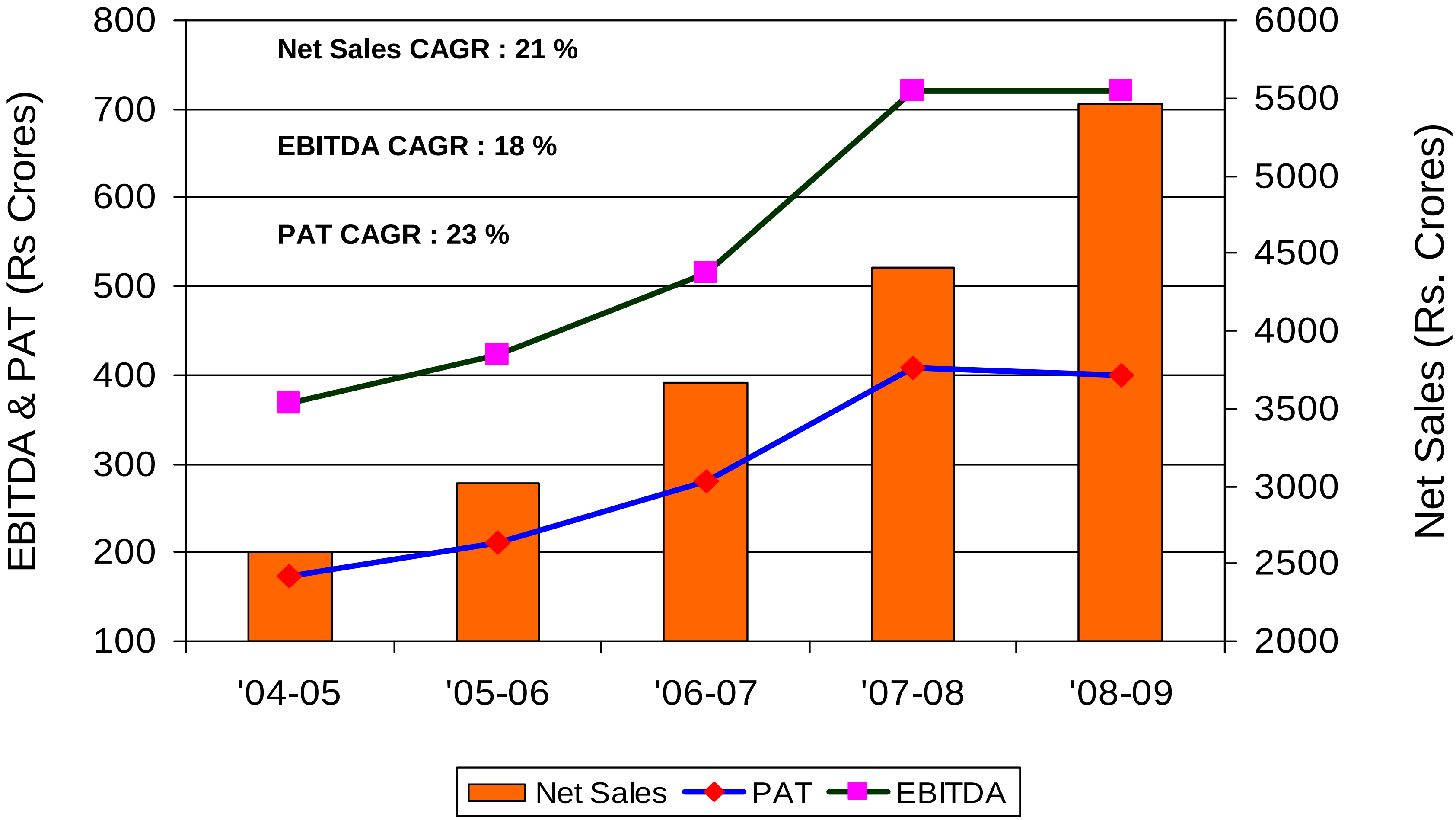
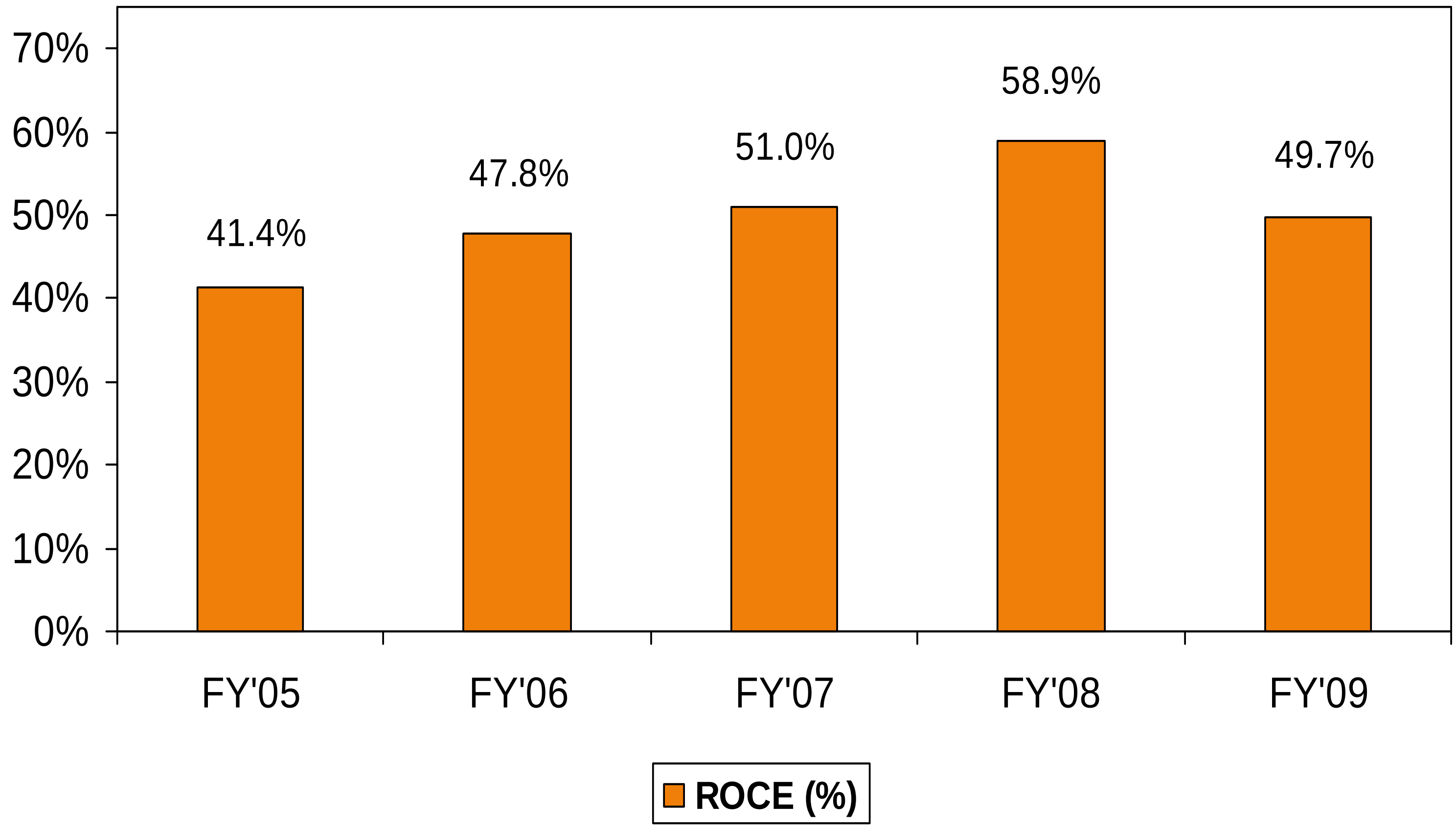
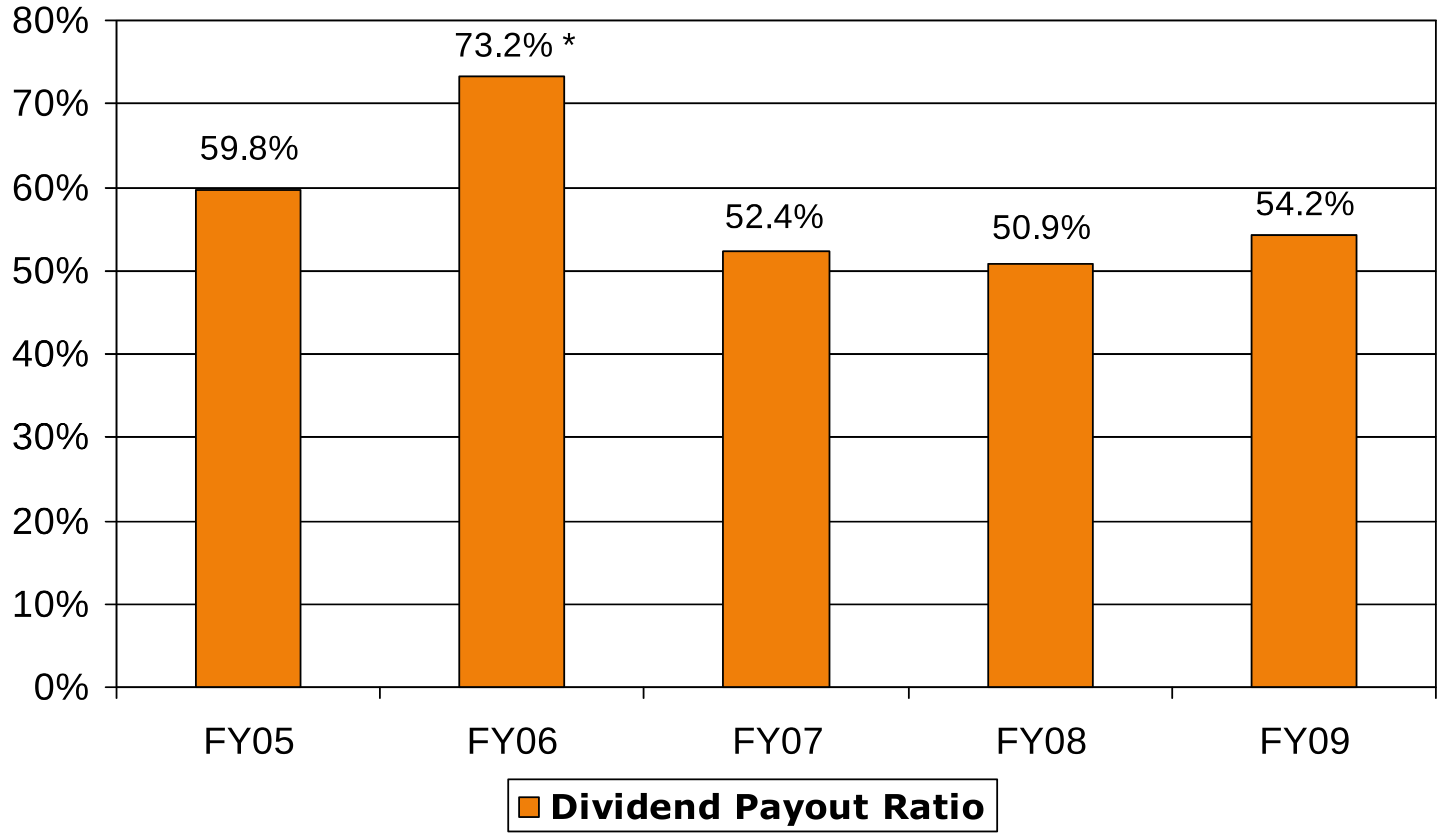
Asian Paints Limited - Consolidated



Return on Capital Employed



Dividend Payout



* *Includes one time special dividend of 25% to mark the occasion of the 60th year of incorporation of the company*

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Business Operations

- Decorative Coatings - India
- Industrial Coatings - India
- International Operations

Decorative Coatings - India

- **Focus on building strengths by:**
  - **Securing growth**
    - Network addition
    - A total of 12400 Colour Worlds (point of sale dispensing systems) have been installed
    - Slew of new products
    - Product upgrades
  - **Brand Building**
    - Continue to develop capability in colour and decor marketing
    - Signature store in Mumbai operational and has been a revelation
    - Focus on providing an attractive shopping ambience and services: carried out at over 2000 outlets
    - Colour Ideas: select stores, maybe 100 over 3 years to offer consumer education on options for home and facilitate the process
    - Providing more effective mechanism for resolving consumer complaints

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Decorative Coatings - India

- **Focus on building strengths by:**
  - **Capacity building for the future**
    - Construction of the sixth Plant on schedule and the first phase should be commissioned by April 2010
    - Sriperumbudur expansion to 100,000 KL per annum completed in 2008.
    - In the process of acquiring land for the 7th plant in Maharashtra
  - **Enhancing supply chain capabilities**
    - Distribution Centers at Ankleshwar and Kasna have been commissioned, Sriperumbudur is under construction
    - Aid in efficient utilization of working capital and improving service levels

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Industrial Coatings

- Asian Paints participates in the Industrial Coatings segment directly, through a 50:50 JV with PPG Inc. of US as well as through a 100% subsidiary
  - The Auto segment is catered through our JV (APPG)
    - Second largest supplier to the auto segment in India
    - Now, the largest player in auto refinish segment, post acquisition of ICI India's 2k auto refinish business in 2007
    - Commissioned a 3,200 KL / year plant in Chennai, Tamil Nadu in 2008
  - Operates directly in the protective coatings, floor coatings and road marking paints segment
  - 100% subsidiary for Powder coatings segment

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Chemicals

- Asian Paints also manufactures Phthalic Anhydride (PAN) and Pentaerythritol
  - PAN is manufactured in Gujarat and Penta in Tamil Nadu
  - More than 50% consumed internally
- Chemicals business contributes 1.6 % to the group's revenue
  - Its contribution to the group's revenue has been continuously decreasing

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International Operations

- Contributes 17.3% to the group turnover
- Began by establishing presence in Fiji in 1978
- Presence in **20 countries** spread over 5 regions
  - Middle East
  - Caribbean
  - South Pacific Islands
  - South Asia
  - South East Asia
- Among top three in all markets in Decorative paints, except in South East Asia
- Focus now on consolidating the portfolio

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Approach to the Environment

- Asian Paints approaches the environment from the perspective of waste minimisation and conservation of resources
- The continued effort is to reuse, recycle and eliminate waste
- All plants in India are ISO 14001 certified for environment management standards
  - All overseas manufacturing facilities have begun the process for ISO 14001 certification
- All our paint plants in India have achieved ‘zero industrial discharge’ capability
- Older plants’ production increased with no additional pollution load

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Economic Environment – FY 2009

- Global economy under severe stress
  - Major financial crisis – with several causes
  - Collapse in economic growth - USA, Europe and Japan in recession
  - Unprecedented policy responses
- Similar theme underway in India
  - Demand slowdown – export as well as domestic
  - INR depreciated by 25% to lows of Rs 52 to the US$
  - Sharp, two-way movements in commodity prices
  - Widening fiscal and trade deficits

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Economic Environment – FY 2009

- And in other markets where we operate in….
  - GCC – Bahrain, Oman & UAE
    - Pressure on Govt. budgets with significant drop in oil prices
    - Rapid decline in real estate & construction with freeze in credit markets
  - Egypt
    - Overall low impact but revenues from tourism and Suez Canal hit due drop in global trade
    - Domestic unrest with over 20% inflation
  - South Asia – Bangladesh, Nepal & Sri Lanka
    - Political instability - a grave concern across the region
    - Dependency on exports, expatriate remittances impacting growth
  - Caribbean – Barbados, Jamaica & Trinidad
    - Tourism and financial services seeing a drag, especially in Barbados
  - South East Asia & South Pacific
    - Challenging Environment

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Performance Q4 2008-09

Sales

- Demand conditions improved in Q4 after a sluggish Q3
- Consolidated sales grew by 25.4% for Q4 in value terms
  - Paint sales for the standalone company grew by 27.6% for Q4

Profits

- Consolidated PBT increased by 10.3%
- PAT after Minority Interest increased by 7%
- Standalone PAT grew by 16% before Exceptional Item (EI) and 9% after EI
  - EI of Rs. 5.9 crores on account of provision for impairment of investment in Bangladesh

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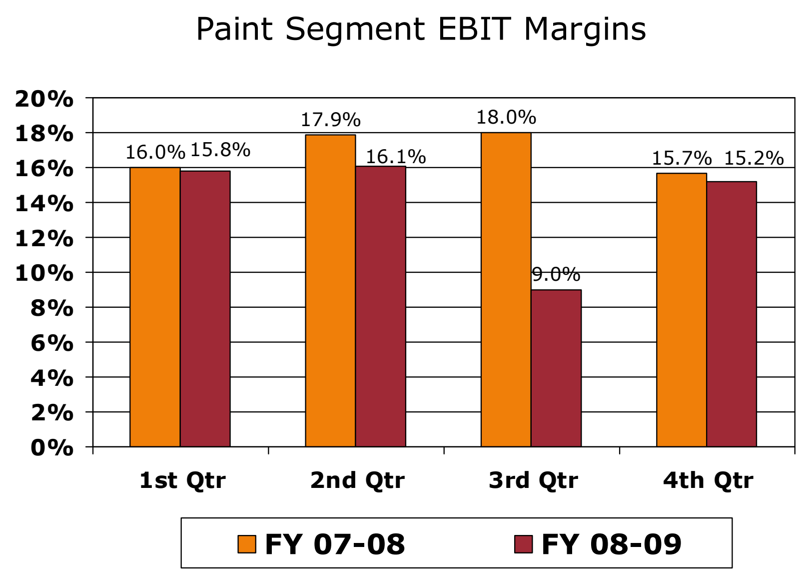
Sales Performance FY 2008-09

- Value growth aided by price increases necessitated due to inflation
  - Consolidated sales grew by 24% for FY 2008-09 in value terms
  - Standalone sales grew by 25%
    - Paints revenue grew by 26.5% and volume by 13.4% to 491472 MTs
  - Industrial (including Automotive) paints impacted by the general demand slowdown
  - In the international markets, good growth seen in Middle East & South Asia

Profit Performance FY 2008-09

- Demand conditions necessitated pursuit of growth with reduced margins in domestic paints business

- Consolidated PAT after Minority Interest reduced by 2.8%
- Standalone PBT decreased by 1.9%
- EBIT for the Standalone Paint segment grew by 4.9%
- EBIT for International business grew by 21%
- Combined Industrial coatings portfolio recorded lower profits than last year due to lower sales growth
- Chemicals business also impacted by the slowdown



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Asian Paints Standalone

Cash Flows – FY 09

(Rs in Crores)

Particulars	YTD Mar 09	YTD Mar 08
Operating profit before WC changes	593.13	584.59
Working capital	(93.52)	47.91
Income tax paid (net of refund)	(174.41)	(175.22)
Net cash generated from operating activities	**325.20**	**457.28**
Cash flow from investing activities	(214.35)	(248.46)
Cash flow from financing activities	(221.61)	(126.52)
Increase/(Decrease) in cash	**(110.76)**	**82.30**
Cash and Cash Equivalent as on 01.04	**239.01**	**156.71**
Cash and Cash Equivalent as on 31.03	**128.25**	**239.01**

Capex plan for FY 2008-2009 was Rs 275 Crores and actual spent was Rs 240 Crores

Capex plan for FY 2009-2010 is Rs 300 Crores

Major spends for Rohtak, 7th Plant land and Plant warehouses

Decorative Coatings - India

- **Challenging year**
  - **Demand Conditions**
    - Year began on a buoyant note
      - Sales in Q2 were also higher on account of earlier Diwali and price increases across products leading to high stocks with dealers
    - Demand started falling in Q3, improved in Q4
      - Prices were reduced to spur demand
    - Retail demand varying across geographies
      - Excellent in South and weak in the West
    - At a category level, Interior and exterior emulsions continued to do exceedingly well

Would have gained some market share

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Decorative Coatings - India

- **Challenging year**
  - **Unprecedented Inflation and volatility**
    - Material costs spiraled and then crashed
    - About 20% increase in FY09 Vs FY08
    - Rupee depreciation also had a negative impact
    - Major increase in Pigments and Monomers prices; Consumption prices of solvents remained high till Q3 and has fallen sharply in Q4
    - This necessitated 6 price increases totaling 16.7%; then 3 reductions totaling 9.9%

2007-2008 Base = 100			
Price Indices	RM	PM	RM+PM
Q1 - FY 2009	112.19	104.71	110.92
Q2 - FY 2009	125.88	123.93	125.55
Q3 - FY 2009	126.23	119.76	125.13
Q4 - FY 2009	114.14	108.47	113.18
H1 - FY 2009	119.75	115.28	118.99
9M - FY 2009	122.02	116.40	121.06
12M - FY 2009	120.78	114.61	119.73

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Industrial Coatings

- Serious impact on business as all sectors hit on account of a slow-down in economy during the later half of the year
  - Marginal growth in revenues in Industrial Liquid Paints and Powder coatings.
  - The sales of automotive JV (APPG) showed a negative growth
- Margins were severely impacted resulting in reduced profitability
- Managing Debtors also became a challenge

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International Operations : CY2008

- **International operations have grown by 30% in CY 08 in value terms**
- Growth
  - Volume growth at 20% (138970 MTs)
  - Strong value growth sustained in Middle East (46%) and South Asia (39%)
  - Over 1100 Colour World machines in all the markets
  - Thrust on new products continued
  - Sharp focus on enhancing safety standards in all units
  - The impact of global slowdown seen in the last quarter of CY 2008 in most of the regions

(in INR Crores)

Value Sales	CY 2008	CY 2007	Growth
Caribbean	163	150	9%
Middle East	465	319	46%
South Asia	115	83	39%
South East Asia	106	89	19%
South Pacific	62	62	-

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International Operations : CY2008

- **Overall operating performance has shown improvement**

- EBIT grew by 21%

  - Margins have improved in Middle East and South Asia

  - Middle East – Egypt, Oman, Bahrain & Emirates – contributes about 51% of Sales and about 81% of EBIT

  - Initiatives taken led to an improved operating performance

(in INR Crores)

EBIT	CY 2008	CY 2007	Growth
Caribbean	6	7	-19%
Middle East	56	42	33%
South Asia	9	6	43%
South East Asia	(6)	(4)	
South Pacific	5	5	3%

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Outlook and Risks for 2009-10

- Unprecedented times for world economy with all major economies in recession at the same time
- Despite policy stimuli, economic responses remain uncertain
- World economy expected to witness contraction in CY 2009
- Given the interlink with global markets, growth in India to depend on how global scenario unfolds
- High budgetary deficits a matter of concern
- Decisive mandate in the general elections has removed the uncertainty around political stability
- GDP growth forecast for India being placed between 5.5%-6.5% or even higher

Indian operations

- Paint demand would depend upon how the economic situation unfolds
  - Currently reasonably buoyant in Tier II and Tier III towns
- Continued focus on top line growth in decorative paints segment
  - Customer centricity
  - Colour
  - Providing range
  - Better Ambience / Shopping experience
- Growth would be a challenge in the Industrial and Automotive paints segment
- Chemical business being managed for value

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International Operations

- Strategy would be to grow top line, focus on profitability and credit risk
- Continuous review of portfolio
- Middle East and South Asia regions expected to drive growth performance
  - Capacity being enhanced in Egypt; new plant will be commissioned next year
  - However, political instability in South Asia remains an area of concern

Disclaimer

This presentation may contain statements which reflect Management's current views and estimates and could be construed as forward looking statements. The future involves certain risks and uncertainties that could cause actual results to differ materially from the current views being expressed. Potential risks and uncertainties include such factors as general economic conditions, foreign exchange fluctuations, competitive product and pricing pressures and regulatory developments.

Responses can only be given to questions, which are not price sensitive.

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Thank you…

Annexure

Consolidated P&L – Q4 FY09

	Q4 08-09	Q4 07-08	Gr %
Sales & Op Income	1,425	1,136	25.4%
PBDIT	179	158	13.3%
Depreciation	20	15	30.2%
Profit from Operations before Interest	159	143	11.4%
Other Income	11	11	3.6%
PBIT	170	154	10.9%
Interest	7	4	91.3%
Prior period items	0	-2	
PBT	163	147	10.3%
PAT before Exceptional item	110	100	10.0%
Exceptional item	1	0	
PAT before Minority interest	108	100	8.5%
PAT after Minority interest	101	95	7.0%

Standalone P&L – Q4 FY09

Rs. In Crores)	Q4 08-09	Q4 07-08	Gr %
Sales & Op Income	1,100	871	26.2%
PBDIT	158	135	16.9%
Depreciation	15	11	34.6%
Profit from operations before interest	143	124	15.3%
Other Income	9	8	9.5%
PBIT	152	132	14.9%
Interest	3	1	102.6%
PBT	149	131	14.1%
PAT	98	85	16.0%
Exceptional item	6	-	
PAT after exceptional item	93	85	9.0%

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Consolidated P&L –FY 2009

	12M 08-09	12M 07-08	Gr %
Sales & Op Income	5,463	4,407	24.0%
PBDIT	669	661	1.2%
Depreciation	74	59	25.7%
Profit from Operations before Interest	595	602	-1.2%
Other Income	52	59	-12.4%
PBIT	647	661	-2.2%
Interest	26	21	24.4%
Prior period items	2	2	
PBT	618	638	-3.2%
PAT before Exceptional item	421	435	-3.3%
Exceptional item	1	7	
PAT before Minority interest	419	428	-2.0%
PAT after Minority interest	398	409	-2.8%

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Standalone P&L : FY2009

Rs. In Crores)	12M 08-09	12M 07-08	Gr %
Sales & Op Income	4270	3419	24.9%
PBDIT	561	557	0.8%
Depreciation	57	44	30.6%
Profit from operations before interest	504	513	-1.8%
Other Income	60	60	0.7%
PBIT	564	573	-1.5%
Interest	10	8	25.8%
PBT	554	565	-1.9%
PAT	368	375	-1.9%
Exceptional item	6	-	
PAT after exceptional item	362	375	-3.4%

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Consolidated Sales breakup : FY 2009

	FY' 2009	FY' 2008	Growth	% to Total Sales	
			%	FY' 2009	FY' 2008
APL - Paints	4,176.84	3,305.59	26.36%	76.5%	75.0%
Chemicals	85.60	107.19	-20.15%	1.6%	2.4%
APPG* + APICL	253.53	257.12	-1.39%	4.6%	5.8%
International	947.26	737.33	28.47%	17.3%	16.7%
Total	**5,463.23**	**4,407.23**	**23.96%**		

* 50 % of Asian PPG Industries sales are included

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Key Ratios

	Standalone		Consolidated	
	12M 2009	12M 2008	12M 2009	12M 2008
Mat cost/Net Sales	61.1%	57.2%	61.7%	58.5%
PBDIT/ Net Sales	13.1%	16.3%	12.3%	15.1%
PBT before Exceptional item/ Net Sales	13.0%	16.5%	7.7%	14.5%
PAT before Exceptional item / Net Sales	8.6%	11.0%	7.3%	9.4%

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