JP Morgan India Conference 2010

Goa

February 4, 2010

The Asian Paints Group Today…

- India's largest paint company for four decades
- Operates in 17 countries with 22 paint manufacturing facilities
- Group revenue of Rs. 5,463 Crores in FY 2008-09

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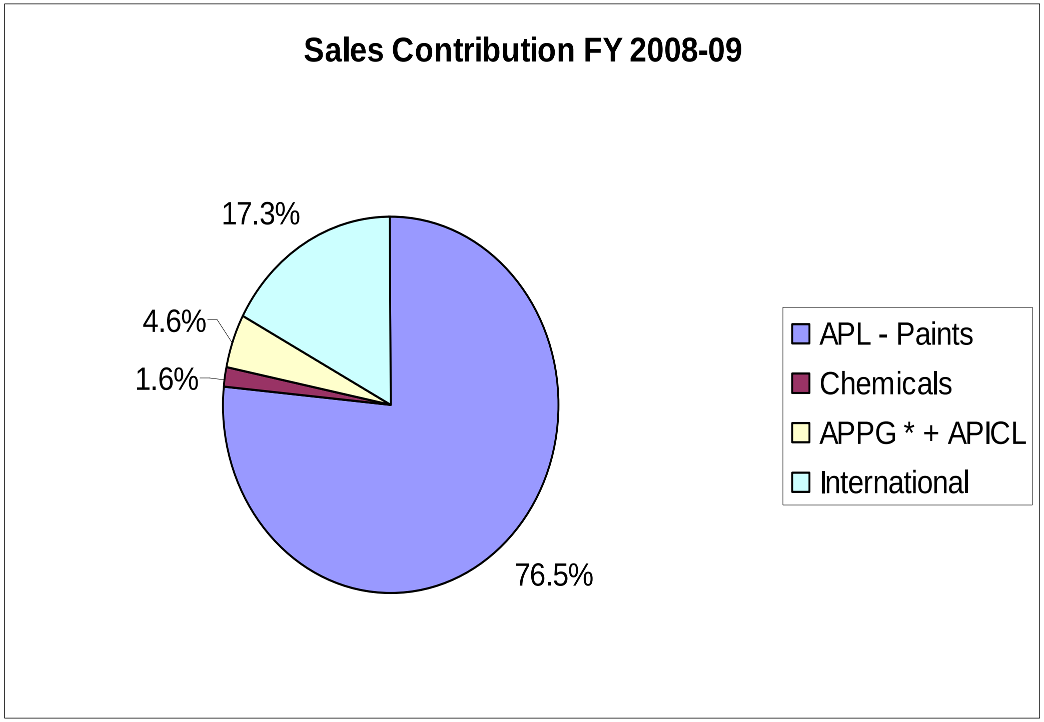
Business Operations – Consolidated

- Paints India
  - Decorative Coatings – India
  - Industrial Coatings – India
    - APL – Industrial
    - APPG
    - APICL
- Chemicals India
- International Operations



* 50% of APPG considered since it is a 50:50 JV with PPG Inc.

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Decorative Coatings - India

- Strong presence throughout the country across all product segments

- Introduced many innovative concept in the Indian paint industry like
  - Small packs
  - Exterior segment
  - Home Solutions (painting solution service)
  - Colour Next (prediction of Colour Trends through in-depth research)
  - Special Effects / Textured paints

Industrial Coatings - India

- **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 consolidated revenue**
  - Its contribution to the group's revenue has been continuously decreasing

International Operations

- **Contributes 17.3% to the group turnover**
- **Began by establishing presence in Fiji in 1978**
- **Presence in 17 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**
  - Divested units in Hong Kong, Malaysia and Thailand
  - Divestment of China in progress

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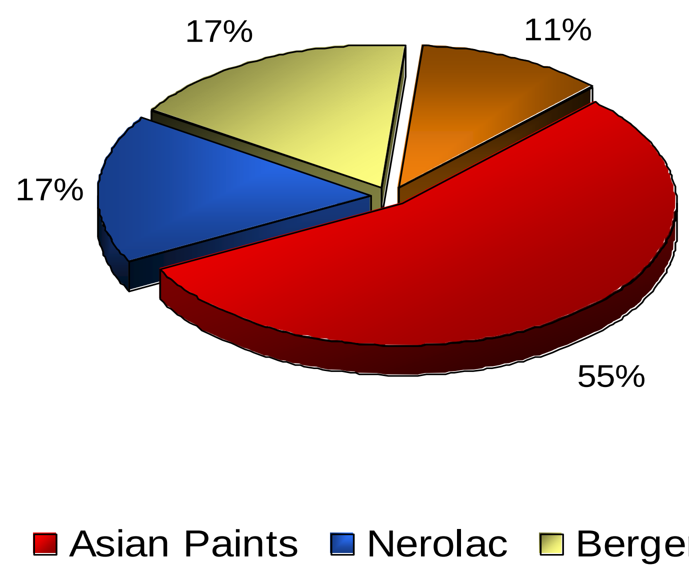
The Indian Paints Market

- The Indian Paint Industry is around Rs. 15,000 cr
- Decorative: Industrial split of 75:25
- Top 4 players constitute more than 60% of the market
- Rest of the market is highly fragmented with nearly 35% being in the unorganized sector
- Per capita consumption in India very low at approximately 1.5 kgs

Gross Revenue Share FY 2008-09
Top 4 paint companies



Asian Paints includes Paint segment + APICL + APPG (100%)

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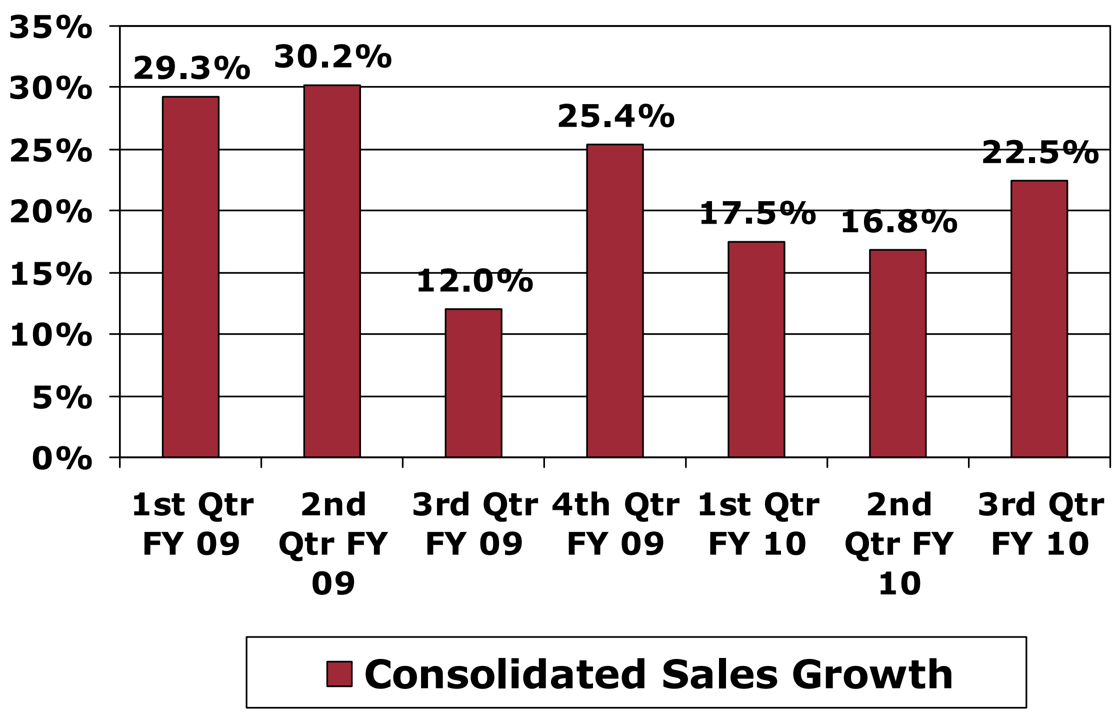
Presentation structure

- **Performance: Q3 & 9M FY 2009-10**
- Review of Business Units
- Outlook and Risks

Sales Performance Q3 FY 2009-10

Demand conditions remain buoyant in Q3



- Consolidated sales grew by 22.5% in value terms
- Standalone sales grew by 26.8% in value terms
  - Paint sales for the standalone company grew by 25.5% for Q3

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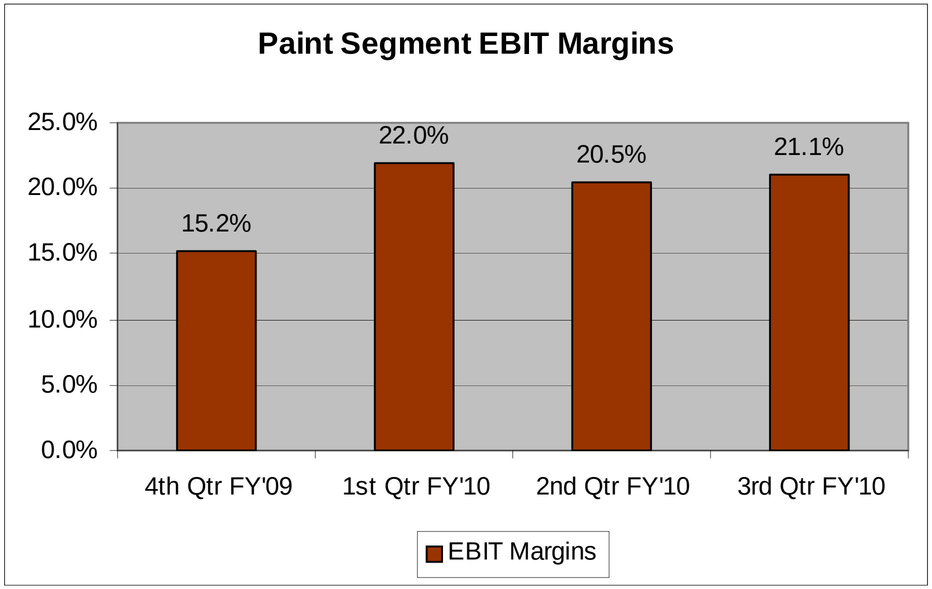
Profit Performance Q3 FY 2009-10

- Consolidated PBT increased by 226.8%
  - PBT growth aided by lower material prices and volume growth in decorative business in India
  - Profit growth in Q3 FY10 is higher due to a lower profit base in Q3 FY09
  - Current margins are not sustainable
- PAT after Minority Interest up by 236.5%
- Standalone PBT grew by 237.0%
- Standalone PAT grew by 256.6%



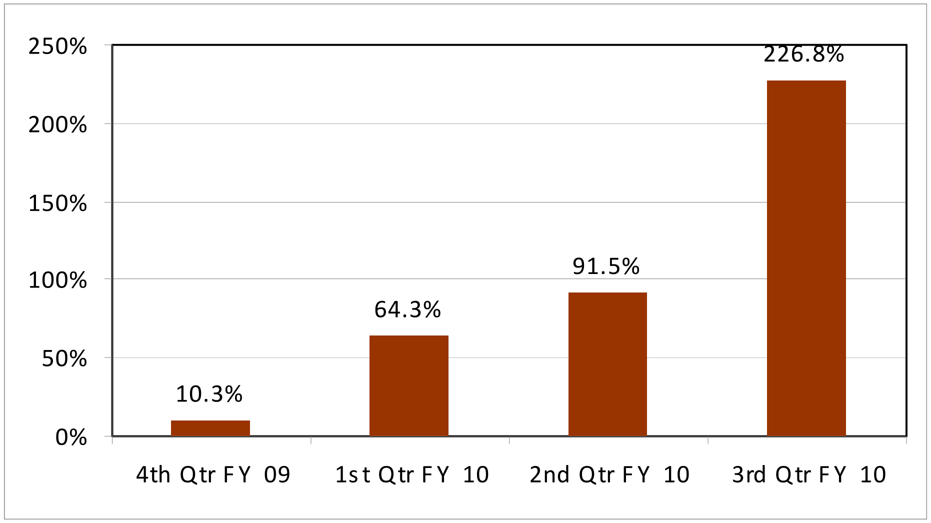
Sales Performance 9M FY 2009-10

Robust growth

- Consolidated sales grew by 18.9% for 9M 2009-10 in value terms
- Standalone sales grew by 20.7%
  - Paints revenue grew by 21%
- All business units registered good profit growth
- In International business, though volumes were flat in Q3, profit margins have improved owing to lower material costs compared to last year

Profit Performance 9M FY 2009-10

- Consolidated PAT after Minority Interest shows a increase of 116.7%
- Consolidated PBT shows a increase of 109.7% for 9M FY10
  - Excluding the profit on sale of long term investment, PBT growth is 96%
  - Standalone PBT increased by 113.0%
- EBIT for the Standalone Paint segment grew by 86.7%
- EBIT for International business grew by 73.7%



Consolidated PBT growth

Dividend

- Interim dividend of Rs. 8.50 per share for FY 2009-10

- In FY 2008-09
  - Interim dividend of Rs. 6.5 per share
  - Total dividend of Rs. 17.5 per share
  - Payout ratio 54.20%

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Presentation structure

- Performance : Q3 & 9M FY 2009-10
- **Review of Business Units**
- Outlook and Risks

Review of Business Units

- Decorative Business - India
- Industrial Operations - India
- International Operations

Decoratives Business - India

Demand Conditions

- Overall economic conditions better than expected
  - Retail demand has been good across the country
  - Interior and exterior emulsions continued to do well

Material prices

- Lower material prices as compared to last year
- Material price index of 92.72 in Q3 against 91.69 in Q2.
  - YTD Q3 material price index is at 91.84

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Decoratives Business - India

- Colourworlds have become an essential operational tool for all our Dealers
  - More than 14600 Colourworlds installed
- Response to Signature Store continues to be good
- Colour Ideas stores receiving a tremendous response
- Rohtak plant work is on track and is likely to be commissioned in April 2010 with an initial capacity of 1,50,000 KL
- Distribution Center in Sriperumbudur was commissioned in Q3 FY10
- Acquired land in Kesurdi in the state of Maharashtra for setting up the next paint plant

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Review of Business Units

- Decorative Business - India
- Industrial Operations - India
- International Operations

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Industrial Operations

Growth – a challenge

- Demand conditions in non-auto Industrial paints segment remain weak; however overall growth in Q3 indicates some improvement
- Sales of automotive JV (APPG) has been better in Q3-FY10
  - Improvement in passenger car builds
  - Refinish business doing well

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Review of Business Units

- Decorative Business - India
- Industrial Operations - India
- International Operations

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International Operations

- Almost all subsidiaries in the BU were impacted by global slowdown & challenging market conditions
  - Nepal, Bangladesh & Egypt performed well
- Marginal volume growth of 1%
- Net sales value growth at 12%
  - Growth adjusted for exchange rate impact was at -1%
- Material costs significantly lower at an overall level compared to last year because of the globally reduced prices of crude and other commodities leading to improved margins
- EBIT has grown by 73.7%
  - Growth adjusted for exchange rate impact was at 51.0%.
- Focus on consolidating the portfolio
  - Hong Kong , Thailand and Malaysia divested
  - China divestment in progress

Period: Jan. to Sep 2009

International Operations

(Rs. crs)

Value Sales	CY 2009	CY 2008	% Gr
Caribbean	67.6	64.3	5.1%
Middle East	257.9	205.1	25.7%
South Asia	67.2	51.5	30.5%
South East Asia	45.4	53.7	-15.5%
South Pacific	29.3	27.4	6.9%

(Rs. crs)

EBIT	CY 2009	CY 2008	% Gr
Caribbean	1.2	-0.8	-
Middle East	43.4	25.3	71.5%
South Asia	6.6	4.5	46.7%
South East Asia	-5.6	-0.7	-
South Pacific	2.7	2.1	28.6%

Period: Jan. to Jun 2009

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Presentation structure

- Performance : Q3 & 9M FY 2009-10
- Review of Business Units
- **Outlook and Risks**

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Outlook and Risks

- GDP growth in India could surpass earlier estimates of about 6%
  - With First Half GDP growth itself at 7%, fresh estimates peg GDP growth for FY'10 between 7% to 8%
  - Agricultural GDP might be adversely impacted, however extent of negative impact likely to be cushioned by robust growth in Industrial and Services sector
  - Consumer demand supported by Govt's fiscal measures like employment guarantee scheme, farm loan waiver, pay commission recommendations
- Rupee likely to be volatile with appreciating bias over the medium term while higher inflation to put upward pressure on interest rates

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Outlook and Risks

Indian Operations

- Decorative paint demand conditions look good
- Material prices inching upwards – could lead to margin contraction
  - Current margins at an all time high - not sustainable going forward
- Automotive paints segment expected to do well with fiscal / monetary stimulus helping the auto industry

Outlook and Risks

International Operations

- Demand conditions indicate improvement in Egypt while slowdown expected to continue in Dubai with market almost stagnant
- Relatively stable environment expected to sustain growth in South Asia
- Situation in Caribbean expected to remain under strain while South Pacific islands expected to see further contraction in economic activity

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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 – Q3 FY 2009-10

(Rs. in Crores)

	Q3 09-10	Q3 08-09	Gr %
Sales & Op Income	**1,620**	**1,322**	23%
Material Cost	913	844	8%
Employee Costs	99	94	5%
Other Expenses	290	274	6%
PBDIT	**318**	**110**	188%
Depreciation	20	20	-3%
Profit from Operations before Interest	**298**	**90**	231%
Other Income	17	11	50%
PBIT	**315**	**101**	211%
Interest	8	7	20%
PBT	**307**	**95**	225%
Curr.,Def. & FB. Tax	95	29	229%
PAT before EOI	**212**	**66**	223%
EOI	(0.21)	-	
Prior period items	0.10	1	
PAT before Minority interest	**212**	**65**	226%
Minority Share	13	6	122%
PAT to parent Shareholders	**199**	**59**	236%
EPS	**21**	**6**	

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Standalone P&L – Q3 FY 2009-10

(Rs in Crores)

	Q3 09-10	Q3 08-09	Gr %
Sales & Operating Income	1,278	1,007	27%
Material Cost	711	637	12%
Employee Costs	63	60	6%
Other Expenses	244	230	6%
PBDIT	260	80	223%
Depreciation	15	16	-6%
Profit from operations before interest	245	65	279%
Other Income	22	16	34%
PBIT	267	81	230%
Interest	4	3	71%
PBT before Exceptional item	263	79	235%
Exceptional item	-	-	
PBT before prior period item	263	79	235%
Prior period	0	1	
PBT	263	78	237%
Curr.& Def. Tax	84	29	
Fringe Benefit Tax	-	1	
Excess/Short Provision of Income Tax	0	(2)	
PAT	179	50	257%
EPS before Exceptional Item	18.63	5.22	
EPS after Exceptional Item	18.63	5.22	

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Consolidated P&L – 9M FY 2009-10

(Rs. in Crores)

	9M 09-10	9M 08-09	Gr %
Sales & Op Income	**4,804**	**4,041**	19%
Material Cost	2,712	2,497	9%
Employee Costs	300	271	10%
Other Expenses	876	780	12%
PBDIT	**917**	**493**	86%
Depreciation	59	54	10%
Profit from Operations before Interest	**857**	**438**	96%
Other Income	120	38	215%
PBIT	**977**	**476**	105%
Interest	22	19	14%
PBT	**956**	**458**	109%
Curr.,Def. & FB. Tax	286	144	98%
PAT before prior period items	**669**	**313**	114%
EOI	(0.21)	-	
Prior period items	0.16	2	
PAT before Minority interest	**669**	**311**	115%
Minority Share	26	14	82%
PAT to parent Shareholders	**643**	**297**	117%
EPS	**67**	**31**	

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Standalone P&L : 9M FY 2009-10

(Rs in Crores)

	9M 09-10	9M 08-09	Gr %
Sales & Operating Income	3829	3172	21%
Material Cost	2,118	1,941	9%
Employee Costs	194	177	10%
Other Expenses	735	650	13%
PBDIT	782	405	93%
Depreciation	45	42	8%
Profit from operations before interest	737	363	103%
Other Income	125	49	155%
PBIT	862	412	109%
Interest	10	8	25%
PBT before Exceptional item	852	404	111%
Exceptional item	(6)	-	
PBT before prior period item	858	404	112%
Prior period	0	2	
PBT	857	403	113%
Curr.& Def. Tax	264	131	
Fringe Benefit Tax	-	5	
Excess/Short Provision of Income Tax	(4)	(2)	
PAT	597	270	121%
EPS before Exceptional Item	61.69	28.13	
EPS after Exceptional Item	62.29	28.13	

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Consolidated Sales breakup : 9M FY 2009-10

Sales : 9M					
	9M-FY'10	9M-FY'09	Growth	% to Total Sales	
			%	9M-FY'10	9M-FY'09
APL - Paints	3,758.72	3,108.88	21%	78.4%	77.1%
Chemicals	64.02	56.93	12%	1.3%	1.4%
APPG*	166.99	143.16	17%	3.5%	3.5%
APICL	49.43	46.23	7%	1.0%	1.1%
International @	765.01	685.46	12%	15.9%	17.0%
Total	**4,804.17**	**4,040.66**	19%		

@ Period considered is Jan - Sept

*50 % of Asian PPG Industries sales considered

* 50 % of Asian PPG Industries sales are included

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Key Ratios

	Standalone		Consolidated	
	9M 09-10	9M 08-09	9M 09-10	9M 08-09
Mat Cost/Net Sales	55.3%	61.2%	56.4%	61.8%
PBDIT/Net Sales	20.4%	12.8%	19.1%	12.2%
PBT before Exceptional Item/Net Sales	22.2%	12.7%	19.9%	11.3%
PAT before Exceptional Item/Net Sales	15.5%	8.5%	13.4%	7.3%

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