



Investor Presentation

FY 2010

28th May 2010



Environment – FY 2009-10

- ▶ Economic activity improved on account of massive government stimuli globally, driving consumption
- ▶ Indian Economy performed better than expected
 - ▶ Real GDP growth expected to be around 7.5%, despite poor monsoon
 - ▶ Retail demand good in many categories – FMCG, Durables, Automotive etc.
 - ▶ Rupee was on an uptrend, appreciated from levels of Rs. 51 to Rs. 45 during the year
 - ▶ Decisive mandate in the national general elections also helped in bringing about political stability and removing uncertainty
 - ▶ However, higher inflation on the back of rise in food prices, is an area of concern
- ▶ Crude prices averaged about USD 70 per barrel

Paint Industry – FY 2009-10

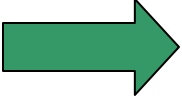
India: Demand Buoyant

- ▶ Demand for Decorative paints was very good throughout the year
 - ▶ Rural and small town demand significantly better than large towns
- ▶ Construction activity revived and increased capex spend across sectors
- ▶ Industrial paints grew well due to growth in automotive and durable segments

International: A mixed bag

- ▶ Egypt did not have a significant slowdown; good revival
- ▶ Caribbean economy contracted impacting Paint demand
- ▶ UAE impacted with extreme financial crisis & liquidity crunch
- ▶ South Asia on the whole had good demand

Presentation structure

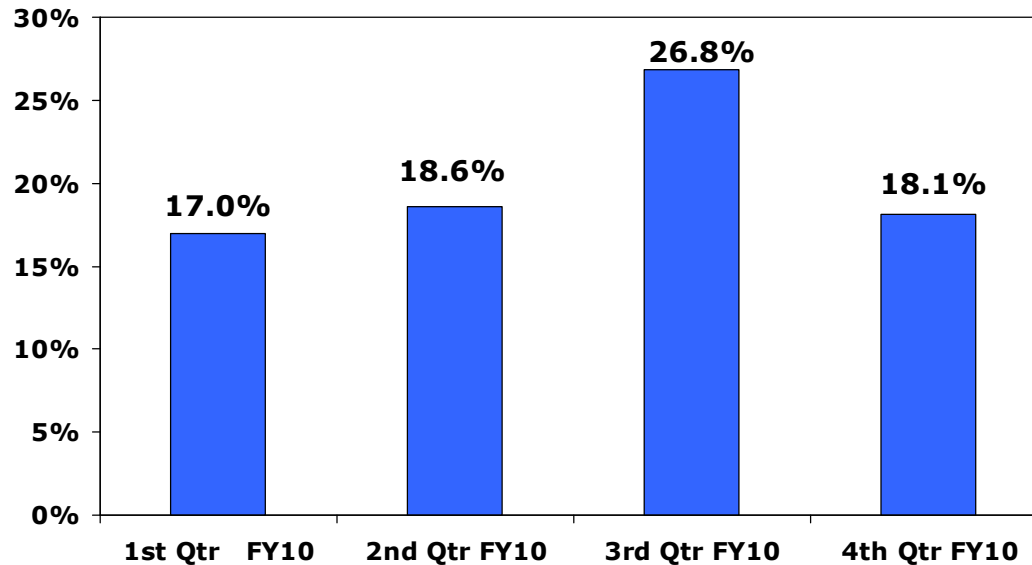
-  **▶ Performance: Q4 & FY 2009-10**
 - ▶ Review of Business Units
 - ▶ Outlook and Risks

Consolidated Financial Results

- ▶ The company has aligned the accounting year of all overseas subsidiaries in line with the parent company
 - ▶ The annual consolidated results are not comparable with the previous year as they include 15 month results of overseas subsidiaries (Jan 09 – Mar 10)
 - ▶ The Quarterly consolidated results are not comparable with the previous quarter as they include 6 months results of overseas subsidiaries (Oct 09 – Mar 10)

Sales Performance Q4 FY 2009-10

Standalone Sales & Operating Income

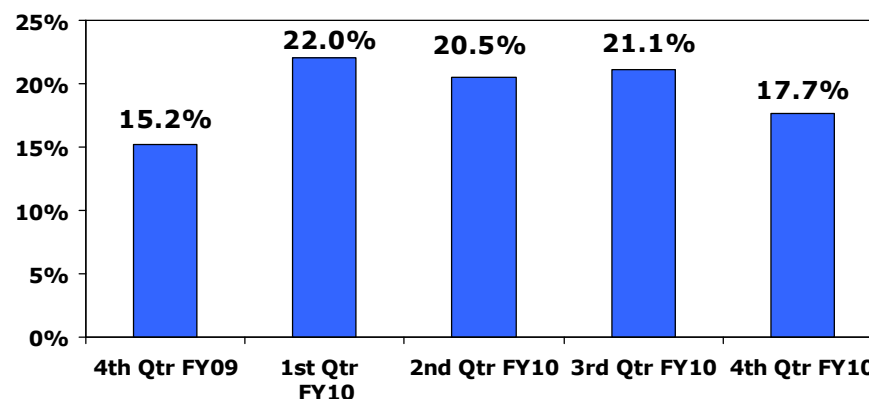


- ▶ Standalone sales grew by 18.1% in value terms
- ▶ Consolidated sales stood at Rs.1,876.77 crores

Profit Performance Q4 FY 2009-10

- ▶ Standalone PBDIT grew by 46.03%
- ▶ Standalone PAT* grew by 91.3%
- ▶ Consolidated PBT at Rs. 301.46 crores
- ▶ Consolidated PAT after Minority Interest Rs. 192.58 crores.
- ▶ Margins at year beginning unsustainable as previously intimated

Standalone Paint Segment EBIT Margins



* - Includes Exceptional Item (EI) of Rs.19.69 crores being the write back of provision for diminution in the value of investments made earlier in the Company's wholly owned subsidiary Asian Paints (International) Ltd, Mauritius

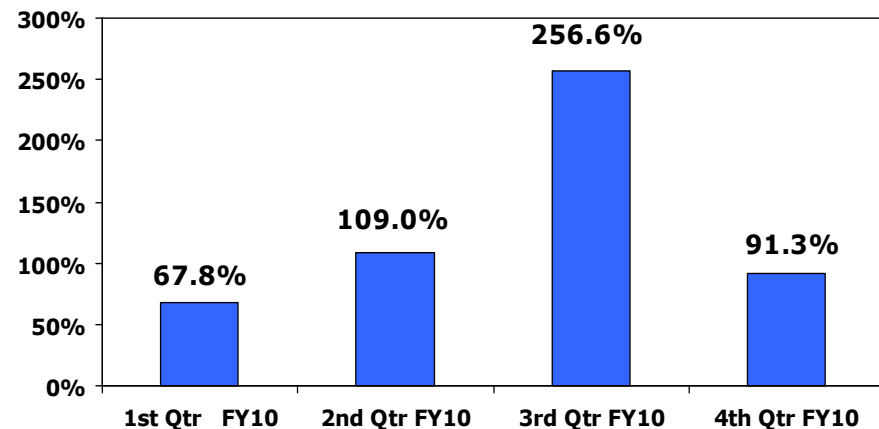
Sales Performance FY 2009-10

- ▶ Standalone sales grew by 20%
 - ▶ Paints revenue grew by 20.3%
 - ▶ Domestic Paints volumes grew by 16.4%
- ▶ International business saw a value sales of Rs 1263.95 crores in Jan'09 to Mar 2010 vs. Rs 947.26 crores in Jan'08 to Dec'08
- ▶ Consolidated sales at Rs. 6680.94 crores for FY 2009-10
 - ▶ 12 months sale in India and 15 months for overseas subsidiaries
- ▶ Ahead of expectations for the year

Profit Performance FY 2009-10

- ▶ EBIT for the Standalone Paint segment grew by 73.6%
- ▶ Standalone PBT after exceptional items increased by 102.3%
 - ▶ Including Other Income and reversal of impairment provision
- ▶ Consolidated PBT at Rs.1257.02 crores for FY10
- ▶ Consolidated PAT after Minority Interest at Rs. 835.64 crores for FY 2010

Standalone PAT Growth

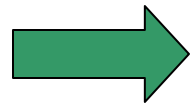


Dividend

- ▶ Total Dividend of Rs. 27 per share for FY 2009-10
(Rs. 17.50 per share in FY 2008-09)
 - ▶ Final dividend of Rs. 18.50 per share for FY 2009-10
(Rs. 11 per share in FY 2008-09)
 - ▶ Interim dividend of Rs. 8.50 per share for FY 2009-10
(Rs. 6.50 per share in FY 2008-09)
- ▶ Payout ratio of 39% for FY 2009-10
(54.19% in FY 2008-09)

Presentation structure

- ▶ Performance : Q4 & 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

- ▶ Retail Demand was very good throughout the year
- ▶ Improvement in product mix
 - ▶ Interior and exterior emulsions continued to do well

Material prices

- ▶ Benign raw material prices and appreciating rupee resulted in expansion of margins during the year
- ▶ Material price index of 94.37 in Q4 against 92.72 in Q3 with FY2009 as Base 100.
 - ▶ Price index for FY 2009-10 stood at 92.44

Decoratives Business - India

Retailing Initiatives:

- ▶ Colourworlds have become an essential operational tool for all our Dealers
 - ▶ More than 15,000 Colourworlds installed till date
- ▶ Response to Signature Store continues to be good
- ▶ Colour Ideas stores receiving good response

Major focus on:

- ▶ Network expansion
- ▶ Improvement in customer satisfaction
- ▶ Strengthening of Supply Chain to cater to rapid growth
 - ▶ Rohtak plant commissioned in April 2010 with an initial capacity of 1,50,000 KL
 - ▶ Capacity of Sriperumbudur Plant has been raised to 1,40,000 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

Review of Business Units

- ▶ Decorative Business - India

-  ▶ Industrial Operations - India

- ▶ International Operations

Industrial Operations

Growth – a challenge

- ▶ Demand conditions remained tight in the Industrial Liquid Paints and powder coating segments due to deferral of capex spends
 - ▶ Improvement seen in the second half of the year
- ▶ Sales of automotive JV (APPG) better than expected
 - ▶ Impressive growth in domestic sales of passenger vehicles
 - ▶ Exports complimented domestic growth
 - ▶ Refinish business doing well

Review of Business Units

- ▶ Decorative Business - India
- ▶ Industrial Operations - India

 ▶ International Operations

International Operations

- ▶ Almost all subsidiaries in the BU were impacted by global slowdown & challenging market conditions
 - ▶ Nepal, Bangladesh and Egypt performed well
- ▶ Profit margins have improved owing to lower material costs compared to last year
- ▶ Volume growth of 6% for the period Jan09-Dec09 over last year
 - ▶ PBT of Rs. 123 crores vs Rs. 55 crores last year for the same period
- ▶ Impact of additional three months of consolidation on FY10 financials
 - ▶ Net sales and operating income is higher by Rs 225.91 crores
 - ▶ PBT is higher by Rs 30.88 crores
 - ▶ Profit attributable to shareholders is higher by Rs 14.43 crores

International Operations

- ▶ 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 for the overseas operations during the 15 month period ended March'10 is Rs 161 crores

(Rs in crs)

Value Sales	2009-10	2008
Carribean	195.75	163.25
Middle East	652.14	465.11
South Asia	187.38	114.82
South East Asia	95.74	105.80
South Pacific	85.00	62.02

(Rs in crs)

EBIT	2009-10	2008
Carribean	10.93	5.72
Middle East	121.45	55.92
South Asia	22.98	8.56
South East Asia	14.12	(6.33)
South Pacific	12.34	5.83

International Operations

- ▶ Review of portfolio
 - ▶ Divested stake in Malaysia, Thailand and Hong Kong in FY 2010
 - ▶ China divested in April 2010
- ▶ Asian Paints (International) Limited bought back 4.1 mn shares held by APL for a consideration of Rs. 19.5 crores resulting in an Exceptional income of Rs. 5.8 crores in the second quarter
- ▶ Reversal of impairment provision of Rs. 19.7 Crores made towards diminution in the value of investments made earlier in the Company's wholly owned subsidiary Asian Paints (International) Ltd, Mauritius

Capex

- ▶ Capex for the year 2009-10 was Rs. 350 Crs
 - ▶ Rohtak – Rs 274 Crs
- ▶ Major Capex planned in the year 2010-11
 - ▶ **India – Rs. 250 Crs**
 - ▶ Kesurdi – Rs. 100 Crs
 - ▶ Distribution Centre – Rs. 28 Crs
 - ▶ All others – Rs. 122 Crs
 - ▶ **International – Rs. 50 Crs**
 - ▶ Egypt new plant – 17 Crs
- ▶ Kesurdi commissioning will be at the end of FY 2012-13

Presentation structure

- ▶ Performance : Q4 & FY 2009-10
- ▶ Review of Business Units

 ▶ **Outlook and Risks**

Outlook and Risks

- ▶ Global economy shows signs of improvement, however recent developments in Europe highlight the continuing uncertainty
 - ▶ Massive government stimulus driving consumption globally
 - ▶ Liquidity expected to remain comfortable in spite of early signals of policy tightening in select economies
 - ▶ A significant risk could be a premature exit from the accommodative monetary and fiscal policies currently in place
 - ▶ Imbalances in Southern Europe, a major area of concern
- ▶ In India
 - ▶ GDP growth in India expected to be in the region of 7.5% to 8.5%
 - ▶ Robust domestic consumption and high investment rate to sustain pick-up
 - ▶ Inflation and fiscal consolidation – major areas of concern
 - ▶ Gradual exit from the accommodative monetary policy almost certain
 - ▶ Need for monitoring the progress on key reforms, especially on taxation

Outlook and Risks

Indian Operations

- ▶ Decorative paint demand conditions look good
 - ▶ Policy initiatives like increasing the slabs of income tax exemptions and renewed thrust on infrastructure sector is expected to spur Paint demand
 - ▶ If prediction of normal monsoon in India proves correct, a major uncertainty will disappear
- ▶ Automotive and Industrial paints segment expected to do well
 - ▶ Fiscal / monetary stimulus helping Automobile off take
 - ▶ Non Auto Industrial paints seeing some recovery in demand
- ▶ Material prices galloping upwards
 - ▶ Witnessing inflationary trend since Q4 FY10; over 6% so far
 - ▶ Monomers, Rutile and some oils;
 - ▶ Price increase of 4.15% effected on 1st May'10 for Deco products
- ▶ 2009-10 margins at an all time high - not sustainable due to inflation in material prices

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

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.

Thank you...

Annexure

Consolidated results

Profit & Loss Account – Q4 – FY 2010

	Rs. Crores	
	Actual	Actual
	Q4 09-10	Q4 08-09
Sales & Op Income	1,876.77	1,422.57
Material Cost	1,046.40	873.87
Employee Costs	136.44	100.03
Other Expenses	383.07	271.96
PBDIT	310.86	176.71
Depreciation	24.11	20.10
Profit from Operations before Interest	286.75	156.61
Other Income	20.77	13.71
PBIT	307.51	170.32
Interest	6.94	7.47
PBT before EOI	300.57	162.85
EOI	0.94	(1.24)
PBT before prior period items	301.51	161.61
Prior period items	(0.06)	(0.23)
PBT	301.45	161.37
Curr., Def. & FB. Tax	86.74	52.97
PAT before Minority interest	214.70	108.40
Minority Share	22.13	7.27
PAT to parent Shareholders	192.58	101.14
EPS	20.08	10.54

* Extra-ordinary items for Current period represents gain on disposal of Malaysia : Rs. 1.16 Cr. Previous period Extra ordinary items represents impairment of Goodwill in Bangladesh

Standalone P&L – Q4 FY 2009-10

	Actual	Actual	(Rs in Crores)
	Q4 09-10	Q4 08-09	Gr %
Sales & Op Income	1,296	1,098	18.1%
Material Cost	722	666	8.4%
Employee Costs	67	62	7.9%
Other Expenses	279	213	30.7%
PBDIT	228	156	46.0%
Depreciation	16	15	2.7%
Profit from operations before interest	212	141	50.8%
Other Income	19	11	72.1%
PBIT	232	152	52.3%
Interest	4	3	55.0%
PBT before Exceptional item	228	149	52.3%
Exceptional item	(20)	6	
PBT before prior period item	247	144	72.2%
Prior period	0	0	
PBT	247	143	72.4%
Curr. & Def. Tax	73	49	
Fringe Benefit Tax	-	2	
Excess/Short Provision of Income Tax	(3)	(0)	
PAT	177	93	91.4%
EPS before Exceptional Item	16.40	10.26	
EPS after Exceptional Item	18.46	9.65	

Consolidated P&L – FY2009-10

(Rs. In Crores)

	Actual FY 09-10	Actual FY 08-09
Sales & Op Income	6,680.94	5,463.90
Material Cost	3,757.96	3,370.64
Employee Costs	436.28	371.52
Other Expenses	1,259.08	1,051.68
PBDIT	1,227.61	670.05
Depreciation	83.56	74.38
Profit from Operations before Interest	1,144.06	595.67
Other Income	140.50	51.03
PBIT	1,284.56	646.70
Interest	28.47	26.32
PBT before EOI	1,256.09	620.38
EOI	(1.15)	1.24
PAT before prior period items	1,257.24	619.13
Prior period items	0.22	2.26
PBT	1,257.02	616.87
Curr., Def. & FB. Tax	373.11	197.39
PAT before Minority interest	883.91	419.48
Minority Share	48.27	21.64
PAT to parent Shareholders	835.64	397.84
EPS	87.12	41.48

12 M Results for FY 10 includes Apr 09 to Mar 10 India + Jan 09 to Mar 10 International

asianpaints

Consolidated Sales breakup : FY2009-10

	FY'10	FY'09
APL - Paints	5,026.97	4,176.84
Chemicals	89.30	85.60
APPG* + APICL	300.72	253.53
International	1,263.95	947.26
Total	6,680.94	5,463.23

* 50 % of Asian PPG Industries sales are included

Consolidated 12 M Results for FY 10 includes Apr 09 to Mar 10 India + Jan 09 to Mar 10 International

Standalone P&L : FY 2009-10

(Rs in Crores)

	Actual 12M 09-10	Actual 12M 08-09	Gr %
Sales & Op Income	5125	4270	20.0%
Material Cost	2,840	2,607	8.9%
Employee Costs	261	239	9.2%
Other Expenses	1,014	863	17.5%
PBDIT	1,010	561	79.9%
Depreciation	61	57	6.3%
Profit from operations before interest	949	504	88.3%
Other Income	144	60	139.5%
PBIT	1,093	564	93.8%
Interest	14	10	32.3%
PBT before Exceptional item	1,079	554	94.9%
Exceptional item	(25)	6	
PBT before prior period item	1,105	548	101.7%
Prior period	0	2	
PBT	1,105	546	102.3%
Curr. & Def. Tax	336	179	
Fringe Benefit Tax	-	7	
Excess/Short Provision of Income Tax	(6)	(2)	
PAT	775	362	113.7%
EPS before Exceptional Item	78.09	38.39	
EPS after Exceptional Item	80.74	37.78	

Key Ratios

	Standalone		Consolidated	
	12M 09-10	12M 08-09	FY 09-10	FY 08-09
Mat Cost/Net Sales	55.4%	61.1%	56.2%	61.7%
PBDIT/Net Sales	19.7%	13.1%	18.4%	12.3%
PBT before exceptional item/Net Sales	21.6%	12.8%	18.8%	11.4%
PBT after exceptional item/Net Sales	14.6%	8.6%	18.8%	11.3%

**Consolidated 12 M Results for FY 10 includes Apr 09 to Mar 10 India +
Jan 09 to Mar 10 International**