Investor Presentation

Q2 & H1 FY 2009-10

23rd October 2009

Environment – H1 FY 2009-10

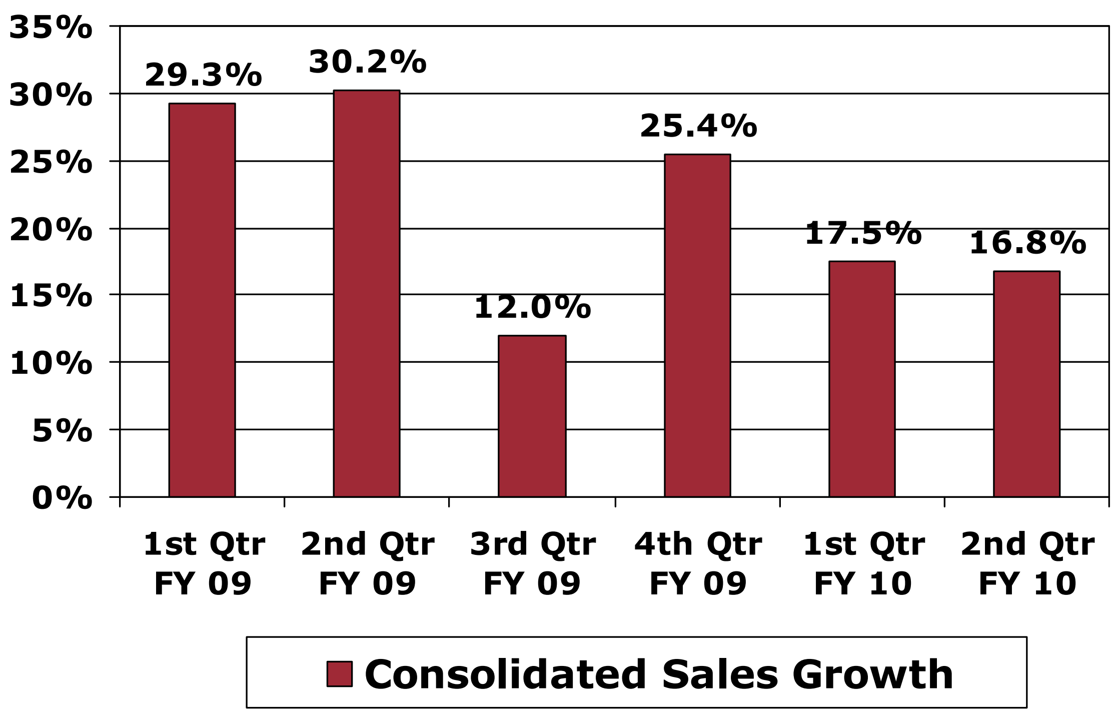
- Indian Economy performs better than expected
- Retail demand good in many categories – FMCG, Durables, Automotive etc.
- Growth a challenge in the Industrial and Automotive paints segment
- Material prices stayed low in spite of increase in crude. However there are signs of increase in Q III.
- Despite policy stimuli, economic response in overseas markets remain uncertain

Presentation structure

- **Performance: Q2 & H1 FY 2009-10**
- Review of Business Units
- Outlook and Risks

Sales Performance Q2 FY 2009-10

Demand conditions remain buoyant in Q2



- Consolidated sales grew by 16.8% in value terms
- Standalone sales grew by 18.6% in value terms
  - Paint sales for the standalone company grew by 20.4% for Q2

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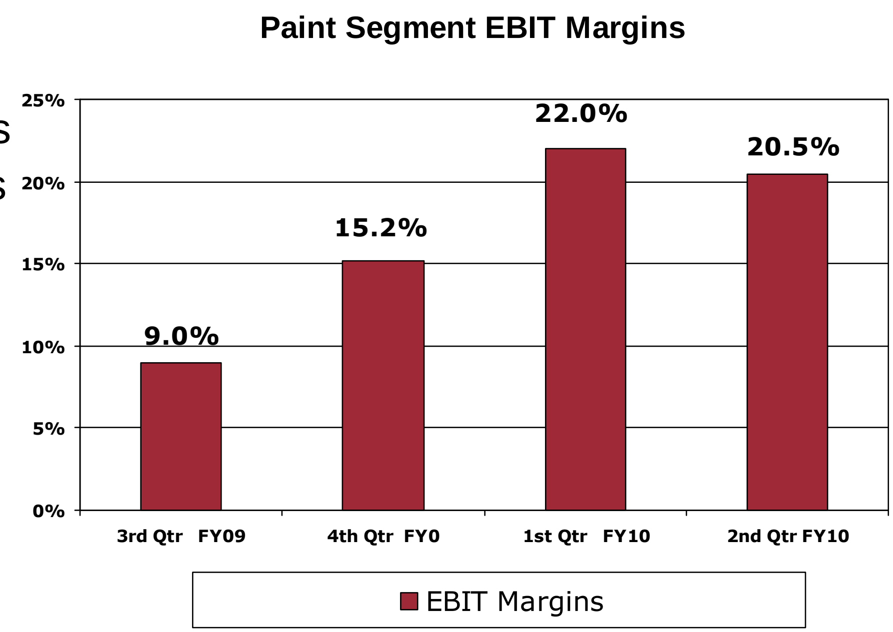
Profit Performance Q2 FY 2009-10

Improved PBT margins in Q2 over corresponding period last year

- Consolidated PBT increased by 91.5%
  - Other Income of Rs. 62.7 crores on account of sale of long term investment (Excluding this growth of 60.2%)
  - PBT growth aided by lower material prices and volume growth in decorative business in India
- PAT after Minority Interest up by 104.1%
- Standalone PBT grew by 96.4%
  - Excluding the profit on sale of long term investment and EI*, it grew by 58.2%
- Standalone PAT grew by 109%
  - Excluding the profit on sale of long term investment and EI*, it grew by 52.7%



EI - Exceptional Item consists of Rs.5.77 Crores being the writeback of provision for diminution in the value of investments in the Company's wholly owned subsidiary Asian Paints (International) Ltd, Mauritius, in view of the buy back of 4.1 million shares at US $ 1 per share*

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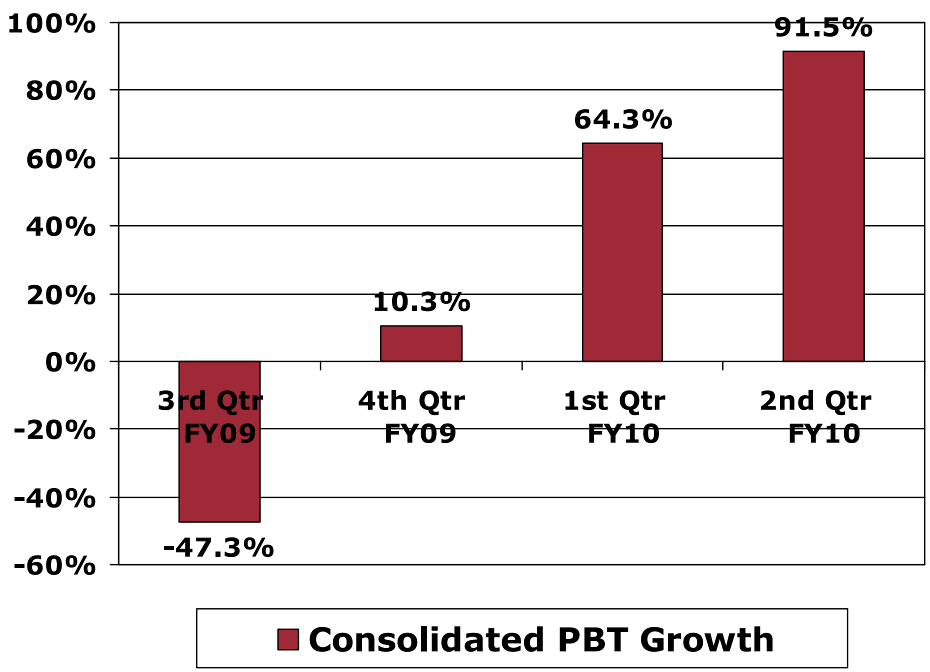
Sales Performance H1 FY 2009-10

Robust growth

- Consolidated sales grew by 17.1% for H1 2009-10 in value terms
- Standalone sales grew by 17.8%
  - Paints revenue grew by 18.8%
- Growth continues to be a challenge in the Industrial and Automotive paints segment
- Almost all subsidiaries in the International Operations were impacted by global slowdown & challenging market conditions

Profit Performance H1 FY 2009-10

- Consolidated PAT after Minority Interest shows a increase of 87.0%
- Consolidated PBT shows a increase of 79.3% for H1 FY10
  - Excluding the profit on sale of long term investment, PBT growth is 62.0%
  - Standalone PBT increased by 83.2%
- EBIT for the Standalone Paint segment grew by 57.9%
- EBIT for International business grew by 59%



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 54.19%

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Presentation structure

- Performance : Q2 & H1 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

- Varying across geographies
  - Retail demand has been good but not uniform across the country
  - Excellent performance in the East
  - Project Sales still affected by slowdown in builder segment although some signs of pick-up in September

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Decoratives Business - India

Material prices

- Material prices stayed low in spite of increase in crude. However there are signs of increase in Q III.
- Material price index of 91.69 in Q2 against 91.43 in Q1.
  - Price index for H1 stood at 91.50
  - Strengthening of the Rupee offset by higher crude prices

Retailing Initiatives

- Colourworlds have become an essential operational tool for all our Dealers
  - More than 14000 Colourworlds installed
- Response to Signature Store continues to be good
- Colour Ideas stores receiving a tremendous response
  - 3 more commissioned (in addition to 2 last year)

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Decoratives Business - India

Supply chain Initiatives

- Rohtak plant work is progressing well and is likely to be commissioned in April 2010 with an initial capacity of 1,50,000 KL
- Distribution Center project activities at Sriperumbudur plant nearing completion
- Land for the 7th paint plant in Maharashtra finalised; environmental approvals to be obtained

Review of Business Units

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

Industrial Operations

Growth – a challenge

- Demand conditions continue to remain tight in the Industrial Liquid Paints and powder coating segments due to deferral of capex spends

- Sales of automotive JV (APPG) better than expected on account of
  - Improvement in passenger car builds
  - Refinish business doing well
  - However, commercial vehicles struggled to grow

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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
  - South Asia and Middle East regions performed well
- Marginal volume growth of 2%
- Net sales value growth at 17%
  - Growth adjusted for exchange rate impact was at 5%.

(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%

Period: Jan. to June 2009

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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 has grown by 59%
  - Growth adjusted for exchange rate impact was at 35.5%.

- Focus on consolidating the portfolio
  - Hong Kong divested in Sept'09.
  - Malaysia and China divestment in progress

(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 June 2009

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Presentation structure

- Performance : Q2 & H1 FY 2009-10
- Review of Business Units
- **Outlook and Risks**

Outlook and Risks

- GDP growth in India could surpass earlier estimates of about 6%
  - Global growth trend key to a sustainable high growth in India
  - Agricultural GDP might be adversely impacted due to poor rains, however extent of negative impact expected to be cushioned by robust industrial growth
    - This can impact growth as small towns have been growth drivers
- Rupee likely to be volatile with appreciating bias
- Higher inflation risk in the months to come

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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
- Growth a challenge in the Industrial and Automotive paints segment
  - Market yet to recover because of deferral of capex spends by Industries
  - PSU / Government spending in area of Power and Oil & Gas, airports/ports intact
  - Passenger cars' demand showing signs of pick-up but need to wait and watch
  - Powder coatings seeing a definite recovery from Q1 this year from Home Appliances and Home Electrical Goods manufacturers

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Outlook and Risks

International Operations

- Despite policy stimuli, economic responses remain uncertain
  - Situation in Caribbean remains unpredictable owing to the poor state of the economy
  - Project pipeline drying up in Middle East including Egypt
  - South Asia expected to see good growth
    - Sri Lankan economy to benefit from receipt of IMF loan & end of war
    - South Pacific islands continue to see 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 – Q2 FY2009-10

(Rs. In Crores)	Actual	Actual	
	Q2 09-10	Q2 08-09	Gr %
Sales & Op Income	**1,724**	**1,476**	**17%**
Material Cost	978	901	8%
Employee Costs	96	93	3%
Other Expenses	327	272	20%
PBDIT	**323**	**209**	**54%**
Depreciation	20	19	7%
Profit from Operations before Interest	**303**	**191**	**59%**
Other Income	87	17	404%
PBIT	**390**	**208**	**88%**
Interest	6	7	-5%
PBT before prior period items	**384**	**201**	**91%**
Prior period items	0	1	
PBT	**384**	**200**	**91%**
Curr.,Def. & FB. Tax	106	63	68%
PAT	**277**	**137**	**102%**
Minority Share	9	6	61%
PAT to parent Shareholders	**268**	**131**	**104%**
EPS	**27.98**	**13.71**	

Standalone P&L – Q2 FY2009-10

	Actual	Actual	(Rs in Crores)
	Q2 09-10	Q2 08-09	Gr %
Sales & Op Income	1,386	1,169	18.6%
Material Cost	773	705	9.7%
Employee Costs	62	61	0.4%
Other Expenses	274	222	23.1%
PBDIT	278	180	54.0%
Depreciation	15	14	5.4%
Profit from operations before interest	262	166	58.2%
Other Income	86	17	404.9%
PBIT	349	183	90.6%
Interest	3	3	-15.6%
PBT before Exceptional item	346	180	92.4%
Exceptional item	(6)	-	
PBT before prior period item	352	180	95.6%
Prior period	0	1	
PBT	352	179	96.4%
Curr.& Def. Tax	99	56	
Fringe Benefit Tax	(2)	2	
Excess/Short Provision of Income Tax	1	-	
PAT	254	122	108.9%
EPS before Exceptional Item	25.91	12.69	
EPS after Exceptional Item	26.51	12.69	

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Consolidated P&L –H1 FY2009-10

(Rs. In Crores)	Actual	Actual	
	H1 09-10	H1 08-09	Gr %
Sales & Op Income	3,184	2,719	17%
Material Cost	1,799	1,653	9%
Employee Costs	201	178	13%
Other Expenses	586	506	16%
PBDIT	599	382	57%
Depreciation	40	34	17%
Profit from Operations before Interest	559	348	60%
Other Income	103	27	282%
PBIT	662	375	76%
Interest	14	12	11%
PBT before prior period items	648	363	79%
Prior period items	0	1	
PBT	648	361	79%
Curr.,Def. & FB. Tax	191	115	65%
PAT before Minority interest	457	246	86%
Minority Share	13	8	53%
PAT to parent Shareholders	444	238	87%
EPS	46.34	24.78	

Standalone P&L : H1 FY2009-10

	Actual	Actual	(Rs in Crores)
	H1 09-10	H1 08-09	Gr %
Sales & Op Income	2551	2165	17.8%
Material Cost	1,407	1,304	8.0%
Employee Costs	131	117	11.6%
Other Expenses	492	420	17.1%
PBDIT	522	325	60.7%
Depreciation	30	26	15.9%
Profit from operations before interest	492	299	64.6%
Other Income	103	32	216.1%
PBIT	594	331	79.5%
Interest	5	5	2.4%
PBT before Exceptional item	589	326	80.8%
Exceptional item	(6)	-	
PBT before prior period item	595	326	82.5%
Prior period	0	1	
PBT	595	325	83.2%
Curr.& Def. Tax	180	102	
Fringe Benefit Tax	-	3	
Excess/Short Provision of Income Tax	(4)	-	
PAT	419	220	90.6%
EPS before Exceptional Item	43.06	22.91	
EPS after Exceptional Item	43.66	22.91	

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Consolidated Sales breakup : H1 FY2009-10

	Actual				
	H1-FY'10	**H1-FY'09**	**Growth**	**% to Total Sales**	
			%	**H1-FY'10**	**H1-FY'09**
APL - Paints	2,503.84	2,111.85	18.6%	78.6%	77.7%
Chemicals	42.82	48.66	-12.0%	1.3%	1.8%
APPG + APICL	138.60	132.43	4.7%	4.4%	4.9%
International @	498.91	425.68	17.2%	15.7%	15.7%
Total	**3,184.16**	**2,718.63**	**17.1%**	**100.0%**	**100.0%**

* 50 % of Asian PPG Industries sales are included

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Key Ratios

	Standalone		Consolidated	
	H1 09-10	H1 08-09	H1 09-10	H1 08-09
Mat cost/Net Sales	55.2%	60.2%	56.5%	60.8%
PBDIT/ Net Sales	20.5%	15.0%	17.6%	12.8%
PBT before Exceptional item/ Net Sales	23.1%	15.1%	20.4%	13.3%
PAT before Exceptional item / Net Sales	16.6%	10.1%	13.9%	8.7%