

Introduction Remarks – Q3 FY 2014 Conference Call

ECONOMIC ENVIRONMENT:

Global growth in Calendar year 2013 was affected mainly by moderation in Emerging market growth rates and Recession in Euro Zone. Overall Commodity prices were marginally higher in the third quarter. Currency remained volatile impacted mainly due to higher CAD and fears of US tapering. However, Rupee has now recovered from its historic lows in Q2 to the current levels of around Rs. 62 to Rs. 62.50 per USD.

CORPORATE HIGHLIGHTS : Q3 & 9M – FY2014

- ☐ Standalone Income from operations for the quarter increases by 12.2%
- ☐ Consolidated Income from operations for the quarter increases by 13.2%
- ☐ 9M Standalone & Consolidated Income from operations up by 14.3%
- ☐ Berger International Limited (BIL) stake increased to 96.5% as on 31st Dec 2013.
- ☐ Powder Coatings plant at Baddi in Himachal Pradesh shut down
- ☐ Strike enforced by workers in the paint manufacturing facility at Sriperumbudur since 20th Dec 2013

STANDALONE Q3 & 9M – FY 2014

For the Quarter ended Dec 31, 2013, Standalone Income from operations increased by 12.2% to Rs. 2843 crores; Operating profit stood at Rs. 424 crores as compared to Rs. 421 crores in the previous year.

For the 9 Months period ended 31 Dec 2013, Income from operations increased by 14.3% to Rs. 7695 crores; Operating profit was up by 8% to Rs.1195 crores and PAT was up by 11.3% to Rs. 902 crores.

Other operating income for the quarter and nine months ended 31st Dec 13 includes Rs 20.67 cr (Nil in Q2 FY13) and Rs 39.28 cr (Nil in 9M FY13) respectively, on accrual basis, towards incentive from the State Government of Maharashtra for its plant at Khandala.

Depreciation for Q3 FY14 of Rs. 54 includes Khandala plant depreciation of Rs. 21 crores. Khandala plant depreciation for 9 Months is Rs. 63 crores.

Other income for the 9 Months at Rs 134.6 crores includes Dividend from AP International of Rs 25.8 crores; Dividend of Rs 16 crores from Akzo.

Exchange difference: *There is a Positive impact of Rs. 2.71 crs in Q3 FY14 as compared to negative impact of Rs. 4.57 crs in Q3 FY13. For 9M FY14, negative impact of Rs 23.71 Crs vs negative impact of Rs. 12.26 Crs in 9M FY13*

CONSOLIDATED Q3 & 9M FY 2014

For the Quarter ended Dec 31, 2013, Consolidated Income from operations increased by 13.2% to Rs. 3452 crores; Operating profit for the quarter stood at Rs. 474 crores.

For the 9 Month period ended Dec 31, 2013, Income from operations increased by 14.3% to Rs. 9408 crores; Operating profit was up by 7.8% to Rs. 1329 crores and PAT after Minority Interest increased by 8% to Rs. 931 crores.

BUSINESS REVIEW - DECORATIVES

Double digit growth was registered in the quarter. Overall market remained challenging during the quarter. While the demand conditions improved in Oct'13, they were subdued in Nov'13. We have announced a price increase of 2.1% wef 1st Feb 2014. Cumulative price increase for 9M-FY14 is around 4.1%. (1st May'13 – 1.2%, 1st Aug'13 - 1%, 1st Sept'13 - 1.8%)

BUSINESS REVIEW - INDUSTRIAL

For Industrial Coatings (APPPG), business continued to be impacted by sluggish manufacturing environment in the economy, with no major capex activity.

PPGAP, the automotive coatings JV was affected due to subdued demand in the automotive sector.

BUSINESS REVIEW - INTERNATIONAL

Middle East and Asia have done well. However, the business environment in countries like Egypt and Bangladesh continues to be marred by large scale disruptions arising from the political impasse.

HOME IMPROVEMENT

Asian Paints invested Rs. 99.79 crores for 51% stake by subscription to equity shares of Sleek International Private Limited (SIPL) on 8th August 2013. The Company further invested a sum of Rs. 19.69 crores on 10th August, 2013, as second tranche to this transaction by further subscription to equity shares of SIPL with a corresponding proportionate investment by the

existing promoters of SIPL. On completion of the second tranche of investment, the Company continues to hold 51% stake in SIPL.

We are now working on deriving synergies from our dealer network for the business.

CAPEX

The Capex plan for FY 2014 at the standalone company level is around Rs. 200 crores towards facility optimization and regular maintenance.

Key Updates:

BADDI POWDER COATING PLANT SHUT DOWN

Powder Coating Plant at Baddi was closed on 25th Nov 2013 due to significant decline in the processing volume of powder coatings in the last two years. Going forward, demand for powder coatings will be catered by the facility at Sarigam in Gujarat.

BERGER INTERNATIONAL LIMITED (BIL)

As informed earlier, Asian Paints intends to delist BIL from Singapore Stock Exchange. The unconditional cash offer to acquire all remaining shares in BIL was closed on 8th Nov post which trading in shares of BIL on SGX was suspended. BIL will be delisted from the Singapore stock exchange by Feb 2014. Stake in BIL as on 31st Dec 2013 is 96.5%.

GOING FORWARD

Going forward, the growth outlook is expected to be challenging. However, the pre-election spending may have a positive impact on the rural demand. Additionally, the good agriculture growth might also drive rural growth. Weak currency can continue to pose challenges on the margin front. Demand in the Auto and Non-Auto Industrial segments to remain challenging due to higher policy rates and investment slowdown given the policy logjam. Internationally, political instability in countries like Egypt and Bangladesh would be a concern area.

THANK YOU

Thank you, we are happy to take any questions you may have.

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