

Introduction Remarks – Q3 FY 2015 Conference Call

ECONOMIC ENVIRONMENT:

On the domestic front, the recovery in growth is going to be at a much more gradual pace. The modest growth and low inflation data has pushed the Reserve Bank of India to cut interest rates. At the same time, Rupee has been relatively stable unlike many other emerging market currencies, trading broadly in the range of 61 to 62.50 to a dollar.

BUSINESS REVIEW - DECORATIVES

In Q3, We registered single digit volume growth in the decorative paint segment in India due to the sluggish demand conditions. Demand was subdued across regions except in the Eastern parts of the country. Growth in the current quarter was also impacted due to the early festival season as compared to the previous year. We continue to focus on network expansion and opening new Colour Ideas store. There was no price revision in this quarter. In the first nine months, we have taken a cumulative price increase of 2.2%. (Price increase of 1% from 1st May'14 and another 1.2% from 1st Jun'14). Profitability improvement was mainly driven by softening material prices. Falling bond yields adversely impacted the retiral provisions included in Employee Cost.

BUSINESS REVIEW – INDUSTRIAL

The Automotive coatings JV (PPG-AP), performance was led by good growth in the General Industrial segment and the Refinish segment. The Auto OEM segment was impacted by subdued consumer demand.

The Industrial Coatings JV (AP-PPG), which had seen a decline in the previous years, saw good growth in the current year, especially in the Industrial Liquid Paints segment.

BUSINESS REVIEW - INTERNATIONAL

The international business performance was led by double digit growth in markets like Bangladesh, Nepal & Emirates. Performance was impacted by Egypt which saw a decline over the previous year given the subdued business sentiment in the country.

BUSINESS REVIEW – HOME IMPROVEMENT

The ramp-up of Home improvement business has been slower than expected due to weak consumer sentiments.

CAPEX

The Capex plan for FY 2015 at the standalone company level is around Rs. 500 crores. Work on capacity expansion at the Rohtak plant in Haryana (India) from the current 200,000 KL/annum to 400,000 KL/annum is on schedule. We are planning to set up a new, fully-automated paint manufacturing facility over the next 2-3 years and are scouting for land in Southern India.

INDONESIA UPDATE

PT Asian Paints Indonesia has been incorporated as a wholly owned subsidiary of Berger International Limited, Singapore. Further steps to be taken for setting up the manufacturing plant with a capacity of 24,550 ton will be subject to necessary regulatory and other approvals.

We have made another application with BKPM, the Investment Coordinating Board of Republic of Indonesia, for incorporating a second company which will engage in the import of finished goods including decorative paints, other coatings and related items for sale in Indonesia. BKPM has issued a principal license approving the said investment application.

GOING FORWARD

Domestic demand conditions may improve going forward with falling fuel prices and interest rate cuts expected to boost consumer sentiments. The falling interest rate cycle and reform push on manufacturing side is also expected to improve demand conditions for both the Industrial businesses (Auto and Non-Auto). The International business is also expected to do well except for any political uncertainty, especially in units like Egypt, Bangladesh & Nepal.

THANK YOU

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

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