

Introduction Remarks – Q1 FY 2015 Conference Call

ECONOMIC ENVIRONMENT:

The April to June 2014 period saw improvement in the global macroeconomic environment on the back of resilience in the advanced economies. Even the Eurozone showed signs of improvement, albeit slowly. The domestic economy exhibited mixed signals. The strong electoral mandate at the Center has resulted in uplift of sentiments in the economy. The Rupee, which was in tailspin during this time last year, has recovered and has behaved in a comparatively stable manner in the first quarter. However, inflation continues to be sticky and remains at the higher end of the comfort zone.

FINANCIAL HIGHLIGHTS : Q1– FY2015

- ☐ Consolidated Income from operations for the quarter increased by 18.3%.
- ☐ Consolidated Net Profit after Minority Interest for the quarter increased by 23.1 %
- ☐ Standalone Income from operations for the quarter increased by 18.2%.
- ☐ Net Profit on a Standalone basis increased by 8.8 %

CONSOLIDATED Q1 FY 2015 RESULTS

For the quarter ended June 30, 2014, Asian Paints Consolidated Income from Operations increased by 18.3 % to Rs. 3,362.2 crores from Rs. 2,841.1 crores. PBDIT (before exceptional items) for the quarter increased by 19.8 % to Rs. 556.5 crores as compared to Rs. 464.7 crores of the previous year. Net Profit after Minority Interest for the quarter increased by 23.1 % to Rs. 338.7 crores from Rs. 275.2 crores.

BUSINESS REVIEW - DECORATIVES

Double digit growth was registered in the quarter with good growth witnessed across geographies. We have taken a cumulative price increase of 2.20% upto 30th June 2014. (1st May'14 : 1.0% & 1st Jun'14 : 1.2%).

BUSINESS REVIEW - INDUSTRIAL

The Automotive coatings JV (PPG-AP), saw good growth in the General Industrial segment and Refinish segments while the Automotive segment demand was subdued. The Refinish segment did well driven by the economy range of products as well as new product introduction.

The Industrial Coatings JV (AP-PPG), which had seen a decline in the previous year, saw good volume growth in the Industrial Liquid Paints and Road Marking business.

BUSINESS REVIEW - INTERNATIONAL

Performance of the International units were a mixed bag with units in Caribbean, UAE, Singapore and Bangladesh doing well. Operations in Egypt were affected due to weak business sentiment in the country.

BUSINESS REVIEW - SLEEK

The Sleek business performed well during the quarter with new dealer openings in certain geographies. The plans for network expansion, streamlining of operations and deriving synergies with Asian Paints are on track.

STANDALONE Q1 FY 2015 RESULTS

For the quarter ended June 30, 2014, Income from Operations has increased by 18.2 % to Rs. 2740.7 crores from Rs. 2319.7 crores. PBDIT (before exceptional item) for the quarter increased by 14.2 % to Rs. 538.5 crores from Rs. 471.3 crores. Other Income for the quarter ended 30th June 2013 and year ended 31st March 2014 included Rs. 25.75 crores of dividend received from its wholly owned subsidiary, Asian Paints International Limited, Mauritius. Net Profit on a Standalone basis increased by 8.8 % to Rs. 308.8 crores from Rs. 283.9 crores.

Q1 FY15 included an exception item of Rs. 25.16 crores towards VRS /VSS compensation for employees of Bhandup.

Asian Paints had acquired the front end sales business (including brands, network and sales infrastructure) of Ess Ess Bathroom Products Pvt Ltd on 11th June 2014 w.e.f 1st June, 2014. Ess Ess is a prominent player in the bath and wash segment in India and has high quality products in this segment. The turnover of this business for June 14 of Rs.3.1 crores is shown in the segment reporting under Home Improvement category.

Exchange difference: There was a positive exchange impact of Rs. 4.72 crores in Q1 FY15 compared to negative impact of Rs.14 crores in Q1 FY14.

CAPEX

The Capex plan for FY 2015 at the standalone company level is around Rs. 500 crores.

KEY UPDATES:

BERGER INTERNATIONAL LIMITED (BIL)

As informed earlier, Asian Paints intends to delist BIL from Singapore Stock Exchange. The proposal for selective capital reduction, to convert BIL into wholly owned subsidiary of Asian Paints (International) Ltd, Mauritius has been approved by the High Court in Singapore on 15th

July 2014. The selective capital reduction will be completed after complying with the relevant statutory requirements.

GOING FORWARD

Domestic demand conditions expected to be better because of the renewed optimism in the economy. The Industrial business (auto as well as non-auto) is expected to benefit with signs of turnaround in the Industrial sector. However, poor monsoon can play a spoil-sport and impact sentiments. Globally, the situation in the Middle East Region including Egypt continues to be an area of concern. The impact of flare-ups in Iraq and other places, especially on crude oil, needs to be monitored closely.

THANK YOU

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

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