

Introduction Remarks – Q2 FY 2015 Conference Call

ECONOMIC ENVIRONMENT:

The 6 month period witnessed slowdown in growth across advanced economies. Concerns on Eurozone deepened with the 3 core economies (Germany, France & Italy) shrinking in the first 6 months. The Japanese economy too shrunk by 1% in the first half. US by far was the most resilient although with the first 6 months GDP growth of mere 1.1%.

On the domestic front, it is now clear that the recovery would be more gradual than expected though we are seeing some improvement in fundamentals. The GDP growth of 5.7% in Q1FY15 as compared to 4.6% in Q4FY14 was positive but the latest indicators (0.4% IIP growth in Aug & Sep) highlight that full-fledged recovery would take more time.

The Rupee was relatively stable during this period unlike other Emerging Market currencies; trading in the range of Rs. 60 to Rs. 62 to a dollar. Raw material prices have been benign on back of slow global demand with adequate supplies. Crude is at 4 months low, trading below \$85 a barrel.

Asian Paints Consolidated Results, Q2-FY'15:

For the quarter ended September 30, 2014, on consolidation of accounts of the subsidiaries and joint venture of Asian Paints – Income from operations has risen by 16.6% to Rs. 3633.0 crores from Rs. 3114.7 crores. Profit before depreciation interest and tax (PBDIT) for the group increased by 5.0% to Rs. 536.2 crores from Rs. 510.8 crores. Profit Before Tax (PBT) increased by 5.4% to Rs. 510.3 crores from Rs. 483.9 crores. Net Profit after Minority Interest increased by 6.3% to Rs. 347.3 crores as compared to Rs. 326.8 crores in the previous corresponding period.

Asian Paints Consolidated Results, H1-FY'15:

For the six months ended 30 September 2014, Asian Paints Group Income from operations has increased by 17.5% to Rs. 6995.2 crores from Rs. 5955.8 crores. Profit before depreciation interest and tax (PBDIT) for the group has increased by 12.0% to Rs. 1092.7 crores from Rs. 975.5 crores. Profit Before Tax (PBT) increased by 12.0% to Rs. 1016.6 crores from Rs. 907.9 crores. Net Profit after Minority Interest increased by 13.9% to Rs. 686.0 crores as compared to Rs. 602.0 crores in the previous corresponding period.

BUSINESS REVIEW - DECORATIVES

Double digit volume growth witnessed across regions. The period saw continued focus on expanding our Colour World and Colour Ideas network. The waterproofing range of products continues to witness good acceptance in the market. There was no major price revision in this quarter with cumulative price increase of 2.2% in the first 6 months. (Price increase of 1% from 1st May'14 and another 1.2% from 1st Jun'14).

BUSINESS REVIEW - INDUSTRIAL

The Automotive coatings JV (PPG-AP), saw good growth in the General Industrial segment led by strong growth in the 2-wheeler category. The Refinish segment also did well driven by the economy range of products.

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

BUSINESS REVIEW - INTERNATIONAL

The international business was led by good growth in markets like Bangladesh, Nepal & Oman. Performance in Egypt continued to be weak given the subdued business sentiment in the country.

BUSINESS REVIEW – HOME IMPROVEMENT

SLEEK: We continue to work on our plans for network expansion and streamlining of operations.

ESS ESS: The Company had acquired the entire front end sales business including brands, network and sales infrastructure of Ess Ess Bathroom Products Private Limited effective 1st June, 2014. The business performed as per expectations during the quarter.

Asian Paints Standalone Results, Q2-FY'15:

For the quarter ended September 30, 2014, Income from operations increased by 18.3 % to Rs. 2,995.7 crores from Rs. 2,532.0 crores. PBDIT for the quarter increased by 5.4 % to Rs. 481.1 crores from Rs. 456.4 crores. Net Profit increased by 4.9 % to Rs. 325.7 crores as compared to Rs.. 310.6 crores in the previous corresponding period.

Asian Paints Standalone Results, H1-FY'15:

For the six months ended September 30, 2014, income from operations increased by 18.2 % to Rs. 5,736.5 crores from Rs. 4,851.7 crores. PBDIT for the period increased by 10.9 % to Rs. 970.6 crores from Rs. 875.6 crores. Net Profit on a standalone basis increased by 6.7 % to Rs. 634.5 crores as compared to Rs. 594.5 crores in the previous corresponding period.

CAPEX

The Capex plan for FY 2015 at the standalone company level is around Rs. 500 crores. Work on expansion of capacity at the Rohtak plant is on schedule. We are scouting for land in Southern India to set up a new, fully-automated paint manufacturing facility over the next 2-3 years.

DIVIDEND

The Board of Directors at its board meeting held on September 17, 2014 had recommended the payment of an interim dividend of Rs. 1.80 per share (180%). The company distributed an interim dividend of Rs. 1.10 per share (110%) for H1- FY2014. Total dividend of Rs. 5.30 per share (530%) was distributed in FY 2014. The dividend payout ratio was 50.9% in FY2014.

KEY UPDATES

INDONESIA ANNOUNCEMENT :

On Aug 22, 2014, Berger International Limited (BIL), Singapore, a wholly owned subsidiary of the Company, had filed an application for investment approval with the Regulatory authorities at Indonesia for setting up a greenfield paint manufacturing facility. The application has been approved and a principal license has been granted in September 2014. Further steps will be subject to necessary regulatory and other approvals.

GOING FORWARD

Going forward we expect good festival season demand in Q3. Downtrend in inflation and likely rate cuts could boost consumer sentiments. Both the Industrial businesses (Auto and Non-Auto) are expected to benefit from the pick-up in economic activity going forward. The International business is also expected to do well except for the continuing uncertainty in certain units like Egypt.

THANK YOU

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

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