



INVESTOR PRESENTATION

12M : FY 2013-14

15th May 2014

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.

Economic Environment

Company Performance

Business Review

Risks and Outlook

Economic Environment

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Risks and Outlook

Economic Environment

GLOBAL

- FY 14 – a year of economic revival; particularly in the developed world
 - US gained momentum
 - Euro Zone out of recession led by strong growth in Germany & France
 - However, concerns on the sovereign debt levels still persist
 - Japan exited deflation, recovery gaining ground supported by domestic demand
 - Chinese growth, while on a gradual and controlled slowdown, would still register a strong 7.5% growth
- Crude levels remained relatively stable in a narrow range throughout the year

Economic Environment

INDIA

- Growth at decadal lows, from 8% levels in 2004 to sub 5%
 - Marginally higher at 4.9% in FY 14 as compared to 4.5% in FY 13
 - Helped by revival in agriculture
 - Persistent slowdown in Industrial sector, inspite of Government push
- Elevated inflation levels
 - Eased off in last quarter, but sticky
 - Affecting demand and consumption
- Extreme volatility in currency
 - Recorded all time low of 68.94 in Aug'13 (27% lower from Mar'13)
 - Improvement in 2nd half with slew of measures to contain deficits

Economic Environment

Company Performance

Business Review

Risks and Outlook

Corporate Highlights for FY 2013-14

- Consolidated income from operations grew 16.2% at Rs 12,714.8 crores (USD 2.1 Bn)
- Consolidated PBDIT grew 15.4% to Rs 1997.9 crores
- First year of operations in Home Improvement business post acquisition of Sleek
- Increased stake in BIL to 96.79% during the year
- Final Dividend of Rs 4.20 per equity share (420% of face value)

Corporate Highlights for FY 2013-14

- Ceased manufacturing activity at the Bhandup plant with effect from 5th May 2014
 - Impact of about Rs. 28 crores in FY 14-15 for total Voluntary Retirement/ Separation Scheme/ relocation compensation
- Agreement signed in Apr'14 with Kadisco Chemical Industry PLC, Ethiopia to acquire either directly or through subsidiaries 51% stake
- Agreement signed in May'14 with ESS ESS Bathroom Products Pvt. Ltd. to acquire its front end sales business including brands, network and sales infrastructure

Financials Q4 FY 2013-14

CONSOLIDATED (Rs Crs)	2013-14	2012-13	Growth %
Income from Operations	3,307.1	2,710.0	22.0%
PBDIT	485.1	393.0	23.4%
PBDIT%	14.67%	14.50%	
PAT after Minority Interest	287.4	251.1	14.5%

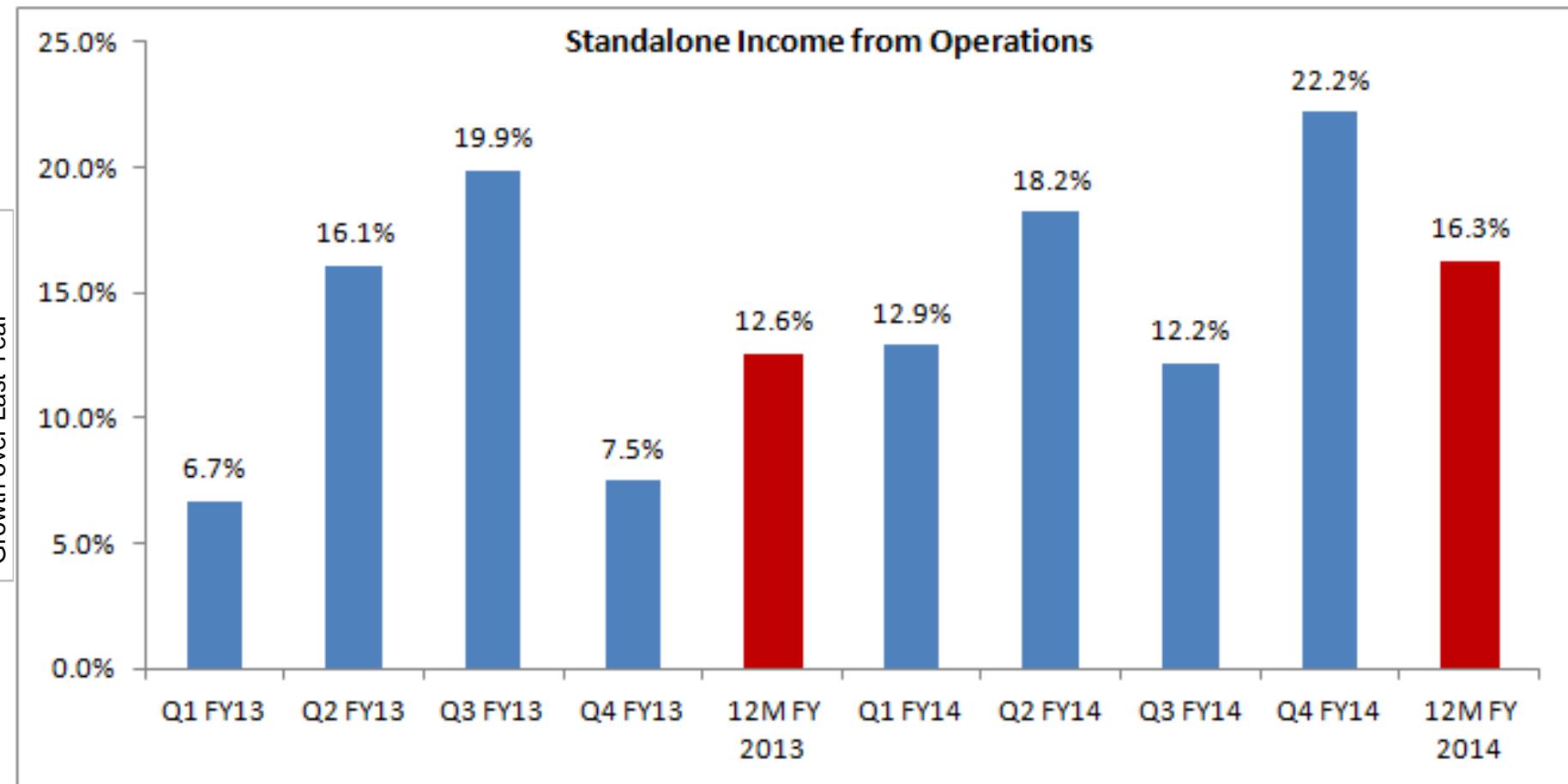
STANDALONE (Rs Crs)	2013-14	2012-13	Growth %
Income from Operations	2,724.0	2,229.6	22.2%
PBDIT	423.9	353.7	19.8%
PBDIT %	15.56%	15.87%	
PAT	267.1	239.6	11.5%

Financials 12M FY 2013-14

CONSOLIDATED (Rs Crs)	2013-14	2012-13	Growth %
Income from Operations	12,714.8	10,938.6	16.2%
PBDIT	1,997.9	1,732.0	15.4%
PBDIT%	15.71%	15.83%	
PAT after Minority Interest	1,218.8	1,113.9	9.4%

STANDALONE (Rs Crs)	2013-14	2012-13	Growth %
Income from Operations	10,418.8	8,960.1	16.3%
PBDIT	1,777.3	1,547.3	14.9%
PBDIT%	17.06%	17.27%	
PAT	1,169.1	1,050.0	11.3%

Standalone Income from Operations – YoY Growth



DIVIDEND

- In FY 2013-14*
 - Total Dividend of Rs. 5.30 per share
 - Final dividend of Rs. 4.20 per share
 - Interim dividend of Rs. 1.10 per share
 - Payout ratio of 50.9% for the year (on standalone financials)

- In FY 2012-13
 - Total Dividend of Rs. 46.00 per share
 - Final dividend of Rs. 36.50 per share
 - Interim dividend of Rs. 9.50 per share
 - Payout ratio of 49.1% for the year (on standalone financials)

* Face Value split Rs 10 to Re 1 during FY 2013-14

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Company Performance

Business Review

Risks and Outlook

Business Review – Decoratives India

- Demand Conditions resilient inspite of overall sluggish environment
 - Double digit volume growth led by Tier 2 & Tier 3 cities
 - Emulsions continue to do well
- Depreciation in currency impacted the material costs
 - Cumulative Price increase during FY 2013-14 is 6.25%
 - 1st May'13: +1.2%; 1st Aug'13: +1%; 1st Sept'13: +1.8%; 1st Feb'14: +2.1%
 - Further price increase of 1% wef 1st May 2014 and 1.2% wef 1st June 2014
- Operator's Strike in Sriperumbudur plant called off by Union from 23rd April 2014
 - Resulted in higher freight cost in last quarter to move material from other plants to the South
- First full year of Khandala Depreciation, impact of Rs 83.3 crores, offset by the subsidy income of Rs 65.6 crores grouped under “Income from Operations”
- Exceptional item of Rs. 9.96 crores is towards provision for impairment of certain fixed assets at Bhandup plant

Business Review – Decoratives India

Brands

- Campaign on ‘Har Ghar Kuch Kehta Hai’ to create positive emotions around the brand
- “Smart Choice” campaign on Tractor Emulsions
- Relaunch of Apcolite with Rahul Dravid as the brand ambassador

Products

- Launched Apcolite Advanced to bridge gap between Apcolite Premium Emulsion and Royale
- Ultra Luxury Royal Aspira launched across India
- More launches in SmartCare range in the category of Wall levelers and Sealants
- Soft Launch of Wallpapers - “Nilaya”

Retailing

- Installed more than 3,200 Colour Worlds; total 27,000 Colour World dealers now
- Launch of ‘Ezycolour’ store at Kolkata
- Launched 70 new Colour Ideas stores during the year

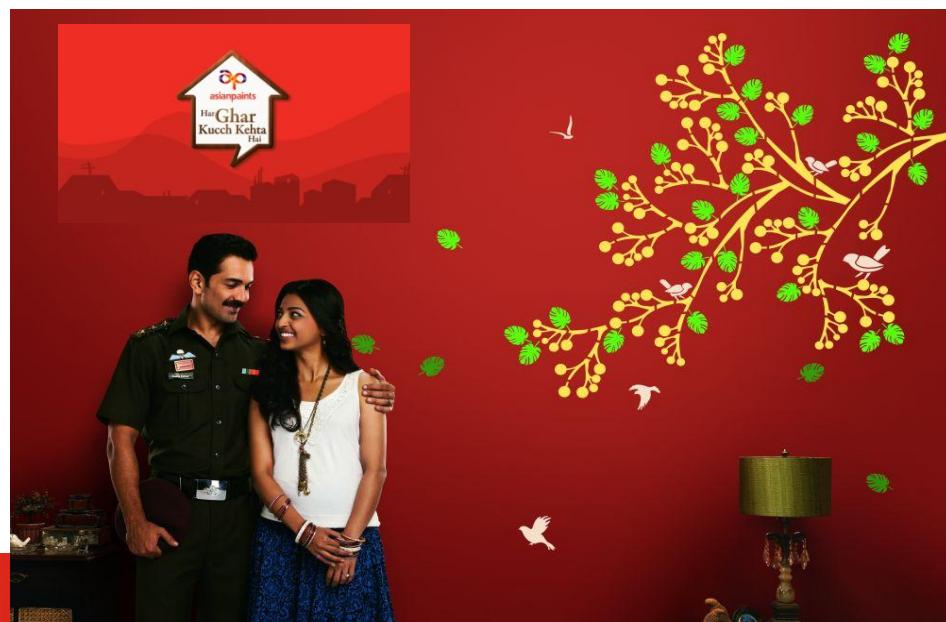
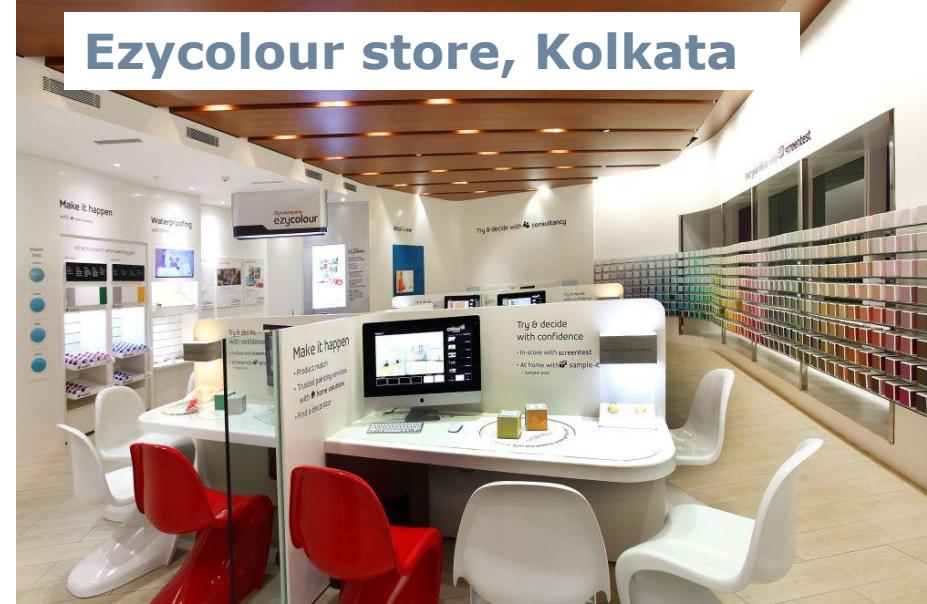


Business Review – Decoratives India



एप्कोलाईट.
परफोर्मेन्स जिस पर
आप करें भरोसा.

एप्कोलाईट इमल्शन्स और इनैमल्स रेज
• मजबूत और टिकाऊ
• हर परिस्थिति में भरोसेमंद परफोर्मेन्स
• बेहतरीन वॉशेबिलिटी



Business Review – International

- International business performed well led by good growth in some key markets:
 - Good growth in Asia and Middle East, particularly in Bangladesh, Nepal & Emirates
 - Political turmoil in Egypt and Bahrain continued
 - Caribbean region continues to see an economic slowdown

Regions	Net Sales (Rs. Cr)			PBT (Rs. Cr)		
	12 M 13-14	12 M 12-13	Gr %	12 M 13-14	12 M 12-13	Gr %
Caribbean	215.4	199.6	7.9%	1.7	7.5	-76.9%
Middle East	843.0	736.5	14.5%	80.2	77.8	3.1%
Asia	491.5	406.1	21.0%	42.7	29.0	47.6%
South Pacific	133.3	114.6	16.3%	23.4	16.3	43.1%
IBU	1,659.9	1,436.5	15.5%	142.0	135.7	4.6%

- Profits impacted by lower profitability in Egypt and exceptional expenses (related to BIL stake acquisition, Pension fund liabilities in Caribbean)
 - Excluding Egypt, PBT growth would have been 16.2%
- Royalty from International operations at Rs 24.4 crores (Previous year Rs 20.8 crores)
- Dividend of Rs 27.8 crores from Asian Paints International Limited (APIL) and AP Nepal

Business Review – Industrial India

PPGAP

- Automotive segment faced strong pressure due to subdued demand
- General Industrial and Refinish did well in spite of the slowdown
- Margins better compared to previous year due to lower inflation in material cost and better operational efficiencies

APPG

- Industrial paints demand impacted by the slowdown in private and public investments
- Decline in sales in Powder business compared to last year due to price corrections and slow growth in market
- Gross margins better due to improvement in mix and better realizations

Business Review – Home Improvement

- First year of operations of Sleek post acquisition by Asian Paints Limited
 - Revenue of Rs. 79.3 crores for the period from 8th Aug 2013
 - Plans for future growth of the business finalized
 - Expansion of network, deriving synergies with Asian Paints dealer network, streamlining of operations being rolled out

- Exploring other Home Improvement categories wherever opportunities exist
 - Signed binding agreement with ESS ESS Bathroom Products Pvt Ltd and its promoters, to acquire its entire front end sales business including Brands, Network and Sales Infrastructure, subject to satisfaction of certain conditions precedents and applicable statutory approvals
 - ESS ESS Bathroom Products Pvt Ltd, is a prominent player in the bath & wash business in India

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Risks and Outlook

Outlook

- Signs of recovery in the Indian economy, chances of higher growth in FY 14 -15
- Political outcome from General Elections to play a key role
 - Investments cycle expected to improve if election throws a clear mandate
 - Fractured mandate might have a adverse impact on sentiments
- Concerns on monsoon outlook - “El Nino Factor”
- Exports growth looking up with improvement in global growth prospects
- In International markets, concerns around political uncertainty especially in Egypt & Bangladesh; further currency depreciation risk in Jamaica & Egypt

Thank You



Annexures

Standalone Q4 FY 2013-14

Rs Crores

<i>Particulars</i>	Q4 13-14	Q4 12-13	Gr%
Income from Operations	2,724.0	2,229.6	22.2%
Material Cost	1,571.3	1,250.1	25.7%
Employee Remuneration	102.5	104.9	-2.3%
Other Expenses	626.3	520.9	20.2%
PBDIT	423.9	353.7	19.8%
Depreciation	53.8	40.1	34.2%
Profit from operations	370.1	313.6	18.0%
Other Income	39.0	44.0	-11.3%
PBIT	409.1	357.6	14.4%
Finance Cost	8.8	6.9	28.2%
PBT	400.4	350.8	14.1%
Exceptional Item	10.0	-	
PBT after EOI	390.4	350.8	11.3%
Curr. & Def Tax	123.3	111.2	10.9%
PAT	267.1	239.6	11.5%
EPS (Rs)	2.8	2.5	11.5%

Consolidated Q4 FY 2013-14

Rs Crores

Particulars	Q4 13-14	Q4 12-13	Gr%
Income from Operations	3,307.1	2,710.0	22.04%
Material Cost	1,922.6	1,544.4	24.5%
Employee Remuneration	176.1	160.1	10.0%
Other Expenses	723.3	612.5	18.1%
PBDIT	485.1	393.0	23.4%
Depreciation	62.2	48.9	27.3%
Profit from operations	423.0	344.2	22.9%
Other Income	31.1	38.2	-18.7%
PBIT	454.0	382.4	18.7%
Finance Cost	11.7	5.8	103.3%
PBT	442.3	376.6	17.4%
Exceptional Item	10.0	-	
PBT after EOI	432.3	376.6	14.8%
Curr. & Def Tax	133.6	117.8	13.5%
PAT before Minority interest	298.7	258.9	15.4%
Minority Share	11.3	7.8	45.7%
PAT to parent Shareholders	287.4	251.1	14.5%
EPS (Rs)	3.0	2.6	14.5%

Standalone 12M FY 2013-14

Rs Crores

Particulars	FY 13-14	FY 12-13	Gr%
Income from Operations	10,418.8	8,960.1	16.3%
Material Cost	5,940.0	5,163.4	15.0%
Employee Remuneration	482.4	404.6	19.2%
Other Expenses	2,219.1	1,844.8	20.3%
PBDIT	1,777.3	1,547.3	14.9%
Depreciation	212.32	127.0	67.2%
Profit from operations	1,565.0	1,420.3	10.2%
Other Income	173.7	126.1	37.7%
PBIT	1,738.6	1,546.4	12.4%
Finance Cost	26.1	30.6	-14.7%
PBT	1,712.5	1,515.9	13.0%
Exceptional Item	10.0	-	
PBT after EOI	1,702.6	1,515.9	12.3%
Curr. & Def Tax	533.5	465.9	14.5%
PAT	1,169.1	1,050.0	11.3%
EPS (Rs)	12.2	10.9	11.3%

Consolidated 12M FY 2013-14

Rs Crores

Particulars	FY 13-14	FY 12-13	Gr%
Income from Operations	12,714.8	10,938.6	16.2%
Material Cost	7,340.7	6,413.0	14.5%
Employee Remuneration	759.7	623.6	21.8%
Other Expenses	2,616.5	2,170.1	20.6%
PBDIT	1,997.9	1,732.0	15.4%
Depreciation	245.7	154.6	58.9%
Profit from operations	1,752.2	1,577.4	11.1%
Other Income	134.2	114.5	17.2%
PBIT	1,886.5	1,691.9	11.5%
Finance Cost	42.2	36.7	15.2%
PBT	1,844.2	1,655.2	11.4%
Exceptional Item	10.0	-	
PBT after EOI	1,834.3	1,655.2	10.8%
Curr. & Def Tax	571.5	495.7	15.3%
PAT before Minority interest	1,262.8	1,159.5	8.9%
Minority Share	44.0	45.6	-3.7%
PAT to parent Shareholders	1,218.8	1,113.9	9.4%
EPS (Rs)	12.7	11.6	9.4%

Key Ratios

	Standalone		Consolidated	
% to Income From Operations	FY 13-14	FY 12-13	FY 13-14	FY 12-13
Material Cost	57.0%	57.6%	57.7%	58.6%
PBDIT	17.1%	17.3%	15.7%	15.8%
PBT	16.4%	16.9%	14.5%	15.1%
PAT	11.2%	11.7%	9.9%	10.6%

For Standalone & Consolidated results PBT is before EOI

For Consolidated results PAT is before Minority Interest