



INVESTOR PRESENTATION

12M : FY 2014-15

18th May 2015

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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Business Review

Risks and Outlook

ECONOMIC ENVIRONMENT

- Exciting year with its share of challenges
 - Started off with sky high expectations on the back of the decisive political mandate; However, expectations have tapered off towards a slow & gradual recovery path
 - Improvement in many macro indicators; However, growth slow & difficult to achieve
- Some of the positives that have helped during the year
 - Sharp drop in crude prices during the year; helped in reigning inflation
 - Strong improvement in portfolio inflows coupled with benefit from lower crude prices helped in a relatively stable exchange rate environment
 - Easing monetary policy rates on back of falling inflation
- Recovery on the ground relatively slow
 - Lower inflation & fall in interest rates hasn't helped to improve demand conditions significantly
 - Progress on infrastructure spends also slower than expected

Economic Environment

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Business Review

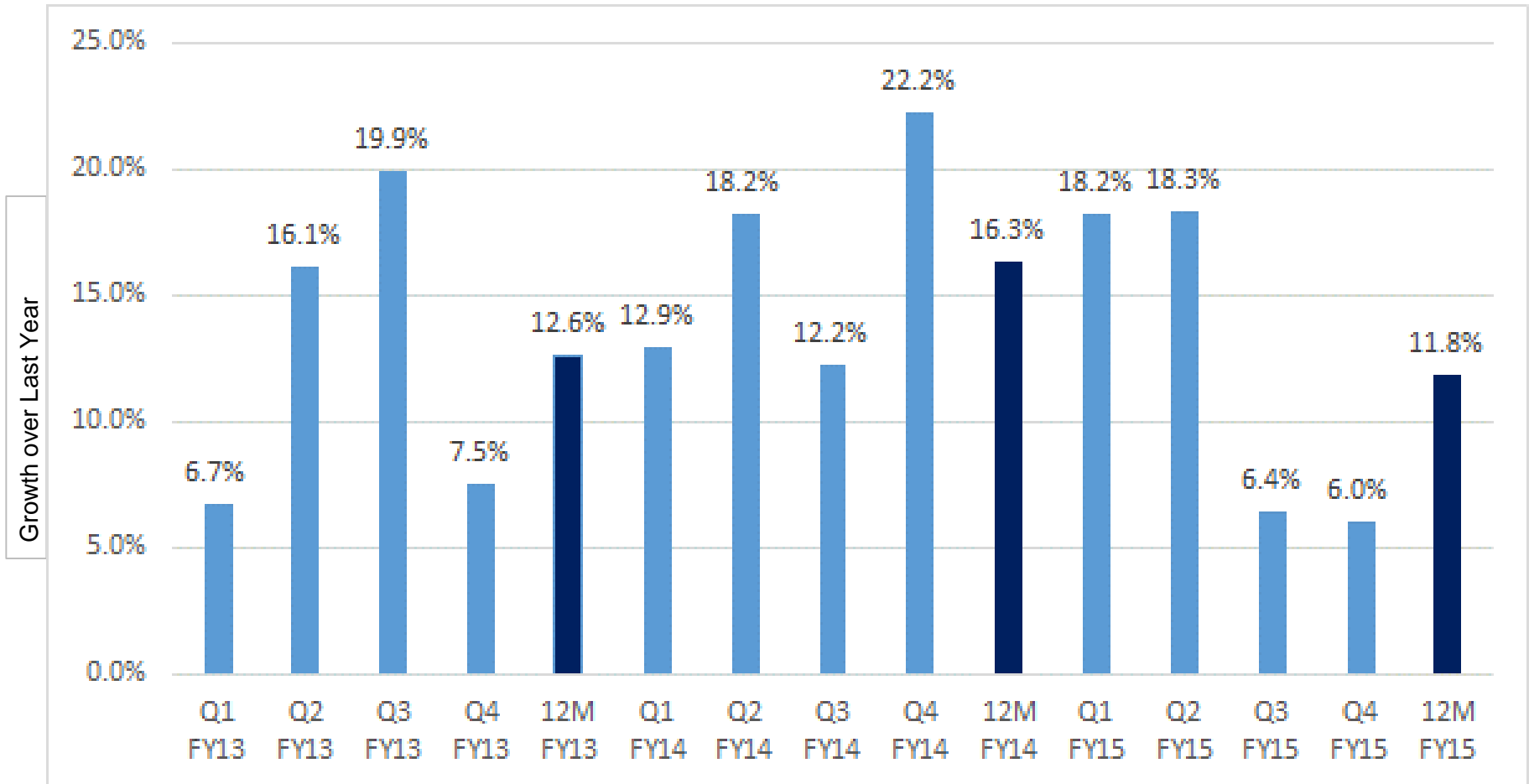
Risks and Outlook

FINANCIALS FY 2014-15

CONSOLIDATED (₹ Crs)	Q4 FY15	Q4 FY14	Gr(%)	12M FY15	12M FY14	Gr (%)
Income from Operations	3,535.0	3,307.1	6.9%	14,182.8	12,714.8	11.5%
PBDIT	559.2	485.1	15.3%	2,235.4	1,997.9	11.9%
PBDIT (%)	15.82%	14.67%		15.76%	15.71%	
PAT after Minority Interest	341.0	287.4	18.6%	1,395.2	1,218.8	14.5%

STANDALONE (₹ Crs)	Q4 FY15	Q4 FY14	Gr(%)	12M FY15	12M FY14	Gr (%)
Income from Operations	2,887.0	2,724.0	6.0%	11,648.8	10,418.8	11.8%
PBDIT	500.7	423.9	18.1%	2,010.5	1,777.3	13.1%
PBDIT (%)	17.34%	15.56%		17.26%	17.06%	
PAT	339.8	267.1	27.2%	1,327.4	1,169.1	13.5%

STANDALONE REVENUE GROWTH TREND



DIVIDEND

- In FY 2014-15
 - Total Dividend of **Rs. 6.10 per share (610%)**
 - Final dividend of Rs. 4.30 per share
 - Interim dividend of Rs. 1.80 per share
 - Payout ratio of 52.6% for the year (on standalone financials)

- In FY 2013-14*
 - Total Dividend of **Rs. 5.30 per share (530%)**
 - 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)

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

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BUSINESS REVIEW – APL STANDALONE

- Decorative Paints business in India registered single digit volume growth in Q4 due to sluggish demand; Lower growth in the last 2 quarters pulled down the full year volume growth to a single digit
- Profitability improvement mainly driven by softening of input prices
- Cumulative price increase of 0.39% for FY15 against increase of 6.25% in FY14
 - Increased prices by 1% on 1st May'14 & 1.2% on 1st June'14
 - Price Reduction of 1.95% wef 11th Feb'15
- Khandala plant subsidy income of Rs. 109 crores (Rs. 65.6 crores in FY14)
- Exceptional items includes
 - Rs. 2.4 crores for impairment of Bhandup plant fixed assets (Rs. 10 crores in FY14)
 - Rs. 25.2 crores for VRS/VSS for employees at Bhandup plant
 - Rs. 14.04 crores on account of reversal of provision for diminution in value of investments in Asian Paints International Ltd, Mauritius

BUSINESS REVIEW – APL STANDALONE

- Continued focus on network expansion and opening new 'Colour Ideas' store
 - Over 30,000 Colour Worlds & 200 'Colour Ideas' stores across the country
- Launched exclusive 'Wood-finishes Colour Ideas' store
- 'Smartcare' - Waterproofing range of products witnessed excellent growth and acceptance across markets
- 'Nilaya' – range of wall coverings received good response during the very first year
- Launch of several new products like Royale WB Enamel, Royale Matt, 2X Primer cum Putty and Primero Primer
- 'Ezycolour' Retailer program implemented across more than 2000 dealers
- Launched 'Express Painting Service' under Ezycolour Home Solutions; 'Ezycolour Consultancy at Home' service extended to 24 cities



BUSINESS REVIEW – APL STANDALONE



Ezycolour Consultancy



Colour Ideas store

BUSINESS REVIEW – APL STANDALONE

- Capex for FY15 was about Rs. 350 crores
 - Capex for FY16 estimated at approximately Rs. 700 crores
- Rohtak (Haryana) plant expansion work from 200,000 KL/annum to 400,000 KL/annum in progress as per schedule
- MOU signed with the Govt. of Andhra Pradesh for setting up 400,000 KL paint manufacturing facility at Visakhapatnam
 - Would involve an outlay of about Rs. 1750 crores in a phased manner
- Challenging industrial relations scenario affected production at Sriperumbudur plant in Tamil Nadu during the year; however demand serviced through other plants
 - Cessation of work by operators at the plant wef 28th April 2015

BUSINESS REVIEW - INTERNATIONAL

- Business performed well amidst challenging market conditions in some key markets
 - Egypt showed signs of stabilizing after 3 years of political turmoil
 - Good growth in markets of Bangladesh, Nepal & Emirates; however political unrest continued to impact operations in Bangladesh intermittently
 - Decline in crude prices in the second half of the year impacted economic growth in markets like Bahrain, Oman & Trinidad

- Royalty received by AP India at Rs. 25.5 crores (Rs. 24.4 crores in FY14)
 - Total royalty paid by International operating subsidiaries at Rs. 37.5 crores (Rs. 37 crores in FY14)

- AP International, Mauritius holds 100% stake in BIL, Singapore wef 31st July 2014

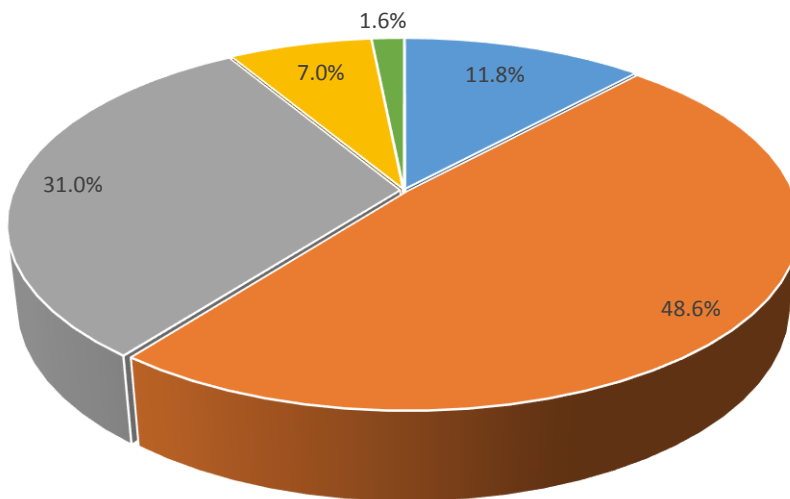
- Acquisition of 51% controlling stake in Kadisco, Ethiopia completed in Feb'2015, at a consideration of Rs. 117 crores

- In the process of setting up of paint manufacturing plant in Indonesia with a 24,550 MT capacity subject to necessary regulatory and other approvals

BUSINESS REVIEW - INTERNATIONAL

	Net Sales (Rs in crores)			PBIT (Rs in crores)		
Regions	FY 15	FY 14	Gr (%)	FY 15	FY 14	Gr (%)
Caribbean	213.4	215.4	-0.9%	17.5	2.0	777.7%
Middle East	876.8	843.0	4.0%	65.6	80.4	-18.3%
Asia	558.5	491.5	13.6%	39.0	49.1	-20.6%
South Pacific	126.6	133.3	-5.1%	23.3	23.4	-0.5%
Africa	28.2			7.9		
IBU	1,781.2	1,659.9	7.3%	149.2	156.1	-4.4%

- ❑ Profit impacted primarily by:
 - ❑ Lower profitability in Egypt & Singapore
 - ❑ Expenses related to BIL stake acquisition, Indonesia set-up costs and Ethiopia acquisition related costs
- ❑ Excluding Egypt, Net Sales growth of 10.8% & PBIT growth of 5%



Net sales break-up

■ Caribbean ■ Middle East ■ Asia ■ South Pacific ■ Africa

Caribbean : Jamaica, Barbados and Trinidad & Tobago

Middle East : UAE, Bahrain, Oman & Egypt

Asia : Nepal, Sri Lanka, Bangladesh, Singapore & Indonesia

South Pacific : Fiji, Tonga, Solomon Islands, Vanuatu & Samoa

Africa : Ethiopia

BUSINESS REVIEW – INTERNATIONAL



Kadisco Paints, Ethiopia



Sohar Facility, Oman

- More than 2600 Colour Worlds and 8 Colour Ideas Stores across International markets
- Smart Care range launched in Nepal and Sri Lanka; Intumescent coating under brand name APCOCHAR launched in the Gulf region
- Capacity expansion completed at Bangladesh; Sohar facility in Oman to be commissioned soon



BUSINESS REVIEW – INDUSTRIAL INDIA

PPG Asian Paints (PPGAP)

- Net sales grew by 12.2% to Rs. 997.9 crores with net profit of Rs. 56.1 crores
- Good growth in the General Industrial and Refinish segment
- Falling raw material prices had a favorable impact



Asian Paints PPG (APPPG)

- Net Sales grew by 17.3% to Rs. 289.2 crores; reported loss of Rs. 5.6 crores
- Witnessed good growth in the Industrial Liquid Paints and Powder coating segment with trend picking up in the second half of the financial year, especially in Industrial Liquid Paints



Note: Figures shown above are at 100%. APL consolidated financials include 50% for both businesses



BUSINESS REVIEW – HOME IMPROVEMENT

Sleek

- ❑ Registered Net Sales of Rs. 119.1 crores in FY15; Loss of Rs. 14.5 crores during the year after amortization charge of Rs. 4.9 crores
- ❑ Business impacted by the weak consumer demand; Expansion of network also slower than expected

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- ❑ Acquired the front end sales business including brands, Network and Sales Infrastructure in June 2014
- ❑ Registered Net Sales of Rs. 81.8 crores in FY15; Loss of Rs. 9.82 crores (at PBIT level) for the year after amortization charge of Rs. 4.9 crores
- ❑ Both businesses have been co-branded with Asian Paints
- ❑ Continue to work on expansion of network, deriving greater synergies with Asian Paints dealer network and streamlining of operations



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OUTLOOK

- Significant improvement in domestic demand may take some time
 - Recent forecasts of below normal monsoon might impact demand, especially from rural sector
 - On the industrial front, current improvement in demand conditions would need further support from pick-up in industrial activity & infrastructure push from Govt.
- Raw material prices expected to remain low in the near term
 - Crude has been volatile and flared up significantly from April 2015; Any further increase in crude prices could have an impact
- Global factors (uncertainty on Greece, US Fed rate hikes) and rising crude prices have increased volatility in exchange rates; Any further depreciation in Rupee would put pressure on margins
- No significant improvement expected in international markets, especially in Egypt and Caribbean; Devastating earthquake in Nepal would also impact business conditions for some time
- Concerns remain on political unrest in Bangladesh, further currency depreciation risk in Egypt

THANK YOU

ANNEXURES

STANDALONE Q4 FY 2014-15

₹ In Crs

	Q4, 14-15	Q4, 13-14	Gr %
Income from Operations	2,887.0	2,724.0	6.0%
Material Cost	1,560.0	1,571.3	(0.7%)
Employee Remuneration	145.5	102.5	42.0%
Other Expense	680.7	626.3	8.7%
PBDIT	500.7	423.9	18.1%
Depreciation	55.5	53.8	3.1%
Profit from operations before other income and interest	445.2	370.1	20.3%
Other Income	49.4	39.0	26.5%
PBIT	494.6	409.1	20.9%
Interest	8.6	8.8	(2.1%)
PBT before Exceptional Item	486.0	400.4	21.4%
Exceptional item	(11.6)	10.0	
PBT	497.6	390.4	27.5%
Taxation	157.8	123.3	28.0%
PAT	339.8	267.1	27.2%
EPS (₹)	3.54	2.78	27.2%

CONSOLIDATED Q4 FY 2014-15

₹ in Crs

Particulars	Q4,14-15	Q4,13-14	Gr %
Income from Operations	3,535.0	3,307.1	6.9%
Material Cost	1,941.9	1,922.6	1.0%
Employee Remuneration	216.4	176.1	22.9%
Other Expenses	817.5	723.3	13.0%
PBDIT	559.2	485.1	15.3%
Depreciation	67.2	62.1	8.2%
Profit from Operations	492.0	423.0	16.3%
Other Income	42.4	31.0	36.8%
PBIT	534.4	454.0	17.7%
Finance Costs	10.2	11.7	(12.8%)
PBT	524.2	442.3	18.5%
Exceptional Item	(2.4)	(10.0)	
PBT after EOI	521.8	432.3	20.7%
Curr. & Def Tax	169.8	133.6	27.1%
PAT before Minority interest	352.0	298.7	17.8%
Minority Share	11.0	11.3	(2.7%)
PAT to parent Shareholders	341.0	287.4	18.6%
EPS (₹)	3.6	3.0	18.6%

STANDALONE 12M FY 2014-15

₹ In Crs

	FY 14-15	FY 13-14	Gr %
Income from Operations	11,648.8	10,418.8	11.8%
Material Cost	6,439.9	5,940.0	8.4%
Employee Remuneration	606.9	482.4	25.8%
Other Expense	2,591.5	2,219.1	16.8%
PBDIT	2,010.5	1,777.3	13.1%
Depreciation	223.1	212.3	5.1%
Profit from operations before other income and interest	1,787.4	1,564.9	14.2%
Other Income	186.8	173.7	7.6%
PBIT	1,974.2	1,738.6	13.6%
Interest	27.1	26.1	4.0%
PBT before Exceptional Item	1,947.1	1,712.5	13.7%
Exceptional item	13.5	10.0	35.8%
PBT	1,933.6	1,702.6	13.6%
Taxation	606.2	533.5	13.6%
PAT	1,327.4	1,169.1	13.5%
EPS (₹)	13.84	12.19	13.5%

CONSOLIDATED 12M FY 2014-15

₹ in Crs

Particulars	FY 14-15	FY 13-14	Gr %
Income from operations	14,182.8	12,714.8	11.5%
Material Cost	7,971.5	7,340.7	8.6%
Employee Remuneration	907.1	759.7	19.4%
Other Expenses	3,068.8	2,616.5	17.3%
PBDIT	2,235.4	1,997.9	11.9%
Depreciation	265.9	245.7	8.2%
Profit from Operations	1,969.5	1,752.2	12.4%
Other Income	169.7	134.3	26.4%
PBIT	2,139.2	1,886.5	13.4%
Finance Costs	34.8	42.3	(17.7%)
PBT	2,104.4	1,844.2	14.1%
Exceptional Item	(27.6)	(9.9)	
PBT after EOI	2,076.9	1,834.3	13.2%
Curr. & Def Tax	649.5	571.5	13.6%
PAT before Minority interest	1,427.3	1,262.8	13.0%
Minority Share	32.1	44.0	(27.0%)
PAT to parent Shareholders	1,395.2	1,218.8	14.5%
EPS (₹)	14.5	12.7	14.5%

KEY RATIOS

	Standalone		Consolidated	
% to Income From Operations	FY 14-15	FY 13-14	FY 14-15	FY 13-14
Material Cost	55.3%	57.0%	56.2%	57.7%
PBDIT	17.3%	17.1%	15.8%	15.7%
PBT	16.7%	16.4%	14.8%	14.5%
PAT	11.4%	11.2%	10.1%	9.9%

For Standalone and Consolidated results PBT is before Exceptional Items

For Consolidated results PAT is before Minority Interest