



**INVESTOR PRESENTATION**

**12M : FY 2015-16**

*11<sup>th</sup> May 2016*

# 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

Company Performance

Business Review

Risks and Outlook

# ECONOMIC ENVIRONMENT

- ❑ Challenging business environment with domestic economic activity showing signs of modest improvement
  - ❑ GDP growth in FY 16 inched up to 7.6% against 7.2% in FY 15
  - ❑ Remains one of the fastest growing major economy during the year
- ❑ Weak monsoons had an adverse impact on the rural economy
- ❑ Managed to restore macroeconomic stability during the year
  - ❑ Inflation under control on the back of sharp drop in crude and other commodities
  - ❑ Deficits within targets
- ❑ Implementation of reforms such as liberalizing FDI and pursuing the ease of doing business agenda has led to significantly higher foreign investments
- ❑ Rupee, however, depreciated significantly during the year limiting the gains from lower crude prices

Economic Environment

**Company Performance**

Business Review

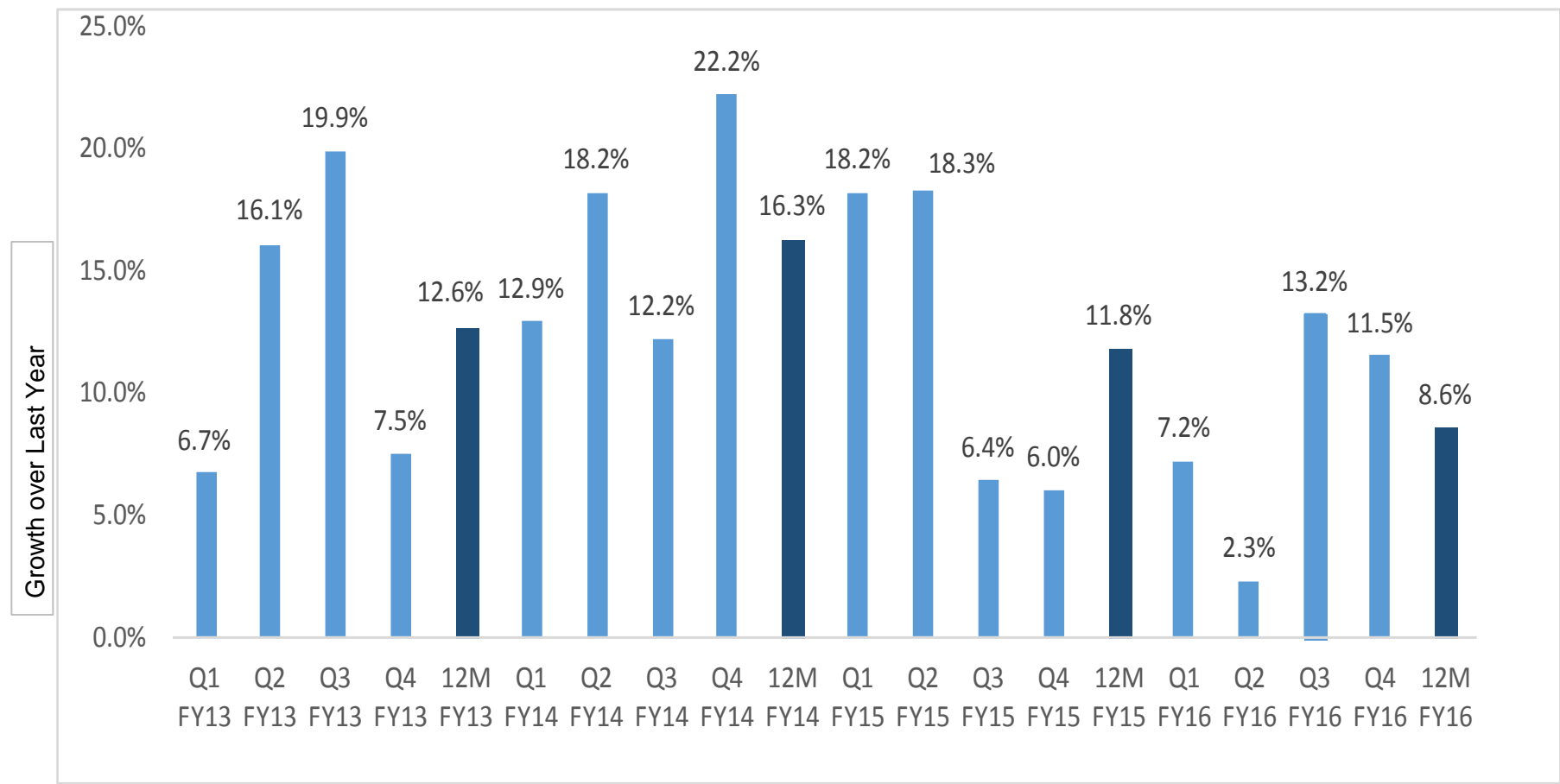
Risks and Outlook

# FINANCIALS FY 2015-16

Consolidated (Rs. Crores)	Q4 FY16	Q4 FY15	Gr(%)	12M FY16	12M FY15	Gr(%)
Income from Operations	3,971.3	3,535.0	12.3%	15,534.1	14,182.8	9.5%
PBDIT	703.7	559.9	25.7%	2,808.6	2,235.4	25.6%
PBDIT(%)	17.7%	15.8%		18.1%	15.8%	
PAT after Minority Interest	408.7	341.0	19.9%	1,726.2	1,395.2	23.7%

Standalone (Rs. Crores)	Q4 FY16	Q4 FY15	Gr(%)	12M FY16	12M FY15	Gr(%)
Income from Operations	3,219.1	2,887.0	11.5%	12,645.9	11,648.8	8.6%
PBDIT	620.2	500.7	23.9%	2,479.6	2,010.5	23.3%
PBDIT(%)	19.3%	17.3%		19.6%	17.3%	
PAT	387.0	339.8	13.9%	1,597.4	1,327.4	20.3%

# STANDALONE REVENUE GROWTH TREND





# DIVIDEND

- In FY 2015-16
  - Total Dividend of **Rs. 7.50 per share (750%)**
    - Final dividend of Rs. 5.30 per share
    - Interim dividend of Rs. 2.20 per share
    - Payout ratio of 54.2% for the year (on standalone financials)
  
- 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)

Economic Environment

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# BUSINESS REVIEW – APL STANDALONE

- Decorative Paints business in India registered double digit volume growth for Q4 as well as for the full year
- Good growth in the second half of the year, aided by very strong secondary demand in the festival season
- Profitability improved mainly driven by lower material costs during the year
- Cumulative price decrease of 2% for FY16 against increase of 0.39% in FY15
  - Price decrease of 2% effective 26<sup>th</sup> Feb'16
- Khandala plant subsidy income of Rs. 134.2 crores (Rs. 109.1 crores in FY15)
- Exceptional item in the current year includes provision for diminution in value of investment in Sleek business

# BUSINESS REVIEW – APL STANDALONE

- Continued focus on network expansion and opening new 'Colour Ideas' store
  - Over 300 'Colour Ideas' stores across the country
- Several new products launched during the year
  - Major ones among them - “Royale Matt”, “PGE Advance” and “Tractor Star”
- Introduced Adhesives in certain western markets of the country
  - Distribution arrangement with Henkel Adhesives Technologies, Germany. Will sell Loctite brand of adhesives under a co-branding initiative
- SmartCare range of waterproofing products continues to grow well
- “AP Homes” - Multi-category décor store inaugurated in Coimbatore
  - Integrated décor store across categories of paints, wall papers, kitchen, bath fittings, sanitary ware, furnishings, light fittings, etc

# BUSINESS REVIEW – APL STANDALONE



AP Homes



# BUSINESS REVIEW – APL STANDALONE

- Rohtak (Haryana) plant capacity expansion from 200,000 KL/annum to 400,000 KL/annum successfully completed during the year
- Comprehensive modernization program for Ankleshwar (Gujarat) and Kasna (UP) plant completed
- Land procurement process completed in Andhra Pradesh and Karnataka for setting up paint manufacturing facilities
  - Propose to set up 4,00,000 KL plant at Visakhapatnam in Andhra Pradesh with an investment of approximately Rs. 1750 crores
  - Propose to set up 6,00,000 KL plant at Mysuru in Karnataka with an investment of approximately Rs. 2300 crores
  - Both plants to come up in phases depending on future demand conditions

# BUSINESS REVIEW - INTERNATIONAL

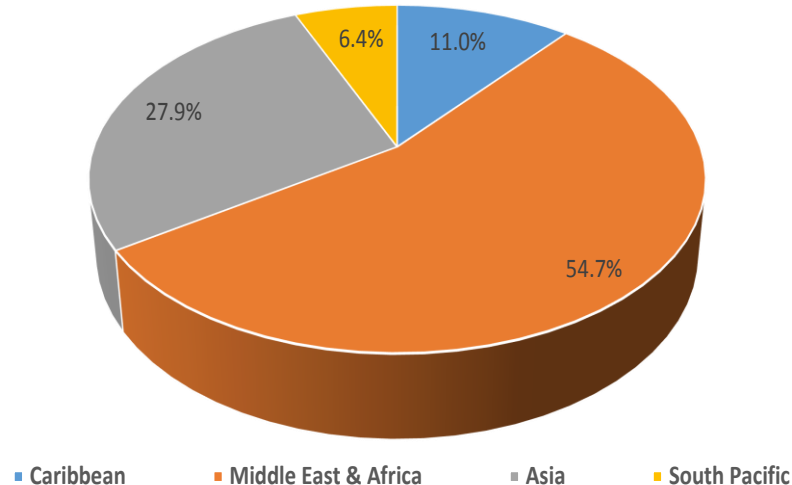
- Business performed well amidst challenging market conditions in some key markets
  - Markets in Middle East – Oman, Bahrain and UAE, as well as Trinidad saw subdued economic conditions on account of the drop in oil prices
  - Good overall economic growth in Egypt after the sluggish environment of last few years
  - Bangladesh and Sri Lanka experienced stable political environment supporting the business conditions
- Performance aided by the business in Ethiopia
  - Figures for the year not strictly comparable with last year as Ethiopian operations were acquired effective 9th Feb 2015
- During the year APL, India invested Rs.143 crores in APIL, Mauritius. APIL has invested this amount in BIPL, Singapore to repay part of its debt
- New state-of-the-art manufacturing facility inaugurated at Sohar in Oman with an annual capacity of 21,000 KL
- Setting up of greenfield plant at Indonesia moving at a slower pace than expected due to the delay in getting all the regulatory approvals

# BUSINESS REVIEW - INTERNATIONAL

Regions	Net Sales (Rs in crores)			PBIT (Rs in crores)		
	FY 2015-16	FY 2014-15	Gr %	FY 2015-16	FY 2014-15	Gr %
Caribbean	231.0	213.4	8.3%	13.1	17.5	-25.2%
Middle East & Africa	1,150.3	905.1	27.1%	149.1	73.5	102.8%
Asia	587.5	558.5	5.2%	45.7	39.0	17.3%
South Pacific	135.1	126.6	6.8%	24.8	23.3	6.7%
<b>IBU</b>	<b>2,081.1</b>	<b>1,781.2</b>	<b>16.8%</b>	<b>227.6</b>	<b>149.2</b>	<b>52.5%</b>

- ❑ Profit growth higher due to:
- ❑ Inclusion of Ethiopia (12 Months in FY16 as compared to 2 Months in FY15)

**Net sales break-up**



**Caribbean :** Jamaica, Barbados and Trinidad & Tobago

**Middle East & Africa:** UAE, Bahrain, Oman, Egypt & Ethiopia

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

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



# BUSINESS REVIEW – INDUSTRIAL INDIA

## PPG Asian Paints (PPGAP)

- Net sales grew by 3.8% to Rs. 1035.6 crores with PBIT of Rs. 93.1 crores in FY 16
- Growth for the year led by Auto and Refinish segment
- Falling raw material prices had a favorable impact



## Asian Paints PPG (APPPG)

- In FY16, Net Sales grew by 11.6% to Rs. 322.7 crores; PBIT at Rs. 7.1 crores
- In particular, Road Marking segment witnessed good pick-up in demand during the year
- Operating margins improved due to declining raw material prices



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. 134.7 crores in FY16; PBIT Loss of Rs. 19.0 crores during the year
- ❑ Network expansion with addition of new distributors and dealers for the components business
- ❑ Launched “Smart kitchen range” for easy installation and design
- ❑ Pace of progress has been slower than that envisaged earlier, with weak consumer sentiment adding to the pressure
  - ❑ Have taken a provision for diminution in the value of the investment made in Sleek to the tune of Rs. 65.30 crores in Q3FY16 based on the assessment of the fair value of investment

## ESS ESS

- ❑ Registered Net Sales of Rs. 106.2 crores in FY16; PBIT Loss of Rs. 30.2 crores for the year after amortization charge of Rs. 5.9 crores
- ❑ Launched Sanitary ware range under the brand name ‘Bathsense’ in certain markets of West Bengal
- ❑ Good response to the Premium range of Bath fittings ‘Royale’ - introduced in January, 2016
- ❑ Continue to work on expansion of network, and measures to improve servicing levels



# BUSINESS REVIEW – HOME IMPROVEMENT

ap röyale  
BATHROOMS  
asianpaints



bathsense  
ap asianpaints  
——— Smart Like You ———



PerfectFinish



StayClean



ComfortPlus



Endurance

ap asianpaints

Economic Environment

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**Risks and Outlook**

# OUTLOOK

- Overall economic outlook remains uncertain
  - Early forecasts for monsoon appear encouraging and could provide the much needed impetus to the rural economy
  - Implementation of the Seventh Pay Commission and OROP (one rank one pension) payouts could provide fillip to consumption demand
- Volatility in crude prices could impact inflationary trend going forward
- Global uncertainties and resulting volatility in the financial markets could impact the exchange rate movement
- Nepal, which was marred by the severe impact of the earthquake in April 2015, is expected to see a rebound on the hope of post-earthquake reconstruction push in the country
- Certain key markets like Egypt & Ethiopia, could face issues on availability of foreign exchange which might impact business conditions

THANK YOU

# ANNEXURES

# STANDALONE Q4 FY 2015-16

Rs. In Crores

Particulars	Q4 FY 16	Q4 FY 15	Gr %
<b>Total Income from Operations</b>	<b>3,219.1</b>	<b>2,887.0</b>	<b>11.5%</b>
Material Cost	1,607.5	1,560.0	3.0%
Employee Remuneration	178.6	145.5	22.7%
Other Expenses	812.7	680.7	19.4%
<b>PBDIT</b>	<b>620.2</b>	<b>500.7</b>	<b>23.9%</b>
Depreciation	62.3	55.5	12.2%
<b>Profit from operations</b>	<b>557.9</b>	<b>445.2</b>	<b>25.3%</b>
Other Income	43.6	49.4	-11.7%
<b>PBIT</b>	<b>601.5</b>	<b>494.6</b>	<b>21.6%</b>
Finance Cost	10.3	8.6	19.8%
<b>PBT before Exceptional Item</b>	<b>591.2</b>	<b>486.0</b>	<b>21.6%</b>
Exceptional item	0.1	-11.6	
<b>PBT after Exceptional Item</b>	<b>591.2</b>	<b>497.6</b>	<b>18.8%</b>
Curr. & Def. Tax	204.2	157.8	29.4%
<b>PAT</b>	<b>387.0</b>	<b>339.8</b>	<b>13.9%</b>
<b>EPS</b>	<b>4.0</b>	<b>3.5</b>	

EPS not annualized



# CONSOLIDATED Q4 FY 2015-16

Rs. In Crores

Particulars	Q4 FY 16	Q4 FY 15	Gr %
<b>Total Income from Operations</b>	<b>3,971.3</b>	<b>3,535.0</b>	<b>12.3%</b>
Material Cost	2,027.0	1,941.9	4.4%
Employee cost	276.6	216.4	27.8%
Other Expenses	964.0	816.8	18.0%
<b>PBDIT</b>	<b>703.7</b>	<b>559.9</b>	<b>25.7%</b>
Depreciation	75.3	67.2	12.1%
<b>Profit from Operations</b>	<b>628.4</b>	<b>492.8</b>	<b>27.5%</b>
Other Income	34.0	41.7	-18.4%
<b>PBIT</b>	<b>662.4</b>	<b>534.4</b>	<b>24.0%</b>
Finance Cost	14.8	10.2	44.9%
<b>PBT before Exceptional Item</b>	<b>647.6</b>	<b>524.2</b>	<b>23.5%</b>
Exceptional Item	0.0	2.4	
<b>PBT after Exceptional Item</b>	<b>647.6</b>	<b>521.8</b>	<b>24.1%</b>
Curr. & Def Tax	225.4	169.8	32.7%
<b>PAT before Minority interest</b>	<b>422.3</b>	<b>352.0</b>	<b>20.0%</b>
Minority Share	13.5	11.0	22.7%
<b>PAT to parent Shareholders</b>	<b>408.7</b>	<b>341.0</b>	<b>19.9%</b>
<b>EPS</b>	<b>4.3</b>	<b>3.6</b>	

EPS not annualized

# STANDALONE 12M FY 2015-16

Rs. In Crores

Particulars	12M FY 16	12M FY 15	Gr %
<b>Total Income from Operations</b>	<b>12,645.9</b>	<b>11,648.8</b>	<b>8.6%</b>
Material Cost	6,529.6	6,439.9	1.4%
Employee Remuneration	664.2	606.9	9.4%
Other Expenses	2,972.6	2,591.5	14.7%
<b>PBDIT</b>	<b>2,479.6</b>	<b>2,010.5</b>	<b>23.3%</b>
Depreciation	238.4	223.1	6.8%
<b>Profit from operations</b>	<b>2,241.2</b>	<b>1,787.4</b>	<b>25.4%</b>
Other Income	225.3	186.8	20.6%
<b>PBIT</b>	<b>2,466.5</b>	<b>1,974.2</b>	<b>24.9%</b>
Finance Cost	23.4	27.1	-13.7%
<b>PBT before Exceptional Item</b>	<b>2,443.1</b>	<b>1,947.1</b>	<b>25.5%</b>
Exceptional item	65.4	13.5	
<b>PBT after Exceptional Item</b>	<b>2,377.8</b>	<b>1,933.6</b>	<b>23.0%</b>
Curr. & Def. Tax	780.3	606.2	28.7%
<b>PAT</b>	<b>1,597.4</b>	<b>1,327.4</b>	<b>20.3%</b>
<b>EPS</b>	<b>16.7</b>	<b>13.8</b>	

# CONSOLIDATED 12M FY 2015-16

Rs. In Crores

Particulars	12M FY 16	12M FY 15	Gr %
<b>Total Income from Operations</b>	<b>15,534.1</b>	<b>14,182.8</b>	<b>9.5%</b>
Material Cost	8,205.6	7,971.5	2.9%
Employee cost	1,017.8	907.1	12.2%
Other Expenses	3,502.1	3,068.8	14.1%
<b>PBDIT</b>	<b>2,808.6</b>	<b>2,235.4</b>	<b>25.6%</b>
Depreciation	288.0	265.9	8.3%
<b>Profit from Operations</b>	<b>2,520.6</b>	<b>1,969.5</b>	<b>28.0%</b>
Other Income	200.7	169.7	18.3%
<b>PBIT</b>	<b>2,721.4</b>	<b>2,139.2</b>	<b>27.2%</b>
Finance Cost	40.5	34.8	16.5%
<b>PBT before Exceptional Item</b>	<b>2,680.9</b>	<b>2,104.4</b>	<b>27.4%</b>
Exceptional Item	52.5	27.6	90.2%
<b>PBT after Exceptional Item</b>	<b>2,628.4</b>	<b>2,076.9</b>	<b>26.6%</b>
Curr. & Def Tax	849.1	649.5	30.7%
<b>PAT before Minority interest</b>	<b>1,779.3</b>	<b>1,427.3</b>	<b>24.7%</b>
Minority Share	53.1	32.2	64.9%
<b>PAT to parent Shareholders</b>	<b>1,726.2</b>	<b>1,395.2</b>	<b>23.7%</b>
<b>EPS</b>	<b>18.0</b>	<b>14.5</b>	

# KEY RATIOS

	Standalone			
% to Income from Operations	Q4 FY 16	Q4 FY 15	12M FY 16	12M FY 15
Material Cost	49.9%	54.0%	51.6%	55.3%
PBDIT	19.3%	17.3%	19.6%	17.3%
PBT After Exceptional Item	18.4%	17.2%	18.8%	16.6%
PAT	12.0%	11.8%	12.6%	11.4%

	Consolidated			
% to Income from Operations	Q4 FY 16	Q4 FY 15	12M FY 16	12M FY 15
Material Cost	51.0%	54.9%	52.8%	56.2%
PBDIT	17.7%	15.8%	18.1%	15.8%
PBT After Exceptional Item	16.3%	14.8%	16.9%	14.6%
PAT	10.6%	10.0%	11.5%	10.1%

***For Consolidated results, PAT is before Minority Interest***