

Manufactured capital



# Creating a success pipeline



Khandala plant

## KEY HIGHLIGHTS FOR FY 2020-21

**Over 1,900+ 48**

Employees grouped into 150+ smaller cross-functional teams for overcoming operational challenges

New products/ variants developed

**Introduction of Health and Hygiene portfolio**

**39**

Improvement projects identified and implemented by teams in FY 2020-21 across six manufacturing facilities

**60+**

Online and classroom training modules identified for development last year

**5000+**

Kaizens/improvement suggestions submitted by employees across cadres across all manufacturing sites

## INTERLINKAGE WITH MATERIAL TOPICS AND OTHER CAPITALS

### Material topics



**Occupational health and safety**

### Interlinkages to other capital



**Financial capital**



**Intellectual capital**



**Human capital**



**Social and relationship capital**



**Natural capital**



## OUR FOCUS AREAS

- **Manufacturing excellence**
- **Workforce development and training**
- **Diversification of product portfolio**
- **Occupational health and safety**
- **Sustainable supply chain management**

Manufactured capital is a crucial factor in our success. It sustains additional value for our stakeholders by driving the production of our creations. Our manufactured capital is defined by its focus on optimising its productivity.

At Asian Paints, we are strengthening our manufacturing capabilities from capacity, flexibility, scalability, safety and sustainability aspects.

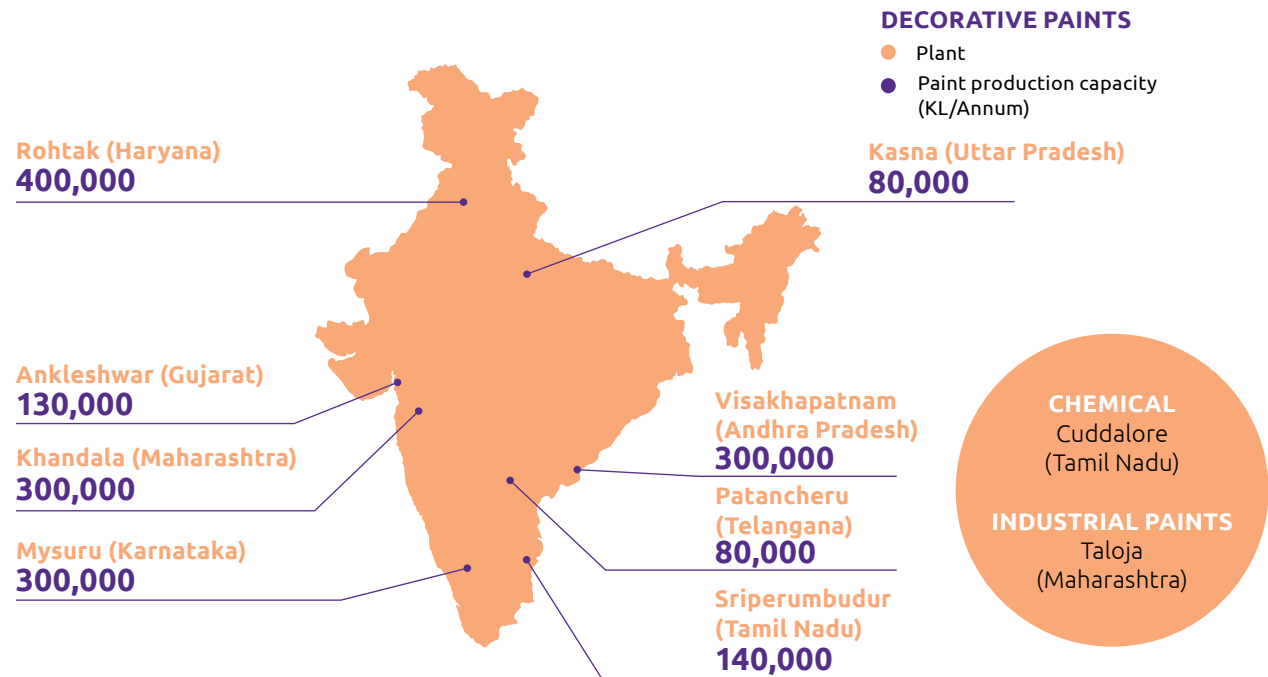
We are focused on optimising our costs to maximise resource use efficiency. We aim to improve the flow and working of our intricate supply chain by incorporating sustainable practices to meet our demands in a timely and organised manner. In doing so, we continuously exploit the technological changes in innovating newer products and ways of addressing our customer demand. We are committed to maintaining environmental compliance and sustainable practices throughout our manufacturing process.



**OUR MANUFACTURING LOCATIONS ACROSS INDIA:<sup>9</sup>**

We operate eight decorative paint manufacturing plants across India, integrated with a wide customers' network. Our products are aligned to our customers changing

demands and needs. We continue to strengthen our brand value proposition by delivering a wide range of quality products on time and where it is required.



Note: Map not to scale

Apart from our own manufacturing setup, we also use facilities of Outsourced Processing Centres (OPCs) to meet our manufacturing needs. The OPCs are in compliance to all applicable laws including environmental and labour laws.

**OUR MANUFACTURING JOURNEY IN FY 2020-21**

**New product innovation**

- Launched the highest number of new products in the Company's history during FY 2020-21
- Demonstrated agility and efficiency in building a robust supply chain and manufacturing system for these products
- Implemented safety measures against COVID-19 throughout our manufacturing practices and processes

**New health and hygiene portfolio**

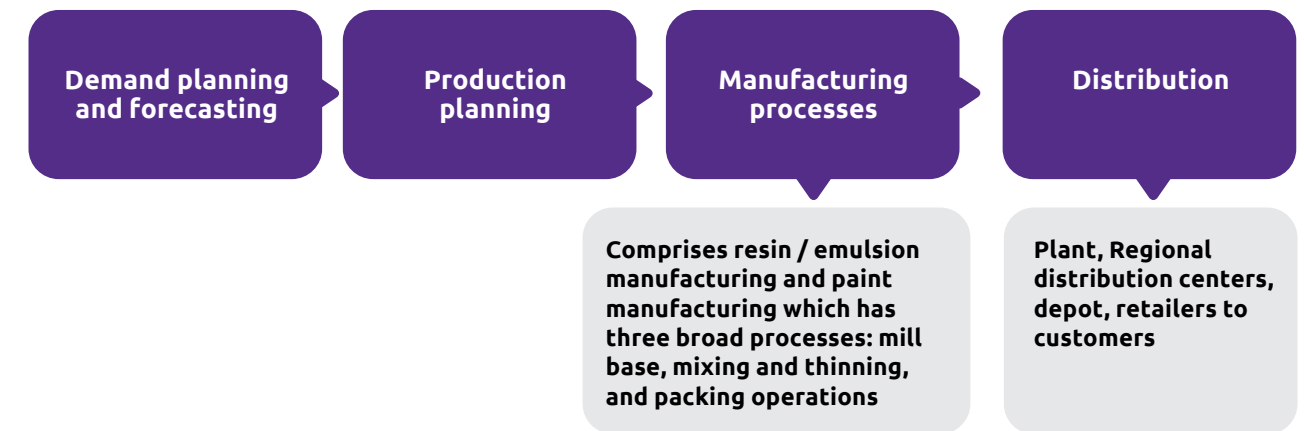
- Introduced a new health and hygiene portfolio within our manufacturing units to help address the need of the hour
- Set up manufacturing facility of sanitizers in a very short period
- Continuing to build a resilient supply chain with an array of products designed to suit the need of the hour

<sup>9</sup> GRI 102-4: Location of operations

**Strategic outcomes as a result of our technology-led innovative manufacturing**



**OUR VALUE CHAIN**



**ADDING VALUE TO OUR MANUFACTURING PROCESS**

**Cutting-edge technologies**

We have focused on automation to improve the accuracy of our production processes and deliver consistency throughout our manufacturing process and reduce waste. Our plants use Industry 4.0 technology capability which allows us to operate, monitor and optimize our manufacturing processes through effective use of data gathered at each step of our manufacturing process.

We introduced a robust automated data analytics system across our plants. We have analysed data

flowing through our state-of-the-art Manufacturing Execution System (MES) and a Distributed Control System (DCS). Each of our machines has sensors that provide us with valuable feedback on accuracy of material additions, adherence to recipe parameters, etc, which help us optimise our manufacturing practices to best suit our cost reduction objectives and manufacturing excellence. This has resulted in real business impact in terms of machine cycle time reduction, energy cost savings, and material cost savings by improving accuracy of additions.

**Manufacturing data analytics**

- Helped us in identifying the operational bottlenecks and deep diving into those analytics has resulted in increased productivity and capacities.
- Enabled better inventory management of spares
- Enabled material and operational cost savings

Some of our key highlights in terms of manufacturing excellence include:

- Enhanced capacity of solvent base paints through process de-bottlenecking
- IMS certification for our plants in Mysuru, Karnataka and Visakhapatnam, Andhra Pradesh
- Ankleshwar plant, Gujarat achieved a 5-star rating in safety audit by the British Safety Council

**Manufacturing excellence**

At Asian Paints, we have adopted manufacturing excellence program which is a digital integrative improvement solution that assists in achieving sustainable results through best practices and work process improvement across by involving the plant operations teams. Introduced in FY 2014-15, currently, 6 out of 8 decorative paint plants make use of this solution and framework to drive a comprehensive manufacturing excellence program. Our newest plants Mysuru and Visakhapatnam will now be onboarded on the practice. The program allows each plant to retain its unique context and functioning yet allows us to synchronise and standardise the best practices and processes across the plants to continually improve quality in our shopfloor operations.

**Manufacturing excellence initiatives**

The plants have created individual goals aligned with the organisation's vision, providing a strategic direction to the plant operations for a period of 3-5 years. This plant vision gives a clear direction to plant teams across areas of operational productivity, cost, quality, safety, environment, and employee morale.

The manufacturing excellence initiative has helped us strengthen our continuous improvement culture, which is key to being reliable each time and every time.

We are committed to ensuring a defined standards of operations throughout our facilities which surpass statutory requirements. To maintain this standard, we are cognizant of all our extended responsibilities throughout the manufacturing process. These include -


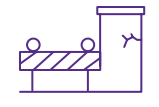



- Safe handling and reduction of hazardous material
- Monitoring safety incidents to reduce their frequency on the facility's premises
- Process monitoring and quality control parameters

Our logistics distribution network is designed to ensure benchmark service levels in terms of Order Fill Rates and Order Cycle Times to our dealer network. We constantly use advanced algorithms that allow us to improve our demand forecasting, inventory planning, distribution planning and transportation planning thereby making our distribution network cost efficient.



**OUR RESPONSE TO COVID-19**

Detailed plant shutdown procedures were prepared. These were looked at from a long-term shutdown perspective since normally operations are not shutdown beyond a week. Risks arising out of absence of qualified personnel during lockdown were also reviewed and mitigating protocols were put in place.

 <ul style="list-style-type: none"> <li>• Hazardous materials were shifted to dedicated spaces for storage<sup>10</sup></li> </ul>	 <ul style="list-style-type: none"> <li>• Active steps were taken to mitigate chemical storage risks during the lockdown. This has helped us improve our storage practices for the future</li> </ul>	 <ul style="list-style-type: none"> <li>• Daily visits were undertaken to check on key aspects of plant functioning</li> </ul>
 <ul style="list-style-type: none"> <li>• A detailed plant start-up guideline document and procedures were prepared and implemented covering various aspects of tank farms, plant equipment and utilities given the prolonged shutdown</li> </ul>	 <ul style="list-style-type: none"> <li>• After the lockdown period, the plants were operated keeping in mind the health mandates put forth by the government to ensure social distancing and sanitization. Facilities were regularly sanitized, and health assistance was arranged for people residing inside the plants to ensure immediate support if needed</li> </ul>	



<sup>10</sup> GRI 306-4 Transport of Hazardous Waste