



Ramping up responsibly

At Asian Paints, our focus has been on prudently managing our capital investments to create a portfolio of assets that help create maximum value for our customers. The year saw us implement a host of measures that ensured continued operations at our plants despite the challenges created by the pandemic. At the same time, we continued to deliver on our commitment to responsible manufacturing by minimising resource and energy use and adopting the latest technology, safe and sustainable manufacturing practices while always upholding environmental compliance.

Strategic focus areas

Manufacturing excellence

Workforce development and training

Flexibility to incorporate diverse product portfolio

Occupational health and safety

Sustainable supply chain management

Enhancing productivity and operational efficiency

Key material issues

Climate change

Occupational health, safety and wellbeing

End of life management of product and packaging

Responsible supply change

Product stewardship

SDGs impacted



Interlinkages to other capital



Financial capital



Intellectual capital



Human capital



Social and relationship capital



Natural capital

FY 2021-22 key highlights

112

Improvement projects across manufacturing facilities

4,800+

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

6

Manufacturing units got 5-star rating in safety audit by the British Safety Council in last cycle

29

Products launched

27

Awards to our manufacturing sites across various categories

Two attributes that often describe the most successful supply chains are adaptive and resilient. An adaptive supply chain is one that responds quickly to changes and disruption and the ensuing changes to demand. A resilient supply chain is able to recover quickly from these disruptions. These terms perfectly describe the Asian Paints supply chain.

We aim to continuously improve the complexities of our supply chain by integrating sustainable practices to meet increased demands in a timely and organised way. To achieve this, we implement cutting-edge technologies, optimise processes, increase automation and maintain the emphasis on sustainable development.

Uninterrupted business

The COVID-19 pandemic has disrupted supply chains around the globe. The Asian Paints supply chain was able to remain adaptive and resilient, turning the pandemic into new opportunities for expanded services and new products. Despite the supply chain variabilities due to the second wave of COVID-19, we worked with our supply chain partners to ensure seamless supply of inputs and finished goods to the consumers. Measures undertaken by us to ensure uninterrupted business and adherence to the restriction imposed to curb the spread of virus included:

- Optimised finished goods inventory at the national level to ensure uniform servicing across the country
- Worked on derisking of manufacturing for critical product streams by evaluating alternate manufacturing locations, especially to avoid site dependencies
- Ensured safe restart protocols at all manufacturing locations for process equipment and people
- Evaluated alternate geographies and additional suppliers to ensure seamless delivery
- Developed alternate materials/formulations to address supply concerns while also optimising costs
- Maintained higher raw material inventories with optimised mix

Handling the pandemic second wave

The second wave of the COVID-19 pandemic posed extreme challenges in terms of handling the operations and the workforce given the severity of infections. The protocols set up in FY 2020-21 to manage the pandemic were further strengthened and operations streamlined with a high focus on personnel well-being and strict adherence to COVID appropriate behaviour.

Over the last year, all our plants and other manufacturing locations were operated keeping in mind the health mandates put forth by the government to ensure social distancing and proper sanitization.

Site-level programmes, customised to the needs of individual employees, were set up at all our manufacturing facilities. Adequacy and effectiveness of the safety measures prompted employees to say that they "felt the safest at the workplace". Our priority was to vaccinate our employees with agility and to ensure this, multiple vaccination drives for both the doses were held across all our manufacturing locations. For the employees who could not attend the vaccination camps, vaccine reimbursement policy for employees and their families was introduced to encourage faster vaccination.

Even with the controls imposed by local authorities, raw-material shortage due to global supply chain disruptions, we not only managed to continue our operations, but we also surpassed the previous production volumes, setting newer records.



Manufacturing excellence

We continuously work towards improving the flow and operation of our complex supply chain by incorporating sustainable practices that will allow us to meet our demands in a timely and organised manner. We are thus constantly leveraging advanced technology to develop newer products and methods of meeting customer demand.

During the year, we launched a programme to enhance our manufacturing excellence. This is a digital integrative improvement solution that helps us achieve sustainable results through the adoption of best practices and work process improvements by involving plant operations teams across all our manufacturing units. Through this initiative, we aim to actively work on improving manufacturing asset utilisation, while simultaneously reducing fixed overhead costs, working capital, energy and water usage. We are committed to ensuring legal and environmental compliance and sustainable practices for all our operations. The key areas for improvement are:

- Material cost reduction
- Operational cost reduction
- Use of cutting-edge manufacturing technologies
- Data analytics

Highlights of the manufacturing excellence initiative

- Initiative aligned with our organisation Charter as an enabler for achieving strategic and other business outcomes and has been extended across all eight of our manufacturing facilities
- Kasna, Khandala and Patancheru achieved a 5-star rating in safety audit by the British Safety Council with Kasna being awarded excellent rating (highest rating achieved by Asian Paints)
- Investment in enhancing manufacturing capability, technology and capacity
- Continuous improvement to sustain a cost competitive manufacturing base
- Strong innovation in product portfolio leading to enhanced value proposition for our customers

Use of cutting-edge manufacturing technologies

At Asian Paints, business and IT have always been as close as two coats of paint. The strength of our existing platforms enables us to chase growth as well as appreciate the need for

it. The focus on automation to improve the accuracy of our production processes has enabled us to deliver consistently and reduce waste.

We are looking to continuously adopt the latest state-of-the-art technologies which enable us to drive greater efficiency in the supply chain while delivering cost savings. The latest technologies employed at our manufacturing facilities provide us feedback on the accuracy of material additions, adherence to recipe parameters, etc., which help us optimise our manufacturing practices to best suit our cost reduction objectives. Use of such technologies has resulted in tangible business impact such as machine cycle time reduction, energy cost savings, and material cost savings by improving the accuracy of additions. During FY 2021-22, we also implemented technologies which enable visualisation of the bottlenecks, challenges faced in the manufacturing operations and so on, thus enabling quicker resolutions of problems.

Our technology and innovation strength is one of the biggest value propositions that we bring to the customer. We are constantly looking to implement the latest technologies to garner insights into customer behaviour and leverage such insights to fulfil the expectations of the customers.

GAINS from the use of data analytics

- Facilitated stream-wise review of products with high cycle time and deep dive into problems, thus enabling their effective resolution
- Helped us evaluate alternative geographies and additional suppliers to ensure seamless delivery
- Enabled optimum inventory management

Cutting edge technologies in warehouse operations

With more than 140 company warehouses, we have a vast distribution network which helps in ensuring uninterrupted supply of our products to meet the needs of our customers. Our decorative plants warehousing facilities are laced with the latest state-of-the-art technologies and work on the principle of robotic warehousing which has been integrated with the ERP to solve the problems of a bloated inventory, high operational expenditure and factory-level losses.

Supplier assessment**

Suppliers of raw and packing materials and other traded goods are key to meeting our business objectives as well as social, environmental commitments and overall business sustainability. Hence choosing the right partners in this journey is very critical step.

To enable the right choice of material and business partner, we deploy a well-defined stage-gate process which assesses and addresses all techno-commercial aspects as well as enables commercialisation. The four stages are:

- Initial technical and commercial assessment of the supplier basis information shared by the supplier and requirements set out by Asian Paints, including site audits
- Assessment of the material against the technical requirement
- Performance evaluation of the material in the R&T lab, against the product requirements
- Pilot scale assessment at the factory shopfloor for performance and handling requirements

Aspects related to social, legal and environmental compliance are assessed across the by supply chain by R&T and Corporate Quality and Safety teams. Post onboarding, the suppliers are routinely assessed, ranked and business is awarded basis their performance with respect to quality, delivery, price competitiveness and collaborative working on various initiatives ranging from new material innovations and logistics.



External manufacturing network

To meet the ever-increasing demand, we also use facilities of Outsourced Processing Centres (OPCs) for flexible production support. During FY 2021-22, we engaged with 28 OPCs to manufacture products sufficient to meet our needs and to produce quality products at acceptable manufacturing yields. It was ensured that such products were delivered to us on a timely basis and at reasonable prices. Strict adherence to quality standards was ensured through quality assurance by our personnel.

We require our suppliers and OPCs to adhere to all statutory requirements related to manufacturing and handling and selling of material*. We also expect our suppliers and OPCs to treat their employees and interact with communities in ways that respect human rights^.

During the FY 2021-22, 94 new suppliers were onboarded using the above criteria.

Striving for continuous improvement

Our focus is to develop a more efficient, cost-effective, and reliable model for our manufacturing processes while meeting customer needs in a successful manner.

We are strengthening our manufacturing capabilities with regard to capacity, flexibility, scalability, safety and sustainability aspects. With the introduction of manufacturing excellence initiatives, we are focusing on improving both our processes and practices. For example, through the implementation of TRACC at all Asian Paints' plants, we are aiming for substantial work process improvements through the involvement of plant operations teams. As a part of TRACC, the teams actively work on practices including Focused Improvement, Asset Care, 5S, Set Up Time reduction etc.

During FY 2021-22, we were able to complete path breaking work on sourcing and formulation. The importance of this cannot be overemphasised at a time of spiralling raw material price inflation. Despite the availability constraints across commodities like monomers, Titanium Dioxides and speciality additives, we were able to fulfil paint demand.

*GRI 308-1 New suppliers that were screened using environmental criteria
**GRI 102-9 Supply Chain
^ GRI 414-1 New suppliers that were screened using social criteria

Investing in the future

Given our increasing market penetration and growing consumer demand, we have been able to enhance our capacity utilisation across our manufacturing plants, including at Mysuru and Visakhapatnam which have an installed capacity of 300,000 KL per annum each. The Visakhapatnam factory has Indian Green Building Council’s platinum certification.

We have initiated brownfield capacity expansion in our manufacturing plants at Ankleshwar, Kasna and Khandala. We signed an MoU with the Gujarat government during the year to begin expansion of our paint manufacturing capacity at Ankleshwar from 130,000 KL per annum to 250,000 KL per annum, and resins and emulsions from 32,000 MT per annum to 85,000 MT per annum. Apart from enhancing our capacity to meet current and future requirements, we continue to invest in upgradation and upkeep in order to be compliant with relevant laws and regulations for manufacturing processes.

Make in India

We are India’s largest and Asia’s third largest paint company, with operations spread across 15 countries. Our 26 paint manufacturing facilities across the world are serviced by a well-integrated supply chain and equipped with cutting edge technology. They are backed by regional distribution centres, outsourced processing centres and branches across India and several regions of the world. Our superior R&D has made it possible for us to manufacture products which were earlier imported from other nations. Through our manufacturing excellence initiatives, we are committed to support the India government’s mission of ‘Make in India’, which aims to transform India into a manufacturing hub. During FY 2021-22, Asian Paints has procured approximately 67% of its total requirement from local suppliers. Out of total purchase of ₹ 15,603 Crores, an amount of ₹ 10,418 Crores was spent on procurements from the local suppliers.*

Bath fittings and sanitaryware

In the Bath fittings and Sanitaryware segment, we are focusing on creating a new world of bath products and solutions. During FY 2021-22, we made a strong impact in the Projects and Builder segment by utilising the strengths of the Paints Projects Teams. This has helped in making stronger inroads into this category across prominent builders and construction companies. The products are now approved for use in government projects and works across several states.

The network expansion drive also continued right through the year, with representation in large cities as well as Tier II and III towns. The Company has placed significant focus on operational performance and in line with the focus, productivity enhancement through automation, mechanisation and training were taken up at its manufacturing plant located in Baddi. This has helped the business reduce costs significantly and improve on overall profitability.

Safety and employee engagement

At Asian Paints, our focus is not just to maintain product excellence but also on whether we are manufacturing efficiently and responsibly. We continuously strive to adopt world-class practices at our plants to improve safety levels, enhance quality and deliver superior products in a timely manner.

In line with this, all our plants are subject to British Safety certification on a regular basis. All our plants participate in the Behaviour Based Safety (BBS) initiative, which aims to foster a zero-accident culture both at the plant and at home by addressing individual behaviour. We conduct periodic trainings and awareness sessions to build a mindset focused on safety. Through our BBS initiative, we have made significant progress to enhance the safety culture at Asian Paints through:

- Extensive usage of hazard identification and risk prevention (HARP) across levels to strengthen the belief that ‘All injuries are preventable’
- Gamification of road safety rules to create awareness and enhance sensitivity among all employees
- SUSAs (Safe and Unsafe Acts) conversations across levels at manufacturing sites

Sustainable offerings

As a leading paint manufacturing company, we are committed to managing our operations including deployment of resources using principles of sustainable development to minimise impact on the environment and communities. We are committed to develop greener and safer products and reduce the environmental impact.

We firmly believe that to provide sustainable and green solutions to consumers, all stakeholders must be onboarded to this philosophy. Hence, Asian Paints is at the forefront to educate our partners, viz. Contractors and Dealers, about the best practices followed by the company and train them to adopt the same methods to provide a sustainable and better service to their customers. A detailed analysis on the same has been captured in the natural capital section.

Awards and accolades

Our efforts at creating a safe workplace, reducing the impact on the environment, promoting optimal use of resources, leveraging Artificial Intelligence, data analytics and other digital initiatives to reduce delivered cost and enhance product quality were appreciated across industry forums. We received 27 awards in FY 2021-22, which is a testament to the pioneering work done at our manufacturing sites.

Way forward – holistic improvement

We are committed to embracing new technologies and institutionalising data analytics in all aspects right from product development to manufacturing and supply chain. We will continue to lay focus on process improvement and implementing the latest technologies while ensuring to deliver quality to our customers.



* GRI 204-1 Proportion of spending on local suppliers