



Intellectual capital

SDGs IMPACTED



Innovation for good

At Asian Paints, we leverage our technological edge and make strategic investments to drive operational efficiencies and deliver superior, sustainable, and safer products. Intellectual capital is critical in improving customer satisfaction and creating greater value for stakeholders.

FY 2022-23 KEY HIGHLIGHTS

22

New products launched

25

Patents filed

₹ 108.0 Crores

Spend on Research and Development

₹ 83.2 Crores

Spend on Information Technology

ESG STRATEGY

- Product stewardship
- Sustainable supply chain management
- Nature positive

KEY MATERIAL ISSUES

- Technology, innovation and digitalisation

INTERLINKAGES TO CAPITALS



Financial



Manufactured



Human



Natural



Social

STAKEHOLDERS IMPACTED



Customers



Vendors



Employees

Research & Development (R&D)

At Asian Paints, culture of innovation runs deep. Our R&T group is a highly innovative team working on developing technical capabilities, technology platforms and products that cater to the aspirations of all the stakeholders.

This year the team has taken significant initiative in developing innovative products and providing environmentally sustainable solutions to customer's needs. The team has also geared up quickly to give impetus to the Company's forays in backward integration.

We have a dedicated Research and Technology (R&T) team with 240+ world-class scientists who are experts in polymer technology, formulation development, and characterisation. Our agile and responsive experts are changing the game for paint development and testing, with the aim of pioneering solutions for architectural, industrial, and other applications.

240+

Scientists

9

Breakthrough products

The commitments taken under ESG form an integral part of our thinking which enables us to reduce the environmental impact arising out of our products. Active work is happening in the space of product stewardship which includes higher share of biodegradable raw materials and reduction of hazardous substances from raw materials through various initiatives in consonance with the supply chain teams. The organisation is committed to progressively move towards circular economy and has taken objective to increase renewable content in the product offerings. This is a challenging goal considering the fact that coating industry largely depends on fossil fuels and minerals.

→ Our specific initiatives are reflected in Manufactured and Natural capital on page no. 70 and 112 respectively

Technology Council

The Technology Council, comprising four eminent external experts with diverse backgrounds and experience in coatings research for all category of paints, nanotechnology, organic chemistry, preparation of hyper-branched polymers, such as polyurethanes, polyesters, etc. amongst others, guides our R&T team on its endeavours and future roadmaps. This council aligns our strategy with our long-term goals and sustainability targets, ensuring we stay on track to create a better future.

Sikshalaya – Asian Paints Training Academy

Sikshalaya organises workshops on specific technical areas relating to paints and coatings technology benefitting multiple researchers. Additionally, we also introduced a foundation course on the Fundamentals of Paints and Coatings this year, which has enhanced the knowledge of paint technology amongst our researchers.

Using Life cycle analysis (LCA) to craft sustainable products

We have invested in advanced LCA technology to estimate product carbon footprints and environmental impact. 16 scientists from our R&T team has received effective training to utilise this software to its fullest potential.

Going forward, every new Asian Paints product will undergo LCA assessment to identify potential environmental impacts and address any gaps prior to its market release.

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BRINGING IDEAS TO LIFE WITH PRODUCT DEVELOPMENT

Our R&T team follows breakthrough project methodologies to lead innovative product development. Our process begins with envisioning products that exceed customer expectations, identification of optimal raw materials and additive through robust gate management process and scientific techniques which enable to manufacture world-class quality products. All new products undergo stringent impact assessment processes to ensure minimal impact on human health and the environment.

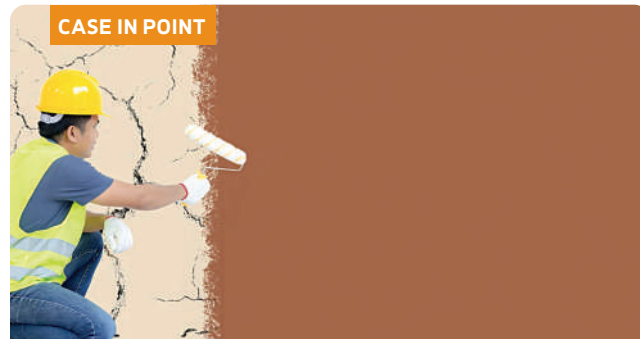
22 new products were launched in the architectural paints, building chemicals, and adhesives segments.

Moving forward, our innovation strategy will prioritise:

- Developing new coatings and finishes with unique properties like anti-graffiti, anti-fungal, and anti-corrosion capabilities
- Exploring new application methods, such as spray or roller-free applications, to streamline the painting process
- Transitioning to a circular economy by increasing the proportion of renewable raw materials in our products

Strengthening our innovation leadership

During the year, we completed 10 innovation projects that were initiated as part of Project Nexpedition to expand our product portfolio and features, as well as improve the aesthetics and durability of substrates. The new capabilities developed through these projects will foster innovation in waterproofing, construction chemicals, decorative paints, and industrial coatings.



Srijan Innovation Programme: Developing new products for the future

The Srijan innovation programme yielded six new challenging projects, resulting in the development of variants of

- premium exterior topcoats,
- interior and exterior waterproofing solutions,
- cement putty,
- glossy water-based wood finish,
- premium all-weather wood adhesive, and
- speciality additives.

Building on the legacy of successful products developed as part of Srijan, the organisation has decided to take up development of another set of innovative products in the area of exterior topcoat, waterproofing, interior topcoat, wood finish and functional interior product.

INTELLECTUAL PROPERTY

Our sustained success in the business and our leadership in the industry are the direct results of our unwavering commitment to deepening our research and innovation in product and process development.

We have a dedicated team that identifies, protects, and commercially leverages these assets, which include patents, trademarks, and copyrights. We have an active programme to monitor and enforce our intellectual property rights and initiate legal action against infringements, if necessary.

49

Patents granted till date
10 added in FY 2022-23

Recognised by the FICCI with the

Product innovator of the year award

For our unique product – SmartCare Hydroloc



PRODUCT SAFETY

One of our focus areas is reducing or eliminating harmful chemicals from our products. We ensure that our products meet or exceed industry standards for Volatile Organic Compounds (VOC) emissions, which can harm human health. We also invest in training and awareness programmes for all employees so that they are aware of potential safety hazards and how to mitigate them.



BUILDING A SAFE & LOW-VOC PAINTS PORTFOLIO

In keeping with our ESG commitments, we are adopting circular economy principles by integrating renewable materials, phasing out fossil fuels, and producing sustainable, low-VOC paints to create a safer environment.

Currently, we are evaluating paints made of natural ingredients or recycled materials like plant-based resins or recycled plastic. Our plans also include the development of smart paints that have unique properties and are anti-bacterial, anti-viral, and anti-microbial paints.

Staying ahead of the curve

The R&T and Corporate Quality & Safety teams engage with regulatory organisations to stay informed about upcoming chemical regulations, usage restrictions, and classification changes.

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Information Technology (IT)

We are committed to investing in new and upgraded technology solutions to facilitate effective collaboration, generate valuable insights, improve efficiencies, and deliver immersive customer experiences. To achieve these goals, we are exploring ways to incorporate advanced automation and robotic technologies into our manufacturing processes to boost efficiency and minimise waste.

IT FOCUS AREAS

- Creating data lake**
 IT-enabled platforms empower our employees to utilise data lake which helps leverage on common data points.
- Enhancing customer experience**
 Through data analytics, we gain valuable insights into evolving customer preferences and behaviours, allowing us to customise our products and services to their needs.
- Improving supply chain effectiveness**
 With a robust technology framework, we efficiently manage our supply chain, guaranteeing that products are available in the appropriate quantities and timeframes.

Optimising resource allocation through automation

Continuing our journey of automation, we have implemented automation in areas like paint mixing, packaging, and labelling, to optimise resource allocation and improve efficiency and productivity.

As a result, we have been able to increase our output while reducing our environmental impact. By optimising resource allocation, we have freed up resources to focus on critical areas like product development, innovation, and marketing.

IMPROVISING RESILIENCE

As we accelerate technology adoption across our operations, we are taking proactive measures to enhance the resilience and security of our IT systems.

Upgrading IT infrastructure

IT Infrastructure majorly includes data center, cloud and network services. Our focus has always been around ensuring agile provisioning of requests and consistent availability of services. Multiple upgrades were carried out this year which included hardware set-up for replacing support servers and migrating around 400+ virtual machines to new servers without any downtime.

Security

A security-first approach to IT management guides our endeavours to adopt advanced security solutions. Security audits and penetration testing are carried out regularly to identify vulnerabilities and mitigate risks.

Hybrid cloud solutions

We have adopted a hybrid cloud approach, wherein decisions regarding deployment of technology solutions are evaluated on case to case basis with the key focus being on achieving scalability, flexibility and cost-effectiveness.

ISO 27001 certification

Information security management system

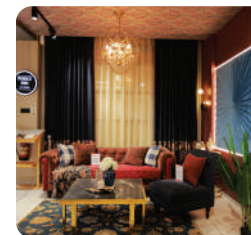
We have adopted an Information Security Management System (ISMS) framework based on the ISO 27001 framework. Our IT Operations, and the Applications developed for the Asian Paints Group, are certified for the ISO 27001:2013 Standard. This provides an assurance that we have implemented reasonable security practices for our IT Operations used to provide services to our internal and external stakeholders.

DIGITALISATION FOR BUSINESS EFFECTIVENESS

Since the last few years, there has been a huge focus on crafting immersive and cutting-edge customer experiences across all customer points, with the intent of creating seamless, consistent and personalised experiences for our customers all across through the usage of smart business insights developed through implementation of analytical tools.

At Asian Paints, we prioritise comprehensive digitalisation to align with global trends, catering to customers in a connected world, and expanding our market reach. Using design thinking, we better understand our customers' emerging needs, challenge the status quo, and test solutions before deploying them at scale.

DIGITAL SOLUTIONS AT ASIAN PAINTS



Beautiful Home Stores and Beautiful Homes Service

A phygital end-to-end décor service



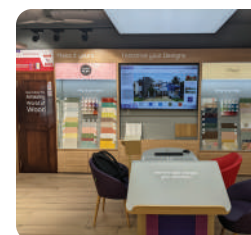
E-commerce platform

Online platform for customers to buy paints and related products



Colour with Asian Paints

A mobile application that allows customers to select paint colours using their smartphones



Digital Supply Chain Management

Helps us manage inventory, track shipments, and optimise logistics

BUSINESS INTELLIGENCE AND ANALYTICS

We have been on the path of transforming the organisation into an Insight Driven Organisation (IDO) wherein employees take superior decisions by leveraging the new age Artificial Intelligence (AI) / Machine Learning (ML) techniques in Analytics.

The work themes for the year have been around leveraging advanced analytics, launching certain key AI / ML based scenarios and improving the productivity through automated reporting.

ADVANCED ANALYTICAL TOOLS IN VARIED FUNCTIONS

Manufacturing

Our initiatives include usage of advanced analytics in manufacturing plants for predictive / prescriptive analytics in getting formulations RFT (Right First Time) and tinting of solvents.

Record to report

Applications have been launched for automating and streamlining certain aspects of the record to report process within financial reporting process. Extraction of data points from Enterprise Resource Planning has been automated and transformed into formats required for statutory reporting.

CORE BUSINESS TRANSACTION SYSTEMS

At Asian Paints, the "digital core" domain includes all core transaction systems running on multiple ERP systems (SAP S/4 HANA, SAP B1), along with the associated extensions and human-to-system workflows. It also includes modules for Order-to-Cash, Procure-to-Pay, Core Financial & Master Data processes.

During the year, they were upgraded to SAP S/4HANA system to the latest version, which helped us increase the footprint of digital processes.

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STRENGTHENING SUPPLY CHAIN TECHNOLOGY INFRASTRUCTURE

Our Company has taken a concerted approach to utilising data, which has improved the standard of decision-making. As part of this process, control tower introduced in FY 2021-22 continues to make the supply chain more flexible and agile for various manufacturing, planning and distribution teams.

During the year, the Next Gen supply chain initiatives focused on optimising deliveries, improving supply planning, and reducing non-value-added (NVA) activities for planners.

CASE IN POINT

Driving efficiency in deliveries

The Truck Load Builder solution powered by SAP Transportation Manager was released to select plants which optimized deliveries to improve critical volume dispatch. Demand driven prioritisation of stock transfers based on daily sales helped in reducing stock-outs and eliminating daily dispatch runs.

CASE IN POINT

Streamlined bath business: A cutting edge supply chain solution

New supply chain planning solution was developed for the bath business which helps decide the production plans between multiple plants basis availability of inputs and other resources eventually leading to optimisation in stock levels. The model used heuristics production planning which handles complexities of cross flow, production split, sourcing and tax benefit basis pegging methodology.

FRONT LINE SALES TEAM

At Asian Paints, we are focused on automating our front-line sales processes to make them more efficient and drive better customer interactions.

The initiatives for front line sales are largely around automation, thereby enabling frontline teams (B2B and B2C) to work efficiently, collaborate seamlessly and drive better customer interactions, through easy-to-use interfaces, well integrated systems, scalable and intelligent technology solutions - Core Business Transaction Systems.

CASE IN POINT

TATPAR application empowers customer support

TATPAR, an application launched last year, modernised customer support, optimised field service, and offered seamless customer experiences. This was extended to other service lines viz. Safe Painting Services, Beautiful Home Stores, Bath, etc. Additional initiatives included scaling up of B2B CRM platform for Indian group companies and introduction of Customer Relationship Management for International subsidiaries.

PARTNER ECOSYSTEM

We have introduced digital platforms for our partner ecosystem which includes dealers, contractors, carpenters, and vendors, to provide seamless experiences to end customers.

During the year, we focused on enabling capabilities in Décor business. This included:

- Recommendation engines for dealers
- Loyalty management programs for contractors
- Seamless flow of leads to partners
- System integration with partners for supply tracking and payables automation
- Portal and application for the fabric network

EMPLOYEE EXPERIENCE

Our strategy around employee experience continues to be centred around providing intuitive solutions which impact the different stages of the employee life cycle right from onboarding till offboarding. Platforms for employee experience measurement were also launched in the current year which included engagement surveys and lifecycle surveys.

In continuation to our initiatives around digitalisation of employee reimbursement, we have now automated controls to enable touch-less settlements and expanded the footprint of Optical Character Recognition (OCR) enabled claims processes. Self-service booking for employees has been extended to hotels as well, which was already existing for flights and local conveyance bookings.

→ For more details, turn to Human Capital on page no. 86

CASE IN POINT

Strengthening the recruitment process

During the year we invested in new recruitment platform which had integrated Application Tracking System (ATS) which created opportunities to automate manual processes, increase visibility into the hiring cycle for the entire recruiting team, and improved communication throughout the candidate journey. Machine Learning techniques were also utilised for resume parsing to improve efficiency of sourcing.

