

V M V V SANGHA'S



V M K S R VASTRAD ARTS SCIENCE
AND V S BELLIHAL COMMERCE COLLEGE
HUNGUND

Project report entitled

"A PROJECT REPORT ON ASIAN PAINTS"

UNDER GRADUATION OF BACHELOR OF COMMERCE

Submitted by

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Under the Guidance of

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My sincere thanks to all for supporting me in carrying out project report and I also thanks to library staff and all my friends for their co-operation during the course of projectwork and I am also thankful to printers of their skilful printing this work.

My parents are main soul for my confidence, determination and strength throughout my life. The sweet hopes and wishes have made me able to present this work.

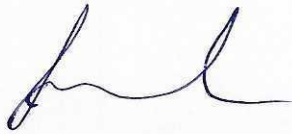
Last but not the least I take this opportunity to thank and remember all my friends i.e Shanvi, Sahitya, Rama, Pragna who are with me and who have helped me throughout my life from the place they have resided in making me feel that I am also one among them who can achieve things as we want.

Date :
Place : HUNGUND

S, R. Bhavikatti
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CERTIFICATE

This is to certify that **KUMARI. SHARANAMMA BHAVIKATTI** is a bonafide student of the Department of Commerce, bearing REG NO: U15IY22C0019 during the academic year 2022-23 has satisfactorily completed the project work entitled "**A PROJECT REPORT ON ASIAN PAINTS LIMITED**" submitted in partial fulfillment of the requirements for the award of the Degree of Commerce by RANI CHANNAMMA UNIVERSITY under guidance and supervision by **Mr. SHREESHAIL BOMMASAGAR** And Prof. B A KANTHI Head of the Department in Commerce.



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DICLARATION

I declare that this project report entitled "**A PROJECT REPORT ON ASIAN PAINTS LIMITED**" independent project carried out by me in partial fulfilment of the requirements for the award of the degree of Bachelor of Commerce by the **Rani Channamma University**. The project report has been prepared under the guidance of **Mr. SHREESHAIL BOMMASAGAR** Co-ordinator Department of in Commerce, **Rani Channamma University, V M K S R VASTRAD ARTS SCIENCE & VS BELLIHAI COMMERCIAL COLLEGE HUNGUND.**

I have not submitted his project previously to this university or any other university for the award of any degree.

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S. R. Bhavikatti
KUMARI. SHARANAMMA BHAVIKATTI

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1. INTRODUCTION

Asian Paints is India's largest paint company and ranks among the top ten decorative coatings companies in the world today. Over the course of 25 years Asian Paints became a corporate force and India's leading paints company. Driven by its strong consumer-focus and innovative spirit, the company has been the market leader in paints since 1968. Today it is double the size of any other paint company in India. It has also drawn on the world's latest technology for its manufacturing capabilities in areas like powder coatings and high-tech resins - thus ensuring that its product quality lives up to exacting international standards, even in the most sophisticated product categories. The company places strong emphasis on its own in-house R&D, creating new opportunities by effectively harnessing indigenous creativity. Asian Paints operates in 23 countries across the world. It has manufacturing facilities in each of these countries and is the largest paint company in nine overseas markets. It is also India's largest exporter of paints, exporting to over 15 markets in the Asia-Pacific region, the Middle East and Africa. In 12 markets it operates through its subsidiary, Berger International Limited and in Egypt through SCIB Chemical SAE.

Asian Paints announced that it would focus on emerging markets of the world for growth and also that Berger International will be the main growth driver for Asian Paints international operations.

Asian Paints aims to become one of the top five Decorative coatings companies world-wide by leveraging its expertise in the higher growth emerging markets. Simultaneously, the company intends to build long term value in the Industrial coatings business through alliances with established global partners.

The Group operates in Australia, Fiji, Solomon Islands, Tonga, Vanuatu, Myanmar, China, Thailand, Malaysia, Singapore, Bangladesh, Nepal, Srilanka, Bahrain, the UAE, Oman, Barbados, Jamaica, Trinidad, Tobago, Egypt, Mauritius and Malta.

2. COMPANY HISTORY

The company has come a long way since its small beginnings in 1942. Four friends who were willing to take on the world's biggest, most famous paint companies operating in India at that time set it up as a partnership firm. Over the course of 25 years Asian Paints became a corporate force and India's leading paints company. Driven by its strong consumer-focus and innovative spirit, the company has been the market leader in paints since 1968. Today it is double the size of any other paint company in India. Asian Paints manufactures a wide range of paints for Decorative and Industrial use.

Vertical integration has seen it diversify into products such as Phthalic Anhydride and Pentaerythritol, which are used in the paint manufacturing process. Asian Paints along with PPG Inc, USA, one of the largest automotive coatings manufacturers in the world has begun a 50:50 joint venture, Asian PPG Industries to service the increasing requirements of the Indian automotive coatings market. Another wholly owned subsidiary, Asian Paints Industrial Coatings Limited has been set up to cater to the powder coatings market which is one of the fastest growing segments in the industrial coatings market. This wholly owned subsidiary of Asian Paints has entered into a tie-up with Canada-based Protech Chemicals which is one of the top ten powder coatings companies in the world for technological know-how in the area of powder coatings.

Chimanlal Choksi, Champaklal Choksey, Suryakant Dani and Arvind Vakil were the four friends who started the company. Chimanlal Choksi was a painter whose daughter had died. Chimanlal Choksi was unable to save her because of financial problems. Champaklal Choksey had been thrown out of his house as his parents caught him selling household things at a huge margin to British officials. Suryakant Dani owned a Garage where he did the painting work for Machines & Vehicles. The same garage is where Asian Paints started off its

operations. Arvind Vakil was a worker who did the painting work bicycles for Suryakant Dani. Around 1991 the company refused to acquire Moser-Baer saying it had no future.

1945

- The Company was incorporated as a private limited company under The name of Asian Oil and Paint Company Pvt. Ltd. It was converted into a public limited company in 1973. The Company manufactures a wide range of surface coatings catering to different end-uses. It also Manufactures vinyl pyridine latex used in the manufacture of rubber Tyres.

- The company expanded its products range, developed its own technology, set up a distribution network penetrating in smaller towns and ploughed back a large part of earnings into creation of new facilities.

1965

- The name was changed from Asian Oil and Paint Company Pvt. Ltd. To Asian Paints (India) Pvt. Ltd.

1974

- A major modernization programme was undertaken to streamline the Paint production facilities by improving the layout of machines, addition to balancing equipment and replacement of old machinery. The Company embarked on phased modernization of resin manufacturing facilities as well.

- The Bhandup plant of the Company is reportedly the largest single

paint factory in the country and one of the most up-to-date with sophisticated machinery and equipment for manufacturing a wide range of paints and other products besides adequate resin manufacturing capacity to meet its entire requirements.

1978

- 1, 00, 000 Bonus Equity shares issued in the prop. 2:3.

1980

- 50,000 unclassified shares classified as preference shares and issued. They are redeemable during the period 30.6.1987/1990.

1982

- The main objects of the public issue of capital during August, Were to fulfill the listing requirements of the Stock Exchange and to provide part of the finance for the increased operations.

1983

- Equity shares subdivided. 10, 00,000 Bonus shares issued in prop. 2:5, 16, 85,185 No. of Equity shares issued (prem. Rs 13 per share) through prospectus in August 1982. Out of these, 84,259 shares and 33,704 shares were reserved for preferential allotment to the Employees and to the business associates of the company respectively. 15, 67,222 shares offered to the public of which 4, 21,296 shares were offered to NRIs on repatriation basis.

1985

- **The Company undertook to set up a third paint unit at Patancheru, A notified backward area near Hyderabad, for the manufacture of 15,000 MT of paints and enamels.**
- **A letter of Intent was obtained for setting up a fourth paint Plant in Uttar Pradesh with a capacity of 23,000 tonnes per annum of Paints, varnishes and enamels and 65,000 tonnes per annum of synthetic resins (for captive consumption).**
- **The Company entered into a collaboration agreement with Nippon Paints Co. Ltd., Japan, to obtain technical know-how to manufacture powder coating and coil coatings under an exclusive license. Necessary manufacturing facilities for the powder coatings with a capacity of 300 MT were installed and commissioned at Kasna plant during 1992-93.**
- **31, 11, 111 Bonus equity shares issued in prop. 3:5.**

1987

- **The Company commissioned a plant for the manufacture of synthetic rubbers lattices with a capacity of 1,200 tonnes per annum. The Company received a letter of intent to manufacture 9,000 tonnes of phthalic anhydride. The project would be based on imported Van Heyden low energy process technology with engineering package from Davy McKee of Cologne, West Germany. The project was commissioned in March 1990. But, a fire accident in the succeeding month damaged a storage tank, Nearby pipes and support structures. The plant was repaired and restarted only in August 1990.**
- **The Company jointly with Tamil Nadu Industrial Development Corporation (TIDCO) promoted a joint sector Company under the name Pentasia Chemicals Ltd. (PCL), for the manufacture of 3,000 TPA of pentaerythritol and 1,800 TPA of sodium formate. The project commissioned in March.**

- 41, 48,148 Bonus equity shares issued in prop. 1:2.

1988

- The Company issued 9, 00, 000 - 14% secured non-convertible Debentures of Rs 100 each to ICICI, UTI, LIC, GIC, NIC, New India Assurance Company Ltd., Oriental Insurance Co., Ltd and United India Insurance Co., Ltd. on private placement basis. These debentures are redeemable in five equal instalments on the expiry of 5th, 6th, 7th, 8th and 9th year from the date of allotment at a premium of Rs 5 per debenture.

1989

- A scheme of arrangement was finalised for vesting of the assets And liabilities of the Company's Apcotex division with Apcotex Lattices Ltd. (ALL). As per the scheme of arrangement, one equity share of Rs 10 each of ALL was allotted without payment in cash to the Shareholders of Asian Paints (India) Ltd., for every 13 equity shares held by them in the company, i.e., Asian Paints (India) Ltd.
- The first phase of the project with an initial installed capacity Of 16,000 tonnes per annum was commissioned during the year.

1990

- Asian Paints (South Pacific) Ltd., in Fiji and Asian Paints (Tonga) Ltd., are two joint venture set up abroad with the Company supplying the necessary know-how. Both these are the Company's subsidiaries and the equity participation by the Company amounted to 51% in the former and 25% in the latter as at 31st December. Asian Paints (South Pacific) Ltd., holds an additional 25% in the equity capital of Asian Paints (Tonga) Ltd.
- The Company also set up two more joint ventures under the names And styles of Asian Paints (Nepal) Pvt. Ltd., and Asian Paints (S.I.)

Ltd., both of which are subsidiaries of the Company.

- The Company had set up a joint venture unit Asian Paints (Vanuatu) Ltd., for the manufacture of paints and enamels in the Pacific Island of Vanuatu. The Vanuatu company had issued 54,000 ordinary shares of US each to the Company as fully paid-up shares against the plant and machinery supplied.

1991

- Pentasia Chemicals Ltd. became a subsidiary of the Company. Pentasia Investments Ltd. is a subsidiary of the Company.

- The Company acquired 19, 10,000 equity share of Rs 10 each in the Share capital of Pentasia Chemicals Ltd., from TIDCO in May. Consequently, PCL became a subsidiary of the Company.

- The Company issued 5, 00,000 - 17.5% secured non-convertible redeemable debentures of Rs 100 each aggregating to Rs 500 lakhs to Unit Trust of India on private placement basis. These debentures Are redeemable in three equal instalments on the expiry of 6th, 7th and 8th years from the date of allotment at a premium of Rs 5 per debenture.

1992

- 74, 66,666 Bonus equity shares issued in prop. 3:5.

1993

- Sales of phthalic division was lower due to planned shutdown of The plant for 25 days and also due to lower selling prices.

- The Company undertook to set up a joint venture unit along with Its overseas subsidiaries, in Queensland, Australia for manufacture of paints, enamels and varnishes.

1994

- The Company proposed to expand its existing capacities for the manufacture of paints and enamels to 50,000 tonnes per annum at each of its plants in Ankleshwar, Patancheru and Kasna.
- The Company placed before the operating agency approached by BIFR, the proposal to amalgamate with itself Pentasia Chemicals Ltd.

1995

- Pantasia Chemicals Ltd. (PCL) was merged with the Company. The assets and liabilities of the erstwhile PCL are vested with the Company with effect from 1.10.1994.
- The company undertook to set up a joint venture unit for the manufacture of paints, enamels and varnishes in the Republic of Mauritius. The joint venture involves a total cost of 1, 83, 00,000 Mauritius Rupees of which 49% will be financed by the Company and The balance from Mauritian parties.
- 199,11,110 No. of Equity shares allotted as bonus shares on 1.1.1996. Another 2, 94,000 No. of Equity Shares of Rs 10 each were allotted by the Company in pursuant to the order of BIFR to PCL in prop. 1:25.

1996

- The Company proposed to set up a fifth point manufacturing plant At Ratnagiri, Maharashtra.
- During 21st February, a fire broke and in the paint manufacturing block of Mumbai plant causing extensive damage to the materials

stored in the block.

- A joint venture company viz. Asian PPG Industries Pvt. Ltd. was set Up along with PPG Industries, Inc. of USA to market and/or manufacture automotive paints and certain Industrial products as may be decided upon mutually between the partners.

1998

- As at 31st March, a sum of Rs 1008 lakhs was outstanding against loans from Financial Institutions.

- The new initiative to install 350 colourworlds received Encouraging response and made significant contribution to performance. Three new products, NC range of wood finishes, ACE exterior emulsion and Asian wall putty were launched.

- Asian Paints, the Rs.737.20 crore paints major, has launched a new marketing thrust with the introduction of a one-stop colour shop for paints complete with a software for consumers to choose and select their different shade combinations.

- Asian Paints, India's No.1 Paint Company recently, launched their latest offering 'Asian Paints Colour World'.

- Credit Rating Information Services of India Ltd (Crisil) has Assigned a 'AAA' rating to the proposed non-convertible debenture (NCD) obligation of Asian Paints Ltd (APL).

- Two subsidiaries of Asian Paints - Pentasia Chemicals and Pentasia Investments - have been merged with the parent company following the approval of the Board for Industrial & Financial Reconstruction (BIFR).

- Asian Paints Limited, the largest paint company in India, launched Its first exclusive showroom in Mumbai.

1999

- The company has joint venture companies in the overseas market. All these ventures are doing well and have a strong hold in their respective markets.

- In its first-ever acquisition overseas, Asian Paints Ltd (APL) has acquired a 76 per cent equity stake in Sri Lanka-based Delmege Forsyth & Co (Paints) Ltd.

2000

- Asian Paints has launched two variants in polyurethane (PU) wood finish under the brand name Opal.

- The Company has proposed to issue bonus shares in the ratio of Three shares for every five shares held.

- Asian Paints has opened a manufacturing plant in Oman in Partnership with a local company.

- Asian Paints has acquired the entire paints business of Pacific Paints Company based in Australia for over Rs 1 crore.

- Asian Paints has lifted the lockout at its factory in Uttar Pradesh. The Company suspended operations at Kasna in July after the workers resorted to a sit-in-strike.

2001

- Asian Paints has introduced Utsav Enamel for the festive season.

- Asian Paints has appointed senior partner of the solicitor firm Crawford Bailey & Co, R A Shah and Deputy Director, National

Chemical Laboratory Dr Swaminathan Sivaram as directors on the company's board.

- Asian Paints India Ltd has posted a marginal drop in net profit at Rs 29.62 crore for the quarter ended September 30, 2001.

2002

-Approves voluntary delisting of shares from the following stock exchanges:

- 1. The Ludhiana Stock Exchange Association Ltd.**
- 2. The Calcutta Stock Exchange Association Ltd.**
- 3. The Stock Exchange, Ahmedabad**
- 4. Madras Stock Exchange Ltd**
- 5. The Delhi Stock Exchange Association Ltd.**
- 6. The Hyderabad Stock Exchange Ltd.**
- 7. Vadodara Stock Exchange Ltd.**

-Revamps its international operations, transferres shares in its subsidiaries in Fiji, Tonga, Solomon Island, Vanuata, Australia and the Sultanate of Oman to the Mauritius based subsidiary Asian Paints International

-Executes agreement for purchase of 60% equity capital of SCIB Chemicals S.A.E., Egypt

-Launches its million joint venture with Bangladesh-based Confidence Cements in which the holds 51 per cent stake

-Acquires controlling stake of 50.1 per cent in Berger International, Singapore, for Rs 58 crore, appoints Jalaj Dani as CEO.

2003

-Board recommends issue of bonus shares by capitalisation of Reserves in the ratio of 1 equity share for every 2 equity shares held on the record date.

-Asian Paints, via its Singapore-based subsidiary - Berger International - inks a technology and brand licensing agreement with PT Abadi Coatings Solusi, an Indonesian paint company.

-Shareholders approve the Scheme of Arrangement proposed to be made between Pentasia Investment Ltd with Asian Paints India Ltd and the consequential reduction of share capital of Asian Paints India Ltd.

-Berger International starts restructuring exercise to curtail cost.

-Acquires Taubmans Paints (Fiji) Ltd. through its subsidiary in Fiji, Asian Paints (South Pacific) Ltd. (APSP).

-Acquisition of 9.2% shares in ICI India Ltd.

-Asian Paints bags Ken Sharma award.

2004

-10th Asian Paints Star Screen Weekly Awards- aura of mystery

-Asian Paints launches paint solutions for kids.

2005

-Berger Intl partners with Filipino firm Dutch Boy.

10. INTERNATIONAL OPERATIONS

Asian Paints operates in 22 countries across the world, which accounts for 30% of its sales. It has manufacturing facilities in each of these countries and is the largest paint company in ten overseas markets. Asian Paints operates in five regions across the world viz. South Asia, Southeast Asia, South Pacific, Middle East and Caribbean region through the five corporate brands viz. Asian Paints, Berger International, SCIB Paints, Apco Coatings and Taubmans. In ten markets, it operates through its subsidiary, Berger International Limited; in Egypt through SCIB Paints; in five markets in the South Pacific it operates through Apco Coatings and in Fiji and Samoa it also operates through Taubmans.

The countries that Asian Paints has presence are as follows:

South Asia: Bangladesh, Nepal, and Sri Lanka

South East Asia: China, Malaysia, Singapore and Thailand

Caribbean Islands: Barbados, Jamaica, Trinidad and Tobago

Middle East: Bahrain, Egypt, Oman and United Arab Emirates

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

The company's global operations have now turned profitable with the potential to accelerate growth further, according a leading securities research firm. The turnaround in international operations will further

leverage the overall profitability of the company. Strong domestic sales growth and accelerating profitability of foreign operations will make the company show earnings growth of 25 per cent over FY04-06E.

Asian Paints is the market leader in India's decorative paints industry, accounting for 46 per cent of the total revenues of the top six players in the organized segment. The company caters to the industrial paints segment through its subsidiary APICL and Asian Paints PPG, a joint venture with US-based PPG Industries.

Also, the company is poised to capitalize on domestic market growth, the leading foreign analyst firm said. It is expected that increasing urbanization, higher disposable incomes, cheaper housing loans and a shift from semi-permanent to permanent housing structures will be driver for growth in the paint business.

Although it is expected that the bulk of the demand for paints will come from the housing sector the industrial paints segment is also growing. Asian Paints enjoys competitive advantages that should help it outpace the market - strong brands, a wide range of offerings across all product categories, and the most extensive distribution network in the paints industry. The company has strong brands across various segments of a category.

In the wall finishes category, it has brands from the premium (Royale) to the lower end (Tractor). Through innovative advertising and products, the company has created new segments for growth. Until recently, most exterior paints in India were cement paints.

However, over the past few years, Asian Paints has created a market for exterior paints, underpinned by strong marketing and distribution. The results have been encouraging, with volumes growing much faster than the overall sector growth, the analyst said.

In the industrial paints segment, Asian Paints has a presence in automotive, powder and protective coatings. The automotive and powder coating segments are serviced through Asian PPG Industries and wholly owned Asian Paints Industrial Coatings (APICL) respectively.

3. BOARD OF DIRECTORS

Mr. P. H. MURTY (Managing director and CEO)

Mr. ASHWIN CHOKSI (Non-executive chairman)

Mr. ASHWIN DANI (Non-executive vice chairman)

Mr. ABHAY VAKIL (Director)

Mr. MAHENDRA CHOKSI (Director)

Mr. AMAR VAKIL (Director)

Mr. HASIT DANI (Director)

Ms. TARJANI VAKIL (Chairperson of audit committee)

Mr. DEEPANKAR BASU (Director)

Mr. MAHENDRA SHAH (Director)

Mr. DEEPAK SATWALEKAR (Director)

Mr. RAJENDRA SHAH (Director)

Dr. S. SIVARAM (Director)

6. MANUFACTURING FACILITIES

Asian Paints is proposing to set up, subject to obtaining necessary approvals and licenses, a unit for the manufacture of 100,000 tones per annum (TPA) of paints in Pondicherry.

The proposed plant, subject to approvals, will be Asian Paints' largest plant in the world and would be the most state-of-the-art plant set up by the company. The Pondicherry plant will be scaled to its full capacity over a period of time and the investment in the mentioned project will also be made in a phased manner.

Asian Paints has four paint manufacturing units in India. These units are situated in Bhandup (Maharashtra), Ankleshwar (Gujarat), Patancheru (Andhra Pradesh) and Kasma. The company has two facilities as part of its backward integration process. It has a factory at Ankleshwar that manufactures phthalic anhydride and in Cuddalore, Tamil Nadu, which manufactures pentaerythritol.

All the company's paint plants have been certified for ISO 9001 and have also received the ISO 14001 certificate for Environment Management Standard. The phthalic anhydride plant has been certified for ISO 9002 and ISO 14001 whereas the pentaerythritol plant has been certified for ISO 14001.

Asian Paints along with its subsidiaries has operations in 20 countries across the world and 28 paint manufacturing facilities, servicing consumers in 65 countries through Berger International, SCIB Paints-Egypt, Asian Paints, Apco Coatings and Taubmans. Asian Paints operates in 5 regions across the world viz. South Asia, South East Asia, South Pacific, Middle East and Caribbean region through the five corporate brands viz. Asian Paints, Berger International, SCIB Paints, Apco Coatings and Taubmans. In 10 markets, it operates through its subsidiary, Berger International Limited; in Egypt through SCIB Paints; in 5 markets in the South Pacific it operates through Apco Coatings and in Fiji and Samoa it also operates through Taubmans.

Countrie s	No of Facilitie s	Operatin g Com pa ny
Sout h Asia		
India	8	Bhandup, Ankleshwar, Patancheru, Kasna, Sriperumbudur, Sarigam, Baddi, Taloja
Sri Lanka	1	Asian Paints
Nepal	1	Asian Paints
Bangladesh	1	Asian Paints
Sout h E ast Asia		
China	1	Berger International
Malaysia	1	Berger International
Singapore	1	Berger International
Thailand	1	Berger International
Sout h P acifi c		
Tonga	1	Asian Paints
Fiji	2	Asian Paints Fiji, Taubmans Fiji
Samoa Islands	1	Taubmans
Vanuatu	1	Asian Paints
Solomon Islands	1	Asian Paints
Mid dle East		
Oman	1	Berger International
Bahrain	1	Berger International
Dubai	1	Berger International
Egypt	1	SCIB Paints
Carib be an		

Jamaica	1	Berger International
Barbados	1	Berger International
Trinidad & Tobago	1	Berger International
Total	28	

7. SUPPLY CHAIN

Asian Paints has harnessed the powers of state-of-the-art supply chain system using cutting edge technology to integrate all its plants, regional distribution centres, outside processing centres and branches in India. All the company's paints plants in India, two chemical plants, 18 processing centres, 350 raw material and intermediate goods suppliers, 140 packing material vendors, 6 regional distribution centres, and 72 depots are integrated.

The supply chain runs through a wide spectrum of functions right from materials planning to procurement to primary distribution. It has played a pivotal role in improving operational efficiencies and creating agile procurement, production and delivery systems. It has also enhanced the flexibility of operations, lowered output time and reduced delivery costs, while improving customer-servicing levels and profitability.

The Supply Chain Management is backed by IT efforts that help the company in demand forecasting, deriving optimal plant, depot and SKU

combinations, streamlining vendor relationships, reducing procurement costs and scheduling production processes for individual factories.

14. HUMAN RESOURCE

Asian Paints believes that people are its strongest assets, for a company can go only as high as its people aim. It is people who innovate and invent, and who engineer the efficiencies that make a business succeed. It is they who drive growth and lead to greater heights. At Asian Paints, our human resources systems are designed to create a focused, performance oriented and agile company. A talent pool of over 4700 employees employed across 23 countries brings in a unique blend of mindsets and skills.

An open and interactive work culture brings out the best in our people. A sense of ownership and freedom to experiment at their workplace brings out creativity and innovation in every individual. Excellent training is provided to develop leaders and re-strengthen competencies from within the organization. Besides encouraging achievers from within the organization, we absorb the best talent from some of the best management and technology institutes in the country.

We hire people who are best suited to the job and whose personal goals are in alignment with our corporate purpose. Thus, the task is cut out for every individual within the framework of result-orientation,

market insight, customer perspective, trust, respect and problem solving.

The commitment of our people and their sense of discipline and ownership continue to drive growth for our company.

8. RETAIL INITIATIVES

Customers are the very core of all business activities. From the beginning, Asian Paints has fostered a customer-centric approach to business. A simple but unbeatable concept of "going where the customer is" drives all the retail strategies.

In the early 90s, for the first time in the paint industry Asian Paints offered the consumer over 150 shades. The concept was extended to the dealer shops through Colour World in the mid-90s, where Asian Paints began offering over 1000 shades. The introduction of Colour World provided a new direction for the paint industry into the age of retailing by providing the consumer - a service interface. With only a limited set of bases and colourants, manufactured and transported throughout the supply chain, Asian Paints provided a choice of innumerable shades to the customer through a technology of tinting at the last retail store.

With the introduction of Colour World, almost all wall-finishes from Asian Paints offer a wide range and choice in colours be it for interior

or exterior application. It has been our endeavor to reach out to the customers not only with their products but also with value-added services and initiatives.

The Asian Paints Helpline introduced few years ago is a toll free service where consumers call and ask queries related to painting. The company has now extended this service to ASIAN PAINTS HOME SOLUTIONS, which offers painting services in addition to the paint. This service is available in 10 cities viz - Hyderabad, Bangalore, Kolkata, Delhi, Chennai, Ahmedabad, Mumbai, Pune, Coimbatore & Cochin.

The company entered into a new foray of prediction of colour trends in India. Intensive research is carried out with interior designers, architects and the fashion community to arrive at trend movements in colour each year. The study being done for the second year is termed ColourNEXT 2006, which is a collection of 15 shades predicted to be the trendiest and most happening colours in decor space in 2006.

This study has helped consumers get an insight into the latest trends in colour. This exercise has also gone a long way in helping various industries decide their colour combinations for a range of products ranging from furnishings, floorings to home accessories.

Another important area was the offer of painting solutions for children with the launch of Kids World. A foray into Kids' World marks yet another milestone wherein the company offers painting designs for Kids Rooms as well as Kids Corners. For the first time, an attempt has been made to invite the customer to get into a Do-It-Yourself mode with these designs. Royale Play is another innovative concept introduced by the company. It is a collection of innovative and ready-to-use special effect finishes for interior walls, comprising a range of special effects. And each of these effects is available in a shade palette that is fitting for that effect in interesting colour combinations. The revolutionary product gives wall paint a whole new usage. Now, along with colour, you can give your walls dimension, texture and life.

Asian Paints efforts are continuously on to engage the consumer in the painting process and fulfill all the requirements related to the world of painting.

11. INFORMATION TECHNOLOGY

Information technology (IT) plays a key role in enabling the company to grow and generate profits. Asian Paints is the only company in India to have integrated Supply Chain Management (SCM) Solution from i2 Technologies, and Enterprise Resource Planning (ERP) solution from SAP. With these IT tools firmly in place and with the backing of an extensive communication platform, we are an internally enabled enterprise. The road ahead is to integrate all our stakeholders including suppliers, employees and customers and create an extended enterprise.

Asian Paints has launched a supplier portal that includes an automated digital document exchange facility that will improve the efficiency and effectiveness of interaction with suppliers. An employee portal has also been set up. Customer Relations Management (CRM) tools are being used in Asian Paints Helpline and Home Solutions initiatives.

The successful deployment of ERP, CRM, Business Intelligence and Portal software from leading solution providers and integrated SCM systems has helped improve efficiency in the business as well as increase the transparency and accuracy of information across the company. In order to affect 24x7 availability of our IT infrastructure, we are setting up a disaster recovery site in South India.

To match the pace of growth of our international business, we are focusing on improving transaction systems and messaging platforms. Implementing of a portal platform for improved collaboration and sharing of information across all geographies is already underway.

12. RESEARCH AND DEVELOPMENT

At Asian Paints, Research and Development (R&D) plays an important role in developing new products and innovations, and reducing costs by value re-engineering of formulations.

In India, the company's 140 strong R&D team consisting of 7 doctorates and around 115 qualified scientists, has always backed the company's business plan and demands of the market place. Right from the company's inception, all its decorative products for the Indian market and also in the overseas market have been developed in-house. In the last few years, our R&D efforts have been focused on developing new exterior finishes, economy emulsions and distempers.

Asian Paints' R&D team has successfully managed to develop High-end exterior finished and wood finishes in-house, which was earlier imported into the country. These products are currently marketed under Asian Paints Elastomeric Hi-Stretch Exterior paint and Asian Paints PU wood finish respectively.

The R&D team also provides technological support and develops customised products for the company's international operations spanning across 19 countries.

The company is also in the process of setting up new a new R&D centre near Mumbai (India).

13. ENVIRONMENT AND SAFETY

Asian Paints approaches the environment issue from the perspective of waste minimisation and conservation of resources. Thus, the continued attempt is to reuse, recycle and eliminate waste, which results in less and less waste being generated. Accordingly, their material losses in manufacturing have been reduced substantially over the last few years.

Further, the company's four paint plants and the two chemical plants have the ISO 14001 certification for environment management standards. The company's latest manufacturing facility which is situated at Sriperumbudur near Chennai will be certified for ISO 14001 in this financial year 2006-07.

All their paint plants have achieved 'zero industrial discharge' capability. This has been achieved by the installation of upgraded effluent treatment facilities and installation of reverse osmosis plants in conjunction with appropriate recycling and reuses schemes. Their

emulsion manufacturing facility has also achieved 'zero waste' status. They have adopted the principles of "green productivity".

Some of their innovative schemes which enhance green productivity are dealer tinting systems which has resulted in large batch sizes ; bulk storage facility for monomers which reduces wastage; Use of natural gas which is a cleaner fuel ; solvent recovery plants have been set up which has resulted in zero reduction of solvent disposal ; Improved incinerating systems and reverse osmosis.

Safety at its best

The company has made significant investments in the area of safety over the past several years. Its steadfast commitment to safety is reinforced by the fact that four of Asian Paints plants were conferred with the 'Sword of Honour' by the British Safety Council for the second time in quick succession. The British Safety Council is the world's leading occupational health, safety and environmental organizations, working closely with the world's leading companies in developing safe systems for work. The "Sword of Honour", instituted by the BSC, is recognized the world over as the pinnacle of achievement in safety management systems.

CII national conservation awards

Another recognition received in FY 2006 was the CII (Confederation of Indian Industries) Award for National Energy Conservation received by the Ankleshwar and Patancheru plants. The award function was held at Vigyan Bhavan, New Delhi, where the Ankleshwar facility in the state of Gujarat was honored with the second prize, while the Patancheru plant in Andhra Pradesh received a certificate of merit. The awards

were presented by His Excellency, the President of India, and Dr. A P J Abdul Kalam. The CII Award for National Energy Conservation is yet another testimony of Asian Paints commitment towards the continual improvement in our work process to help the environment through the manufacturing excellence programme.

15. QUALITY POLICY

Asian Paints provides products and services that meet stated standards on time, every time.

They accept Zero Defect as a quality absolute, and shall design and operate their quality system accordingly.

Asian Paints organizes work practices to do a job right the first time, every time.

They are committed to continuous improvement in quality in all business processes and track such improvement through measurable indicators.

16. AGE CARE

Age Care is another focus area of Asian Paints in its CSR activities. The company had earlier conducted various health camps for the aged. However, in India, the focus of such health camps has always been around the plants where the employees reside. Taking this into consideration, Asian Paints has started MMU (Mobile Medicare Unit) in Kasna, Patancheru and Ahmedabad. MMU made it possible to reach the doorsteps of the needy and provide treatment for various diseases like hypertension, arthritis, diabetes etc. Also, the company had conducted camps on eye care, dental care, blood checkup among others.

9. OTHER INITIATIVES

Improving infrastructure and healthcare at local schools

Besides water management and age care, the company also invests time and energy in providing infrastructure support to primary schools. In Ankleshwar - Gujarat, the company continues to support the "Shree Gattu Vidyalaya" school which was established along with the Ankleshwar Industrial Development Society in 1983. The school today boasts of around 2,500 students in primary as well as secondary sections and the plant has sustained its commitment of providing infrastructure support to this school, be it through donations of computers, tables and chairs, or through assistance in other maintenance work for the school.

In addition, the Ankleshwar plant has also taken up the cause of improving the health and hygiene situation of schools in nearby villages. Understanding that prevention is better than cure, the plant conducts Vaccination and Health camps. Not only students, but teachers are also briefed on hygiene aspects in such camps.

In Sriperumbudur (South India) also, the plant is treading on similar lines and has taken up the task of improving facilities in the neighbourhood primary schools. It presented the Pondur primary school with desks, tables, a PA system and even school bags for the students.

Tsunami relief: Helping community in need of time

The massive disaster Tsunami hit the coastal areas of South India and South East Asia on Dec 26, 2004 and left behind a trail of devastation. As a socially responsible company, Asian Paints rose to the occasion and decided to play its rightful role in extending support and relief to the affected. All the employees contributed in cash and kind to the best of their capacity. These contributions were supplemented with a contribution from the company. A total amount of Rs. 4.7 million was generated as relief aid and handed over to the Tsunami victims. Besides India, all the units across the world also contributed to the best of their capacities towards Tsunami relief.

4. PRODUCT RANGE

Asian Paints is continually innovating its product range to make your world colourful and fun. And for the professionals, we deliver an impressive range of products to match your specific requirements.

APE X ULTIMA:

Asian Paints is continually innovating its product range to make your world colourful and fun. And for the professionals, we deliver an impressive range of products to match your specific requirements.

APE X DURACAST :

Apex Duracast adds aesthetics and superior protection to new age buildings. Setting higher standards in décor and performance, Apex Duracast creates a permanent textured finish that is the best in its category.

ROYALE PLAY:

Paint a dream. Have some fun. Let colours and textures mesmerize your senses, soothe your soul. Jazz up your walls, accessorise. unbridle your imagination. Play with Royale Play.

COLOUR PALETTE:

A rich range of shades to choose from to mirror the home décor as you've imagined it.

SAMPLERS :

Asian Paints Samplers are 200 ml paint packs which can be used to sample shades on the wall. These come in a range of shades that are available through an Asian Paints Colour World outlet.

PROTECTIVE COATINGS:

Offers an extensive range of high performance, heavy-duty coatings for protection of assets in aggressive industrial environments.

FLOOR COATING:

Offers a wide range of coatings and floorings for concrete floors and hygiene wall coatings.

ROAD MARKINGS:

The range includes hot melt thermoplastic road marking material, cold applied retro-reflective and water / solvent based paint for marking roads.

Asian Paints will introduce the Apcolite range of products which is its premium quality range in international markets and the Decora range which is its international brand for economy products. Under the Apcolite & Decora brand many product segments will be covered in the initial phase. Asian Paints will enter into segments like the interior wall finishes, Exterior segment, Enamels and wood finish segment through the mentioned brand names. The company will introduce immediately the concept of multiple shade choice to the consumer in most of its emulsion paints. The launch of multiple shades in its Apcolite range of emulsions will provide consumer for the first time a wide choice of colors that was not previously offered by paint companies.

5. PRODUCT PRICING

According to the management, Asian Paints' volume growth during Q4FY09 so far has been better than in the previous quarter (Q3FY09 volumes were flat). However, the company expects to post 8-10 % volume growth in FY10E in decorative paints, based on historical trends.

Though some of its markets such as Caribbean and Middle East could have been impacted by recession, the company expects its international business to grow in higher single digits in volume terms owing to expansion in South Asia and the Egyptian market. However, it expects industrial and automotive paints volumes to remain under pressure on account of the economic slowdown and build up of inventory in the automobile industry.

Since the automotive and industrial paint segments contribute less than 10% to the consolidated top line, the impact of the same will be limited. The government has recently affected a further cut in excise duty from 10% to 8%; however, the company will take pricing action based on volume demand and further softening of raw material prices.

Correction in input prices is likely to improve margins and could propel the company to take price cuts to boost volumes and maintain its market share. Asian Paints products command 5-8 % premium over competitors. At current market price, Asian Paints trades at a P/E of 19.1x and 15.7x and EV/EBITDA of 12.0x and 9.8x on for FY09E and FY10E, respectively. It is likely to remain under pressure in the short term owing to slower volume growth, though downsides from current levels look restricted.

17. BRAND AMBASSADORS

The brand ambassador is not a new phenomenon for sure. Brands of every category have used it in their quest for mind and market-space. Brands have used the tool of the brand icon and brand ambassador in their quest for success over the years.

Brand endorsement is a way to go! A way to get your brand noticed amidst all the clutter that brands create in the marketplace. Amidst all the noise and hype that brands indulge in so very freely. Brand endorsement is possibly the best way to get the awareness rating of your brand up there in the stratosphere of a clutter-free terrain,

Other wise unattainable with the me-too strategies of the marketer at large.

The brand ambassador in many ways is meant to do different things for brands at different times in their brand life cycles.

A Gattu for Asian Paints became as good a brand ambassador and an icon as any person alive or dead!

Previously Asian paints were having KAREENA KAPOOR and KARAN JOHAR as their brand ambassadors. But presently Asian paints have roped in the brother-sister duo of SAIF ALI KHAN and SOHA ALI KHAN as their brand ambassadors.

19. AWARDS AND RECOGNITIONS

- **Awarded the "Sword of Honour" by the British Safety Council for all the paint plants in India. This award is considered as the pinnacle of achievement in safety across the world.**

- **Forbes Global magazine, USA ranked Asian Paints amongst the 200 'Best Small Companies of the world' in 2002 and 2003 and amongst the top 200 'Under a Billion Firms' of Asia in 2005.**
- **Ranked 24th amongst the top paint companies in the world by Coatings World - Top Companies Report 2006.**
- **The Asset - one of Asia's leading financial magazines ranked Asian Paints amongst the leading Indian companies in Corporate Governance in 2002 and 2005.**
- **Received the Ernst & Young "Entrepreneur of the Year - Manufacturing" award in 2003.**