



ASAHI INDIA GLASS LIMITED

**30th Annual Report
2014-15**

REFLECTING TOMORROW

LOW EMISSION
BELOW THE CLING



*A Tribute
to
Dr. Surinder Kapur*



Dr. Surinder Kapur

Director, AIS
from

24th December, 1988 to 30th June, 2015.



When I started working at 22 – with the complete support, help, blessings and guidance of my parents – I had very little knowledge but a lot of energy. In this formative and chaotic period, I had the great fortune of meeting Dr. Kapur. Although he was sub 40 then, to me he was a titan of hoary wisdom and knowledge. Without any reason of referral, recommendation, acquaintance or relationship, he took me on as a teacher does a favourite student. In those confusing years, in many conversations, he taught me about business, technology, auto industry, the regulatory maze, so many invaluable lessons gleaned from his rich experience and handed to me in sometimes not so gentle lessons. Tough guy, but so keen to teach the right things.

With the full support of Mr. R. C. Bhargava, another great mentor, I requested Doc to join our Board. He agreed and served it for 27 uninterrupted years till his tragic, much too early, passing away on 30th June, 2015. He was a great Director. Punctilious, a stickler for detail, tough and uncompromising as our Audit Committee Chairman, Doc exhorted us to follow process. His passion for the benefits of a holistic management system, like the TQM Way, was instrumental in AIS following this path since 1998. I have no doubt that one of the pillars supporting our business moat is this adherence to TQM, and he played a big part as its evangelist.

But to limit his impact as a brilliant engineer who venerated process is to give a half picture of a multi faceted individual. He was also the yang to streamlining – an out of the box entrepreneur with radical ideas and the overflowing energy to pursue those dreams. A deeply caring person who never lost sight of the ‘human’ element – especially the ‘small’ guy : the contract worker, the staff attendant.

Only a few weeks before his passing away, I remember moderating a discussion on global mergers and acquisition by the Indian auto component industry. ACMA had invited a few highly active companies, and as is typical in such situations, Survivor Bias prevails and we hear only the ‘good stories’. Doc got up and shared his experience. In his forthright and frank manner he emphasized many of the hardships and negatives easily glossed over. Without doubt, he was proud of his acquisition, and had been working successfully to turn around a loss making company, but he saw his role as rightly informing the mostly young audience of entrepreneurs of the true ‘balance’ of risks and opportunities. He was a fiercely honest man. And he was imbued with his desire to share and teach.

All of us at AIS learnt a lot. We will respect his contribution and cherish his memory. We have planted trees in his memory of a variety that will live for hundreds of years. We will start a scholarship in his name so that his teaching benefits some needy youngsters forever. We will miss him.

I will too. After the disbelief of such a tragedy, I realize the best way to remember him is to practice what he tried so hard to teach – be humble, be accessible (especially to the young and simple), be tough and exacting, be knowledgeable, but always, first and foremost – be Caring.

On behalf of all the team at AIS, we salute Doc.

Sanjay Labroo

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Caution regarding Forward-Looking Statements

This Annual Report contains forward-looking statements, which may be identified by their use of words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates', or other words of similar meaning. All statements that address expectations or projections about the future, including but not limited to statements about the Company's strategy for growth, product development, market position, expenditures and financial results, are forward-looking statements.

Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realized. The Company's actual results, performances or achievements could thus differ materially from those projected in any such forward-looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements, on the basis of any subsequent developments, information or events. The Company has sourced the industry information from the publicly available sources and has not verified those information independently.

REFLECTING TOMORROW LOWE'S BELTECLING

AIS does not simply make glass; it creates virtual masterpieces that are designed for Sustainability and Environment. Carved out of the aspirations of its customers and from its desire to deliver the best, AIS glass offerings not only cater to the basic requirements of humans for **SAFETY, SECURITY, ACOUSTICS and SERENITY**, but allows its customers to **SEE MORE, DO MORE and THINK MORE** with glass in terms of design, comfort, aesthetics and technology. AIS's focus is on Excellence and a benchmark of its innovative quality. recyclable, reusable, energy efficient, eco-friendly and cost effective, AIS glass products blend daylighting with energy saving, visual aesthetics with thermal comfort, and technology with sensitivity. With an exciting portfolio of glass products, AIS is facilitating the transformation of an evolving present into a sustainable future.

Intelligent sustainable solutions are the future. Striving to create futuristic solutions for tomorrow's customers, AIS is persistently innovating new products today to create iconic offerings to match their evolving aspirations and requirement of future sustainable environment.

While enhancing capabilities and capacities and constantly

raising the bar of performance, AIS continues to build a robust foundation to leverage tomorrow's opportunities. Seeing ahead, there is a vision of tomorrow through technology rich products, but with the same care and concern from AIS.

AIS's performance during the year is a reflection of what the future holds for our vision. It reflects AIS's potential for tomorrow.

LOOKING BACK SEEING AHEAD SEEING AHEAD LOOKING BACK

AIS is certified as an ISO 9001 and ISO 14001 company listed on the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE).

Looking back at our roots

India's leading integrated glass solutions company, AIS provides end-to-end solutions across the Automotive and Architectural glass value chains. It is the outcome of a Joint Venture established in 1984 between the Labroo family, Asahi Glass Co. Ltd., Japan (AGC) and Maruti Suzuki India Limited (MSIL). With an innovative and international range of products offering futuristic solutions, the Company commands about 76% share in the Indian Automotive Glass market. The Company's products and solutions are designed to serve the niche and evolving future needs of today's aspirational customers.

AIS has been on the forefront of the move towards **SUSTAINABLE ECO-FRIENDLY FUTURE**. AIS has been pioneering innovative solutions in glass, creating environmental consciousness and awareness by developing products that feature the best 'GREEN' performance parameters.

Meeting tomorrow's needs

Glass today has become an integral part of modern day architecture – for both exteriors and interiors. It not only gives a variety of choices to today's designers to showcase their thoughts in a signature way, but also allows them to play with different manifestations of natural lighting, brighter interiors and brilliant aesthetics.

Awareness of environmental impact of increased construction activity has recently been on the agenda of governmental entities. It is expected that the future of this world shall be shaped around laws and regulations for protection and preservation of natural environment. As our planet rapidly depletes energy sources owing to large scale energy intensity in our modern lives, the government entities across the globe are also devising regulations towards **GREENER HABITAT** and preservation of non-renewable energy sources, thereby contributing in reducing carbon footprint on our planet. **ENERGY SECURITY** and **SUSTAINABLE ENVIRONMENT** are the key themes for future habitat and governmental regulations.

Besides in today's **SOCIALLY WIRED** world, consumer is even more informed and aware of the sustainable choices to make for a better tomorrow – only the best and innovative can even qualify to play the game of future sustainability.

Reflecting Collaboration

AIS's state-of-the-art manufacturing facilities deliver a bouquet of high-end offerings to customers across the SBUs. AIS is a market leader in Automotive Glass manufacturing, catering to 76% of the automotive glass needs of Indian passenger car manufacturers.

In Float Glass manufacturing, AIS is second largest in terms of production capacity and has the highest ratio of higher value add product portfolio and sales. AIS's complete range of Float Glass Solutions is designed for every architectural and building need - float glass (clear & tinted), high-quality heat reflective glass manufactured by superior coating technology, world class environment-friendly copper & lead-free mirror, and lacquered & frosted glass for interior decoration.

Delivering solutions for tomorrow

Tomorrow's trends are today's aspirations. And consumer aspirations are continuously evolving. AIS's Strategic Business Units (SBUs) deliver operational excellence and speed to market through streamlined systems and processes across its segments of operation. These units offer technologically superior products and solutions, right from manufacturing of glass to processing, fabrication and installation services to a wide range of customers, including distributed institutional buyers and retail consumers. Each SBU has built-in efficiencies to provide customised solutions in tandem with the dynamically evolving changes in the respective segment. A 4G Solutions system ensures a comprehensive bouquet of solutions that includes consultation services, glass selection & processing, and glass integration, installation and service.

A 4G Solutions system ensures a comprehensive bouquet of solutions that includes glass selection, glass products, glass processing, and glass integration, installation & service.

Vision

SEE MORE

This byline captures AIS's culture:

- It describes AIS's products and services which delight customers by helping them see more in comfort, safety and security.
- It expresses AIS's corporate culture of merit and transparency.
- It defines the qualities of AIS's people to want to see, learn and do more, in depth and in detail.

To transcend the ordinary.

Mission

"JIKKO" - Execution for Excellence.

With major investments in place, the time is now to reap the benefits by execution for excellence.

Guiding Principles

All actions of AIS are driven by the following guiding principles:

- Creation of value for Shareholders
- Customer Satisfaction
- Respect for Environment
- Use of Facts
- Continuous Improvement
- Strengthening of Systems
- Upgradation of Human Potential through education and training
- Social Consciousness



76%

Market share in the OEM segment

Product Range

- Laminated Windshields
- Tempered Glass for Sidelites and Backlites
- Defogger Glass
- Glass Antenna
- Encapsulated Glass
- Plug-in Window
- Solar Control Glass
- IR Cut Glass
- UV Cut Glass
- Flush Fitting Glass
- Rain Sensor Windshield
- Heated Windshield
- Extruded Windshield
- Glass with Assembly

Automotive Glass

As the preferred choice of all leading car manufacturers, AIS has a strong portfolio of innovative products to meet the stringent quality and diversity of auto glass requirements of its global customers. With 76% market share of OEMs in the fast-growing passenger car segment, it has a large customer base, reaching out to all the major auto giants, such as Maruti Suzuki, Hyundai Motors, Mahindra & Mahindra, Tata Motors, Toyota Kirloksar, Honda Cars India, Volkswagen India, Ford India, Skoda Auto and Fiat India. The Auto SBU is the recipient of Deming (TQM) Application Prize and TPM Excellence Award from Japan.

Seeing the vast potential for growth in this segment, AIS has expanded further into the commercial vehicle segment in recent years, adding customers and products for “off highway” segment like tractors, earthmoving equipment, city trains etc. AIS continued to develop newer models for exports and deepen its reach in the after market segments.



1,100
Distributors

Architectural Glass

AIS's innovative product and services portfolio in Architectural Glass spans complete glass solutions for exterior and interior architecture. This SBU, formed through a management merger of Float & Glass Solutions (Processed Glass) SBUs, is also continuously expanding to keep pace with the changing trends in architectural designs. The innovative Ecosense high end range of reflective glass products is in line with this philosophy. The products are sold through a well entrenched network of four zonal offices and about 1,100 distributors.

From clear and tinted glass to value added solar control, heat reflective glass, frosted and lacquered glass, tempered glass, laminated glass and insulated glass units, the SBU's product portfolio stands testimony to the Company's superior technological prowess. The SBU also provides a range of High Performance uPVC doors and windows solutions (under the umbrella of VUE brand) that includes Silent VUE - Noise cancelling windows, Guard VUE - Burglar-resistant windows, EcoVUE - Energy saving windows, Safe VUE - Safety glass windows and Custom VUE - Customised benefit windows.

Product Range

- AIS Clear™ - Clear Float Glass
- AIS Tinted™ - Heat Absorbing Glass
- AIS Supersilver™ - Heat Reflective Glass
- AIS Opal Control™ - Affordable Priced Solar Glass
- AIS Mirror™ - Distortion-Free Mirrors
- AIS Décor™ - Lacquered Glass in Vibrant Colours for Interiors
- AIS Krystal™ - Only Branded Frosted Glass
- Ecosense™ - High Performance Energy Efficient Reflective Glass
- AIS Stronglas™ - Impact Resistance Glass
- AIS Securityglas™ - Burglar Resistant Glass
- AIS Acousticglas™ - Sound Resistant Glass
- AIS Ceramic Printed Glass

Consumer Glass

The best of products and solutions need a strong interface to connect with consumers. The Consumer Glass SBU is such a platform to interface with end consumers for the complete range of our automotive and architectural glass offerings. This SBU provides customised solutions through in-depth consultancy services, brought to the customer's doorstep. The automotive and architectural glass products are offered through Shield Autoglass Ltd. and GX Glass Sales & Services Ltd. Its associates, namely AIS Distribution Services Ltd. (formerly Asahi India Map Auto Glass Ltd.) and AIS Adhesives Ltd. (AIA) are engaged in after-market distribution of automotive safety glass and sealants to dealers and retailers across India.

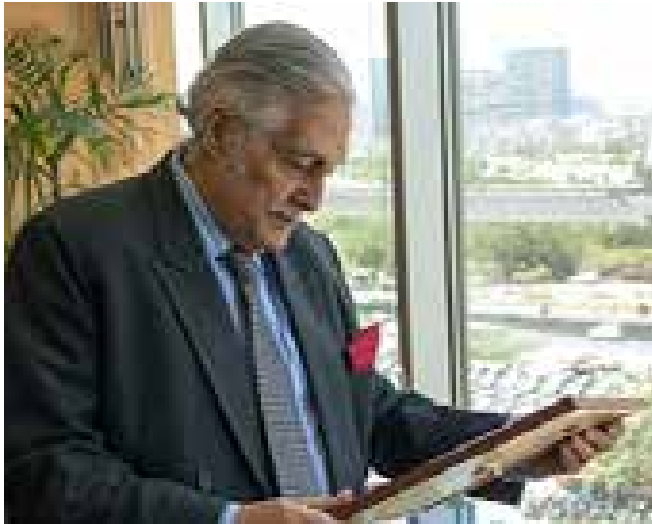
GlasXperts: GX helps consumers select and install products that can transform their living and commercial spaces. It adds an 'X' factor to glass through a bouquet of customer-centric lifestyle solutions. Customer aspirations are increasingly getting aligned to more aesthetically appealing and eco-friendly glass solutions. GlasXperts provides them with a complete gamut of top quality, international grade branded glass products, fittings and systems. Total safety and hassle-free services are the USP of this integrated business.

Windshield Experts: India's only specialised chain for automotive glass repair and replacement, Windshield Experts is a full service offering for windshield glass repair, glass replacement, doorstep facility, along with value added services. High levels of speed, efficiency and quality parameters underline this service, which leverages the Company's large share in the auto glass market to continuously grow its expanse and reach.

Solar Glass

Focused on conserving the fast diminishing fossil fuels and increasing dependence on renewable power generation, this SBU delivers solar glass offerings that cater to renewable energy markets. With sustainable growth a priority agenda for the Company, it provides an ideal platform for pursuing sustainability initiatives while diversifying the business portfolio. Considering the increasing shift, worldwide, towards deployment of alternate sources of energy, the prospects for growth in this SBU are huge.





CHAIRMAN'S MESSAGE MESSAGE CHAIRMAN'S

Dear Shareholders,

What we see today are but reflections of tomorrow. Not surprisingly then, the potential for future growth is rooted in the strength of today's foundations. Our improved performance during FY 2015 is thus a clear indication that we are on the right path to future progress. The positivity witnessed during FY 2014 was further strengthened during the year under review, as reflected in our augmented returns. Your Company has posted a profit of ₹ 42.02 crores as against a loss of ₹ 46.78 crores in the previous year.

The growth was in line with the improved sentiment in the economy and the industry. Globally, as advanced economies showed a pick-up and developing nations remained in a slowdown phase, the overall growth settled at 3.4 percent - the same as in the previous year. Marked improvement in income growth and overall consumer sentiment in several developed and developing economies augured well for the glass industry. The automotive industry seemed to be finally looking up, with the Chinese and US markets balancing the downturn in Europe. The renewed confidence in the global economy also pushed growth in the construction sector – another key driver of growth for the glass industry.

The Indian economy also showed revival in sentiment, as reflected in the GDP growth of 7.3% (as per revised CSO figures). Both the construction and auto sectors showed significant improvement, positively impacting the glass industry. Low oil prices and declining inflationary trends further contributed to resurgence in the industry.

Encouraged by the macro environment and the continuous internal improvement efforts, your Company posted good results across both, the Auto and Architectural segments. Net sales at ₹ 2097 crores were only marginally lower than the previous year, considering the drop in Architectural segment sales on account of the closure of one of our plants. Despite the plant shutdown, margins in the segment, which has shown a remarkable turnaround in just two years, actually increased. Overall, EBIDTA before forex losses increased to ₹ 343.23 crores from ₹ 287.38 crores in the previous fiscal, marking an increase of nearly 20%. After a long wait and the endeavours of the management, the Company reported net profit of ₹ 42.02 crores – a reflection of the strong foundation we are successfully building for higher growth, going forward.

The competencies we have consistently built into our systems and processes have, in large measure, contributed to this positive performance. With our competitive edge through the value chain in Auto Glass and Architectural Glass segments, we have successfully capitalised on the new opportunities for growth, triggered by the improved industry sentiment.

The float glass industry has major potential for growth in India and has, over the last few years, seen some large investments into new capacities. The architectural processing segment has also been witnessing higher pace of growth in recent years. Amid evolving consumer aspirational needs, value-added glass is fast picking up demand, gaining popularity in residential buildings too, apart from