



Asahi India Glass Ltd.

accelerated momentum



Read through...

Business Overview

- Chairman's Message - 02
- Accelerated Momentum - 04
- Interaction with the MD & CEO - 16
- Corporate Information - 18
- Performance Highlights - 20
- Accelerated Momentum
for the community wellbeing - 21

Statutory Reports

- Management
Discussion and Analysis - 25
- Report of the Directors - 31
- Business Responsibility Report - 55
- Report on Corporate Governance - 61
- Auditors' Certificate on
Corporate Governance - 76

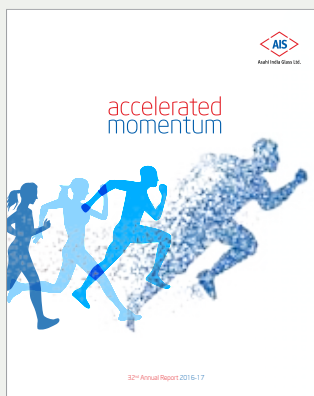
Financial Statements

- Independent Auditors' Report (Standalone) - 77
- AIS - Financials (Standalone) - 82
- Statement related to Subsidiaries /
Associate Companies / Joint Ventures - 109
- Independent Auditors' Report (Consolidated) - 110
- AIS - Financials (Consolidated) - 114
- Notice to Shareholders - 136
- Member's Response
Form / Shareholders Referencer - 149

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.



Online version of the annual report
can be viewed at:
www.aisglass.com

VISION

SEE MORE

This by-line 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 who 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



Chairman's message

Dear Shareholders,

Another eventful year has passed by and I am happy to share my thoughts on the Company's performance and prospects through this annual letter.

I truly believe that a Company's long term success is attributable towards its focused vision and executing by staying true to its core values. AIS is an apt example of the above. Through some of the most difficult years in the recent past, AIS stayed focused on its vision of "See More" and executed through its core values i.e. its guiding principles in the best interest of its customers and other stakeholders. This has resulted in keeping AIS's momentum accelerating with every passing day and helped it tide over several difficulties. AIS's readiness for the future with equal zest and enthusiasm defines its accelerated momentum.

Macro environment always has a key role in a company's performance. Volatilities, complexities and uncertainties in the macro environment has become the new order of today's times. Everything is now interconnected and sensitive leading to difficulties in predicting the macro environment. Last year, the global economy was influenced by several political and economic events. The decelerating growth of China kept everyone guessing of the future. Developments in the US relating to interest rates, dollar movement across currencies and of course, election of the US President had varied effects on global economy and business sentiments. Escalation of tensions in the Middle East and Brexit also added to regional uncertainties affecting capital flows and demand patterns across developing countries like India. Growth in the emerging economies maintained a muted momentum.

Amidst subdued global backdrop, India continued its robust performance driven by domestic demand. There has been a positive momentum across the key growth sectors of the Indian economy combined with moderate inflation, lower oil prices and reduced fiscal deficit. Demonetization did have a temporary slowdown and dent in growth sentiments, but India has managed to sharply recover from that shock. With GST implementation, a complete transparency in the taxation system can be expected leading to a better business environment.

On the back of the positive macro-economic sentiment, your Company reported a healthy performance in FY 2016-17. The net sales increased by 7.5% from ₹ 2,207.37 crores to ₹ 2372.99 crores, while EBIDTA increased by 11.08% from ₹ 397.64 crores to ₹ 441.71 crores during the year. The Company further reported increase in PAT by 51.05% from ₹ 86.95 crores to ₹ 131.33 crores during the year. The strong performance is an indication of the accelerated turnaround that the Company has been witnessing over the past 3 years.

During the year, AIS continued its value-added proposition to introduce breakthrough innovations across the auto glass and architectural glass business units. The Company further strengthened its technical foundation to develop high performance, energy efficient and highly reliable products with customer requirements as the center stage. Both the main business segments of AIS – Auto and Architectural – witnessed healthy demand and robust growth. AIS's operations were smooth through the year and we were able to successfully add further brownfield capacities in Auto.

I am glad to report that AIS has recently announced yet another major greenfield expansion for its 5th automotive plant in Gujarat. This greenfield project, with investments of up to Rs. 500 crores, is being set up mainly to meet the requirements of Maruti Suzuki in Gujarat. This is really a proud moment for all of us at AIS. Our Gujarat plant shall be a state-of-the-art fully automated plant with latest technologies and ability to produce highly complex automotive glass of global quality standards.

Our Talaja plant refurbishment is already underway and shall be operational by Q3 of FY 2017-18. This plant shall have enhanced

capabilities to produce superior quality value added float glass of complex varieties, including raw glass for automotive applications and will add to the Company's ability to cater to diverse geographical regions as well as exports.

I am glad that the Company's continuous focus and investments in building a diverse talent pool across all locations, through progressive HR policies, adds to its unique strength. AIS's culture of ownership, empowerment and meritocracy encourages all employees to be bold, creative, specialists in PDCA execution. With expanding operations, AIS remains equally committed to the society through its AIS Integrated Community Development Programme. We are particularly proud to have selflessly contributed so positively in the lives of thousands of people across the vicinity of AIS plants.

Your Company has established a strong track record of value creation over the years. It has earned the trust of its customers over 30 years through impeccable SEQCDDM and ethical business practices. Today, the Company has around 77% market share in the passenger car segment, which is a testimony of its symbiotic relationships and trust with the customers. With the improving macro environment, AIS is more confidently placed to continue to reap the benefits of its focused vision and core values to generate shareholder value.

During the year, Mr. T. Hasuike, Nominee Director of Maruti Suzuki India Limited (MSIL) and Mr. M. Sakakida resigned from the Board and Dr. S. Ishizuka and Mr. E. Shiozaki joined the AIS Board. I am sure their rich experience & expertise will add immense value to our Company.

Your Board remains confident that all the building blocks are in place for the next round of accelerated growth and continued improvement in shareholder returns. On behalf of the Board, I would like to thank all our stakeholders including customers, employees, partners, vendors and shareholders for their continued support over the past twelve months. We look forward to your support in the next phase of our growth.

With best regards,

B. M. Labroo
Chairman

accelerated momentum through focussed *foresightedness*

Creation begins with vision.

- Henri Matisse

AIS

India's Automotive industry in 1984 was at a very nascent stage. AIS identified this foresight and believed in MSIL's vision of a frugal small car for India and converted this foresight into an opportunity.

AIS has been closely monitoring the country's regulations in areas of automotive and architectural glass with consumer requirements and international benchmarks, creating optimal standards for automobile comfort and safety as well as contribution for green architecture in the country. In the process, AIS has developed and delivered the right types of glass products and solutions to meet the needs of OEMs as well as builders, architects, interior designers, consultants, processors and fabricators for various applications.

The impetus and driving force gained by long-term vision and successful execution of business strategies has helped AIS deliver meaningful results to all stakeholders of AIS.

20 / 1000

the country's
vehicle penetration
per 1,000 people

66%

population below 35 years
of age, makes India, one of
the world's most attractive
auto markets

35-40%

energy savings possible
through correct use of
glass in green buildings

80%

flat glass consumed by
construction industry

30% to
70%

increase in usage
proportion of glass
in buildings

40%

replacement of glass
in the existing
constructions under
the 'Green Movement'

1.1 kg

India's per capita glass consumption
which is lower as compared to other developing countries
and much lower than China, where it stands at around 15 kgs

accelerated momentum through *strong roots*

Good business leaders create a vision, articulate the vision, passionately own the vision, and relentlessly drive it to completion

- Jack Welch

A joint venture between the Labroo family, Asahi Glass Co. Ltd., Japan (AGC) and Maruti Suzuki India Limited (MSIL), AIS began its journey as a manufacturer of automotive tempered glass with its supply to only one customer - MSIL. Today, the Company has grown into a complete solutions provider in the entire glass value-chain.

AIS is driven by its strong roots of supportive and visionary promoters coupled with the culture of ownership, empowerment and performance amongst its employees. All to only ONE PURPOSE - to gain the TRUST of our customers and shareholders.



32 years
long-standing
relationship with MSIL

~77%
market share in
passenger car industry

2nd
largest
player in the Indian float
glass industry

Strong Customer Relationships

The company has strong symbiotic relationships with most of the global and local OEMs in India. There is inherent "mutual trust" in these relationships which is backed by decades of strong and reliable performance for mutual long-term benefit.

accelerated momentum

through *National Footprint and Scale*

Speed is useful only if you
are running in the right
direction

- Joel Barker

AIS has a national presence with manufacturing locations, advanced sub-assemblies, and offices at all strategic locations of India and mainly in proximity to its consumption areas.

All the locations are at globally optimal scale which enables them to harness costs and other efficiencies.

These locations were carefully chosen and are equipped with the relevant manufacturing facilities enabling them to seamlessly service customer requirements in the region through the choice and flexibility of multiple plant locations.

13

manufacturing plants
and assembly units
across India

5.8 mn

laminated capacity

1200 TPD

2 float lines

3 Strategic Business Units

Automotive
Glass

Architectural
Glass

Consumer
Glass



accelerated momentum through *integration* and *value-addition*

Without continual growth
and progress, such words as
improvement, achievement, and
success have no meaning

- Benjamin Franklin

Why is glass gaining increasing preference in the architectural buildings?

- ❑ Excellent source for allowing natural sunlight which not only reduces the cost of artificial lighting but also provides for conducive habitable spaces
- ❑ Very amenable to a variety of processing that offers solutions that are both aesthetic and functional, like FRG, back-painted glasses, frosted glass
- ❑ Environmentally friendly as they are 100% reusable and can also be recycled multiple times
- ❑ Faster construction, easier maintenance and expanded living spaces
- ❑ Allows greenscape and natural beauty to be enjoyed inside the building, ensuring a better working environment
- ❑ Reduces the weight of the building, hence lessening stress on its foundations

The growth in the glass industry is characterised by the increasing use of processed and high-performance glass in the automotive and architectural sectors. The Indian customer has become more aware about the importance of glass in effectively addressing the concerns of safety and energy efficiency.

Make In India & Make FOR India

With its backward and forward integration across the glass value chain, AIS is uniquely positioned to meet the end-to-end glass solutions requirements of its customers.

AIS has design and development capability to come out with continuous innovations in glass products. This allows AIS to be uniquely placed at the highest spectrum of value addition. With a string of New Product Development and successful launches, AIS has established a range of value-added product portfolio.

This internal design and development with deep market insights enables AIS to develop new products meeting the requirements, tastes and preference of India, with international quality and lower costs - Quality of Japan at Cost of India, as we call it.



Automotive Glass

AIS has crafted product innovations and offerings as per the transforming needs of the automobile manufacturers globally. The product quality is at par with the internationally-accepted standards. This is the reason the Company is a preferred choice of major automotive companies including Maruti Suzuki, Hyundai Motors, Mahindra & Mahindra, Tata Motors, Toyota Kirloskar, Honda Cars India, Volkswagen India, Ford India, Skoda Auto and Fiat India.

Key offerings include:

- ☐ Laminated Windshields
- ☐ Tempered Glass for Sidelites & 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
- ☐ Glass with Assembly
- ☐ Privacy Glass
- ☐ Sunveil Green Glass
- ☐ Acoustic Windshield
- ☐ Sliding window assembly
- ☐ Light-weight Glazing

Architectural Glass

The architectural glass SBU at AIS, was formed through a management merger of Float & Glass Solutions (Processed Glass) SBUs. The division provides end-to-end glass solutions catering the external and internal needs of a building. AIS has built a technical and quality edge across the range of clear and tinted glass to value-added solar control, heat -reflective glass, frosted and lacquered glass, tempered glass, laminated glass and insulated glass units. This makes AIS one of the dependable architectural glass manufacturers.

Key offerings include:

- ☐ AIS Clear™ - Clear Float Glass
- ☐ AIS Tinted™ - Heat Absorbing Glass
- ☐ AIS Supersilver® - Heat Reflective Glass
- ☐ AIS Opal® - Value for money Solar Control Glass
- ☐ AIS Sunshield™
- ☐ Ecosense™ - High Performance Energy Efficient Reflective Glass
- ☐ AIS Opal Trendz - Patterned Reflective Glass
- ☐ AIS Mirror® - Distortion-Free Mirrors
- ☐ AIS Décor® - Lacquered Glass in Vibrant Colours for Interiors
- ☐ AIS Krystal® - Only Branded Frosted Glass
- ☐ AIS Stronglas® - Impact Resistance Glass
- ☐ AIS Securityglas™ - Burglar Resistant Glass
- ☐ AIS Acousticglas® - Sound Resistant Glass
- ☐ AIS Valuglas
- ☐ AIS Securityplus™
- ☐ AIS Disegno™
- ☐ AIS Swytchglas
- ☐ AIS Ceramic Printed Glass™
- ☐ AIS Renew™
- ☐ AIS Pyrobel
- ☐ AIS Windows