



Asahi India Glass Ltd.

Eye on the ball

33RD ANNUAL REPORT 2017-18

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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 'plan', 'expect', 'will', 'anticipate', 'believe', 'intend', 'project', 'estimate', 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

“The only constant in the middle of these turbulent market conditions was AIS's continued belief in its ability to stay focussed and keep its eyes and ears closer to the ground to sense and pick up the signals about the changing market trends and customer requirements.”



Dear Shareholders,

I believe focus is the key to success in an era where there are impediments at every step. Successful companies are those that can overcome and outlast business challenges and emerge stronger. Overcoming challenges require one critical strength – FOCUSED EXECUTION.

Companies also need to prudently judge the way forward after a thorough examination of its strengths and correcting its weaknesses. Also, companies need to take measures well in time to protect market share and grow further. From following a long-term vision based on a set of core values to carefully focusing on execution strategies, AIS has been charting a distinct growth trajectory over the years.

Globally, the favourable macro-economic conditions gathered pace in FY 2017-18 with many countries experiencing a synchronized upturn in growth. More importantly, most of the developed economies such as the US, EU, Japan, have witnessed improved growth conditions. China, which was a worrying factor in the previous fiscal, also posted better than expected growth figures in the year, adding to the buoyancy in the global market conditions. Global GDP growth in FY 2017-18 was pegged at 3.7%, up by 0.6% from the previous fiscal.

The Indian economy grew at 6.6% in FY 2017-18 with an expectation to grow 7.4% in FY 2018-19. In early 2017 India was projected to be fastest growing economy in Asia, at 7.4% while China was expected to grow by 6.5% or less. Instead, higher oil prices bumps from financial and fiscal measures lowered growth of Indian economy to approx. 6.6% in FY 2017-18.

Each year brings its own happy tidings and challenges and FY 2017-18 was no different. The only constant in the middle of these turbulent market conditions was AIS's continued belief in its ability to stay focussed and keep its eyes and ears closer to the ground to sense and pick up the signals about the changing market trends and customer requirements. No doubt, this has helped AIS to come up with innovative solutions and value added products which are a fusion of complex and sophisticated technology along with better aesthetics.

The Indian auto industry is one of the largest in the world. Domestic passenger vehicle sales increased 7.9% year-on-year

in FY 2017-18. AIS continued to be most preferred supplier of automotive glass to almost all OEMs in India. The glass industry in India is poised for sustained growth, powered by long term demand for automotive and construction segments. Increase in income levels and availability of a range of financing options is rising aspiration enabling rapid growth in auto and construction segments. Last year saw major change in tax regime with the introduction of GST and I am glad to announce that AIS has smoothly implemented the transition.

Riding on these positive trends in the domestic auto and building sectors, your Company could achieve a healthy performance in FY 2017-18. AIS's consolidated revenue saw a 4% increase to ₹ 2703.05 crores in FY 2017-18 as compared to ₹ 2598.55 crores in the previous financial year. Net profit before tax increased by 20.7% to ₹ 268.66 crores from ₹ 222.68 crores in FY 2016-17. Correspondingly, EBITDA improved 9.2% to ₹ 487.17 crores whilst net profit after tax rose 18.6% to ₹ 177.38 crores in FY 2017-18.

AIS has always invested ahead of demand and has always remained customer ready to ride the next wave of growth. AIS has a successful track record of profitable growth and has maintained "numero uno" position in automotive glass segment for last 3 decades. We also continue to analyze the recent past and constantly re-examine past decisions taken to make necessary amendments wherever required. One of AIS's strengths has been operational excellence and we are committed to making continuous improvements and costs optimization to keep AIS aligned to the needs of the market.

Continuing AIS's strategy of adding capacities ahead of demand, the Company continues to make significant investments to create additional manufacturing capacities in some of the segments. Our Talaja plant refurbishment with state-of-the-art was completed in Q3 of FY 2017-18 which has enhanced the production capacity of float glass by 550 metric tons per day and has enabled us to serve our customers with superior quality value added float glass of complex varieties and caters to our needs internally by way of supplies of raw glass for automotive applications. The 5th automotive plant in Gujarat with 2.4 million capacity of each laminated windshields and tempered glass sets is underway and will commence its operation of the first phase in Q1 of FY 2019-20.

I am happy to report that in FY 2017-18, AIS has worked on developing and introducing several new technology products which are trendsetters for Indian market.

AIS continued to receive appreciation and motivation from OEM customers by way of their various awards conferred on AIS. Even

though the awards are testament to our continuous efforts, it will further serve as a constant reminder for us to continually set benchmarks to serve customer requirements.

AIS faced a challenging year but continued to deliver on its promises ending this year on a good note. The yardsticks for measuring the real success of any company is the level of trust and satisfaction of its customers and the value creation provided to the company's shareholders and stakeholders. In this context, I am happy to report the year-by-year increase in market share of AIS in various segments of its operations as a true reflection of the rising trust and satisfaction of its customers. I am equally proud to report AIS's commendable social development activities at various places including Bawal and Roorkee to support, equip and empower young and not-so-young population of these villages through educational, skill development and other training programs.

During the year, Mr. Masaru Omae, Nominee Director of AGC Japan, resigned from Board of Directors & returned to Japan and Mr. Satoshi Ogata joined the AIS Board. I am sure his rich and wide experience and expertise will add immense value to the Board.

In view of the financial performance of AIS in FY 2017-18, and in line with AIS's Dividend Policy Board has recommended a final dividend of ₹ 1.5 per share.

AIS has always believed that our people are our partners at all times. During the last year also, we continued to maintain well-coordinated team efforts with a common outlook towards continued growth and higher productivity. Each employee is akin to a partner at AIS and I am proud that each one of us have contributed to AIS's growth with our very own unique skills and contributions.

As we move ahead in the future, we are confident of the profitable growth opportunities that lie ahead of us. AIS is well positioned to seize this opportunity. On behalf of the Board, I would like to thank all our stakeholders including our customers, employees, partners, suppliers, shareholders, policy makers and the communities around our various manufacturing facilities for their continued support to AIS in FY 2017-18. We continue to look forward for your support and encouragement in the coming years as well.

With Best Regards

B. M. Labroo
Chairman

Eye on the ball



AIS has always made considerable investments ahead of time to meet the future demand. With the continued growth of auto industry in India, AIS is once again making significant investments – both greenfield and brownfield – to ensure being "customer ready" and continues to offer even superior SEQCDDM* in the most efficient manner. Besides capacity enhancements, AIS is also investing in New Product Development, Design & Development engineering as well as superior supply chain capabilities and creating deeper market networks.

As usual, all these investments are being executed keeping a sharp "Eye on the ball" with utmost respect for capital, towards creation of customer satisfaction and shareholder wealth. Focussed vision, consistent practice, coordinated team play and flawless execution with an "Eye on the ball" shall bring AIS closer to its goals.

*(S=Safety, E=Environment, Q=Quality, C=Costs, D=Development, D=Deliveries, M=Management)

AIS – The Beginning

AIS was formed in 1984 pursuant to the Joint Venture between the Labroo's Family, Asahi Glass Co. Limited (AGC) and Maruti Suzuki India Limited (MSIL). AIS began its operations with manufacturing of toughened glass for MSIL. Initially known as the Indian Auto Safety Glass Private Limited, it changed its name to Asahi India Safety Glass Limited (AIS) in 1985.

The Company became public limited through an Initial Public Offer (IPO) in 1986 and got listed on Indian Stock Exchanges. Subsequently, with the acquisition of Floatglass India Limited, AIS forayed into construction glass business as well, and changed its name to Asahi India Glass Limited (AIS) in September 2002. Currently, AIS is listed on National Stock Exchange (NSE) and Bombay Stock Exchange (BSE). The promoters jointly hold approximately 55% of the shareholding and balance 45% is held by the public.

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Over three decades AIS has grown based on principles of entrepreneurial spirit, immense customer centricity, quality-oriented thinking and readiness to take calculated risks ahead of its time. These principles have helped AIS to emerge from a single customer, single plant, single product Company to India's leading integrated glass Company.

Today, AIS is the preferred strategic supplier to Indian auto and construction industry.





AIS – Expanding footprint

AIS originally started as a 'single plant, single customer' Company, but currently operates with a network of 13 strategically located manufacturing and assembly units across India. Today, AIS is one of the largest integrated glass Company in India and holds significant presence in the automotive and architectural glass value chains through the following business verticals:

- Automotive Glass
- Architectural Glass
- Consumer Glass

Seamless synergy between teams from different domains drives AIS's unique and significant diversification in one single product – Glass. AIS is also the pioneer in establishing highest quality standards in India and providing a superior SEQCDDM to its customers.

AIS continues to make significant investments in new product development, new technologies, capacity and capability enhancement with in-house design and development so as to ensure delivering global quality products suited for India. AIS firmly believes in supporting the creation of a sustainable habitant in India through its various products and services.

Today the Company is transforming itself from being a manufacturer of world class glass and glass products to a solutions

provider by providing end to end products and services in the entire glass value chain.

New product development forms the core of AIS's strategy. These new products are especially developed for Indian conditions and requirements. AIS is using emergence of new technologies, new products, new communications and distribution channels to drive rapid and positive changes for its customers.

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AIS – Sustainability

AIS is committed and focussed that its production processes and products contribute towards an environment that is cleaner, greener and healthier. AIS is also committed to implement a sound Environment Management System (EMS), which is an integral component of AIS's business strategy. The fact that AIS products, mainly in the Architectural Glass segment, have been certified by the prestigious environment certification bodies such as the GRIHA Council and the CII – Green Products and Services Council, is a testimony of AIS's commitment to long term sustainability.

Besides pro-actively supporting laws and regulations to protect and preserve our planet Earth, AIS also makes serious efforts to ensure that its products not only meet the ever increasing demands for highest technological standards and aesthetic appeal, but simultaneously comply the stringent environment-friendly standards, thus making a positive contribution to the efforts for creating a 'greener' world by reducing carbon footprint and pollution.

A sustainable business is resource efficient, respects the environment and is a good neighbour.

– Phil Harding



AIS – Digital footprint



In the digital age, time and speed of doing business have evolved beyond the traditional and tactical mode. Armed with deep understanding of new age technologies and the ability to apply them in imaginative ways to drive innovation, AIS has launched several digital solutions towards empowerment and satisfaction of customers.

AIS World of Shades – VR App



Virtual reality App which lets you visualize the beauty of your living space in varied glass

Key Features:

Toggle between different patterns for each colour and shade across all the four great AIS products: AIS Opal, AIS Opal Trendz, AIS Décor & AIS Sunshield

Navigate and switch between different interior and exterior zones of different spaces

Visualize AIS glass from different angles or sections of the building

Scroll through variants and shades by directing your gaze from one option to the next


Navigate and explore any area of your choice


Switch to the 360-degree view at any time to view different solutions on phone itself

Benefit: Visualize varied glass shades / colors on the exteriors and interior applications

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