



Asahi India Glass Ltd.

FUTURE READY

34TH ANNUAL REPORT 2018-19

Seeing Through the Report

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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



In every tomorrow lies a vision that is driven by today.

AIS is constantly working towards achieving its vision of “see more” through glass, “see more” in innovation, “see more” in technology, “see more” in consumer centric products, “see more” to care for the environment. And it is constantly endeavouring to create an enabling environment today, to build a sustainable eco-system designed for tomorrow.

Led by its technologically empowered business systems and processes, AIS is continually expanding its portfolio of energy-efficient and environment-friendly products to continue to provide a more sustainable and long-lasting value proposition for all its stakeholders. It is judiciously investing in the present to shape the future, to make it a better place for all of us.

Future Ready – The AIS Way...

Chairman's Message



Dear Shareholders,

Being Future Ready means setting a vision and execution plan, which is the cornerstone of long-term sustainable growth for any company. For an organization designed for tomorrow, it is important to have the ability to see ahead of time and be ready to leverage future opportunities. It is equally important to be equipped with the capability to act upon those opportunities, through continuous augmentation of a progressive PDCA cycle.

At AIS, we are continuously strengthening our business model to be Future Ready. We strongly believe that to be future ready a company needs to have a futuristic vision, customer centricity, focused PDCA management, timely investment in technology and management dedication. Also these ingredients are not available "off the shelf" to any company, but are created and nurtured through years of focus and hard work and always keeping customer's interest at the center of any strategy and execution.

That the markets are continuously evolving and transforming was sharply brought out, within and outside India, during FY 2018-19. The global economy witnessed turbulence in the UK and the Euro region on account of multiple factors but growth in the US remained on track at the back of fiscal stimuli. Asia and the Pacific continued to be among the world's fastest-growing regions, enabling global GDP to stay within the FY 2017-18 range, at 3.6%.

The Indian economy showed deceleration owing to multiple headwinds, with declining growth of private consumption and muted exports which triggered a slowdown. Indian GDP growth closed the year at 7.1%. However, the IMF World Economic Outlook report, released in April 2019, has projected growth pick-up to 7.3% in CY 2019 and 7.5% in CY 2020.


It is heartening to note that despite the challenging macro environment, AIS continued to stay on track with profitable

growth, to post consolidated revenue at ₹ 2,931.91 crores for FY 2018-19, against ₹ 2,703.35 crores in the previous fiscal. Net profit before tax increased from ₹ 268.66 crores to ₹ 280.39 crores, while EBITDA went up from ₹ 487.17 crores to ₹ 534.12 crores in the same period. Net profit after tax also correspondingly went up from ₹ 177.38 crores to ₹ 190.18 crores – an increase of 7.2%.

In view of the financial performance of AIS in FY 2018-19 and in line with AIS's Dividend Policy, Board has recommended a final dividend of ₹ 1.0 per share.

Despite the challenging environment, the automotive industry posted growth during FY 2018-19. As per Society of Indian Automobile Manufacturers (SIAM), the industry produced 40,26,047 passenger vehicles and 11,12,176 commercial vehicles in FY 2018-19 as compared with 40,20,267 and 8,95,448 respectively in FY 2017-18. Overall automobile exports grew by a significant 9.6% during the year. With 77% market share in Passenger vehicles segment, AIS continued to remain a leader in this segment.

The auto industry aspires to triple in size by 2026, with the pace of infrastructure development supporting growth. These could be definitive tailwinds for Indian Automotive Component Industries thereby providing AIS with huge opportunities in the future. As a leading player in the auto glass segment, we stand strategically poised to harness the opportunity on the strength of our visionary focus, innovation edge, strong product capabilities and extreme customer centricity.



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Fast-paced developments in the Indian construction and real estate industry, driven by demand for housing and retail construction, also continue to propel demand for architectural glass. Despite a slowdown in the realty sector post RERA and GST, growth in the segment has remained buoyant mainly for the large organized players, who are clearly benefiting from the policy reforms. This augurs well for AIS.

Recent years have seen an increasing demand for improving and better aesthetics in commercial complexes, which has further fueled growth of the use of high performance glass in this segment. Growing environmental awareness is also boosting demand for high performance glass used across segments, with all customers, developers, architects, consultants seeking energy saving products and replacing artificial light in offices and residential complexes with glass that brings in sunlight. Increase in urbanization, strong housing demand, thrust towards affordable housings, impact of regulatory norms/codes, use of higher value-added glass, aesthetics and growing love for glass in our everyday life, will ensure healthy growth of architectural glass market in future. As a customer-centric, future-ready organization, AIS continues to invest in the expansion of its capacities and capabilities, to be ready to meet future demands.

Our on-going expansion into Gujarat with our 5th automotive plant, as well as our new sub-assembly unit at Andhra Pradesh shall ensure adequate capacities are available at strategic locations to meet future demand. Cognizant of the role of our people in the realization of this goal, we shall continue to invest in their progression through various learning and development initiatives aimed at their empowerment. In this journey, we shall also remain focused on enabling the progress of the communities around which we work, through our CSR charter.

As part of our CSR focus, we continue to engage in education, skill development and training of youth in and around villages of Bawal, Gujarat and Roorkee, we shall continue to invest in their development, going forward.

During the year, Mr. Eisuke Shiozaki and Mr. Gautam Thapar resigned from the Board of Directors. I sincerely thank Mr. Shiozaki and Mr. Thapar for their valued contribution to AIS as Directors. I also warmly welcome Mr. Yoji Taguchi, on the Board of AIS. I am sure his rich experience and expertise will add immense value to our Company.

The future growth prospects are clearly positive and AIS, with its future-readiness, is fully geared to make the most of the burgeoning potential. The future, we believe, is beckoning us with its expanding bouquet of exciting new possibilities and we are ready to unleash the full potential of our strengths to harness the same.

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 2018-19. We continue to look forward for your support and encouragement in the coming years as well.

With Best Regards
B. M. Labroo
 Chairman



77%

Share in passenger car industry



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

Being Future Ready – Focus

India's leading integrated glass company, AIS is engaged in production and delivery of next-generation glass products and solutions to retail and institutional customers. A dominant player in Automotive and Architectural Glass segments, AIS provides end-to-end solutions across the entire value chain in both these segments – from manufacturing of float glass to glass processing, fabrication and installation. AIS is listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE).

AIS value proposition

The AIS value proposition is led by its strong innovation edge and engineering capability, powered by its people and technology and backed by manufacturing scale and quality. Its industry-leading breakthrough products are transforming consumer lifestyle and experience to create a futuristic environment, where aesthetic blends with innovation. Its expanding portfolio is constantly nurturing a new-age eco-system, centered on energy efficiency and sustainability. AIS is actively promoting concepts of "green building" and "sustainability" with its next-gen glass solutions.



With versatility at the core of its glass processing skills, AIS has emerged as the preferred partner for consumers, with its aesthetic and functional product range bringing alive new ideas and making way for a sustainable future.



Futuristic vision rooted in traditional ethos

The future-driven business landscape at AIS find roots in the past. Its business philosophy is rooted in its strong ethos and value system, customer centricity comprising the highest levels of transparency, integrity and quality. At the same time, it is continuously aligning its systems and processes to keep pace with future demands of the evolving consumer.

AIS began its journey in 1984, when it was formed pursuant to a Joint Venture between the Labroo Family, Asahi Glass Co. Limited (AGC Inc.) and Maruti Suzuki India Limited (MSIL). The promoters jointly hold approximately 55% of the shareholding and the balance 45% is held by the public.

Initially known as the Indian Auto Safety Glass Private Limited, the Company changed its name to Asahi India Safety Glass Limited (AIS) in 1985. It started operations with the manufacture of toughened glass for MSIL. The Company became public limited through an Initial Public Offer (IPO) in 1986 and got listed on the Indian Stock Exchanges. Subsequently, with the acquisition of Floatglass India Limited, it forayed into the construction glass business, changing its name to Asahi India Glass Limited (AIS) in September 2002.



Steered by its customer-centric, quality-focused and future-led strategic approach, AIS evolved from a single customer, single plant, single product company to India's leading integrated glass company in just three decades of operations.

Strategic Business Units

Aligning itself to the growing demand for pioneering glass products and services, AIS has structured its business model to encompass three clearly-defined SBUs.

Automotive Glass



Architectural Glass



The SBUs are driven by a synergistic inter-play of world-class quality and high-end innovation.

Its transformation from being a mere manufacturer of quality glass to becoming the best-in-class glass solutions provider is guided by its digital and technological prowess, which is led by its in-house research and development team.

Regular investment in capacity and capability further propels AIS's business scale and reach, as it surges towards the realization of its sustainable business growth plans. A robust network of distribution channels is another vital engine of its business strategy, which is aligned with the AIS commitment to deliver more value for the new-age customer and other stakeholders.

Consumer Glass



Quality Credentials

The AIS products adhere to stringent global standards of quality and certifications include:

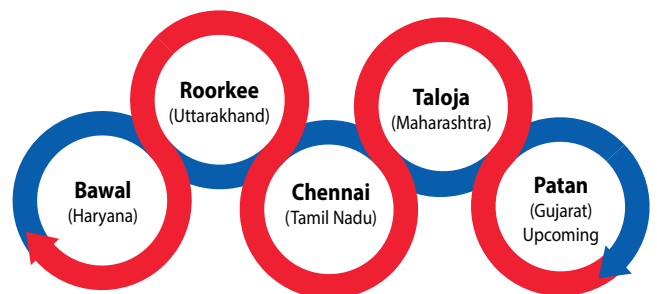
- ISO 9001: 2008, TS 16949: 2009 and for Quality Management Systems
- OHSAS 18001: 2007 for Occupational Health & Safety Management
- IS 2553 Part 1 Certification for Safety Glass
- IS 2553 Part 2 (Temp) for Safety glass — Specification Part 2 For road transport
- ECE Marking (Cat I, II and III) for Automotive Regulations



Manufacturing Prowess

From a single-location manufacturing company, AIS has expanded into an organization with multiple production and assembling facilities across India. It has four state-of-the-art production facilities, strategically located in proximity to its customers' manufacturing facilities, thereby ensuring seamless service and effective delivery of quality products. AIS's plants are optimally automated and deploy the most modern shop floor practices.

Auto Glass Plants



These plants help AIS cater efficaciously to the needs of customers all over India and across Europe, the Middle East, SAARC countries and the South East Asian countries.

Being Future Ready - Connected

