



Protect
Enhance
Breakthrough



ASAHI INDIA GLASS LTD.
35th Annual Report 2019-20

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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', 'belief', '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 that information independently.

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 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,

We are living in extremely uncertain times. There are uncertainties abound – the trade war, geopolitics, COVID-19 induced disruptions and most importantly, an economic slowdown which could take much longer to recover.

First and foremost, I hope that each one of you and your family members are safe and continues to adhere to prescribed guidelines while taking all necessary precautions. This is the only way to protect ourselves against the COVID-19 pandemic.

The global economy reeled under a multitude of challenges in the year gone by. Protracted trade disputes, weakened investment and manufacturing activities, decelerating international trade amid rising tariffs have subdued business

sentiments. The demand-side constraints affected global commodity prices, including oil and metals. Consequently, in FY 2019-20, global economic growth slipped to 2.9%, the lowest since the financial crisis of FY 2008-09. The slowdown was across advanced, developing and emerging economies.

Ushering into FY 2019-20 with the drag of NBFC crisis and an election mood, India was no different. Weak consumer sentiments amid tightened liquidity, presented a difficult business environment. The sequential deceleration in quarterly growth rate got coupled with the COVID-19 induced disruption. At 4.2%, the country recorded its slowest GDP growth of 11 years.

Both our growth driving sectors, auto and real estate, had to weather weak consumer sentiments and constrained access to retail credit. The impact was very severe for the automobile sector. Consequently, FY 2019-20 went on to become one of the weakest years for the auto industry. Commercial vehicles and passenger vehicles saw massive de-growth as they posted a drop of 32.4% and 13.0% respectively, pushing the overall industry de-growth to almost 17%. The auto sector was particularly affected by mix of:

- Sudden increase in upfront insurance charges
- BS-VI emissions norms
- NBFC crises leading to credit squeeze
- Increase in registration and road tax charges

All the above factors increased the upfront cost of buying an automobile, which led to severe demand contraction.

The real estate sector too experienced turbulence across residential, commercial and retail segments. Housing sales declined by 11% in FY 2019-20 across nine cities. The top 7 cities saw retail leasing activity drop by 35% in FY 2019-20 over FY 2018-19. The commercial segment did better than the other segments and attracted private equity investments totalling nearly \$3 billion in the first three quarters of the financial year. COVID-19 pandemic is going to further the woes throughout FY 2020-21 for the sector. However, structural strengthening and consolidation that the sector witnessed under RERA, the first successful REIT in FY 2019-20, resilience of the commercial segment and increasing shift towards affordable housing, shall help the real estate sector navigate this difficult phase.



Expected v-shaped economic recovery in FY 2021-22, coupled with pent up demand shall usher the sector back into its growth phase.

Given AIS's close proximity on both these sectors, your Company's performance reflected the similar slowdown. FY 2019-20 consolidated revenue of ₹ 2,656.13 crores reflected a 9.40% drop over ₹ 2,931.91 crores achieved in the previous year. Net profit before tax reduced to ₹ 170.69 crores in FY 2019-20 from ₹ 280.39 crores in FY 2018-19, while EBITDA decreased to ₹ 453.81 crores in FY 2019-20 from ₹ 534.12 crores previous year. Our Net Profit after tax saw a 19.17% drop to ₹ 153.72 crores as compared to ₹ 190.18 crores for FY 2018-19.

In view of the financial performance of AIS in FY 2019-20 and in line with AIS's Dividend Policy, your Board of Directors disbursed an interim dividend of ₹ 1/- per share. The same is also recommended as final dividend for FY 2019-20.

During these difficult times, we ensured safety of our employees, assets and brands, deepening our relationships with our customers and employees, and worked on several internal improvement activities.

We have put in place short term and long-term plans to instil agility within. While we have been investing in digital technologies and platforms, the new normal will see us increasing our commitment to complete digitalization, one that holistically enhances our stakeholder value proposition. We are looking at enhancing the customer experience with our mobile and digital apps. We are initiating a slew of programmes to ensure we strengthen our relationships with our partners. We are enhancing our efforts and investments in R&D.

Making enabling breakthroughs would help us convert this current adversity, into an opportunity. Breakthroughs are not just limited to innovative products and solutions. We are pursuing meaningful breakthroughs across customer experience, productivity, employee engagement, and a lot more. We continue to invest in our R&D capabilities.

Combined with our vision of 'See More' and guided by our

values, we have adapted to the changing market realities. We will continue to pursue our profitable growth strategy focused on a multi-pronged approach - consolidate and strengthen our market position in existing industries and seek new markets / new segments, continue investment in the brands, focus on capacity expansion and seek other growth opportunities. Though a recent entrant in the fast-growing fenestration segment, AIS has already raised the industry benchmark in terms of delivery, standards and customer expectations. Given our expertise in glass, I am positive that AIS will quickly expand in the windows segment.

We continue to raise eco-consciousness across our operations. Glass by itself is a highly eco-friendly product. By steadily making our operations to be more energy, resource and waste efficient, we continue to reduce our carbon footprints. Our CSR programmes and initiatives continue to empower the local communities. Our structured interventions in education, skill development and training continued to benefit thousands of lives.

Looking ahead, the impact of pandemic inflicted lockdown, job and earning losses, and other associated factors are going to weigh heavily on FY 2020-21 growth prospects of our economy and industry as well as your Company. Then there would be an influx of opportunities in FY 2021-22, much in line with historical trends of the India growth story. We continue to pursue all these opportunities for the best interests of AIS.

On behalf of the Board, I would like to thank all our stakeholders including our customers, employees, partners, suppliers, shareholders, bankers, policymakers and the communities around our various manufacturing facilities for their continued support to AIS in FY 2019-20. As we navigate this period of heightened uncertainties, your continued support and encouragement would strengthen our resolve and response in shaping a bright future for all of us.

With Best Regards,

B. M. Labroo
Chairman



Protect, Enhance and Breakthrough



AIS's journey of 36 years has seen several ups and downs, each leaving its imprint in making AIS stronger and wiser. The outbreak of the COVID-19 pandemic has challenged the entire world with an unprecedented health crisis. It is predicted to induce the deepest global recession since World War II, and more than twice as deep as the recession associated with the global financial crisis of 2007-09.

Being watchful of how the pandemic unfolded, AIS acted with extreme alacrity. The immediate goal was to protect assets, tangible as well as intangible. Target was to ensure that people, processes, plants, customers' needs, and interests stand protected. Following the quintessential "AIS way" of process-based working, our understanding and assessment, was benchmarked with learning from our global partner AGC's overseas operations. The goal was to 'Minimize the risk of virus infection and spread' with thoughtfully evolved SOPs and its subsequent implementation across the organization, in a PDCA way. Within no time, a rapid action force took charge and a set of 27 detailed SOPs were making AIS operations extra compassionate, safe and worth emulating. Besides protecting assets, our spirited response through the

pre-lockdown, lockdown, and unlock phases also proved reassuring for our customers by way of aiding visibility and predictability.

We revisited our growth expectations from FY 2020-21 with probable ground realities and reworked our internal plans. In focus was the idea of keeping the costs in line with projected revenues and conserve cash to the extent possible. We also invested significant bandwidth of strategic leadership towards enhancing morale and commitment of team AIS to give a befitting response to the unfolding crisis. Continued customer engagement and communication followed. Enhancing the consumer connect was our digital avatar that got amplified manifolds at a time when physical interactions were avoided. Our virtual marketplace evolved with swift and comprehensive upgrades and updates on our range of apps and other online tools.

After having protected our business fundamental & plans, and enhanced our value proposition through internal improvements, AIS is working on several breakthrough concepts of the future. With the fundamentals remaining uncompromised and resilient, the recovery would be gradual but definite.

AIS - Enabling “See More”

Asahi India Glass Ltd. (AIS) is India’s leading value-added and integrated glass solutions company and a dominant player both in the automotive and architectural glass segments. It commands 73% market share in the Indian passenger car glass market. Established in 1984, AIS’s footprint today spans the entire spectrum of the automotive and architectural glass value chains.

AIS provides end to end solutions in the entire glass value chain - from the manufacturing of float glass, processing, fabrication to installation services. As a sand-to-solutions company, AIS offers varied types of glass products and services to its customers in India and across the globe.

AIS was formed as a joint venture between the Labroo family, Asahi Glass Co. Ltd. (now AGC Inc.) and Maruti Udyog Limited (now Maruti Suzuki India Limited) (MSIL) in 1984. The Company was renamed Asahi India Safety Glass Limited (AIS) in 1985 as it started manufacturing of toughened glass for MSIL. AIS was listed on the Indian Stock Exchanges through an Initial Public Offer (IPO) in 1986. With a successful acquisition of Floatglass India limited, AIS ventured into the construction glass business in September 2002. Listed on the National Stock Exchange and Bombay Stock Exchange, AIS epitomises the highest standard of transparency, integrity and most importantly, trust amongst its customers for whom AIS is a partner of choice, its employees and all other stakeholders.

Today, more than ever, AIS is driven by market-leading innovative products providing the right blend between daylight and energy saving, visual and thermal comfort, technology and sensitivity, along with state of the art glass manufacturing plants. AIS enables truly sustainable future through its value added products used in most “Green” buildings in India.



Enhancing Value– AIS SBUs

Automotive Glass

AIS's dominance of the Indian auto glass market and being the strategic supplier of choice, is due to its relentless focus on quality, customer-centricity and consistent breakthroughs in innovative, feature rich products.

AIS has a unique distinction of being the only glass company in India to be awarded the prestigious Deming Application Prize in 2007. With an unrelenting focus on Total Quality Management (TQM), AIS became the proud recipient of the Japan Institute of Plant Excellence's prestigious TPM Excellence Award - 2010 for its Bawal manufacturing plant of Automotive Glass SBU.

In a span of over three decades, AIS's Automotive Glass SBU has grown from a single-location manufacturing to five state-of-art manufacturing facilities across India including a facility each at Bawal, Haryana; Roorkee, Uttarakhand; Chennai, Tamil Nadu, Taloja, Maharashtra and the latest plant being built at Patan, Gujarat. These strategically located manufacturing facilities ensure seamless QCDDM to all automotive OEMs across India.

AIS's strong focus on R&D and its penchant for state-of-the-art technologies helps it deliver breakthrough solutions to its customers, even as it easily meets the most stringent quality norms of both global and domestic OEMs.

With a market share of approx. 73% in the passenger vehicle segment, AIS's Auto Glass is with nearly three out of every four









cars, SUVs and MUVs manufactured in India. During the financial year, AIS saw its auto glass products on most of the new launches including S-Presso from Maruti Suzuki; Venue, Grand i10 Nios and Aura from Hyundai Motors; Seltos from Kia Motors; Altroz from Tata Motors; Triber from Renault and Hector from MG Motors.

Quality Credentials

AIS's products adhere to stringent global standards of quality and certifications which include ISO 9001: 2008, TS 16949: 2009 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. AIS continues to invest and further enhance its quality through robust system, processes, technology and execution.

Dark Green UV cut Glass

After being first introduced in Maruti Baleno (2015), AIS's unique glass solution named 'Dark Green UV cut glass' is now offered in the high-end variants like VW Polo (Highline Plus Variant), and Skoda Rapid (Monte Carlo) in 2020.

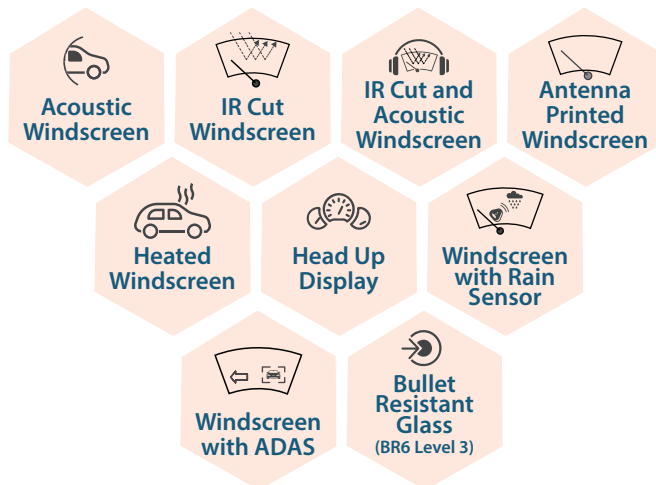
-  With the IR + UV Shield (Dark Green Glass) protects the user from harmful skin diseases namely sunburn, premature ageing of the skin, and eye damage
-  Enhances the life of car interiors by restricting the UV rays from entering the car cabin
-  Reduces the load on air conditioning by enabling cooler interiors
-  Allows better fuel efficiency
-  Decreases carbon footprint,
-  Complies with the visual light transmission norms of greater than 50% as per the Central Motor Vehicle Regulations

Provides a best life-long alternative to car films for the Indian auto market, where sun-control films have been banned.

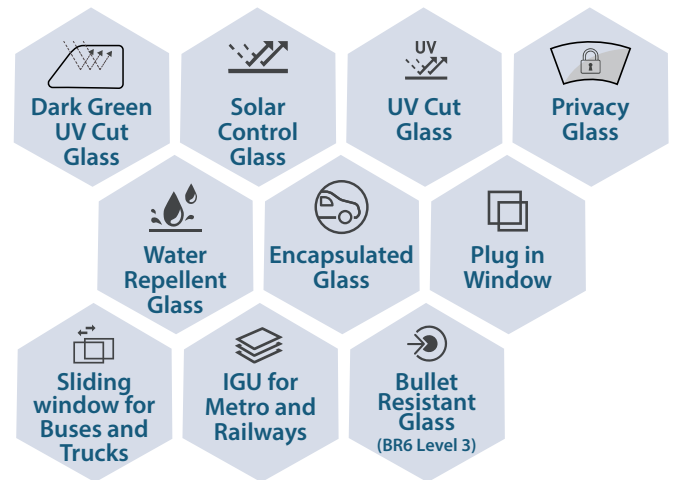


Value Added - Product Range

>> Windscreen



>> Sidelites



>> Backlite



Architectural Glass

Since the beginning of the 20th century, Glass has become an important component in modern architecture. In fact glass with steel construction has become the symbol of development in many countries, where people tend to see these buildings as symbols of affluence and luxury, as glass allows architects to interpret space in a whole new way, inspire creative designs, and create structures that reflect beauty.

AIS is the 2nd largest producer and supplier of architectural glass in India. It brings years of research, knowledge and expertise along with one of the widest product bouquet across Clear Float glass, Tinted, Coated, Frosted, Back-painted, High-Performance glass, Processed glass and Mirrors – all of them designed to change the way one sees and uses glass.

AIS continues to bring in market-leading breakthroughs. Smartly blending daylight and energy consumption, visual and thermal comfort, technology and eco-sensitivity, AIS

architectural glasses are enabling an age of Green Buildings and a truly sustainable future. The Company's product range provides full protection to the consumer from the harshest of summers to cold winters.

Given the dreaded COVID-19 pandemic and the need to offer solutions for the convenience and safety of its customers, the Company launched AIS Secure+, a novel partitioning concept that facilitate social distancing without compromising on the aesthetics and ergonomics of the space. Further, the solution is available in various sizes and thicknesses of glass, along with suitable hardware, for effective protection. AIS Secure+ solution is highly customizable and durable and is delivered through quality clear tempered glass, thereby ensuring visibility without compromising on safety. FY 2019-20 also witnessed launch of "AIS Neo Pearl Grey" and 34 innovative shades in the Décor category. The new breakthrough shades include Amazon Green, Autumn Orange, Azure Blue, Bright Green and many others.

SUMMIT TOWERS, DELHI ONE, Sector 16B, Noida

Summit Towers project is a prestigious project located at the entry of Noida sub city, through DND Flyway. These twin towers are part of the Delhi One mixed used complex in sector 16B Noida and have approx. 1.45 million sqft built up area for office space. Its façade is in unique K shape with a stunning seamless glass of approx. 25,000 sqm area.

Its façade glass is Laminated Insulated glass unit (LAM IGU). While the lamination provides strength, UV protection & acoustic properties to the façade, the high performance glass in IGU provides the energy efficiency. This is one of the first few projects done with AIS's newly launched double Low-e solar control high performance glass - "Excel" series under ECOSENSE energy efficient range.

AIS's unique ability to provide a "4G" solution - overall end to end solution, is deeply appreciated by all customers.

