



Asahi India Glass Ltd.



**ANNUAL REPORT
2022-23**

LUCKY TO BE
INDIAN



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Key highlights of FY 2022-23

₹ 4035.15 cr
Total Revenue

₹ 364.88 cr
Profit after tax

₹ 811.24 cr
EBITDA

200%
Proposed dividend per share



The online version of the report can be viewed at www.aisglass.com

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 realised. 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 publicly available sources and has not verified that information independently.

Remembering Our Visionary

Invisible to the eyes, obvious in our heart



Late Mr. B. M. Labroo
(1931 - 2022)

They are famously called 'Midnight Children' – independent India's first generation that came of age imbued with the spirit of change, sacrifice and destiny. Across the country young people felt the need to act boldly, to take risks, to take control of their lives, and most definitely contribute to the development of a great ancient culture and young nation.

In Srinagar, Kashmir a young Kanta Malla faced down misogyny and became the first woman to be permitted to study Science in college. Her future husband Brij Mohan Labroo (BML) wanted to be an entrepreneur – a rare career choice for a traditionally conservative Kashmiri Pandit community. With no resources except a dream, he innovated and hustled to get a start – in one of his avatars as an owner/ tour guide who would take school kids for summer vacation from Delhi to Kashmir. They in a bus, and he leading on a motorcycle on roads, especially in the hills, with names like 'Khooni Nallah' aptly describing some of the more interesting and hair raising segments. She a Masters in Chemistry was the technical and operations head of their enterprise. Later she studied in East Germany to become the first trained woman to be a certified Maltster in India.

Together they started a small company, Maltex, which they built with their meagre resources and limitless energy. They also raised a family and gave their children the best educational opportunities available. So it wasn't that surprising when their son, Sanjay Labroo, a graduate of Wharton

School of Business and Finance, decided to come back to India in the mid 1980s to be an entrepreneur when every common sense and common practice strongly suggested a lucrative career in the USA.

That is how AIS came to be: a pioneer entrepreneur supporting, mentoring, enabling his son's own dream of starting up a new enterprise.

With India poised for greater private sector contribution, with a motorisation vision of Suzuki and our government, with visionaries like Mr. O. Suzuki, Mr. R.C. Bhargava, Mr. V Krishnamurthy to make it a reality, the search and research of the Labroos' for a viable industrial investment brought them to this seminal moment. Finally with AGC, the world's leading glass company joining the venture, AIS became the First JV of Maruti Udyog limited.

From the beginning Mr. B.M. Labroo was an enabler. He was our Non Executive Chairman and guided the extremely young team led by his 23 year old son through the heady and difficult time of a start-up and its establishment. With extremely limited resources (1.85 crore equity) success depended on an error free performance. The contribution of Maruti and AGC was much more than as a Partner / Customer / Technology provider. Their people equally felt the emotional tug of 'Creation' and worked far deeper and harder than any contractual requirement. There was- and remains – teamwork, hard work, innovation, synergy and complete faith.

Our Chairman guided us for 40+ years.

At the worst of times he was encouraging and at the best of times he was circumspect. He was fair, transparent and communicative with our esteemed Board of Directors and many thousands of shareholders. He reached out to people and touched an emotional chord with many with his intelligence, charisma and genuine concern. He sometimes balked at the relative scale of AIS's plans and questioned many of its assumptions. But eventually he was always supportive and when something went wrong, as often it does, he never went the 'I told you so' way but instead asked for positive rectifications.

When you start with so little, at a time when there wasn't much, you grow to become deeply appreciative of the human qualities that engender sustainable progress and success.

That's what our Chairman's indelible legacy will always be:

A compassionate and caring guide;

A supporter of young and bold men and women;

A questioner of conventional wisdom;

A man who will be deeply missed by all.

May he continue to smile at us.

Affectionately
AIS Family

Message from Chairman & Managing Director (CMD)

Driving progress through prudence



Sanjay Labroo
Chairman & Managing Director

Dear Shareholders

FY 2022-23 was definitely the first normal year in the last four. The last pages of FY 2019-20 to the first chapters of FY 2021-22 were profoundly affected by the Covid pandemic.

Like in FY 2021-22, India did remarkably well economically; both standalone and relative to other Emerging Markets. The appreciation of India's performance extends beyond the Virtuous Cycle we may be in economically to other important domains of geopolitics, international security, digital public goods, science, art and culture. Magnified by its immensely talented, successful, and vocal diaspora, the Image of India seems to be at a defining moment.

There is an over abundance of commentary and analysis on this subject. Most of it is positive, some of it egregiously so. I find Akash Prakash's assessment to be very balanced, thoughtful and accurate. He finds India to be an 'oasis of growth and stability'. The numbers on Macro, CAD, Savings and Investment, financialisation of savings, Fiscal Policy, Twin Balance Sheets, Exchange Rate, corporate performance and confidence, earnings growth potential, all are at their best and superior to the beginning of the 2003-2008 period of record growth.

There are many risks to this future gazing - climate change, competing populism, a war in Europe, border tensions, to name a few - but in balance it's never been better or Luckier to be Indian. National pride is not a GDP related sentiment but as Swami Vivekananda said it's hard to appreciate our



India with its Reform, Perform and Transform is ready to move from low middle income to its rightful place as a developed benevolent leader by FY 2047.

wonderful culture, history, achievements on an empty belly. Poverty is a curse and India with its Democracy, Diversity, Demographics, and Development is poised to eradicate it forever. India with its Reform, Perform and Transform is ready to move from low middle income to its rightful place as a developed benevolent leader by FY 2047.

Numbers tell a story and I thought a comparison from when we started may tell a hope filled, inspiring and also humbling tale. From macro to micro my youthful, hype filled, delirious slogan of 40/40/40 which I made in 1987 needs a factual test (in 40 years India will increase its passenger vehicle production from 40 thousand to 40 million). Let's see where we stand after 35 years:

Sr. No	Item / Year	1987	2000	2010	2022	2032*
1	GDP in (In USD Billion)					
	A India	284	477	1,708	3,386	8,500
	B China	273	1,210	6,090	17,960	43,879
	C USA	4,860	10,250	15,050	25,460	37,874
2	GDP Per capita (in USD)					
	A India	310	442	1,366	2,130	4,020
	B China	311	949	4,428	11,745	?
	C USA	17,321	34,130	47,709	68,970	?
3	Auto (PV) Production (Million)	0.05	0.63	2.99	4.58	7.92
4	Turnover (In ₹ Crs)					
	A - AIS	12	226	1,575	4,035	~ 3x
	B - X**	-	230	8,372	78,701	?
5	EBIDTA (In INR Crs)					
	A - AIS	3	40	280	811	~>3x
	B - X**	-	44	935	6,365	?
6	100 ₹ Invested in 1987					
	A - AIS	100	6,500	71,360	4,40,000	?
	B - X**	-	5,789	1,30,248	10,72,585	?
	C BSE Sensex	394	3,746	17,645	59,277	?

*Optimistic Projections

** A leading Indian auto components company

#Investment valuation of both companies assume no reinvestments of dividends and non-participation in AIS's Rights Issue

At glass half full, Company X reached escape velocity, India's done very well and AIS rode its coattails, possibly slightly better than the average market. At half empty, China made us look ordinary, and the gap with the richest, most powerful country in the world is a bit narrower but a wide chasm nonetheless. With 5 years to go, 40 thousand to 4.4 million is amazing but it's a long way from China's 27 million or my dreamy 40 million.

But what of the future? The drivers of growth are several: volume, value, premiumisation, new products, adjacencies, systems instead of products, EV's and technology shift with Connected, Autonomous, Shared, Electric. I agree with so many optimistic commentators- the horizon has rarely looked brighter. And the competition has never been as intense to seize this Opportunity of India.

So what of AIS's plans?

Before that, a summary of our mixed year of FY 2022-23:

The good news is it was a record year: highest turnover, highest EBIDTA, highest EPS. We had some other notable achievements, few of which are as below-

- AIS posted its highest ever consolidated revenue of ₹ 4,035.15 crores and EBIDTA of ₹ 811.24 crores.
- Commencement of work for our F3 plant
- Commencement of work for our Fire Rated Glass (FRG) plant
- Completion of Phase 2 expansion at our automotive glass plant at Patan
- Significant in-roads into automotive sunroof segment
- Nomination for Global Quality Award by Daimler AG
- IGBC Green Building Gold Certification for Patan plant

Message from Chairman & Managing Director (CMD)

- Commencement of supplies to premium models like Lexus and Camry
- Commencement of exports of toolings to our partners AGC in Japan, US and Thailand
- Receipt of several prestigious awards for our digital ads

Our float business did very well. We rode the tailwind of strong prices probably better than most because of our strategy of value addition, operational excellence, committed and talented management, and customer loyalty. The float business posted a total revenue of ₹ 1,675.84 crores.

Our auto business recoded its highest turnover but margins compressed significantly. We had huge input cost increases- many of them sudden and unplanned- which we could not fully recover through price increases. We also had internal cost increases beyond our very tight budgets as we struggled to respond to the sudden and fluctuating surge in demand post covid.

We are confident of our very solid competitiveness and with some of the inflationary forces peaking, with internal improvements, and price recovery, we hope the margins will recover to their mean values.

We continued to lose small amounts of money in our downstream architectural glass business comprising of Glass solutions, Glass Experts and AIS Windows. We firmly believe these are investments to be ready for the significant change in usage of glass that is already taking place in the commercial and retail markets in India. Currently by small shifts in consumer choice, and later by regulations and large-scale consumer preference, the shift towards safety, energy conservation, heat, noise and light control, aesthetics, and preference for branded solutions will fundamentally change the glass market. AIS will be experienced, well known, and ready for that.

Looking Ahead

It took us 7 Years (from FY 2008-09) to increase from ₹ 200 crores EBIDTA to ₹ 400 crores in (FY 2015-16) and another 6 years to reach ₹ 800 crores. (Note – 2 years lost due to COVID)

We are lucky that India provides the opportunity to significantly improve this in the next 3/4 years.

To catch that opportunity we have to work hard to make necessary investments, run our operations at world class levels, invest in technology, localisation, design and development, and deeply satisfy the SEQCDDM requirements of our esteemed customers. Keeping in mind the profile of our customers, we have to make the Quality of Japan at Cost of India.

We have already announced our main investments. In the current year we will be spending the highest amount of capex at ₹ 1400 crores ever. Most of this and the subsequent years investments are in our third Float furnace in Rajasthan (F3), the modular and brownfield expansions in our auto glass business in Patan, Chennai and Bawal. The biggest ticket item is F3 which is 100% a vertical integration investment. We are taking the policy of Atmanirbhar Bharat very seriously as a responsibility and great opportunity. While F3 is designed for the highest quality as an input for making auto glass, it has the flexibility to make the best architectural glass too. With internal demand at more than 100% of its capacity, the risk of this largest investment in AIS history is extremely low. Because of our Value chain integration, the combined technology strength of AIS and AGC for this project, and our management capabilities in design, localisation and project execution, we believe this project will be highly competitive and value accretive right from the beginning.

During the year, we lost our Chairman and my dear father Mr. B.M. Labroo, which is a deep personal loss to all of us at AIS We have a tribute to his contribution and everlasting

spirit. Mr. Satoshi Ogata went back to Japan after 5 years with AIS and on behalf of AIS team I express my gratitude to Mr. Ogata for his teachings and contributions to AIS Auto. I welcome Mr. Masao Fukami on Board during the year. I also welcome Ms. Nisheeta Labroo on AIS Board.

AIS continues to remain committed to all ESG goals and strives to enhance the use of sustainable practices in all areas of operations across all plants – water consumption, ZLD, extensive use of renewable energy, reduction of emissions, reduction in use of plastics, using Miyawaki concept of afforestation and measurement and reduction of carbon footprints. AIS will continue to invest in knowledge, manpower resources and technologies to achieve to its ESG goals for itself and its supply chain.

All our significant investments in this next capex cycle will be done judiciously with dynamic risk management on the ground and for financials. We will use debt and internal accruals well within very conservative norms of leverage, cash flow management, and managerial bandwidth. We may be Lucky to be Indian, we may have earned the right to invest and grow, but we are never going to be complacent or disrespectful towards any of the opportunities and extremely war and watchful of our threats.

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 2022-23. We continue to look forward for your support and encouragement in the coming years as well.

With Best Regards

Sanjay Labroo
Chairman & Managing Director

LUCKY TO BE INDIAN

India is poised to replicate its remarkable achievements of the last 40 years within the next 5 years. Strong macroeconomic fundamentals, pro-business environment and sustained structural reforms hold India in good stead. According to a prominent global investment banking company, India's trajectory indicates its potential to ascend to the position of the world's second-largest economy by 2075. This projection surpasses not only Japan and Germany but also the United States. As of now, India stands as the fifth-largest economy globally, trailing behind China, the United States, Japan, and Germany. Given this context, the present juncture is opportune for the private sector to amplify its efforts in expanding manufacturing and services capacities, thereby generating additional employment opportunities and absorbing the vast labour force. Moreover, consistent domestic liquidity plays a crucial role in mitigating the volatility often associated with foreign capital inflows.

Several catalysts fuel India's growth, including its youthful demographic, burgeoning middle class, and government-led initiatives aimed at fostering economic progress. For businesses rooted in India, these conditions furnish a golden opportunity to leverage the anticipated growth by expanding their operations in a high-growth market offered by India.

Recent years have witnessed considerable business expansion, especially in the technology, e-commerce, and services sectors. The nation's substantial market size, growing middle-class populace, increasing per capita income and a thrust toward digital transformation have all underpinned this growth. The Indian government is actively taking measures to expedite the realization of a US\$5 trillion economy before the International Monetary Fund's estimated timeline of 2026-27. Initially, the IMF's World Economic Outlook had indicated that India's economic dimensions would escalate from US\$3.2 trillion in 2021-22 to US\$3.5 trillion in 2022-23, culminating in a US\$5 trillion milestone in 2026-27. This growth will be facilitated by a resolute focus on manufacturing and infrastructure, thereby driving rapid economic development.

With an upswing in disposable income and the aspirations of consumers, automobile manufacturers are gearing up to introduce sports utility vehicles (SUVs), a segment

gaining immense traction in the Indian market. They are also focusing on premium and high-end car models to cater to the escalating demand for luxury vehicles. Furthermore, it's important to note that car ownership in India significantly trails behind that of developed markets. This underscores the presence of numerous untapped potential consumers and emphasizes that the market is still far from reaching saturation.

Moreover, India's real estate sector is notably distinguished for its dynamic and rapid global expansion. A recent industry report has projected that real estate sales in India could reach an astonishing US\$1 trillion by 2030. This surge in growth is further fuelled by the trends of urbanization, substantial infrastructure development, and the rapid expansion of road connectivity, all of which bode well for India's bright economic prospects.

This consistent growth across the automobile and real estate sectors presents an array of opportunities. By capitalizing on India's impending growth prospects and adopting strategies in alignment with evolving consumer preferences, AIS is poised to fortify its position as a leading player in the Indian glass industry.



About AIS

Charting a clear path ahead

Asahi India Glass Limited (AIS) is a leading manufacturer of value-added glass products and has emerged as an integrated glass solutions company in India. With a presence across the entire glass value chain, AIS is involved in the manufacturing of automotive glass, float glass, glass processing, fabrication, and installation. AIS has earned a reputation as a trusted brand among both retail and institutional customers in the domestic and international markets.

AIS was formed as a joint venture amongst the Labroo family, Asahi Glass Co. Ltd. (now AGC Inc.), and Maruti Udyog Limited (now Maruti Suzuki India Limited, MSIL) and started its operations in 1987.

Today, AIS has transformed from a Company focussed on a single product and customer into a globally recognised integrated glass company. The Company operates and serves customers worldwide, offering a wide range of products and solutions. The Company excels in glass manufacturing, taking its versatility to dizzying heights. The Company possesses 13 'state-of-the-art' plants / sub-assembly units and supports its operations with a well-served app, ensuring the highest standards of quality. This enables AIS to meet diverse needs and fulfill every requirement.

AIS offers Clear & Tinted, Reflective, Processed, Frosted, and Lacquered Glass, as well as Glass Consultation, Installation, and Service. Bringing a new dimension to modern architecture and contemporary living spaces, AIS products provide the perfect balance of daylight and energy-saving, visual comfort and thermal control, as well as technology and eco-sensitivity. The Company is determined to bring innovative ideas to life, ushering in an era of Green Buildings and the emergence of a truly sustainable future.



To ensure easy access to a variety of glass solutions tailored to individual needs, AIS has developed the AIS World of Glass app. This app is dedicated to providing the best glass solutions for homes and offices, offering customised options that meet the functional requirements of smart buildings using the latest technology. The app

facilitates the realisation of new ideas and contributes to the advancement of Green Buildings and a sustainable future.

With a focussed approach, AIS has emerged as a world-class integrated glass company listed on both National Stock Exchange and Bombay Stock Exchange.



Vision

See More

- 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

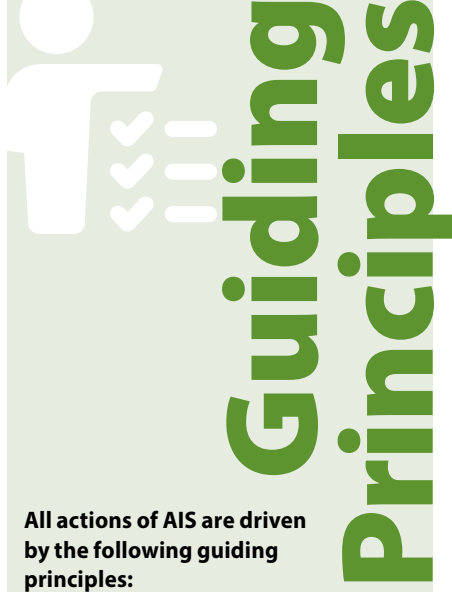
To transcend the ordinary.



Mission

Execution for Excellence through PDCA

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



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

Our strategic business units



Automotive Glass
Read more on page 8



Architectural Glass
Read more on page 12



Consumer Glass
Read more on page 16

Our operational scale

13

World-class manufacturing facilities/
sub-assembly units

8 mn+ pcs

Laminated capacity

40 mn+ pcs

Tempered capacity

Automotive glass

Business segment review

For more than three decades, AIS has been the top choice for Automotive OEMs. AIS Auto Glass products and solutions have attained a remarkable 72% market share in the passenger car market segment, making them a common sight on India's finest vehicles across various automotive segments. The AIS product range encompasses laminated glass for car windshields, tempered glass for side windows, backlites, sunroofs and windshields, along with sub-assemblies and a wide array of value-added glass products.