



Diwali

Sushil Finance
ACTIONABLE KNOWLEDGE

Muhurat Pick 2023

HAPPY RESETWALI & REBOOTOUS NEW YEAR





METL

BUY

CMP Rs.559 TARGET Rs.697

Reuters Code AISG.BO
Bloomberg Code AISG IN
BSE Code 515030
NSE Symbol ASAHIINDIA

Face Value Rs. 1

Market Cap. Rs. 13,597 cr

52 Week H/L Rs. 651 / 420

Shares Outstanding 24.36 cr.

Avg. Daily Vol. (6m) 1,94,104 shares

Price Performance (%)

1M 3M 6M

(6) 5 15

200 Days EMA Rs.540

SHARE HOLDING (%)

Promoters 54.3
FI 3.7
FI/Bank 1.8
Body Corporate 10.8
Public & Others 29.4

RESEARCH ANALYST

Umesh Matkar | +91 22 4093 4078
umeshm@sushilfinance.com

SALES:

Devang Shah | +91 22 4093 6060/61
devang.shah@sushilfinance.com

Established market position and persistent relationships with OEMs to aid growth going forward: AIGL commands an undisputed 72% market share in the Indian passenger car glass market and is the preferred supplier for all leading car makers. The company is also the 2nd largest producer and supplier of architectural glass in India. The company has ~17% market share of the domestic industry. With leading market share in both segments and the underlying segments witnessing good growth, we expect the company to do well in the medium to long term.

Strong and leading parent company, a multinational corporation, a major advantage: AIGL was formed as a joint venture between the Labroo family, a Japanese company, Asahi Glass Co. Ltd. (now AGC Inc.) & Maruti Udyog Limited (now Maruti Suzuki India Limited) (MSIL) in 1984. AGC Inc., Japan, established in 1907, is one of the world's leading glass producers with a global network of over 200 subsidiaries and affiliates worldwide. The group's operations comprise float glass and automotive glass. AGC group is the largest glass manufacturer in the world with a 12% global market share in the flat glass segment and a 30% global market share in the automotive glass segment.

AIGL to benefit from the rebound in MSIL's volume: MSIL is a key contributor to the company's sales and the volumes have witnessed a good rebound in FY23 with 19% yoy growth in the sales. If this momentum sustains, would aid the company to drive its volumes.

OUTLOOK & VALUATION

AIGL is one of the leading integrated glass solutions companies offering a complete range of glass products, solutions and services for automotive, architectural and consumer segments. AIGL commands 72% market share in the Indian passenger car glass market and is also the 2nd largest producer and supplier of architectural glass in India. We expect auto and construction industries to do well in the medium to long term thereby, having positive outlook on the company. **Going forward, we expect the company to deliver an EPS of Rs.19.9 in FY26; assigning a target multiple of 35x, we arrive at a target price of Rs.697 showcasing an upside potential of 25% from current levels with an investment horizon of 18-24 months.**

Y/E Mar	Revenue (Rs. Cr)	EBITDA (Rs. Cr)	EBITDA Margin (%)	PAT (Rs. Cr)	NPM (%)	A-EPS (Rs.)	P/E (x)	ROE (%)
FY23	4,018.9	795.0	19.8%	364.9	9.0%	15.0	37.3	18.9%
FY24 E	4,581.6	766.0	16.7%	271.0	5.9%	11.1	50.2	12.3%
FY25 E	5,406.3	940.7	17.4%	366.2	6.8%	15.1	37.2	14.7%
FY26 E	6,271.3	1,118.8	17.8%	484.2	7.7%	19.9	28.1	17.0%

COMPANY OVERVIEW



Founded in 1984, Asahi India Glass Ltd. (AIGL) is one of the leading integrated glass solutions companies offering a complete range of glass products, solutions and services for automotive, architectural and consumer segments. AIGL commands a 72% market share in the Indian passenger car glass market and is also the 2nd largest producer and supplier of architectural glass in India. From being a 'single product, single customer' company, AIGL has now grown to become a world-class glass manufacturing company with 13 plants/sub-assembly units, engaged in manufacturing of glass, glass processing, installation processes and being glass suppliers too.

As of September 30, 2023, the Indian promoters held 32.03% while the foreign promoters held 22.2% taking the total promoter holding to 54.2%. Japanese parent AGC Inc. held 22.2% while Indian OEM Maruti Suzuki India Ltd. (MSIL) held 11.1%. For the year ended March 31, 2023, the company reported a top-line of Rs.4,019 cr (26.8%, YoY) with 19.8% EBITDA margin and a net profit of Rs.362 cr translating into an EPS of Rs.14.9 (vs Rs.14.2 in FY22). The board announced a dividend of Rs.2 per share for the fiscal.

Asahi India Glass Ltd. (AIGL) was formed as a joint venture (JV) between the Labroo family, Asahi Glass Co. Ltd. (now AGC Inc.) and Maruti Udyog Limited (now MSIL) in 1984. The company was renamed Asahi India Safety Glass Limited in 1985 as it started manufacturing toughened glass for MSIL. Later, the company forayed into the construction glass business by acquiring Float Glass India Limited and subsequently changed its name to Asahi India Glass Limited (AIS) in September, 2002.

About AGC Inc. : AGC Inc., Japan, established in 1907 is one of the leading glass producers of the world. AGC has a global network of over 201 subsidiaries and affiliates across the globe. The group's operations comprise of float glass and automotive glass. AGC group is the largest glass manufacturer of the world with 12% global market share in the flat glass segment and 30% global market share in the automotive glass segment. Beginning with the Asahi Glass Company, the AGC Group now has operations in over 20 countries for a total of over 200 subsidiaries and approximately 50,000 group employees worldwide.

BUSINESS OVERVIEW

The company has presence in three segments:

- (a) Automotive Glass
- (b) Architectural Glass
- (c) Consumer Glass

(a) Automotive Glass: The company provides products and solutions to vehicles across the automotive segments ranging from passenger cars and commercial vehicles to railways and earth-moving vehicles. The range of products and solutions include laminated glass for car windscreen, tempered glass for sidelights, backlights, car windscreen, sub-assembly products & value-added glass products such as defogger glass, glass antenna, acoustic glass, encapsulated glass, solar control glass, etc. Furthermore, AIGL also makes innovative products like plug-in windows, water-repellent glass, heat windshield and rain-sensor car windscreens. As mentioned earlier, the company commands 72% market share in Indian passenger car segment. The company has 5 plants located at Bawal (Haryana), Roorkee (Uttarakhand), Chennai (Tamil Nadu), Talaja (Maharashtra) and latest one in Patan (Gujarat) alongwith 3 sub-assembly units/warehouses at Halol (Gujarat), Pune (Maharashtra) & Bangalore (Karnataka). The plants and sub-assemblies are strategically located in proximity to country's leading auto manufacturing clusters.

The company supplies glass to nearly 3 out of every 4 cars, SUVs and MUVs manufactured in India. During FY23, the company's products were used in most of the new launches including Hyryder (Toyota), XUV 300 and Scorpio (Mahindra), Grand Vitara (Maruti), Virtus (Volkswagen), Lexus.



Value Added - Product Range

>> Windscreen



>> Sidelites



>> Backlite



BUSINESS OVERVIEW

(b) Architectural Glass: The company forayed into this division in 2001 with the acquisition of a facility of Floatglass India Ltd. at Taloja (Maharashtra) AIGL manufactures quality float glass, provides captive supply to auto glass business unit as well, and, creates its own processing requirements for a range of high-end architectural glass products including clear float glass, tinted, coated, frosted, back-painted, high-performance glass, processed glass such as fire resistance glass, bullet resistant glass, retrofitting solutions. Like the Automotive segment, the company produces a wide range of value-added varieties of glass in this segment as well including heat reflective glass, heat absorbing glass, solar control glass, colored glass, and mirrors.

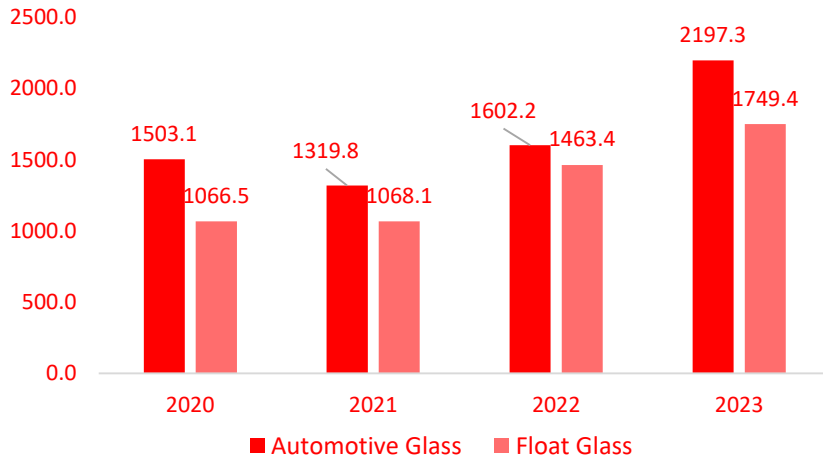
Today, the company is the 2nd largest producer and supplier of architectural glass in India and commands nearly 17% share in the Indian float glass market and also exports its products to various countries in Asia, Europe, and Latin America. The company deploys an extensive network of over 1,200 distributors via 4 zonal offices; it is also the commercial agent of a range of glass products for AGC Inc. in India and markets the entire range of AGC products as their distribution partner. It has 2 state-of-the-art glass processing facilities located at Roorkee (Uttarakhand) and Taloja (Maharashtra)

(c) Consumer Glass: The company launched 'Consumer Glass' as a separate SBU with the objective of establishing a primary interface with end-consumers for its range of automotive and architectural glass offerings in a more customized way. The key offerings include:

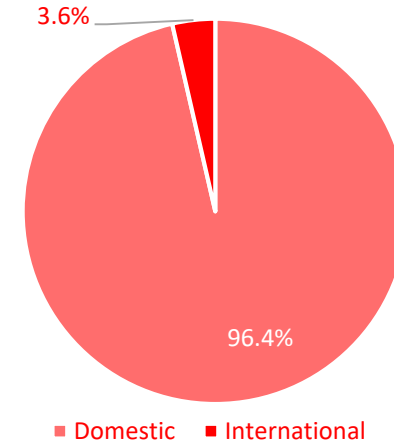
1. **AIS Glasxperts** – a full-service offering and the country's only glass lifestyle solutions provider, brings together an integrated approach and specialized knowledge to glass consultancy, product selection and installation to transform living spaces and commercial spaces. Glasxperts delivers solutions that span privacy, energy efficiency, aesthetic and decorative, strength & safety, acoustic, and window solutions.
2. **AIS Windows** is a segment of AIGL dealing in premium door and window solutions. Apart from performing the conventional functions, AIS Window fixtures are soundproof, weather-proof, burglar-resistant, UV resistant and energy efficient as well.
3. **Windshield Experts** is the the country's leading automotive safety glass repair & replacement network in India, covering 65+ cities and 101 service centres
4. **AIS Adhesives Limited (AIA)** is the repackaging & marketing organization for glass bonding adhesives of AIS, deals primarily with the sourcing, procurement and distribution of various kinds of adhesives employed in the sealing of windshields and other automotive glass. Over the years, AIA has established a robust distribution network that today caters to a sizable share of the auto glass aftermarket segment in India. It has a manufacturing facility at Baddi and a network of retail outlets in Jaipur, Jodhpur, Agra, Chandigarh & Amritsar.
5. **AIS Distribution Services Ltd. (ADSL)** is the distribution arm for AIGL's automotive glass product portfolio; ensures that the aftermarket has quick and easy access to AIS Auto glass. ADSL is a JV between Asahi India Glass Ltd. & Jamna Auto Industries Ltd. It is head quartered at Gurgaon. With a product range that includes tempered, laminated and processed glass, which is complemented by a wide distribution network. ADSL today serves to a rising base of customers – from large dealers and retailers to the smallest of spare part retailers and garages. A network of 40 depots and 70 delivery vans have been deployed across the country.

BUSINESS OVERVIEW

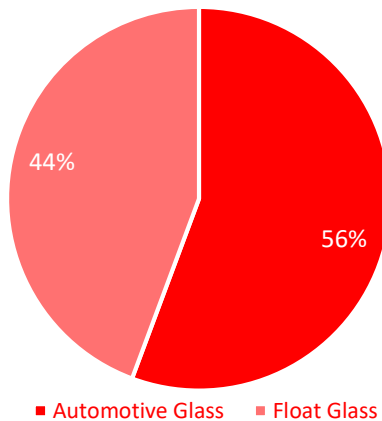
Revenue Split (Automotive & Architectural)



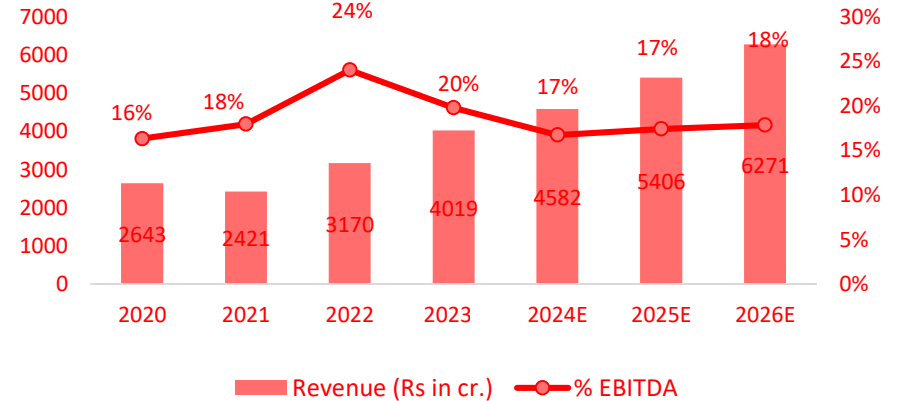
Revenue Split (Domestic & International)



Revenue Split (FY23)



Consolidated Revenue & EBITDA Margin Trend



Source: Company Data, Sushil Finance

KEY INVESTMENT RATIONALE

Established market position and persistent relationships with OEMs to aid growth going forward

AIGL is one of the leading integrated glass solutions companies offering a complete range of glass products, solutions and services for automotive and architectural segments. The company commands undisputed 72% market share in the Indian passenger car glass market and is the preferred supplier for all leading car makers with nearly three out of every four passenger cars, SUVs, MUVs using products manufactured by AIGL. AIGL supplies auto-glass to a majority of leading OEMs in the domestic market including Maruti Suzuki India Ltd (MSIL), Suzuki Motors, Kia Motors, MG, Hyundai Motors India Ltd, Honda, Tata Motors Ltd, Mahindra & Mahindra Ltd, Toyota Kirloskar Motors Pvt. Ltd., Volkswagen India, Ford India, Skoda Auto and Fiat India and has sustained long relationships with them. The Indian automotive industry witnessed steady growth to reach the pre-pandemic levels of sales volume, despite the semiconductor shortage curtailing production. The year gone by has presented several challenges but the Indian auto industry has worked hard against these challenges to continue improvement in maintaining a robust supply chain, controlling costs, investing in new technologies, and enhancing exports. On the other hand, the company is also the 2nd largest producer and supplier of architectural glass in India. In residential housing, the segment is witnessing a shift in buyers' preferences, such as the need for more space and a greater focus on quality and branded building materials. With leading market share in both segments, we expect the company to do well in the medium to long term. Rising demand for suitable workspaces, commercial properties and innovative concepts of the commercial sector will help in witnessing strong growth on the commercial real estate front.

Strong and leading parent company, a multinational corporation, a major advantage

AIGL was formed as a JV between the Labroo family, Japanese company, Asahi Glass Co. Ltd. (now AGC Inc.) and MSIL in 1984. AGC Inc., Japan, established in 1907 is one of the leading glass producers of the world. AGC has a global network of over 200 subsidiaries and affiliates across the globe. The group's operations comprise of float glass and automotive glass. AGC group is the largest glass manufacturer of the world with 12% global market share in the flat glass segment and 30% global market share in the automotive glass segment. Beginning with the Asahi Glass Company, the AGC Group now has operations in over 20 countries for a total of over 200 subsidiaries and approximately 50,000 group employees worldwide. This global leadership is likely to continue playing an important role in the company's business operations, going forward.

KEY INVESTMENT RATIONALE

AIGL to benefit from the rebound in MSIL's volume

In the automotive glass business, AIGL would be the key beneficiary of an uptick in the volume of MSIL. The automotive glass business consisted of 56% of the company's consolidated sales and MSIL had contributed significantly to AIGL's turnover from the automotive segment. For the full financial year 2022-23, MSIL posted its highest-ever total sales of 1,966,164 units. Total sales include domestic sales of 1,644,876 units with a growth of 20.5% over FY22, sales to other OEMs of 61,955 units and highest-ever exports of 259,333 units. The shortage of electronic components had some impact on the production of vehicles in FY23, however, the Company took all possible measures to minimize the impact. Recently, during the month of October 31, 2023, the company had reported highest ever monthly sales of 1,99,217 units, an impressive growth rate of 19% yoy. Going forward, Maruti is planning to double its capacity from ~2.2 m units to 4 m units by FY31, which would augur well for AIGL.



Image Source: Maruti Suzuki Company Website

OUTLOOK & VALUATION

AIGL is one of the leading integrated glass solutions companies offering a complete range of glass products, solutions and services for automotive, architectural and consumer segments. AIGL commands 72% market share in the Indian passenger car glass market and is also the 2nd largest producer and supplier of architectural glass in India. We expect the auto and construction industries to do well in the medium to long term thereby, having a positive outlook on the company. **Going forward, we expect the company to deliver an EPS of Rs.19.9 in FY26; assigning a target multiple of 35x, we arrive at a target price of Rs.697 showcasing an upside potential of 25% from current levels with an investment horizon of 18-24 months.**

Profit & Loss Statement (Rs. Cr)

Y/E Mar.	FY23	FY24E	FY25E	FY26E
Revenue	4,018.9	4,581.6	5,406.3	6,271.3
Raw Material Cost	1,383.0	1,685.2	1,989.5	2,317.8
Employee Cost	322.2	366.5	421.7	482.9
Other Expenses	1,518.8	1,763.9	2,054.4	2,351.7
EBITDA	795.0	766.0	940.7	1,118.8
<i>EBITDA Margin (%)</i>	<i>19.8%</i>	<i>16.7%</i>	<i>17.4%</i>	<i>17.8%</i>
Depreciation	159.7	229.1	243.3	250.9
Finance Costs	104.6	155.0	175.0	170.0
Other Income & Share of Profits	16.2	17.0	21.0	24.0
Profit before Tax	563.3	416.9	563.4	745.0
Tax Expense	201.7	145.9	197.2	260.7
Net Profit	364.9	271.0	366.2	484.2
<i>Net Margin (%)</i>	<i>9.0%</i>	<i>5.9%</i>	<i>6.8%</i>	<i>7.7%</i>
EPS	15.0	11.1	15.1	19.9

Balance Sheet Statement (Rs. Cr)

Y/E Mar.	FY23	FY24E	FY25E	FY26E
Equity Share Capital	24.3	24.3	24.3	24.3
Reserves	2,050.2	2,321.2	2,614.5	3,025.8
Net worth	2,053.2	2,319.5	2,608.8	3,016.1
Total loans	1,353.4	2,462.8	1,899.9	1,830.1
Other Current Liabilities	1,173.8	1,725.2	1,686.4	1,828.1
Total Liabilities	4,580.4	6,507.5	6,195.1	6,674.2
Net block	1,944.5	3,089.9	3,116.9	3,179.7
Capital WIP	235.0	1,374.5	270.3	313.6
Right of use of asset	449.0	300.0	331.0	389.4
Investments	111.9	30.0	175.0	190.0
Sundry debtors	337.1	369.5	482.7	545.3
Inventories	1,027.9	1,203.7	1,473.7	1,716.9
Cash and bank	118.4	21.3	71.6	47.5
Loans and advances	15.9	3.0	22.0	5.0
Others	340.7	116.0	243.0	275.0
Total Assets	4,580.4	6,507.5	6,195.1	6,674.2

Source: Company, Sushil Finance Research

Cash Flow Statement

(Rs. Cr)

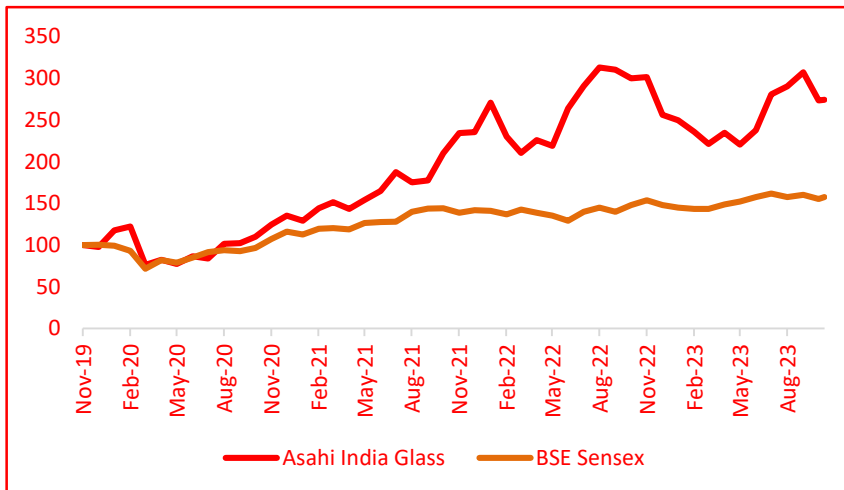
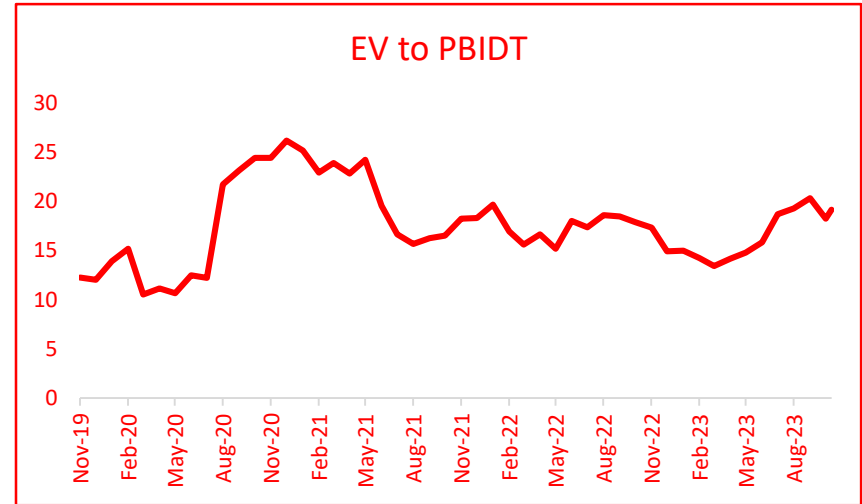
Y/E Mar.	FY23	FY24E	FY25E	FY26E
PAT	361.7	271.0	366.2	484.2
Depreciation	159.7	229.1	243.3	250.9
Finance Cost	104.6	155.0	175.0	170.0
Provision for Taxes	201.7	145.9	197.2	260.7
Changes in Trade Receivables	(91.5)	(32.4)	(113.2)	(62.6)
Changes in Inventory	(311.8)	(175.8)	(270.0)	(243.2)
Changes in OCA	(83.7)	145.0	(59.0)	(8.0)
Changes in Trade Payables	234.2	234.9	133.3	201.4
Changes in OCL	40.5	219.5	(70.8)	(60.3)
Cash Flow from Operating	615.2	1192.2	602.1	993.2
Changes in PP&E	(115.1)	(1,374.5)	(270.3)	(313.6)
Changes In ONCA	(328.7)	(828.9)	851.2	(143.6)
Cash Flow from Investing	(443.9)	(2,203.4)	580.8	(457.2)
Changes in Debt	150.3	1,109.4	(562.9)	(69.9)
Others	(194.0)	(195.2)	(423.9)	(344.4)
Cash Flow from Financing	(140.9)	914.2	(1,132.6)	(560.2)
Cash at the Start of the Year	87.9	118.4	21.3	71.6
Changes in cash flow	30.5	(97.0)	50.3	(24.2)
Total Cash & Cash Equivalents	118.4	21.3	71.6	47.5

Financial Ratio Statement

Y/E Mar.	FY23	FY24E	FY25E	FY26E
Growth (%)				
Revenue	26.8%	14.0%	18.0%	16.0%
EBITDA	4.4%	(3.7%)	22.8%	18.9%
Net Profit	4.7%	(25.1%)	35.1%	32.2%
Profitability (%)				
EBITDA Margin	19.8%	16.7%	17.4%	17.8%
Net Profit Margin	9.0%	5.9%	6.8%	7.7%
ROCE	22.5%	15.6%	18.0%	21.7%
ROE	18.9%	12.3%	14.7%	17.0%
Per Share Data (Rs.)				
EPS	15.0	11.1	15.1	19.9
CEPS	21.4	20.6	25.1	30.2
BVPS	85.3	96.5	108.5	125.5
Valuation (x)				
P/E	37.3	50.2	37.2	28.1
P/BV	6.6	5.8	5.2	4.5
EV/EBITDA	18.9	19.6	16.0	13.4
Turnover				
Inventory days	271	261	270	270
Debtor days	31	29	33	32
Creditor days	225	235	224	224
Gearing (x)				
D/E	0.7	1.1	0.7	0.6

Source: Company, Sushil Finance Research

MARKET INFORMATION



Source: Company, Sushil Finance Research

Rating Scale : This is a guide to the rating system used by our Institutional Research Team. Our rating system comprises of three rating categories.

Total Expected Return Matrix (Rating and Return)

BUY : Over 12%

HOLD : -12% to 12%

SELL : Below -12%

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Member : BSE / NSE - SEBI Regn. No. INZ000165135

Research Analyst – SEBI Registration No. INH000000867

Compliance officer / Grievance Officer : Mr. Suresh Nemani – Phone : +91 22-40935000 |

Email : suresh.nemani@sushilfinance.com | Grievance Email - compliance@sushilfinance.com

Regd. Office : 12, Hornji Street, Fort, Mumbai 400 001.

Phone: +91 22 40936000 Fax: +91 22 22665758 | Email : info@sushilfinance.com

Analyst Stock Ownership	No
Stock Recommended to Clients	Yes
Remuneration/Benefits received from company in 12 months	No
Merchant Banking Market Making activities / projects	No
Sushil Financial Services Pvt. Ltd and Group Companies Holding	Yes
Sushil Financial Services Pvt. Ltd and Group Directors Holding	No
Broking Relationship with the company covered	No