

BSE Code: 515030

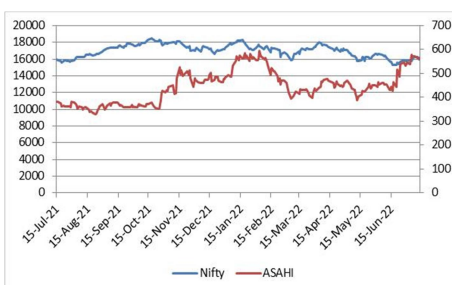
NSE:ASAHIINDIA

**CMP:** Rs 549

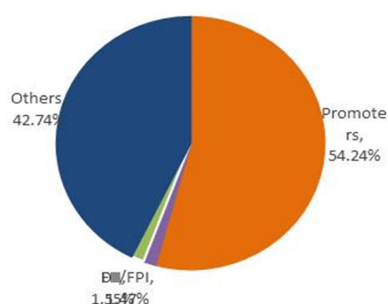
**2 Year Target:** Rs 690

Face Value	1.0
Market Cap (Rs cr)	13,346
52 week high/low	613/325
Shares O/S (Cr)	24.30
Book Value per Share (Rs)	72.5
Sensex	53,416
Nifty	15,939

### 1 yr. Price Chart of Stock and Nifty



### Shareholding pattern as on 31<sup>st</sup> Mar 2022.



### Investor's Rationale

#### ➤ Energy Inflation will lead to Margin fall:

We believe, it would be tough for Asahi India Glass (AIG) to sustain its present elevated profitability levels amidst steep rise in energy costs. Past 5-year average energy cost/sales has been ~13.5%, which increased to ~17% in Q3FY22. We expect it to surge a further ~400bps by Q1FY23E, assuming present natural gas and crude oil prices. Also, logistics cost to sales is ~5-6%, and ~20% increase in fuel costs would add a further 100bps pressure on margins. We therefore cut our FY23E/FY24E EBITDA margin by ~400bps/~300bps, resulting in an EBITDA cut of ~15%/10% respectively, with revenue estimates largely unchanged..

#### ➤ Revenue to remain strong:

We do not foresee much risk to the realisation levels for domestic float glass industry at least till FY23E, given: 1) limited global supply, 2) rising need from solar panel space, and 3) container shortage issues persisting. Domestic supply addition from GoldPlus and AIG (9-10% of industry capacity addition) will be in FY24E-FY25E, thus allowing AIG to operate at close to full capacity by FY24E. Company is currently operating at ~75%/~90% utilisations in the auto/architectural glass segments, with equal revenue mix..

#### ➤ Valuation

Even post the reduction in EBITDA margin estimates, we expect the margin to be at robust levels of 24-25% as against FY18- FY22E mean of ~19%. Maintain BUY with a revised target price of Rs 690, implying 28x FY24E earnings (doubling in FY22E-FY24E)

	FY21	FY22	FY23E	FY24E
Revenue (Rs.Cr)	2,393.5	3,076.1	3,713.7	4,387.1
EBITDA (Rs. cr)	127.5	158.8	175.0	200.0
Adj. profit (Rs.Cr)	138.6	305.3	446.5	602.4
Adj. EPS (Rs.)	5.7	12.6	18.4	24.8
P/E (x)	73.7	33.5	22.9	17.0
EV/EBITDA (x)	25.1	15.8	12.3	9.7
ROCE (%)	12.0%	18.9%	23.5%	26.9%
RONW	9.3%	17.5%	21.1%	23.0%

**Adapt Sustain Growth**

- In a year impacted by a prolonged crisis, Asahi India Glass Limited (AIS) adapted fast to ensure the Company could continue to create value for all stakeholders. This meant:
- Leveraging the Company's rich portfolio of glass brands and products.
- Driving operational efficiencies that benefit employees as well as customers.
- Introducing new-age marketing programmes to deepen customer connect.
- Reinforcing its continued commitment to quality and safety.
- Placing its green foot forward.
- Motivating its teams and caring for their overall wellbeing.
- Partnering with the local community for their socio-economic development

**AIG Inspired by Vision**

- AIG's journey began in 1984 on a Joint Venture between the Labroo's Family, Asahi Glass Co. Limited (now AGC Inc.) and Maruti Suzuki India Limited (MSIL).
- The Company started its operations with manufacturing of toughened glass for MSIL. Initially known as the Indian Auto Safety Glass Private Limited, the Company changed its name to Asahi India Safety Glass Limited (AIG) in 1985. The Company became public in 1986 and got listed on Indian Stock Exchanges viz National Stock Exchange and BSE. Subsequently, with the acquisition of Floatglass India Limited, the Company entered into construction glass business as well, and changed its name to Asahi India Glass Limited (AIG) in September 2002.
- Today, AIG is one of India's leading provider of cutting -edge glass products and solutions.
- It is present across the entire glass value chain, from manufacturing of float glass to processing of glass, fabrication and installation. It is an eminent brand preferred by retail and institutional customers in the domestic market as well as overseas.

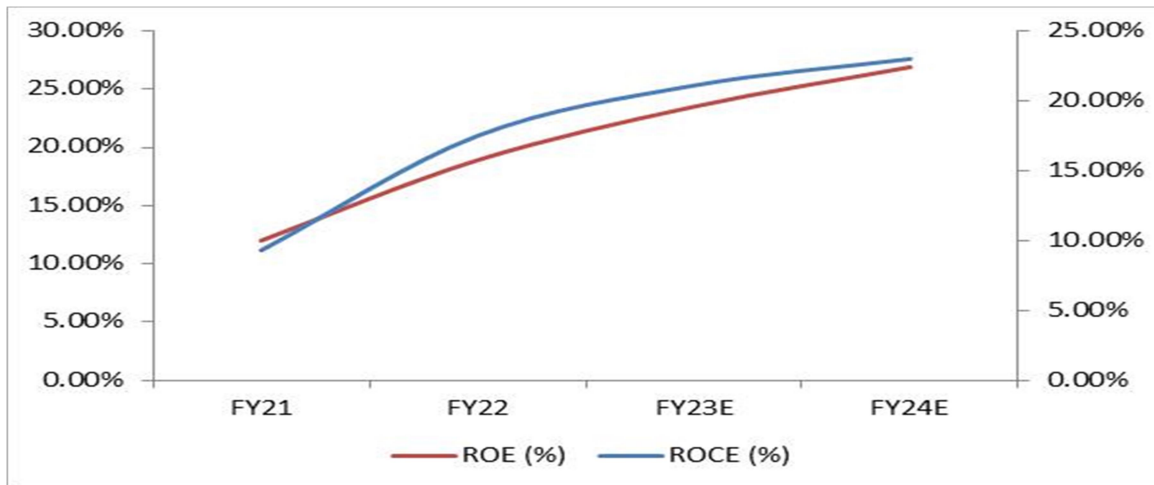
**Reinforcing AIG Vision for a Green Future**

- AIG's latest greenfield plant at Patan, Gujarat, has achieved a manufacturing industry landmark. In its journey to be certified by the Indian Green Building Council (IGBC) and the Leadership in Energy and Environmental Design (LEED) programme, the Company utilises high-performance glass in the factory façade.

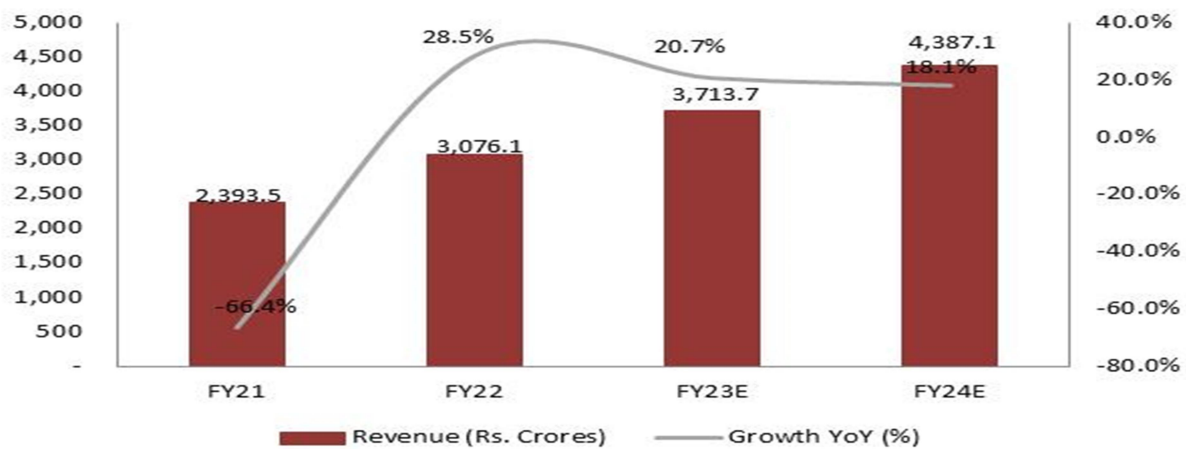
**The Innovation Continuum**

- AIG's success is built on sustained development and innovation to meet the changing priorities of customers and to consistently offer them world-class solutions. By drawing upon everything it has learnt over the many years as a glass maker and building on the AGC legacy, the Company continues to embrace innovation and enable its customers to achieve their dream construction.
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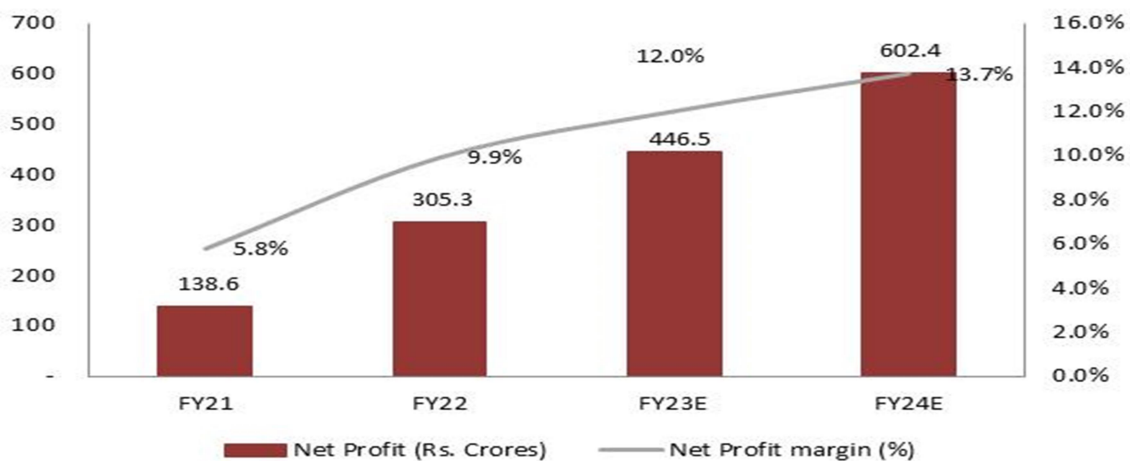
### Return ratios to show strong growth in future



### Revenue will experience Strong growth



### Net profit will experience a growth trajectory





## Outlook and Valuation

Even post the reduction in EBITDA margin estimates, we expect the margin to be at robust levels of 24-25% as against FY18- FY22E mean of ~19%. Maintain BUY with a revised target price of Rs 690, implying 28x FY24E earnings (doubling in FY22E-FY24E)

## Asahi India Glass Ltd- Company Overview

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. Established in 1984, It was formed as a Joint Venture between The Labroo Family, Asahi Glass Co. of Japan and Maruti Udyog Ltd (now Maruti Suzuki India Ltd).



## Balance sheet (Consolidated)

(Rs crore)	FY21	FY22	FY23E	FY24E
<b>Liabilities</b>				
Paid up capital	24	24	24	24
Reserves and Surplus	1462	1719	2093	2598
<b>Net worth</b>	<b>1487</b>	<b>1743</b>	<b>2117</b>	<b>2622</b>
Total Loans	1,268	1,168	968	768
Provisions	6	6	6	6
Other Liabilities	91	91	91	91
<b>Total Liabilities</b>	<b>2,851</b>	<b>3,008</b>	<b>3,181</b>	<b>3,486</b>
<b>Assets</b>				
Net Tangible Assets	2,422	2,413	2,638	2,838
CWIP	262	262	262	262
Investments	47	47	47	47
Current Assets	1,247.10	1,534.40	1,672.60	1,972.10
Current Liabilities	1,127	1,249	1,438	1,632
Net Current Assets	121	286	235	340
Other Assets				
<b>Total Assets</b>	<b>2851</b>	<b>3007</b>	<b>3181</b>	<b>3486</b>

## Profit & Loss Account (Consolidated)

(Rs crore)	FY21	FY22	FY23E	FY24E
<b>Total operating Income</b>	<b>2,394</b>	<b>3,076</b>	<b>3,714</b>	<b>4,387</b>
<b>EBITDA</b>	<b>457</b>	<b>708</b>	<b>900</b>	<b>1,112</b>
<b>Depreciation</b>	<b>128</b>	<b>159</b>	<b>175</b>	<b>200</b>
<b>EBIT</b>	<b>329</b>	<b>550</b>	<b>725</b>	<b>912</b>
Interest cost	139	117	100	85
Other Income & Extraordinary Items	27	30	32	34
<b>Profit before tax</b>	<b>218</b>	<b>463</b>	<b>657</b>	<b>861</b>
Tax	79	157	210	258
<b>Profit after tax</b>	<b>139</b>	<b>305</b>	<b>447</b>	<b>602</b>
Minority Interests				
P/L from Associates				
Other				
<b>Adjusted PAT</b>	<b>139</b>	<b>305</b>	<b>447</b>	<b>602</b>



## Key Ratios & Valuations (Consolidated)

Y.E March (Rs crore)	FY21	FY22	FY23E	FY24E
<b>Cashflow before working capital changes</b>	<b>405</b>	<b>582</b>	<b>722</b>	<b>887</b>
Working Capital Changes	-41	20	-15	-51
<b>Cash flow from operating activities</b>	<b>364</b>	<b>601</b>	<b>707</b>	<b>836</b>
Capital Commitments	-91	-150	-400	-400
Free Cashflow	273	451	307	436
<b>Cash flow from investing activities</b>	<b>-50</b>	<b>-163</b>	<b>-412</b>	<b>-413</b>
Inc/(Dec) in Borrowings	-152	-100	-200	-200
Dividend paid	-24	-49	-73	-97
Others	-110	-117	-100	-85
<b>Cash flow from financing activities</b>	<b>-286</b>	<b>-266</b>	<b>-373</b>	<b>-382</b>
Net chg in cash	29	172	-78	41
Opening Cash	11	40	212	134
Closing Cash	40	212	134	175

## Key Ratios & Valuations (Consolidated)

Y.E March (Rs crore)	FY21	FY22	FY23E	FY24E
<b>Per share data (Rs.)</b>				
EPS	5.70	12.60	18.40	24.80
DPS	1.00	2.00	3.00	4.00
<b>Margin (%)</b>				
EBITDA	5.3%	5.2%	4.7%	4.6%
NPM	5.8%	9.9%	12.0%	13.7%
<b>Return Ratios (%)</b>				
ROCE	12.0%	18.9%	23.5%	26.9%
RONW	9.3%	17.5%	21.1%	23.0%
<b>Valuation(x)</b>				
P/E	73.7	33.5	22.9	17.0
EV/EBITDA	25.1	15.8	12.3	9.7
<b>Per share data (Rs.)</b>				
EPS	5.7	12.6	18.4	24.8



# Equity Research

Large Cap.	Return	Mid/Small Cap.	Return
<b>Buy</b>	More than equal to 10%	<b>Buy</b>	More than equal to 15%
<b>Hold</b>	Between 10% & -5%	<b>Accumulate*</b>	Upside between 10% & 15%
<b>Reduce</b>	Less than -5%	<b>Hold</b>	Between 0% & 10%
		<b>Reduce/sell</b>	Less than 0%

*\* To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.*



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