

Retail Equity Research

Asahi India Glass Ltd

CMP Rs. 818

Rating: Overweight

Glass & Glass Products

BSE CODE: 515030 NSE CODE: ASAHIINDIA

The company reported total revenue from operations of ₹106,286 lakhs, reflecting a 3.14% increase from ₹102,986 lakhs in the previous quarter. The net profit for this period was ₹7,646 lakhs, showing a modest increase of 0.53% compared to ₹7,606 lakhs in Q4 FY2023 but a decrease from ₹10,604 lakhs in Q1 FY2023.

In terms of segment performance, automotive glass generated ₹70,331 lakhs in revenue, a slight decline of 0.93% from the previous quarter. In contrast, the float glass segment saw a growth of 3.40%, contributing ₹36,686 lakhs. Additionally, revenue from other segments increased significantly by 18.74%, reaching ₹1,959 lakhs.

Company Data

Market Cap (cr)	Rs.	19,885.61
Enterprise Value (cr)	Rs.	14,827.58
Outstanding Shares (cr)		24.31
52 week high	Rs.	828.00
52 week low	Rs.	502.00
1m average volume (lacs)		5.26
Face value	Rs.	1.00

Consolidated (cr)	FY22	FY23	FY24
Sales	3170.41	4018.76	4340.59
Growth(%)	31%	27%	8%
EBITDA	920.34	954.5	900.49
EBITDA Margin(%)	29.0%	23.8%	20.7%
PAT	344.78	364.88	327.98
Growth(%)	159%	6%	-10%
EPS	14.2	15.0	13.5
P/E	30.4	30.1	39.8
P/B	5.9	5.3	5.5
EV/EBITDA	14.7	14.8	19.6
ROE(%)	20%	17.6%	14%
ROCE(%)	21%	19.2%	13.4%
ROIC(%)	15%	12.7%	10.0%
D/E	0.70	0.68	0.84

Sales rose from ₹3,170.41 crore in FY22 to ₹4,340.59 crore in FY24, though growth slowed from 31% in FY22 to just 8% in FY24. Profitability is under pressure, with EBITDA margins shrinking from 29% in FY22 to 20.7% in FY24 due to rising costs or pricing pressures. PAT declined by 10% in FY24, reflecting weakening profitability.

Return ratios have deteriorated, with Return on Equity (ROE) falling from 20% in FY22 to 14% in FY24, and Return on Capital Employed (ROCE) declining from 21% to 13.4%. Additionally, the company's leverage has increased, with the debt-to-equity (D/E) ratio rising from 0.70 in FY22 to 0.84 in FY24, indicating reliance on debt for expansion.

Valuation metrics like P/E (39.8x) and EV/EBITDA (19.6x) suggest the stock is highly valued despite declining earnings, raising concerns about its future potential.

Key Highlights

Business Evolution and Segments

Originally known as Indian Auto Safety Glass Private Limited, AIS changed its name to Asahi India Safety Glass Ltd. in 1985 and began manufacturing toughened glass for Maruti Suzuki. With the acquisition of Float Glass India, AIS ventured into the construction glass business and subsequently rebranded itself as Asahi India Glass Ltd. in 2002.

AIS operates through two key business units: AIS Auto Glass and Float Glass. The Auto Glass segment, which produces laminated and tempered glass, dominates the automotive market, holding over 70% of market share across passenger vehicles, commercial vehicles, railways, and earth-moving machinery. Meanwhile, AIS is the second-largest producer of architectural glass in India, offering a diverse portfolio including clear float glass, tinted and coated glass, high-performance glass, and mirrors, although this segment has struggled with profitability, contributing approximately 17% of market share.

Revenue and Manufacturing Capabilities

In FY23, the revenue mix reflected the company's dominant position in the automotive sector, with automotive glass contributing 54% of total revenue, float glass accounting for 41%, and other segments contributing 5%. AIS operates multiple manufacturing plants located in Haryana, Uttarakhand, Tamil Nadu, Maharashtra, and Gujarat, with an installed capacity of 12.90 million square meters of tempered glass, 7.2 million pieces of laminated glass, and 78.32 million converted square meters of float glass, reflecting its robust manufacturing capabilities.

Strategic Promoters and Expansion Plans

AIS benefits from the expertise and global reach of its promoter, AGC Inc., Japan, which holds a 12% global market share in the floating glass segment and a 30% share in automotive glass worldwide. Looking ahead, AIS has outlined a significant capital expenditure plan of ₹1,900-₹2,000 crore over FY24-FY26 for capacity expansion, including ₹300 crore for phase-2 and phase-3 of its auto glass plant in Gujarat. The company's largest upcoming project is the third float furnace (F3) in Rajasthan, which represents a major vertical integration initiative. AIS is also focusing on expanding its auto glass operations in Patan, Chennai, and Bawal through modular and brownfield expansions.

Strong OEM Relationships

AIS maintains long-standing relationships with leading original equipment manufacturers (OEMs) in India, including Maruti Suzuki, Hyundai, Kia, MG, Honda, Tata Motors, Mahindra & Mahindra, Toyota, Volkswagen, Ford, Skoda, and Fiat. Maruti Suzuki India Ltd. (MSIL), which is also a co-promoter of AIS, contributed to approximately 35% of the company's automotive glass sales in FY23, underscoring the significance of this partnership in AIS's revenue generation.

Quarterly Financial Consolidated

Profit and loss account

(Rs Cr)

	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24
Sales	1,088.62	1,119.51	1,043.58	1,105.01	1,132.66
Growth(%)	2%	3%	-7%	6%	3%
Expenses	879.87	933.95	880.23	926.66	951.25
Operating Profit	208.75	185.56	163.35	178.35	181.41
Growth(%)	22%	-11%	-12%	9%	2%
Other Income	6.81	8.33	1.75	2.40	4.74
Depreciation	40.71	42.95	45.59	47.59	46.71
Interest	34.34	34.39	34.32	32.84	32.29
Profit before tax	140.51	116.55	85.19	100.32	107.15
Tax	37.72	30.18	22.55	27.07	30.46
Net profit	103.82	86.88	63.36	73.92	77.99
Growth(%)	34%	-19%	-37%	14%	5%

Financial Consolidated

Profit & Loss

(Rs Cr)

	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Sales	2,643.24	2,421.21	3,170.41	4,018.76	4,340.59
Growth(%)	-9%	-8%	31%	27%	8%
Expenses	2,212.04	1,986.61	2,409.76	3,223.91	3,616.94
Operating Profit	431.20	434.60	760.65	794.85	723.65
Growth(%)	-16%	1%	75%	4%	-9%
Other Income	22.61	45.68	30.71	32.74	31.65
Depreciation	137.06	132.27	159.69	159.65	176.84
Interest	146.06	143.15	120.96	104.61	135.89
Profit before tax	170.69	204.86	510.71	563.33	442.57
Tax	19.45	74.20	167.95	201.66	117.52
Net profit	153.72	133.07	344.78	364.88	327.98
Growth(%)	-19%	-13%	159%	6%	-10%

Balance Sheet

(Rs Cr)

Report Date	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Equity Share Capital	24.31	24.31	24.31	24.31	24.31
Reserves	1,277.93	1,415.46	1,738.16	2,050.22	2,329.14
Borrowings	1,761.68	1,565.50	1,238.41	1,401.41	1,967.53
Other Liabilities	799.08	768.08	775.80	1,104.41	1,178.63
Total	3,863.00	3,773.35	3,776.68	4,580.35	5,499.61
Net Block	2,035.14	2,220.53	2,323.13	2,394.85	2,616.07
Capital Work in Progress	488.62	262.44	90.77	234.98	826.05
Investments	55.01	68.56	84.95	111.85	85.21
Other Assets	1,284.23	1,221.82	1,277.83	1,838.67	1,972.28
Total	3,863.00	3,773.35	3,776.68	4,580.35	5,499.61

Cash Flow

(Rs Cr)

	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Cash from Operating Activity	293.15	516.46	586.06	401.57	653.34
Cash from Investing Activity	-213.72	-84.03	-79.27	-320.27	-923.68
Cash from Financing Activity	-93.23	-381.52	-478.62	-52.09	329.51
Net Cash Flow	-13.8	50.91	28.17	29.21	59.17

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