

Interview with Gopal Ganatra, Executive Director, Asahi India Glass

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Gopal Ganatra, Executive Director, **Asahi India Glass** (AIS). He has an overall experience of approximately 18 years and has been with AIS for the last 10 years and has spent the last 6 years in various senior management positions in the company. He is a qualified CS, LLB and MBA (major in Finance and Marketing and minor in Strategy) from MDI, Gurgaon. Besides spearheading the Legal, Governance (including Internal Audit) and Investor Relations roles from corporate headquarters of AIS, Ganatra heads many strategic and operational CFTs within AIS.

Asahi India Glass (AIS) is India's leading integrated glass solutions company and is a dominant player both in the car and building glass segment. It commands about 78% share in the Indian passenger car glass market and has an established track record of about 3 decades. Established in 1986, AIS' footprint today spans the entire spectrum of the automotive and architectural glass value chains. It is a sand-to-solutions organisation with products and services for both institutional and retail customers.

The Company's origin can be traced to the JV agreement between the Labroo family, Asahi Glass Company (AGC), Japan and Maruti Suzuki India Limited in 1984. As a promoter group, the three entities jointly hold about 55% of paid-up equity capital of AIS with the balance 45% being held by the public.

In an interaction with **IIFL**, **Gopal Ganatra** said, "High-performance glass is an integral part of any building in a Smart City. These glass products are capable of huge energy savings, plus glass is a 'green' material and is 100% recyclable. AIS is fully-positioned to cater to this opportunity."

What is the impact of GST on the overall glass industry and the company in particular?

GST is a very welcome step for the glass industry and specifically, at AIS, we are broadly happy with the new tax regime. We firmly believe that GST will significantly widen tax base and compliance. This would, in turn, allow AIS to address more business opportunities in some unorganised/smaller market segments, where we were forced to be uncompetitive solely due to the innovative ways of tax evasion under the earlier tax regime. We now have a level playing field to pitch our highly competitive value

proposition into these segments also. We have also made a representation to the government for bringing petroleum products, mainly natural gas, under the GST ambit for obvious benefits to everyone.

Do you oversee any impact on the company due to the sluggish growth in the real estate industry?

Last year remained yet another subdued year for the real estate industry. Affected by demonetisation, RERA and run up to the GST, the construction sector remained muted with 1.7% growth. Our sales were flat in the institutional segment as very few large projects came up for bidding and closure. However, our sales in the distributed market remained strong with the introduction of a range of new value-added products which were well-received by the market.

Our outlook for the real estate industry remains very positive and we are very bullish with our range of high-performance value-added products and integrated solutions. Further new regulations like Energy Conservation Building Code (ECBC) and National Building Code (NBC) which were recently released by the government are very positive for AIS. Both these regulations are forward-looking and very positive for the industry and consumers. Energy, safety, acoustics, daylighting and fire protection in a building, some of which are key ingredients of 'Green Building' are all possible through the correct use of value-added glass and are very well addressed in these Regulations. We are very confident of strong demand for glass solutions in the near future.

Please share your organic as well as inorganic growth plans?

We are already in the midst of refurbishing and restarting of our second float glass line at Taloja with the latest technology and with the ability to produce high value-added glass at a capex of approx Rs 300 crore. The project is as per schedule and we shall start production in Q3, FY17-18. This expansion shall give us additional capacity to produce 550 tons of float glass per day and will increase our top line by approximately 60% from FY18-19. This expansion will also further strengthen our ability to service our customers through better product mix and also give AIS the highest grade of glass for internal value-added purposes like mirroring, hard coating, soft coating and high-level processing. Most importantly, this will have the capability to make the highest standards of automotive raw glass giving us 100% capability to make our own automotive glass.

We are also to begin work at our fifth automotive glass plant - a new greenfield project in Gujarat - mainly to service the requirements of Maruti Suzuki in Gujarat. Our Gujarat project shall be a state-of-the-art automotive glass plant with the latest global

technologies with the ability to manufacture all value-added glass products for automotive requirements. AIS shall make an investment of up to Rs 500 crore in this project in two phases. In the first phase, the plant will have capacities to produce about 1 million laminated and 1.2 million tempered glass sets per annum. Our Gujarat plant will further strengthen our scale, flexibility and ability to seamlessly service our customers across India.

Do you see Smart Cities revamp the entire glass industry going forward and will it emerge as an opportunity?

Yes, Smart Cities initiative of the government is a huge opportunity for the glass industry, especially for those who have the range of high-performance value-added glass products and integrated solutions. High-performance glass is an integral part of any building in a Smart City. These glass products are capable of huge energy savings, acoustic solutions, safe and serene building spaces as well as fire protections. Plus, glass is a 'green' material and is 100% recyclable. AIS is fully-positioned to cater to this opportunity and is already working closely with various government and other agencies towards this mission.

Will you please give us a broader picture of the company's plant wise capacity utilisation?

We are operating at 100% capacity in our float glass plant. All our automotive plants are operating at optimal capacity utilisation levels to enable us to cater to our customer requirements and maintain our market share of 78% in the automotive segment.

Will government-aided schemes for affordable housing lead to growth in AIS revenue?

All the government-aided schemes are a huge boost to the glass industry. Glass is a very friendly construction material with almost ZERO maintenance costs. AIS has a range of products for every segment of the market and we are very happy with the government's boost for affordable housing. This will only increase use and penetration of glass in India.