23rd February, 2022

Ref. No.: 102339/S/O/L-1/2021-22

The Manager,
Listing/Market Operation,
National Stock Exchange of India Ltd.,
Exchange Plaza, Plot no. C/1, G Block,
Bandra – Kurla Complex,
Bandra (E),
Mumbai – 400 051

The Manager,
Corporate Relationship Department,
BSE Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001

NSE Code – ASAHIINDIA

BSE Code – 515030

Sub: Revision in Credit Rating

Dear Sir/ Madam,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we would like to inform you that CRISIL Ratings Limited ("CRISIL") has issued its rating on Bank Facilities of the Company on 22nd February, 2022 as per below details:

Total Bank Loan Facilities Rated	**Rs.250 Crore**
Long Term Rating	CRISIL A+/Stable (Assigned)
Short Term Rating	CRISIL A1 (Assigned)

Further, report of Credit Ratings by CRISIL is enclosed and the detailed Rationale & Key Rating Drivers are available on website of CRISIL www.crisil.com.

You are requested to kindly take the same on record.

Thanking you,

Yours truly,
For Asahi India Glass Limited,

Gopal Ganatra
Executive Director
General Counsel & Company Secretary
Membership No. F7090

Asahi India Glass Ltd.
Corporate Office: Unit No. 301-308, 1101-1104, 3rd and 11th Floor, Tower-D, Global Business Park, M. G. Road, Gurugram- 122002 Haryana (India)
Tel.: +91 124 4062212-19
Fax: +91 124 4062244, 4062288
website : www.aisglass.com
Corporate Identity Number: L26102DL1984PLC019542

Registered Office: Unit No. 203 to 208, Tribhuwan Complex, Ishwar Nagar, Mathura Road, New Delhi- 110065

Ratings
CRISIL Ratings Limited (A subsidiary of CRISIL Limited)

CRISIL
An S&P Global Company

Rating Rationale
February 22, 2022 | Mumbai

Asahi India Glass Limited
'CRISIL A+/Stable/CRISIL A1' assigned to Bank Debt

Rating Action

Total Bank Loan Facilities Rated	**Rs.250 Crore**
Long Term Rating	**CRISIL A+/Stable (Assigned)**
Short Term Rating	**CRISIL A1 (Assigned)**

1 crore = 10 million
Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale
CRISIL Ratings has assigned its **'CRISIL A+/Stable/CRISIL A1'** ratings to the bank facilities of Asahi India Glass Limited (AIS).

The ratings reflect the healthy business profile marked by AIS's established market position in the auto and architectural glass segments and established clientele, strong operating efficiency, comfortable financial profile, and the extensive industry experience of the promoters including technical and business support from AGC Inc (AGC; rated A-/Stable/A-2 by S&P Global). These strengths are partially offset by susceptibility to inherent cyclicality in the end-user industry along with project risk associated with large proposed capital expenditure (capex) plan and volatility in fuel prices.

AIS has a dominant market share (74% share) in the auto glass passenger vehicle segment with healthy share of business with most passenger vehicle original equipment manufacturers (OEMs). The 18% market share and established presence in architectural glass has led to a healthy 7.2% compound annual growth rate (CAGR) in the segment over the last 5 years. The company has moderate revenue diversity between auto glass (56% revenue contribution) and architectural glass (44%). AIS's presence in automotive aftermarket sales (20%) lends further diversity and pricing flexibility. Supported by strong market position and technological edge due to association with AGC Inc., operating margin remained healthy at 17-20% over the last five years.

In fiscal 2022, AIS is expected to show strong year-on-year revenue growth of over 25%, though on a relatively low base, and increase its sales to over Rs 3,000 crore driven by recovery in demand from OEMs and increase in price realisations in the architectural glass segment. Sustained improvement in demand from OEMs and increasing usage of glass in construction is likely to result in strong revenue growth in the medium term.

Profitability in the current fiscal is expected to improve to over 20% with increase in scale and higher realisation in float glass segment. As a result, AIS is expected to generate net cash accrual of Rs 450-550 crore over the medium term. The operating margin of architectural glass segment has improved over the last three fiscals with increase in price realisations of float glass. Over the last two years, float glass has benefitted from the anti-dumping duty levied on glass imported from Malaysia in December 2020 (for a period of five years) along with reduced imports from China on account of the decarbonisation drive taken by the country. This has resulted in improved demand-supply dynamics in favour of domestic float glass manufacturers with no significant additional float glass capacity expected to come in till 2024.

Financial risk profile remains healthy in fiscal 2022 supported by adequate liquidity in the form of unutilised bank lines of over Rs 250 crore and comfortable capital structure. Debt protection metrics to remain comfortable in the medium term with increase in profitability despite large proposed capital expenditure (capex) to be incurred over fiscals 2023-2025 which is currently undergoing feasibility study and pending for approval. Debt metrics such as interest coverage ratio is likely to improve to ~6 times in fiscal 2022 from 3.5 times the previous year. AIS is actively pursuing on plans to incur a capex of Rs 1,500 crore for greenfield and brownfield capacity expansion over the next three fiscals to be funded through debt and internal accrual. With healthy cash accrual of Rs 500-550 crore per annum over the next three fiscals, gearing should remain below 1 time as on March 31, 2022, and improve gradually thereafter as debt is repaid progressively. Any higher-than-expected capex or steep moderation in credit metrics on account of slowdown in the end-user industry, will remain a rating sensitivity factor. AIS gets strong financial flexibility due to continued support of promoters in AGC Inc and Maruti Suzuki India Ltd (MSIL; 'CRISIL AAA/Stable') with strong credit profile.

Analytical Approach

CRISIL Ratings has consolidated the business and financial risk profiles of AIS and its subsidiaries (AIS Glass Solutions Ltd, Integrated Glass Materials Ltd, GX Glass Sales and Services Ltd) as these are integral part of AIS's operations. CRISIL Ratings has also factored in the strong business linkages with promoters AGC Inc. (erstwhile Asahi Glass Co Ltd, Japan) - a global leader in architectural and automotive glass and MSIL (erstwhile Maruti Udyog Ltd.)- a market leader in the domestic passenger car industry.

Please refer Annexure - List of Entities Consolidated, which captures the list of entities considered and their analytical treatment of consolidation.

Key Rating Drivers & Detailed Description

Strengths

Healthy business risk profile: Track record of over 35 years in the automotive glass components industry has helped AIS a build dominant market position with 74% share in passenger vehicle segment and key relationship with leading OEMs such as MSIL, Suzuki Motors, Hyundai Motor India, Tata Motors Ltd ('CRISIL AA-/Stable/CRISIL A1+'), Mahindra and Mahindra Ltd ('CRISIL AAA/Stable/CRISIL A1+'), Toyota Kirloskar Motor, Skoda Auto and Kia Motors India.

After a subdued 0.4% CAGR seen over five years till fiscal 2021, AIS is expected to show more than 25% year-on-year increase in revenue in fiscal 2022. The company is expected to post a healthy 8-10% CAGR in the medium term leading to increase in scale of operations to more than Rs 3,500 crore over the next two fiscals. The increase in capacity of auto glass post commissioning of phase 1 of Gujarat plant to cater to increased demand from OEMs, resolution of shortage of semi-conductor chips, healthy realisations of float glass will support the growth in the medium term.

Profitability has remained healthy at 17.5-20.0% over the last three years despite the impact of Covid-19 induced challenges on demand from OEMs and construction segment. Operating margin is expected to remain over 20% with profitability of Rs 700-750 crore in the medium term.

Comfortable financial risk profile: Debt protection metrics to remain comfortable in the medium term with increase in profitability despite planning to work on sizeable capex to be incurred in fiscal 2023 and 2024 for funding a new float glass unit and phase 2 of auto glass unit in Gujarat. Total debt is expected to remain below Rs 1,500 crore over fiscals 2022-2024 as against Rs 1,604 crore in fiscal 2021. Debt metrics such as interest coverage ratio is expected to improve to 5.8 times in fiscal 2022, compared to 3.5 times in the fiscal 2021. Gearing to remain below 1 time in fiscal 2022 but is unlikely to show any major improvement due to expected debt funded capex over fiscals 2023-2025. AIS's debt to earnings before interest, tax, depreciation, and amortisation (EBITDA) is expected to remain below 2 times over the next three fiscals improving from 3.4 times in fiscal 2021.

Total networth is expected to increase to Rs 2,500 crore by fiscal 2024 from Rs 1,483 crore at end fiscal 2021 through strong cash accrual. The total outside liabilities to tangible networth ratio should improve to below 1.22 times as on 31st March 2022 from 1.61 times as on March 31, 2021.

Experienced management supported by strong promotors: AIS enjoys strong backing of Labroo family (20.9% shareholding), AGC (22.2% shareholding) and MSIL (11.1% shareholding). MD and CEO, Mr Sanjay Labroo, who has over three decades of industry experience, manages the company. AGC Inc, which is the leading glass manufacturer in the world with 12% global market share in the float glass segment and 30% in the automotive glass segment provides technical support to AIS. The promoters supported AIS when it faced a liquidity stretch during fiscal 2008-2013.

Weaknesses

Large capex requirement: AIS operates in a capital-intensive industry where a downturn in end-user industry may affect its profitability. Gearing had remained above 1 time till fiscal 2021 on account of large capex done on its auto plant and impact of Covid-19 induced challenges on profitability. The asset turnover of the company over last five years has been at 3.5-6.0%. AIS is actively pursuing on plans to undertake a capex of over Rs 1,500 crore over fiscals 2022-2025 for capacity expansion (including capex of Rs 250 crore on phase 2 and 3 of auto glass plant in Gujarat) to be funded by debt and internal accrual. Any impact on profitability will affect debt protection metrics and hence remains monitorable.

Susceptibility to inherent cyclicality in the auto industry: AIS derives 56% of its revenue from the OEM segment, which is inherently cyclical. Auto OEMs were adversely hit by the ongoing coronavirus pandemic as well as slowdown in the Indian economy, and growth recovered only from the second half of fiscal 2021. Shortage of semi-conductor chips has also impacted auto industry in the current fiscal. The performance of AIS remains vulnerable to economic downturns.

Liquidity: Strong

Cash accrual, expected at Rs 500-550 crore each in fiscals 2023 and 2024 should comfortably cover debt obligations of Rs 411 crore and Rs 383 crore, respectively, and the surplus will support liquidity. AIS has historically been able to refinance its debt in case of shortage of cash accrual against debt payments. The total fund-based limit of Rs 485 crore had modest average utilisation of 42% over 11 months till December 2021. The current ratio is expected to remain low at ~1.1 times in the medium term with high current portion of long-term debt and negative working capital cycle.

Outlook: Stable

CRISIL Ratings believes AIS will continue to benefit from its established market position and the sustenance of improvement in its credit profile.

Rating Sensitivity Factors

Upward Factors

- A 15-20% growth in revenue, leading to increased scale of operations and cash accrual of over Rs 600 crore on a sustained basis and maintenance of healthy return on capital employed (RoCE) while pursuing capex.
- Continuation of healthy financial risk profile and debt protection metrics along with prudent working capital management with gross debt/EBITDA below 1.5 times on a sustained basis

Downward Factors

- Cash accrual falls below Rs 300 crore
- Any significant capex impacting debt protection metrics with debt-to-equity above 2.75

About the Company

AIS is India's largest integrated glass solutions company and a dominant player both in the automotive and architectural glass segments. It commands over 74% market share in the Indian passenger car glass market. It has significant presence in the automotive and architectural glass value chains through the following business verticals- Automotive glass, architectural glass (float, soft coat, hard coat, architectural processing), consumer glass (automotive glass and architectural glass).

The company has manufacturing locations in Taloja (Maharashtra), Roorkee (Uttarakhand), Bawal (Haryana), Chennai (Tamil Nadu) and Patan (Gujarat) and three automotive glass assembly units.

During the nine months ended December 31, 2021, the company posted a net profit of Rs 219 crore (Rs 54 crore for the corresponding period of the previous fiscal) on operating revenue of Rs 2,191 crore (Rs 1,591 crore).

Key Financial Indicators

As on/for the period ended March 31		2021	2020
Revenue	Rs.Crore	2395	2605
Profit After Tax (PAT)	Rs.Crore	139	160
PAT Margin	%	5.8	6.1
Adjusted debt/adjusted networth	Times	1.08	1.38
Interest coverage	Times	3.50	3.23

Any other information: Not applicable

Note on complexity levels of the rated instrument:

CRISIL Ratings' complexity levels are assigned to various types of financial instruments. The CRISIL Ratings' complexity levels are available on www.crisil.com/complexity-levels. Users are advised to refer to the CRISIL Ratings' complexity levels for instruments that they consider for investment. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instrument(s)

ISIN	Name of instrument	Date of allotment	Coupon rate (%)	Maturity date	Issue size (Rs.Crore)	Complexity levels	Rating assigned with outlook
NA	Long Term Bank Facility	NA	NA	NA	175	NA	CRISIL A+/Stable
NA	Working Capital Facility	NA	NA	NA	75	NA	CRISIL A1

Annexure - List of Entities Consolidated

Name of Subsidiary	Subsidiary	Extent of consolidation	Rationale for consolidation
AIS Glass Solutions Ltd	Subsidiary	100	Subsidiary and Business linkages
Integrated Glass Materials Ltd	Subsidiary	100	Subsidiary and Business linkages
GX Glass Sales and Services Ltd	Subsidiary	100	Subsidiary and Business linkages

Annexure - Rating History for last 3 Years

	Current			2022 (History)		2021		2020		2019		Start of 2019
Instrument	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	LT/ST	250.0	CRISIL A+/Stable / CRISIL A1		--		--		--		--	--

All amounts are in Rs.Cr.

Annexure - Details of Bank Lenders & Facilities

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Long Term Bank Facility	75	MUFG Bank	CRISIL A+/Stable
Long Term Bank Facility	100	ICICI Bank Limited	CRISIL A+/Stable
Working Capital Facility	75	CTBC Bank Co Limited	CRISIL A1

This Annexure has been updated on 22-Feb-2022 in line with the lender-wise facility details as on 21-Feb-2022 received from the rated entity.

Criteria Details

Links to related criteria
CRISILs Approach to Financial Ratios
CRISILs Bank Loan Ratings - process, scale and default recognition
Rating criteria on Financial risk framework for manufacturing and services sector companies
CRISILs Criteria for Consolidation

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Note for Media:

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For more information, visit www.crisilratings.com

About CRISIL Limited

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